



## OFFICE OF THE MAYOR

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### **BUDGET MESSAGE FY 2017**

President Viscelli, Members of the Council, Ladies and Gentlemen:

Tonight our administration presents its first budget for fiscal year 2017. The formulation of this budget for the City of Rome was a very challenging one, most notably navigating the State's Tax Cap and accounting for revenues budgeted but never materializing in the 2016 budget which created gaping revenue holes going into the 2017 budget process.

Unlike private sector budgeting, revenues are pretty much fixed mainly through property taxes and sales tax, so identifying expense trends becomes tantamount to the entire process.

In building the budget, we must first start with the amount of property tax levy available to us. The actual property tax limit available for fiscal year 2017 City of Rome budget is \$15,466,197 as the threshold property tax available to stay within the mandated NYS 2% Tax Cap when formulating our budget. Our actual 2017 budget Property Tax Levy is \$15,309,409. This budget will be \$156,788 below the mandated 2% Tax Cap.

Upon taking office on January 1, 2016, we immediately instituted cost savings measures to help stabilize the 2016 budget which we felt had been built on wishful revenue forecasting by the previous administration in the areas of solar power savings, and anticipated sales tax from potential retail projects at Griffiss and West Rome which we felt would not materialize nor factor into the 2016 budget year. To that end, we cut almost \$125,000 in administrative salaries of our new administration appointees, terminated an administrative position in the Mayor's office, and then sought to fill vacancies from within our existing employee ranks rather than adding new hires.

In addition, we successfully negotiated a new contract agreement with our Firefighter's Union. A very fair and balanced agreement, included in the negotiated contract settlement the City offered a retirement incentive to stabilize a potential retiree's healthcare contribution at 12.5% until reaching Medicare age, and the Union agreed to not fill the first 6 retirements with new personnel, bringing the required staffing number per shift from 17 to 16. This personnel reduction will begin to show very positive results in fiscal year 2018 and beyond. The administration applauds the members of the Firefighter's Union for recognizing and working with the Administration in a very difficult financial time for the City of Rome.

As previously mentioned, the solar energy projects did not generate anywhere near the \$142,000 in projected savings for the 2016 budget as predicted by the previous administration, nor the land lease payment revenue of \$15,750 as predicted by the previous administration. In fact, the Tannery Road project only became operational in August and the Lamphear Road location is not projected to be online until sometime in October. These two miscalculations resulted in a \$151,750 net loss which has to be recovered in the 2017 budget. Thus, we will not be forecasting any potential savings from solar energy in the 2017 budget as we have no trend line established from which to project solar revenue.

The Administration also sought to look for cost savings in overhead items like telephones, information technology, vehicles, etc. An example is a small, but significant, overhaul of cellphone costs resulting in an annual net savings of \$3800 per year, which over four years will save approximately \$15,200.

In formulating the 2017 budget, the Administration was faced with minimal, but positive, property tax growth with our assessment roll closing \$437,373 in the black, but healthcare costs up \$100,000 and retirement expense accruing an additional \$300,000. Unlike many other businesses, the government must deliver services that require manpower and cannot be automated. In August, we had three water main breaks in a span of 7 days requiring the immediate resources of our Water Department to restore water service, our Fire Department has answered the call on almost a dozen structure fires since January 1, the Police Department has logged hundreds of calls, our Wastewater Department encountered a collapsed sewer and the list goes on. So, our ability to save the taxpayers money, but still deliver the best service possible, must come from a combination of balancing a right sized workforce and the ability to provide the needed equipment to help our employees carry out their tasks.

With all these factors in mind, the original 2017 budget showed a potential 8.39% tax increase. Obviously, this was unacceptable as it required us to go over the mandated 2% property tax cap and required our taxpayers to contribute an additional \$1.65 per thousand. So, we reached out to our Department Heads and asked for further cost savings to help stabilize the budget growth. They were outstanding in providing over \$312,500 in savings across multiple departments to move the tax rate growth in a downward trend and below the mandated tax cap. With a combination of these givebacks and further cost cutting by the Administration, we have mitigated the tax percentage increase to only 1.57%, well below the 2% cap, and only resulting in a less than .32 per thousand tax increase on our already overburdened taxpayers. This is a remarkable feat given the revenue forecasts improperly budgeted for 2016 and the increasing costs of health insurance and retirement.

Subsidies in the 2017 budget remain mostly steady, except for a reallocation of \$7900 from the Senior Citizens Council to the South Rome Senior Citizens Center. The South Rome Senior Citizens Center will be making a significant investment by purchasing their parking lot and gym space area from Transfiguration Church. The South Rome Senior Center services seniors daily by offering a much needed lunch program, a place for programming and socialization and a community meeting room. We applaud the seniors for their continuing commitment to the South Rome area.

In the area of water, the previous administration made the decision to embark on an ambitious Northwest Rome Water Expansion Project. With an \$8.5 million Empire State Development (ESD) Grant in hand as a result of the closing of the Oneida Prison, the project was initially estimated to cost \$9.4 million in 2014. Shortly after taking office in January, we quickly realized this project had now swelled to the \$20 million dollar range with Phase 1 almost complete. Realizing the City could not meet its full obligation through grant monies and/or new user hookup fees alone, the Administration sought Council authorization for additional funding of \$8.9 million dollars to complete Phase 2 to continue the water expansion. In addition to the expansion project, the Water Filtration Plant upgrades were completed, the Water Tunnel project and mandated Ultraviolet Disinfection Facility were all underway. Thus, a rate study was immediately undertaken by this Administration to learn of the effects of the previous administration's decisions pertaining to the water district users as a result of this project. The results are not pretty. A rate increase of 14% will be required to offset the completion of this project through Phase 2 as designed by the previous administration towards the water expansion project.

In reviewing our Water Withdrawal Permit which stipulates the amount of water which can be withdrawn through our Water Filtration Facility, the DEC stipulated and the previous administration agreed to begin the process of planning for residential water metering to be completed in 2020. In our meetings with the DEC Regional Commissioner, this Administration indicated that the community was not informed of the

residential water metering requirement nor prepared to meet that deadline of 2020. It was made clear to us that this requirement was firm, but the DEC would honor our request to push residential metering off until 2022.

Our sewer and refuse rates will remain stable through 2017. The \$2.5 million dollar Martin Street Sanitary Sewer project is on track to be completed this year. Additionally, we have received a \$1 million dollar plus EFC grant and low interest financing toward an approximately \$6 million solids handling project at the Wastewater Treatment facility. However, earlier this year the Department of Environmental Conservation put the City on notice that we needed to formulate a plan to address a long needed corrective action to address deficiencies in the Railroad Street Interceptor sewer line that runs through the Mohawk River. This line is our main sewage line leading to our Wastewater Treatment facility. In our meetings with DEC on this issue, this requirement must be met as a condition of our wastewater permit. Therefore, we have begun the process with design to be completed in 2017 with construction ultimately dependent on grant and financing opportunities which hopefully may be available to the City as we move forward. This administration will also recover \$192,500 in recycling grant money, as the previous administration had not completed the application in a timely fashion to meet the grant funding deadline. These funds will be allocated toward the purchase of the recycling bins two years ago.

In an effort to curb healthcare costs, we will introduce telemedicine to our health insured members in January. With our tight primary care physician market and the lack of available urgent care facilities in our immediate area, members of our City health plan will have access to medical providers 24 hours a day/365 days a year via telemedicine. This will help cut down on unnecessary emergency room visits which can cost upwards of \$1500 per visit or urgent care visits which have a direct cost of almost \$300. Telemedicine visits will allow for diagnosis of common ailments such as upper respiratory infections, sore throats and ear infections and will require no co-pays for our members.

With limited funds available from our City operational budget, this administration has been vigilant in securing grant funding opportunities wherever feasible to help our city continue to develop in a progressive fashion. Since taking office the Administration has secured or re-secured grant funds totaling well over \$1 million for such projects as an electrical system evaluation at the Rome Art & Community Center, funding for park improvements, additional monies to be utilized toward our waterfront, water and wastewater initiatives. We also entered into a contractual relationship with Mohawk Valley EDGE to further our community and economic development efforts. Their expertise has been invaluable in assisting the City of Rome in working with the NYS Empire Development Department to secure the \$1.5 million to demolish and begin the redevelopment project at Park Drive Estates. Engineering design has begun and we are hoping demolition may begin in November. Additionally, as part of this redevelopment project we will work with EDGE to produce a video depicting a redevelopment area encompassing not only Park Drive Estates, but the former Wright Park Manor acreage as well as stretching this corridor to the former Building 240 complex at the corner of Floyd Avenue and Hill Road. This area holds tremendous potential as a mixed use commercial/residential corridor with our beautiful new \$33 million MVCC campus renovation almost complete.

In furthering these grant initiatives, tonight you have legislation before you to apply for a RESTORE grant to assist in the cleanup and demolition of the former Rome Turney Radiator facility in preparation for redevelopment on one of our corridors as well as legislation to apply for Transportation Alternative Program (TAP) funding for Phase II of the Mohawk River Trail.

Tomorrow evening, Kris-Tech Wire will invite the business community to view their new manufacturing facility at Griffiss Park and our Department of Community and Economic Development will kick-off the Erie Blvd. BOA here at City Hall. Earlier this year, we helped Runnings to acquire the former Rite-Aid

Distribution Center for a Northeast Distribution Center. This was a \$2.5 million dollar investment in our community.

The E. Dominick Street streetscape project is nearing completion, and RFPs will soon be issued for completion of the Navigation Center, Race to the Harbor improvements on Mill Street, terminal upgrades including restrooms at Bellamy Park, \$100,000 for the construction of a restroom facility at our softball complex at Haselton Park, demolition of part of the two story structure at 1333 E. Dominick Street as part of our environmental cleanup efforts on that gateway property and roof repairs at the Rome Art & Community Center.

The City of Rome boasts one of the best municipal parks systems in the State. This Administration was very successful in returning a multitude of activities to our parks over the summer season. Heading into the fall and winter season, we are reinstating an adult flag football league which begins play tomorrow night, we will continue to host a multitude of activities at Kennedy Arena, and welcome with the assistance of the Rome City School District the reestablishment of the Stan Evans 5<sup>th</sup> and 6<sup>th</sup> grade basketball league with practice to begin in December and games in January. Additionally, with the assistance of private sector sponsorship we were able to bring back Monday night concerts to the City Hall green area. Attendance grew week to week and we are already planning for next year.

We cannot continue to ignore the condition of our City Hall building. We will be making some announcements in the coming weeks to deal with the leaking and dangerous condition of the curtain wall (the glass atrium in our lobby) and the façade sections of the front and rear of the building. We are anticipating a multiyear project to repair this facility, which has really had no routine annual maintenance since its opening in 1978.

The 2017 budget is built with an eye toward the future projecting out on a multiyear basis with 2018 and 2019 in mind. What stands out most from this budget process, though, is the need for a close review of the revenue side of our budget. Our community leadership in years past has had a tendency to “wish” for projects to materialize which would improve our revenue position. This is just not realistic. Not since the base closure over 20 years ago have we had a real in depth look at revenue. Therefore, I will be forming two Mayor’s Commissions comprised of administration members, Councilors and citizens to study two specific areas: property tax revenue and housing initiatives with the goal of exploring ideas to increase our tax base utilizing realistic expectations. These discussions will have long term impacts on our next several budgets.

Thank you for your consideration of our proposed annual budget for 2017.