

MINUTES
BOARD OF DIRECTORS
BUDGET ADOPTION
May 9, 2006 7:00 P.M.
LINCOLN CENTER HEARING ROOM

PRESENT: Chairman Howroyd, Vice-Chairman O'Neill, Secretary Zingler, Directors Sheridan, Topping, Hachey, Spadaccini, Peak, and Pelletier

ALSO: General Manager Shanley

The meeting was called to order at 7:06 p.m. All in attendance participated in the Pledge of Allegiance to the Flag, led by Chairman Howroyd.

Chairman Howroyd stated that the purpose of the meeting is to adopt the annual budget for fiscal year 2006/2007. There is also a public hearing on two specific items.

Secretary Zingler read the list of items for public hearing.

- A. \$14,460 in Public Works for an Anti-Graffiti Project
- B. \$50,000 in Fixed/Miscellaneous for Contingency

Chairman Howroyd explained that these are both proposed additions to our annual budget. The Town's Charter requires that certain items that were not part of department requests are to be heard as a separate public hearing.

Chairman Howroyd opened the floor for public comment.

David Blackwell, 265 Henry Street, represented a group of residents present requesting a modest form of assistance for non-public schools in Manchester. He understands that non-public school education is a choice made by individual families for various reasons. Families who choose to send their children to non-public schools still need to pay their taxes, in effect purchasing a public school education they do not use. The public school receives the benefit without the burden. He asked that the Town of Manchester loan textbooks to these schools for use by Manchester students only. He estimated the cost to the Town would be approximately \$50,000. The statute specifically states that the loan can only involve textbooks currently in use by Manchester schools. There will be no requests to purchase books other than those used by Manchester students. Currently the Town provides transportation, nursing services, school based meals and social work services to the non-public schools. He thanked the Town for all of these services. Mr. Blackwell distributed comments of Tim Devaney to the Board for their review.

Christine Sullivan, 43 Sass Drive, has served on the Saint Bridget's School Board for six years and lives in the Buckley School district. She and her husband send her two children to St. Bridget's. She urged the Board to purchase textbooks for use by the children in the parochial schools. Mrs. Sullivan understands both sides of the argument of whether to purchase the books

or not. She suggested we not lose sight of the larger issue, the entire community will benefit from all of its children receiving a quality education. She supports an appropriation for the purchase of school books to loan to the parochial schools.

Stephanie Knybel, 138 Bobby Lane, has no problem loaning the parochial schools money, but the State statute says it is to be used for Manchester residents. She does not understand how, in a classroom where students from other towns will be mixed in, Manchester students will be isolated so that only Manchester residents will use the books purchased through the appropriation.

There being no further public comment, the public hearing was closed.

The Board took a brief recess at 7:15 p.m. and returned at 7:25 p.m.

Director Topping moved and Director Hachey seconded the motion to recess.

Nine voted in Favor

**MAJORITY
BUDGET RESOLUTION
MAY 9, 2006**

GENERAL FUND

BE IT RESOLVED, by the Board of Directors of the Town of Manchester, Connecticut that the following be and hereby is adopted as the General Fund Budget of the Town of Manchester for the fiscal year commencing July 1, 2006, and ending June 30, 2007.

EXPENDITURES

General Government \$5,144,523

Director Sheridan explained that this item is basically the Town Hall budget. The General Government includes the General Manager, Administrative Services, Finance Department, and the Board of Directors. Director Sheridan noted that the General Manager led the way in creative cost savings by freezing a third Executive Assistant position in the General Manager's office. That coupled with other cost saving ideas has kept the increase down to 2.9% over the current year.

Director Spadaccini stated the minority opposes the proposed allocation to General Government. The Republican caucus supports a 3% increase over the estimated expenditures for this department in the current fiscal year. That is approximately \$112,000 less than the General Manager's recommended number. This is an adequate sum to maintain the services within these departments. The difference between the budgeted amount for fiscal year 2005/2006 and the estimated expenditures is approximately \$110,000.

**Director Sheridan moved and Secretary Zingler seconded the motion to adopt the General Government budget at \$5,144,523. Six Voted in Favor
Three Voted Against – Spadaccini, Peak, and Pelletier**

Public Works \$11,806,555

Director Sheridan said Public Works consists of Facilities Management, Field Services, Building Inspection, and the Engineering portion of the Town's activities. This budget represents a substantial increase of 15.5% over the current year's adopted budget. However, 8% of that increase is attributable to an effort to consolidate the Engineering Department of the Water and Sewer Department into the Public Works Department. That represents a one-time expense which, according to Management Partners, Inc., will yield significant savings over the long haul by avoiding duplication of services. There is also a significant increase attributed to fuel costs, approximately \$276,000 of this budget.

Director Peak made a point of order. He asked if it was appropriate to have a public hearing on the allocation for the graffiti removal. Chairman Howroyd stated that it was already read with the other item for public hearing. Director Peak verified that there was no public comment on that item.

Director Sheridan explained that the majority proposes to add back into the budget \$66,395 to fund a full time Maintainer within the Public Works Department. The Town needs to maintain its properties. The amount of property to maintain has dramatically increased in the last ten years, while at the same time labor to maintain the properties has been cut back. The majority has also proposed adding back into the budget \$25,000 for the purchase of services to hire a Hydrologic Engineer who will study the drainage situation on Gerard Street and propose a solution.

Director Peak stated the Republican caucus supports holding the line at a 4% increase for the Public Works budget. The minority party does not agree with the \$90,000 allocated toward the Engineering consolidation. It was not clear during the budget process that this would create dollar savings in year one or year two. They support the concept, but do not support the allocation this year. The minority party wholeheartedly agrees with allocating the \$15,000 toward swift graffiti remediation.

Director Hachey verified that Director Peak agrees with the graffiti removal. Director Peak answered absolutely. Director Hachey pointed out that the consultant hired by the Town recommended the Engineering consolidation and the Town staff is comfortable with it, but the Republican caucus is saying that is not a good idea. Director Peak replied that it did not become clear during the budget workshops that there would be cost savings from the Engineering consolidation.

Director Spadaccini explained that he has a problem with the fact that this \$90,000 is being used to basically renovate office space in Lincoln Center. There may be some merit to

combining these departments in the future, but the bottom line is that we have to be fiscally conservative in this budget. Perhaps there are other ways we can consolidate these departments without incurring the up-front expenditures, especially since the dollar cost savings have not been proven.

Director Sheridan clarified that there are two pieces to this issue. There is the transfer of \$816,192 in personnel costs out of the Water budget into Public Works. What he hears discussion on is the \$90,000 for physical improvements. He asked whether the Republican caucus is suggesting we unwind this whole thing and not transfer the funds or continue with transferring of funds and people, but do not make the improvements.

Director Spadaccini wanted to make sure this was not represented as more than a \$90,000 cost to the taxpayers. The minority position is if this could occur without these extra costs happening, they would certainly be receptive to it because it is not an extra cost to the taxpayers. But he hasn't heard that.

**Director Sheridan moved and Director Hachey seconded the motion to adopt the Public Works budget at \$11,806,555. Six Voted in Favor
Three Voted Against – Spadaccini, Peak, and Pelletier**

Public Safety \$16,020,003

Director Topping explained that the Public Safety section of the budget includes the Police Department and Emergency Management. The total increase in the General Fund for Fiscal Year 2006/2007 is \$1,380,431 or approximately 9.4% over the current year budget. The budget includes an additional \$137,722 to fully fund the Police Department to 124 officers. Historically the Board of Directors has budgeted 5.5 officers less than the authorized strength. This represents an increase of two more officers than currently authorized. The Public Safety budget also includes \$18,893 to initiate a Police Cadet program, \$37,545 in overtime to partially offset the anticipated reduction of State grants for traffic enforcement, \$24,000 for Interval House to offset the reductions in Federal aid for domestic violence outreach, \$50,000 for rising gasoline costs, \$24,621 in rising utility costs, \$10,000 for training of anticipated new recruits, and an additional \$30,000 to fund the technology replacement program.

Director Pelletier said that the whole Board recognizes that the community has to have confidence that we are being effective and efficient when we spend tax dollars. This Board is going to demonstrate that community opinion does matter. The Board has heard concerns relative to the increase of youth crime, violence and gang activity in the community and we all share in the frustrations that policy continues to sanction eight or less police cars canvassing our streets during evening patrol. The minority supports the General Manager's funding recommendations for youth related initiatives and his full budget increase for the Public Safety budget. They disagree with his recommendation to fund only 120 of authorized 122 sworn officers. They agree with Police Chief Berry's request for the authorized strength of 126 officers, with a minimum funding of 124. The minority believes this level of manpower will alleviate an over reliance on overtime, maintain optimum officer performance levels, and

establish a “power shift” from 7:00 p.m. to 3:00 a.m. to meet Manchester’s demand for service. There will be minimal fiscal impact due to projected attrition through possible retirements. The minority supports our first responders commitment to service the diverse needs within our community and finds the budget maintains a superior level of service. The increase of 5.8% will only result in a tax increase of \$11 per year to maintain the health and safety of our community. The minority questions whether a vacant Assistant Chief Position could be re-examined for additional cost savings, but will approve the budget as requested. The minority would like to see the long-term goal of 130 officers become a short-term plan for our Town.

Director Topping said funding 124 officers would go a long way toward eliminating past discrepancies in first responder strength. His concern is that the Board become involved in the policy of dictating where the Chief uses his resources. Currently we are at 116 officers with at least five anticipated retirements this year. That means in order to get to 124 officers the Police Department will have to hire well over a dozen just to try to stay even. If we get into hiring that many officers a year, it will cause future problems with as many retirements on a yearly basis.

Director Topping moved and Secretary Zingler seconded the motion to adopt the Public Safety budget at \$16,020,003. Nine Voted in Favor

Human Services

A motion was made to divide the Human Services budget question and separate out the \$72,286 contribution to MARC, Inc.

Director Hachey moved and Director Topping seconded the motion. Nine Voted in Favor

MARC Contribution	\$72,286
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Director Hachey explained that MARC is one of thirteen community agencies funded under the Human Services budget. The MARC increase is \$649 which is less than 1% over last year’s funding level. Overall contributions to community agencies increased by \$16,600 or 3%.

Director Hachey moved and Director Sheridan seconded the motion to adopt the MARC, Inc. contribution at \$72,286. Eight Voted in Favor One Abstention – Zingler

All Other Human Services	\$3,086,129
Total Human Services	\$3,158,415

Director Hachey explained that the Human Services section of the budget includes the administrative functions associated with overall planning and coordination of Human Service delivery, needs assessment, as well as provision of direct community health and social services through the Health, Senior, Adult and Family Services divisions, and the Youth Services Bureau.

The total increase in the Human Services budget for fiscal year 2006/2007 is \$121,858 or 4% over the current year adopted budget. Of the 4% increase, the first 1.7% is attributable to the addition of a Youth Services position, added to address the issues of youth at risk.

Director Pelletier recognizes the increased demand for services at all levels and finds the 4% request to be a very modest increase. The minority is disappointed to see the MELO project reduced to a partial salary for an Early Childhood Specialist, especially after great pains were taken by the staff to preserve the integrity of the program when grant funding was severely discontinued. More than 1,000 of Manchester's children have benefited from the early intervention of the MELO program. The minority would have liked to see the nursing position reinstated, as it would have a minimal impact on the budget, but a profound impact on the very vulnerable within our community. We have seen a 25% increase in service demands and a corresponding rise in caseloads. There has been a decline in Manchester's homeless rate, but there is concern about two families who are currently homeless and staying in the shelter in Manchester. Since the last Republican budget in 1991, the amount of property taxes needed to fund the General Fund increased by more than 83%. If the budgets had remained constant with the rate of inflation, Manchester would be looking at an increase of 47%. We must continue to work with local non-profits and businesses in the community to address additional funding of Human Service programs.

Director Hachey displayed a booklet available through Citizen Services in Town Hall. He suggested that people who care for elderly parents look at this booklet, which has a lot of useful information.

Director Hachey moved and Secretary Zingler seconded the motion to adopt the remaining Human Services budget at \$3,086,129. Nine Voted in Favor

Leisure Services \$5,006,719

Vice-Chairman O'Neill explained that Leisure Services includes all functions of the Recreation Department including organized sports, aquatics, summer recreational programs, recreation facilities, Camp Kennedy, True Point, as well as services at the Mary Cheney Library, Whiton Library and the Book Mobile Program. The total increase of Leisure Services for fiscal year 2006/2007 is \$266,310 or 5.6% over the current year's adopted. Of the 5.6%, the first 1.6% is attributed to a one-time cost to expand the schedule of summer programs due to the fact that schools are opening later this year and also the increased expansion of locations of Summer Camp 2006. The Recreation Budget represents a \$172,661 increase or 7.8% compared to the current year's budget. Expanding the schedule and number of locations consists of 44% of the increase. The Library Budget represents a \$93,649 increase or 3.7% over the current year's adopted budget. The recommended level of funding supports the current hours of operation at both libraries. In the current and previous fiscal years, the budget was supplemented with \$25,000 per year raised through the combination of fund raising efforts and contributions by the Savings Bank of Manchester Charitable Foundation. The matching grant by the Foundation has concluded and the \$25,000 has been absorbed in the Library's budget. The combined purchase

of services and supplies has increased by \$35,099 or 6.4%, which includes an increase of \$13,700 in Library materials, bringing the total amount budgeted for acquisitions to \$254,000.

Director Pelletier said the Republican caucus will approve this year’s budget request, but they do acknowledge that it would have been held to 4% if summer camp fees were only nominally increased. The minority believes providing structured summer activities is a worthwhile endeavor, but the continued subsidization of summer day camps is going to be very difficult for this Board to sustain in coming years. Rather than passing this cost on to all taxpayers to fund it, they suggest the continued practice of funding scholarships based on need, and modifying future rates for program participants.

Vice-Chairman O’Neill moved and Director Topping seconded the motion to adopt the Leisure Services budget at \$5,006,719. Nine Voted in Favor

Education

Board of Education	\$88,353,644	
Manchester Regional Academy	\$660,600	
Health-Welfare Private Schools	\$266,949	
Transitional Living	\$89,492	
Total Education		\$89,370,685

Director Peak said the Public Education budget is the largest single part of the budget that the Board of Directors allocates and is increasingly driven by forces outside the control of the Town. By the time we get to budget season, many of these costs have already been decided by things like unfunded mandates and laws passed by State and Federal Government. The Republican caucus supports a strong education budget with a 5% increase. This increase is consistent with the regional averages. The enrollment in Manchester public schools may be down 4-6% in the upcoming year, so costs should be restrained this year especially. Director Peak is aware of tensions between the Board of Directors and the Board of Education at budget time. He feels next year’s budget may be one that has some of the greatest tensions placed on that relationship. With taxpayer revaluation next year, the challenge in balancing government services and taxpayers will be greater than ever. He believes that we need to work together today in order to hold the line on some of these expenses. The New England Association of the Accreditation of Schools made requests which would have required spending \$1,000,000 to keep up with accreditation. Through good work by Superintendent Kathleen Ouellette, that number was reduced to \$250,000. That is \$750,000 that outside forces would have been extracting from the Town of Manchester. In the past, there has been some discussion about efficiency studies. The Republican caucus supports funding any specific school based efficiency study that the Board of Education would choose to participate in. The Republican caucus also supports lobbying the legislature for changes. The Board of Directors should work together with the Board of Education to find ways to spend dollars that will improve the quality of education.

Vice-Chairman O’Neill added that the \$89,370,685 includes an additional \$125,000 added into the Board of Education’s budget to help with the transition of the middle schools.

Secretary Zingler also supports a Board of Education efficiency study and found that the efficiency study on the general government side was very reasonable and effective.

**Vice-Chairman O’Neill moved and Director Sheridan seconded the motion to adopt the Education budget at \$89,370,685. Six Voted in Favor
Three Voted Against – Spadaccini, Peak, and Pelletier**

Employee and Pension Benefits \$2,541,510

Secretary Zingler explained that Employee and Pension Benefits includes retirees’ life insurance, pension adjustment, unemployment compensation, and retirees’ medical insurance and termination benefits.

Director Peak stated that the Republican caucus will be supporting this part of the budget. He pointed out that this is one of the parts of the budget that is largely a fixed cost because of promises made that need to be kept.

Secretary Zingler moved and Vice-Chairman O’Neill seconded the motion to adopt the Employee and Pension Benefits budget at \$2,541,510. Nine Voted in Favor

Debt Service \$5,387,798

Secretary Zingler moved and Vice-Chairman O’Neill seconded the motion to adopt the Debt Service budget at \$5,387,798. Nine Voted in Favor

Miscellaneous \$499,135

Secretary Zingler explained that Miscellaneous includes community services such as the Memorial Day Parade and the Thanksgiving Road Race, the annual contribution to the Lutz Children’s Museum, Temporary Youth Employment, management of the North Elm Street Elderly Housing, a Contingency Account, a Wage and Salary Contingency Account, and an addition of \$75,000 suggested by the General Manager for a Positive Youth Development program this summer. The Board of Directors’ modifications includes an additional \$50,000 for the Contingency Account which may be utilized for the loan of textbooks for non-public schools upon the request of the Board of Education per statutory laws.

Director Peak understands there is a line item where there is roughly \$225,000 for the Contingency Fund. The Republican caucus does not support adding \$225,000 of essentially unallocated money, especially because we currently have a fortunate budget year with more money being allocated from the State to the Town Government. The Republican caucus definitely supports the \$50,000 allocated for the purpose of book loans. This is a good and simple way to support education in this town.

**Secretary Zingler moved and Vice-Chairman O’Neill seconded the motion to adopt the Miscellaneous budget at \$499,135. Five Voted in Favor
Three Voted Against – Spadaccini, Peak, and Pelletier
One Abstention - Howroyd**

Interfund Transfers \$5,694,722

Secretary Zingler explained that Interfund Transfers consists of transfers to the following accounts: Recreation Activities Fund, Manchester Self Insurance Program, Capital Reserve, Special Grants, Information Services, Information Systems Lease Purchase Payments, Paramedics, and Parks and Rec. Reserve.

Secretary Zingler moved and Vice-Chairman O’Neill seconded the motion to adopt the Interfund Transfers budget at \$5,694,722. Nine Voted in Favor

TOTAL GENERAL FUND EXPENDITURES \$144,630,065

**MAJORITY
BUDGET RESOLUTION
MAY 9, 2006**

GENERAL FUND

REVENUES

General Related

Property Taxes, Interest and Lien Fees	\$105,136,178
Permits, Licenses and Fees	\$2,475,100
Charges for Services	\$630,937
State and Federal Grants	\$5,190,920
Income from Assets	\$1,558,664
Interfund Transfers	\$1,454,394
Miscellaneous Income	\$100,000
Appropriation of Prior Year Balance	\$0

Education Related

Charges for Services	\$665,100
State and Federal Grants	\$27,418,772

TOTAL GENERAL FUND REVENUES \$144,630,065

**Secretary Zingler moved and Vice-Chairman O’Neill seconded the motion to adopt the General Fund Revenues budget at \$144,630,065. Six Voted in Favor
Three Voted Against – Spadaccini, Peak, and Pelletier**

**MAJORITY
BUDGET RESOLUTION
MAY 9, 2006**

SANITATION FUND

BE IT FURTHER RESOLVED that the following be and hereby is adopted as the budget for the Sanitation Fund for the fiscal year commencing July 1, 2006, and ending June 30, 2007.

EXPENDITURES

Operating Expenses	\$5,635,296
Debt Service	\$0
Transfer to Capital Improvement Reserve Fund	\$250,000
Total Sanitation Fund Expenditures	\$5,903,296

REVENUES

Tipping Fees	\$5,142,900
Interest on Investments	\$25,000
Appropriation from Prior Year Fund Balance	\$105,596
Other Revenue	\$629,800
Total Sanitation Fund Revenue and Use of Fund Balance	\$5,903,296

Director Sheridan explained that this amount represents a decrease of 9.6% in comparison to the current year’s adopted budget, however that is due to an accounting change. The Sanitation Fund has accrued a large amount of money to close the landfill at some future date. That money was previously lumped in with other excess money. It has been proposed that this money be moved into a segregated special account, which will accrue interest that should cover inflation. If we take out that restructuring, the actual increase is 1.9% over the current year, mostly consisting of negotiated contracts and increased gas and fuel expenses. Director Sheridan stated that the Sanitation budget is in a great position. Its revenues exceed its expenses. He projects that the revenue stream will dry up within the next 5 to 10 years. The Town of Manchester needs to start making changes to the Sanitation program and cautions residents to get ready for expensive trash collection.

Director Spadaccini supports the allocation for the Sanitation budget and feels that Director Sheridan’s remarks are very accurate. The Town needs to prepare to fund curbside collection and he feels we should gradually phase into fully funding curbside collection. The Town should also look at a variety of options for collection and identify potential cost savings.

Director Sheridan moved and Director Topping seconded the motion to adopt the Sanitation Fund budget at \$5,903,296. Nine Voted in Favor

**MAJORITY
BUDGET RESOLUTION
MAY 9, 2006**

WATER FUND

BE IT FURTHER RESOLVED that the following be and hereby is adopted as the budget for the Water Fund for the fiscal year commencing July 1, 2006, and ending June 30, 2007.

EXPENDITURES

Operating Expenses	\$5,294,440
Debt Service	\$1,107,400
Transfer to Capital Improvement Reserve Fund	\$452,000
Total Water Fund Expenditures	\$6,853,840

REVENUES

Operating Revenue	\$5,682,700
Interest on Investments	\$80,000
Appropriation from Prior Year Fund Balance	\$398,030
Other Revenue	\$693,110
Total Water Fund Revenue and Use of Fund Balance	\$6,853,840

Director Sheridan explained that the expenses currently exceed revenues for the Water Fund. The Board of Directors has undertaken a comprehensive rate study. A rate increase of 4.5% has been recommended for the upcoming year. The majority supports that increase.

Director Spadaccini is not convinced of the need to increase the budget by 4.5% in water rates at this time. He notes that on the expenditure side, this department can save \$45,000 by holding off on consolidating the Engineering Department with the Public Works Engineering

Department. He pointed out that the Water Administrator did not support the merging of these two departments. Through a combination of cost savings and additional revenue, the Water Department ended with a \$134,000 surplus this year when it was projecting a \$300,000 deficit. This was accomplished through costs savings and more revenue than expected.

Director Sheridan explained that the majority feels last year was such a good year for water revenue because there was a drought.

Director Spadaccini is not sure the extra revenue is due to weather. Two-thirds came from costs savings and only one-third from water revenue.

Director Sheridan moved and Director Topping seconded to motion to adopt the Water Fund budget at \$6,853,840. Six Voted in Favor
Three Voted Against – Spadaccini, Peak, and Pelletier

**MAJORITY
BUDGET RESOLUTION
MAY 9, 2006**

SEWER FUND

BE IT FURTHER RESOLVED that the following be and hereby is adopted as the budget for the Sewer Fund for the fiscal year commencing July 1, 2006, and ending June 30, 2007.

EXPENDITURES

Operating Expenses	\$4,417,099
Debt Service	\$994,970
Transfer to Capital Improvement Reserve Fund	\$393,500
Total Sewer Fund Expenditures	\$5,805,569

REVENUES

Operating Revenue	\$4,957,110
Interest on Investments	\$7,000
Appropriation from Prior Year Fund Balance	\$432,359
Other Revenue	\$409,100
Total Sewer Fund Revenue and Use of Fund Balance	\$5,805,569

Director Sheridan explained that there is a proposed 4.5% increase in rates due to the fact that expenses exceed revenues. The majority supports the increase. Director Sheridan took a

moment to recognize the Water and Sewer Administrator, Robert Young, who has submitted his resignation. He has served the Town for 30 years, 22 of those as Administrator. He has done a considerable amount of modernizing as well as lowering the costs of water dramatically. Director Sheridan thanked him for his many years of service and wished him success in his future endeavors.

Director Hachey echoes Director Sheridan’s remarks and sentiments.

Director Spadaccini also congratulates Robert Young on a wonderful career in Manchester and wishes him the best in the future. The Republican caucus disagrees with the proposed Sewer rate increase of 4.5%. Water and Sewer rates are currently being studied and this issue is in need of more study and evaluation.

Director Sheridan moved and Director Topping seconded the motion to adopt the Sewer Fund budget at \$5,805,569. Six Voted in Favor
Three Voted Against – Spadaccini, Peak, and Pelletier

**MAJORITY
BUDGET RESOLUTION
MAY 9, 2006**

INFORMATION SYSTEMS FUND

BE IT FURTHER RESOLVED that the following be and hereby is adopted as the budget for the Information Systems Fund for the fiscal year commencing July 1, 2006, and ending June 30, 2007.

EXPENDITURES

Operating Expenses	\$1,564,557
Transfer to Capital Improvement Reserve Fund	\$110,000
Total Information Systems Fund Expenditures	\$1,674,557

REVENUES

Town Services	\$1,647,557
Services to Other Users and Other Revenue	\$27,000
Appropriation from Prior Year Fund Balance	\$0
Total Information Systems Fund Revenue and Use of Fund Balance	\$1,674,557

Secretary Zingler explained that the Information Systems Department is an administrative resource agency which, under the direction of the General Manager and the Superintendent of

Schools, provides comprehensive automated information services for all Town departments. It operates as a separate fund with most costs proportionally shared by the Town and the Board of Education and other users. Secretary Zingler commended Jack McCoy and his staff. The Town of Manchester has a first class caliber of staff, proven most recently with the Digital Cities Award received in October. Manchester was selected throughout the country as a “digital city,” which is a tribute to Jack and his crew. They have done things such as Access Manchester Card, the town fiber net, Channel 16, land records converted in the Town Clerk’s office, landfill software, electronic timekeeping, and much, much more. With the integration of technology, residents have access to the Town of Manchester 24/7, at their convenience.

Director Peak echoes the praise given to Jack McCoy and the Information Systems Department. The minority will be supporting this part of the budget. Technology is increasingly a way to improve the quality and efficiency of services and reduce the costs of services in the future.

Secretary Zingler moved and Vice-Chairman O’Neill seconded the motion to adopt the Information Systems Fund budget at \$1,674,557. Nine Voted in Favor

**MAJORITY
BUDGET RESOLUTION
MAY 9, 2006**

FIRE DISTRICT SPECIAL FUND

BE IT FURTHER RESOLVED that the following be and hereby is adopted as the budget for the Fire District Special Fund for the fiscal year commencing July 1, 2006, and ending June 30, 2007.

EXPENDITURES

Operating Expenses	\$10,825,999
Debt Service	\$239,865
Transfer to Capital Improvement Reserve Fund	\$266,175
Total Fire District Special Fund Expenditures	\$11,332,039

REVENUES

Property Taxes, Interest and Lien Fees	\$9,031,439
State Revenue	\$202,130
Other Revenue	\$2,098,470
Appropriation of Prior Year Fund Balance	\$0
Total Fire District Special Fund Revenue and Use of Fund Balance	\$11,332,039

Director Hachey said we will be losing some key senior people this year. Manchester Fire Rescue is held in high esteem and the extra \$0.99 this budget requires is well worth it.

Secretary Zingler echoed Director Hachey's comments about the fine staff. He related an experience of a resident who had a chimney fire and was extremely thankful that the Fire Department responded within two to three minutes. Not only did they put the fire out, but also thoroughly inspected his chimney and looked through the rest of the house to make sure there were no other problems.

Director Spadaccini said the Republican caucus supports the Fire Fund budget as presented. He congratulates those who have retired and those who have moved on to greater positions.

Director Pelletier can attest to the Fire Department and the job that they do through her own experience with a fire in her home.

Director Hachey moved and Director Sheridan seconded the motion to adopt the Fire District Special Fund Revenue budget at \$11,332,039. Nine Voted in Favor

**MAJORITY
BUDGET RESOLUTION
MAY 9, 2006**

RESOLVED, that in accordance with the applicable provisions of State Statutes, 1958 Revision, and amendments thereto, the Town Charter as amended, and the Town Ordinances establishing a Fire Department Taxing District and a Special Services District, a rate of 35.51 mills on the dollar is hereby levied on the ratable estate of the Town of Manchester as of October 1, 2005, according to the respective assessments thereon last made and completed, for maintenance and support of school, principal and interest on outstanding indebtedness and current expenses of the Town, excluding those for the two Special Districts, for the fiscal year commencing July 1, 2006, and ending on June 30, 2007; an additional tax rate of 4.63 mills on the dollar is hereby levied on the ratable estate of the Fire Department Taxing District of the Town of Manchester as of October 1, 2005 according to the respective assessments thereon last made and completed, for payment of current expenses of the Town Fire Department for the fiscal year commencing July 1, 2006, and ending on June 30, 2007; and an additional tax rate of 6.76 mills on the dollar is hereby levied on the ratable estate of the Special Services District of the Town of Manchester as of October 1, 2005, according to the respective assessments thereon last made and completed, for payment of current expenses of the District for the fiscal year commencing July 1, 2006, and ending on June 30, 2007; each of such taxes to be due and payable, one-half on the first day of July 2006, and one-half on the first day of January 2007, provided, however, that any tax on real estate amounting to not more than four hundred dollars (\$400.00) shall be due and payable in one (1) installment on July 1, 2006; further provided that any personal property tax amounting to not more than four hundred dollars (\$400.00) and any motor vehicle tax of any amount shall also be due and payable in one (1) installment on July 1, 2006.

**ADOPTED SCHEDULE OF ALLOCATIONS TO CAPITAL ACCOUNTS
AND TRANSFERS TO NON-LAPSING ACCOUNTS FOR FY 2006/07**

Fund	Title	Amount
a. Capital Improvement Reserve Fund 301	GR 029 Lease Purchase Equipment 2002	\$168,926
	GR 011 Pool-Paint & Seal/Hard Court Resurfacing	\$93,000
	GR 027 Facilities Maintenance Program	\$150,000
	GR 050 Public Works Equipment	\$300,000
	New – Engineering Consolidation	\$45,000
	New – Lease Purchase Equipment 2004	\$98,000
b. Special Grant Fund 260	SG 081 Channel 16 Operations	\$12,000
	SG 022 Dial-A-Ride	\$126,030
c. Fire Reserve Fund 321	FR 439 Apparatus Lease Purchase	\$266,175
d. Water Reserve Fund 352	WR 390 Globe Hollow W/T Plant Improvements	\$170,000
	WR 392 Charter Oak Well Modifications	\$40,000
	WR 349 Water Main Replacement/Relocations	\$50,000
	New – Engineering Consolidation	\$45,000
	WR 387 Replace Treatment Plant Chlorine Analyzers	\$12,000
	WR 387 Replace Treatment Plant Tribidimeters	\$15,000
	WR 388 Paint Water Storage Tanks	\$65,000
	WR 397 Lease Purchase Financial System	\$30,000

	WR 329 Motor Vehicles	\$25,000
e. Sewer Reserve Fund 353	SR 386 Relocate Sewer Lines	\$25,000
	SR 374 Motor Vehicles	\$81,000
	SR 423 Lease Purchase Financial System	\$20,000
	SR 422 Cogeneration System	\$17,500
	SR 419 Pump Station Improvements	\$150,000
	SR 395 Sewer Line Replacement	\$100,000
f. Information Systems Reserve Fund 361	IR New I.S. Replacement/Upgrades Program	\$110,000
g. Sanitation Reserve Fund 332	LR 723 Landfill Heavy Equipment	\$250,000

The Schedule of Capital Reserve Allocations is Incorporated by Reference.

Secretary Zingler moved and Director Sheridan seconded the motion to adopt the Majority Budget Resolution.

Six Voted in Favor

Three Voted Against – Spadaccini, Peak, and Pelletier

Director Spadaccini – REPUBLICAN BUDGET ADDRESS 2006:

Good Evening. The members of the Republican caucus are grateful for this opportunity to present our thoughts about the town budget and the priorities it should set for Manchester's future. The budget is more than just numbers and line items, it is a blueprint for this town's government, it is a vision statement and one of the most important policy decisions that the Board makes.

The challenge of any budget is to provide essential services to the community while not losing sight of the community's ability to pay. The government must live within its means just as any family would.

The General Manager recommended a budget that increases spending by 7.5% and raises property taxes 5.7% over the current rates. Tonight, the Majority adopted this recommendation and added \$560,000 more of its own extra spending. Over the past five years, the Majority on

the Board of Directors raised property taxes by nearly 28%. The town is on the cusp of a property revaluation that will cause a significant amount of tax burden to shift residential real estate. It has been predicted by town administrators that this shift could result in double digit tax increases becoming the norm for homeowners and taxes could go up as much as an additional 30% absent any budgetary growth in the years following the revaluation. These are the fiscal realities we face as a community.

The Republican caucus believes that with rising fuel costs and property revaluation on the horizon, we must advocate smaller increases to the Town budget. Manchester must remain an affordable community for families and seniors citizens on fixed incomes. Tonight, the Republicans proposed spending increases that are consistent with the rate of inflation for many of the department budgets. This means smaller increases than several departments sought, but we take very seriously the need to control costs and lighten the burden that taxpayers will face.

As important as it is to exercise fiscal restraint this year, problems that threaten the quality of life in Manchester must be addressed before they spiral out of control. We continue to be disturbed and alarmed by the level of violent crime, the growth of gang related activity and the large increase in calls for service handled by our police department. The brave men and women of our police department are among the best in their profession and we are grateful for all that they do for this community. But the resources of the police department are being stretched too thin and good officers are becoming overwhelmed. We must give our police department the tools and manpower it needs to fight crime. We must also dedicate resources to combat neighborhood problems like the spread of graffiti and enforcement of our traffic laws. This is why the Republican Caucus proposed a budget for public safety that exceeds the recommendation made by the General Manager. We support the additional funding necessary to add four more police officers to the beat. We need to send a strong message that crime will not be tolerated and if you engage in criminal activity in the Town of Manchester you will be apprehended and prosecuted.

The Republican caucus supports a five percent increase to the Board of Education budget. This increase exceeds the rate of inflation and is identical to the percentage increase granted to the Board of Education in the current fiscal year. We also note that the bonded indebtedness that the Town pays in addition to the Board of Education budget has increased by more than \$1 million primarily due to education related bonding projects. The Republican caucus supported these school construction projects and is proud to support the funding necessary to pay the bonds associated with them. A five percent increase in the education budget combined with the additional school construction funding shows a strong commitment to education especially at a time when school enrollment is declining.

On top of the property tax increase, the Majority adopted a water and sewer budget that increases rates by 4.5%. Our water and sewer rates are currently being studied and we are not at this time convinced of the need for a 4.5% increase in these rates. An increase may be necessary in the future, but we believe this needs more study and evaluation. A significant factor in this decision is the fact that the majority raised water and sewer rates by 2% last year and extra revenue generated ended up being surplus when deficits were predicted at the time.

We have tried to be fiscally responsible and still respond to the needs of the community. Our proposals will lower the general fund budget by approximately \$2 million dollars over the General Manager's recommendation and \$2.6 million over the budget approved by the majority. The proposed spending increase would be lowered from the 7.5% recommended by the General Manager to under 6.0%.

How many more years can taxes go up at a rate greater than inflation? At some point this trend is going to undermine home ownership and hurt the economy. Municipalities sometimes have costly mandates imposed on them that are not funded by the legislature or congress, but municipalities also spend beyond their means and that is a big part of the problem. The effects of revaluation remain to be seen, but we have a pretty good idea from our administrators of what may be coming. Why wait for a crisis to occur? Why continue on the same course and hope for the best? The prudent course of action is to prepare for the worst potential outcome and if the results turn out better than expected, then spending controls can be loosened.

We recognize that the budget we have proposed will require a tax increase, but it is a significantly lower tax increase than proposed by the General Manager or adopted by the Majority tonight. We are also glad that we are receiving several hundred thousand dollars of additional revenue that comes as a combination of property tax relief grants and education grants. This combination of spending reductions that we proposed and additional revenue should substantially reduce the mill rate increase. We are disappointed that the Majority decided to spend this additional revenue rather than pass it on to Manchester citizens in the form of tax relief.

The Republicans understand that costs for just about everything are going up, government needs to hold the line. With a long delayed revaluation around the corner, now is not the time to go on a spending spree. We have proposed a practical budget. It provides for the services essential to Manchester residents, but does not force the taxpayers to fund big government as prior budgets have.

We are proud to serve the citizens of this great town. On behalf of the entire Republican caucus, I wish the citizens of Manchester a healthy and prosperous year.

MAYOR'S BUDGET ADDRESS – 2006:

As I begin my first budget message as the new Mayor of Manchester, I want to single out our General Manager for special recognition. Scott Shanley came on board less than four months ago and immediately immersed himself in the development of our annual budget. As a newcomer to our community, he brought a fresh perspective into this process, which combined with his intricate knowledge of municipal government, was extremely beneficial to all members of the Board of Directors.

As I talk to citizens throughout the community, two major issues continue to come up: concern about increased youth violence and concern about rising gas and utility expenses. While there may be little that we as local elected officials can do about paying \$3.09 for a gallon of gas, we

can take action to support the dedicated men and women of the Manchester Police Department. Providing safe and secure neighborhoods throughout Manchester is the top priority of this Board.

We are addressing citizen concerns regarding community stability by providing the resources to put more cops on the street. For the first time in my decade on the Board, we are providing the funds necessary to support our current authorized strength of 122 sworn officers. In addition, we are enacting an increase of the authorized strength to 124 sworn officers. We will continue our commitment to recruit and train young men and women to fill vacant positions in an expeditious manner. While this Board recognizes that it will be difficult to fill all of the authorized positions in a few months, we would like to encourage the Police Chief and the General Manager to make effective use of these funding resources, particularly to target incidents of youth violence.

The Board of Directors is continuing the initiatives begun last year to positively engage youth and we are providing the Manager and other departments with flexibility to respond to the youth situation with earmarked funds in the amount of \$75,000. We are also committed to a rapid response to quality of life issues through a Graffiti Elimination program and by providing additional resources to support property code compliance in the Sanitation Fund. This Board should also consider exploring an ordinance requiring landlord registration as a means to address concerns regarding absentee landlords.

Over the last year, the Board of Directors has supported numerous initiatives aimed at improving the way the Town does business and maximizing resources. This includes Town Clerk system enhancements, a new snow removal program, introduction of the Access Manchester I.D. card and approval of Police and Fire contracts with long-term savings in the cost of benefits.

This budget continues support of initiatives aimed at increasing efficiency and the implementation of best practices, many of which are continuations of recommendations made by Management Partners, the firm engaged by the Town over the past two years to assess various aspects of our operations. We are consolidating the Engineering Divisions of the Water Department and Public Works, which promises to yield long-term operational benefits. We are utilizing additional resources in the Police Department to free up Patrol Officers' time and we are also implementing an information technology replacement and upgrade plan at no additional cost by redirecting existing resources.

This budget also provides for additional training and development resources for Firefighters and Fire Marshal's Office staff and we are ensuring that our firefighters are adequately equipped. Funds are also provided for an Assistant Fire Chief position, which has been vacant for one year. The Board has also added \$21,000 within the Firefighting Supplies and Equipment budget to maintain this item at the FY 05/06 level.

Our Field Services operation in Public Works, which has a direct impact on all residents and businesses in the community, will be reinforced by fully funding all Maintainer positions for the first time in several years. Also in Public Works, funding for the Engineering Division is being increased by \$25,000 to provide resources for drainage assessment and design.

The General Manager's recommendation to fund the Board of Education at the current level of services is augmented by an additional \$125,000 in this budget. Our hope is that these additional resources will aid the Board of Education in carrying out the middle school transition.

In the Fixed Costs and Miscellaneous portion of the budget, we are adding \$50,000 to the Contingency account. This resource may be utilized in the event that a request is made to reimburse non-public school students for the cost of textbooks.

We all recognize the difficulty in maintaining services in the current economic environment. Municipal government is a service organization that relies on human resources, but health insurance costs continue to increase at double-digit rates. Fuel and energy costs hit municipalities hard, just like they hit us at home. Looking toward the future we must recognize that there is a limited ability to generate additional revenues through conventional means. For many years, this community benefited from consistent growth in our grand list but with the Town nearly built out, there is little room for new development.

We are pleased that the Governor and the General Assembly have provided increases in state aid, but these increases are still well below the rate of increases in costs for education, health insurance, fuel and energy. I believe comprehensive property tax relief is long overdue at the state level. Nevertheless, services in Manchester have remained intact, and in some cases we have retooled them to be more effective at minimal additional cost.

This budget recognizes the potential impact of revaluation. Next year when we adopt our budget, the initial impact of this October's revaluation will take effect. We are concerned about the potential negative impacts that revaluation will have on some sectors of our residential properties. Over the next several months, this Board will engage in a conversation to educate our citizens about the potential impacts of this process and we will examine how best we can minimize the negative impact on the elderly and others on fixed incomes. We will consider alternatives that are available to us under state law, including some newly-enacted options for phasing-in revaluation.

Total adjustments to the General Manager's recommended budget are \$559,226. The vast majority of this is offset by recently enacted increases in State Aid to the Town totaling \$470,548 in the General Fund. The resulting mill rate required to support the General Fund budget, at 35.51 mills, is minimally higher than that recommended by the General Manager. This represents a 5.7% increase in the mill rate, which equates to a \$181 increase for the average taxpayer. For those living in the South Manchester Fire District, the Fire Fund mill rate will be 4.63 mills, up by 3.1% or \$13 for the average taxpayer. It is important to note that this budget makes no use of fund balance as a revenue source. The Town has made significant strides in recent years in accumulating a fund balance that helps preserve our strong credit rating and positions us to respond to unforeseen circumstances or emergencies. Maintaining, and to the extent possible increasing, fund balance in the near term may also provide an additional tool in addressing the immediate impact of the upcoming revaluation.

Over the next year, the Board will be continuing its in depth evaluation of the Water and Sewer services rate structures. Current projections indicate that as the debt service for previously authorized system upgrades comes due, both funds will experience sustained deficit spending which threatens to draw down their reserves. In order to preserve the solvency of both funds while also preserving the integrity of the water and sewer systems, it is expected that significant rate increases will be required over the next several years. While rate increases in and of themselves are never desirable, ratepayers should recognize that the average water and sewer bill has remained more or less the same since the early 1990s. The full extent of any necessary rate increases, as well as the extent of necessary system upgrades and enhancements, will be determined over the course of the next year. For the time-being however, a modest rate increase of 4.5% for both water and sewer services is supported in this budget. This is enough to offset some known operating cost increases and reduce the amount of reserves utilized. The average ratepayer can expect their quarterly combined bill for water and sewer service to increase by \$4.83 as a result of this rate increase.

The Board majority is authorizing the General Manager to provide a salary increase for unaffiliated employees who make less than \$50,000 by 3% effective July 1, 2006 and to be scheduled for a merit review on January 1, 2007 in the amount of 0% to ½%. All other unaffiliated employees would be eligible for a merit increase between 0% and 4% effective July 1, 2006. The General Manager has discretion to provide up to an additional 2% in cases where salary compression has become a concern. The top of the salary range for this group would increase by 3% effective July 1, 2006.

As I close, I would again like to express my gratitude to the General Manager and would like to acknowledge the tremendous contribution of our Budget Officer, Julian Freund in putting together this budget. I would also like to thank Ginny Pagani and Donna Huot for their ongoing support of this Board.

Finally, I want to thank all members of the Board for their time and energy in this budget process. While we may not agree on every issue, I respect each and every one of you for your dedication and commitment to the Town of Manchester.

EXECUTIVE SESSION

The Board went into a joint Executive Session with the Board of Education at 9:18 p.m. and returned at 10:09 p.m. No votes were taken.

Vice-Chairman O'Neill moved and Director Hachey seconded the motion to go into Executive Session.

**Eight Voted in Favor
(Zingler out of room)**

ADJOURNMENT

The meeting was adjourned until the May 16, 2006 regular meeting of the Board of Directors at 7:00 p.m. in the Lincoln Center Hearing Room

Secretary Zingler moved and Director Peak seconded the motion to adjourn.

Nine Voted in Favor

Adjourned: 10:09 p.m.

gem

APPROVE:

ATTEST:

Secretary, Manchester Board of Directors