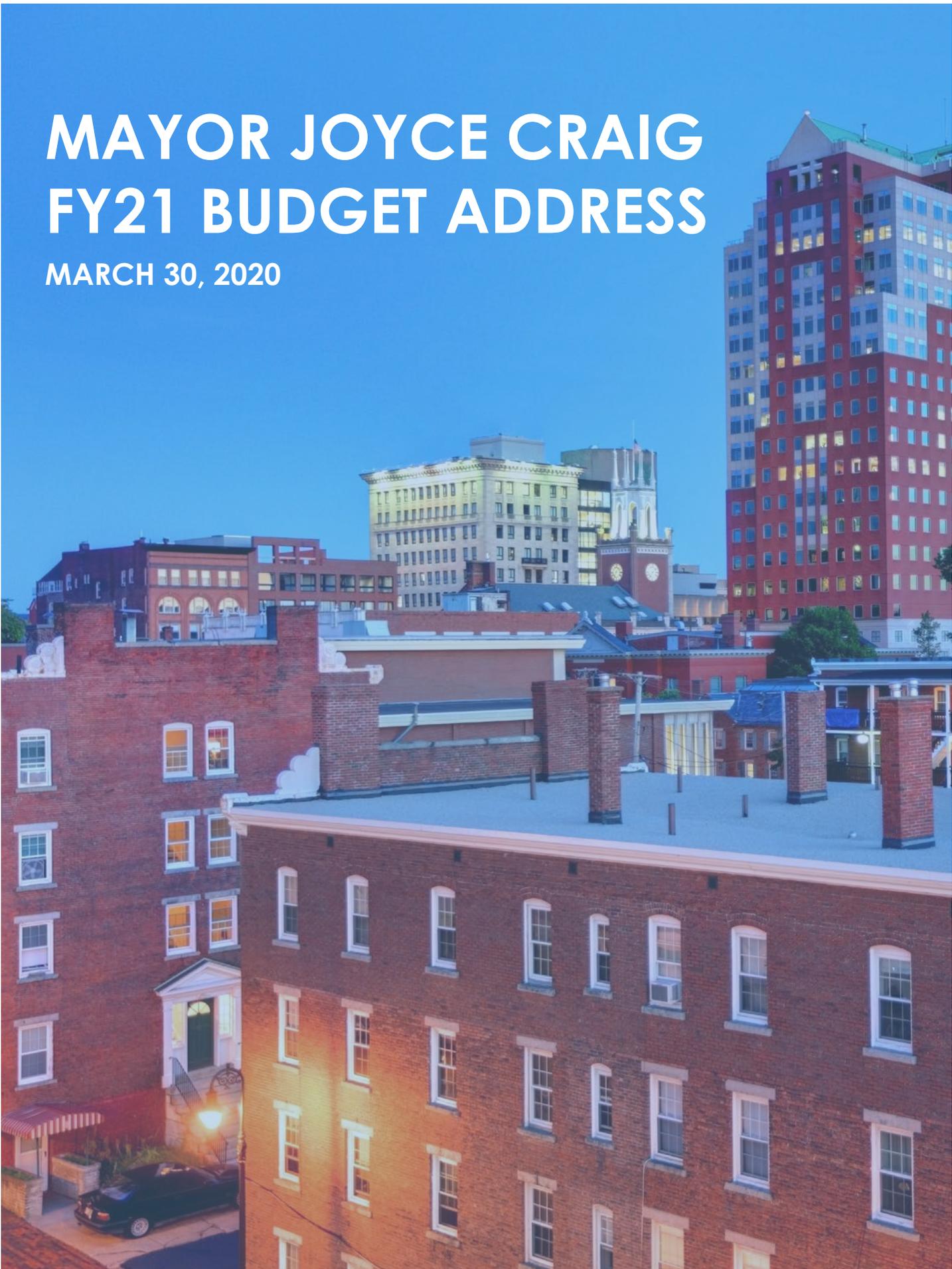


MAYOR JOYCE CRAIG FY21 BUDGET ADDRESS

MARCH 30, 2020





CITY OF MANCHESTER

MAYOR JOYCE CRAIG

Good evening.

I'm speaking to you tonight from my home, during this unprecedented time.

I am delivering my annual budget address during a pandemic that has upended the lives of people across our city, our state, our country and the world.

Our friends, neighbors and fellow citizens are experiencing the loss of loved ones, concern for the health of their family members, and anxiety about the seemingly endless economic hardship our country is facing.

While we are all rightly focused on the safety and health of our family, friends, neighbors, colleagues, and employees, I want to assure you that my administration, and everyone at Manchester's Emergency Operations Center (EOC), is working day and night to stay ahead of COVID-19 to protect our community.

My job, and the job of our public health officials, fire fighters, police officers and many other city employees and elected officials, is to respond to real-time threats and plan for the future in an uncertain time.

This is our job. This is why we entered public service. And, more than ever, I want every resident of Manchester to know that we are committed to doing everything in our power to protect you and your loved ones.

As citizens, your job is to look out for one another. To enjoy time with your family. Call your loved ones and neighbors. Video chat with your friends for a sanity check. Go for a run, or step outside for some fresh air and sunlight.

While I encourage everyone to stay home as much as possible, if you must go out, and have the opportunity, please thank our first responders, health care providers, and utility workers who are on the front lines of this pandemic. Take a moment to thank people working at the grocery stores, gas stations, hardware stores, restaurants, and all city and state employees who are performing essential tasks that keep us all going. But always be sure to stay at least 6 feet away from others.

I also want to take a moment to thank our educators who successfully transformed their brick and mortar classrooms to remote learning almost overnight. I know it wasn't easy, but, as usual, our administrators, educators, and everyone else, stepped up in the best interest of our students. I am so impressed and grateful for the dedication and commitment exhibited by everyone at the School District.

The team and I at the Emergency Operations Center are in constant communication with the state, our hospitals, and many other groups to address the impact COVID-19 is having on our city.

And thanks to our federal delegation, relief is coming to Granite Staters from the Coronavirus Stimulus Package. Because of their efforts, residents in Manchester can expect direct payments from the Federal Government for qualified individuals, relief for small businesses, emergency funds for hospitals, relief for the Manchester-Boston Regional Airport, and more. Together, federal, state, and local officials are working to combat the devastating effects of COVID-19.

Amid all of this, our city is working to move forward. And this budget will play a large role in continuing to make positive change for our community.

Let me start by thanking Bill Sanders and Sharon Wickens from the Finance Department, Leon Lafreniere, Director of Planning and Community Development, Matt Normand, City Clerk, and Dr. John Goldhardt and Karen Defrancis from the School District, for their guidance and assistance. I also want to thank the hard-working department heads for their dedication and leadership in working through this budget process.

Tonight, I'm presenting my Fiscal Year 2021 budget proposal.

When I first began preparing this budget, it was clear Manchester's fiscal health was strong. And while we're faced today with implications of COVID-19 that are beyond our control, this budget enables us to address our challenges, and once this pandemic is over, continue to move our city forward.

In addition to funding for the city's public health and safety response to COVID-19, this budget focuses on investments in capital projects, infrastructure, and public safety, while also ensuring funds are allocated to support the future of the city - our students.

Manchester has had a property and expenditure cap since 2011. Under section 6.15 of the City Charter, the cap limits the amount of property tax revenues, and expenditures, that can be used in a given fiscal year. This number is based on the three year average of the Consumer Price Index, or CPI. The City Charter requires the Mayor and the School District to submit a budget under the cap.

The average CPI for the FY21 budget permits a 2.1% increase in property tax revenues which equates to \$4.6 million. You will note, however, that my proposed budget is at .49%, offering an increase of just under \$1.1 million in property tax revenue.

The reason for this is because the expenditure cap only allows me to appropriate \$4 million of the \$7.5 million in State Adequate Education Aid to the School District. This results in \$3.5 million of State Adequate Education Aid unavailable to the School District in my budget.

The Board of Aldermen can rectify this situation by appropriating the \$3.5 million of State Adequate Education Aid to the School District for FY21. And in doing so, the budget will still be within the cap of 2.1%.

It's a pivotal time to positively impact public education, and our community is rallying around the cause. With the adoption of the Manchester Proud plan, a new School Board that's focused on policy, and a superintendent, Dr. Goldhardt, who's vision is focused on raising the bar and lowering the barriers for all students — we are making positive strides forward.

And this budget provides opportunities for continued progress.

The Board of School Committee's FY21 charter compliant budget request is \$183 million, which is what I appropriated in my budget. This reflects an additional \$3.765 million to the School District, the maximum allowed by the expenditure cap.

As a result, and as I mentioned earlier, I am unable to allocate the remaining \$3.5 million of FY21 State Adequate Education Aid to the district because of the expenditure cap. I encourage the Aldermen to take action and appropriate the \$3.5 million of State Adequate Education Aid that is earmarked for the School District. In doing so, the School District's budget will be \$186.5 million, which is within the 2.1% cap.

The charter compliant school district budget of \$183 million covers all current programming and staff. This budget also funds all collective bargaining contracts and salary agreements, including teachers. It invests \$1.1 million in technology to improve infrastructure and increase access to devices. This budget invests in athletic uniforms, supplies and equipment as well as Student Services supplies, protocols and training. And it also includes three professional development days for teachers, and \$180,000 for one-time classroom supplies.

Reserve accounts have an important role in prudent financial management. They ensure the City and School District have sufficient financial resources set aside to address unforeseen events. For years, the School District's Expendable Trusts have been dangerously low.

With the additional \$3.5 million of State Adequate Education Aid, 98% will go to trusts with \$2.25 million going to the Special Education Expendable Trust and \$1.2 million going to the new Teaching and Learning Expendable Trust to cover curriculum — this is the fiscally responsible action required to build the reserves to recommended levels. And the remaining \$110,000 will go to one-time classroom supplies.

This budget also includes over \$8 million dollars in bonded funds previously approved by the Board of School Committee. For the public's information, there are guidelines we must follow when issuing bonds. They can't be used for operating costs, such as salaries or benefits.

The proposed bonded projects are as follows:

- \$500,000 for the purchase of five school buses
- \$1.3 million for construction at McLaughlin/Hillside for 5-8 redistricting
- \$3 million for maintenance projects in our schools
- \$250,000 for maintenance projects on school grounds and athletic fields such as retaining walls, basketball courts and hoops, and bleachers
- \$2.5 million for the Memorial High School Athletic Complex Rehabilitation (track, synthetic field & tennis courts)
- \$125,000 for new landscape and irrigation
- \$165,000 for playground replacement
- \$250,000 for school parking lot rehabilitation

My FY21 budget includes a \$3.395 million increase for the city side of the budget.

Non-property tax revenue is projected to increase \$1 million over the last fiscal year.

The Board of Mayor and Aldermen has worked hard to ensure the City has sufficient funds in our reserve accounts to address unexpected expenses, cover revenue shortfalls, and preserve the city's excellent AA credit rating.

In FY20, we appropriated nearly \$1.4 million of State Municipal Aid to our reserve accounts. And, my FY21 budget proposes an additional \$1.425 million appropriation of State Municipal Aid to our reserve accounts, including \$575,000 to a new COVID-19 reserve. This represents a total appropriation of \$2.8 million of State Municipal Aid to reserve accounts over two years. We expect our reserve account balance at the beginning of FY21 to approximate \$27 million, or 16.3% of the City's general fund appropriation of nearly \$166 million.

This budget makes sound strategic investments in our city, thanks in large part to the leadership in our city departments.

Even while consumed by the response to COVID-19, our Public Health Department, led by Director Anna Thomas, continues to bring in state and federal funding to build critical infrastructure around data and emergency management. In partnership with the New Hampshire Charitable Foundation, the City of Manchester will embark upon a strategic planning process to unify systems and large-scale interventions designed to address mental and behavioral health, homelessness and addiction. Within this work, we'll also be carving out a roadmap to improve the lives and well-being of our City's greatest asset – our youth.

Additionally, with a three-year grant from the Centers for Disease Control (CDC) we're hiring an Epidemiologist, a person who will deal with the incidence, distribution and possible control of COVID-19, and other public health needs. While I commend the Health Department for their hard work in receiving multiple grants, and I encourage them to continue, we as a City need to be prepared in the event that any of these funding sources decreases or goes away. As a result, I have allocated \$125,000 to their reserve in my FY21 budget bringing their reserve to \$250,000.

In collaboration with Public Works Director Kevin Sheppard, I am recommending that we combine the expense and revenue budgets for Highway, Parks, and Facilities into a singular Department of Public Works budget, saving \$320,734 in FY21. Consistent with the direction from the Board of Mayor and Aldermen, the Department has realized many synergies, including work order and asset management systems, since Parks and Facilities were combined with Highway. Currently employees and equipment routinely operate across division "lines" in order to deliver services most effectively. Consolidation will streamline the administrative workload and will allow for more efficient and seamless accounting.

Literacy is critical to economic development as well as individual and community well-being. This budget allocates \$35,000 toward the city's summer reading program, thanks to a partnership with the Manchester School District, the Parks and Recreation Department, and the Manchester City Library, led by Director Denise VanZanten. This budget also allocates \$50,000 toward purchasing more books at the City Library -- the first time in over ten years we've increased the appropriation for library books.

In addition, this budget covers costs associated with the increase in Veterans' Tax Credits, which were last adjusted over a decade ago. The Optional Veterans Tax Credit, which is available to veterans who served at least 90 days of active duty during a qualifying armed conflict, has been increased from \$400 to \$500, the Tax Credit for a Surviving Spouse of a service member killed while on active duty has been increased from \$1,600 to \$2,000, and the Tax Credit for Veterans with Service-Connected Total and Permanent Disability has been increased from \$1,600 to \$2,000. I'm proud the Board of Mayor and Aldermen approved these adjustments, and I'm grateful for all who have served, as well as their families.

Director Mike Whitten and his team at the Manchester Transit Authority, are continually working to improve bus service across the city. In this budget I've funded higher frequency on Route #8, which means buses will run every 30 minutes instead of every hour. This is the highest ridership route, that connects more residents to employment than any other route in the city. And thanks to the generosity of Dartmouth-Hitchcock, beginning this July, all passengers that take Bus #1—which travels to the VA Hospital and Dartmouth-Hitchcock Manchester from downtown—will be able to ride for free.

The safety of people in our city is our top priority. As a result, this budget makes improvements to help increase the safety of residents, visitors and city employees.

Our police department, led by Chief Carlo Capano, is working diligently to keep our community safe. Over the last two years, we've approved the hiring of 15 new police officers, and my FY21 budget includes funding for an additional 10 more officers in July — resulting in the largest compliment the Manchester Police Department has ever had. In addition, the Board of Mayor and Aldermen recently approved purchasing new tasers for all of our police officers as well as renovating the Welcome Center in Veteran's Park to include a Police Substation.

Thanks to a three year grant from the CDC, the Manchester Fire Department, led by Chief Dan Goonan, is hiring an Emergency Operations Coordinator. Last year, we opened our EOC to better coordinate efforts to assist individuals who are dealing with addiction, homelessness, and mental health issues. Now, our EOC is working around the clock on COVID-19 to ensure the City is able to combat this pandemic.

This budget also includes \$14 million of bonded funds on the city side.

In this budget, I'm proposing to bond \$4 million to facilitate construction of the new road corridor connecting Elm Street to South Commercial Street. Specifically, this funding will support design, land acquisition, and construction. This new passageway will allow for easier access to the bustling South Commercial Street area, while alleviating congestion on Granite Street.

This budget also proposes bonding \$1 million for various IT projects throughout the city focused on security, upgrades, and new equipment. The Information Systems Department, led by Jean Fortier, has been working diligently in the middle of the COVID-19 pandemic, to ensure city services can be accessed remotely.

While at the moment, we're encouraging everyone to stay in their homes, this budget allocates funding to improve public spaces and quality of life amenities.

I'm proposing to bond the construction of Pickleball Courts at Prout Park, a skateboarding half pipe at Rock Rimmon, and full reconstruction of the Mill Girl stairs so they are ADA compliant, safe, and a welcoming area.

This budget also includes proposed bonds for maintenance for city buildings, streets, and parks. We must be proactive in maintaining our existing facilities. Projects include addressing park structures such as bathhouses and ice rinks, repairing the Carpenter Library landing, and replacing the Rines Center boiler. Our Parks and Recreation Department will address fencing, drainage issues, and painting at Livingston, Derryfield, Raco Theodore, and Veterans Park.

Through the Municipal Mechanical Equipment Replacement (MER) program, we're bonding \$3.75 million to replace vehicles at the MTA, Police, Fire and Public Works Departments, as well as purchasing diagnostic equipment, specialized tools and training for mechanics on repairs for new vehicles purchased.

This budget bonds \$3.9 million to address 11.7 miles of roads, along with 25 miles of crack sealing citywide, resulting in 36.7 miles of streets scheduled to receive some type of surface treatment. In FY21, we'll work on main, connector, and local streets throughout each ward of the City, including, but not limited to, Candia Road, South Beech Street and Dunbarton Road.

Over the years, maintenance of city sidewalks has fallen behind. In this budget, I'm proposing to utilize \$600,000 to address city sidewalks, the majority of which will come from the Municipal Transportation Fund. We'll unitize the Sidewalk Conditions Assessment to prioritize repairs for city sidewalks, school sidewalks, and making more sidewalks ADA compliant. We'll continue with the popular 50/50 residential sidewalk replacement program, and I'm funding the implementation of a new public/private sidewalk replacement program for commercial property owners. And, to continue to make our city more bike-friendly, I'm funding more thermoplastic bike and pavement markings.

The City of Manchester receives federal funding to allocate toward specific criteria. This comes from three sources, Community Development Block Grants (CDBG), HOME funds, and Emergency Solutions (ESG) -- all of which have rules regarding what the federal funds can be used for. Collectively, in FY21, there's \$2.8 million available to fund requests.

Projects within city departments using CDBG federal funds include, but are not limited to:

- Phase III, and the completion of Rock Rimmon Park
- The Fun in the Sun Summer program
- The continuation of the City's Concentrated Code Enforcement Program, used to improve housing conditions in rental properties
- Demolition of buildings that pose a threat to public health and safety
- A targeted area Police Officer

Throughout our country, our state, and our city, we're grappling with issues associated with affordable housing and homelessness. In fact, we're facing the most challenging housing environment in decades. Through ESG, HOME federal funds, and State Municipal Aid, I'm allocating approximately \$1 million to address these issues through organizations such as Families in Transition - New Horizons, Waypoint, The Way Home and the YWCA.

These projects include:

- Rental assistance to help homeless and/or very low-income tenants secure and remain in safe and sanitary affordable housing
- Financing the development of affordable housing opportunities
- Rapid rehousing for homeless and at-risk families
- Homelessness prevention services
- Emergency shelter for homeless individuals and families

In addition, this budget leaves \$460,000 of unallocated HOME funds in reserve, to assist with upcoming projects focused on increasing affordable housing.

Through \$471,500 in CDBG federal funds, we're able to help students by funding a wide variety of programs such as Girls Inc., the Boys and Girls Club, the Palace Theatre, Girls at Work, the Granite YMCA, QC Bike Collective, and the Salvation Army.

While we're currently faced with the impacts COVID-19 has, and will have, on our community, the strength of our city, and the resiliency of our residents, will move us out of this pandemic.

Right now, our city is faced with a challenge beyond our control. But, it will not last forever. I want you to know that I, along with the Aldermen, School Board and city and school district employees, are working diligently to respond to this pandemic in real-time, while continuing to plan for the future in an uncertain time.

Manchester is a city known for our grit and determination. By being there for one another, by looking out for each other, we will persevere.

In these trying times, you are looking after your family and your health, while we are looking out for you.

It's an honor to be your mayor. By working together, we will continue to make our city a stronger place.

Stay home, and be well.

Thank you.