

City of Kingston Community Budget Forum



Key Challenges For 2017 And Beyond



- Minimize Future Property Tax Increases
- Maintain Compliance With NYS Tax Cap
- Limited Growth in Tax Base
- Growing Infrastructure Needs
- Unfunded Mandates
- Stagnant State Aid
- Continue to Explore Opportunities to Reduce Costs
- Growth in Non-Tax Revenues May Be Necessary to Maintain Full Array of Services Provided To Public



Challenge – NYS Property Tax Cap



- The NYS Tax Cap is not a set 2% Tax Cap. It is a calculation using multiple factors (rate of inflation, growth in tax base, pilots, etc.) that results in a tax cap that is generally not 2%. The City's 2017 tax cap will be approximately 1% when all factors are considered. Thus, the total increase allowed on the City's \$17.7 million tax levy in 2017 is expected to be approximately \$200,000. Without new revenue sources or using additional reserves, City spending will be limited to increase by \$200,000 or just 0.5%.



The Importance of Development - Included in NYS Tax Cap Calculation Is A Growth Factor Providing For Relief Based Upon Physical and Quantity Increases in Taxable Property Values



A 1% Growth Factor Increase Would Result in a \$170,000 Increase In The Tax Cap. The City's Growth Factor Has Averaged Under \$100,000 Annually.



Sewer Usage Patterns



Declines in Sewer Usage Combined With Ongoing Sewer Infrastructure Needs Will Continue to Put Upward Pressure on Sewer Rates

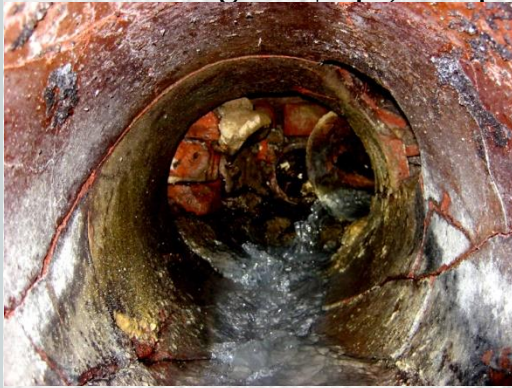
Sewer Units Billed



Infrastructure Challenges



- As the City's infrastructure ages, increased capital investment will continue to be needed for repairs and replacements.
- Current and recently completed notable projects include Washington Avenue Sanitary and Stormwater Tunnel Remediation (\$7.5 million), Sewer Separation Project at Broadway and Grand Streets (\$1.9 million), Wastewater Treatment Plant Upgrades (\$2.4 million), Greenkill Ave Bridge Construction (\$3.7 million), Andy Murphy Midtown Neighborhood Center Improvements (\$1.3 million), and Uptown Parking Lot Improvements (\$800,000).
- While grant funding has proven invaluable to mitigate costs, there are expenses associated with pursuing these opportunities. Capital projects continue to stress the City's budget and cash flow. In the 5 year period from December 31, 2010 to December 31, 2015, the City's General and Sewer Fund total long-term and short-term debt increased by \$4.7 million. Despite the City's strong AA- bond rating along with the refunding of several bond issuances, the annual debt service budget has increased an average of \$140,000 per year.



Mandates



- State mandates come in many shapes and sizes. Typically, they are thought of as statutory or regulatory provisions that require a local government to deliver a service without providing the funding to go along with it. These types of mandates are perhaps the easiest to identify and quantify. But it is important to note that mandates can take other forms as well. Many mandates do not necessarily require local governments to provide a particular service, but they place restrictions or impose requirements on the way municipalities operate or how a particular service is delivered. Frequently, these mandates limit flexibility, forcing local leaders to be less efficient and cost-effective than they otherwise would. Finally, state mandates can limit a municipality's ability to raise revenue by restricting the fines, fees and taxes that may be levied at the local level.

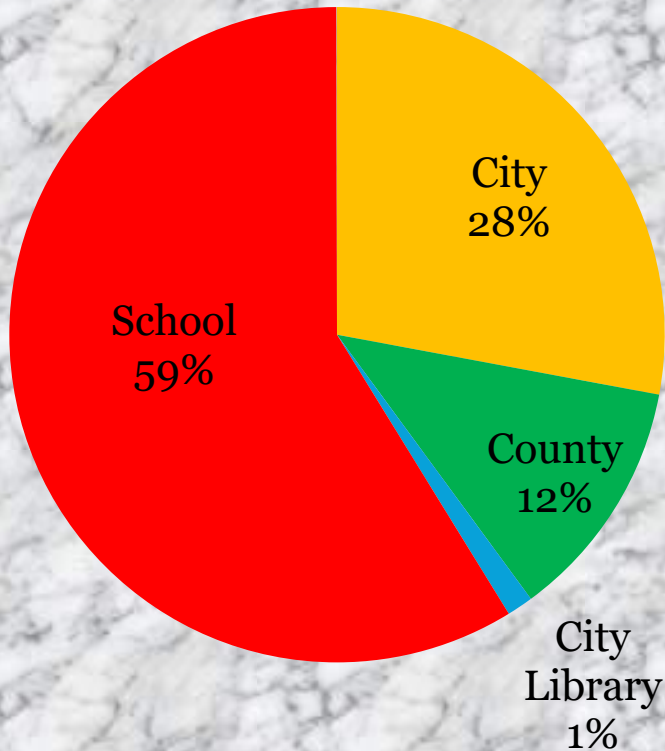
Where Does Your Tax Money Go?



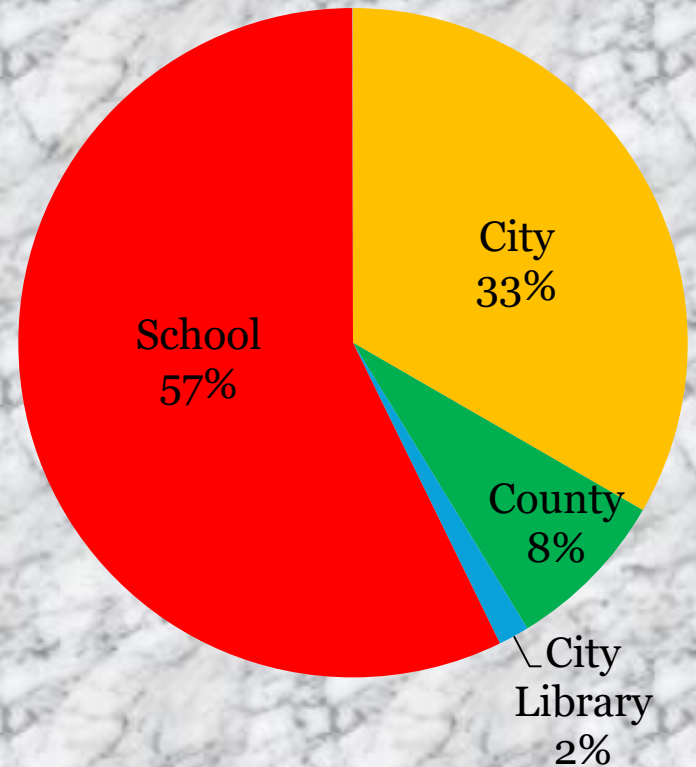
Distribution of Your Property Tax Dollars \$



Residential



Commercial

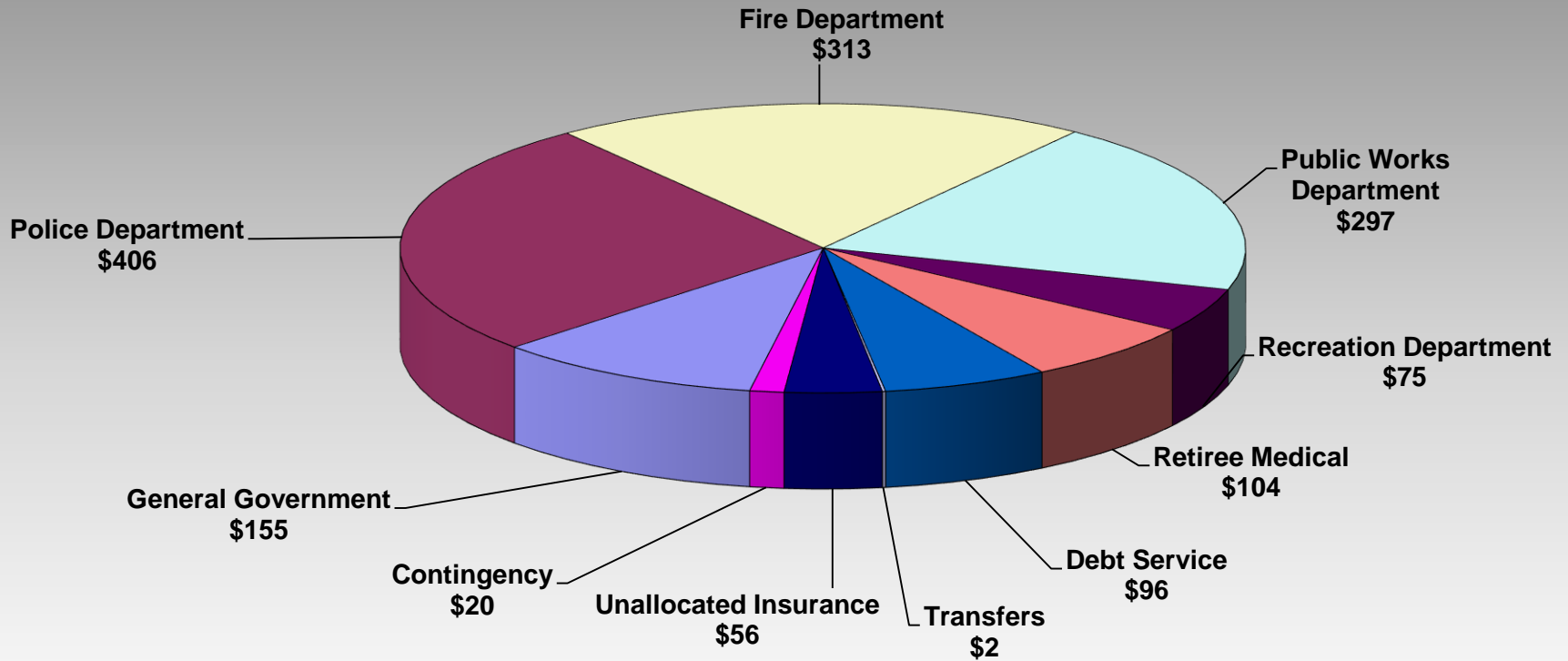


City Spending – By Purpose



Allocation of \$1,524 In City Tax Paid on \$150,000 Residence

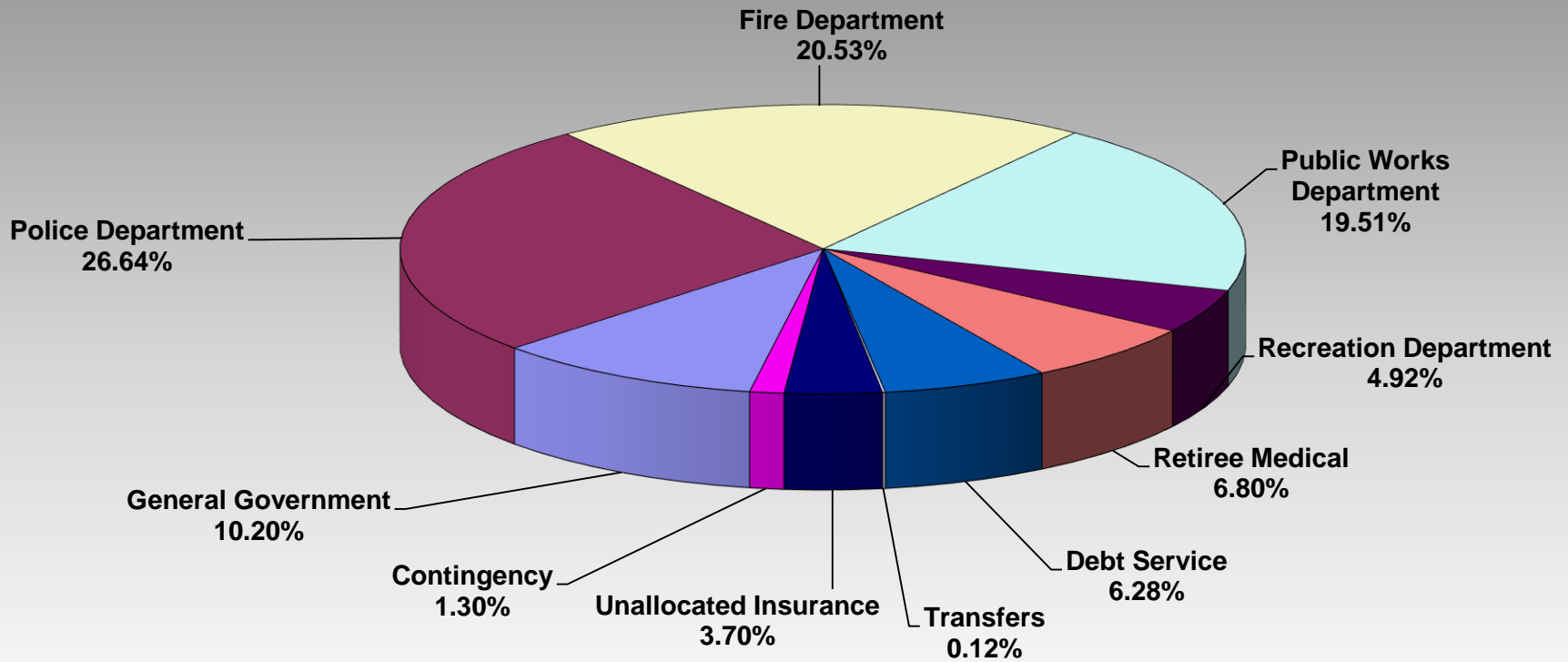
2016 GENERAL FUND APPROPRIATIONS SUMMARY



City Spending – By Purpose



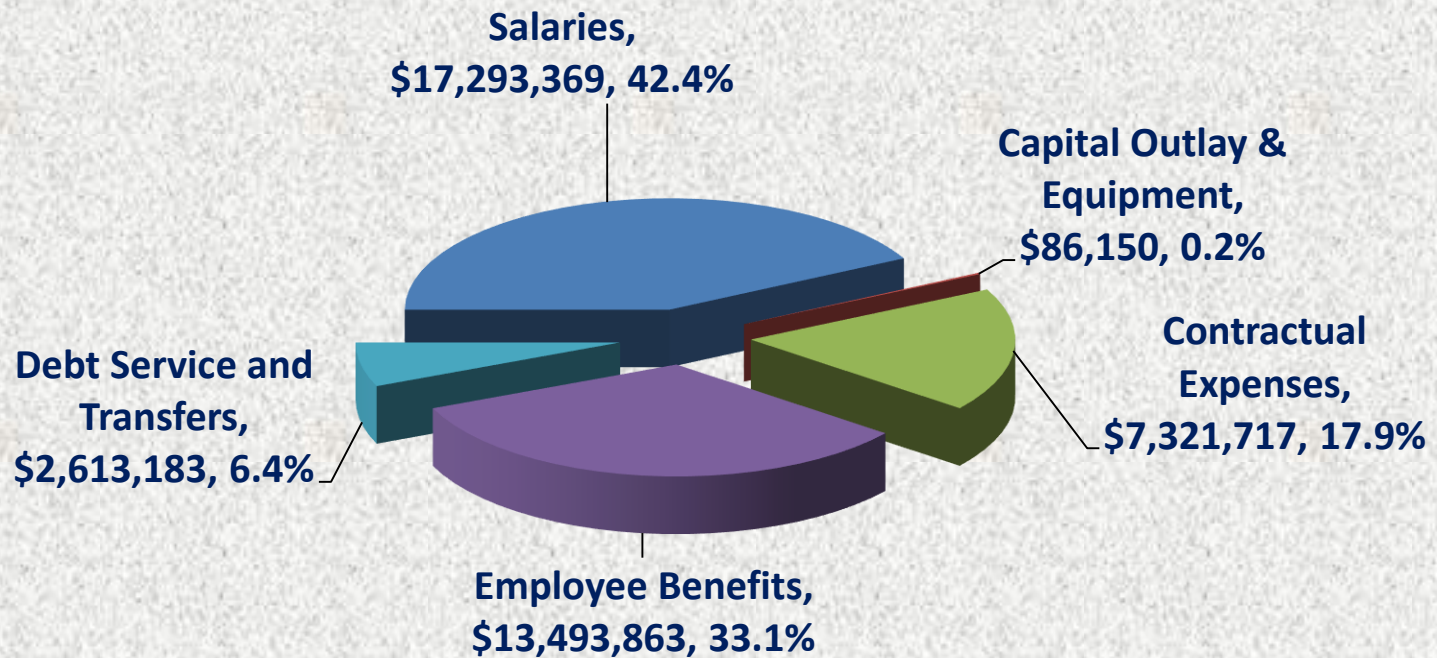
2016 GENERAL FUND APPROPRIATIONS SUMMARY



City Spending – By Category



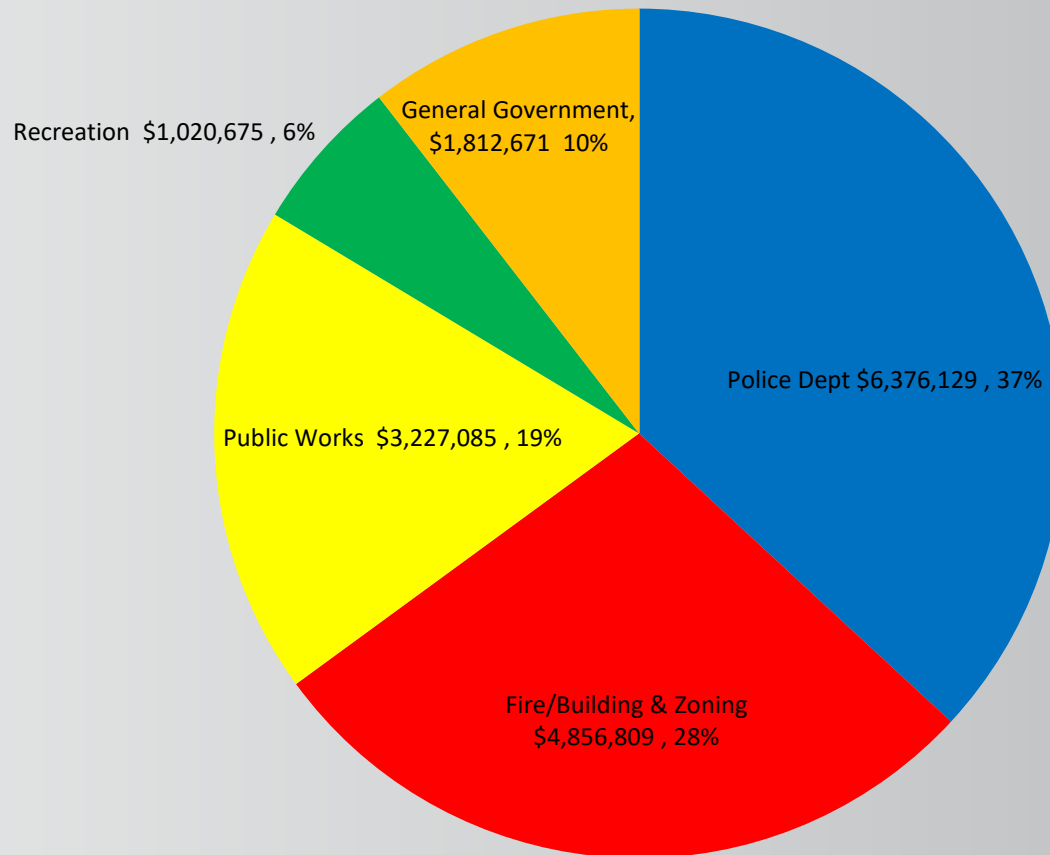
2016 General Fund Appropriations Summary Total Budget \$40,808,282



Salary Allocation



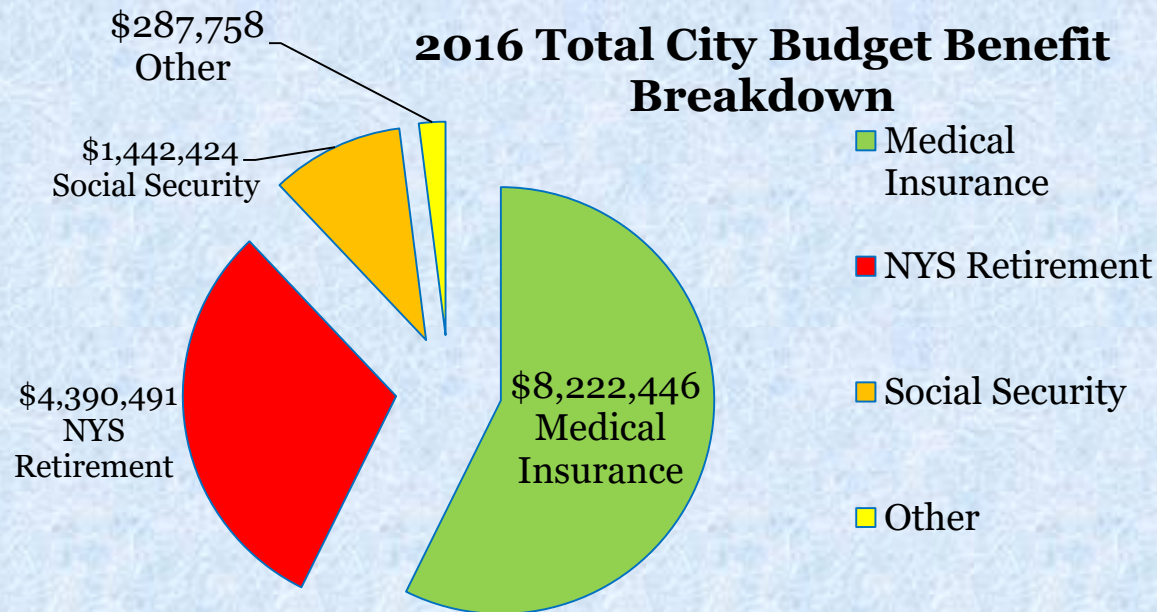
2016 General Fund Salary Budget \$17,293,369



Steadily Increasing Benefit Costs



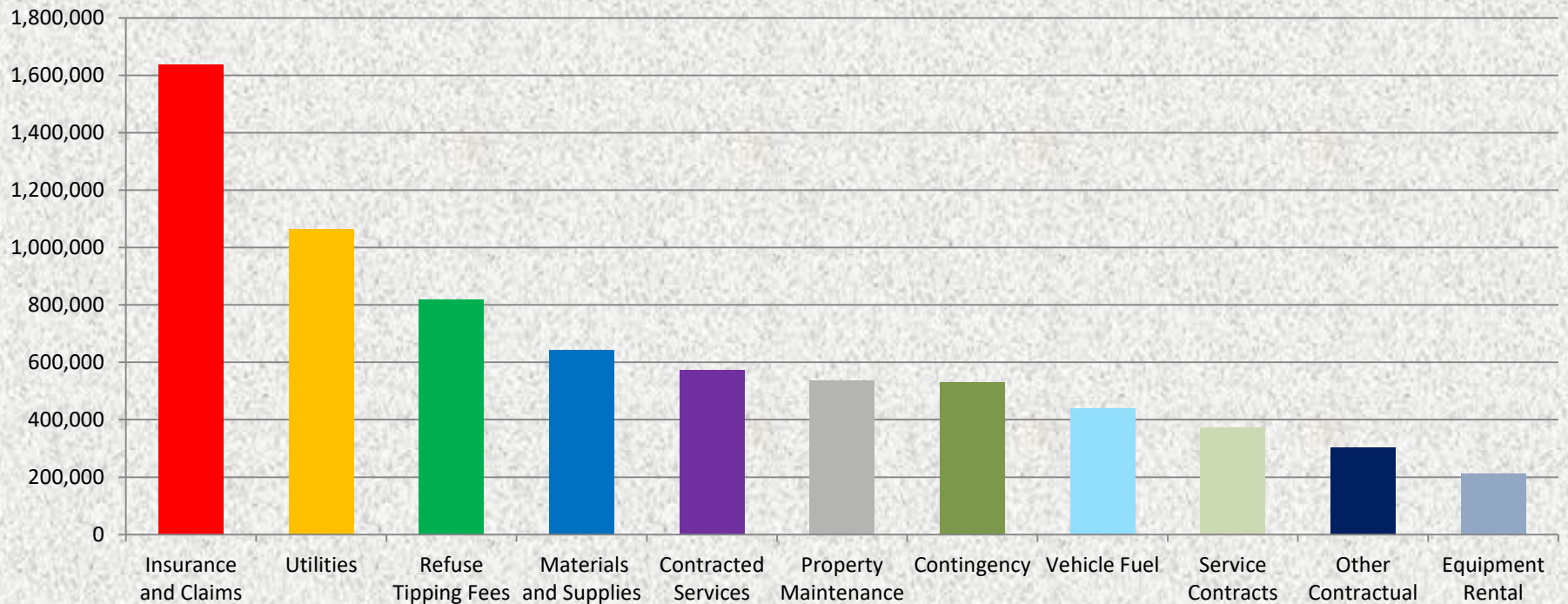
- Over the last five years, total budgeted employee and retiree benefit costs have increased by an average of 3.3% and over \$400,000 per year. The City recently appointed a Health Insurance Broker from the results of an open competitive “Request for Proposals” and is also forming a Health Insurance Committee to explore benefit options.



Contractual Expenses



2016 General Fund Contractual Expense Summary Total Budget \$7,321,717



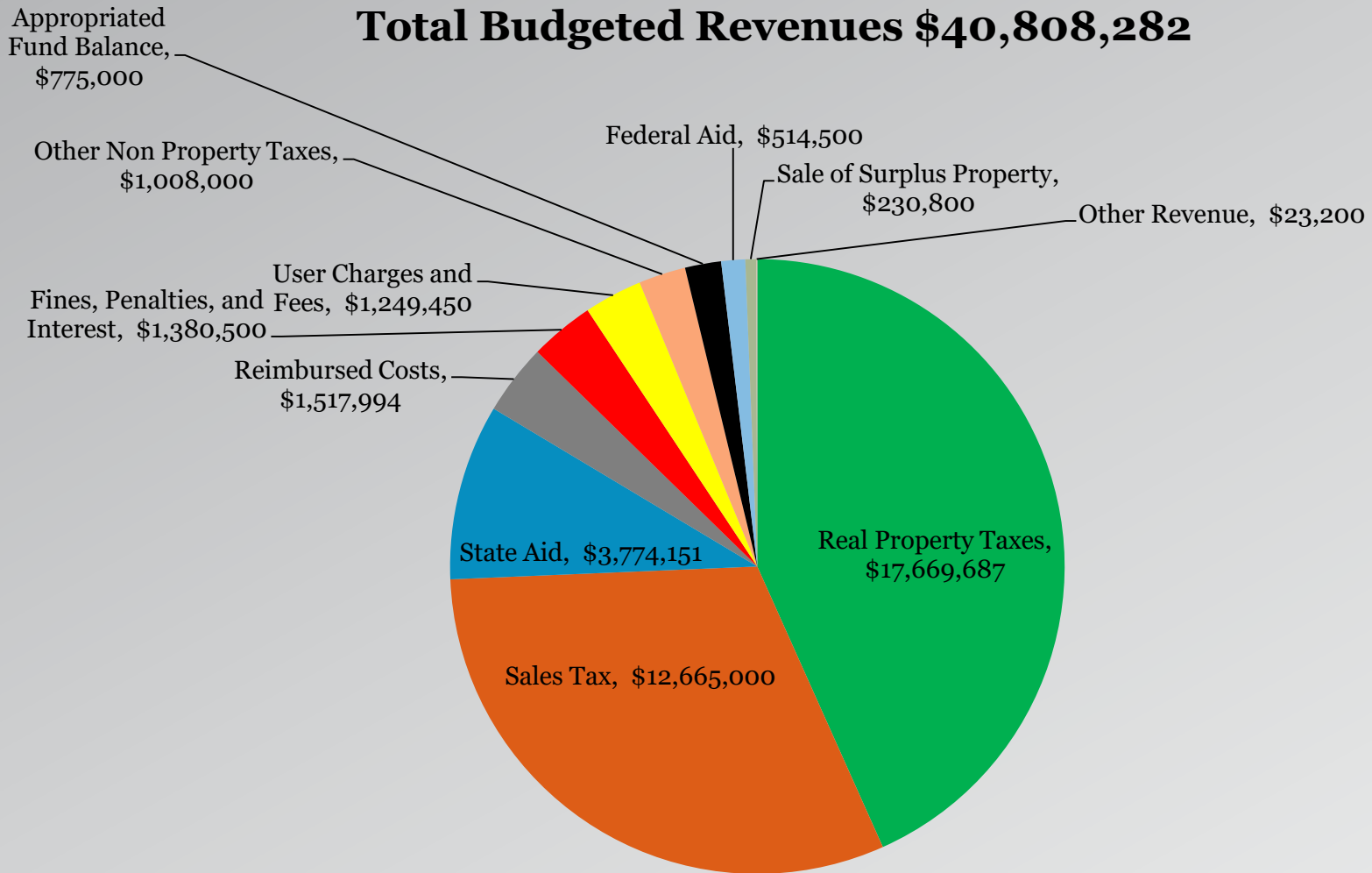
How is City Revenue Generated?



General Fund 2016 Revenue Budget



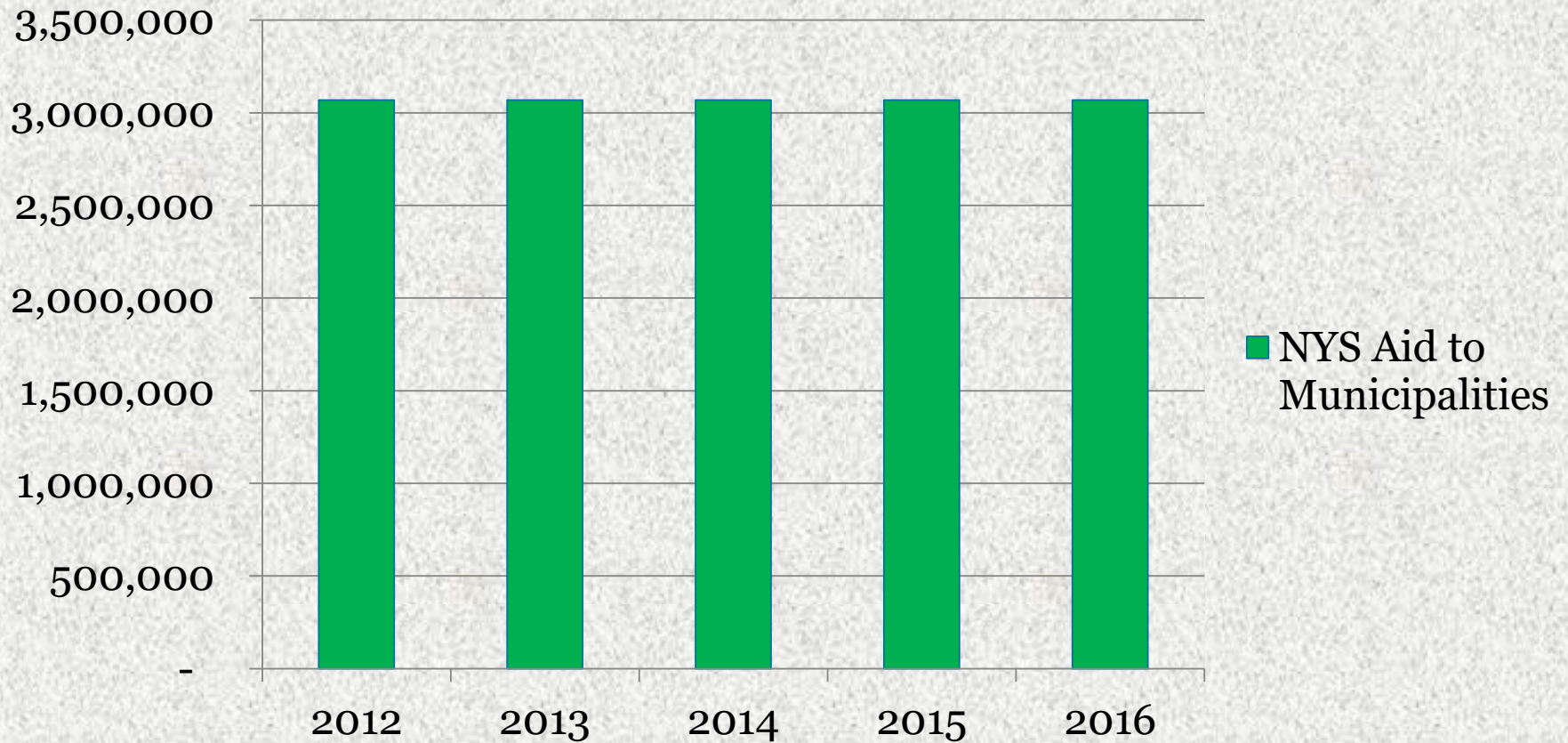
Total Budgeted Revenues \$40,808,282



State Aid



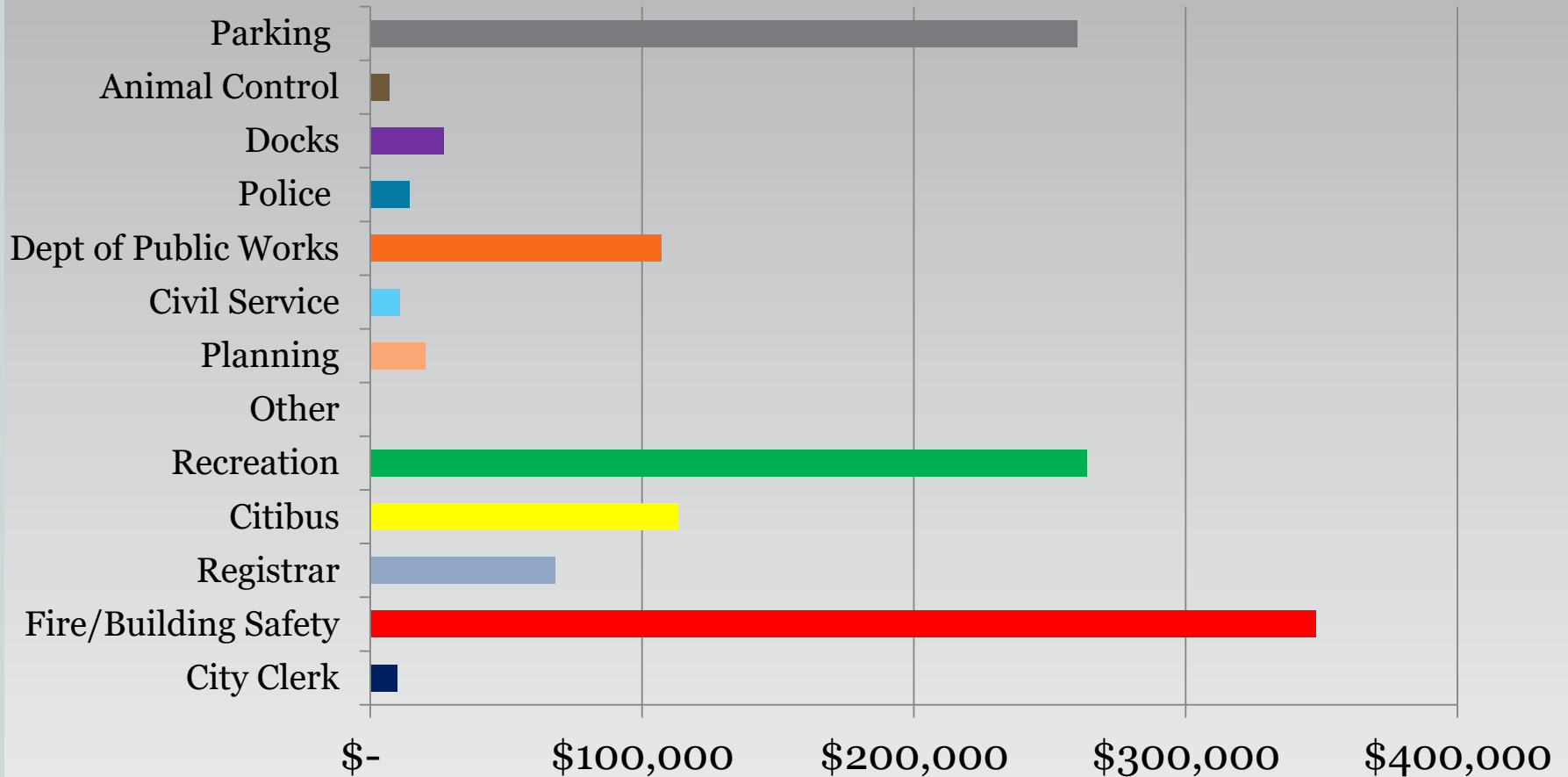
NYS Aid to Municipalities



User Fees – 3% of Revenue Budget



2016 Budgeted User Fees \$1,249,450



QUESTIONS FOR CONSIDERATION



- What are your budget priorities for the City? (i.e. property taxes, maintenance of existing services, improvement of existing services, offering of new services.)
- What are your thoughts on the role that user fees and other non-tax revenue sources should have in the City budget?
- What services, programs, and functions of City government do you consider high priorities for the future?
- What ideas do you have to improve the quality or cost efficiency of City services, programs, and functions?