



OFFICE OF THE MAYOR Jacqueline M. Izzo



BUDGET MESSAGE FY 2020

This evening I am pleased to present our fourth budget for the City of Rome for consideration by the Common Council.

We have been sustaining and building financial momentum over the last three budget cycles. We are able to deliver a high level of services to our community, while not sacrificing the level of excellence our citizens deserve.

Budgets are forecasts of tasks that will be required to continue to move our city forward with operational issues like infrastructure improvements, public safety enhancements, economic development projects, quality of life offerings, maintenance and replenishment of equipment necessary to maintain our buildings and grounds.

Through steadfast cooperation of our department heads, we have been able to achieve a steady level of operational efficiency coupled with paying strict attention to the impact on the bottom line.

As has been our practice over these last four years, this budget has been crafted based on the requirements of our Capital Improvement Plan. Our goal is to maintain level debt service payments year over year while avoiding large spikes in capital spending. This formula allows us to maintain predictable debt service repayment over several budget cycles. Once again, we are presenting the final Capital Improvement Plan along with the 2020 proposed budget for your review. The Capital Improvement Plan has been carefully scrutinized department by department and has been pared down to the essential items that we can afford for 2020 while still ensuring we are providing the equipment required so that our employees have the tools necessary to complete their many work related tasks.

Obviously, revenue plays a big part in formulating an operating budget. We have been laser focused over the last four years on economic development, both commercially and residentially. Our real estate market has been very robust over the last 24 months, and continues to grow with four different builders committed to new housing starts totaling over \$60 million dollars of new investment in our community. Thus, the inside district assessment roll is up over \$3.5 million dollars and the general fund is up \$2.5 million increasing the total tax levy an additional \$58,503.

The Treasurer's staff has done a great job this year leveraging our interest income to take full advantage of current economic conditions. Interest on invested funds is expected to be around \$173,000 in 2019, and we are conservatively forecasting invested funds to bring in \$135,000 of additional revenue to the 2020 budget, which represents an additional \$52,500 versus the forecasted 2019 budget figure.

Sales tax is again growing at a healthy rate for 2019 increasing to date at 4%, a \$206,925 increase, continuing the trend we have seen since 2017 of increased spending in our city. In analyzing sales tax receipts, there are more opportunities to purchase gasoline and sundries in strategic locations throughout Rome, along with homeowners continued reinvestment in their residential properties.

Health insurance is not a predictable science, but again through conservative budgeting, the addition of telemedicine and the continued introduction of generic drug options to the marketplace, we have been able to control costs and will realize a \$463,000 decrease in health insurance expenses.

Upon taking office in 2016, the unassigned fund balance was considered somewhat stagnant. While holding the line on spending, we have also consistently increased the unassigned fund balance by returning over \$2.3 million in budget surpluses for total unassigned fund balance of \$3,665,793 and a total fund balance of \$12,621,000.

Vehicle expenditures is one of the most expensive endeavors in any municipal budget. We spent the better part of this year researching leasing versus continuing to purchase under our Capital Improvement Plan. Realizing that vehicles are depreciating assets, we have determined and confirmed by an independent study conducted by Fiscal Advisors that leasing is a far more attractive option for better cash flow, significant savings by removing vehicles from a purchase option to a lease option and a more comprehensive fleet management program turning vehicles over on a 3 to 5 year cycle versus an 8+ year hold, which drastically reduces maintenance costs, improves safety for employees and allows better coordination of vehicle plans. The total net savings against a comparable \$380,000 capital expenditure is \$313,085, with the greatest savings in the police department along with the department actually being able to turn their fleet over in greater numbers of vehicles achieving better operating efficiencies. Over 10 years, a conservative analysis predicts over \$1 million in savings to the city's bottom line for the entire fleet required by all departments.

Another substantial cost driver to the budget is retirement contributions. After analyzing our retirements and new hires, we foresee a decrease of \$100,000 and retirement contributions for 2020.

We are carefully monitoring solar revenues versus expenses. Due to National Grid expenses decreasing, solar is trending toward a negative revenue effect in the sewer and water funds in 2020. The longer term outlook predicts a negative revenue position for solar credits across all funds in 2021.

All in all we are in very good shape entering 2020 and will for the third year in a row hold the line on property taxes with a zero percent increase as well as no rate increases in the sewer and water funds.

2020 will be another exciting year of growth for our city, and we look forward to the challenges ahead.

Thank you, and God Bless our wonderful City of Rome.