



November 1, 2008

Honorable City Councilors;

I am pleased to submit for your consideration the 2009 municipal budget. This budget recommendation constitutes the essential services level for the City of Claremont to operate effectively. Essential services are those services determined to be necessary for the health, safety and desired quality of life of the community and for the effective functioning of City government.

Our goal for the past seven years has been to keep the City portion of the tax rate at no more than a 3% increase each year plus any new growth. Since the tax rate is based on the value of the grand list for the City, any new growth would be rolled back into development and infrastructure for the first year that the property comes online. Any loss in the grand list (through vacant properties being de-valued) would also be made up in the 3% maximum increase in the tax rate. It is important to note that during the past 7 years, there has been 1 year (other than the revaluation year) where there has been increased value in the "grand list", the other years have been pretty steady or with a slight decrease in value.

Financial Picture

The City has successfully weathered a number of financial challenges over the past year including a weak economy nationwide, a slumping homes sales and job market, a County that is in a fiscal crisis and a State that is facing an unprecedented budget deficit. These factors are like rings surrounding the City, placing increased financial pressure on the citizens of Claremont.

- Although the City continues to grow in service demands, General Fund staffing levels have remained relatively static. The modest staff increases over the past



few years have allowed us to regain some of the staffing eliminated in 2001. However it is challenging to keep pace with service demands.

- Increased costs for services due in part to the higher-than-expected retirement costs to the NH Public Employees Retirement System (NHRS) has caused further stress.
- The City, like every other city and town in the country, continues to struggle with the worse economic crisis in our lifetime. We will continue to be vigilant and frugal in serving the city. It will take the efforts of all of us as we work through this economic crisis.

The anticipated General Fund budget for 2009 is **\$15,489,727**. This represents a 2.4% **increase** in expenses over the 2008 budget. While dealing with increased spending requests, we also face an anticipated **decrease** in revenues in order to meet our target of a maximum 3% increase on the tax rate. It is important to note that we do not inflate our anticipated revenue as a way to balance our expenses. The significant increase in many of our fixed costs such as fuel, gasoline, electricity, sand and salt forced us to take a hard look at what could be cut in this budget. Fortunately, this council approved an additional appropriation from fund balance in the amount of \$640,000 to further enhance our road projects.

*In order to stay within our 3% goal it was necessary not to exceed **\$283,327 in additional funds.***



We achieved this 3.0% increase on the tax rate by making the following changes;

Total Decrease in General Fund Expenses (over requests)	\$280,135
Total Decrease in General Fund Revenues	<u>\$104,254</u>
<i>Net Total that was cut from the proposed budget</i>	<u>\$384,389</u>

City Tax Rate 2008	=	\$12.94
With 3% increase	=	<u>\$.39</u>
Estimated City Tax Rate 2009	=	\$13.33

The City Manager's Office and the Department of Finance sincerely appreciate the cooperation and assistance of the city staff in addressing the financial requirements of the 2009 budget. Many people throughout the organization have put a great deal of effort into this budget.

A handwritten signature in black ink, appearing to read "Guy A. Santagate", with a long horizontal line extending to the right.

Guy A. Santagate
City Manager

GAS/mw