

# MAYOR JOYCE CRAIG FY20 BUDGET ADDRESS

MARCH 27, 2019







# CITY OF MANCHESTER

## MAYOR JOYCE CRAIG

Thank you all for joining me this evening.

Let me start by thanking Bill Sanders and Sharon Wickens from the Finance Department, and Leon Lafreniere, Pamela Goucher and Todd Fleming from the Planning and Community Development Department. Their guidance and assistance has been invaluable, and what this tax cap budget is able to accomplish is in large part due to their efforts. I also want to thank the hard-working department heads for their dedication and leadership in working through this budget process.

Tonight, I will present the FY20 budget proposal that adheres to the tax cap.

In preparing this budget, it's clear Manchester's fiscal health is stronger than it has been for the last few years. Our community is dynamic, vibrant, and serves as the economic engine of the state. We have our challenges, as does every urban community, but this tax cap budget enables us to address our challenges head on, and move our city forward.

This tap cap budget focuses on investments in capital projects and infrastructure while also ensuring funds are allocated to help residents in our city through education, public health and public safety.

Since 2011, Manchester has had a tax cap. Per the city charter, the tax cap limits the amount of revenue and the amount of property taxes that can be used in a given fiscal year, based on the three year average of the Consumer Price Index-Urban.

This year, the tax cap is 2.03 percent. Based on this percentage, the budget presented to you this evening offers an increase of \$4.3 million in property tax revenue.

This budget is the result of year-long planning, collaboration, and sound fiscal management. Through smart decisions and wise investments made by the Board of Aldermen and the department heads, collaboration with our community partners, and a commitment to finding solutions to our challenges, this budget ensures we are maximizing taxpayer dollars while respecting the tax cap.

As elected officials, we have a responsibility to provide our children with quality public education that prepares them for a successful future. And whether you're a student, teacher, parent, business leader or resident -- we all have a vested interest in a strong public school system.

For years, the Manchester School District has been asked to do more with less. And despite the progress we've made, Manchester's per-pupil spending is still the lowest in the state. This isn't a problem we can solve overnight, but this tax cap budget moves us in the right direction.

**In this budget, I'm allocating a \$4.3 million increase to the Manchester School District. This is the largest increase in funding to our schools since 2006.**

The Board of School Committee's tax cap budget request is \$172 million. This includes reducing class sizes to meet the needs of redistricting, expanding MST, increasing funds to our special education program to better meet the needs of our students, and more.

The Board of School Committee is also requesting an additional \$3.6 million to address other needs including, \$2.5 million for six collective bargaining agreements and non-affiliated staff, and \$1.1 million in technology investments.

**In this tax cap budget, I am allocating an additional \$1.5 million over the Board of School Committee's original tax cap budget.**

At a time when we need to add substantially more funding to support our public schools, we recognize the funding we can allocate is limited. Over the years, Manchester taxpayers have been forced to pick up more of the costs previously paid for by the state.

Over the last three years, Manchester has lost approximately \$2.9 million in stabilization funding from the state. If no changes are made to the stabilization formula this year, Manchester will see another \$498,000 drop in funding, which is reflected in this budget. This downshifting, coupled with the state no longer contributing its share of pension costs, has been one of the biggest drivers of local tax increases.

I, along with Dr. Vargas and Vice Chair Beaudry, have urged state legislators to reverse this downshifting. At a time when we should be addressing critical student-centered needs, such as improving literacy, implementing a district-wide math curriculum, decreasing class sizes and authorizing fair collective bargaining agreements, we're not able to. Restoring this funding will provide needed financial relief to Manchester taxpayers currently footing this bill, and I urge you to join me in advocating for Manchester's fair share.

Despite this downshifting, as a city, we're constantly looking for new ways to help our students succeed.

Due to our collaboration with the New Hampshire College and University Council, the Manchester School District was awarded the highly competitive GEAR UP federal grant, totaling \$10.5 million over the next seven years.

In FY20, the district will receive \$1.5 million, ensuring 2,000 students in our middle and high schools have access to academic support, career exploration, and college planning to help them prepare and succeed after high school. This grant will fund at least two additional guidance office staff in each of our middle schools, three week-long summer camps at MST focused on building trades, STEM and MST programming, trauma-informed professional development for teachers, and more. All of which comes at no cost to local taxpayers.

This budget also includes \$12 million in bonded funds the Board of School Committee approved. For the public's information, there are guidelines we must follow when issuing bonds. They can't be used for operating costs, such as salaries or benefits.

The budget the Board of School Committee approved bonds:

- \$1 million for school technology upgrades and replacements across the district
- \$2.2 million in infrastructure costs associated with the redistricting plan
- \$1 million for the purchase of 10 school buses
- \$3 million for deferred maintenance projects
- \$230,000 for security projects
- \$4.6 million for energy efficiency projects in our schools

This tax cap budget makes sound investments in our schools by allocating \$1.5 million more than the Board of School Committee's tax cap budget. It puts a dent in their additional request, but let me be clear, it does not fully cover all the additional needs as requested, including six collective bargaining agreements and non-affiliated staff and investments in technology.

On the city side, thanks in large part to increases in non-property tax revenue, this budget funds our existing services and makes critical investments to make Manchester stronger.

Overall, this tax cap budget includes a \$2.7 million increase for the city side of the budget. Non-property tax revenue is projected to increase \$3.5 million over the last fiscal year.

This tax cap budget funds all existing collective bargaining contracts and salary agreements for FY20. However, just as on the school side, this tax cap budget does not fund salary costs outside of existing contracts.

Last year, the Board of Mayor and Aldermen implemented a city ordinance that mandates that one-third of the city surplus be allocated to the severance reserve account, which covers the earned payout when an employee leaves the city. As a result, this budget continues to fund severance and adds a projected \$778,000 to the severance reserve. Based on FY19 severance payments, there may not be enough to cover severance in FY20.

In the last year, we worked hard to come up with creative ways to decrease our health care costs, such as implementing site-of-service and requiring new employees to enroll in the high-deductible plan. As a result, we're already seeing savings, and I have decreased the health insurance line item by \$150,000 in this tax cap budget.

I'd like to take a few minutes and highlight some specific city departments:

In the Assessor's Office, we're seeing increased revenues of \$225,000, due to our payment-in-lieu-of-taxes from BAE Systems, which is on track to bring up to 800 new, high-paying jobs into our city. In addition we're funding two new positions, which will allow the city to enact permit pickups in a more timely manner and has the potential to generate additional revenue.

At the City Solicitor's Office, this budget funds the transfer of the juvenile prosecutor from the police department, to their office to handle some of the most challenging cases the city is involved in. It also funds a second domestic violence prosecutor to keep victims of domestic violence safe and hold offenders accountable.

We're projecting an increase in revenues of over \$2.3 million from the Tax Collector, primarily due to motor vehicle registrations. This tax cap budget funds two positions in the Tax Collector's Office, to help process registrations, decrease wait times and increase the ability to collect back taxes.

Revenues also are projected to increase by \$150,000 in the Planning Department, as a direct result of increased economic development in our city.

Recently, the Manchester School District vacated a city-owned property located at 521 Maple Street. I am proposing the Office of Youth Services move their office to that location, which will provide the city long-term savings as a result of eliminating of rent payments.

Literacy is critical to economic development as well as individual and community well-being. Through a partnership with the Manchester School District, the Library, and the Parks and Recreation Department, this budget allocates \$35,000 toward the city's summer reading program, continuing our effort to promote year-round reading. Paired with a generous \$15,000 donation from the Scrivanos family, these funds will fully fund our summer reading program.

At the Health Department, we're seeing savings in salaries due to the Director's recent departmental reorganization, and their work in obtaining grants to cover critical needs within our community. **In addition, this budget adds two new city staff members, to deal directly with substance use disorder, mental health and homelessness.**

These two positions will work to prevent and address the most challenging needs in our city, issues our residents have been faced with for many years. In many cases, mental illness and substance use disorder are co-occurring, and are often cited as contributing causes of homelessness.

First, through funding from The National Association of County and City Health Officials, the State of New Hampshire, and a generous grant from the New Hampshire Charitable Foundation, we're funding one Treatment and Recovery Specialist, at no cost to local taxpayers. Second, in response to feedback from the Task Force on Homelessness, this budget allocates \$30,000 and leverages a commitment from the Granite United Way to cover more than half of the balance for a Homelessness Prevention and Response Coordinator. These two individuals will coordinate efforts among city departments, non-profits, businesses, the faith-based community and residents. Five additional outreach workers were also identified as a high priority, and I am currently working to identify grant funded opportunities to fill those positions.

The safety of people in our city is one of our top priorities. As a result, this budget makes improvements to help increase the safety of residents, visitors and city employees.

At the City Library, this tax cap budget funds two full-time security guards, to keep employees and library visitors safe. This budget also funds security camera upgrades at the Central Fire Station and the Downtown Riverwalk.

Given that downtown is one of the busiest and most-visited areas in the city, this summer, the Manchester Police Department will enact a series of plans to have increased patrol on Elm Street. The creation of a three-officer walking route will put two officers downtown during the day, and one officer during the evening seven days a week, in addition to the dedicated downtown Community Police Officer, Anna Martin. Plus, this budget funds an additional two-person walking route Thursday through Sunday nights.

There will also be a motor vehicle officer dedicated to Elm Street, and the Mounted Patrol, Community Police Officers and Route Officers will regularly patrol Victory, Kalivas, Pulaski, Bronstein and Veterans Parks, as well as the areas in-between.

At the Manchester Fire Department, this tax cap budget includes \$150,000 for extended service coverage for the citywide radio system, ensuring our firefighters and police officers are able to communicate during an emergency. This budget also funds a fully-staffed ladder truck at Station 6 on the west side.

This tax cap budget also includes \$17.9 million for bonded funds on the city side. As I stated before, there are guidelines we must follow when issuing bonds -- namely, they must be for capital improvement projects, such as roads, sidewalks, buildings, equipment, and vehicles.

**In this budget, I am bonding the purchase of body cameras for all Manchester police officers. The Aldermen voiced overwhelming support of this and I'm glad we're able to actualize it in this budget.**

This budget also bonds funds for security upgrades at the Health Department.

In recent years our city has experienced many high-intensity rainfalls, which has caused severe flooding issues. These storms have continued to occur more frequently, and as a city, we must address their continued impacts to residents and businesses. Therefore, this budget bonds \$500,000 for storm drain infrastructure, the first time this work has been addressed in many years.

This tax cap budget also bonds deferred maintenance for city buildings, streets, and parks. In order to take care of our city's infrastructure, we must be proactive in maintaining our existing facilities. Our Parks and Recreation Department will address fencing, repairs and other items in our parks, including, but not limited to Pulaski Park Basketball Court, Cal Ripken Baseball field, Brown and Mitchell Park Softball Field and Youngsville Ball Field.

Through the Municipal Mechanical Equipment Replacement (MER) program, we're bonding \$3.5 million to replace vehicles at the MTA, Police, Fire and Public Works Departments, most of which has already been pre-approved by the Aldermen.

We are also bonding \$2 million on the city side for energy efficiency projects, which will provide annualized savings, and pay for the debt service, as well as qualify for a one-time rebate.

**This tax cap budget bonds \$4.5 million to address 20 miles of roads, along with 30 miles of crack sealing citywide, resulting in 50 miles of streets scheduled to receive some type of treatment.** In addition, this tax cap budget includes \$1.9 million, in order to receive \$7.6 million in matching funds from the State to rehabilitate the Queen City Bridge.

To create a more pedestrian-friendly city, and to help connect the Millyard to Elm Street, this tax cap budget includes funding to repair the much-used stairway by the Millgirl statue in the Millyard, and to repaint bike and pavement markings.

This tax cap budget also bonds \$175,000 to replace the playground at Derryfield Park, and \$160,000 to restore the Civil War Soldier's Monument in Veterans Park. This is an important monument because there are only two this style in the United States -- one here in Manchester, and one in Gettysburg.

Over the years, the maintenance of city sidewalks has fallen behind. In this tax cap budget, I'm proposing to utilize \$450,000 to address city sidewalks, the majority of which will come from the Municipal Transportation Fund. Projects will include the development of a long-term sidewalk maintenance plan, continuation of the 50/50 sidewalk replacement program, improvements to school sidewalks, city sidewalks and making more sidewalks ADA compliant. This is the first time in decades a sidewalk plan like this has been put forth in the City of Manchester.

The City of Manchester receives federal funding to allocate toward specific criteria. This comes from three sources, Community Development Block Grants, HOME funds, and Emergency Solutions -- all of which have rules regarding what the federal funds can be used for.

Community Development Block Grants, or CDBG funds are the city's most significant resource to address issues facing the low to moderate income population through: social services, supportive services, city infrastructure, parks and recreation, economic development and several other uses that will support this target population. HOME funds can only support various housing initiatives designed to increase the supply of decent, safe and affordable housing units throughout the city. Finally, Emergency Solutions, or ESG funding, can only be given to support programs to prevent or address homelessness issues. Collectively, in FY20, there is \$2,749,201 available to fund requests in these designated areas.



Projects within city departments using CDBG federal funds include, but are not limited to:

- Phase II of the Sheehan-Basquil Park project, which will add pickleball courts and a splash pad. As a reminder, Parks and Rec will begin construction on Phase I this spring, which includes a soccer mini-pitch, new playground, and parking.
- The Fun in the Sun Summer program
- The continuation of the City's Concentrated Code Enforcement Program, used to improve housing conditions in rental properties
- Targeted Area Police Officer

We know affordable housing and homelessness are big issues in our city, and in cities across the country. Through ESG and HOME federal funds, I'm allocating \$2.8 million to address these issues through organizations such as Families in Transition - New Horizons, Waypoint, The Way Home and the YWCA. These projects include:

- Rental assistance to help homeless and/or very low-income tenants through the Way Home and New Horizons
- Financing the development of affordable housing opportunities
- Rapid rehousing for homeless and at-risk families
- Homelessness prevention services
- Emergency shelter for homeless individuals and families

These projects build upon the work our city has already undertaken in the last few months, including allocating funds to Families in Transition - New Horizons to keep the shelter open during the day with additional case management services, assisting with renovations on the second floor and funding permanent supportive housing at Angie's Place.

Through \$530,700 in CDBG federal funds, we're able to help students by funding a wide variety of programs such as Girls Inc., Boys and Girls Club, the Palace Theatre, Girls at Work, the Granite YMCA, QC Bike Collective and the Salvation Army.

This budget also includes a \$75,000 loan utilizing CDBG funds to the Manchester Housing and Redevelopment Authority so they can renovate the currently vacant Kelly Falls Community Center on the west side. This will provide another community space for west side residents and students, with the hope of providing early childhood education during the day as well as after-school programs.

This budget is the result of year-long planning, collaboration between department heads and city employees and increased partnerships with outside organizations. Because of key changes we made in the last year, we've been able to build foundations to set Manchester up for long-term success.

This budget is a starting point. As additional surplus is generated, Aldermen will be able to take advantage of future projections. Over the next few months, I encourage the Aldermen to meet with department heads and school administrators.

The tax cap budget I am presenting this evening, as well as the supplemental budget materials, can be found on the front page of the city website at [manchesternh.gov](http://manchesternh.gov). In addition, there will be a public hearing on this FY20 tax cap budget on Tuesday, April 9 at 6:00 pm here in the Aldermanic Chambers.

Despite our challenges, we all know Manchester has boundless potential. And today, our city is working because we're working together.

It's an honor to stand before you this evening, and I look forward to continuing to work with you to make Manchester stronger.

Thank you.