

**2018 Budget Address**  
*by Mayor Richard C. David*  
Wednesday, Sept. 13, 7:00 p.m.  
Binghamton City Council Chambers

**INTRODUCTION**

President Mihalko, members of City Council, honored guests, and fellow residents; thank you for joining me tonight as I present the 2018 Budget Message.

Just a few weeks ago, the City of Binghamton celebrated a first. We opened the first homeless veterans housing project in the Southern Tier at 27 Pine St., part of our ongoing commitment as the first U.S. city to end veteran homelessness.

The 10-unit building is currently filled, fulfilling a moral and patriotic duty to provide for those who defended our freedom in service around the globe.

The project took collaboration and imagination. Building coalitions with housing experts and support service providers. Coordinating with officials at all levels of government and private sector sponsors who were eager to get involved. Focusing our scarce federal grant dollars on a worthy project.

We can all get behind the result — a fully renovated and safe home that takes homeless veterans off the streets and connects them with the support services they need.

I'm sharing this tonight for two reasons.

First, I couldn't be prouder of this project — what it says about the City of Binghamton and its partners on the front lines of this national priority. But more importantly, it's a symbol of what government should be doing with the resources we have.

I recognize that leading Binghamton for four years — or eight years — is a short time in the lifespan of a city. Every budget presented must put the long-term needs of residents and taxpayers first and have a real and lasting impact on our community. We must ask how decisions are good for today's fiscal health and build a stronger foundation for the future.

In our first three budgets, this Administration has delivered for residents. Along with providing relief to Binghamton's property owners, we've made smart investments in public safety, infrastructure and improving neighborhood quality of life. We're reducing taxes and creating innovative and lasting ways to save taxpayer dollars.

Tonight, I will provide a clear picture of the 2018 budget, the state of our City's finances, the challenges ahead and what it means for our neighbors and businesses who call Binghamton home.

**REVENUES:**

Let's begin with revenues. The City's largest source of revenue — property taxes — amounts to \$35.9 million. State aid for next year will remain flat at \$9.2 million. Other significant areas of revenue include departmental earnings of \$3.7 million and \$1.7 million in Community Development Block Grant, or CDBG, funding. These funds are provided by the U.S. Department of Housing and Urban Development to enhance neighborhoods and assist those in poverty.

Sales tax, at \$10.75 million, is the City's second-largest form of revenue.

Some time ago, Broome County changed the 50/50 sales tax distribution formula in favor of the County, which at the time was dealing with rising Medicaid costs. Over the years, millions of sales tax dollars that belonged to the City and other municipalities went to Broome County. This lost revenue could have been used to fund police officers positions, park improvements and blight demolitions.

I'm one of many officials who had been strongly urging the County to share more sales tax with municipalities. Late last year, County officials announced they would return the formula to a true 50/50 split, allocating more than \$2 million in additional sales tax revenue to municipalities, which translates into a roughly \$300,000 increase for the City of Binghamton on an annual basis. This just didn't happen; this was the result of a hard and protracted fight.

This new allocation, the result of an effort led by Broome County Legislature Chairman Dan Reynolds, will help address many of our local government challenges. Chairman Reynolds understands what these scarce resources mean. On behalf of all City residents, I thank him and Broome County Government for the change.

**EXPENDITURES:**

On to expenditures. The overall City budget is comprised of the General Fund, the water and sewer fund, the refuse fund, insurance fund, parking fund, and community development fund. The total 2018 City of Binghamton budget is \$93.4 million. The General Fund budget is \$65.5 million. This is the budget that directly impacts the property tax rate and the one I'll be discussing in depth this evening.

Some of the more significant areas of spending in the 2018 General Fund budget are public safety at \$22.8 million, employee benefits at \$18.8 million, \$6.7 million in debt service payments, \$6.5 in general government operations, \$2.7 million for transfers to other funds and \$2.4 million for parks and recreation.

With annual increases in union-negotiated salaries, managing these expenditures is no easy task. Salaries and employee benefits represent the largest expenditures in the City budget. When you combine police and fire protection, these departments represent 72.8 percent of the General Fund budget for salaries.

Next year's budget includes \$10 million for health insurance costs.

With the creation of a new high deductible insurance plan in 2017, we've netted significant savings for both members and taxpayers. As a result, in 2018, we have again budgeted a minimal increase in our health insurance costs year-to-year. As more employees who are insured on older and more costly plans retire, the savings from this shift will be even greater.

The City's mandatory annual contribution to the New York Retirement System, the portfolio in which all public employees' retirement funds are invested, has been a fiscal challenge for decades. In 2018, the City's pension bill is an estimated \$6.5 million. While the City's pension contribution increased last year, the City's contribution will decrease in this budget cycle by \$174,000.

### **HEALTH INSURANCE & PENSION RESERVE ACCOUNTS**

As has been said many times by several mayors, health insurance and pension expenses are the two largest factors that increase the City's annual budget. As we've seen over the last 15 years, these increases can be unexpected and unpredictable. They can cripple taxpayers if those at City Hall are not prepared.

This chart shows how quickly pension costs have increased. In the past, those costs were passed onto the taxpayers. From \$221,000 in 2001 to \$7.3 million in 2013. These spikes were among the reasons residential taxes increased by more than 52 percent from 2007 to 2014.

Although pension costs have stabilized, they will increase again in the future. I want to make sure the administrations that follow — and more importantly the taxpayers — are better protected when these major expenses spike again, even if it is long after I'm out of office.

For this reason, the City will create reserve accounts for health insurance and pension costs. Similar to the Fund Balance, these accounts will accumulate unspent funds on an annual basis. These funds are restricted and can only be used to address increases in their respective areas.

By stabilizing health and pension expenses, we can put an end to the scenarios that led to the wild tax swings that occurred under the previous administration: a 7.65 percent tax increase in 2008, a 14.2 percent increase in 2009, an 8.2 percent increase in 2010, and a heavy reliance on the City's reserves for government operations.

These massive tax increases made it harder to buy or sell a home in Binghamton and have negatively affected economic development opportunities. Simply explaining to the public that costs are going up isn't the same as putting in place a plan that addresses them.

### **ESSENTIAL SERVICES**

The City of Binghamton is home to the largest local law enforcement agency and fire department in the Southern Tier. These vital services require immense resources and financial support.

Just last week, we announced that, for the first time ever, the Binghamton Fire Department has received a Class 1 rating from the Insurance Services Office, or ISO, the highest rating given out by the organization. Binghamton is one of only six fire departments in New York State to earn the top designation. Better ISO scores result in lower insurance rates for commercial property owners.

From management, emergency communications and training, to incident management and fire hydrant maintenance, our Fire Department joined an elite class, rising to the top tier of the 2,000 departments across New York State.

I applaud Chief Dan Eggleston and every member of the Fire Department for their hard work, dedication and service to our City. Binghamton residents deserve the best emergency services possible, and that's exactly what they're getting.

This Administration's annual budgets have demonstrated a commitment to our public safety professionals. The last three budgets have seen significant investments in new equipment and training for our police and fire departments.

All patrol officers are now equipped with body worn cameras, and we've added 40 cameras to patrol cars to enhance transparency and accountability, and to protect officers. We've secured grants for community policing, overtime for gang investigations and park patrols, and S.W.A.T. team training.

In November, 14 individuals will graduate from the Broome County Law Enforcement Academy to join the Binghamton Police Department. These new recruits enter a policing environment with new demands. These days, police officers are part neighborhood protector, social worker and community liaison.

I've made no secret my fierce criticism of the previous administration's decision to cut 20 police officers in eight years. Some have called the cuts a tough decision. I call it the wrong decision and one that compromised the ability of our officers to engage in proactive policing, take criminals off the streets, and put drug dealers behind bars. These cuts were made in the throes of an opioid crisis, the root cause of so many property and violent crimes in Binghamton, and the loss of too many of our neighbors and loved ones.

In our first three budgets, we've restored seven police positions, including two for the patrol division and two for the Community Response Team, the specialized unit focusing on proactive neighborhood policing. We even worked with Binghamton University and the Binghamton City School district to pay the salaries of three resource officer positions, creating a models for other school districts and college towns to replicate.

Public safety is the most important role of local government.

As I've done since 2014, I will continue to build back the ranks of a police department devastated by the elimination of 20 positions in eight years. Residents deserve investments in public safety personnel and our police deserve a full complement of officers.

We'll hear soon on a pending grant application through the U.S. Department of Justice COPS program, which would fund two new police officer positions in 2018.

But we can't pin our hopes on a grant. So regardless of the outcome, our 2018 budget adds two additional police positions, expanding the police department by nine officers since I took office.

In those last three years, under an expansion in police personnel, Binghamton has seen a 14 percent drop in property crimes — a thousand fewer crimes over three years. Overall, 2016 had the fourth-lowest crime index in the 27 years of available F.B.I. data.

Just last week, Special Investigations Unit officers took down two major drug dealers, in possession of 77 bags of heroin packaged for sale, 43 bags of crack cocaine, unpackaged heroin, cocaine and \$1,500 in suspected drug sale proceeds.

These additional police resources are working, curbing crime and locking up drug traffickers peddling poisons in our community.

## **INFRASTRUCTURE**

As we bring to a close this Administration's fourth construction season, Binghamton continues to lead the region on comprehensive upgrades to our transportation infrastructure.

Spending more to pave streets and provide a smooth driving surface for residents and visitors — is actually about saving money. According to Cornell University's Local Roads Program, for every tax dollar spent maintaining infrastructure today, four to five dollars is saved in future repairs.

In 2010, the City of Binghamton paved just three miles of streets. Imagine how much in deferred maintenance costs taxpayers have shouldered since 2010 because infrastructure was neglected.

This construction season, crews have milled, paved and reconstructed dozens of streets across the City, surpassing our goal of 15 miles in 2017. With this pace, the City should be able to improve a vast majority of our 150-mile transportation infrastructure system on a 10-year cycle. That also happens to be the lifespan of an average mill and pave project.

The East Clinton St. Bridge is entering its final phase of a full-rehabilitation. The City had secured NYSDOT and Federal Highway Administration funds to cover 95 percent of the \$1.9 million project. The project scope includes replacement of all expansion joints, concrete deck overlay and sidewalk repairs, and rehabilitation of existing decorative arches and lighting fixtures. Nearly 20,000 vehicles per day cross the East Clinton St. Bridge. The last major work on the bridge was in 1992.

This fall, the long-awaited \$5 million Front St. Gateway project will break ground. Full street reconstruction, new curbs, sidewalks, period lighting, and water and sewer upgrades will start soon. This money was secured in 2005. Taxpayers will finally see results on by far the worst stretch of road in the City of Binghamton.

In 2018, \$8.1 million is budgeted for street reconstruction, bridge projects, mill and pave, and underground utility improvements.

Downtown streets like Chenango St. and Pine St. will receive significant work, as will neighborhood roads like Brook Ave., Crary Ave. and Ely Park Blvd. South Side bridges over Pierce Creek at Conklin Ave. and Belden St. will also receive significant work.

### **USE OF COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (CDBG)**

Our Community Development Block Grant, or CDBG, funds will continue to improve neighborhoods next year. These funds are essential — advancing special projects without burdening local taxpayers.

In March, when President Trump announced plans to eliminate the entire CDBG program, I joined local human service providers and a coalition of America's mayors to oppose such a plan.

CDBG is one of the most transparent and effective ways the federal government can invest in local communities. In addition to providing local control of how funds are spend, CDBG is built for targeted investments to improve neighborhood quality of life. The projects that are most popular with Binghamton residents, such as demolitions and street repairs, are the same projects that would be cut under the President's plan.

While the long-term future remains uncertain, in 2018, the City will receive \$1.7 million in CDBG funds.

Nearly \$300,000 is targeted towards public infrastructure improvements and paving neighborhood streets. \$100,000 will fund parks upgrades.

More than \$210,000 will go to support Code Enforcement services such as code sweeps and crackdowns on vacant properties.

\$200,000 will fund blight demolitions for neighborhood eyesores, supplementing \$50,000 in local funds next year to support this administration's War on Blight. Vacant properties attract criminal activity, hurt property values and bring down neighborhood quality of life.

Among other human service programs, CDBG funds will continue to support Fairview Recovery's Intensive Care Navigator program for those battling heroin addictions. Normally,

individuals have a 60 percent success rate in reaching long-term care after checking out of a crisis center. Participants in this program have a 90 percent success rate.

Other federal entitlements in the HOME Investment Partnerships, totaling \$357,000 and Emergency Solutions Grant at \$156,000, will support housing rehabilitation, new affordable housing developments and efforts to end homelessness in our community.

### **PINK STICKER**

A few weeks ago, I announced a proposal to eliminate the pink bulk item sticker in 2018. Currently, residents wanting to dispose of items too large for garbage bags must purchase and affix a \$3 pink sticker to all items.

Many residents either could not afford or outright rejected the additional pink sticker fee imposed in 2011, and instead chose to stockpile trash on front porches, in backyards and in garages, negatively impacting the quality and cleanliness of City neighborhoods. In extreme cases, trash even piled up inside homes, causing health and safety issues for children and families.

This announcement came on the heels of “Operation Clean Sweep,” our recent free refuse collection program that suspended pink sticker and blue garbage bag rules. Public Works crews collected 910 tons of garbage, roughly three times the amount collected during the same two-week period in 2016.

By removing bureaucratic barriers — like the pink bulk item sticker — we saw better compliance and participation in cleanup efforts. The data generated from this successful initiative validates the elimination of the bulk item sticker.

While the program generated roughly \$60,000 in annual revenue, it didn’t work as intended and made residents feel 'nickel-and-dimed' by City Hall.

I’ll be providing City Council with a letter from the Broome County Health Department, which fully supports my plan to repeal the pink sticker. They have the health and safety of residents at heart, and have seen stockpiles of bulk items creating unsafe environments and rodent harborage in our neighborhoods.

Unfortunately, the architects of the pink sticker program, including former elected officials, are intent on keeping the stickers in place. I call on City Council to pass my proposed legislation next Wednesday and eliminate the pink sticker in 2018, and I ask City residents to make their voices heard by calling or e-mailing your council representative to ensure the pink sticker becomes a thing of the past.

Whether it be extending City Hall’s business hours, installing customer friendly downtown parking kiosks, creating a smartphone app to report issues like potholes, or repealing the pink

sticker program, we've worked to make resident interactions with their local government friendlier and easier.

Finally tonight, I'd like to discuss four broad policy changes that will have long-term impacts on Binghamton's budget and taxpayers: grants, debt, fund balance and taxes.

## **GRANTS**

We can't build the community we want solely on the backs of our local tax base.

In the past, local leaders failed to form important relationships with state officials and advocate for Binghamton's share of funding. These missteps had a direct — and negative — impact on the City's ability to land outside dollars to advance large-scale community development projects to improve our infrastructure, broaden our tax base and enhance our quality of life.

From the beginning of Senator Fred Akshar's term, he has delivered significant resources for the City of Binghamton. He secured funding to tear down the blighted Collier St. Garage and landed \$2 million to upgrade NYSEG Stadium — a public asset owned by our taxpayers — with new infrastructure and amenities.

On the City's North Side, \$300,000 in state funding will help triple the footprint of the Lee Barta Community Center thanks to Sen. Akshar — empowering hardworking families to pull themselves out of poverty, reach their education goals and improve quality of life. We'll break ground in a few short weeks.

Sen. Akshar also secured \$750,000 to boost Binghamton's infrastructure budget this year, providing an additional mile of neighborhood street paving, underground utility upgrades, and curb and sidewalk repairs. Work is underway on streets right now — like Downs Ave. and La Grange St.

Thanks to Sen. Akshar and Governor Cuomo, Binghamton received hundreds of thousands of dollars in Restore New York funding to demolish the former Big Lots Plaza, transforming this blighted property into a shovel-ready asset poised for redevelopment. That work started last week.

You're starting to see our pattern here. Identify projects, fight for our share of funding from state officials and agencies, secure that grant funding and take action to complete the projects.

There are multiple projects on the horizon which will follow the same formula, again leveraging state and federal resources for local projects.

Attorney General Eric Schneiderman will again fund blighted property demolitions within the City of Binghamton through his Land Bank program. Six properties in the City will be torn down or rehabbed with land bank grant funding. Also underway are A.G. grant programs to better map and analyze property data, as well as crack down on vacant 'zombie' properties.



We've landed significant funding for green projects, including a \$1 million prize to engineer a sustainable downtown energy grid and a \$250,000 grant to fund a future green energy project, part of Binghamton's award as a NYSEERDA "Clean Energy Community," announced a few weeks ago.

Since 2015, the City has secured more than \$20 million dollars in grant funds. That simply would not have been possible without raising Binghamton's profile in Albany and having a leadership team at City Hall with a track record of getting the job done.

### **DEBT REDUCTION:**

Historically, local government officials typically focus on a one-year budget cycle. But my focus is not only 2018, or the next four-year term, but positioning City Hall's finances to a stronger long-term position than when I first took office.

One major step we will take to accomplish that goal is focusing more aggressively on debt reduction. In the 2016 and 2017 budgets, the City paid off more debt than it borrowed. We're going to that again in 2018.

Excluding projects reimbursed by state or federal funding, in 2018 the City will borrow \$4 million, primarily for infrastructure, flood mitigation projects and neighborhood street work, while paying off \$4.8 million in debt principal — an \$800,000 difference.

We've identified 10 projects for which the City previously borrowed money, and we will pay them off ahead of time, meaning not a dollar more in interest or fees will be paid. We'll save \$260,000 over 10 years, and even more if interest rates continue to rise.

This will impact City finances many years after I'm out of office. In fact, the savings won't start being realized until 2019.

### **CONSTITUTIONAL TAX LIMIT**

The City's Constitutional Tax Limit is something I'm concerned about and is an area we monitor closely. In short, the tax limit essentially limits how much a municipality can raise taxes.

From 2007 to 2014, the City's constitutional tax limit went from 79.47 percent to as high as 92.9 percent. Here's why that matters: New York State takes fiscal control of municipalities whose constitutional tax limit exceeds 95 percent, removing all local control of finances.

Our success in lowering taxes, reducing debt and paying cash for equipment instead of borrowing long term, among other measures, has lowered the constitutional tax limit to approximately 89 percent. Much more has to be done, but it's progress in the right direction.

## **FUND BALANCE:**

When I took office, the City's General Fund Balance, or reserve, was approximately \$9 million. At the end of 2017, we expect to close out the year with an approximate balance of \$20 million dollars. That reserve amount, according to the State Comptroller's Office Fiscal Stress Monitoring Score, now puts Binghamton above the ideal Fund Balance range based on the size of our budget.

This chart shows how much Fund Balance has been used annually since 2007 as part of the daily operational budget. Depending on the year, the number ranges from zero to \$1.8 million to balance to budget. That doesn't include million of dollars in tax increases that were levied.

## **PROPERTY TAXES: RESIDENTIAL & COMMERCIAL**

Binghamton is the highest-taxed city in New York State, thanks to decisions made from 2006 through 2013. We lead the nation in property taxes compared to home values. There is no financial issue more pressing than Binghamton's tax rates.

It affects businesses' growth and job creation, if young families choose to buy homes and build their lives in Binghamton, and the quality of life for our seniors on fixed incomes. Taxpayer struggles have guided every financial decision I have made at City Hall. Since 2015, my first budget year, we held the line on taxes, and in recent years, gradually reduced them. City finances are in a place where I feel comfortable doing more.

In 2018, we're applying \$250,000 in fund balance directly to property tax relief. These fund balance dollars don't belong to me or City Council — they belong to the taxpayers.

In 2018, residential taxes will *decrease* 2.26 percent. The residential tax rate will decrease from \$23.38 to \$22.85 per thousand. For a residential home assessed at \$100,000, it's a property tax reduction of \$53 next year.

In 2018, commercial taxpayers will see a 1.66 percent *decrease* in their taxes. The commercial tax rate will decrease from \$42.01 to \$41.31 per thousand in 2018.

And here's something else we're very proud of at City Hall. I can stand here tonight and say that in 2018 the City's property tax levy will be \$387,000 less than it was in 2014, meaning the City will collect fewer property tax dollars next year than on the day I took office. When's the last time an elected official could say that?

## **LOOKING AHEAD**

As I conclude tonight, I want to leave you with a few thoughts.

First, I want to specifically thank Comptroller Chuck Shager and IT Manager Lori Clift for their efforts during this budget process. I know how hard you both worked on this budget, and I truly

appreciate your efforts. I also thank the department heads who daily manage projects and employees in the tight fiscal environment I've created at City Hall.

Our 2018 budget includes investments in public safety, an ongoing commitment to fix crumbling infrastructure, long-term solutions to reduce Binghamton's debt and tax relief for residents and businesses.

We can't tackle challenges thinking only about next year's budget, or a four-year election cycle. The budget decisions we make today will impact the community for years to come.

Aggressively paying down our bonds will lift Binghamton's debt burden. Competitive property tax rates will boost property values and create an environment for businesses to thrive with continued tax relief. Neighborhoods will be stronger. Streets will be safer.

This kind of change is accomplished *not* in one budget year, but over the course of many decades. This budget lays the groundwork for that type of true community renewal.

For anyone who doubts that a change in Administration can't change a community, look at our neighborhoods, where there are fewer blighted homes marring the quality of life residents work hard for and deserve.

Look at our streets and bridges, many of which sat neglected for years, but have finally received necessary repairs and improvements.

Look at downtown, the cultural and economic center of the Southern Tier, which is more vibrant than any point in a generation. A thriving arts and small business community, new projects and investments, a place where flagship events like LUMA and First Friday attract tens of thousands.

We're investing in the future that Binghamton residents want.

With those thoughts in mind, I present to you, the members of City Council and the residents of the City of Binghamton, with the 2018 Budget — a plan that maintains the integrity of our municipal services and supports the continued revitalization efforts in our community.

Thank you, and goodnight!