CITY OF MANCHESTER

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Opinion: Manchester Has Some Tough Choices To Make

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When I was sworn in as Mayor over a year ago, I invited elected officials, city employees, taxpayers and residents to imagine the possibilities. This was not a campaign slogan or a catchy tagline developed by a marketing agency. This was a heartfelt expression of my fundamental belief that if we came together as a community with a shared objective, put politics aside, stopped saying it can't be done and started thinking about how it could, then anything was possible.

I am proud to say that people across our great city welcomed this invitation and embraced the prospect of looking at things differently. Everyone was energized by the opportunity to work together, offered innovative ideas for a more efficient government, and started to believe in this city again.

In a few months time we passed a budget that delivered city services and provided a modest tax cut at a time when municipalities around the country were enacting massive tax increases. We avoided the bitterness, resentment and political posturing that had plagued the budgeting process for decades; this reinforced my belief that anything is possible.

If we are going to effectively navigate the complex budget challenges ahead of us we must begin the process by building on the momentum and positive tone that we worked hard to achieve. At this juncture, and in the spirit of full transparency, I thought it was important to share some vital information with residents as we begin this year's budget process.

While we have made significant progress in generating efficiencies and reducing costs, the budgetary challenges before us have never been more clear. In fiscal year 2012, Manchester is contractually obligated to provide cost of living and merit increases of 5.5% to City employees and an average of 6.5% to School employees. With 75% of the City workforce and 88% of School employees unionized, the collective cost of these contractually obligated increases is approximately $6.3 million.

To compound the problem, health insurance costs have skyrocketed. This is not a trend unique to Manchester as it's happening in municipalities across America. Utilization is rising as people are visiting their doctors more often: prescription drugs, advanced testing, and higher incidences of disease are all contributing factors. While city costs have increased, the contribution rate by city employees has not kept pace. The resulting increase in health insurance is approximately $4.9 million.

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Beginning in 2009 the Manchester School District accepted $4.2 million in funding, also known as "stimulus dollars," from the American Recovery and Reinvestment Act. The condition for Manchester accepting funds was that the money would be used for teacher's salaries and benefits. With the funding set to expire, this $4.2 million gap will have to be made up with taxpayer dollars.

Finally, the city contribution to the state retirement plan will cost more as the contribution rate made on behalf of employees by municipalities rose. This represents an additional $1.27 million for Manchester.

The stark reality is that if we absorb these increases without offsetting or reducing the gap, taxpayers will be hit with a 12.75% tax increase. A tax increase of this proportion will undoubtedly force people who are already financially underwater out of their homes. Struggling businesses will leave and those that stay will be required to further reduce the size of their workforce. All of this will lead to the shrinking of our tax base forcing homeowners to carry a larger share of the burden.

Let me be perfectly clear –doing nothing is not an option I am willing to entertain. Manchester has some very tough choices to make. There is a great deal at stake and we must face our challenges and continue to practice sound fiscal discipline.

Despite the situation, I remain hopeful. With a solid foundation of collaboration and trust established through last year's budget process, I enter this year confident that we can, and will persevere. I look forward to engaging in a very productive and positive dialogue that will align us around a responsible budget that will deliver essential city services while being ever mindful that the taxpayers cannot afford substantial increases.

In the coming days we will begin to layout a plan that will get us there. It will not be easy. It will require change and sacrifice. It will require us to work together and reject the traditional tactic of pitting one group against another. Most importantly, it will require us to stay unified in our shared objective to build a better Manchester.

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About the Author: Ted Gatsas is currently serving his first term as Mayor of Manchester. He previously served as a State Senator representing District 16 from 2000 – 2009.