



Brockton, Massachusetts
"City of Champions"
Linda M. Balzotti – Mayor

May 24, 2013

Members of the City Council
45 School Street
Brockton, MA 02301

Ladies and Gentlemen:

In accordance with the General Laws of Massachusetts, I hereby recommend that City Council adopt the Fiscal Year 2014 Budget for the city in the amounts and form as recommended by the attached budget order.

I am able to report that the budget is balanced as submitted. It preserves most services and provides for a modest increase in the number of police and fire personnel on staff for the full year. However, it is important to note that this budget, in order to preserve services, requires the city to fully utilize the property tax levy allowed under the law. Last November, \$1,000,000 of property tax levy allowed under the law was not appropriated. The budget requires the appropriation of that tax revenue, plus the 2.5% levy increase allowed under the law, plus an estimate of \$500,000 for taxation on new growth.

My submitted budget assumes revenues of more than \$374.2 million, including reserve funds appropriated, supporting the general and enterprise funds. General fund revenues are nearly \$328 million and enterprise funds total about \$46.2 million. The estimates include state aid of almost \$178 million, based on the budget from the House of Representatives. The estimated property tax levy is \$115.8 million. Other local revenues for the general fund are estimated at \$19.8 million, and the enterprise fund revenues in total are estimated at \$40.2 million. The budget requires the appropriation of \$14.4 million in reserves to support the general fund, of which \$13.3 is the full appropriation of Certified Free Cash. The budget also requires the full appropriation of \$6 million in enterprise fund Certified Retained Earnings. The budget does not rely on an appropriation from the Stabilization Fund. Rather, I am recommending the appropriation of \$565 thousand to that fund, which will bring its total to more than \$6.0 million. We will need those funds if the city is to settle contracts with its fire fighters and police patrolmen. The funds which may be necessary to settle those contracts are not included in this budget, as no final settlement has been reached for either union.

The city recently reached settlements with the police supervisors union and with all other unions except for the fire fighters and the police patrolmen. The economic settlement of these contracts covered the period through June 30, 2013. The on-going cost of these contracts is funded, but the potential FY14 cost of new settlements is not. The city council currently has a salary ordinance change pending for non-union employees. The cost of this ordinance is included in this budget.

In terms of services, most budgets are level funded except for the salary changes mentioned above. However, there are important changes. The police salaries budget received an increase of about \$777 thousand. About \$332 thousand was directed toward the FY14 cost of the contract settlement with the supervisors, but most of the balance was to provide a full year of budget funding for 16 new officer

hires, four of which are new positions, and 12 of which are replacements. In addition, the Fire Department received an increase of \$1.3 million. A substantial portion of this was to provide funding for severance for potential retirees, but the budget also provides full year of funding for all of the FY13 funded positions plus for four new recruits for October 2013. In addition, the Planning Department received funding for a new, full time City Planner and a replacement for Junior Planner vacancy. In total the salaries budget for the municipal departments received an increase of \$3.3 million from last year's submission, or seven percent. However, one-half of that is accounted for by the staffing improvements described above.

Almost all of the ordinary maintenance budgets were level funded but a few received notable increases. Among, these were the Finance Department with \$25 thousand for property insurance and \$240 thousand to pay for the solar electricity purchases, but about 10 percent of this cost will be saved in departmental budgets through the "net metering credit." The Law Department budget received an increase of \$300 thousand for outside counsel. The library's goods and services budget was increased by more than \$20 thousand in order to maintain eligibility for the state grant.

The pensions and benefits total budgets were decreased by about \$1.6 million. This was despite an increase in the pension assessment of about \$600 thousand, but the decrease in health costs due to the new health plans negotiated last year more than made up for that increase.

Capital spending in the general fund is only \$600 thousand, an amount similar to last year. Many worthy projects, especially for vehicles and equipment, continue to remain unfunded.

The budgets for appropriations to the schools, both the Brockton Public Schools and The Southeast Regional Vocational High School, were increased by more than \$8.1 million. Of this \$200 thousand is for the vocational school, and \$7.9 million for the Brockton Schools. About \$1.7 million of this increase is for so-called "non net school spending", mostly to make up for the expiration of special revenue funding for transportation costs.

The enterprise fund budgets are essentially maintenance of service budgets. On a favorable note, there is funding for almost \$3.1 million in capital projects. Although this sum does not encompass all of the requested capital spending, it is a healthy investment. It includes spending to begin to repair and rehabilitate the closed Thatcher Street Landfill. However, it is troublesome to note that there are no funds appropriated for capital spending in the water utility. In addition, that utility is unable to meet about \$1.5 million of its obligation to reimburse the general fund for costs borne on behalf of the utility. As a result, the general fund was deprived of that amount of revenue, which could have been used to increase reserves or to support badly needed capital spending. The city in the near future must begin to invest again in its water infrastructure. The present rate structure is inadequate to do this. The water commission has requested that the city council approve a rate increase. The last rate increase was enacted on July 1, 2008.

Respectfully submitted,

Linda M. Balzotti, Mayor