



# City of Meriden, Connecticut

## OFFICE OF THE CITY MANAGER

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**Guy Scaife**

*CITY MANAGER*

March 6, 2017

Mayor Scarpati and City Council Members:

For your review and consideration are the proposed City of Meriden combined Municipal and Board of Education Revenue and Operating Budgets for FY 18.

We are early in the budget process with significant unknown factors both locally and at the State level. In FY 17 State revenues accounted for \$60.14 million or 31.8% of our total funding, so any change in that component can have a dramatic impact. This budget submission proposal should be viewed as a **very preliminary proposal that will change**. **Within this document are key assumptions that will be updated over the next couple months** as we gain insight in to the reality of State funding, the result of bidding of health care cost, the bidding of multiple insurances, and more history on the current year's spending levels. We also have three bargaining unit contracts that are in negotiations and I have introduced some different spending philosophies that are more strategically focused; these will require Council approval. This proposal is a starting point for what I hope will be a productive dialogue with the Council on what our tactical and strategic needs are for FY18 and beyond. I anticipate providing at least three updates as we go through this process. During the next few weeks you will have the opportunity to hear directly from department directors as they present their budget request to the Finance Committee.

Each Department's budget submission was substantiated by clear justification for the needs identified. Unfortunately, when all were added up it called for a spending increase of \$18 million. This amount includes \$2.7 million fixed cost increases, approximately \$1.9 million in debt service increase, and \$800,000 in contractual salary increases. To absorb just the fixed increases is no small task; there is clear risk in absorbing all of the proposed increases. Generally speaking, I do not challenge the needs at an individual department level, but as a whole it is not an acceptable level of expenditure growth.