



City of Springfield, Massachusetts



Presentation to

Senate Ways & Means

May 5, 2010



Agenda

- Introductions
- Improved Financial Management
- Demonstrated Results
- Improved Management of Resources and Human Capital
- Pursuit of Economic Development Opportunities
- Structured Transition Back to Local Control



City of Springfield, Massachusetts

The Springfield Team

Domenic J. Sarno, Mayor

Lee C. Erdmann, Chief Administration and
Finance Officer

Timothy J. Plante, Finance Director

LeeAnn Pasquini, Budget Director



Improved Financial Management

- Successful Transition to Local Control
 - Successful recruitment and transition of CAFO
 - Developed 4 year financial plan
 - New budget director
 - Continued focus on reorganizations and consolidations for efficiency
 - Continued management training, including continuous improvement training
 - Monthly financial and taxpayer reports
 - Quarterly financial and performance reports starting in FY11
 - Strategic planning and governing for results
- Control Board Changes - Improved management of municipal operations
 - Streamlined management
 - Studied departments
 - Implemented improvements, hired managers, outsourced where appropriate
 - Trained staff
 - Developed and using data to manage operations
- Control Board Changes - Management of cost centers
 - Benefits: Projected health insurance savings of \$70M - \$96M (FY08 to FY12)
 - Wages: Wage growth within City's ability to raise revenue; time and attendance system
 - Energy costs: ESCO; improved bidding and management
 - Debt Service



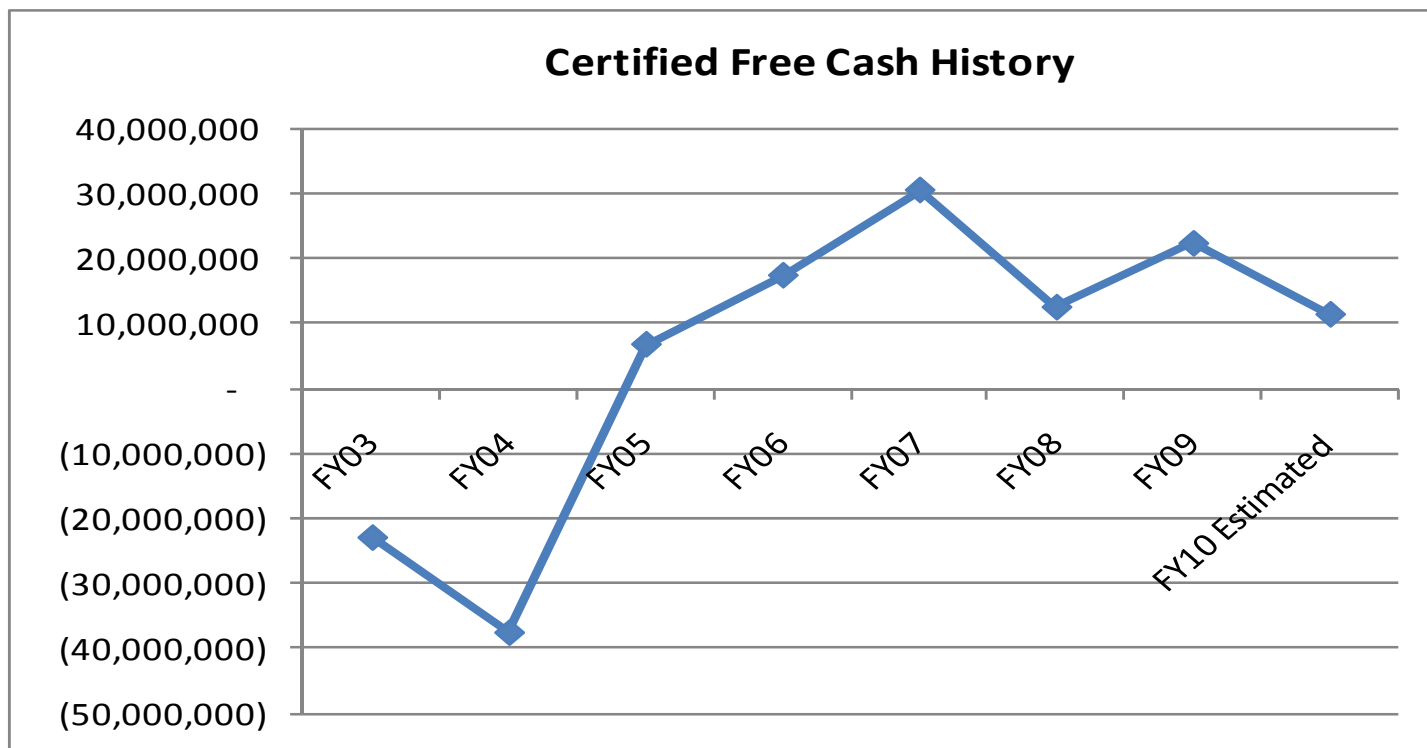
Improved Financial Management

- Additional Control Board Changes:
 - Implemented MUNIS. Established MUNIS Division to ensure system success
 - Developed Capital Improvement Plan
 - Energy Savings Contract (ESCO) project continues to yield over \$1M in savings annually
 - Enacted Financial Policies as ordinances to strengthen financial control
 - Consistently managing departmental budgets and controlling expenditures
 - Comptroller granted formal sweep authority to prevent overspending
 - Improved budget development process to be more transparent, establish performance goals and improve communication
 - Created the Productivity Bank to encourage innovation, cost savings and accountability across the City
 - Implemented a new Grants Unit to coordinate grants management, ensure proper compliance and prevent turnbacks



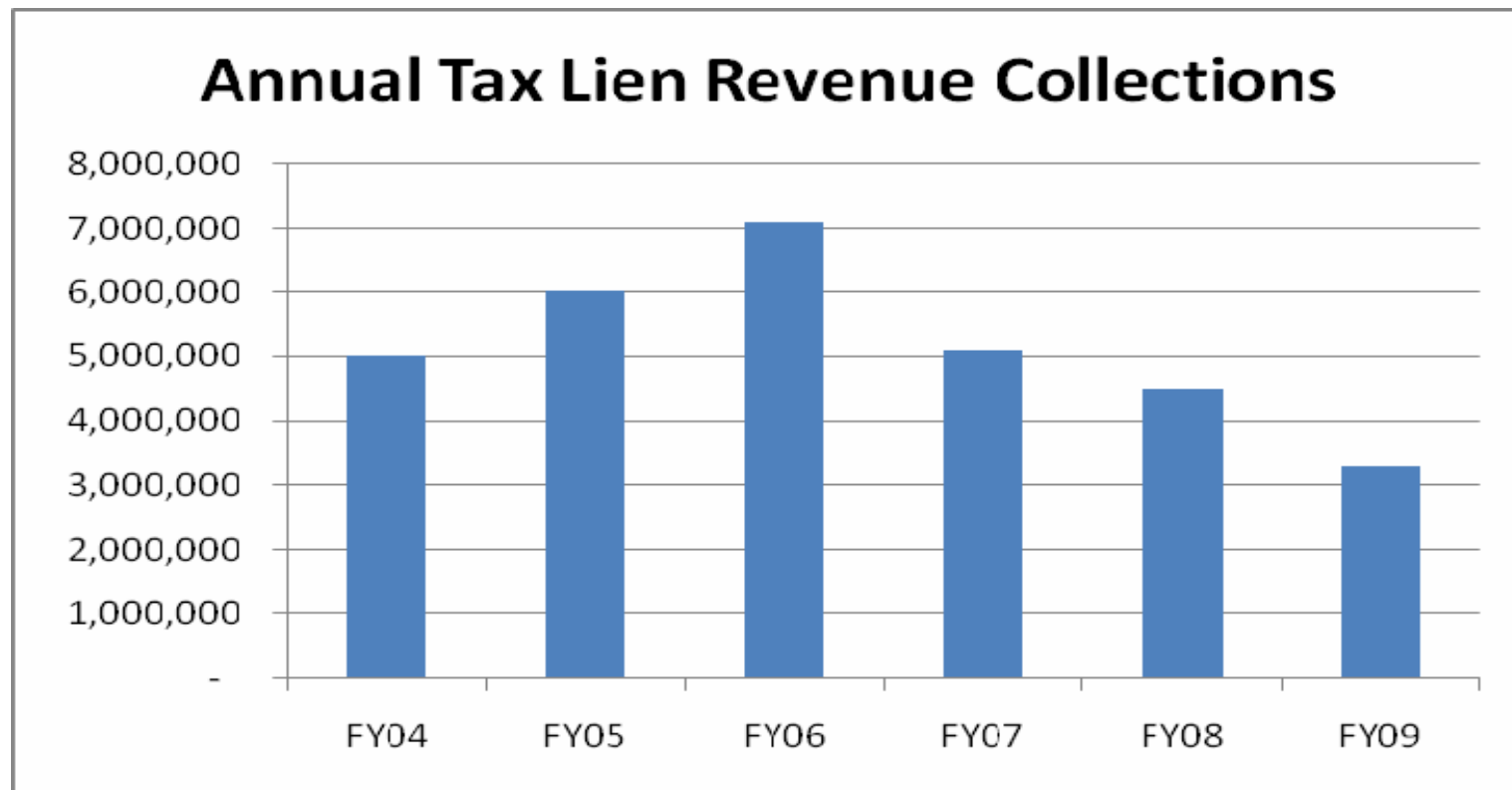
City of Springfield, Massachusetts

Improved Financial Management and Results





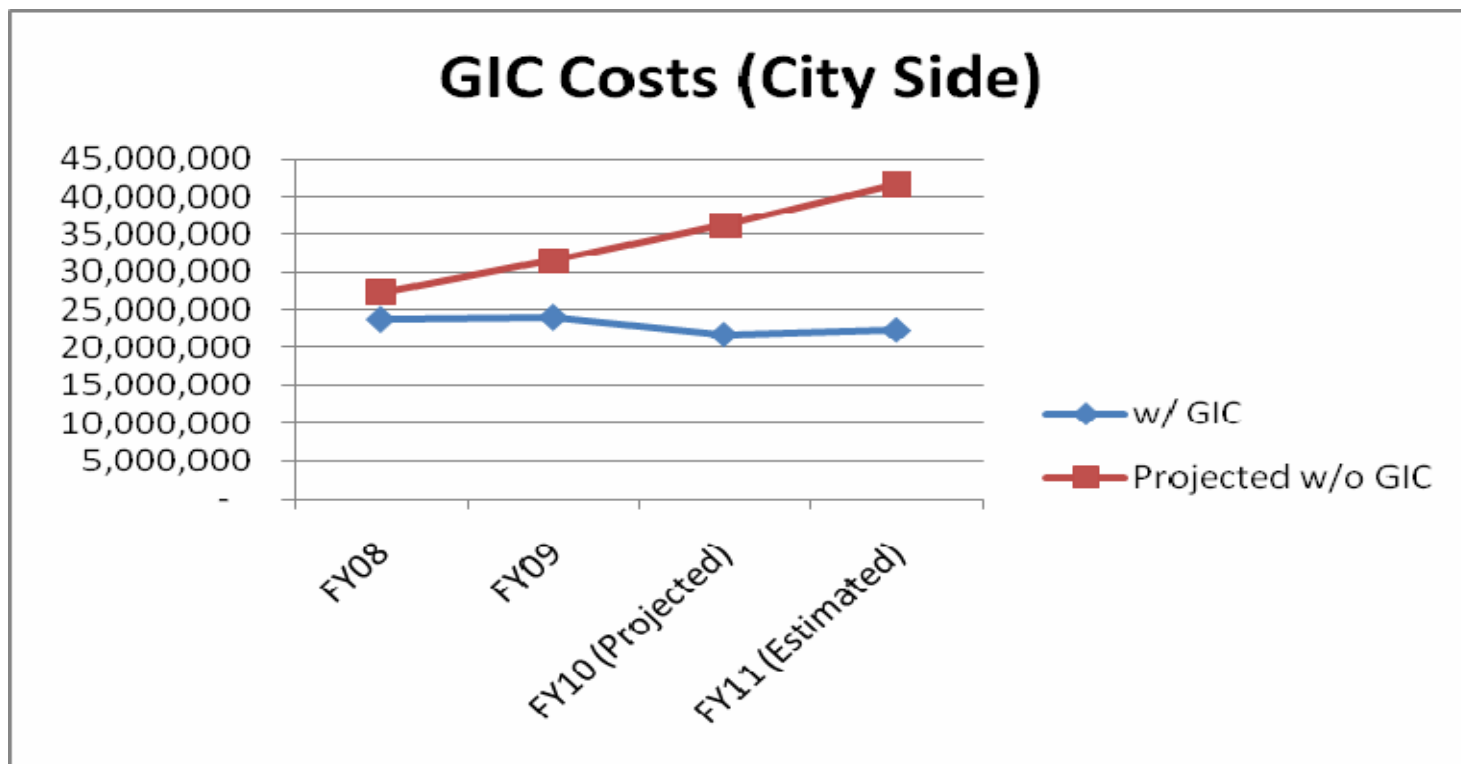
Collection of Back Taxes





City of Springfield, Massachusetts

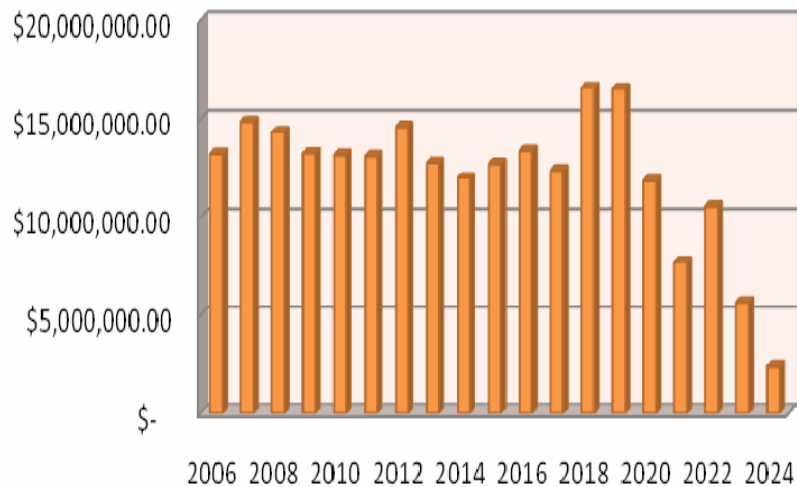
Group Insurance Commission



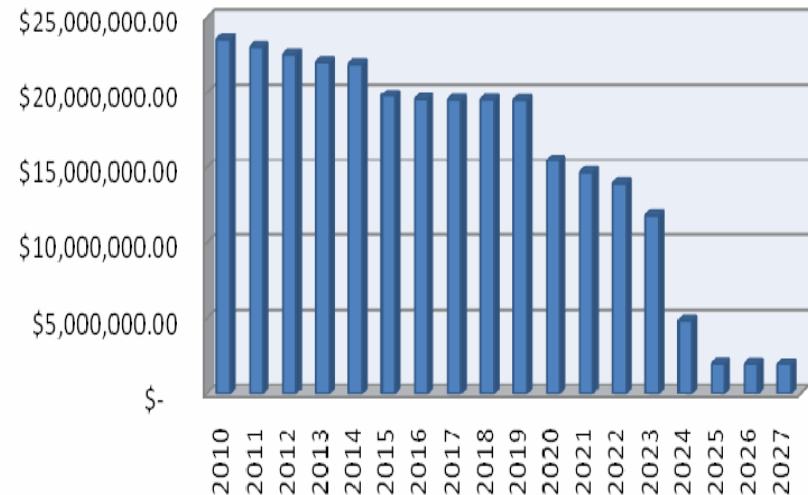


Improved Debt Management

City of Springfield Net Debt Service (former schedule)



City of Springfield Net Debt Service (new schedule)





City of Springfield, Massachusetts

Springfield Stabilization Fund

ANALYSIS OF RESERVES		
Stabilization Balance as of 4/6/10	24,993,373	
FY09 Free Cash Sources/Uses	22,319,922	
Overlay Surplus	5,000,000	
Special Revenue Fund Deficits	(822,869)	
Prior Year Bills	(310,919)	
Current Year Bills	(1,062,733)	
Land Takings	(2,000,000)	
Demolitions	(1,000,000)	
Other Priorities	(500,000)	
SUBTOTAL FY09 Carryforward:	21,623,401	46,616,774
FY10 Projected Free Cash Sources / Uses	11,483,991	
Projects funded with FY10 Surplus	(1,962,470)	
SUBTOTAL FY10 Projected Carryforward:	9,521,521	56,138,295
FY11 Estimated Reserves Balance	56,138,295	
FY11 Estimated Reserves Usage	(12,500,000)	
SUBTOTAL FY11 Year End Reserves:	43,638,295	43,638,295



City of Springfield, Massachusetts

Improved Management of Resources and Human Capital

- Implemented a time and attendance system known as Time and Labor Management System (TLM)
 - Develop a single payroll and benefits system for the City
 - Projected savings in excess of \$1M per year
 - Reduce payroll errors and fines
- Instituted CitiStat to improve effectiveness and efficiency. First year savings of \$1.8M (\$1.5M recurring)
- Established 3-1-1 to consolidate multiple call centers, provide critical management information, and track calls for service
- Consolidated HR and Labor Relations; created a stand alone Payroll department
- Instituted comprehensive executive and management training



City of Springfield, Massachusetts

Economic Development: A Key to the City's Future

- **York Street Jail - Phase 1** - Demolished old structure to create a developable site
- **Liberty Mutual** - 275 new jobs paying well-above the area median income
- **Main Street** - Invested over \$2.5 million in the Central Business District
- **Federal Courthouse** - Built new Courthouse on State Street; In the process of redeveloping the former courthouse in a Federal / State / local / business community partnership.
- **State Street** - \$17 million State investment
- **Chapman Valve** - Creation of a business park approved by City Council
- **South End Renewal** - Construction will begin this summer. A \$14.1M investment in the City's core
- **Court Square** - Potential permanent UMass presence in the City's core business center
- **Baystate Medical Center** - \$259M expansion will yield 550 new jobs
- **York Street Jail – Phase II** - RFQ for site disposition



City of Springfield, Massachusetts

State Aid

- The City of Springfield relies on State Aid for 60% of our General Fund revenues.
- Recent Budget History
 - FY2009 9C cuts reduced Springfield's state aid by \$4.6M
 - Immediate action taken to reduce budgets through recurring cuts including the elimination of 75 vacant positions and 66 layoffs; No reserves were used
 - FY10 reduction of \$13.5M in UGGA
 - FY09 reductions yielded \$10.4M savings in FY10
 - \$10 million in reserve fund usage to preserve critical services
 - FY11 budget relies on House proposal for State Aid; If additional reductions are taken, Mayor's recommendations would need to be revised



City of Springfield, Massachusetts

State Aid

	FY 2005	FY 2006	FY 2007	FY 2008	FY2009	FY 2010	FY 2011	
	Actual	Actual	Actual	Actual	Actual	Adopted	Projected	
School Aid	255,698,612	246,172,771	256,108,175	278,672,796	285,819,354	281,500,010	284,706,163	1.1%
School Building Assistance	19,201,404	18,930,798	18,930,798	18,930,798	16,579,543	16,579,543	16,816,132	
Chapter 70	215,632,819	225,364,023	232,799,829	254,370,403	262,734,913	257,480,215	262,704,775	
Charter Tuition Assessment Reimbursement	320,219	719,256	4,377,548	5,371,595	6,504,898	7,440,252	5,185,256	
Prior Year State Aid	20,544,170	1,158,694	-	-	-	-	-	
School Construction	19,370,326							
Chater School Capital Reimbursement	1,173,844	1,158,694						
General Government Aid	33,420,194	39,285,748	49,145,979	49,806,486	49,784,130	36,142,147	34,948,359	-3.3%
Unrestricted Gen. Gov't Aid	28,974,118	34,917,280	44,382,546	45,286,984	47,116,480	33,354,581	32,020,398	
Meals Tax						983,000	983,000	
Add'l Assistance	1,829,496	1,829,496	1,829,496	1,829,496			-	
Police Career Incentive	1,991,056	1,852,096	2,234,992	1,950,000	1,847,200	386,503	189,638	
Urban Renewal Projects	53,500	53,500	53,500	-	-	-	-	
Veterans Benefits	230,777	295,030	325,404	302,707	365,789	939,941	1,246,705	
Exempt: Vets, Blind Persons & Surv Spouses	193,033	191,733	191,950	303,300	316,849	460,699	477,561	
Exempt: Elderly	137,548	133,030	111,946	115,962	118,472		-	
State Owned Land	10,666	13,583	16,145	18,037	19,340	17,423	31,057	
Total State Aid	289,118,806	285,458,519	305,254,154	328,479,282	335,603,484	317,642,157	319,654,522	0.6%



State Aid

- The City has worked to maximize municipal partnership tools offered by the State
 - Pension Schedule (proposal for FY11)
 - Utilize GIC for Insurance
 - Utilize PRIT for Pension Investments



Priorities Under Home Rule

- **Trust Fund repayment (dependent on Legislative proposal)**
- **Continue with City and School business functions consolidation**
- **Follow and update Financial Policies which are adopted as ordinances**
- **Continued improvement of the City's bond rating**
- **Maintain strong structure in place for continued success:**

CAFO	CitiStat	311
Labor Relations	Productivity Bank	Grants Management
Capital Construction	MUNIS Division	Centralized Dispatch
Internal Audit	Training program	Financial Planning
Capital Planning		



Future Under Home Rule

- Lessons from the past have been learned
- Continued focus on strong financial management and commitment to balanced budgets
- Address neighborhood and business needs to preserve and expand the City's existing tax base



City of Springfield, Massachusetts

Policies for Other Communities to Consider

- Comptroller / Finance – Surplus funds sweep authority
- Joining GIC
- Contracts within ability to generate revenue
- Debt schedules –prevent back loading debt payments in future years.
- Consolidation of City/School Business functions.
- Personnel Review Committee
- CitiStat