



Mayor Mike Spano

FISCAL YEAR 2014 EXECUTIVE BUDGET MESSAGE

April 15, 2013

Yonkers City Council
City Hall, 4th Floor
40 South Broadway
Yonkers, NY 10701

Honorable Members of the City Council:

I hereby submit to you the Fiscal Year 2014 Executive Budget for the City of Yonkers, prepared in accordance with the Charter of the City of Yonkers and the New York State Special Local Finance and Budget Act for the City of Yonkers.

Upon entering office last year, what was overwhelmingly apparent was the dire fiscal state of the City and the immediate need to confront a projected four year \$462 million budget gap in order to avoid a situation in which the City might no longer be able to effectively function.

Years of cuts by previous administrations had led to a bare-bones government, compromising the quality of services the City provides, especially education. But it didn't end there. In fact, the City's through-the-bone cuts were so deep that they were having an adverse effect on revenues.

Over the last year this Administration has worked with you, the City Council, in taking measures to stabilize the City's financial outlook. We continue moving forward on recommendations made by the Commission of Fiscal Inquiry, which

seeks to address the City's long-term fiscal challenges by establishing a four-year financial plan, reducing our long term reliance on borrowing and one-shots, and recovering revenues that were left on the table.

Working together, we passed a bi-partisan budget last year that closed an \$89.3 million budget deficit, stopped drastic cuts to services, laid the foundation for a fair property tax revaluation plan that when implemented will save Yonkers \$10 million annually, all while staying within the confines of the state mandated property tax cap.

The Fiscal Year 2014 Budget I present to you today continues our progress. It closes an \$86 million deficit and recognizes the need to restore and reinvest in programs that support our future and our tax base without placing an undue burden on taxpayers. It provides significant new investment to restore educational programs and teaching positions that have been cut over the years while staying within the property tax cap for the second consecutive year, recognizing that we will never cut or tax our way to prosperity.

We are encouraged by positive signs of economic recovery realized in the FY 2014 budget including increased home sales, PILOT revenues, income and sales tax revenues. Plans for rebuilding our City will further expand our tax base and provide significant new revenue for the City's future.

Yet the growth in revenues does not meet the skyrocketing costs of fringe benefits beyond the control of cities like Yonkers that continue to be passed down from the state at a price tag increase of \$30 million this year alone, forcing the City to amortize \$22 million on the municipal side alone. These costs are unsustainable and despite our efforts to wean Yonkers off of its long addiction to band-aid solutions, we recognize that the state's model for cities like Yonkers is broken and that a new deal for New York's cities is needed now more than ever if we are to truly end year-to-year deficits.

EXECUTIVE BUDGET SUMMARY

The Executive Budget package takes significant steps towards fixing inherited structural problems in a balanced manner, while conforming to the property tax cap and restoring programs and positions to the Board of Education.

The Executive Budget for the Fiscal Year 2014 is \$990,897,222. Included in the Executive Budget is a municipal operating budget of \$460,952,064, an increase of 1% in discretionary spending from Fiscal Year 2013, despite a decrease of \$1.2 million in state aid (AIM). The municipal budget includes a total of 1899 positions, which is an increase of 26 positions from Fiscal Year 2013.

These positions will allow the City to recover lost revenues and improve quality of life services that long have been ignored in the City and have contributed to the City's current financial status. By investing in positions today, to improve our information technology infrastructure and tighten our financial controls, we will lessen our reliance on costly outsourcing, save millions in the future and provide for long-term stabilization. These positions will also improve the City's ability to provide accurate, effective and timely city services, such as water meter readings.

The Executive Budget includes a \$529,945,158 appropriation for the Board of Education (BOE), an increase of 3.2% over Fiscal Year 2013. The BOE appropriation represents 53.5% of the total City budget and keeps our commitment to education. The Executive Budget increases education funding by \$17.4 million more than Fiscal Year 2013, a 2.4% increase to the City's Maintenance of Effort. This is the first increase to the Board of Education since 2012, which allows the BOE to possibly build upon the 60 new positions it restored last year, restore programs such as junior varsity and varsity team sports and potentially restore full day pre-kindergarten.

Recognizing that our property taxpayers have been overburdened for far too long, the Executive Budget proposes a 0.9% property tax increase, the lowest property tax increase since 1998. For the year, an average property taxpayer will see their property taxes increase on the average of \$142.

In order to close the estimated \$86 million budget gap projected for 2014, the City is utilizing New York State's recently approved pension smoothing plan

resulting in a the deferral of \$22 million in pension costs; the use of \$39 million of the City's and Board of Education's fund balances; the bonding for payment of \$10 million in tax certioraris; and \$15 million less for expenses in the Board of Education as compared to their multi-year forecast. As I have stated in the past, the City has been put in a position to rely on one-shots and borrowing which has contributed to our fiscal crisis, compounded by unsustainable mandates from the State.

It took us decades to get to this point of fiscal stress and unfortunately it will take us some years to get out. Therefore, this year's proposed budget will utilize opportunities that will close our gap and assist us in getting ourselves back on the path of fiscal responsibility.

The Executive Budget does not propose any cuts to vital city services or the workforce. In fact, in addition to this positive news, the City expects added revenue for 2014 including an increase of \$3.2 million in sales tax revenue (4.8%) from the 2013 Adopted Budget; \$5.3 million increase in the income tax revenue over the 2013 Adopted Budget; and the increase of \$3.7 million in PILOT revenues.

Additional funds in the Executive Budget will allow for restoration and upgrades of services for Yonkers taxpayers. Examples of greater efficiencies due to additional dollars includes a new tax integration system designed to improve accuracies in the City's tax billing system; additional water meter readers to expedite the process of securing more accurate readings and the restoration of Sunday service for Yonkers Public Libraries as well as upgrades to branch facilities such as computers, library books and research materials.

In the end, the economic hardships facing our City are real and distressing. Yonkers is not immune to the long term structural problems facing municipalities across the country – a tax base that can't keep pace with a deteriorating infrastructure and rising pension costs. And while I've outlined an economic development plan that will grow our tax base, our leaders in Albany and Washington must develop a new deal for New York's cities that addresses the strain of unsustainable labor costs.

Today, I propose a budget that is balanced and honest, which keeps our commitment to education while investing in our future, all within the state mandated property tax cap.

I urge the City Council to build upon the spirit of cooperation that helped pass the first unanimous, bipartisan budget in more than a decade. I remain willing to come to the table with our unions to produce contracts that are fair to our workforce and taxpayers, while reflecting the economic reality of our time. While we've begun to restore cuts to education and city services, I ask the public to continue in the spirit of shared sacrifice as we confront ongoing fiscal challenges.

I look forward to an active and healthy discussion on our City's finances as we work to rebuild the great City of Yonkers.

Sincerely,

A handwritten signature in black ink that reads "Mike Spano". The signature is fluid and cursive, with the first name "Mike" written in a larger, more prominent script than the last name "Spano".

MIKE SPANO

Mayor

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