



THE CITY OF SPRINGFIELD, MASSACHUSETTS

MAYOR DOMENIC J. SARNO

HOME OF THE BASKETBALL HALL OF FAME

May 7, 2015

To the City of Springfield and Springfield City Council:

Today, we respectfully submit to you the FY16 Recommended Budget, which totals \$594.9 million and represents a 2.2% increase over the FY15 Adopted Budget. We are happy to announce that a projected \$14.5 million deficit has been addressed without the need for stabilization reserve funds. This is the first budget to avoid using reserve funds since FY08. Recently the City transferred \$10 million from unrestricted free cash into the stabilization account, bringing the balance above \$40 million, and set a goal of balancing the FY16 budget without using these reserves. Being able to accomplish this goal is a testament to the administration's management of City finances.

The City continues to maintain strong financial positions through improved bond ratings, and in FY16 we will maintain the City's \$40 million stabilization account, and again avoid layoffs. This year's budget development was not without difficult decisions and tough compromises, but citywide we will continue to preserve core services, provide targeted investments in public safety, economic development, and community services, all while utilizing a restricted amount of potential tax revenue.

In addition to our finances, new construction is underway in a resilient and continued response to our recent natural and man-made disasters. The City is focused on capital needs by investing in the Capital Improvement Plan, addressing road improvements, blight, and building much needed City facilities. We are extremely proud of the services provided for in this budget, and are very proud of the financial position of the City. In February, Moody's Investor Services affirmed the City's A2 bond rating and elevated Springfield to a "positive" outlook. This came after a double bond upgrade to AA- from Standard and Poor's in January 2014, the highest in the City's history. These ratings, again, are a testament to the hard work being done citywide, every day.

To develop this year's budget, two major factors were addressed. First was revenue maximization. This year is the first year we will be able to build guaranteed revenue from MGM Resorts International into the City budget, and as part of the host-agreement, the City will receive \$4 million in revenue from MGM this fiscal year. This yearly payment is separate from any anticipated building permit reve-

nue, but we are excited to report that MGM's construction projects are underway. In addition, CNR Changchun also will begin construction of their Page Boulevard facility to produce rail cars for the MBTA. Once both projects are fully under way, they will provide a much-needed boost to the local economy and a projected \$2.8 million in City building permit revenue.

A major source of City revenue comes from tax revenue, however, and this year the Board of Assessors has anticipated only modest increases. Moving forward the Assessor's department will provide more individualized property reassessments, which will accurately reflect the real property values citywide and should provide a boost to revenue and a reduction in the amount needed for property value challenges.

Public Safety

To solidify this exciting progress, as a City, we must continue to invest in public safety, economic development, and community services. This year's budget does just that. In the next fiscal year, the Springfield Police Department will welcome new officers, with 30 cadets set to graduate from the academy in fall 2015, and mini-academies scheduled to begin thereafter; in all the Police Department will have 409 officers, bringing the total compliment to 483 sworn personnel, and an overall staff of 556. This level of staffing will help address department attrition brought on by upcoming mandatory retirements, and help the department focus on quality of life issues by supporting the new C3 policing units and maintaining the Ordinance Flex Squad. SPD also will continue its increased utilization of 50 East Street, which will eventually house a state-of-the-art evidence storage system, a juvenile assessment center, and add a new training center.

The Springfield Fire Department will welcome new recruits as well, with fourteen slated to graduate from their fire academy in June, and another fourteen in August. After these two classes, fourteen cadets will attend the state fire academy in both the fall and spring, with a goal of growing the ranks and also getting ahead of upcoming department retirement attrition. With these cadets the department will be on track to meet its goal of having 4 personnel assigned to each apparatus.

In addition to the Police and Fire Departments, though, this year's budget makes a targeted investment in animal control. The City operates the Thomas J. O'Connor Animal Control and Adoption center as a regional animal control center, and this year's recommended budget will add one Animal Control Officer and one supervisor to the staff. We will continue to utilize the work of generous volunteers, and these two new professional staff will help in continuing to provide an invaluable service to our city and surrounding communities.

Economic Development

Providing these services is vital part of this year's budget, but so too is investing in Springfield's future. The City's Planning and Economic Development department continues to support MGM and CNR Changchun in their projects as they break ground, and remains involved with the Springfield Redevelopment Authority in rebuilding Union Station. In addition to these projects, Springfield is currently experiencing \$2.7 billion of economic development projects and continues to invest in neighborhoods and small/midsized businesses.

Included in those projects, the City is utilizing the Department of Capital Asset Construction to develop a new senior center at Blunt Park, and a new South End Community Center. DCAC will be working with the Police Department on the continued build out of 50 East Street, and with the Parks and Facilities Department to build the Technical Training Facility at Forest Park, and to renovate the Phan-

euf Environmental Center, which houses the beloved ECOS program.

Parks and Recreation

In the last four years the City has invested heavily in our park's system citywide. All neighborhoods have seen projects either recently completed or are in progress. We have invested over \$10 Million to ensure we have world class open space to enjoy, and the Parks and Recreation divisions continue to provide these wonderful services:

- ◆ 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.
- ◆ The department continues to improve and enhance City parks, large and small, including the Nathan Bill Park project.

Workforce Development

These services and economic development projects, tied with core City services, are improving Springfield's quality of life every day, and as a City we also strive to be a great place to work. This year's budget reflects a reduced amount of spending on workers' compensation claims and unemployment, and we continue to provide high quality benefits to eligible employees at some of the lowest average costs in the state. Our labor relations staff has settled nearly all open union contract negotiations, and has begun to provide cross-training and workforce development opportunities citywide.

Other Core City Services

Across the City, our Departments are doing some amazing work:

Park's Forestry - will hire three permanent positions this year to reduce the expense of using vendors.

Health and Human Services – HHS will move into a new facility and continue to provide high-quality low-cost services to those in need.

Veterans Services will be fully funded based on caseload.

311 Customer Service – 311 has developed a new partnership with the Roger Putnam Technical School to provide work experience for students as they prepare for higher education and future careers.

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, and will continue to update the city vehicle fleet with newer cars and trucks to reduce maintenance costs.

Elder Affairs – Will begin programming at the Hungry Hill Senior Center which will be opening in the coming fiscal year, and Springfield seniors also will be able to utilize the newly renovated facilities at Mary Troy Park.

The investments made in this budget, and the revenue utilized is done assuming economic conditions will not weaken and accounts for marginal increases to economic activity during this period. Springfield operates at its tax levy ceiling, and while housing prices have stabilized, the City is hampered by the amount of new property tax growth that can be built into the operating budget.

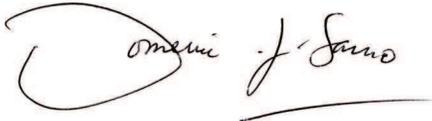
Core services remain intact in this year's budget, and with MGM construction underway Springfield is poised to realize the potential \$800 million in economic benefits through casino spin-off businesses. The new hotels, restaurants, entertainment, etc., that will be attracted to the area could contribute to the City's assessed value and provide substantial fiscal benefits in the near future, but we need to be careful not to reach beyond our means.

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.

We ask that these FY16 budget recommendations be reviewed by the Committee of the Whole, so that the entire body can hear from our departments in a manner that is both timely and efficient.

Thank you for your consideration of these recommendations and we look forward to your input as we finalize the budget for the start of FY16.

Respectfully,

Handwritten signature of Domenic J. Sarno in blue ink, featuring a large, stylized initial 'D' followed by the name 'Domenic J. Sarno'.

Domenic J. Sarno
Mayor

Handwritten signature of Timothy J. Plante in blue ink, featuring a stylized 'T' followed by the name 'Timothy J. Plante'.

Timothy J. Plante
Chief Administrative & Financial Officer