



City of  
Springfield



2007

FISCAL YEAR 2007 BUDGET

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City of Springfield, Massachusetts

## Fiscal Year 2007 Budget

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**Charles V. Ryan**

Mayor

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**Philip Puccia, Executive Director**

Springfield Finance Control Board

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Thank you to City department and School District colleagues for their time,  
collaboration and insight.

Photographs by Central High School Seniors Crystal Woodard and Kayla Olszewski.  
Melissa Alves, Art Teacher

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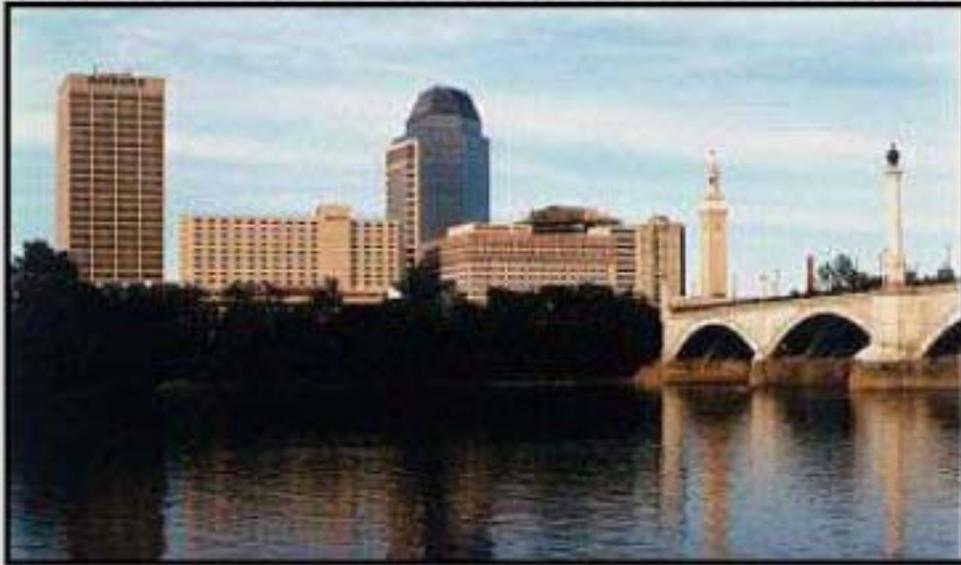


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## **BUDGET MESSAGES**



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**THE CITY OF SPRINGFIELD, MASSACHUSETTS**

**MAYOR CHARLES V. RYAN**

Dear Fellow Citizens of Springfield:

Two years ago, in July 2004, we were on the brink of legislation creating a Finance Control Board. The whole process was brand new – it had never before happened to Springfield and it was clear to all that the city government had, in essence, collapsed. It was hopelessly insolvent and reeling from the effects of indictments and scandals. The city streets and public buildings were in deplorable condition. Our people were discouraged and apprehensive. By September 2004, the deficit had been quantified at \$41 million – a staggering sum!

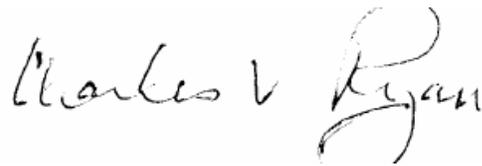
It soon became evident that there was a mutual resolve on the part of the city administration and the newly created Finance Control Board to make the most of our one last opportunity to turn Springfield around. It meant the replacement of the majority of people in departmental leadership positions. It meant probing analysis, evaluation and one tough decision after another.

During the two years which have ensued since then we have made astonishing progress and have achieved a foot-hold in our quest for financial stability and responsible leadership. The details of this situation are spelled out succinctly in the accompanying message of Philip Puccia, the Executive Director of the Control Board. I refer you to it for a full exposition of the progress which has been made and the achievements which are inherent in this 2007 budget.

I wish to acknowledge the enormous contribution which has been made to our city's recovery by Philip Puccia, David Panagore, and my colleagues on the Finance Control Board. Their talent, energy and commitment have been indispensable to the progress we have made. I wish also to express my gratitude to the city Department Heads and the many hardworking city employees whose wholehearted cooperation with this leadership has resulted in impressive improvements in the way city services are being provided.

I hope that every one realizes that this budget is merely one more step on the way to total recovery. We're not there yet. There will be more difficult decisions to be made if we are to succeed. The bottom line is – whereas two years ago there was a sense of despair and hopelessness – now, we are experiencing a new energy, a sense of confidence, and have a well thought-out blueprint for success which we will continue to implement in the years ahead.

I am grateful to you, my fellow citizens, for your support and assistance during these trying times. I assure you of my enduring pledge to serve you with the highest standards of dedication and integrity, with earnest faith in our ability to regain our rightful place among the communities of our great Commonwealth.

A handwritten signature in cursive script that reads "Charles V. Ryan". The signature is written in black ink and is centered on the page.



# *The Commonwealth of Massachusetts*

## *Springfield Finance Control Board*

*436 Dwight St.*

*Springfield, MA 01103*

ALAN LEBOVIDGE

CHAIRMAN

June 27, 2006

Members of the Springfield Finance Control Board:

This is the second annual budget to be submitted to the Springfield Finance Control Board since the legislature created the Board in July 2004. Unlike the fiscal year 2006 budget, which had a \$6.7 million deficit, I am pleased to report that the fiscal year 2007 budget is a balanced one. This major accomplishment is the result of excellent work by City staff in cooperation with the Control Board, and secured via a many-pronged approach of cost savings, proactive policy-making and an aggressive review of all existing funds. This budget, and its achievements, also reflects the unusually strong partnership that exists between the Finance Control Board and Mayor Ryan.

My budget message to you last year focused on the many significant challenges the City and the Board faced, including poor managerial oversight and a lack of systematic collection and management of information. These challenges were present in addition to the fiscal crisis itself. Today's message will focus on our progress in addressing these issues and will describe our priorities going forward as well as the steps required for the continued successful management of the City's finances.

Let's begin with the progress made in managing the City's finances. There are three broad areas in which we have made strong progress:

1. the City's cash position,
2. the amount of money required to meet payroll and pay vendors each month, and
3. the size of the deficit (i.e., revenues versus expenses).

In January 2004 the City's cash position was a negative \$52 million. Through aggressive and improved tax collection and reduced expenses, the City's cash balance is now a positive \$10 million making a "swing" of \$62 million. Beginning in December 2004 and through June of 2005, and in order to make payroll and to manage its year-end deficit, the City was forced into short-term

borrowings amounting to over \$100 million. In contrast, this year (fiscal year 2006) we were not required to borrow until March 2006 when \$12 million in short-term funds were needed to up cash flow to meet payroll. At the close of fiscal year 2006, we will have utilized a total of \$18 million from the loan for cash flow purposes - a decrease of \$82 million from fiscal year 2005 borrowing needs.

Like all aspects of the City's finances, we confronted the deficit on several different fronts and using all appropriate means: the results are impressive. The deficit was \$41 million in September 2004, was reduced to \$22 million in June 2005. In June 2006 the deficit will be \$5 million: this is \$1 million less than originally projected. This represents a decrease of \$36 million in less than two years.

Along with the City's finances, in 2006 we continued to focus on the improved management of the City's operations. Over the past 22 months, we have rebuilt and reorganized much of Springfield's administrative structure. More importantly, we are changing the City's management culture. It is clear that strong management and improved budget performance are inextricably linked. The consolidation of departments that began in 2005 paid real dividends in 2006, both financially (as evidenced by the drastic deficit decrease) and—as importantly—in a higher level of services to the taxpayers.

There are many examples of how streamlining City operations resulted in efficiencies, savings and improved service. A few of the many successes in 2006 include:

- After years of low performance, our new City Treasurer applied proactive and sound investment practices to raise the City's revenue from interest earned from roughly \$200K in 2004 up to \$2 million in 2005. 2007 is expected to come in at approximately \$3.7 million.
- The new Finance administration instituted, among other efficiencies and best practices, a City-wide grants management program that both identified over \$400K inactive grant funds but also nurtured a culture of collaboration between the City's central finance functions and City departments. As importantly, the communication will result in close communication and better grant acquisition across services areas.
- After the consolidation of City facilities maintenance with School maintenance the number of work orders completed per year for school buildings rose—in one year—from an abysmal near zero to over 4,600.
- In public works, after a long and arduous process management and labor devised a solid waste management program that saved DPW workers' jobs, saves the City money and maintains or improves customer service.
- The City's tax collection continues to improve, and is expected to reach 97.5% - up from 93% just 18 months ago. Residents now have multiple options to pay their tax-related bills; they may pay in person, by phone with a credit card or over the Internet.
- From a website of the most basic type, in 2006 the City's IT group redesigned the entire site and added elements of significant value to the public: interactive geographic information capability, parcel and land information, on-line ability to pay various bills, and better information overall on who to call, where to go, and how to receive the City's many services.
- The City Clerks office has automated its systems, reducing the turn around time on mail requests for birth, death and marriage certificates from two weeks to two days, and walk-in requests from three days to one day. The office has also computerized business certificate and dog licensing, and has its commonly used forms on the web.
- The School Department took aggressive steps to improve special education spending, keeping more dollars within the City for these important services.

Throughout City government there have been significant changes in management personnel. Key positions have been filled after national searches rather than by patronage, rote seniority or nepotism as was too often the case in the past. In addition to the streamlining of City operations described above, much of the improvement we have seen in the City's financial position is the result of new hiring practices and a growing culture of accountability and professionalism.

The City continues to face a host of municipal labor issues. As noted in last year's budget message, progress on labor relations is an essential component in moving the City forward. While there is some significant progress to report for 2006, we still have a several large labor contracts unsettled as we enter 2007. We are striving to reach sustainable wage rate agreements that are consistent with the City's ability to raise revenue and—therefore—remain solvent. Labor relations progress in 2006 includes:

- 15 separate labor unions signed to six or seven year agreements.
- Over 2,000 employees have agreed to contracts with signing bonuses of between 50-80% of back wages and annual increases of 2-2.5%.
- Each labor union that has reached settlement has agreed to drop its lawsuits and challenges to both past wage freezes and changes to the City's health care plan.
- Management employees received their first pay increase of 2% in four years.

There is a bedrock of City employees who have decided that the best way to move forward is to stop looking back. We continue to meet with the police, firefighter and teachers' unions. We hope to successfully reach agreements early this new fiscal year.

The driving force behind the 2007 budget is the Control Board's commitment to safe streets, good schools and rising property values. We see those priorities as outcomes and the budget presented is means structured in such a way as to best ensure those outcomes. The 2007 budget is focused on results. Not just financial results, but service results - how well the City serves its residents. To that end, each chapter in this budget outlines specific and measurable goals for which each department: the corresponding department head will be held accountable (this is also clearly outlined in the City's Fiscal Policies issued in 2006). Our goal is not simply to spend the public's money, but to spend the money wisely.

Public safety and school improvement, including supplies and maintenance of school facilities, are two of the top priorities you will see reflected in the budget. \$2 million has been allocated to the Police Department for the purchase of much-needed police vehicles, \$2 million will be provided to the schools for the purchase of text books and \$5 million is dedicated to catching up on over 20 years of school building deferred maintenance. \$1 million will be spent on the removal of dangerous trees City-wide (another City infrastructure maintenance issue that has been deferred for several decades). In addition to the general fund, in 2007 we will be focusing our attentions on grant funds and their appropriate use and coordination: In this and all areas, through coordination and planning the City can leverage resources to the community's best advantage.

The City has completed a detailed study of nearly every municipal department. We have moved from a simple awareness that we were lacking good management information systems, to an understanding of just what systems we need to improve or implement in order to become a more efficient and responsive city government. In 2006, we invested in new systems for managing the paving of City roads and managing City-wide work orders. Systems like this allow us to improve accuracy, accountability, reporting and efficiency.

In addition, the FY 07 budget recommends to the Board an investment of approximately \$2.2 million for additional system upgrades. There are two in particular that require explanation. First is the investment of \$2 million this fiscal year in a city-wide integrated financial management system. The City cannot manage its finances without a modern, coherent financial package that functions in "real time." An integrated system—one that ties together finance, performance, purchasing, capital and operating budgets, payroll, and other City functions—will replace the many current manual, inaccurate and duplicative administrative processes that remain within the City. One solid financial system of record used through the City, for all services and at all levels, is absolutely critical for consistency, tracking, propriety and efficiency.

The second technology investment we would like to mention here is at the Police Department. Like many other cities and per municipal best practices, Commissioner Edward Flynn will be using a version of COMSTAT so that crime statistics can be more effectively collected and analyzed and thus enable the development of more powerful crime prevention strategies. Our view is that investments in technology in all service areas will provide data that will in turn improve decision-making, increase levels of service and ultimately save money.

This budget also reflects our emphasis on economic and community development. Springfield must improve the quality of life for its current residents; it also must increase its ability to attract large businesses, small businesses, visitors, art and community events, and the many other things that contribute to community health. We must also ramp up the effort began in 2006 to mitigate the many blighted properties that were allowed to lie fallow across the City. To spearhead this effort we hired a Chief Development Officer and provided additional funds in the 2007 budget to retain additional, high caliber planning and development staff.

Integral but separate to the operating budget, 2006 was the first year of the City's new capital planning process. The plan projects a \$300 million need over the next five years. This large number reflects 20 years or more of deferred maintenance. Many of these problems are health and safety concerns that must be addressed, and School buildings and grounds contain much of the need. City-wide there are parks, City buildings, blighted areas, public safety facilities and development projects that need to take place. The capital planning process is collaborative and organic: it will carefully prioritize and plan each project, adjusting the overall plan if any unforeseen events make that necessary.

One might assume that Springfield has solved all of its problems. It has not. First, the fiscal year 2007 budget was balanced with significant help from one-time revenues: this means that we must be very disciplined during 2007 so that we are prepared for fiscal year 2008. We must be vigilant in other areas, as well. Specifically, we must continue to insist on the highest ethical standards within City government. Labor costs must be managed at something less than the City's ability to raise its own revenue or to increase its receipt of State funds. Health care costs must also be maintained at a growth rate of less than 10%, and other benefit costs must be managed to the best advantage of employees and the City. The City must continue to attract top-flight management talent. Building and maintenance needs must be carefully balanced to avoid debt payments that are out-of-balance with other operating needs. Finally and as mentioned above, economic and community growth must occur: we need to create jobs, encourage investment and promote new growth. We need to create a synergy that results in overall community improvement -- schools, jobs, safety and other key quality-of-life factors supported in the 2007 budget. Real economic development and City improvement will, in turn, raise property values.

I would like to thank Mayor Ryan. I would also like to thank the City's CFO, Mary Tzambazakis, as well the City's finance management and staff for their high-caliber work: Pat Burns, Eve Eichwald,

Maria Santiago, Stephen Cole, Joan Saunders, Antoinette Capuano, Peter Graczykowski, Dorine Lasky, Steve Lonergan, Shelly Maynard, Joanne Raleigh and many others who contributed to this budget. Finance staff at the School District and across the City—Carey Sheehan, Domenic Pellegrino, Cathy Buono, Maureen Morrissey and many others—worked just as hard, giving freely of their time and experience. Thank you to Ann-Marie Mahnken of the SCB office.

While challenges clearly remain, the City appears to be well past the immediate fiscal crisis stage. Integral to this turn around is, of course, the resiliency of the Springfield residents and community. Thank you also to the dedicated City workers who report to work each day, the proud homeowners who reside in Springfield with their families, and to the many business owners who continue to forge ahead despite the challenges. It is my hope that we are on the verge of emerging from this difficult situation as a stronger, more efficient, and more responsive government, one that deserves the community's confidence and trust.

Sincerely,

A handwritten signature in black ink, appearing to read "Philip Puccia". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Philip Puccia, Executive Director  
Springfield Finance Control Board



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