

2019 Budget Message
by Mayor Richard C. David
September 12, 2018
Binghamton City Council Chambers

Introduction

President Matzo, members of City Council, honored guests, and fellow residents; thank you for joining me tonight as I present the 2019 Budget Message.

This past weekend, Binghamton hosted tens of thousands of visitors for downtown’s signature event — the LUMA Projection Arts Festival.

Now in its fourth year, LUMA has outgrown anyone’s wildest expectations. It’s a global hub for cutting-edge technology and cultivates interest in our local arts scene like no event has before it. Everyone had a part — creative entrepreneurs, the Binghamton Philharmonic, our local food scene, and yes, City Hall, with sponsorship and in-kind support.

The famous B.C. comic strip said it best in a recent edition celebrating LUMA’s impact. “There’s a resurgence happening in old industrial towns all over right now. Where? Right before your eyes. Binghamton, New York.”

The changes happening in Binghamton go well beyond LUMA. On any given weekend, downtown streets bustle. Projects of all kinds, in progress and on the horizon, are revitalizing and redefining our community. We’re creating the environment for big ideas to flourish, for young professionals to stick around after college and for families to build their lives.

A lot of that has to do with decisions like the ones I’ll outline tonight — the areas we, as a City, choose to put our resources. This budget address, my fifth overall and the first of my final term, I will cover successes and challenges, and outline how we can make our finances stronger and more resilient to benefit the residents and businesses that call Binghamton home.

Revenues

Let’s begin with revenues.

The City’s largest source of revenue — property taxes — amounts to \$35.2 million.

A stronger local economy has delivered higher sales tax receipts than anticipated in the first three quarters of 2018. At \$11.25 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 \$3.7 million.

Expenditures

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

The total 2019 City of Binghamton budget is \$94,751,420.39 million.

The General Fund budget is \$64.6 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 2019 General Fund budget are public safety at \$23.4 million, employee benefits at \$18 million, \$6 million in debt service payments, \$2.9 million for transfers to other funds and \$2.4 million for parks and recreation.

Salaries and employee benefits 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 71.9 percent of the 2019 General Fund budget for salaries.

Next year's budget includes \$9.4 million for health insurance costs.

Since 2017, with the creation of a new high deductible insurance plan, we've netted significant savings for both members and taxpayers. This year we're saving taxpayers \$600,000. Specifically, improvements to health insurance for retirees over 65 has saved \$300,000.

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.

The City's pension bill decreased for the current budget cycle by \$174,000. In 2019, the City's pension contribution will again decrease. Our total bill will be an estimated \$6.1 million.

Health Insurance and Pension Reserve Accounts

Health and pension costs have historically been two of the primary factors behind tax increases. Last year, for the first time ever, City Hall took a proactive step to create reserve accounts to offset future increases in both those areas.

Thanks to the support of City Council, we were able to set aside \$500,000 each for pension and health insurance accounts. I'm pleased to share we did not have to utilize these reserves in preparing the 2019 budget. When we close out the 2018 budget, if finances allow, we will increase these reserve accounts in case funds are needed in the future, long after my tenure, to keep lowering your taxes.

Essential Services

From the smallest villages to the largest cities, a national discussion continues on the topic of law enforcement, public safety and community policing.

Since the day I was sworn into office, rebuilding the Binghamton Police Department has been a central focus after years of cuts compromised our officers' abilities to do their jobs. Our strategy involved making key investments in personnel, equipment, training and facilities, and doing so gradually and responsibly.

Nine new police positions have been created since 2014. We've added new patrol cars and about two dozen license plate readers. A new prisoner transport van, 90-plus body-worn cameras and cameras in each patrol car are investments to make our officers accountable and well-equipped for 21st Century policing.

In the last few months, Binghamton Police have received \$150,000 in grants that benefit public safety in the City and beyond.

\$50,000 from the U.S. Department of Homeland Security will support the Binghamton Police Department's K-9 explosive detection unit with a new dog, training and equipment. These K-9s are often used on a regional basis to support smaller departments in need.

\$100,000 from Homeland Security will be used to provide new equipment and training for the multi-agency Metro SWAT team, which includes officers from Binghamton, Vestal and Johnson City. Our tactical operation team serves a 71-mile area. New equipment includes helmets,

communication headsets and a remote-controlled tactical robot with camera, which allows law enforcement to assess dangerous situations without putting themselves in harm's way.

Next year we will make significant improvements to the police department headquarters. Manned 24/7, it acts as the nerve center of public safety operations and communications in Binghamton. However, years of around-the-clock use have left the space in poor condition. Built in the early 1970s, it lags behind today's public safety standards. To be frank, it's filthy, non-functional and falling apart.

The men and women who risk their lives every day to protect our City deserve to work in a respectable facility.

That's why we will invest hundreds of thousands of dollars to overhaul and improve police headquarters in 2019. A new officer-friendly workspace to support state-of-the-art technology will allow our police department to more efficiently serve the public and manage day-to-day public safety operations.

The City will also take a look at its aging fire stations, two of which will require significant investment to stay in operation. I've initiated a study on the impact of a new consolidated fire station at several potential sites — including the former Department of Public Works barn on the Brandywine Highway.

To be clear, this is just an exploratory step, to collect data on the impact of response times and insurance ratings. When it comes to public safety, it's best to make decisions based on careful study and a variety of factors, not strictly financial benefit. We're not advancing plans in any one direction, just gathering information for future review. After collaborating with the Fire Union, Fire Administration, and City Council, we can together determine what next steps, if any, could take place.

Infrastructure

From the very beginning, this administration has made investing in Binghamton's infrastructure a top priority. In four years, we paved more than 50 miles of streets. That's more than a third of the City.

Residents and businesses deserve new roads. When I took office, there were far too many neighborhood streets that had not been paved or repaired in years. It's had a detrimental effect on quality of life and is a factor in whether businesses and families decide to relocate to Binghamton or move away.

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

In 2019, \$8.6 million is budgeted for street reconstruction, mill and pave, preventative maintenance and underground utility improvements.

Work will continue next year on multi-year infrastructure projects, notably Lincoln Avenue and Front Street, where a \$6 million project is underway to fix the worst stretch of road in Binghamton. When complete, Front Street will have a fully reconstructed street, new curbs, sidewalks and period lighting, and water and sewer upgrades. A notorious sore spot for drivers will be transformed into an attractive and welcoming gateway into the City of Binghamton.

And tonight, I'm announcing what will hopefully be the next transformative infrastructure project in our community. The City has applied for more than \$12 million through the Department of Transportation's BUILD program to fund the majority of a \$15 million project to rebuild Main Street from Front Street to the Johnson City line.

Full street reconstruction, enhanced landscaping and lighting, pedestrian and bicycle infrastructure — a fresh identity for the corridor. A multi-modal transportation and urban design project to connect the major economic, educational and cultural institutions in the City of Binghamton. We're looking to create a sense of place, improve safety, and support economic growth in one of the most densely populated, diverse and economically distressed areas of the Southern Tier.

This would supplement the ongoing Main Street safety enhancement project, made possible by a \$2.7 million federal grant, to upgrade intersections for pedestrians, cyclists and motorists.

I expect a funding announcement early next year, and if awarded, we'd begin a rigorous two-year planning and design process. Construction could begin by 2021.

It's been talked about for years. It's been asked for by residents and businesses. And it's the next transformative infrastructure project on Binghamton's horizon.

7 Hawley Street

Infrastructure also includes our aging parking facilities. It was just two summers ago we demolished the Collier Street Parking Garage after years of deferred maintenance and decay.

Downtown Binghamton is different today than it was five or ten years ago, and like other growing cities we must have a parking system — and infrastructure — that supports residents, businesses and visitors.

Major construction will begin later this fall on 7 Hawley Street, the public-private partnership for a \$12 million mixed-use parking development. The six-level ramp will have more than 300 parking spots. An adjoining structure will have 18 market-rate rental units and 6,000 square feet of ground-floor commercial space. A \$3 million grant from the Governor's Upstate Revitalization Initiative will support the project.

For decades, public officials at all levels of government failed to put forth solutions to Binghamton's parking challenges. The demolition of the Collier Street garage and the 7 Hawley Street development mark the first significant improvements to downtown's parking situation since the 1960s.

I'm not proposing major increases in on-street or ramp parking rates as part of the 2019 budget, but having in place the parking infrastructure that our business and entertainment district deserves will be costly. And at a certain point, band-aid repairs will no longer be an option.

Use of Community Development Funding

During last year's budget address, I expressed my uncertainty regarding the future of the federal Community Development Block Grant program through the U.S. Department of Housing and Urban Development. It provides annual revenue to the City for targeted neighborhood development projects and anti-poverty initiatives. The entire program was on the chopping block as part of federal budget negotiations.

I joined local human service providers to shed light on the importance of CDBG to the community and lobbied our federal representatives that CDBG was too critical to cut.

Advocacy efforts through the New York Conference of Mayors made an impact on our state congressional delegation, and the U.S. Conference of Mayors brought national attention to the issue. In the end, Congress passed — and the President signed — a spending bill that actually increased allocations for Community Planning and Development programs, including CDBG.

The City will receive nearly \$1.9 million in CDBG funding, up \$178,000 from last year. It's the first year-to-year increase in this kind of federal entitlement in some time.

Working with the citizen-driven Community Development Advisory Committee, we've also restructured the CDBG program — investing in new ways to help the community.

We've budgeted less for administrative costs and put more funding into projects and programs. For the first time, the City has allocated \$55,000 in capital funding for use by human service providers. With tight budgets, these nonprofits can struggle finding funds for a new roof or boiler for their facilities. These one-time investments will help keep their doors open.

\$120,000 will be distributed to agencies to support programs that help our youth, senior citizens and residents in poverty.

In 2016, we announced a two-year partnership with Fairview Recovery for those battling addiction. The Intensive Care Navigator program assists individuals who are between short-term detox and long term care — a dangerous gap in treatment. We're funding that program for a third straight year at \$45,000.

Nearly \$173,000 is targeted for public infrastructure improvements and paving neighborhood streets. \$112,000 will fund upgrades to City parks.

\$250,000 will go to support Code Enforcement services such as code sweeps and crackdowns on vacant properties. \$100,000 will fund blight demolitions for neighborhood eyesores to support this administration's War on Blight.

Notable for the next fiscal year is our final Section 108 loan payment of roughly \$180,000 associated with the DoubleTree Hotel, formerly known as the Binghamton Regency. A prior administration had agreed to divert \$1 million in future federal funds to finalize a hotel deal, and whether that was a good decision or not, it was money that could have been spent on public safety, blight, roads, human services and a host of other community uses instead.

Fortunately for everyone, the City will finally be finished subsidizing a deal that goes back a decade. Moving forward, this means we'll be able to allocate \$180,000 more in CDBG funds each year, putting that money where it belong — out in the community benefiting residents.

Other federal entitlements include the HOME Investment Partnerships at \$511,000 — an increase of 43 percent from last year, to fund residential property rehabilitations that will improve our housing stock and new affordable housing developments. \$154,000 in Emergency Solutions Grant funding will support ongoing efforts to end homelessness in our community.

Pink Sticker

Besides tax relief, I have heard from residents about the elimination of that pink sticker on bulk items more than just about anything else. The City never should have nickel and dimed residents with this sticker, and I was pleased to get rid of it. I thank City Council for their support on this. It was a bipartisan move backed by the voices of constituents in every district who saw firsthand what the sticker was doing to their neighborhoods and their pocketbooks.

The sticker resulted in people hoarding items in their basement, on front porches and in back yards, and it diminished the quality of life. By getting rid of it, we've made it easier for residents to clean up their homes and neighborhoods, without major changes to sanitation operations.

The numbers speak for themselves. Since we've eliminated the pick sticker we're collecting 10 percent more refuse — or 700 tons — than last year.

Grants

I've already touched on this Administration's war on blight, including an aggressive demolition program that is second to none in Broome County, and enhanced, strategic code enforcement.

Multiple grants allowed the City to support our battle against blight in 2018, from adopting cutting-edge technology to focusing new resources on addressing vacant properties and other eyesores.

Through a grant from the New York State Office of Attorney General, City Hall now has access to an online data platform called Building Blocks, designed to integrate, analyze and map housing data from relevant departments. The program aims to help municipalities develop innovative, big-picture solutions to an age-old problem. City officials have spent much of this year working with I.T. experts to integrate all the necessary data and learn how to get the most out of the platform for their departments, and for residents.

Another grant from the Office of Attorney General enabled the City to hire its first full-time vacant property officer, responsible for identifying and registering vacant and abandoned properties and working with the property owners or banks to ensure they are properly maintained. The position is not only another tool in our fight against blight, but it's also a resource for residents who live near one of these eyesores.

Fund Balance

The City's fund balance is always a favorite topic of mine. The City's fund balance remains at roughly \$20 million — almost triple what it was when I took office. It's a bellwether for any municipality's financial condition.

PILOTs

I want to take a few moments to discuss Payments In Lieu of Taxes, also known as PILOTs. These are agreements between the Broome County Industrial Development Agency, the City and development firms to incentivize large-scale construction or rehabilitation projects that have significant community benefit.

Over the last decade, there's been a lot of discussion about the use of these agreements.

In the last 10 years, commercial taxes in Binghamton have increased 37 percent.

It's cheaper for developers to build outside the City of Binghamton, which puts us at a serious disadvantage and confronts us with a significant challenge. PILOTs keep Binghamton competitive and help us leverage tens of millions of dollars in private sector investment.

Here are a few projects that are about to break ground, are underway, or have been completed because of PILOTs.

7 Hawley Street, the mixed-use parking ramp project referenced earlier tonight. The mixed-use Canal Plaza project at 435 State St. — 48 units of new workforce housing where a blighted Big Lots plaza once stood. ANSCO Lofts at 6 Emma Street — 100 new market-rate lofts as part of a historic factory rehabilitation. 50 Front St. — a \$30 million high-end riverfront apartment project that is replacing a notorious abandoned eyesore. The SUNY Broome Culinary Arts Center at Carnegie Library. Save Around's new First Ward headquarters. Affordable housing projects for low-income seniors at Woodburn Court, 100 Chenango Place and Hamilton House.

More than a hundred million dollars in new investment. Several of these projects involve properties that had been off the tax rolls, and they're now bringing in millions of dollars in new payments to the City, County and School District.

We are not offering PILOTs for student housing projects because the model has already demonstrated it works, and frankly Binghamton is oversaturated with student housing.

We will, however, utilize the economic development tools at our disposal to bring jobs and housing opportunities to Binghamton, clean up our City and spur investment.

Property Taxes: Residential & Commercial

Property taxes are one of the most pressing challenges we face as a City. People can pay less by buying a home elsewhere, a problem that drives down our property values, assessments and revenue in the long-term. Small businesses don't want to relocate here, and those that are here can't afford to expand and add jobs. We're losing the young families and talented workforce our region needs because taxes are too high.

It's an issue that people on both sides of the aisle recognize and care about.

The struggles of taxpayers guide every financial decision I make at City Hall. 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.

While we've made progress, much work remains, and lowering property taxes remains a top priority today.

In 2019, residential taxes will decrease one percent. The residential tax rate will decrease from \$22.84 to \$22.61 per thousand.

In 2019, commercial taxpayers will see a 0.55 percent decrease in their taxes. The commercial tax rate will decrease from \$41.30 to \$41.06 per thousand in 2019.

Because of our focus on providing tax relief, next year, residents and businesses will collectively be paying \$1.25 million less in property taxes compared to the first year I took office.

Conclusion

Critical investments in public safety, infrastructure and community development. A growing fund balance. Tax relief that residents deserve. Across Broome County, the City of Binghamton is unique delivering these results.

This administrative team has worked year-round to advance the goals outlined in tonight's address. Our collective thanks to Comptroller Chuck Shager and IT Manager Lori Clift, who again worked very hard running the numbers, meeting with department heads and compiling the detailed budget.

Each year, this team gets to work solving the same demanding puzzle: how to deliver much-needed property tax relief to residents and business owners while, at the same time, continuing to make the investments and decisions needed to build a better Binghamton, today and in the decades to come.

It's a delicate balancing act.

We know there will be financial challenges ahead. We may not be able to prevent them, but we can build our community's resilience to them.

Over the last four and a half years, that's what we've done. With bipartisan support, we've restored the foundation of City Hall's finances, and as a result, we're better able to meet the fiscal challenges on the horizon. Binghamton, like any municipality, should never feel handcuffed by its financial position.

In closing, I reflect on tonight's message as the first budget of my final term. I may be beyond the halfway point in my time as mayor, but in politics and government — like sports — the most interesting things often happen in the second half.

I present to you, the members of City Council and the residents of the City of Binghamton, the 2019 Budget — a responsible financial plan for next year that keeps our core commitments to residents and continues to make our community strong.

Thank you, and goodnight!