

**SPECIAL MEETING  
BOARD OF MAYOR AND ALDERMEN  
(MAYOR'S 2010 BUDGET PRESENTATION)**

**March 31, 2009**

**7:00 PM**

Mayor Guinta called the meeting to order.

Mayor Guinta called for the Pledge of Allegiance, this function being led by Alderman DeVries.

A moment of silence was observed.

The Clerk called the roll. Thirteen Aldermen were present.

Present: Aldermen M. Roy, Gatsas, Sullivan, J. Roy, Osborne, Pinard,  
O'Neil, Lopez, Shea, DeVries, Garrity, Smith, Ouellette

Absent: Alderman Murphy

**Mayor Guinta** stated the purpose of this meeting is for a budget message pursuant to Section 6.03 of the City Charter. The presentation shall include the FY2010 General Fund, Community Improvement, and all specific appropriations. Thank you all for being here. Nearly six weeks ago tonight, I stood before this Board of Aldermen to give both our elected leaders and the general public a sense of how challenging the fiscal year 2010 budget would be. At that time I indicated to the public that without significant changes made to the city budget, property tax increases would easily top 15% for the average family. I indicated that such an option was not on the table at least for me, and that I would do my very best to

bring in a responsible budget that keeps taxes low, funds city services at an acceptable level and minimizes lay offs of our municipal and school employees. Many things have changed in the last six weeks, little of it for the good. The regional economy is definitely in a downturn, and we continue to see underperforming city revenues. We are anticipating a first drop in property valuation since 2003, a clear sign that we are in a recession. We are also not receiving millions of dollars in stimulus funds to help our budget. I am here to tell you tonight that we are on our own during this budget season. The budget I present this evening is lean and yet fair. It reflects the priorities that I have put forward in the past and I have continued to champion even today. Before getting into the budget, I would like to educate the Board and the public on how I got to this point. On December 4, 2008, I began meeting with city departments to discuss the 2010 budget and to gauge the overall health of city government. Manchester has fine department heads and employees, and we are very fortunate to have such dedicated public servants. Our department heads have been my chief collaborators during this budget process, and I believe that they will tell you this year's budget process was the most transparent that they have ever seen. I was honest and upfront with our departments, and I told them this budget would be very tight and that spending must remain extreme low. Our revenue projections were significantly lower than projected in the previous budget, and I wanted to prepare our management team for the hard decisions that need to be made. Unlike previous budgets, I asked departments to submit two budgets, one representing level funding based on the current fiscal year, and the second representing full funding for all designated positions within each department complement. Commencing in early January, I began to meet with each department to review their budget submissions and to better understand what the pressures of this year's budget might do to city services. Meetings continued throughout the month and provided me with a better picture of what the budget challenges truly were. I promised department heads that further meetings would ensue once my budget

team had the opportunity to prepare an early draft of this proposal. Fulfilling my promise to department heads, I began to meet with each department head during the first week of March. At those meetings I gave each department head a working number representing a bottom line appropriation for that department and asked them respond with an analysis of how they would budget based on that appropriation. Department heads were exceptionally open and honest during this process. The cooperation that I encountered helped to limit the pain felt by our city employees. The budget I am proposing this evening significantly restrains spending and provides for a modest .35% tax cut for all homeowners. During these challenging times I believe that it unconscionable to pass a tax hike on the people already at risk of losing their homes. I recognize that there is a cost to doing business and that people expect certain city services, but I believe few people would vote to significantly increase spending if those policies forced more foreclosures in our neighborhoods. The following are some key items found within this budget proposal: First is assessed property valuation. This budget assumes a \$25 million decrease of net assessed property value, a number that falls within the range of assessment provided to me by the Board of Assessors. This is the first drop in the tax base in many years and is clear sign that we are in a recession. I have also increased the overlay to \$1.3 million on the recommendation of the Assessors. Regarding public safety, this budget funds the Manchester Police Department at full complement. This was done through a combination of property tax dollars and the use of available federal grants to fund personnel, programs like Drugs and Guns, planned overtime and equipment. The budget also funds the Fire Department with a 3% increase which keeps fire service intact. The budget bears the burden of a \$5 million increase in benefits for city employees. Costs have increased significantly and we are also picking up costs not accounted for in the previous year's budget. I am also proposing significant changes to our capital spending policies, and I am submitting proposals that, if adopted, will bring debt service back to the fiscal year 2001 levels. I have

accomplished this through numerous means. No bonding is proposed in this budget. I am proposing the suspension of several previously approved bond projects and applying variable balances to complete important other capital projects without overcharging our taxpayers. I have greatly limited the amount of city cash used to fund capital projects. I am also proposing the use of \$2.2 million from a special revenue account to pay for certain capital projects, reducing our dependency on municipal bonding. Of note, there is a proposed change to the vehicle replacement plan previously approved by the Board of Aldermen. These changes to the capital budget are a departure from the recent past. As we enter into this recession and city dollars become tighter, I believe that it is imperative that we limit our bonding so that we do not pass on a burden to future Boards. Our city grew accustomed to good economic times, and we utilized our bonding power during those times to pay for many important capital projects. Without sufficient revenues to cover those bond payments, it is now prudent to reduce capital spending. The Manchester School District is reporting both a decline in student enrollment and a corresponding decline in revenues projected for the coming year. It is also requesting \$152 million for the FY2010 budget, an increase of \$6 million. I have decided to allocate \$146.1 million to the School District in this budget, a number that seems to be level funding, but is actually not. The true value of the school budget is in excess of \$150 million after adjustments for the city-wide work furlough proposed in this budget, a detail I am coming to, and after applying new federal funds to help pay for special education. An outline of this is attached with this address. The budget reduces the teacher complement through attrition, and without the need for layoffs. Looking at department budgets, as I previously stated, I have increased the budgets of our public safety agencies. All other departments receive appropriations slightly above or slightly below fiscal year 2009 levels. Our department heads have done a great job at keeping spending low and they recognize the need to work collaborately to maintain services without adversely affecting taxpayers. This budget reduces the overall city

general fund complement by fewer than ten positions, many, if not all, reduced by attrition. For MCTV and MCAM, I am reducing the overall appropriation to both entities to \$500,000, and I'm increasing city revenues accordingly. Greater savings must be found by both organizations. These services are important but not essential to the function of good government. I have met with representatives from both organizations and will continue to meet with them until an acceptable compromise is reached. I'm also projecting city revenues in line with current trends and without changes to projections provided to me by department heads. I do not believe that there will be any significant increase in revenues prior to the end of fiscal year 2010. Revenues that we are counting on include \$7.4 million in the state education fund and \$4 million in revenue sharing as allowed for in current state law. If the legislature changes these laws, the city budget will have to be adjusted accordingly in order to prevent a tax hike in the city of Manchester. I am also recommending that the School Board increase revenues by using school impact fees in the amount of \$2.5 million. This budget is extremely tight and does not allow for mid-year appropriations. Departments should not plan to come to the Board for additional monies unless they have a plan that achieves corresponding savings. This budget proposes a seven day work furlough for all city employees - General Fund, School and Enterprise. This plan would save not just \$3.6 million for FY2010 but it saves nearly 90 jobs and it does not decimate services. Many details need to be worked out prior to the adoption of this policy, but I think department heads can manage this without great duress. Rather than closing city government down for seven days or impacting employee paychecks adversely, I believe that the cost of a furlough can be distributed evenly throughout the course of a year. Employees and department heads would be responsible for determining furlough days. I would stress if we adopt this policy it saves 90 employees from having to be laid off, a commitment that I too will share in. I believe that the city needs to adopt a sunset provision for all non-city capital appropriations. Doing so will allow the city and the community to better

determine which programs still need funding. A proposed ordinance will be sent to the CIP committee by the end of April. In February I indicated to the Board that I was considering another consolidation proposal. One is not included in this budget, but I am tonight recommending that we consolidate Elderly Services into the Health Department. This move would reduce overhead, increase available revenues to the city and would ultimately increase services to our seniors without eliminating employees. A more formal plan will be forthcoming by the end of May. We are currently in an economic cycle which challenges us to do more with less. Our families and our neighbors are struggling to make ends meet on a daily basis. We as a city government must do our part to not make those struggles worse for the average family. The budget I am proposing tonight is not draconian as probably feared by some, but is workable and fair to all parties. It is, above all, realistic and transparent. I look forward to working with this Board in the coming weeks to adopt the very best budget for taxpayers. Thank you.

**Aldermen O'Neil** asked can we just move to refer this to the full Board?

**Alderman Lopez** stated I was just informed by the City Clerk that we cannot do that under the rules.

**Acting City Clerk Matt Normand** stated under the Rule 18 it has to be referred from a regular meeting of the Board, so next Tuesday we could do that if that is the Board's intent.

**Alderman O'Neil** stated that would be my intent that night then.

*There being no further business, on motion of **Alderman Smith**, duly seconded by **Alderman Garrity**, it was voted to adjourn.*

A True Record. Attest.

City Clerk