



CITY OF MANCHESTER

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Mayor

FOR IMMEDIATE RELEASE

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Mayor Gatsas FY2017 Budget Address

MANCHESTER, NH – Tuesday, March 29, 2016: Good evening everyone, thank you for being here. To the taxpayers of the Queen City watching from the comfort of your home, welcome! And to my mother Perley, who I know is watching –Happy Birthday Mom!

This evening I deliver to you my seventh budget address. Every year I always make it a point to tell you how proud I am of Manchester. How wonderful the Queen City is. How Manchester, its citizens, our teachers and our schools made me the person I am today. And I have expressed time and time again how honored, and humbled, I am to be a part of all that Manchester has accomplished.

This evening, I am honored to stand before you and tell you that given the economic times that we have lived through, and the challenges we have faced, Manchester is thriving, and has succeeded, in the face of adversity because of sound fiscal planning and management and our hometown pride.

What we have accomplished, and all that we have accomplished, is nothing short of amazing.

At the beginning of this address, let me say this: as you will see in the presentation before you this evening on the municipal side of the budget there is a funding cut, and on the school side there is a funding increase. While the appropriation is well within the tax cap we must not ignore the fact that for years the state of New Hampshire has downshifted costs to the municipalities including the City of Manchester. From retirement costs to adequacy aid the state has slowly shifted their burden to the town and cities.

If this practice of downshifting from Concord would end, once and for all, I have no doubt that the tenor of many of these budget discussions would be quite different. However, despite all that we have endured we are succeeding - but given that there are no municipal employee contracts it is not sustainable - and it's time for Concord to be consistent when it comes to costs and revenues that have a direct effect on

municipalities and become our partner, and stop being our adversary when it comes to budgeting.

In this chamber we have had some very spirited discussion about the infrastructure of our city. While there has been disagreement in the details, we have always agreed that improvement in infrastructure is both necessary and our responsibility.

In seven years time I believe that we overhauled the infrastructure of the Queen City: we centralized our public works operations, and city fleet when we built the Manchester Municipal Complex.

And after years of complacency and being told it was impossible we worked together to build the new Manchester Police Station.

At a time when the cost of electricity is continually rising we upgraded our streetlights to LED and saved the taxpayers hundreds of thousands of dollars.

In this FY2017 budget before you this evening we continue to see these savings and there is a further reduction of approximately \$70,000 in the street lighting line-item of the budget.

And last year we made a commitment to our citizens to replace, reconstruct and improve our roads. We began the five-year Annual Road Replacement Program. This is our commitment to the taxpayers of the city to annually fund road repairs with a minimum funding threshold and accelerated the timeline of available funding so we get the best pricing and a lengthened construction season.

In FY2017 I have again made the promised \$3million dollar allocation for road repairs and reconstruction. I would ask that we move this item expeditiously through committee, and back to this board for final approval as soon as possible.

In this budget I have continued our investment to our parks and green space so we continue to make the improvements and I respectfully ask for your support.

Through our work together we have vastly improved the infrastructure of our city, for all our citizens to enjoy today and generations to come.

When it comes to Economic Development, the Queen City is always moving forward.

Last week, as the city department heads presented their strategic vision for the city I was struck by one word in the presentation from this working group - renewal. In one word we were reminded how Manchester has succeeded in reinventing itself from a textile capital to a technology and education hub.

We learned about the stability and diversity of our anchor industries: the hospitals, SNHU, Comcast and Anthem to name a few.

We heard about the high quality of life we enjoy here in the Queen City accented by the lively growing arts and culture scene. The Verizon Wireless Arena, Northeast Delta Dental Stadium, the Palace Theatre and the Currier Museum of Art are all

recognized statewide, and within our region, as first class arts and entertainment venues.

As I browsed through the presentation I saw Dyn mentioned and we think of Jeremy Hitchcock; I saw DeKa and we all know Dean Kamen; I saw the Palace Theatre and we all know the great work being done by Peter Ramsey and former Mayor Sylvio Dupuis. These are just three examples within that presentation of leaders amongst us with a great deal of hometown pride.

These individuals, and many others, who are familiar faces to all of us, have started their businesses here, grown their businesses here, invested their money and capital here and given the Queen City their heart and soul.

Our renewal has also been spurred by the cities commitment to be a partner with small business, industry and entrepreneurs when it comes to economic development. In the FY2017 budget before you this evening we continue this commitment.

In the FY2017 budget there is a CIP allocation for a new fully integrated permitting, licensing and billing system called Track-It. Track-it will automate our permitting functions, manage licensing, code enforcement and inspections and assist in regulating land. Most importantly it will provide the public online and real time access to our planning and development processes here at city hall. Developers can connect with the city, and the city can connect with developers.

For many years we have heard from developers, business and residents doing weekend home improvement projects across the city that have been asking for connectivity so they don't have to physically come to city hall to conduct their business.

For plumbers, builders, developers, electricians and others time is productivity and time is money. When we streamline our services we are helping them increase their productivity and grow their productivity. This project is an absolute necessity for economic development in our city and I would ask for your support.

In this FY2017 budget we have continued to fund the additional monies for the INTOWN summer concert series. We heard from the downtown businesses, local residents and people visiting the city how much they enjoyed the city last summer and were looking forward to enjoying our downtown this summer.

I think we can all agree this was a phenomenal success – thanks to the hard work of a dedicated staff at INTWON with a tremendous amount of hometown pride.

In our school district this year, on June 4th, 52 students will graduate as the first-ever graduating class from the Manchester School of Technology.

The primary reason we all run for these seats is because we want to make a difference. We want to have an impact on the future of our city and this starts with our students.

MST is a competency-based education – their motto “as fast as you want – as long as you need.” This year two students took them up on the “as fast as you want challenge” and will graduate in three years;

All 13 of the students that applied to college early-decision were accepted and many of these students will stay right here in the city. Three of these students were accepted early decision to Wentworth University, the University of Vermont and Roger Williams College.

MST has the highest attendance rate of Manchester High Schools at 96%.

Last year MST was competitively chosen to participate in a national school redesign grant funded by the Gates Foundation.

This year, Karen Machado, who is here this evening, was chosen for the NH High School Principal Role Model Award by the NH Association of Principals. Congratulations!

We have made a difference, and we will continue to make a difference, when it comes to education in our city. We are the largest school district in the state. We are the most diverse district in the state. That certainly comes with challenges but there is always much more opportunity. MST is proof.

On June 4th, 2016 at 3:00pm at the New Hampshire Institute of Art I invite the membership of this board to join me for the first-ever Manchester School of Technology graduation. It is a once in a lifetime opportunity you don't want to miss.

In the budget before you this evening I ensure you we will continue our commitment to the Manchester School of Technology and we will continue to make a difference in the lives of Manchester's students.

It's been nearly a year since Chief Willard and Assistant Chief Nick Capano have taken on their new roles at the Manchester Police Department. They have done outstanding work.

The continue to employ the hot-spot policing and predictive policing methods and the department has been recognized for their achievement;

This board has authorized the complement of the Manchester Police Department to 237. As of today our complement stands at 233 officers. That is the highest we have ever seen and as Chief Willard can attest we are seeing results. In 2016, Part 1 crimes are down 17%.

There are more officers in your neighborhood and walking the beat. More police on our streets to fight this heroin and opioid epidemic we are faced with.

And when it comes to this epidemic I must also recognize our first responders, Manchester Fire Department and AMR who everyday are saving lives and responding to the call that someone else has overdosed. The dedication is remarkable.

Chief Burkush, while we will honor you formally, and with humor I might add, in a few weeks time I do want to thank you for your 39 years of service to this city and for your leadership as we battle this epidemic.

Budgets have never been your favorite part of the job – and I think that’s probably an understatement – but you’ve always worked at it – and I appreciate it. Thank you!

With regards to public safety we have always worked to give them the tools they need to do their job. Soon the computer-aided dispatch system project will be 100% completed. In this FY2017 budget we will continue this commitment and I have provided funding in CIP for a new records management system for the Manchester Police Department.

In the budget before you this evening, per city charter, the tax cap was set at 1.00%. That rate is calculated as a result of the three-year average of the consumer price index urban.

Based on those facts in the budget presented this evening there is approximate \$1,996,596 additional revenue dollars available to spend for the city and the schools.

Last year I made the statement before you that “every single dollar of revenue raised under the tax cap, and more, has been put towards education in the city of Manchester.”

This year, for the FY2017 budget I make the same statement, “every single dollar of revenue raised under the tax cap, and more, has been put towards education in the city of Manchester.”

To be exact the school district has been allocated an increase of \$3,123,852 or 3.48% increase in FY2017 which is within the tax.

More dollars have gone to the Manchester School District than are raised by the tax cap. On the municipal side of the budget, the expenditures in the city for FY2017 are below that of FY2016.

To be exact the city will see a \$1,127,256 reduction of 1.13%.

The appropriation for the school district in this FY2017 budget is the same appropriation put forward in the tax cap budget presented by the Superintendent last evening.

Within your package this evening I have also included the adequacy aid calculations – you will notice at the bottom of the sheet a reduction in stabilization. This reduction – will be an annual 4% decrease to the Manchester School District as set forth in state law. The district knows about it, and they must begin to plan for it.

As we begin to negotiate new contracts for our municipal unions the city will be unable to sustain annual expenditure decreases or flat funding as they did in FY2016 and they have done in FY2017.

In September a contract was passed and ratified by this board with the Manchester Education Association. That contract was passed with an understanding that the savings it achieved would allow them to operate and succeed within the voter approved tax cap. Those statements were made, and understood, by this board. At the time, I did not agree with them but there were ten votes and we moved forward.

The cap has come in, as Bill Sanders predicted it would at 1%. The district has further been provided with the entire appropriation assumed in this 1% cap despite the loss of revenue. It is now the responsibility of our Superintendent, and the district leadership, to come forward with a solution to this board.

A solution that does not pit school board members, teachers and parents against the fourteen members of the Board of Aldermen, or the Mayor. It is not constructive, it is unnecessary and I think we can all agree that it's not in the best interest of our students.

For the municipal side of the city budget every department was instructed to decrease their expenditures, outside of payroll and contracts, by 3%. Without hesitation each and every department in the city complied with this request – including our public safety departments and public works.

Because of sound fiscal management the city has performed very well and this budget continues that practice.

We will effectively close FY2016 with a general fund reserve of \$20million, an 8.5% increase over FY2015.

At the close of this year the rainy day fund will have a projected balance of \$10.5 million.

We will also experience an \$800,000 savings in the health insurance line item of the city budget that will go towards increasing our reserves. In FY2017 because of this surplus we are able to flat-fund the health insurance line item of the budget due to our projected savings.

As for city severance in FY2016 there was a decline in retirements and by the close of the year we expect 30-35 as opposed to 66 in FY2015. In the upcoming fiscal year, based on information received from Department Heads, we anticipate 40-50 retirements and have budgeted appropriately.

Last year, at the urging of bond agencies, we made building our reserves a priority. We are trending in a positive direction and I do believe that when it is time the rating agencies will look favorably upon us.

Sound fiscal management is imperative to the cities success and that is why in this budget I have taken two actions that will set the city up for the future.

First, I have allocated \$400,000 to a new winter weather reserve account. Mother nature was kind to us this year and I am hard pressed to think that we will experience such extreme favorability in future years.

I see this surplus from winter weather operations as the perfect opportunity to plan ahead. After discussions with Finance Director Bill Sanders, and our Director of Public Works, Kevin Sheppard we believe that a reserve account for winter weather operations is prudent and responsible and will allow us to operate in future years with less angst at the anticipation of each snow fall.

The account will be established within the general fund and at the close of each fiscal year, the general fund annual budget surplus, if any, for winter weather operations which includes overtime, salt and fuel, as determined by the Director of Public Works and the Finance Officer, shall be transferred to the Finance Officer to a special non-lapsing account.

The reserve balance shall not exceed 50% of the annual budget for winter operations and shall only be utilized to cover a shortfall in the general fund budget from winter weather operations.

Secondly, we will eliminate the Recreation Enterprise Fund and fold it into the general fund within Parks & Recreation. More than once bond agencies has identified the Recreation Fund as a liability to the city.

In FY2017 the Department of Public Works will cover the shortfall through savings in other line items. Within your budget package this evening we have provided additional financial details.

By continuing to practice sound fiscal management and heed the call of bond agencies we will maintain our solid AA bond rating, which is extremely important to the financial health and viability of the Queen City, and we may have a good chance of seeing an improvement.

Highlights from the municipal side of the budget include:

- We fully fund a police complement of 237 officers for Chief Willard and Assistant Chief Capano;
- For Chief Burkush, and the Manchester Fire Department, they will maintain their complement and coverage ratios;
- Kevin Sheppard, and the entire umbrella of Public Works will be provided with the resources to continue excellent service;
- And in the Human Resources Department we have funded the Chief Negotiator position within the general fund. This, I think we all hope, is a very important step towards reaching long-term contracts for our affiliated employees.

Every year we ask our Department Heads to manage their budgets. In the past few years we have asked them to do more with less. They do it well, and I commend them. They work diligently to reduce deficits and each of them have an immense amount of hometown pride.

This group is never truly given the credit they deserve. Tonight please join me to say thank you to them!

What we have not done recently is invest in our employees. On Thursday, our Department Heads, as a group will have an intensive leadership training experience with the Tuck School of Dartmouth College.

As we rolled out this program the Department Heads were excited and thankful for the opportunity. Therefore, I have placed \$20,000 of cash CIP to be managed by the Human Resources Department for employee training programs. The appropriation will be used for staff development and computer training. These are areas that our employees have identified as areas in need. I hope that you will support me in this is beginning first step.

In the FY2017 budget I have fully funded the request of the Manchester Transit Authority. The MTA has been an important partner of the city. The ridership ranges from our students to our seniors.

This year, Mike Whitten projects the MTA will transport 500,000 passengers. Thanks to strong, steady management they have increased ridership and limited costs. Thank you Mike!

For our Community Improvement Budget. Beginning with CDBG our allocation will decrease slightly by \$20,175. With our entire allocation, plus program income, unprogrammed funding, HOME, ESG and AHTF there is \$2,517,211 available to fund city requests.

Projects operating through city departments will receive 48% of the funding and the remainder will go towards non-profit services.

Highlights for our CDBG funding this year include:

- Support of Big Brothers, Big Sisters of Greater Manchester for their one-to-one mentor program for at-risk city youth;
- And the Holy Cross Family Learning Center assisting our refugee community;
- And Serenity Place for the wrap-around care initiative in the heroin and opioid epidemic;
- And to St. Joe's Community Services for the Meals on Wheels program.
- We provide funding to the Queen City Bike Collective which is taking donated bikes, refurbishes the bikes and returns them to the community.

They work with the Manchester Police Department donates their found or confiscated bikes to be put back into the community.

The city funding will be used towards the Earn-a-Bike program which is an intensive 8 to 12 program where a participant, an inner-city youth, with the assistance of an instructor, systematically refurbishes a bike from the ground up.

- And we also continue our very important partnership with the Manchester Community Resource Center to provide adult workforce training and our summer youth employment program for inner-city teens.

This is a just a small snapshot of all the organizations that the city will partner with through our CIP CDBG program making a difference in the Queen City.

With our HOME funds we will continue to support housing initiatives designed to increase the supply of safe and affordable housing units:

- We have provided rental assistance funding to support the programs through The Way Home;
- And we have made an appropriation of \$441,709 to finance the development of affordable housing within the city. Agencies will be invited to submit competitive proposals to receive the funding.

In Emergency Shelter Grants or ESG we will assist 24 non-profit agencies providing public services.

- We continue our support for the YWCA and their emergency crisis services for women in domestic violence situations;
- We continue to support the programming at New Horizons for New Hampshire addressing the needs of our homeless population;
- And we also continue support for Child and Family Services and their runaway and homeless youth program.

Within the city departments using CDBG funds:

- We continue our support for Weed & Seed Teen Nights and Fun In The Sun;
- We fund ADA improvements to our city sidewalks;
- And we will undertake an outreach campaign to increase knowledge of fair housing information and tenant rights.

At this point I would briefly like to acknowledge the great work that our city departments are doing with regards to outreach in our community.

Through programming like the Neighborhood Improvement Project within the Department of Health, the Manchester Police Departments Junior Police Academy, outreach by the Manchester Fire Department throughout our community on the heroin and opioid epidemic and even the City Clerk diligently working to encourage people to vote and participate in our elections our city departments are working to make a difference.

Time and time again, as Mayor, what I have found, and I know everybody agrees, for so many in this city it's more than just a job. This is about community, this is about our hometown pride and our respect and devotion for the Queen City. It is truly commendable and it should not be overlooked. So again, I say thank you!

In FY2017 I have made an allocation for \$3.3 million in bonded projects within the community improvement program:

- \$1 million in bonding for deferred maintenance of city buildings to include overdue maintenance at many of our city fire stations and the replacement of the roof at the Senior Center;
- \$1.2 million in bonding for the replacement of the Police Records Management System as previously mentioned;
- \$550,000 in bonding for Information Technology upgrades to complete the citywide telephone upgrade, network switching, expanded data storage and PC replacement;
- \$200,000 in bonding as our portion of a city/state match for the bridge at the southern end of Elm Street crossing the railroad tracks near the MTA;
- This is also inclusive of the \$350,000 of bonding for the previously mentioned Track-It program.

Also within CIP I have made a special allocation for two cash capital improvement projects.

- First, I have allocated \$150,000 in surplus from the public works FY2016 budget to update the locker rooms at the JFK Arena. This continues to be identified as an immediate need. The arena is also a source of revenue to the parks and recreation department and this investment will potentially allow them to increase their revenues.
- Second, within the CIP Budget there is a cash allocation for City Hall. As Kevin O'Malley of City Facilities and City Clerk Matthew Normand have begun to understand the repairs needed they have outlined the need for an additional appropriation to complete the entire scope of the project. Therefore I have allocated \$321,036 in addition to the FY2016 CIP bond in hopes of completing the entire scope of this project.

We continue to bond \$3million for Motorized Equipment Replacement of M.E.R. Highlight from this allocation include:

- The fire department will receive a new engine and aerial truck;
- The public works department will purchase additional sidewalk tractors and we will be able to remove snow from our sidewalks faster;
- For the police department we will continue to replace our police cruisers;
- And we will provide the matching funds to the MTA to purchase new transit buses.

M.E.R. is just yet another example of planning and sound fiscal management on the part of the city.

As I move into my concluding remarks I would just quickly like to recognize Bill Sanders and Sharon Wickens. We started this process in November and I can say that I truly enjoyed working with you both. I think the final product here this evening is the result of give an take, candor discussions and constant reevaluation of what is best for the city. Truly, thank you!

Through my budget presentation this evening it is quite clear that Manchester has persevered, and it is not by accident. We have persevered because, as in everything we do, we are determined, despite the continual and never-ending downshifts from Concord. We are respectful of the taxpayers and we remain good-stewards of their dollars through sound fiscal management and an enormous amount of hometown pride.

Many of the faces sitting in the Chamber this evening are the same, and a few are new. Despite our tenure here on this board, our political views, or our personal differences what unites us is our love for the Queen City.

As I conclude this evening I offer you this, amongst our membership some of us are proud business owners contributing to our local economy, a few are parents of children in our district, there are seniors living on a fixed income.

We are Crusaders, the Little Green and the Blue Knights. But regardless where you fall I ask that you remember we are all taxpayers, and we are elected to represent a diverse group of taxpayers in this great city in everything we do, and in every budget that we put forward.

To the honorable membership of the Board of Aldermen, this evening I ask, that you hold onto these truths and that we remain partners in this process. Because, as all of you know, I am always willing to sit down at the table and sharpen my pencil. I look forward to working with you and my door is always open.

Thank you for your time this evening. God bless and god speed.

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