

2020 Budget Message  
*by Mayor Richard C. David*  
September 12, 2019  
Binghamton City Council Chambers

## **Introduction**

Thank you, Councilman Papastrat. Members of City Council, honored guests and fellow residents — thank you for joining me tonight as I present the 2020 Budget Message.

I started my career in public service a generation ago, first hired in 2000 as part of Mayor Richard Bucci's administration. At that time, the year 2020 seemed too far in the future to comprehend.

But here we are. We certainly face some of the same challenges Binghamton had 20 years ago, but look how far we've come.

There were some who wondered if Binghamton's neighborhoods would ever come back, and if streets like Crandall Street would be lost for a generation to blight, crime and despair. A walk in the Crandall Street neighborhood in 2020 is a different story — new construction, housing opportunities and community space where grassroots change is spreading.

Downtown Binghamton's vacant buildings of the past have become launching pads for new businesses and entrepreneurs, and giant canvasses for one of America's premier and cutting-edge arts events, the LUMA Projection Arts Festival.

Every day, I find new reasons to be optimistic for our community — in 2020 and beyond. From the tireless sacrifices of first responders to the small gestures of kindness between teachers and students on the first day of school. It's a thumbs up from a homeowner when the paving machine with hot asphalt drives down their street. Move-in day for young families into new loft apartments at an old camera factory.

Beyond the symbolism, the 2020 budget will be notable as the last of this City Council. Elected in 2015 — with some additions and subtractions along the way — this Council has worked together with our Administration to build the most effective and forward-thinking local government in Broome County.

I spoke about the service of Councilmen John Matzo and Chris Papastrat in my State of the City Address. Since then, two more Councilmembers have announced their departure at the end of 2019.

Councilman Conrad Taylor, elected while still an undergraduate student, has been a thoughtful and bipartisan lawmaker. He stayed in Binghamton after graduating, and jumped in with both feet to volunteer with LUMA, becoming a leading force organizing one of America's most exciting arts events, and one that makes Binghamton proud.

And Councilwoman Dani Cronce, who from day one made Binghamton's marginalized communities her focus. From advocating to improve housing conditions to providing opportunities for youth in her district, she not only spoke about these issues — she got results. Saving 47 North Street, revitalizing Crandall Street, removing blighted buildings.

There is so much cynicism in politics; how refreshing it is to have two Councilmembers of the opposite party who are just interested in getting things done and doing it the right way. Join me in thanking Councilman Taylor and Councilwoman Cronce for their service.

Let's get into the 2020 budget, and we'll start with revenues.

### **Revenues**

The City's largest source of revenue — property taxes — is \$34.3 million in 2020.

A stronger local economy has again delivered higher sales tax receipts than anticipated in the first three quarters of 2019. At \$12 million, sales tax is the City's second-largest form of revenue.

State aid for next year will remain flat at \$9.2 million.

Another significant area of revenue includes departmental earnings of \$3.8 million.

### **Expenditures**

The overall City budget is composed of the General Fund, water and sewer funds, refuse fund, insurance fund, parking fund and community development fund.

The total 2020 City of Binghamton budget is \$97 million.

The General Fund budget is \$65.3 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 2020 General Fund budget are employee benefits at \$18.2 million, debt service payments of \$6.1 million, \$3 million for transfers to other funds and \$2.5 million for parks and recreation.

Salaries and employee benefits again represent the largest expenditures in the City budget. This includes annual increases in union-negotiated salaries. When you combine police and fire protection, these departments represent 71 percent of the salary costs in the 2020 General Fund budget.

Next year's budget includes \$8.8 million for health insurance costs.

The City makes mandatory annual contributions to the New York Retirement System, the portfolio controlled by the State Comptroller in which all public employees' retirement funds are invested.

The prior administration attributed its major tax increases to rising pension costs. During my tenure, we've seen negligible increases and even slight decreases in pension costs. But I knew the day would come when the State Comptroller would significantly raise pension contributions for municipalities.

I didn't want to be caught unprepared. That's why, three years ago, we took a proactive step to protect the City by creating reserve accounts to offset future hikes in both pension and health insurance costs. By setting this money aside, we aimed to avoid passing the expense on to taxpayers.

That day has come, as next year, we will see our first massive increase in pension costs. In 2020, the City's pension bill will be \$5.9 million — a \$450,000 increase from 2019.

I'm pleased to share we have more than enough money in our pension reserve account to cover this increase, and we will also be able to replenish some of those reserve funds when we close out the 2019 budget.

Looking back to when municipalities didn't see their pension bills increase, Comptroller DiNapoli sent a message — be proactive and plan for the future. Binghamton listened. By creating these reserves, we've also ensured future administrations will have the tools to absorb future increases and prevent wild tax swings, long after I'm out of office.

## **Essential Services**

Police and fire protection are the most important — and most expensive — services the City of Binghamton delivers to residents. Our 2020 Budget reflects a continued commitment to the personnel, training, equipment and resources our police officers and firefighters deserve. Public safety operations will cost \$23.5 million next year.

This year, we modernized the police department headquarters. It was from the 1970s, filthy and falling apart. With a new state-of-the-art workspace we officially opened a few months ago, our officers are better equipped to serve the public.

In 2020, fixes are coming to the garage bays at fire headquarters, with structural repairs planned for the concrete floor.

Our public safety fleet is also being upgraded with \$900,000 in new vehicles — a new fire engine, four patrol cars and five medical first-response vehicles.

And, I'm pleased to announce tonight, we teamed up with the Johnson City Fire Department to successfully secure \$586,000 in FEMA Assistance to Firefighters Grant funding for new portable radio systems, saving hundreds of thousands of dollars while investing in a true lifeline for our first responders.

With seven joining the ranks of the fire department this summer, and 12 Binghamton police officers graduating from the law enforcement academy this fall, we'll continue to fill positions and hire recruits to fully staff our public safety agencies in 2020.

Next year, and until the end of my term as Mayor, I will continue to make public safety City Hall's number one priority. I won't apologize for my support of our men and women in uniform.

There are some — fringe anti-police activists — who actively seek to tear down our public safety personnel and discredit the immense progress made improving accountability and community trust. Every member of City Council, and every elected official in Broome County, should condemn this divisive and hateful ideology that seems to have permeated into local politics.

The men and women of the Binghamton Police Department deserve the support of our elected officials.

## **Infrastructure / Capital Projects**

Capital projects and infrastructure upgrades are the investments that make our City thrive. With everything that happens behind the scenes to make local government work, these are the projects that residents can physically see in their neighborhoods and as they drive around the City.

As we know, many areas of Binghamton are long overdue for attention.

In 2020, \$9.8 million is budgeted for street reconstruction, mill and pave, preventative maintenance and underground utility improvements.

We're facing some of our toughest infrastructure challenges yet with major projects to fix State Street downtown and Davis Street on the West Side. Residents and businesses deserve new roads.

Upgrading our infrastructure is a long-term investment in our City. The repairs we make now to roads in decent condition prevent costly reconstructions down the road, saving City taxpayers money in the long term.

Other major capital improvements include upgrades to the City's parks infrastructure, including our parks maintenance garage and Ely Park's drainage systems.

We will replace the crumbling tennis courts at MacArthur Park and Recreation Park. The Rec Park tennis courts play host to the annual Binghamton Tennis Challenger, which brings thousands of fans to watch rising professional tennis stars. The tournament simply can't continue without these improvements, and the courts are one of the most popular park amenities for West Side residents.

Four new snow plow trucks and three new garbage trucks will also join our fleet in 2020. In our capital budget, we'll also purchase snow plow attachments for those new garbage trucks, an experiment we tried this past winter with good results.

## **Flooding**

Flood preparation is not unique to Binghamton, but no municipality has taken the proactive steps the City has to advance important flood mitigation projects. The 2011 flood damaged 7,000 properties in Broome County. 2,300 were located in the City of Binghamton — more properties than any other municipality.

In the years since, we've upgraded stormwater pump stations and completed FEMA buyouts to create acres and acres of permanent flood hazard green space near our rivers. A few weeks ago, we completed video inspections of floodwall conduits to ensure structural integrity.

In 2020, we'll see significant movement on two key flood mitigation priorities.

Binghamton's East Side is routinely affected by localized flooding during heavy rain events. Streets flood because the stormwater system in the Moeller Street neighborhood is undersized and rainwater has no way to get over flood levees and out to the river.

It's been a top concern of Council President Tom Scanlon. A pump station is needed to reduce flooding in the Moeller Street neighborhood — pumping stormwater in pipes away from homes and businesses when gravity just won't do the trick

We've completed a feasibility study and will move forward in 2020 with the design phase of an estimated \$3 million project to construct a pump station and upgrade stormwater infrastructure.

With the completion of reports this summer by the U.S. Army Corps of Engineers and FEMA, the City will move forward with a comprehensive floodwall and levee certification — the first municipality in Broome County to do so.

We will contract with Tetra Tech, an experienced engineering firm that has completed more than 50 FEMA levee certifications, including in the Village of Nichols.

Here's why this is important: If Binghamton verifies our 6.7 miles of levees and floodwalls as structurally sound, FEMA will certify the levees on new flood hazard maps as providing adequate protection.

Uncertified levees wouldn't be recognized on these new maps, meaning the areas behind them would be labeled as high-risk — kicking in mandatory and expensive flood insurance for homeowners with any federally backed or regulated mortgage.

As we awaited the now complete preliminary studies from the Army Corps and FEMA, we proactively set aside hundreds of thousands of dollars in funding to accomplish these certifications.

I will send legislation to advance this initiative to City Council soon.

### **Use of Community Development Funding**

The City receives annual funding from the U.S. Department of Housing and Urban Development in the form of Community Development Block Grants, HOME Partnership funding to support affordable housing, and Emergency Solutions Grants to assist those experiencing homelessness.

As Vice President of the New York Conference of Mayors, I have brought the issue of sustaining and increasing this type of HUD funding to our state congressional delegation. The U.S. Conference of Mayors has also brought national attention to the issue.

The City will receive \$1.9 million in CDBG funding for 2020. We'll use it, in part, to fund some of the most popular projects among residents, such as road reconstruction, code enforcement and demolition of blighted buildings.

This summer, the City completed the 100th blighted property demolition since I took office in 2014. Vacant and abandoned buildings hurt nearby property values, attract crime, frustrate residents and contribute to the decline of neighborhoods. From the most visible areas of the City to the most remote neighborhoods, we've torn down more eyesores than any other local municipality or administration to date.

We'll use \$100,000 in CDBG funding in 2020 to do more of the same.

\$85,000 will fund our Senior Home Repair Program, which assists on small projects to keep seniors in their homes.

\$125,000 will be distributed to agencies to support programs that help our youth, senior citizens and residents in poverty.

\$45,000 will go to Fairview Recovery Services to help those battling addiction. We first partnered with Fairview in 2016 to fund an Intensive Care Navigator program, which assists individuals who are between short-term detox and long-term care — a dangerous gap in treatment. To date, 480 clients have been assisted. We'll fund that program in 2020 for a fourth-straight year.

Earlier this week, I visited the Boys & Girls Clubs of Binghamton to announce the City's funding commitment for 2020: Nearly \$90,000 will support the Club's After-Hours Program, Summer Membership Program and Teen Center. Another \$5,000 will fund security upgrades at the building to ensure the roughly 500 children served annually are safe.

In the wake of concerning news about the Boys & Girls Club of Western Broome closing its doors, we felt it was important to reaffirm the City's commitment to the Boys & Girls Clubs of Binghamton and the youth who rely on the organization.

Far too often, local leaders voice frustration after important institutions shut down, without ever having asked what they could do to support them before it was too late. As long as I'm mayor, that will not be the case for the Boys & Girls Clubs of Binghamton.

### **Turning Challenges Into Opportunities**

I'm reminded of a remark made at a recent City Council Work Session by Councilman Chris Papastrat. He complimented the Administration for taking on the tough projects others have only talked about, even if it means dealing with an array of challenges, false starts, setbacks or red tape on the road to making projects real.

That comment stuck with me. There are many people who work very hard on these projects on behalf of the taxpayers. Many are in the room tonight. Here is what's going on with some of the most challenging projects we've tackled to date that will have a significant financial impact on Binghamton.

#### *7 Hawley Street*

Next week, I expect City Council to advance the 304-space parking facility at 7 Hawley Street. I recently announced a \$2.15 million dollar grant from the State of New York, which was a huge win for the City. Keep in mind that two years ago, the State told us there were no grant funds for municipal parking facilities. We've come a long way since then. Site work will begin this fall with major construction beginning at the end of winter.

#### *Cogeneration Plant*

At the end of 2017, I announced a California energy company had agreed to donate the First Ward Cogeneration Plant to the City.

As part of organizing a special Council meeting to reach a tight end-of-year deadline, I called each Council member to explain the opportunity and ask for their support.

In my conversation with Councilman Taylor, I outlined what I saw as enormous potential for the City. And while I didn't know exactly what we would or legally could do with a power plant, I

thought it was worth taking a chance on. Councilman, you were incredibly supportive — and your faith was well placed.

I'm pleased to announce tonight that the City has reached a deal on the future of the Cogeneration Plant, which I will bring to City Council in the next few weeks. You'll have to wait until then for specifics, but what's important to know is that the plant would go back on the tax rolls and the City would have an additional revenue stream from the deal, as well.

### *Charles Street Business Park*

Next to the Cogeneration Plant is 14 acres of prime undeveloped land known as the Charles Street Business Park. A few months ago, the Binghamton Local Development Corporation purchased the site from The Agency. We are currently in talks with multiple companies interested in development plans. And while no deal has been finalized, we're seeing more interest today than we've seen in the last 15 years.

### *Microgrid*

The City's microgrid project doesn't receive much attention, but there's a tremendous amount of activity happening behind the scenes.

A microgrid is an independent and resilient power system serving a select group of users, but is also used to make energy production more affordable and sustainable. Our project would primarily serve several central downtown buildings including City Hall, the Binghamton Housing Authority, the YMCA, the YWCA and several others.

The City has been a successful Stage 1 and 2 winner through NYSERDA, the New York State Energy and Research Development Authority, and has already been awarded \$1.1 million in grant funding for the project.

Stage 3 is the final stage, and would result in millions of dollars in grant funding to build the microgrid. With that application now in the hands of the State, we are awaiting their announcement, which we expect by the end of the year.

### *Hydroelectric Dam*

Included in the microgrid project is plans for a hydroelectric dam at Rock Bottom. This is a concept that has been talked about in Binghamton for generations.

The City can sell renewable electricity generated by the dam to microgrid partners, which will lower their electricity costs and add a new source of revenue for the City. The hydroelectric infrastructure would be built as part of the overall microgrid project.

### *DECO*

LUMA, held just last weekend, illustrates how investing in arts, culture and entertainment can play a role in revitalizing a community, and provide an economic boom for businesses.

In 2020, major elements of the City's Downtown, Entertainment and Cultural Organizations (DECO) District will move forward, including the reconstruction of the Metrocenter space downtown, State Street improvements and several public art projects.

This is another concept talked about for decades with no tangible action. Thanks to a \$1.7 million grant, the City next year will begin upgrades to a major portion of downtown, solidifying its position as the arts, culture and entertainment epicenter of Broome County.

### *Big Lots Plaza*

Here's a photo of the progress at 435 State St., the former Big Lots Plaza. Construction on the \$20 million, 48-unit project is well underway. With 15,000 square feet of commercial space, this is also the future home of a grocery store, which the North Side hasn't had in more than two decades.

This project was riddled with challenges, including acquiring the property from Broome County, addressing environmental issues, demolishing old buildings, securing financing and tax credits from New York State and finding the right developer. The project is the result of a great partnership with the Binghamton Housing Authority, and is on track to be completed next summer.

All of these projects involve concepts that have been talked about for years. Technical, multi-year projects with varying degrees of complexity, they will each have a financial impact on the City. Some will generate new sources of income, which is incredibly difficult to do.

If these projects were simple, someone else would have done them long ago. While it's easy to criticize, it's difficult to get results. But we've rolled up our sleeves, undeterred by the criticism or the challenges, and gotten to work on the tough problems. In the progress of all these projects, you can see the results: Binghamton today is the center of regional activity.

## **Fund Balance**

Always a favorite topic of mine, the City's fund balance remains steady at \$19.7 million — almost triple what it was when I took office.

## **Constitutional Tax Limit**

The City's constitutional tax limit (CTL) — the legal limit for taxes to be levied — is currently at 89 percent. A recent news report noted Binghamton's CTL is one of the 20 highest among New York municipalities.

In the eight years before I took office, Binghamton's constitutional tax limit jumped from 78 percent in 2006 to 88 percent exhausted in 2014. It was a direct result of taxes skyrocketing by 52 percent under the previous administration.

Since I took office in 2014, the CTL has remained essentially flat. It's a simple concept: The more you raise taxes, the closer you get to the borrowing limit. And all taxpayers suffered under the massive tax increases of the prior administration.

Even though we've held the constitutional tax limit flat, flat isn't good enough. I'm pleased to announce tonight that, thanks to years of solid management and consecutive tax cuts, Binghamton's constitutional tax limit will drop from 89 percent to 84.3 percent next year. That is the lowest it's been since 2012, and the most significant step we've taken yet to getting the CTL under 80 percent.

## **Water and Sewer Rates**

I don't usually include water and sewer rates as part of my budget address, but because there is so much misinformation out there regarding these rates, I want to touch on these two essential services.

In 2020, City residents will see a zero percent rate increase in your water bill.

There's certainly not enough time tonight to say everything I'd like to on the topic of the Binghamton-Johnson City Joint Sewage Treatment Plant and sewer rates.

When I took office, the major project at the treatment plant wasn't a political football. In fact, it was a point of unity — fixing the largest environmental issue in our community and addressing a broken and dysfunctional bureaucracy once and for all.

Before I was sworn in as mayor, ratepayers lived through a wall collapse, lawsuits, infrastructure band-aids and a 72 percent increase in sewer rates in eight years. It was time for a change. We are now approaching the end of a long and difficult journey to rebuild the plant.

But this year, we saw some newcomers to the process, not interested in understanding the lessons of the past or accepting responsibility for protecting ratepayers. Add to that those who are fearful of changing the status quo at the plant, a possibility of new management coming in, and a few Broome County politicians who like to take shots. It was a perfect storm.

The reason some former elected officials never touched this project was because they were afraid of exactly what I'm describing — the special interest pushback and those with political axes to grind.

Residents and ratepayers deserved better. The reality is our region needed a new facility, and no one was stepping up to make that happen. The project has met an August 31st compliance date set by the DEC to get the new treatment system processing — a positive milestone for the project that some of the critics have been silent on.

Tuesday, the business manager at the plant erroneously speculated to a local TV station that sewer rates would double in 2020. I'm here to tell you tonight that is absolutely, 100 percent false.

Residents deserve to know what will happen to their sewer rates, which are set not by me but by City Council and Johnson City trustees when they approve a final budget by September 24.

Rates vary based on where in the County you live. But after reviewing the plant management's budget, I believe that in Binghamton we can deliver a zero percent increase to sewer ratepayers in 2020. You heard that right — zero percent. That's as long as we work together and make the tough, but necessary decisions to protect all ratepayers. I will give City Council members and Johnson City trustees recommendations on how to make a zero percent increase a reality in Binghamton. Let's get to work.

### **Property Taxes: Residential & Commercial**

Binghamton's future will be in large part determined by what is done about our high property taxes. Since 2015, my first budget year, we have held the line on taxes, and in recent years have reduced them.

Coming into office on the heels of double-digit tax increases, there was no single financial goal more important than stabilizing and reducing property taxes.

This team has prided itself on being able to deliver tax cuts each year. Taxes have gone down the last three years for homeowners and the last four years for commercial property owners. Earlier this year, I committed publicly to again lowering taxes in 2020, and tonight I'm pleased to announce our largest tax cut to date.

Next year, residential taxes will decrease 3.02 percent. That's the largest tax cut for Binghamton homeowners since 1998. The residential tax rate will decrease from \$22.63 to \$21.94 per thousand.

In 2020, commercial taxpayers will see a 0.28 percent decrease in their taxes. The commercial tax rate will decrease from \$41.07 to \$40.86 per thousand.

In 2020, residents and businesses will collectively be paying \$2 million less in property taxes compared to the day I took office. 2020 will mark the fourth consecutive year homeowners will see a tax cut, and the fifth straight year for commercial property owners. Binghamton is the only municipality in Broome County delivering significant relief to taxpayers.

## **Thanks**

There are some in Broome County government who believe the reason the City has been able to deliver tax relief is an increase in sales tax. That thinking is naive, and frankly an insult to the employees at City Hall.

Our Finance Department works year round to tighten budgets and save taxpayer money. We work with unions to negotiate fair contracts and manage personnel costs, keeping taxpayers in mind. City Hall departments make these sacrifices because we understand the importance of delivering tax relief.

As tonight's presentation has shown, municipal budgets are complex. There is no one silver bullet, revenue stream or expense that determines if taxes go up or down. We're dealing with thousands of data points and variables. An experienced municipal executive knows that. The key is hiring qualified and experienced people to manage the City's finances — a team that can identify cost-saving strategies and work to increase revenues. It's what this City Hall has done every year I've been in office.

Our budget team is led by Comptroller Chuck Shager and IT Manager Lori Clift, who again worked hard running numbers, meeting with department heads and compiling the detailed budget. The taxpayers are fortunate to have you managing the City finances. We all saw how bad things got financially under the prior administration, and the monumental progress that's been made since then. I want to thank you both very much for everything you do.

## **Conclusion**

In closing tonight, it's important we take a step back from the numbers and figures and remind ourselves what it all means — and, more importantly, who this is all for.

A few weeks ago, I received a letter from Helen Smith. She's a senior who lives on Mygatt Street. 75 years old and still works part time. Happy to own a home in the First Ward. I like to think of residents like Helen as anchors of our neighborhoods in Binghamton.

Helen sent a thank you note for the help she received fixing her front staircase that was broken and dangerous — part of the Senior Home Repair Program I mentioned earlier. For \$85,000, we're able to help 70 seniors just like Helen.

We have to remember — these aren't just numbers on a page. Behind the numbers are real people. And the budget I present to you tonight is a series of decisions that affect every resident in Binghamton.

This budget reflects the enduring priorities of this administration. And it offers a glimpse of where Binghamton is headed — in 2020 and beyond.

Look past the numbers, and you'll see neighbors standing on a sidewalk, cheering as a longstanding eyesore is finally torn down. You'll see a young graduate of the law enforcement academy starting a new job as a member of the Binghamton Police Department, joining the other men and women keeping our neighborhoods safe. You'll see construction crews building affordable housing on the North Side and a new parking garage downtown. You'll see trucks paving long-neglected streets and new snow plows clearing our roads. And you'll see homeowners who, after years of high taxes, are relieved to receive a smaller property tax bill for the fourth straight year.

This budget supports these priorities and others, and creates a road map for the City to not just deliver the basic services of local government, but also take on the tough challenges that residents expect us to tackle.

I present to you, the members of City Council and the residents of the City of Binghamton, the 2020 Budget — a responsible financial plan that delivers on our promises to residents and sets up Binghamton for continued growth in the years ahead.

Thank you, and goodnight!