

**BUDGET MESSAGE  
FY 2021**

We began 2020 with much anticipation and excitement. As a city, we had made significant progress toward a better economic future with new housing starts, manufacturing and commercial development and for the first time since Griffiss Air Force Base closed its flying mission a real opportunity to grow our population and tax base.

Then in March, 2020, the country faced an economic shutdown not seen in over 100 years due to a pandemic. The coronavirus had seemingly come out of nowhere disrupting our normal every day life. On March 16, 2020, we were forced to declare a State of Emergency in our city and begin the process of shuttering businesses, reducing density in the workplace by transitioning to remote working, and asking people to physically distance, wear masks and wash their hands.

Today, we still face many of these pressures and we have undergone many changes in our city over the last eight months. Two months into the forced economic shutdown, the New York Association of Counties (NYSAC) estimated in May 2020 a full year loss in sales tax revenue for Oneida County of 9.3% in a so called "Milder Recession" and a 22.4% loss for a "Severe Recession".

The first sales tax reports were alarming showing the City had incurred an average loss of just under 30% compared with the same period for 2019. We took bold action to begin recovering funds to mitigate the possible economic damage to the fiscal year 2020 budget. We immediately implemented a hiring freeze, mandated 10% reductions in all departments and laid off all part time and temporary employees. Unfortunately, New York City became the epicenter of the virus forcing unprecedented spending on healthcare supplies and response downstate creating a crisis situation for the state's finances. The Governor authorized the budget director to begin withholding 20% of annual funding to municipalities, schools and hospitals. In response to this ever-changing financial picture, the City in conjunction with local CSEA and local 1088 bargaining units entered the New York State Shared Work Unemployment program to protect full time salaried employees and ensure their benefits, most specifically health insurance, would remain in place. In all, 80 full time employees have been participating in the Shared Work Program since June 1.

We applaud our employees and department heads for implementing these changes quickly and efficiently, putting the City's needs first before their own. The resultant savings for the 2020 budget is over \$1,000,000 in the General Fund and \$230,000 in the three enterprise funds. However, this did not come without a great deal of sacrifice and compromise. We have only been working at 60% staffing throughout the city since June 1; many routine public works projects had to be shelved so that we could provide the highest quality services routinely, we were unable to staff our parks or offer summer programming and we did not hire any temporary summer help to augment our full time staff.

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All of this is of great importance, and mention of the 2020 budget will be made often, because some of these strategies will become part of our 2021 fiscal year budget planning.

We had requested more time to formulate the 2021 spending plan for several reasons:

1. We needed to see more sales tax numbers to gauge our economic recovery.
2. The Governor while withholding 20% of aid funding to municipalities has signaled that the funds are only “withheld” and not permanent cuts. Just recently, the Governor has indicated that a final decision on whether Aid and Incentives for Municipalities (AIM) funding will become a permanent cut will not come until after the November election.
3. The possibility of federal stimulus for local governments, which to date has not materialized.
4. All of our financial decisions with direct impact on the 2020 budget were made with 2021 in mind, namely we were well aware our residents could be struggling financially and the city needed to do everything possible to hold our property tax situation in check to the best of our ability.

With this important funding information, we were able to lay down the financial principles of the 2021 budget. As you are well aware, municipalities are bound by law to present a balanced budget by year’s end.

Fortunately, our economy appears to be on its way to recovery. The latest sales tax revenues show a steady improvement from February to September. It appears the dire economic predictions earlier in the year will not materialize. Instead, we are gradually rebounding with sales tax revenues recovering to +/- 1% over 2019 at this point in time. This is great news for our city because all of our early decisions to manage this crisis from a financial standpoint will ensure we can cover the loss of sales tax revenue.

However, because New York State has still not reached a conclusion on AIM funding and the federal government has not reached agreement on possible federal stimulus to local municipalities to mitigate virus revenue losses, we most likely will not be able to factor any potential financial impact until the latter end of the 2020 fiscal year, nor of any direct economic impact on the 2021 fiscal year until later this year or early next year. Importantly, the New York State fiscal year is April 1 through March 31, a full quarter behind our operating budget so some of these decisions may not be known until early 2021. Therefore, we must forecast the 2021 budget with the best information available at this point in time so AIM funding will remain flat in the proposed budget.

Mainly due to the uncertainty of AIM funding and the difficulty of predicting a second wave of virus this winter and its possible economic impact, we will be employing many of the same strategies utilized in 2020 through 2021. We will continue to manage our full time workforce with the intent of avoiding direct layoffs or furloughs. We will be returning all of our employees to full time status by November 30, 2020, and will continue to reevaluate our budget situation when the state and federal governments make decisions, which will directly affect our day-to-day operations. We will continue with a hiring freeze, except for a few select situations, but absolutely no new hiring until firm funding decisions are made by the state and federal governments.

Department budgets have been drastically scaled back for FY 2021 and only the most necessary supplies and equipment have made the final budget proposal. Again, we will continue into 2021 to hold the line on

the purchase of supplies and services until we understand the possible ramifications of AIM funding and/or federal stimulus funding.

Over five years, we have watched our debt service very closely as we begin to build out the budget. With this in mind, the Capital Improvement Plan, will be very minimal for 2021. Fortunately, due to being proactive over the last few years our fleet is in good shape. The police department will continue with their yearly vehicle rotations, but the only other vehicle to be replaced will be the oldest truck, 2006, in our snowplow rotation completing the replenishment of our snowplow machinery.

Our intention is to offer a full parks and recreation program next summer and to increase activities at Kennedy Arena. However, all of this is subject to virus conditions and will be reevaluated if there is any decrease to AIM funding.

We will not compromise in the area of public safety. We currently have eight recruits in the police academy and will be hiring more officers next year to fill authorized positions. The fire department added seven firefighters to its ranks this year and remains extremely busy with not only fire response but EMS services as well.

A priority coming into office five years ago was to rebuild our unrestricted reserve to deal with any potential budget crisis. The importance of this has been at the forefront this year with the coronavirus changing the economic condition of every city and county throughout the country. We ended 2019 with our 3<sup>rd</sup> straight year of surplus, and have been slowly building our unrestricted reserve to assist with a future budget crisis. Due to our ongoing fiscal mitigation measures, we will not tap any further into our reserves at this time to plug any holes created by revenue losses. We have recovered those with our cost cutting measures.

I am pleased to report that despite all of the twists and turns economically, we are presenting a budget with no property tax increase. This is a testament to our department heads and employees that we are able to keep the property tax rate steady because it came with much sacrifice.

Our water rates will remain steady for 2021. Various mandated improvements, such as a new ultraviolet light facility, which filters wastewater, will require a slight increase in our sewer rates next year of 5.75%. Refuse rates have not been adjusted in the city since 2007. Due to increased costs of doing business over 13 years, the refuse fee will increase by \$50. Even with this increase, the City of Rome refuse charge still remains lower than any private hauler service, residential or commercial.

We remain in a period of economic uncertainty related to the ongoing pandemic, but we are committed to delivering the highest level of services at the best possible cost to our residents. There will undoubtedly be many more challenges throughout 2021, but we have planned to the best of our ability to mitigate any revenue uncertainties, which may arise, with this budget proposal which balances our delivery of services with retention of our workforce.

It is a testament to our citizens that we have kept our coronavirus rates very low in our city and county, and as we enter the winter season, it is imperative that we continue to wear masks, socially distance, meet in small, familiar groups, wash your hands and keep our most vulnerable population safe.

My wish is for everyone to remain safe and healthy, and God Bless our great City of Rome.