



THE CITY OF SPRINGFIELD, MASSACHUSETTS

MAYOR DOMENIC J. SARNO

HOME OF THE BASKETBALL HALL OF FAME

April 28, 2016

To the City of Springfield and Springfield City Council:

We are pleased to submit to you the FY17 Recommended Budget, which totals \$616.8 million and represents a 3.7% increase over the FY16 Adopted Budget. We continue to make progress, both as a community and as a government, toward a future that focuses on fiscal sustainability. This recommended budget is one more step along our progressive path, targeting our core mission with a continued focus on public education, and providing funding for improved public safety, economic developments and community services for the citizens of Springfield.

For the second consecutive year, the City has successfully balanced the FY17 budget without the need for stabilization reserve funds which 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 FY17 we will maintain the City's \$40 million stabilization account, and again avoid layoffs or service reductions. In January 2015, 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.

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, technology and City-owned building repairs. Specific efforts have been made to leverage outside funding sources to reduce the burden on City funds. In FY15, 85% of the total \$340.7 million cost for capital projects was reimbursed by outside agencies including the Federal Emergency Management Agency (FEMA), the U.S. Department of Housing and Urban Development (HUD), and the Massachusetts School Building Association (MSBA). This strategy to leverage funding whenever possible left the City responsible for \$50.5 million, or 15% of total project costs. We are extremely proud of the capital investment made over the past few years and will continue

to use this strategy to fund capital investment in the City.

This budget closes a gap of over \$22.5 million. To develop this year's budget, two major factors were addressed. First was revenue maximization. In FY17, 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 \$5.5 million in revenue from MGM this fiscal year. This yearly payment is separate from any anticipated building permit revenue, but we are excited to report that MGM's construction projects are underway. Once these projects begin, they will provide a much-needed boost to the local economy and a projected \$4.5 million in City building permit revenue.

Closing this year's budget gap was not met without difficult decisions and tough compromises, but citywide we will continue to preserve core services and provide targeted investments that tie with our mission, all while utilizing a restricted amount of potential tax revenue. 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 cannot be built into the operating budget. Below is an overview of the accomplishments we are able to achieve in FY17.

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 (SPD) will welcome new officers, with 60 cadets set to graduate from the academy in the fall of 2016: in all, the Police Department will have 424 officers, bringing the total complement to 504 sworn personnel, and an overall staff of 579. 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 and enhancing neighborhood initiatives, such as the C3 policing units and the Ordinance Flex Squad units.

The added SPD staff will also support the new E-3 Metro Policing Unit which will increase police presence along Main Street. This will be achieved through the installation of four police booths to be staffed 24/7 and increased walking and roving patrols. This effort will increase public safety in the Springfield's metro-area without any reduction in police officer presence in any neighborhoods or other areas of the city. In FY17, the SPD will also 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 FY17 Fire Department budget funds the hiring of twelve firefighters which will fill current vacancies; six of whom will graduate the State academy in November and the following six in June of 2017. In order to stay ahead of attrition and fulfill their complement of 261, the Fire Department will continually send new recruits to the State mini academies. This is a proactive measure to address the large number of retirements anticipated over the next five years. Additionally, two new apparatuses have been funded in the FY17 budget which will replace older ones.

The FY17 appropriation also includes the implementation of new software that will better utilize availa-

ble data to track fire patterns (common times for fires, busiest areas for fire-related calls, etc.). Lastly, a new state of the art Vocal Alert System will be installed in all Fire stations. This new system will quickly relay assignments throughout the station and decrease the risk of delayed response times.

Economic Development

Providing public safety is a vital part of this year's budget, but so too is investing in Springfield's future. Springfield is currently experiencing \$2.7 billion of economic development projects and continues to invest in neighborhoods and small/midsized businesses. The City's Planning and Economic Development Department continues to support a number of projects, including MGM, CRRC Railways, and Union Station.

In FY17, MGM construction will be underway and is poised to realize the potential \$950 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.

CRRC Railways, the world's largest rail car maker, is slated to complete the construction on their 220,000-square foot factory building in the fall of 2017. Once this factory is up and running, it will employ 150 production workers with starting salaries of at least \$66,000 a year. This is in addition to the 150 construction workers that have already been employed to build the plant.

Progress continues with the ongoing renovation of the historic Union Station which is expected to be completed by the end of 2016. Once completed, the station will also have a 26-bay terminal for intracity buses operated by the Pioneer Valley Transit Authority (PVTA), Peter Pan Bus and others. This project will continue to promote increased job opportunities for Springfield residents and will also provide improved transportation services.

The City is utilizing the Department of Capital Asset Construction (DCAC) to develop a new senior center at Blunt Park and a new South End Community Center. DCAC will also 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 Phaneuf Environmental Center, which houses the beloved Environmental Center for Our Schools (ECOS) program.

In addition, Springfield is excited to start working on innovative projects that will increase resiliency in the City. Thanks to a recent \$17 million National Disaster Resilience grant received from HUD, the City will be able to leverage additional funds from outside sources to carry out a variety of projects including the restoration of hydropower at the Watershops Pond Dam. This will provide electricity to the newly built Brookline School which will be used as an emergency shelter in the event of a future disaster.

Community Services

We are happy to announce that core community services will remain intact in this year's budget. Across the City, our Departments are doing some amazing work:

Park's and Recreation – will expand the existing After School Program.

- ◆ Additional funding will also be provided for terrace maintenance.

Veterans Services- will receive an additional Service Investigator which will ease caseloads and provide improved services to the veteran community.

311 Customer Service – 311 will continue their 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.

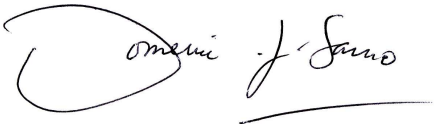
Building Code- will receive 3 new inspectors to handle increased workload which will assist the City by boosting economic development.

Assessor- will receive funding to hire a commercial appraiser which will help in promoting growth to Springfield's tax base.

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.

I ask that these FY17 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 FY17.



Domenic J. Sarno
Mayor

Respectfully,



Timothy J. Plante
Chief Administrative & Financial Officer