

**Mayor Frank C. Guinta**  
**Fiscal Year 2009 Budget Address**  
**March 31, 2008**

**The Kitchen Table Budget**

In kitchens across our city, families are meeting almost daily to discuss finances and ways to cut household costs. They are making decisions from as mundane as reducing their cable television packages to more serious decisions like refinancing their mortgages and even downsizing their homes. Decisions like these are happening not only in Manchester, but throughout our state and nation too.

Trying to make ends meet for the average family is not easy in March 2008, and it is decidedly more difficult than it was just a year ago. Whether you consider filling the gasoline tank of your car, buying home heating oil, or purchasing your weekly groceries for your family, the common point these things share is that they all cost significantly more than they did just a year ago.

Our families have to stretch their household budgets to make do and few, if any, are not cutting out the extras from their lifestyles. It is a sad fact that many households are barely getting by at this time, and it does not appear that prices are going to drop at anytime in the near future.

Much like the average Manchester family, city government must operate on a kitchen table budget. In many ways, the pressures faced by the average family are the same pressures we face as a city. We face higher energy and gasoline costs. We have to pay more for construction materials. We have less available money to spend than we did last year.

As the city is well aware, current projections indicate that city revenues in Fiscal Year 2009 will be significantly less; about \$13 million less than the previous year. Some of this decline is attributable to the economic slowdown; however the majority is related to declining enrollment in the Manchester School District.

Thirteen million dollars is a big chunk of change and there is no easy way to replace it. As a city government, we have only three available ways to cover that gap: First, we can raise fees and create new fees to bring in more revenue; second, we can raise property taxes; and third, we can cut government spending.

None of these options is particularly enjoyable, and each will hurt. These are tough decisions and like the kitchen table budgets of our families, government must choose the best course for its citizens. As Mayor of Manchester, I know that residents facing double-digit increases in household spending cannot afford to pay higher fees and higher taxes; it is unconscionable to expect them to do so. Therefore, I have chosen the last option and am submitting to the Board of Aldermen a budget that does not raise the taxes of people who cannot afford them.

## **The Budget Process**

Late last year, I began meeting with city departments to discuss the 2009 budget and to gauge the overall health of city government. Manchester is blessed to have a fine group of department heads and they are all dedicated to providing quality services to the taxpayers. They in turn supervise many, fine employees who daily contribute to the greater good of Manchester.

I was honest and upfront with our departments, and I told them that this budget might be very tight and that spending must remain extremely low. Our revenue projections were already pessimistic and I needed to prepare management for the hard decisions that were to come. As was done last year, I asked the departments to submit to me three budgets equivalent to 98 percent, 100 percent and 103 percent of Fiscal Year 2008.

Beginning in February, I had the opportunity to meet with each department to discuss not only these three budgets, but also the direction of their agencies. We discussed how the 2009 budget might affect their operations and we discussed scenarios that might curtail and eliminate certain services. Among other things, we discussed the possible reduction of personnel through attrition and layoffs, and how this reduction could be absorbed by other employees.

In order to further prepare our departments for this process, and to educate the general public as well, I released budget projections that showed a 16 percent tax hike if spending were to be appropriated at a level the departments said they needed. Even in the best of times, a 16 percent tax hike is sobering and during the current atmosphere, it would be downright catastrophic.

## **Mayor's Proposed Budget**

As I stated earlier, the budget I am proposing this evening significantly reduces spending just to reach a zero percent tax increase. The drop in revenue and the rise in other expenses not controlled by the city created a significant hole in this year's budget, and I have had to propose making some very difficult decisions. I will now outline some of the key features of this budget so that the public might better understand what it is that I am recommending.

**1. Assessed Property Valuation:** This budget assumes a \$30 million increase of net assessed property value. This falls within the range of assessment provided to me by the Board of Assessors and is predicated on the development of certain key properties throughout the city. Suffice to say, we are not enjoying the \$100 million plus increase in annual assessment that we have become accustomed to.

**2. Public Safety:** This budget provides for a 4 percent increase to the Police Department's budget and a 2 percent increase to the Fire Department's budget. As I have said previously, I will not balance the budget on the back of public safety. I am addressing some of their top capital items in the CIP budget.

**3. Capital Spending and Debt Service:** With the sharp decline in revenue, I am recommending a significantly curtailed capital budget. City Cash has been reduced to \$1,368,900 and General Obligation Bonding to \$8,466,500. Projects that are funded include: the continued replacement of police radios, the Open Classroom Elimination project at Highland Goffs Falls School, the rehabilitation of Fire Station No. 9, a feasibility study for the expansion of the Police Station, and the continued development of the rail railway system.

Debt service and interest on maturing debt are both increased due to the maturity of our debt. I have kept bonding low in order to not send our debt payments even higher.

**4. MER:** I have reduced spending on vehicles by \$375,000 compared to the previous year. The appropriation includes five new police cruisers, rust-repair money for the Fire Department, and replacement equipment for the Public Works Department. I have also included \$132,000 for technology upgrades requested by the Information Systems Department.

**5. Transit subsidy:** This budget reduces the transit subsidy by \$275,000. This was a difficult decision to make and I am hoping the Transit Authority will find efficiencies that do not adversely affect ridership.

**6. Consolidations:** The budget assumes that the two consolidations I have previously proposed will be adopted by the Board. The two new departments that appear on the Budget Summary Report are the Public Works Department and the Community Development Department.

**7. Manchester School District:** The District is reporting both a decline in student enrollment and a corresponding decline in revenues projected for the coming year. Instead of reducing spending, the District recommended increasing it for Fiscal Year 2009. If the revenue numbers and the spending increases proposed are added together, the District is proposing a swing of \$15 million against the taxpayers of Manchester. This is simply unrealistic.

The budget proposed reduces the district's appropriation by \$7.25 million compared to current year. This reduction is equivalent to the loss of revenue projected by the District and refocuses the School system from the status quo to the systematic overhaul of the entire educational system. There is no correspondence between dollars spent and quality of education – the District needs to do a better job of spending its budget.

As Chairman of the School Board, I will recommend that the District first consider reducing administrative overhead and then reduce the number of teachers and support staff through attrition. There are 10 percent fewer children attending schools throughout the city than there were just four years ago, and projections indicate a further decline in enrollments. During this same time period, the District has increased the number of teachers by 8.5 percent. Something is wrong with that type of math and we must look very carefully at the District's hiring policies.

**8. Department Budgets:** As previously stated, I have increased the budgets of our public safety agencies. I am also recommending a modest increase to the Assessors budget to allow that department to hire an Appraisal Technician; a position that will save the city at least \$500,000 for the next revaluation.

Most other departments receive a level funded budget except for the following:

- Community Development: (\$67,000) reduction in staff by attrition
- Finance: (\$26,155) department needs less than previous year
- Human Resources: (\$151,918) reorganization
- Public Works: (\$1,519,975) reorganization with consolidation
- Library: (\$65,000)

**9. Salary/Benefit Reduction:** In the previous two budgets, I have reduced departmental salaries by a flat 4 percent and have provided for salary adjustment money to be available when departments have run into trouble. In this budget, I have identified savings of \$823,297 that need to be made during the fiscal year if the city's expenditures are not to run a deficit. This would require a continuation of the hiring freeze policy observed by the city that requires that requests to fill open positions must first be approved by the Mayor. This policy has worked well since its inception and has netted substantial savings for taxpayers. \$823,000 is a manageable number to reach so long as departments understand how tight this budget is.

#### **Policy Items**

**Policy Item 1:** 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.

**Policy Item 2:** The Board should look at its agreements with both MCTV and MCAM, and consider a better approach. One possibility that I support would be to merge the two organizations in order to create greater savings and allowing more cable television fee money to return to the city. I am therefore appointing a special review committee to look into this matter and am asking Alderman Gatsas to lead the group and to appoint its members from various community organizations.

**Policy Item 3:** The School Districts revenue can be increased by creating a fund balance in the current year's appropriation. If the District can produce a surplus in FY2008, I would support allowing them to spend that surplus in the 2009 budget.

**Policy Item 4:** The city is currently holding school impact money for the construction of a new school or increased capacity of existing schools. This money will soon be lost if it is not spent. I propose allowing the School District to apply those monies against those bond payments for projects that have increased school capacity. It seems to be an appropriate use.

**Policy Item 5:** While the budget includes COLAs for retirees, I personally believe the city is not obliged to appropriate a COLA that relies on taxpayer monies. The city should look into this matter and if there is an ambiguity in the law, then legislation should be crafted that gives taxpayers the final say on who decides how COLAs are funded.

### **Conclusion**

I want to remind this board during my concluding remarks that this budget is extremely lean and is necessarily so due to the rising cost of living for Manchester residents. I have presented a budget that does not raise taxes and that keeps core city services maintained.

I understand the pressures that we will face over the coming weeks as a Board of Mayor & Aldermen. I need not warn you that every dollar of spending added to this budget means an additional burden added to taxpayers. Please keep them in mind first and foremost throughout this process.