



## CITY OF MANCHESTER

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### **Mayor Ted Gatsas Presents FY2017 Budget**

*Mayor Gatsas unveils FY2017 budget and delivers increased municipal reserves, full funding for public safety, continued capital investment to city infrastructure and a full tax cap allocation to the School District.*

MANCHESTER, NH - - This evening Manchester Mayor Ted Gatsas delivered his FY2017 budget address before a special meeting of the Board of Mayor and Aldermen. Gatsas began, "this evening, I am honored to stand before you and tell you that given the economic times that we have lived through, and the challenges we have faced, Manchester is thriving, and has succeeded in the face of adversity because of sound fiscal planning and management and our hometown pride."

Gatsas continued, "as you will see in the presentation before you this evening on the municipal side of the budget there is a funding cut, and on the school side there is a funding increase. While the appropriation is well within the tax cap we must not ignore the fact that for years the State of New Hampshire has downshifted costs to the municipalities including the City of Manchester." For FY2017 the Mayor's budget covers the 4% decrease in stabilization grants due to a change in state law relative to adequacy funding, "it's time for Concord to be consistent when it comes to costs and revenues that have a direct effect on municipalities and become our partner, rather than our adversary, when it comes to budgeting."

Mayor Gatsas highlighted the recent accomplishments the city has made relative to infrastructure. "We made a commitment to our citizens to replace, reconstruct and improve our roads," commented Gatsas. In Gatsas' FY2017 budget he continues the \$3million funding commitment for the Annual Road Replacement Fund (A.R.R.F.).

Gatsas also highlighted the advancements and transformation that the Queen City has made with regards to economic development. Mayor Gatsas referenced a presentation given by the economic development working group last week and noted, "I was struck by one word in the presentation from this working group - renewal. In one word we were reminded how Manchester has succeeded in reinventing itself from a textile capital to a technology hub."

Gatsas continued, "our renewal has also been spurred by the city's commitment to be a partner with small business, industry and entrepreneurs when it comes to economic development." In his FY2017 budget Gatsas announced a capital appropriation for a new fully integrated permitting, licensing and billing system called Track-It. Track-It will automate and bring online the aforementioned functions. "When we streamline our services we are helping them [business] increase productivity and grow their bottom line. This project is an absolute necessity for economic development in our city," stated Gatsas.

In the Manchester School District Gatsas highlighted the success of the Manchester School of Technology (MST). "MST has the highest attendance rate of Manchester high schools at 96%. Last year MST was competitively chosen to participate in a national school redesign grant funded by the Gates Foundation." Gatsas continued, "We are the largest school district in the state. We are the most diverse district in the state. That certainly comes with challenges, but there is always much more opportunity. MST is proof." In his address Mayor Gatsas reaffirmed his commitment to the MST programming for FY2017 and beyond.

Mayor Gatsas highlighted the strides made by public safety officials in our city and acknowledged the continued success with hot-spot and predictive policing methods and commended them on receiving national accolades for their success in this area.

"This board has authorized the complement of the Manchester Police Department to 237. As of today our complement stands at 233 officers. That is the highest we have ever seen, and as Chief Willard can attest we are seeing results. In 2016, Part 1 crimes are down 17%. There are more officers in your neighborhood and walking the beat. More police on the streets to fight this heroin and opioid epidemic we are faced with," stated Gatsas.

Mayor Gatsas' FY2017 budget further maintains the coverage ratios for the Manchester Fire Department to ensure the public safety of Manchester citizens.

In accordance with the Manchester City Charter section 6.15 relative to the tax cap Mayor Gatsas' budget proposal is inclusive of the 1.00% tax increase outlined in the voter approved tax cap. This represents approximately \$1.99 million in additional spending over the previous fiscal year.

"Last year I made the statement before you that every single dollar of revenue raised under the tax cap, and more, has been put towards education in the city of Manchester. This year for the FY2017 budget I make the same statement," Gatsas continued, "more dollars have gone to the Manchester School District than raised by the tax cap."

The Manchester School District was allocated an increase in overall spending, within the tax cap allocation by 3.48%, while the city will see a reduction in spending of 1.13%.

In his address to the Board of Aldermen Gatsas reflected on the savings promised through negotiations that have not yielded the anticipated savings and again noted the decline in the state adequacy grants, "it is now the responsibility of our Superintendent, and the district leadership, to come forward with a solution to this board. A solution that does not pit school board members, teachers and parents against the fourteen members of the Board of Aldermen, or the Mayor. It is not constructive, it is unnecessary, and I think we can all agree it is not in the best interest of our students."

For the municipal side of the budget Mayor Gatsas highlighted the recent fiscal management practices that have led to significantly increased reserves which includes a projected \$10.5 million balance in the city's rainy day fund. Mayor Gatsas stated, "we made building our reserves a priority. We are trending in a positive direction and I do believe that when it is time the rating agencies will look favorably upon us. Sound fiscal management is imperative to the city's success."

In his FY2017 budget Mayor Gatsas implemented a Winter Weather Reserve Account using \$400,000 from this year's winter weather operations surplus. Gatsas commented, "a reserve account for winter weather operations is prudent and responsible and will allow us to operate in future years with less angst at the anticipation of each snow fall." The reserve account will be funded in future years using surplus from winter weather operations and shall not exceed 50% of the total winter weather operating budget.

Mayor Gatsas also presented his FY2017 Community Improvement Program (CIP) budget to the Board of Aldermen. Funding in the CIP budget comes from entitlement funds received by the city. In FY2017 the city will continue to make allocations towards municipal infrastructure projects and continued support of non-profit programming for over 20 agencies serving the Manchester community.

For capital expenditures in the CIP budget Mayor Gatsas has included funding \$1million in deferred maintenance of city buildings, \$1.2million for a new police records management system, \$550,000 for information technology upgrades and the continued annual \$3million in funding for motorized equipment replacement.

The Mayor concluded his remarks by stating, "through my budget presentation this evening it is quite clear that Manchester has persevered, and it is not by accident. We have persevered because, as in everything we do, we are determined, despite the continual and never-ending downshifts from Concord. We are respectful of the taxpayers and we remain good-stewards of their dollars through sound fiscal management and an enormous amount of hometown pride."

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### **Mayor's FY2017 Budget Highlight:**

#### Relative to the Tax Cap:

- ✓ 1.00% increase – amount allowed under tax cap set forth in City Charter;
- ✓ 1.00% generates approximately \$1,996,596 in additional revenue.

#### Relative to the Manchester School District:

- ✓ Total school spend is \$162,673,307. This is not inclusive of additional federal monies received by the Manchester School District;
- ✓ The appropriation in the Mayor's Tax Cap budget is the same appropriation presented in the Superintendents Tax Cap budget;
- ✓ Every additional dollar of monies raised by the tax cap is allocated to the Manchester School District;
- ✓ More dollars have gone to the Manchester School District than raised by the tax cap;
- ✓ Expenditures at the Manchester School District have increased while expenditures in the city have decreased.

- ✓ *The effective percentage change in the tax rate, within the 1.00% tax cap, for the Manchester School District is 3.48%.*
- ✓ *In FY2017, and in each year moving forward, the Manchester School District will see a 4% decrease in stabilization funding as set forth in state law.*

*Relative to the City of Manchester Municipal Spending & Reserves:*

- ✓ *Total city spend is: \$143,839,058. This represents a decrease in municipal spending over FY2016;*
- ✓ *This is the second year in a row municipal spending has decreased over the previous year;*
- ✓ *All city departments FY2017 funding levels are inclusive of a 3% decrease in their operating budgets excluding payroll and contracts;*
- ✓ *The effective percentage change in the tax rate, within the 1.00% tax cap, for the City of Manchester is negative 1.13%;*
- ✓ *The city will close FY2016 with a general fund reserve of \$20million, an 8.5% increase over FY2015;*
- ✓ *At the close of FY2016 the rainy day fund will have a projected balance of \$10.5million;*
- ✓ *There is a projected \$800,000 savings in healthcare. In FY2017 the health insurance line item is flat-funded due to projected savings;*
- ✓ *There is an additional \$70,000 in savings of the energy line-item of the budget based on continued realized savings from the conversion of our street lights to LED;*
- ✓ *A Winter Weather Reserve Account is established and funded through FY2016 winter weather operations surplus of \$400,000;*
- ✓ *The Recreation Enterprise Fund is eliminated and folded into the general fund within Parks & Recreation.*
- ✓ *Fully funds approve police complement of 237 officers;*
- ✓ *Maintains complement and coverage ratios for Manchester Fire Department;*
- ✓ *Fully funds the entire umbrella of the Public Works Department;*
- ✓ *The Chief Negotiator position is permanently placed within the Human Resources Dept.*
- ✓ *City severance is funded in accordance with the projected 40-50 anticipated retirements;*
- ✓ *The Manchester Transit Authority subsidy is fully funded and will maintain all service routes;*

*Relative to Economic Development:*

- ✓ *A \$350,000 capital investment to fully fund an integrated, permitting, licensing and billing system called "Track-It." This will automate the permitting process and licensing process and allow online connectivity with real-time updates;*
- ✓ *Continues to fund the INTOWN Summer Concert Program at the increased level of \$18,000 brought forward in FY2016.*

*Relative to the Capital Budget including Road Reconstruction & Deferred Building Maintenance:*

- ✓ *Continues to fund the proposed 5 year, \$18 million investment in roads through the Annual Road Replacement Fund (A.R.R.F.). FY2017 A.R.R.F. funding is \$3million;*
- ✓ *Continues \$3 million for Motorized Equipment Replacement Program (M.E.R.). M.E.R. includes funding for new fire engines and police cruisers;*
- ✓ *\$1 million proposed for deferred maintenance projects*

- ✓ \$550,000 allocated for information technology upgrades
- ✓ \$1.2 million for replacement of police records management system;
- ✓ \$200,000 for city match for bridge repairs to South Elm Street bridge
- ✓ \$150,000 in a cash CIP allocation generated from public works surplus for the refurbishment of JFK Coliseum locker rooms.

Relative to the Community Improvement Program:

- ✓ Community Improvement Proposal (C.I.P) continues to fund municipal infrastructure projects and over 20 local area non-profit agencies;
- ✓ Continues city partnership with the Manchester Community Resource Program (MCRC);
- ✓ Through CDBG entitlement funding continues non-profit support for the City Year Whole City, Whole Child program, Meals on Wheels program, Serenity Place wrap-around care initiative in the heroin and opioid epidemic and the Queen City Bike Collective that is working with inner-city youth on life skills;
- ✓ Funds ADA improvements to our city sidewalks;
- ✓ Fully funds Teen Night to align with the Manchester Health Department Neighborhood Improvement Strategy.

***Please Note:*** A complete set of budget documents presented including the entire text of the Mayor's FY2017 budget address this evening are available on the homepage of [www.manchesternh.gov](http://www.manchesternh.gov) in the "Message from the Mayor."