

MAYOR'S BUDGET MESSAGE

APRIL 14, 2009

Every year, we gather to discuss and debate our Town's priorities for the coming year and each year we face the same problem of matching our community resources to our community needs. We are used to making difficult choices and we work hard to ensure that our decisions do the most good for as many people as possible.

This year's debate has been more difficult than most because as a nation, we face the most challenging economic environment in a generation. What makes the current financial crisis so painful is that it isn't just a cyclical downturn of markets – the economy faces a fundamental problem. As a nation and as a people, we've spent too much and saved too little. As a nation, the U.S. national debt exceeds \$11 trillion dollars¹. As individuals, Americans hold more than \$2.5 trillion in non-mortgage household debt¹.

Until we rebalance our needs with our wants, we will not grow as a community.

Grand List growth over the last year is six times less than the prior year generating just \$80,000 in new revenue into Manchester. The loss of building permit fees, Town Clerk fees and interest on investments will result in \$800,000 less in revenue than the current year. Balancing a municipal budget is often a challenging task, but when you start over \$1.5 million in the hole, the word "challenging" is an understatement. All of these factors are related to the economic downturn and if we do not focus on growing our local economy, we will face far more difficult choices in the future between dramatically reduced services and significantly higher taxes, neither of which will be good for the community.

But while we try to focus on these problems, we are still paying for the poor decisions of the past. This is the third and final year of the phase in of the property revaluation meaning that

hard-hit homeowners are now paying property taxes based on their home values at the peak of the housing market. Factoring in the limited grand list growth and other settlements, the tax rate will increase by 1.9% while town spending will increase less than five/tenths of one percent (0.5%). These numbers do not take into account the effects of property revaluation which will add additional tax burden to many homeowners.

Tonight, we adopt a budget that spends nearly \$160 million, almost three thousand dollars per man, woman, and child in Manchester. You will pay that money in taxes and you will rightly expect that town government will spend it to provide you with the services you need like police and fire protection, clean water, functioning sewers, good roads, town parks, and a quality public education for every child.

Everyone is hurting during these tough times – with layoffs, production cuts, and declining home values all too common. We have all had to make difficult sacrifices to make it through. I am very pleased tonight to recognize the extraordinary sacrifice of the Town employees who agreed to give back their promised salary increases – totaling more than \$800,000 in savings for Manchester. These dedicated employees work hard every day for the benefit of our Town and as a community, we are grateful for their continued service.

The hard work of these employees will save us money in other areas as well. They have recently completed a town-wide energy audit that will help our environment while saving money. Other identified savings in fuel and energy costs will save taxpayers hundreds of thousands of dollars over the next year.

These savings allow us to continue the vital services that our community needs – like preserving the hours of operation at the Whiton Library. We are committed to keeping that library open and operational for the residents it serves because an open library opens the door to

new possibilities. The budget offered by the Majority also fully restores the community use of the indoor pool at Manchester High School. We considered this service unique because it is the only community use indoor pool that the Town has.

Senior citizens have borne an especially heavy burden during these tough times. Taking this into account, our budget implements a new program to provide free or very low-cost meals to Manchester's seniors. The Community Renewal Team Elderly Nutrition Program already provides hot meals to 34 sites across Connecticut from Enfield to Newington, Avon, Simsbury, Wethersfield, Hebron, Bolton, and Marlborough. This service is provided to these municipalities free of charge. Our investigation found these meals to be well prepared. This program reduces the cost for seniors from the flat rate of \$2.25 to a simple request for donation meaning that seniors without the ability to pay can still get a hot meal without worrying about the expense. In difficult times, the community must pull together to help those most in need and with this budget, we will help our seniors in need. In these difficult economic times, it is the right thing to do.

Modern economic growth is built on academic accomplishment and that is why 95% of the General Fund budget increase, or more than \$700,000, is going directly to the Board of Education. In addition, the Board of Education will receive more than \$3.1 million in funding from the federal stimulus package. For the first time ever, we have also provided to the Board of Education an outline for savings and concessions that could save them up to \$3.5 million. These resources should be more than enough to prevent layoffs, hold the line on class sizes, and keep every neighborhood school open in Manchester.

It is gratifying to see that everyone on the Board of Directors is in agreement on this point – with the Minority Budget incorporating many of the Majority's cost-saving measures

down to the penny in their nearly-identical proposal. In a \$97 million budget, disagreements of less than three/tenths of one percent should be easy to resolve.

It is important to note that the Town employees who sacrificed for the benefit of the entire town should not be forced to watch as their concessions are used to finance the raises of another group of employees. The Majority firmly believes that the staff, administrators and members of the Board of Education can balance their budget in the same way that the Town has. We believe that this can be accomplished through a unified effort and everyone can keep working with the budget that we have allocated tonight.

The budget adopted tonight affirms our strong commitment to public safety. We provide additional resources for school crossing guards and the Community Emergency Response Team. These dedicated volunteers have become one of the best citizen emergency response teams in the entire State and we are happy to support their efforts in this budget.

In the Fire Department, we will provide the resources to increase the overnight staffing to 16, restoring one position that was recommended for elimination in the General Manager's budget. These changes are possible because of the salary concessions from the Fire Rescue EMS Department and the Manchester Police Department, which is greatly appreciated.

The Majority budget incorporates the General Manager's recommendations to increase allocations to community service organizations that help the less fortunate and also create a \$50,000 emergency or safety-net fund that would be available for human service program needs that emerge as a result of deteriorating economic conditions. Our community must continue to assist the neediest among us and help those struggling with the effects of job loss, loss of housing and depletion of retirement savings.

Even in the leanest of budget years, we continue to make strides to improve the lives of Manchester youth. The Majority budget funds the opening of the new Youth Services Bureau on Linden Street. This new Youth Services Bureau permanently solves a longstanding problem by nearly tripling the space available for youth programming and counseling. Manchester is also in the process of developing a Youth Master Plan that will guide Manchester's leaders in all decisions that impact children, youth and families. This plan will be completed by June and we must hit the ground running. Through the reorganization of existing staff, this budget creates a resource office for neighborhoods and families to implement the recommendations of the Master Plan.

The budgets adopted tonight for the enterprise funds for the Water Department, Sewer Department and Sanitation Department closely follow the General Manager's recommended budgets with some adjustments to reflect salary concessions and savings in fuel costs. To advance our efforts to combat blight, funding is included in the Water Department budget to demolish three abandoned and dilapidated buildings that were once used by the Water Department.

In the Sanitation Enterprise fund, sufficient resources are budgeted to incorporate single stream recycling into the Town's curbside refuse collection program. Single stream recycling has the potential to increase recycling in our community by as much as 100% and could be the most significant environmental initiative this Town has undertaken. This great environmental program pays for itself in the form of lower tipping fees and pickup costs and will not cost the local taxpayer any money. It is a true win-win for Manchester.

Finally, to help insure long term fiscal stability and prevent budget shortfalls, the Majority budget restores reserve funds to protect against economic uncertainty and the

possibility of the State providing fewer grant dollars than is currently projected. We disagree with the Minority's proposal to use unrealized surplus from the current fiscal year to fund ongoing expenses in the next fiscal year's budget. We also do not agree with the Minority's proposals to fund spending increases with reserve and contingency accounts. Current projections show that there will not be a surplus in this fiscal year's budget.

Furthermore, using one time revenues to fund recurring expenses only creates a big hole in the next year's budget. As much as we would like to find additional funds for programs, we do not believe that the Minority's proposal to use nonexistent surplus and the Town's reserve fund safety net is fiscally responsible. Prior majorities have gone down the road of quick fixes, like postponing the property revaluation, only to see their actions lead to much larger problems in the future. The actions of the Minority tonight are eerily similar.

Now, more than ever, we need honest and responsible budgeting. The State is facing its own budget problems and despite the best efforts of some, it seems certain that the elected officials we send to Hartford will be balancing their budget on our back. The State will reduce our funding by at least \$750,000 and Legislative Democrats are seeking even further funding cuts and a significantly higher tax burden. This will not work at the State level, and we already know that it does not work at the local level.

The Majority budget is forward leaning and our vision is one of sustainability and fairness. We need to maintain our infrastructure, even in a down economy. That is why we restored the Town's annual contribution to the streetlight repair and maintenance account. Our budget does not reopen a pool without funding needed for capital repairs to it. That only creates a larger problem in the future when that pool and others need to be fixed at the same time. We could lower the tax levy to zero by wiping out reserve accounts, but we know that that would be

poor stewardship. Our budget incorporates savings that are sustainable and plans for contingencies like the economy getting worse before it gets better. Our budget does not rely on gimmicks because we are fulfilling our promise to be the steady hand at the wheel. This is a budget that weathers the storm.

I would like to express my gratitude to General Manager Scott Shanley, Budget Officer, Julian Freund, and our Budget Analyst, Brian Wolverton for their excellent work with the budget in this very challenging year. I would also like to thank Ginger MacHattie, Donna Huot and Colleen Munzu for their ongoing support of this Board. I thank all of the citizens who reviewed the budget, posted suggestions online, spoke at public comment sessions and sent us letters and emails. I thank the Town staff and department heads who worked very hard to tighten their budgets, propose money saving ideas and do more with less. Their job this year was made even more difficult by an accelerated budget adoption schedule in which we began a month earlier than usual and did what is normally six weeks' worth of work in just four weeks.

It is important to note that the budget adoption schedule is accelerated this year because of the recently passed change to the Town Charter which allows for a budget referendum. Our Majority advocated for this change to the Charter and the voters approved it by a 3-1 margin in the last election. If the appropriate number of signatures is submitted to the Town Clerk within ten days of budget adoption, then the community will get the opportunity to vote on this budget and decide whether it is too high, too low, or just right. We are hopeful that the community exercises this new right.

Manchester remains an economic, cultural and educational center in the region. With work underway to revitalize the Broad Street commercial district, downtown Manchester and our local economy, our Town has much to look forward to in the coming months. Periods of

economic hardship test our collective resolve, but they ultimately make a community stronger. Our quality of life remains strong and there is so much in our community to be grateful for and proud of. Success is assured when we work together in times of difficulty, appeal to our best qualities and seek common ground. As I have said before, our greatest asset is the tremendous character of our citizens and their unwavering community spirit. Manchester's greatest days are yet to come. On behalf of the Manchester Board of Directors, I wish the citizens of Manchester a happy, healthy and prosperous year.

Louis A. Spadaccini
Mayor, Town of Manchester

¹ <http://www.treasurydirect.gov/NP/BPDLogin?application=np>

¹ Source: Federal Reserve's G.19 report, February 2009