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CITY OF MANCHESTER

Theodore L. Gatsas
Mayor

FOR IMMEDIATE RELEASE
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Mayor Ted Gatsas Presents FY2015 Budget

*Mayor Gatsas presents tax cap budget and cautions
Aldermen on remaining challenges to overcome*

MANCHESTER, NH - - This evening Manchester Mayor Ted Gatsas delivered his FY2015 budget address before a special meeting of the Board of Mayor and Aldermen. Gatsas began, "as Mayor it is my responsibility to present to you a tax cap budget and the budget before you this evening is just that." In accordance with the Manchester City Charter section 6.15 Mayor Gatsas' budget proposal includes a 2.13% tax increase which represents approximately \$4 million in additional spending over the previous fiscal year.

In the Mayor's FY2015 budget proposal the Manchester School District is allocated \$159,562,680. This allocation will allow the Superintendent to: 1) hire new positions for full day kindergarten at all elementary schools, 2) hire new positions at the Manchester School of Technology; 3) add Assistant Principals and 4) continue to upgrade technology within the schools.

Mayor Gatsas also included an \$895,420 capital expenditure proposal for the purchase of new school buses, "we will purchase 10 new buses and replace buses that have been in service for 22 years, which typically have a 7-21 year life-span, thus decreasing our maintenance and fuel costs." The proposal will allow the District to reduce the daily bussing rate by 1% as well as improved safety for Manchester students.

For the municipal side of the Mayor's FY2015 budget proposal every city department is allocated an additional 1% in funding over the previous year. This proposal includes funding for a 227 officer compliment at the Manchester Police Department and enough funding within all city departments to avoid layoffs by maintaining vacancies and reallocating resources.

Mayor Gatsas also cautioned the Aldermen that, “for the municipal side of the budget major obstacles remain to the tune of \$6 million.” Specifically additional monies are needed for the health insurance reserves, contingency and severance line items of the budget. He further called on the Aldermen to, “end the political paralysis and commit ourselves to finding a sustainable solution.

Mayor Gatsas presented his FY2015 Community Improvement Program (CIP) budget to the Board of Aldermen. Funding in the CIP budget comes from entitlement funds received by the city. Despite overall funding decreases in recent years the city will continue to make allocations to municipal infrastructure projects and continued support of non-profit programming for over 20 agencies serving the Manchester community.

For capital expenditures Mayor Gatsas proposed \$3.7 million in expenditures that include a new C.A.D system for police and fire, City Hall maintenance updates and repairs, an Information Technology equipment upgrade and funding for road reconstruction and repairs. The capital expenditure budget also continues to fund the motorized equipment replacement program for the city fleet for an additional \$3 million.

The Mayor concluded his budget address by stating, “my goal this evening was to be upfront and open about what lies ahead of us. The task is nothing less than daunting but I contend that if we work together, we can, and we will, solve this problem.”

A public hearing is scheduled for Tuesday, April 8, 2014 at 6:00pm at City Hall in Aldermanic Chambers.

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Please Note: A complete set of budget documents presented this evening are available on the homepage of www.manchesternh.gov in the “Message from the Mayor” box along with the full text of the Mayor’s FY2015 Budget Address.

Mayor's FY2015 Budget Highlight:

- ✓ 2.13% increase – amount allowed under tax cap set forth in City Charter;
- ✓ 2.13% generates approximately \$4.1 million.
- ✓ Total city spend is: \$140,466,472
- ✓ Total school spend is \$159,562,680. This is not inclusive of additional federal monies received by the Manchester School District.
- ✓ Proposes \$895,420 in binding for 10 new school buses.
- ✓ 1% increase for all city departments.
- ✓ The budget funds public safety including a complement of 227 officers for the Manchester Police Department;
- ✓ Community Improvement Proposal (C.I.P) continues to fund municipal infrastructure projects and over 20 local area non-profit agencies.
- ✓ CIP proposal combined with bonding allocation funds \$1.2 million in road repairs and reconstruction.
- ✓ Proposes a \$3.7 million in capital expenditure projects including:
 - New Computer Aided Dispatch System (C.A.D) for police and fire;
 - City Hall repairs and updates;
 - Information Systems Hardware Replacement;
 - Fleet Maintenance Software;
 - Library Security System.



CITY OF MANCHESTER

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Mayor

Mayor Gatsas FY2015 Budget Address

MANCHESTER, NH – Monday, March 31, 2014: Alderman, members of the School Board, Department Heads and the citizens of Manchester – Good Evening.

Thank you for your time. Tonight I come before you to present my FY2015 budget address. As Mayor it is my responsibility to present to you a tax cap budget and the budget before you this evening is just that.

Before I go into a detailed explanation about this budget I must tell you that despite having a modest surplus, maintaining the hiring freeze and not authorizing department heads to fill funded vacancies - significant challenges for the Queen City remain in this budget

I begin my address by making this statement because it is my hope that as a Board we will choose to forgo the typical political paralysis that plagues the budget process and instead leave here this evening recognizing our challenges, having a common understanding of where we are at and work together to find sustainable solutions.

While I have been at this with the City Finance Officer and Department Heads since November my involvement in this budget process does not end here this evening – I remain 100% committed to the outcome.

I am committed to working at this for as long as it takes alongside the Aldermen, exploring new revenue opportunities and exhausting all avenues available to us to find a sustainable solution.

The bottom-line of the budget you have before you this evening includes a 2.13% tax increase - this is the maximum increase allowable by the tax cap. This represents approximately \$4 million in additional spending for the city and schools.

Let me first address the school budget. For FY2015 I have allocated the Manchester School District \$159,562,680.

This allocation is a \$500,000 decrease from their request enclosed in your budget package. However, this will not come as a surprise to Superintendent Livingston and her staff.

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Based on our conversations, as recently as today, we will accommodate this difference by taking into account current surplus and other minor line item reductions. And we will be able to achieve all of the additions laid out in the Superintendents budget presentation including:

- Hire new positions for full day kindergarten at all elementary schools;
- Hire new positions at MST and for class size reduction and other needs;
- Add assistant principals at both the high school and elementary level;
- Continue to upgrade and advance technology within the schools;
- With the approval of a bond we will purchase 10 new buses and replace buses that have been in service for 22 years, which typically have a 7-12 year life-span, thus decreasing our maintenance and fuel costs.

At this time I would like to take this opportunity to commend Superintendent Livingston and her team at the Manchester School District. In this inaugural year of her leadership they have worked hard to decrease class size, streamline course offerings and improve communications at all levels

In her budget presentation that's in your package this evening she has articulated the mission, vision and goals for our district. That is outstanding.

While there is always progress to be made I want to use this opportunity to thank Dr. Livingston for her leadership. Great job!

In this FY2015 municipal budget every city department has been allocated an additional 1% in funding.

For Chief Mara and the Manchester Police Department this will mean an increased compliment to 227 officers for the first time ever with the ability to reduce overtime and no layoffs;

For Chief Burkush and the Manchester Fire Department this number can be met and that safety of the city maintained with a 42 man complement with no layoffs;

For the Public Works Director Kevin Sheppard and his team by keeping vacancies open and increased revenue over FY2014 services will be maintained with no layoffs.

For the municipal side of this budget major obstacles remain to the tune of approximately \$6 million dollars. Specifically we must consider the following:

Health Insurance: after much deliberation with the City Finance Officer we have concluded that the necessary funding for the health insurance line item of this budget is \$13.2 million dollars. This equates to an additional \$3 million dollars in necessary funding above what's allocated in this budget;

Contingency and severance remain unfunded and rather than fund them separately I would request that we combine severance into contingency for \$3 million and make transfers for actual dollar amounts as the fiscal year progresses in 2015;

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If we do not make an allocation for severance either within contingency or a separate line item of the budget it will have to be absorbed within the individual department budgets and positions left open.

As you will notice there is a fund balance of \$472,000. Per the city ordinances ½ goes to the rainy day fund and ½ goes to reducing taxes. With a vote of the Aldermen we can instead move that entire allocation to the health insurance reserve account which I would certainly be supportive of.

My fellow colleagues I wish that I could stand here and tell you that there will be significant additional surplus and new savings so that we will be able to close this gap and fix the problem on the city-side but I can not.

As I said when I started my address for the betterment of the Queen City we must end the political paralysis and commit ourselves to finding a sustainable solution.

For the Community Improvement Program we continue to face considerable challenges. This year for CDBG the city will see a 1% decrease however our HOME funds will increase by 5% and the our ESG will increase by 17%.

This years total anticipated entitlement allocation is approximately \$2.4 million and we saw \$72 million in requests.

This allocation will be put toward multiple municipal infrastructure projects such as the Fun in the Sun program, road reconstruction, sidewalk replacement and continued weed & seed support.

We will also continue with our CIP support of non-profit programming for over 20 agencies serving the city of Manchester.

They include, New Horizons, City Year, the Manchester Community Resource Center, the 21st Century Community Learning Program and Meals on Wheels.

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

Within your budget package there's a proposal of \$3.7 million in new capital expenditures. They include:

- \$1.3 million for a new Computer Aided Dispatch or CAD system – this is a critical need for police and fire which effects the safety of the city. The current system was installed in 2007 and has not been updated to date;
- \$935,000 for City Hall Maintenance, Updates and Repairs: Since this building was rehabbed under the Wieczorek administration it has only seen cosmetic fixes. The City Clerk along with the city facilities department has outlined necessary and needed building maintenance. Also included in this request are equipment items needed for election activities;
- \$650,000 for a city IT equipment upgrade: This will be used for upgraded phone systems, computer and data storage equipment and overall technology upgrades throughout the city;

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- \$319,000 for Fleet Maintenance Software so we can begin to track and develop our cost structure to attract other government entities so we can manage and support their fleet, bill for service and see new revenue come into the city;
- \$70,000 for a much needed security system at the Main Branch of the City Library;
- We also continue to bond the MER account for \$3 million approximately \$2.1 million to vehicle replacement and an additional \$900,000 to road repairs combined with the CIP funding of \$300,000 this is approximately \$1.2 million in road repairs and reconstruction.

Before I conclude, I'd like to thank a few people. First, Guy Beloin from the Finance Department who has helped me tremendously through this process and also Bill Sanders – I am truly thankful to you for your devotion to the Queen City, your keen understanding of the difficulties we are faced with and your patience.

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 his team for making sure the details are in place.

And certainly I'd like to thank the department heads as a whole. This has not been an easy process and I truly believe that everyday each of you puts your best foot forward and you give the taxpayers and the residents of Manchester your all. As I said in my inaugural address for many years you have been asked to do more with less, you have - and you are to be commended.

To my colleagues, Department Heads, residents and taxpayers of the Queen City my goal this evening was to be upfront and open about what lies ahead of us. The task is nothing less than daunting but I contend that if we work together, we can, and we will, solve this problem.

A sustainable solution will require each of us to come to the table with a blank slate and an open-mind. We need to consider all of our options and we need to be respectful of the options others bring to the table as well as their opinions. Certainly these decisions will not be easy - but they are necessary. Let's get to work and let's make this work – we owe that to everyone in this city.

I look forward to working with you my door is always open.

Thank you for your time this evening. Good night and Godspeed.

-END-

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