

FY2014 Mayor's Budget Address
Tuesday, February 19, 2013

Aldermen, members of the School Board, Department Heads and the citizens of Manchester – Good Evening.

Thank you for your time. I understand that board meetings can be lengthy and I do appreciate the extra time out of the schedule to allow for this presentation. I wanted to present my budget to you ahead of schedule because I believe that time is of the essence.

I feel that it is of the greatest importance that we begin the deliberation and conversation regarding the budget sooner rather than later.

No doubt there are many obstacles we face in this budget. I believe they can be overcome in this tax cap budget. I do not pretend that the road ahead is easy. This road is difficult, most notably for the schools, but there's nothing that's insurmountable or impossible.

I would like to begin this presentation by highlighting the many successes we have realized throughout the year.

First, in health insurance. Due to the changes we made in co-pays and premiums on the city side we had originally estimated \$2.5 million dollars of savings to city taxpayers. I am pleased that the savings we've realized are higher at approximately \$3.2 million.

Further because of the increased opt-out provision that we instituted we have realized additional savings. In our last plan year we had 44 employees opt-out. This year we more than doubled that number and we have 93. Based on the average premium payment, minus the collective total of the stipend we have realized nearly an additional \$1million in savings - just on premium payments alone.

This morning I had the opportunity to meet with representatives from Anthem to review the positive changes that have occurred in our utilization. These are a direct outcome of the plan changes. Emergency Room visits are down 8.6%, our generic prescription drug fill rates have increased almost 5%, and we have seen an increase in annual well care visits, PSA screening rates and cholesterol screening rates.

Ladies and gentlemen here in Manchester we are changing the equation when it comes to healthcare. This is real progress. Everyone in this city from those of us sitting in these seats, to the police and firemen, to the laborer at Public Works, to the individuals here at city hall you are agents of change and you should be commended.

Another success we can champion is the completion of the Manchester Municipal Complex, on time and under budget. It's hard to believe that a little

over three years ago the Municipal complex was a drawing on a piece of paper. Today it is a state of the art facility that we, but most importantly, the citizens of the Queen City can be proud of. This facility belongs to our citizens and on Saturday, April 27th I invite every citizen to come and celebrate the official opening of this complex.

At the complex we have established the Central Fleet Maintenance Department. Another success we can champion. Have there been bumps in the road? Sure. But today we have one place that services our city fleet as opposed to various maintenance garages across the city. We have centralized purchasing and inventory. We have a two shift system in place to maintain our vehicles so our vehicles spend less time being repaired and more time on the road. No doubt the centralized operations have created great efficiencies.

Kudos to the team that saw this complex from concept to completion; if I tried to name everyone I would miss someone and I don't want to do that. I think I speak for everyone when I say great job!

Now to the FY2014 budget you have before you this evening.

Budgets are difficult but we are not unique and we are not alone. Across this country from Washington D.C, to the State of New Hampshire, to the family sitting at the kitchen table on Belmont Street times are tough. But at the end we have a responsibility to achieve balance. The budget before you this evening achieves balance and meets the requirements of the tax cap.

The bottom-line of the budget this evening includes a 2.16% tax increase – this increase is less than the amount allowable by the tax cap. There is a tenth of a percentage point difference between the allowable 2.17%. This is a result of the finance departments programming and the way that “the round” is produced. An explanation has been provided to you in your package.

The obstacles we had in this budget were many. We had to make up an additional \$4.1 million in state retirement costs between the city and the schools. As a result the severance line-item of this budget remains unfunded and the individual departments will have to make up the severance costs of their retiring employees. The alternative would be to reduce line items which would result in layoffs and that is unacceptable.

However, should any surplus become available or additional savings realized I would ask that we work to fund this line item in the budget.

At the beginning of my budget deliberations I gave every city department a starting point of the 2013 budget number minus one percent. You will see in the analysis most departments were able to meet this request. For the other departments that had difficulty, and came up a little short, we were able to work together to meet their needs.

On the city side there are no layoffs. This budget funds the safety needs of our city. It will continue to provide the city services that our residents expect and

deserve. Also I have applied the surplus of \$750,000 that was presented to this board to a prepayment of city retirement.

In the Highway Department budget we have moved the employee that was regularly funded through CDBG to the general fund.

Included in your package is a department by department analysis of changes from 2104 vs. 2013.

Also on the city side the Motorized Equipment Replacement program is funded and back to the replacement schedule that we had. With this we will replace a much needed pumper in the fire department. Replace aging snow removal equipment and the program merges the highway and parks funding for increased efficiency.

Just as I have in years past I would like us to use this opportunity to recognize our city Department Heads for working diligently, and without complaint, to get the job done so we can move forward.

For people at home trust me when I say we have outstanding department heads in this city. They work day in and day out to provide you with quality services - efficiently. Thanks to each of you.

As I said before it is my hope that we can begin budget deliberations as soon as possible and report out a budget well before the usual end of June timeline. I think that it is imperative to do this for the school district. They need time to plan and I believe we have a responsibility to give the school district the information they need to be successful and prepared on the first day of school.

For this to happen the Board of School Committee must bring forward a budget, hold a public hearing and present it to this Board. The Aldermen's work and this hopeful expedited timeline can only be met if we work in tandem.

Before I address the school budget specifically I am pleased to report that the search for a new superintendent is going well. We expect to have hired a new superintendent by mid-April. My hope is that we will put forward a community effort to welcome the new superintendent and make whoever he or she is feel right at home.

And to Dr. Brennan. You have dedicated yourself to this district and to this community. You gave us nothing less than 110%. Thank you for putting us first and everything else second. I hope in this next chapter of your life you put your wife, your family and yourself first, in that order, and everything else second. Thank you Dr. Brennan.

While the beginning of the school district started out with difficulty I believe we were able to work through the issues. We continue to provide the children in our school district an outstanding education.

Manchester is certainly unique when it comes to educating our children and we have our own set of challenges. But I believe it is this very uniqueness that sets us above and apart from the rest.

Our student body is diverse, they are well-rounded, they are smart and they are resilient. Our principals, our teachers, our administration and everyone else in between go above and beyond everyday for our students and we thank them.

Our schools are a vital part of this community and despite these budgetary challenges we are faced with they will continue to thrive because of our students unwavering desire to succeed.

Just this year the Manchester School of Technology became a full-time technical high school. For the first time they enrolled a freshmen class of 83 students.

By making MST available full-time we are providing our students, who are not necessarily on the college track, and who find learning in the traditional environment difficult, with the technical skills and job-training skills they will learn to be ready for employment immediately following their graduation.

I am so proud and honored to be a part of this important change and life-change for many Manchester students. I look forward to the first official MST graduation in 2016.

Also in this time the Board of School Committee has worked diligently to unify course offerings and they continue to work on a successful plan for redistricting.

For the Manchester School District this budget appropriates \$155,724,449 the maximum amount allowable under the tax cap.

In total the tax cap raises approximately \$4.1 million. Schools receive approximately \$3.3 million of that increase and the city receives the additional \$800,000 to meet budgetary needs. In your package this evening is a chart illustrating the share of schools vs. city over the past two years.

No doubt this will be difficult. As I said before budgets are never easy but the task at hand is not impossible or insurmountable. There are real savings that can be realized in the schools throughout changes in benefit plans.

Also in your budget package this evening is a proposal that I hope the Board of Aldermen, in conjunction with the Board of School Committee, will approve sooner than later.

This is a proposal to bring \$2.8 million in much needed technology to our city schools and improve safety. With this proposal we will:

- 1) increases bandwidth in our schools and;
- 2) bring WiFi to all city schools for an approximate cost of \$500,000;

- 3) \$1.5 million will be spent for the purchase of 5000 computers and tablets;
- 4) \$300,000 toward professional development for professional development for teachers and integrated curriculum development.

This proposal also increases safety in our schools by:

- 1) Updating and replacing the telephone systems for an approximate cost of \$300,000;
- 2) Updating and replacing the intercom systems for an approximate cost of \$200,000.

The telephone and intercom systems being suggested are the systems in place, and tested, at the new Manchester police department.

I believe that this proposal is necessary and even in these trying times this proposal is prudent. I also believe that the time to put this plan into action is now. If we act swiftly we can realize these changes and updates in our schools by September 1st.

The \$2.8 million will be bonded. However the school district would not have to find new revenue to cover the bond payment. The annual book payment of approximately \$420,000 would cover \$2.8 million in bonding over a 7-year period. At the conclusion of the 7-years we would end the deferral of the book loan and begin re-making payments to the city.

Further, I believe that changes within the line items and the use of \$1 million of expendable trust and eliminating \$450,000 in the equipment line item because of bonding, combined with the reduction of other line items we can reach our goal with no layoffs in the school district.

For the Community Improvement Program our opportunity is certainly not what it used to be.

With the dramatic funding decreases from our entitlement grants the city faces considerable challenges. Last year we saw an 8% cut in CDBG which is our single largest funding source within CIP. There was a 31% cut in HOME funds.

This year in FY2014 we are anticipating an additional 10% reduction from this year's allocations in both CDBG and HOME. Obviously these decreases have an effect on our ability to fund very worthy projects that we all want to see succeed but, very simply, we do not have the capacity.

This year the anticipated entitlement allocation plus program income for FY2014 is approximately \$2.2 million. The total city and non-city funding requests this year totaled approximately \$71.8 million.

This year we will:

- Fund the 50/50 sidewalk program;

- Fund municipal infrastructure projects including the reconstruction of streets;
- Fund the school dental van servicing low income areas and;
- Continue Weed & Seed Officer support.

We will also continue with our CIP support of non-profit programming for over 20 agencies serving the city of Manchester. They include, City Year the 21st Century Community Learning Program, the Child Advocacy Center, the Holy Cross Family Learning Center, the BRING-IT Program, the Y.O.U. program at the Y.M.C.A, Meals on Wheels and the Manchester Community Health Center.

These agencies perform a variety of much needed services in our community. I would like to offer our thanks to these agencies for their contribution and participation in our community.

I do have a few concluding remarks but before I do that I'd like to pause and thank a few people:

The team from the planning department: Leon, Kerrie, Todd and Elise who worked to put together the CIP budget. A lot has happened and I thank you for keeping it together;

Bill Sanders and Guy and the entire team in the Finance Department. Thanks for all your hard work, help and advice on this budget. It's always a pleasure;

Matt Normand and his team for making sure the details are in place;

Last, and certainly never least, to my team at home my wife Cassandra, my wife Pauline and my brother Michael and my team here at City Hall Sam, Carrie and Vicki. Thank you all for your time, your patience and your understanding.

I sincerely hope that we can work together throughout this budget process to achieve the balance the citizens of this city expect and deserve.

Even though this presentation would normally signal the end of a Mayor's involvement with the budget process I hope you will not consider it the end of my involvement.

To the members of this Board and the members of the School Board I remain committed to seeing this budget through to the end, helping in whatever way possible and making myself available to you should you have any questions about the budget I've presented to you. My door is always open.

Once again thank you for your time this evening and Godspeed.