

BUDGET MESSAGE FY 2019

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

I am pleased to present the proposed annual budget for fiscal year 2019. The goal of any budget is to provide the resources required to allow our various departments to function at a very high level of service to our taxpayers. Our department heads have been an integral part of the process to craft this budget, and I thank them for their ability to identify potential savings and the ability to get the job done while protecting the bottom line but delivering a quality finished product.

The first consideration in building an effective budget plan begins with calculating our annual debt service. Therefore, in a change this year, we are also presenting the annual proposed 2019 Capital Spending Plan along with the proposed budget. Our Capital Spending Plan provides the basic building block which drives the rest of the budget along as it relates to ensuring our debt service remains at a constant level from year to year, and as we build our capital plan we have taken into account where our debt service will be for at least a three year period of time from the current proposed fiscal year's plan. Once we are comfortable with those expenditures we can confidently move onto the other aspects of the operating budget. It is our hope that by providing the Capital Spending Plan as part of the budget review process, the Council will have the opportunity to review the individual departments' requests along with the proposed budget, as those capital requests serve as a guide to the priorities for the activities of the 2019 fiscal year.

In the realm of the Capital Spending Plan, we are planning for the first phase of projects connected to the Downtown Revitalization Initiative (DRI). We have a solid forecast as to the timing of certain projects based on our continuing conversations with the Department of State as we move along in the process of creating work plans which will lead to individual contracts for each identified DRI project for which the City of Rome will have direct responsibility and oversight. For the most part, the City of Rome will be responsible for design and engineering costs, which are not funded through the DRI directly, associated with city hall, the city green, the Liberty/James parking garage and the Centro transfer station in fiscal year 2019. We anticipate DRI projects will be ongoing for the next two years.

The City of Rome was designated a NYS Clean Energy community, which qualified us to obtain a \$100,000 grant to be utilized toward the purchase of electric vehicles. Applying these grant funds allowed us to purchase 3 electric vehicles. This is one example of a program which has assisted us in keeping our capital borrowing under control but not sacrificing the replenishment of our vehicle inventory.

Three revenue sources are the primary drivers of the annual budget, property taxes, Aid and Incentives for Municipalities (AIM) funding and sales tax. All municipalities must comply with the mandated NYS 2% property tax cap. The property tax levy available to the city for 2019 is \$15,966,692. The general city assessment roll has increased \$3,781,610 which makes the actual budget property tax levy \$15,267,813 resulting in the 2019 proposed budget being \$698,879 below the mandated 2% tax cap. AIM monies available to the City of Rome continue to remain at the 2008-2009 level of \$9,083,340. Sales tax is on course with our 2018 projections and we propose a modest increase of 1% in the 2019 forecast.

Solar power revenue estimate for 2019 is \$469,567 but when offset against the cost of solar power providers it is essentially a breakeven line item. Therefore, not accounting for solar revenue or expense, overall revenues are increasing to \$754,876 with appropriations decreasing to \$703,640 resulting in a \$51,236 reduction in the reserve required to balance the 2019 budget. While a modest decrease, it is important that we continue to pay attention to this number and continuously hope to reduce it.

We began implementing retirement incentives and controls in new employment hiring dating back to 2016, which results in a \$70,000+ savings in retirement contribution. In addition, our department heads have done a much better job of regulating out of title pay.

Healthcare continues to be a concern for all municipalities. Due to negotiating a more favorable rate, effective claims management and continued proactive management of the pharmacy component, we anticipate a significant savings of almost \$300,000 in the city's contribution toward our self insured plan along with our very successful implementation of the telemedicine program which has seen a steady 20-25% increased use of the service year over year from 2017 to 2018, and we anticipate the usage to continue on a 20-25% rise in 2019 resulting in almost \$200,000 in savings from unnecessary emergency room visits, urgent care visits and office visits for common illnesses.

Next year will be the first full year of implementation of the city's new telephone system. The new Cisco Voice over IP (VoIP) technology will help us realize savings of approximately \$3520 per month or over \$40,000 annually while increasing our ability to communicate in any work setting whether onsite in the office or offsite in the field.

In an attempt to better service our municipally owned facilities, we eliminated our Parks Working Foreman and created the position of Supervisor of Buildings and Grounds in the late spring. This has led to more efficient management of buildings and grounds maintenance personnel, consolidation of other functions, better recordkeeping and maintenance scheduling with all of our facilities represented under one department.

To this end, over the last three years we have stressed the importance of preventative maintenance with a proactive approach throughout our city departments. We are better utilizing our talented personnel from DPW, Water, Sewer, Buildings and Grounds to tackle repairs of our municipally owned facilities through identification and prioritization of repairs, as well as sharing services and equipment utilizing our city resources. In turn these repairs, which were once performed by outside contractors, are now completed within our own city workforce saving thousands of dollars for the taxpayers.

Earlier this year, the Fire Department reported that our reserve pumper truck had a critical frame issue which rendered the truck out of service. The cost of repair for the frame issue alone would have been \$20,000 on a truck which already had 100,000 miles of service time. Chief Brement identified a truck being sold by a fire department in Pennsylvania with 15,000 miles of service time. The Chief and department personnel went to Pennsylvania personally inspected the truck, and working along with the Council the city was able to purchase this truck for approximately 10-15% of the cost of a new pumper truck, which would have been almost \$560,000. Instead we were able to acquire this vehicle for approximately \$60,000. This is another success story of our personnel being proactive in purchasing required equipment, but exploring all options available to make informed decision of new versus preowned.

Last year we outlined a program to move all of our Information Technology infrastructure under one roof at city hall. M.A. Polce has just about completed the move of Police and Fire technology resources to city hall, and in 2019 we will complete this project with the addition of a couple one time expenditures to our IT structure to initiate some better performing IT platforms and archiving capabilities which will carry us

into the future, as well as introducing Informacast an emergency response alert notification software to our new telephone system.

We have seen a continuous upward tick in the number of building and plumbing permits throughout the city. Our building inspectors have experienced a 20% increase in project inspections in 2017 and 2018 and we are on target to increase that number even further in 2019. Thus, we will be adding one assistant building inspector position to keep pace with the level of new development/rehabilitation occurring in our city with the additions of new building projects such as the DePaul Properties DeWitt Clinton Apartment complex at 80,000 square feet, Colonial I reconstruction, Kris-Tech Wire and Deployed Resources expansions as well as a 32,000 square foot NYSTEC facility at Griffiss. Looking forward to 2019, some of the larger projects include Coldpoint adding a 50,000 square foot manufacturing facility, various projects associated with the DRI, Colonial 2 reconstruction and more.

A major impact on the personnel side of our budget has been the continued increase of the minimum wage. Although municipalities are exempt, we were greatly hindered in 2017 to hire qualified summer workers for our parks, recreation and swimming pool programs. Thus, in 2018 we were forced to readjust our seasonal rates to cope with the rise in the minimum wage and we have another adjustment budgeted in 2019 to remain competitive, as the wage continues to rise in New York State, in attracting a quality workforce to serve our youth, mow the many miles of lawns in our parks, provide lifeguards at our city swimming pools and maintain city owned infrastructure. Additionally, we have raised the hourly rate by .50 for our crossing guards who have not seen an increase in their wages in many, many years. We are very appreciative of the important work they do each day to ensure our school children who walk to school arrive safely.

Our water and wastewater departments are extremely busy with the addition of mandated UV disinfection projects at both facilities along with dam repairs at the water filtration plant and wastewater facility currently upgrading the solids handling area and preparing for the installation of a new main interceptor line. The public works department and the Council have been working very hard over the last two years to get a better handle on our garbage and recycling container inventory as well as studying the needs of our commercial customers versus our residential customers. To help with those ongoing efforts and continued research into our current waste management practices, we will be adding a Refuse Coordinator. The information gathered will be critical to our efforts to craft a Request for Proposals for waste management as our current waste management agreement is set to expire in December 2019.

Budgets are developed with historical data, a sense of needs and mandates. The mandate for the Administration is to ensure we provide the necessary equipment and resources required for all departments to function efficiently and effectively while maintaining a high level of services. Our goal is always to develop a zero based budget while maintaining our necessary services. We were able to achieve that last year, and I am happy to report that in 2019 our overall tax rate will also remain stable with a zero percent tax increase and no change in the tax levy with the inside district actually decreasing approximately .04 as well as a stabilization of our water and sewer funds also with no rate increase required.

As mentioned above, our city will embark on many exciting projects in 2019 and this budget provides the roadmap necessary to ensure our city's financial stability.

Thank you, and God Bless our great City of Rome!