



CITY OF MANCHESTER

Theodore L. Gatsas

Mayor

Mayor Gatsas FY2016 Budget Address

MANCHESTER, NH – Tuesday, March 31, 2015: Good evening everyone, thank you for being here. To the taxpayers of the Queen City watching from the comfort of your home – welcome!

This evening I stand before you full of pride. Full of pride for a city that accomplishes so much in different ways every single day. In the past year alone so much has happened in this city, so much pride we have to share and more importantly we have seen Manchester lead the way.

In our school district, for the first time this year, we made full-day kindergarten available to all Manchester students. The extra classroom time for these young students is invaluable. They are gaining more instructional time which means more time learning to read and write - but also to learn to be a student. Next year when these students reach the first grade they will be better prepared and more advanced in their knowledge because their foundation for learning has greatly expanded.

As we all know at West High School we are moving full S.T.E.A.M. ahead and the City of Manchester is leading the way. Last week I had the opportunity to join the Governor and our Education Commissioner as they highlighted the program as a model for other districts to follow and praised our district for our commitment to S.T.E.A.M. education.

This year we also took our commitment to S.T.E.A.M. to the next level with the introduction of F.I.R.S.T. Junior Steam Ahead thanks to the support of Dean Kamen. By bringing this program into the elementary schools we are making S.T.E.A.M. education available to every segment of our student population.

This year three elementary schools have had the opportunity to participate in FIRST Junior Steam Ahead, and hopefully by next year this program will be available to fourth graders at elementary schools across the city. Already in these three pilot schools where we have brought this program to we have seen the potential our students have. We have seen shy students become group leaders and we have seen young girls become interested in engineering based projects.

And finally there is the Manchester School of Technology. We all know the wonderful things that are happening at MST. But next year, in FY2016, the most important thing is happening. Next year the Manchester School of Technology will hold their first graduation as a four year high school. Obviously I am very proud, but more than that, I am also excited for these students who believed in a program, joined a program and will now hold the very first diploma from the Manchester School of Technology.

In the budget before you this evening these programs will continue and Manchester will continue to unlock the potential of all our students and lead in this regard.

As in education, when it comes to infrastructure Manchester is leading the way.

Soon the Department of Public Works will begin to convert the cities street lighting to a more efficient LED system. As a result of this conversion our residents, and everyone that visits our city, will have higher quality lighting providing more security as they travel the streets in Manchester at a lesser cost.

This conversion has provided the taxpayer with a significant savings in the street lighting line item of this budget. At a time in our economy when the costs of electricity keeps rising here in Manchester we will see a 40% decrease. We are the first community in the State of New Hampshire to make this conversion and now cities and towns across the State are looking to follow our lead.

In the budget before you this evening we will once again continue our commitment to infrastructure and make a significant investment in our roads.

And when it comes to Economic Development Manchester once again takes the lead. At the end of the Bridge Street bridge on the west-side of Manchester Brady-Sullivan has continued their commitment to bring high-end living to the downtown area. Combined with their first projects the Loft at Mill One and the Lofts at Mill West 300 living units have been added.

And on the East Side of the Bridge Anthem has taken up space bringing their workforce to the downtown and supporting our local businesses like the Bridge Café who since the arrival of Anthem has seen an increase in business.

In our retail district on South Willow Street Ashbrook Furniture is constructing a 69,000 square foot building. This is new development, new revenue generating property in the queen city. Also in the retail district Burlington Coat Factory and Michael's will occupy the former Stop & Shop site. And one cannot help but notice the development on Gold Street. Again this is all nearly 250,000 square feet of new revenue generating property for the Queen City.

Next door - ESPN radio is renovating Ted Heberts and will occupy the space in the coming months. According to an article I read two weeks ago our vacancy rate here in the downtown is at about 1%.

Given the recession that we are rebounding from this is remarkable and this is a direct result of the staying power of small businesses. They deserve a pat on the

back because they have helped carry the Queen City through. In the budget before you this evening we will provide them with an opportunity for investment-so they can continue to grow right here in Manchester.

In this budget I have placed \$50,000 in funding through CDBG in the small business assistance program. This is a matching grant program to assist small businesses with improvements to a building's façade or upgrades necessary to bring businesses into compliance with building and life safety codes. This program is run directly through MEDO and with board approval gives our economic development director a tool to help small businesses.

Further, you will see a new line item in the budget for the INTWON summer concerts. In the past the city has donated \$10,000 towards this series from civic contributions. Since we first made this commitment I have heard nothing but praise and thanks for our investment from residents, visitors and downtown businesses. The summer concerts bring business to the city, promotes economic development and keeps our parks active which helps to keep the downtown a safe and attractive destination.

The Summer Concert series has since evolved into Summer Fest. The series is ready to grow and with our increased commitment of \$18,000 INTOWN will have the ability to add additional, upgraded programming. Through a reallocation in civic contributions this item is cost neutral. However, its dividends will far exceed our investment for downtown business and economic development.

I see Sarah Beaudry here this evening and thank her for all she has done at INTOWN and really taking it to the next level.

And when it comes to safety Manchester once again is leading the way. In the past year we have seen the positive effects of data driven policing methods. Chief Mara and Assistant Chief Willard have put a tremendous amount of time and resources into these data-driven methods like hot-spot policing.

Based on their very own review provided to this Board - officer based activity has gone up while crime has gone down. We have also added more police officers to our streets so that our citizens and all those that visit our city feel safe.

To the citizens of Manchester, like me I hope you are full of pride for our beloved Queen City because despite the politics there is so much to be proud of.

In the budget before you this evening per city charter the tax cap was set at 1.33%. That rate calculated as a result of the three-year average of the consumer price index urban.

Based on those facts in the budget presented this evening there is approximately \$2.6 million additional revenue dollars available to spend for the city and schools.

In this FY2016 budget before you this evening - every single additional dollar of revenue raised under the tax cap, and more, has been put towards education in the city of Manchester.

A true fact of this budget is that more dollars have gone to the Manchester School District than raised by the tax cap.

Another true fact of this budget is that the expenditures at the School District have increased while the expenditures in the city have decreased.

The appropriation in the budget before you this evening for the Manchester School District is \$161,062,680. This is approximately \$600,000 less than the tax cap budget presented by the Superintendent to the Board of School Committee last Monday.

I am sure the first question you have with regard to this appropriation is how would you make up the difference to meet the needs of the Superintendents proposed tax cap budget? In your package this evening is an accounting of the reserve accounts at the Manchester School District totaling over \$1.6 million. Within these reserves the Manchester School District can make up the difference if necessary.

It is no secret that at the heart of the district negotiations with the teachers union is healthcare. I am hopeful, and I think the members of the school board here this evening are also hopeful that at some point in the near future we will find a resolution and our spend in healthcare will see a decline.

For the municipal side of the FY2016 budget every city department is flat-funded. Every city department will receive the same level of funding in FY2016 that they received in FY2015.

In this budget the subsidy to the Manchester Transit Authority has increased by \$45,000. In order for the city bus service to continue its current services it is necessary for the city to increase its appropriation to the Transit Authority. The people using the MTA are those that truly need it. This is their transportation. This is how they get to work, go to the grocery store and run their errands.

Further one of the fastest growing higher education institutions in the entire country Southern New Hampshire University has formed a unique partnership with the MTA. Their students who come to Manchester from across the world are utilizing the MTA as their method of transportation when they are here. SNHU is important to the city and now is not the time to put this partnership in jeopardy.

Based on the \$1,580,000 of fund balance that had to be made up from the FY2015 budget I do not consider this bad news. The city was able to recover from this based on the following items:

- Savings of \$450,000 we will realize in health care based on an improved outlook provided by Bill Sanders;
- In severance there is a \$450,000 reduction;
- In street lighting we will realize a gross savings of \$600,000 but based on the payment that will go towards the bond the city taxpayers will net \$383,209;

- Thanks to the meticulous work of our finance department, a friendly bond market, and the decreased cost of many of our current bonds we will realize \$300,000 in savings for our maturing debt. This additional savings will allow us to make up this fund balance;

In the proposed FY2016 budget before you this evening there is a fund balance surplus allocation of \$500,000. This number represents a conservative \$1,000,000 estimated general fund surplus that will be utilized in the current budget. As laid forth in the city ordinances I have applied a half million toward reducing taxes and the other half towards increasing our rainy-day reserves by another half-million dollars.

As I stated previously there is a modest decrease in the healthcare line item from FY2015 to FY2016. In your package this evening is a memo from Finance Director Bill Sanders regarding health care. In his memorandum he estimates a \$1.5 million surplus in healthcare in FY2015.

He further states that under city ordinance this surplus is to be transferred to the health insurance reserve account until the reserve equals 25% of the overall healthcare budget or \$3.1 million. Today the balance in that account is \$338,000 or 3% of the overall healthcare budget. When we place the additional surplus in the reserve account we will be at a more comfortable position of 15% but still a long way from our goal.

In the cities most recent rating by Standard & Poors issued on September 11, 2014 they stated, "Audited fiscal 2013 reserves were \$8.8 million, or 6.5% of expenditures." According to the most recent CAFR presented to this board we are now at \$6.5 million or 4.4% of expenditures. Placing money into our reserves must be a priority for this budget cycle.

In this FY2016 budget there are also increases that we had to account for and be offset. In retirement there was an additional \$725,000 that had to be made up and in the medical line item of workers compensation we have added an additional \$600,000. This increase is justified by the current fiscal years spend and our projected and recent withdrawal from our reserves.

I believe in this budget presented before you this evening each of the city departments can operate within the appropriation with no layoffs.

- For Chief Mara and the Manchester Police Department this means maintaining his current compliment with the ability to significantly reduce overtime;
- For Chief Burkush and the Manchester Fire Department they will continue to operate with the current compliment and coverage ratio;
- And the Public Works Director Kevin Sheppard will be able to continue to provide excellent service to city residents.

I have great faith in our city department heads and believe that they can, and will, manage their budgets as they have always done.

In the Community Improvement Budget overall we are in a better position in FY2016 than we were in FY2015. This year our CDBG will see a \$300,000 increase from funds unused in previous years. With this funding:

- We continue to support our unique partnership with City Year through the Whole School, Whole Child Program. This program is helping struggling students get on track, stay on track to graduate and succeed;
- We have increased our support for the Granite United Way B.R.I.N.G.I.T. program that is working with our middle school population. This increase will allow the Granite United Way to maintain and potentially increase service hours to Manchester Students;
- We have increased our support for the Meals on Wheels Program so that seniors who rely on this program not only for their daily meal, but also for companionship, do not see cuts in service.
- With CDBG we will continue our partnership with the Manchester Community Resource Center and continue to provide important funding to programs throughout the city.

Renie Denton is here with us this evening and I want to thank her because she is truly is an agent of change in our community.

When we undertook the reconstruction of the Odd Fellows Building it started with a vision to transform a neighborhood and to jumpstart the process we took the blighted Odd Fellows property, reconstructed it and brought it back to life. This spring we will continue this transformation with the reconstruction of the neighborhood playground.

Not only is the Odd Fellows home to the resource center but, a police sub-station and ORIS who is providing services for our refugee community and also The Way Home. Recently, as we all know The Way Home had a flooding situation and their central offices were affected. Their office and programming staff was able to find refuge at the Odd Fellow's building. Through the efforts of the city and MCRC we were able to help a program in need.

In the coming weeks Renie will come before the Board with a proposal to increase the use of the community space at Odd Fellows Hall and provide income back to the building. I whole-heartedly support this initiative and hope that the board will look favorably upon it as well.

In our community with our CDBG funds there is also support for the Holy Cross Family Learning Center, The Boys & Girls Club of Manchester for the Inner-City After School Program, Child and Family Services, CASA, Girls Inc., Kids Café and the YMCA Start Program.

Within the City with our CDBG funds we have provided funding for:

- Two code enforcement officers within Planning & Community Development to address sub-standard housing in Manchester and code compliance;
- And in the Manchester Health Department we have fully funded Teen Night. Teen Night is aligned with The Neighborhood Health Improvement Strategy in that it provides a safe, supervised place for teens from some of our most distressed neighborhoods to go on Saturday night. It also provides them with dinner, and access to services.
- And we will fund a splash pad on the west side of Manchester at DuPont Pool. The splash pad is a smart investment with these dollars: splash pads support family well-being, provide a safe and sustainable play environment, and lower recreation maintenance costs over an extended period of time.

For our Emergency Shelter Grants the city will provide support to:

- the runaway and homeless youth program with Child and Family Services
- Manchester Emergency Housing with Families in Transition
- Homeless Prevention with The Way Home and;
- Homeless programming for New Horizons for New Hampshire

The city will see a decrease in our HOME funds of approximately \$72,000. Despite this decrease we were still able to meet the demands of the agencies that utilize these funds and the HOME initiatives put forth by the Planning and Community Development Department.

Within your budget package there's a proposal of \$1.6 million in new capital expenditures and a list of the top 20 city priorities for deferred maintenance needs put together by the City Facilities department as a result of a study undertaken by Aramark and presented to this board.

With approximately a \$1 million dollar capital expenditure to be put towards these items I believe that we can address at least half of the items on this list. These items include:

- City Hall Maintenance and repairs;
- For the Fire Department: roof replacement at Engine 8; replacement of the HVAC equipment at Central Fire and the replacement of the overhead door hardware at Central Fire;
- And at the main library, given the work we need to do at the west side branch and the bidding that will take place for the work we can leverage the needs for this department and replace the carpeting on the main floor of the main branch.

Also requested from the City Clerk is the need for voting equipment. This is the second year that this request has been submitted. The first-in-the-nation primary

is on the horizon and with all it means to our economy now is the appropriate time to move forward with this investment.

If additional savings are found as these projects are aggressively bid then items within this priority list should be addressed such as roof replacement at Engine 6.

Also in the capital expenditure request we have allocated \$500,000 for the revaluation that by law the city assessor must undertake this year.

We also continue to bond the MER account for \$3 million for the following items:

- \$86,000 for the city share of 2 new passenger busses for the Manchester Transit Authority;
- Funding for the refurbishment of a fire engine;
- Public works will receive funding for 5 trucks. Part of this funding allocation is for a refuse vehicle and

I would propose that this truck be a truck with a mechanical arm just like the trucks being used to collect city recycling. This will begin the process of streamlining trash collection in the city;

- Police will have the opportunity to replace 9 to 10 vehicles
- And in the city car fleet 9 vehicles will be replaced.

I would ask that as you examine MER for 2016 the committee re-evaluate the report put together by our Central Fleet Service Director which resulted in a savings of \$75,000 and also because there is no reason why we should maintain a vehicle in our fleet that has gone 6 miles in 5 months – that is a waste!

Should any savings be found this year in the MER account I would request that the committee authorize Jennie Angell and Wes Anderson to move forward with the purchase of fleet management software. This need has been identified and will help us better manage MER program funding more efficiently and will ultimately save the taxpayers money.

Within your package this evening is a section on road reconstruction. In conjunction with Todd Connors and Kevin Sheppard at the Department of Public Works we have put together a plan to address city streets.

We all know that our streets are in tough shape. In January this board reviewed the Pavement Condition Assessment report. The results of that report are now online for all our residents to see. The report rated all city roads on a scale of 1 to 100, our average City street was rated a 53, which equates to a Fair to Poor condition. To address this, I am proposing a 5 year road reconstruction plan totaling \$18 million. This program includes \$3 million per year for each of the five years but in the first year, in FY2016, we have doubled the funding to \$6 million – combined

with the additional \$2 million in the current FY2015 budget a total of \$8 million in funding will be spent on the reconstruction of roads in the next fourteen months.

Utilizing the Pavement Condition Assessment as a beginning point, Kevin, Todd and the team at Public Works are developing a comprehensive paving plan. Dependent upon the condition of the street, this plan will include work from crack-sealing to full street reconstruction.

While it is important to address our worse streets first, we have learned that maintaining our good streets before they deteriorate further is also a priority. Spending a \$1 today on preventative work to keep our good roads good can save us from spending \$4 to reconstruct the same street in the future.

Resources dedicated to pavement preservation and street repair significantly help reduce lifecycle costs, but a robust program of traditional resurfacing and reconstruction is also necessary to upgrade City streets.

There are main arteries that we drive every day that will be addressed. They are:

- River Road, in the area of YDC
- three separate sections of Mammoth Road from north to south
- Union Street, between Webster and Campbell
- Cilley Road, in the vicinity of South Willow Street and Hall Street
- South Willow Street, at Queen City Avenue and also at Goffs Falls Road
- Weston Road, in front of Memorial High School
- Hooksett Road, between Campbell Street and the I-93 ramps
- Goffstown Back Road, in the vicinity of Straw Road
- Second Street, from Queen City to the Bedford Town Line.
- Canal Street, between the National Guard Armory and Granite Street

This is by no means a full list of the projects to be undertaken. Todd, Kevin and others are continuing their work in this area.

Maintenance of our City's infrastructure is paramount to our residents, businesses, and to the vitality of our City. We've put together this plan, and this significant down payment for a higher level of funding so those that live in our city, and those that visit our city know we continue to be committed to address important qualities of life issues here in Manchester.

In your package this evening is a five-year summary of all the monies that have been put towards road reconstruction and resurfacing. It is clear to me, and I hope all of you, that nobody in this chamber or within the city has ever skirted their responsibility.

With the information we have collected and the funding I am proposing this will truly be one of the most important things we undertake here as a board. Traditionally, this would fall under the purview of the CIP committee. I would respectfully request that this be taken up as a committee of the whole and special meetings are called so that everyone is updated and it is given our undivided attention, and most importantly the public has the most up-to-date information.

A proactive effort is needed to preserve what we have, fix what is broken, and avoid the progressively higher cost of reconstructing our roads every year we wait.

Before I conclude, as I always do, I'd like to thank a few people. First, Guy Beloin and Bill Sanders from the Finance Department who are always a big help. These are two people that when you work with them you realize how much they really care about the Queen City.

Thanks to Leon Lafreniere and his team in the Planning Department for their work on the CIP and the capital budget.

Thanks to Matt Normand and Tom Clark for making sure all the details are in place.

Certainly I'd like to thank the department heads as a whole for your service to the Queen City and for all you do to make our city great.

Dr. Livingston and everyone at the Manchester School District thank you for all you do to make a difference in the lives of our students.

To the residents of the Queen City I hope that I have provided you with some clarity this evening on where we stand as a city, where we are going and how much we have to be proud of. I would like to thank you. Thank you for doing your part in reminding us why we are here, and what we are here for.

But most importantly thank you for the pride and belief you show in the Queen City everyday in all you do.

I look forward to working with everyone as we move forward. My door is always open.

To everyone here and at home thank you for your time this evening. Good night and Godspeed.