



## THE CITY OF SPRINGFIELD, MASSACHUSETTS

MAYOR DOMENIC J. SARNO

### *HOME OF THE BASKETBALL HALL OF FAME*

July 30, 2014

To the City of Springfield and the Springfield City Council:

We are pleased to publish the adopted Fiscal Year 2015 budget for the City of Springfield. The budget is balanced and has been prepared in accordance with the City's Financial policies and the City Council's guidelines and objectives.

FY 2015 began on July 1, 2014 and runs through June 30, 2015. The adopted budget totals \$581.9 million for programs and services across all City departments including the Springfield School System. Since the recommended budget was submitted on June 3, 2013, the following meetings have occurred:

- City Council Committee of the Whole Hearings—May 22nd thru June 10th
- City Council Special Meeting for Adoption—June 16th

Based upon the meeting held by Council, the original budget recommendations were adopted without further reductions to programs and services.

The original budget submission came on the heels of maintaining financial discipline through the great recession and multiple natural and man-made disasters which led to a January 2014 double bond upgrade from Standard and Poor's (grade A to grade AA-); the highest bond rating in the City's history. Through hard work and resilience the City has positioned itself for a burgeoning renaissance. As cited in the March 2014 report by the Office of Planning and Economic Development, \$2.48 billion of private and public investments has happened or is planned to happen in Springfield. This is a direct result of the consistency, stability and well-rounded approach Springfield has taken to how it conducts its business.

The challenge of balancing the FY2015 budget was met using a three-pronged approach: maximizing revenues, expenditure reductions, and strategic use of reserve funds. First, the City looked to its rising property values and economic development as a way to raise the levy ceiling. This resulted in over \$4.3 million in increased recurring revenue. The City's revenue stream is greatly influenced by overall economic conditions and the housing market. Recent, positive market trends are reflected by the increased levy capacity along with \$1 billion in economic development projects going on throughout the

City. Likewise, the City was fortunate enough to receive an additional \$908,976 in State Aid. This marks the second consecutive year that the Governor and Legislature have increased distributions to municipalities following five years of declining or flat-lined revenue distributions.

Our second approach to balancing the budget was to reduce expenses by analyzing the details and expenditures of City departments to find substantial savings. In total, over \$8.3 million in requested funding was eliminated without layoffs. Staffing levels will remain intact for FY15 and, in certain cases, be strategically increased to better serve city residents and the business community. Where appropriate, general fund costs are being offset onto grants and other revenue sources.

Finally, to balance the budget we strategically used reserves. We are proud to say that the budget is balanced using only \$2.8 million, roughly 0.5% of the total budget, from reserves, maintaining a balance of \$30 million in our Stabilization Fund. This is a major accomplishment due to the fact that during the recent economic downturn, the City dipped into its “rainy day” fund to cover over \$23.6 million in programs over the past three years. This year however, marks a milestone where our reserves are actually being maintained from the previous fiscal year. This will send a strong message to the rating agencies, the business community and our residents that we are in control of our finances.

Despite reductions made to balance the budget, funding is provided for major investments in public safety. In fact, this budget includes funding for an academy of 26 recruits which started in May of 2014, with an anticipated graduation date in late October 2014. In addition, the budget calls for a mini-academy for 6-12 recruits offered through our local Springfield Technical Community College. This will finally allow the Department to start addressing the increasing attrition rate occurring recently and grow the compliment of officers by 8 and the total number of sworn officers to 462.

The FY15 budget also starts to address the attrition rates in the Fire Department by funding 20 additional firefighters. This will be accomplished through two separate academies: a class of 10 in the fall and another recruit class of 10 in the spring. The additional positions will raise the number of firefighters to 261. This is necessary because the average age of our firefighters is 46 and classes have not been offered as frequently as we would like due to funding constraints. In addition, computer hardware and software upgrades have been funded for greater efficiency along with a turnout/safety gear replacement schedule. The department was also chosen as the sole recipient of a national grant award that will fund a multi-lingual fire safety education program.

Education is another key City priority and the School Department has been a great partner in identifying and funding services that we mutually agree on as necessary for the education and safety of our children. On top of the State required education budget of \$337 million, the City additionally supports education expenses for non-net school spending for items like transportation (\$23.6 million), building leases (\$731,768), and adult education (\$268,356). Realizing the impact this has on municipal operations, the Superintendent and School Committee have partnered with the City to successfully implement cost-saving strategies such as consolidating services, positions and processes.

Economic Development is also a priority in this budget. The FY 2015 budget includes capital funding which provides the financial resources necessary to enhance the City’s economic outlook. By combining current debt capacity with disaster-recovery funding, the City will be progressing on a number of initiatives. The former Arthur McCarthy Army Reserve Center at 50 East Street will be converted to the Police Department’s Juvenile Detention Center, providing secure evidence storage and offering enhanced training facilities. The renovation of Union Station and re-paving of the Boston Road corridor projects will continue through FY15. Available debt capacity will allow plans for a new senior center in Blunt Park and a new South End Community Center at Emerson Wight Park to progress. It will also fund improvements to the Environmental Center for Our Schools (ECOS) project.

In addition to these strategically funded programs in FY 2015 budget, City departments will be able to provide the following services:

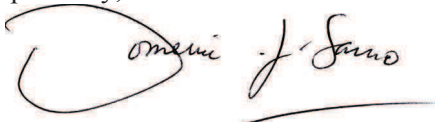
- Department of Capital Asset Construction - Project management has been brought in-house with the addition of 2 new project managers, ensuring lowered costs and tighter controls on contract compliance;
- Planning & Economic Development – Is fully staffed to manage projects such as the renovation of Union Station and potential casino investment by MGM;
- Department of Public Works - Will continue to provide free single-stream recycling and yard waste pickup; low-cost bulk pickup and free hazardous waste drop-off dates; will enter into a 5-year lease for the purchase of four (4) new trash collection trucks;
- Parks and Recreation – All City buildings and grounds, parks, and terraces will be fully maintained throughout the year; all pools and splash pads, including 5-Mile Pond, will remain open during the summer months, and summer recreation programs remain active; golf courses are fully-staffed and capital funding has been provided to replace aging maintenance equipment;
- Health & Human Services – Nursing , Community Health Advocate, Public Health Educator, and Mediator positions are all filled;
- Libraries - 2 re-purposed City library branches (Liberty Street and Pine Point) will continue to host neighborhood programs like adult literacy and a drop-by center for seniors and all extended hours at the Main Library and all branch locations will remain intact;

This budget assumes economic conditions will not weaken and accounts for marginal increases to economic activity during this period. The FY 2015 budget makes strategic investments in key operations while not reaching beyond our means. Critical services remain intact with the goal of improving the quality of life of Springfield's residents. However, it is important to note that there is the potential to see over \$800 million in economic benefits through casino spin-off businesses: hotels, restaurants, entertainment, etc., which could contribute to the City's assessed value and provide substantial fiscal benefits in the near future. Payments from the City's Host Community Agreement with MGM Springfield are not built into the FY 2015 budget.

As Mayor, I will continue to work tirelessly to ensure that our City receives its fair share of resources, and that these resources are utilized in the most efficient and effective manner possible. I am proud of the efforts of my entire team: Superintendent Warwick, Cabinet Heads, Department Heads, and City Staff that work hard for Springfield every day.

With the FY 2015 budget in place, departments will work to ensure programs and services are adjusted to live within available appropriations. Thank you for your review, consideration and ultimately passage of the budget recommendations and we look forward to working with you throughout the year.

Respectfully,



Domenic J. Sarno  
Mayor



Timothy J. Plante  
Chief Administrative & Financial Officer