

2021 Budget Message
by Mayor Richard C. David
Oct. 6, 5:30 p.m.
Mayor's Conference Room

Introduction

Members of City Council and those watching at home, good evening.

When I was sworn into office, never in my wildest predictions did I imagine a year like 2020.

Mayors are asked to wear many hats and deal with many emergencies — floods, blizzards, fires — but a deadly pandemic was never on that list.

Binghamton will immediately support enforcement of new cluster rules announced Tuesday by Governor Cuomo — including 25-person max gatherings and four person maximum per table at restaurants. We are working closely with the Governor's Office to implement these new strategies to deal with rising COVID-19 cases in the community.

At all levels of government, officials are learning, retooling and navigating through COVID-19 and the economic recession that has followed.

It is one of the most complex and uncertain times in our nation's history. There has also never been an era like it at Binghamton City Hall.

We declared a state of emergency, shifted public meetings from crammed conference rooms to cyberspace, and adjusted hour by hour to the new normal.

For the first time in decades, this budget address isn't being delivered before an in-person audience.

Some plans were put on pause, some projects delayed.

We saw schools close, businesses shut down and society as we knew it come to a halt. What didn't stop — what we couldn't afford to stop — was local government and the work of public servants on behalf of Binghamton residents.

When the shutdown arrived, we suspended blue bag garbage fees for struggling families whose workplaces were forced to close.

We converted the First Ward Senior Center into a meal-pickup and supplies headquarters.

We worked with CHOW and local churches to support community meal programs and efforts to reduce food insecurity — especially in the African-American community.

We initiated an emergency, zero-interest loan program for small businesses.

We worked with the local restaurant community to cut red tape and expand outdoor dining, reimagining public spaces to help businesses — and thousands of their employees — get back on their feet.

We're right now administering more than \$1.5 million in federal COVID-19 grants and relief funding. Direct aid is going to Binghamton nonprofits and businesses, to homeowners to pay their mortgages, and to families to help with rent and utilities to ensure they don't become homeless.

With testing capacity identified as a core factor in economic reopening, we partnered with a Southern Tier biotechnology firm to bring cutting-edge, same-day COVID-19 testing to UHS hospitals for first responders, essential personnel, local healthcare workers and the public to get our region reopened.

Finally, we continue to work with state and federal officials to share information and coordinate pandemic response efforts. As a member of the Governor's Southern Tier Regional Control Room, and President of the New York Conference of Mayors, I'm talking daily to officials from across the state on how to better manage and develop solutions to the crises we face.

In many ways, the 2021 budget will not only shine a spotlight on our current situation, but also frame the years of sound fiscal decisions that prepared us for this challenge. By budgeting smarter, growing our fund balance, creating reserve accounts and paying down debt when our economy was strong, Binghamton is better positioned for uncertain economic times.

Today, as cities across the country find themselves in compromised positions, facing painful decisions like massive layoffs and tax hikes, we have set ourselves apart, not just by the decisions we made this year in response to the pandemic, but also by every decision we have made as an administration since January 1, 2014.

Revenues

Municipalities face a two-headed financial monster preparing COVID-era budgets — growing costs on the front lines of coronavirus response and significant revenue losses. Binghamton is no different.

City revenues are down across the board. Parking ticket and kiosk revenue are estimated to fall \$500,000 this year, as fewer people flocked downtown with restaurants and workplaces closed and popular annual events cancelled.

Our water and sewer fee collections are down 5 percent, with many high-use industries scaling back and more folks struggling to pay their utility bills.

In the refuse fund, we are down \$200,000 in revenue, which includes the blue bag fee waiver.

At \$12 million, sales tax is the City's second-largest form of revenue. We estimate it will be down \$1.5 million, or 12 percent, in 2020.

News out of Washington this afternoon that federal relief efforts have stalled until at least after the election dealt municipalities another blow. However, the 2021 budget was prepared without banking on federal aid. We'll work hard to advocate for funding, but the 2021 budget is not contingent on new federal funding.

State aid for next year is an unknown, with Governor Cuomo floating a possible 20 percent reduction. Binghamton state aid revenue projections will remain flat at \$9.2 million in 2021.

However, the City's largest source of revenue — property taxes — will remain steady at \$34 million in 2021.

Expenditures

The total 2021 City of Binghamton budget is \$97.7 million.

The General Fund budget — which is what directly impacts the property tax rate — is \$65.2 million. This is the budget I'll be discussing in depth this evening.

It includes employee benefits at \$19.4 million, debt service payments of \$5.7 million, \$2.9 million for transfers to other funds and \$3.2 million for parks and recreation.

Salaries and employee benefits are the largest expenditures in the City budget. When you combine police and fire protection, these departments represent 71 percent of the salary costs in the 2021 General Fund budget.

This year, facing unprecedented economic uncertainty, the City took several steps to save money and help protect our financial future.

Twenty-seven City employees took voluntary furloughs this summer, resulting in a cost savings of \$100,000.

We implemented a freeze on hiring and non-essential employee travel, and asked departments to limit spending where they could. This saved \$1.4 million.

We also worked with our labor unions on contract concessions, including raise givebacks, in light of the fiscal uncertainty. I thank the CSEA and fire department union leadership, and their members, for working with the administration. Their sacrifice saved taxpayers hundreds of thousands of dollars.

Since the start of this pandemic, our cost-saving strategies have in total saved the City of Binghamton \$2.5 million.

This cost-saving mindset will carry over into 2021. I will join City Hall management employees in not taking a pay raise next year, and I will ask members of City Council to do the same.

Discussions with our unions will continue, and spending will be kept in check across departments.

Health Insurance and Pension Reserve Accounts

While the pandemic has led us to tighten our belts at City Hall, it will not force us to pass financial challenges onto residents by raising taxes, as we've seen in the past.

Smart fiscal decisions made in recent years have stabilized and strengthened the City's finances, putting us in a position to endure short-term economic challenges.

Perhaps the clearest example of this is our decision in 2018 to create reserve accounts for the City's pension and health insurance costs. It had never been done before. Cost increases in these two areas had historically been blamed for years of local tax increases.

We didn't want to be in the business of making excuses. During years when pension and health insurance costs were steady, we proactively set aside funds into reserve accounts to protect against the future hikes we knew would come. As John F. Kennedy said, "The time to repair the roof is when the sun is shining."

The 2021 budget includes \$9.6 million for health insurance costs and \$7.7 million for mandated contributions to the State pension program. Next year, the City will see the largest increase in pension and health insurance costs since I took office. But we are prepared.

If these increased costs were passed along directly to the taxpayer with no reserves or fund balance to pull from, residential property taxes would go up 3 percent next year. But because we were proactive, and utilized the years when rates were steady to build up our reserves, the City is positioned to break this cycle of passing cost increases off to taxpayers.

Infrastructure

We're also not passing the responsibility of fixing Binghamton's aging infrastructure onto future generations.

If a street needs repairs now, it will still need those repairs next year. Delaying investments in our roads, bridges and underground utilities does not save the City money in the long term. Choosing not to do important repair work just defers the cost. With municipal bond ratings the lowest we've seen, now is the time to break the cycle of disrepair.

By the end of this year, the City of Binghamton will have paved or reconstructed nearly 80 miles of streets since 2014. That's more than half of the city's 151 centerline miles in seven construction seasons.

We will add to that total next year. In 2021, we'll spend \$6.5 million on local infrastructure projects to keep small businesses and residents moving. Streets like Conklin Ave., Schubert Street, Laurel Avenue, and Bevier Street are included in next year's plan. These investments also support good-paying jobs and keep money flowing through our local economy.

Projects

Across the City, projects big and small continue to move forward.

The site of the future Binghamton Fire Department headquarters is being cleared for redevelopment at 235 Court St. The state-of-the-art facility will break ground next spring.

Last week, the brand new Canal Plaza on the North Side welcomed its first residents. The mixed-use property replaces an abandoned shopping plaza with 48 units of workforce housing and ground-floor commercial space.

One commercial tenant has been a long time coming — a grocery store will bring fresh and affordable food to a neighborhood that has been without a grocery store for more than two decades. The store will open in November.

Around the corner on Virgil Street, construction is nearing completion on the Family Enrichment Network's \$4.2 million homeless housing project. The 19-unit building will provide supportive housing to homeless families and individuals, including victims of domestic violence, veterans and individuals with developmental disabilities.

Perhaps no project has gotten more attention than the 7 Hawley St. parking garage. The downtown garage will bring more than 300 parking spaces online when it opens in December, supporting the local restaurants and businesses that have driven Binghamton's revitalization.

After decades of government leaders neglecting the City's parking system, we've made important decisions to address our substandard parking infrastructure.

Last month, the City requested economic redevelopment proposals for the Water Street parking garage site. The garage was built in 1970 and has for years had costly structural problems. It's time to demolish this eyesore and create an opportunity to transform a key waterfront property. Proposals are due at the end of next month and I'm encouraged by the interest already from the development community to build.

Beyond downtown, our neighborhoods are seeing major investments, too.

Our years-long war against blight continues with the City's next demolition wave, set to begin later this fall. Crews will tear down ten eyesores in neighborhoods around Binghamton, adding to the more than 100 City-led demolitions since 2014.

A major commercial corridor on Binghamton's South Side is seeing a \$5 million investment with a multi-parcel redevelopment project that includes renovation of the historic former Number 5 restaurant. Renovations are also planned for the former La Tazza coffee shop, and a new building with a convenience store, bank and eatery.

On the West Side, a new ice rink will be installed at Recreation Park. After adding a small, temporary rink to the park last year, I heard from countless kids and families who loved the new winter amenity. I also heard many requests to make the rink bigger. We will do that this winter.

We will also break ground next month on the Harper M. Stantz Memorial Courts at Recreation Park. The new courts will address long-standing drainage issues and finally end the cycle of costly repairs that has long plagued the existing courts.

Next week, Rec Park's OurSpace playground will reopen to the public less than five months after arsonists burned it to the ground. For the second time, volunteers poured their hearts into building the one-of-a-kind accessible playground, and generous individuals and businesses backed the build with hundreds of thousands of dollars in donations. Together, our community sent a clear message: Acts of hate and destruction will not define us and will not be tolerated. In Binghamton, we will always build back stronger.

The City will advance its efforts to address Governor Cuomo's executive order in developing a plan that reinvents and modernizes police strategies and programs based on community input. The Binghamton Police Department is a statewide leader in many 21st century policing practices, as we continually strive to build trust between police and the neighborhoods they serve. As President of the New York Conference of Mayors, we'll communicate with other municipal leaders on best practices to meet the Governor's executive order.

Property Taxes: Residential & Commercial

There remains no single financial goal more important than stabilizing property taxes.

Since 2015, my first budget year, we have either held the line on property taxes or reduced them.

This year, with homeowners and businesses struggling, the last thing we need are tax hikes.

In 2021, residential property taxes will decrease by 0.012 percent, essentially keeping the tax rate flat for homeowners at \$21.92 per thousand.

Commercial taxpayers will also see a 0.012 percent decrease in their taxes. The commercial tax rate will be \$40.75 per thousand.

Even holding the line, next year residents and businesses will still be collectively paying \$2.26 million less in property taxes compared to the day I took office.

Conclusion

A few thoughts in closing tonight.

Each budget address, I recognize Chuck Shager and Lori Clift, who are instrumental in assembling the annual budget. This year more than ever, they dealt with moving targets and additional responsibilities. Chuck and Lori, Teresa Arington — and a team of financial staff and department heads — deserve my gratitude and thanks.

Seven months ago, COVID-19 upended life as we know it, and the world is still fighting to regain its footing. Look — this is a deadly virus, and America is far from the end of this pandemic.

But in Binghamton, that fight is happening with our financial future on solid ground. Thanks to years of smart decisions, we are ready to tackle these new challenges from a position of confidence.

Binghamton has set a higher standard for how local governments think about their use of taxpayer dollars. We have raised the bar on planning for the future during good times to protect the taxpayer in economically tough times.

Binghamton is an example of what local governments can and should be. The decisions we make at City Hall directly affect the lives of residents and have the power to shape the future of our community. Government should never take the easy way out — passing the buck when things get tough.

The 2021 proposed budget is available on the City's website, and hard copies will be delivered to City Council.

Generations from now, let future residents think about this time — and the leaders at City Hall — and acknowledge we rose to the occasion.

Thank you, and goodnight.