

City of Kingston Community Budget Forum

Presented by: John Tuey, City Comptroller



August 28, 2017

KEY CHALLENGES FOR 2018 AND BEYOND

- Lack of expansion in tax base
- Curb growth in expenditures while maintaining/improving existing services
- Identifying and implementing new efficiencies in delivering services to the public
- Personnel contracts with the City's three bargaining units expired 12/31/16
- Unfunded mandates
- Continued infrastructure needs
- Aside from sales tax, there is little growth in revenues not generated directly from the public (examples: state aid, federal aid, franchise taxes, gross receipts tax, court fines, etc)
- Maintain compliance with NYS Tax Cap

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

Every 1% Of Tax Base Growth Results in a \$175,000 Increase In The Tax Cap. The City's Growth Factor Has Been Under 0.5% For 3 of the Last 5 Years.



CHALLENGE – NYS PROPERTY TAX CAP

The NYS Tax Cap is a calculation using multiple factors (rate of inflation, growth in tax base, pilots, etc.) that results in a limit on the increase in property taxes. Under the NYS Tax Cap, municipalities face pressure to find innovative methods to reduce expenditures and find alternative revenue sources on an annual basis. A lack of unfunded mandate relief hinders this effort. Without new revenue sources or using additional reserves, City spending will be limited to an approximate 1.45% increase in 2018.



CHALLENGE – EXPIRED COLLECTIVE BARGAINING AGREEMENTS

The agreements between the City and each of its three bargaining units (KPBA, KPFFA, and CSEA) expired December 31, 2016. The City and the bargaining units are currently in negotiations for successor agreements. Modifications in successor agreements are subject to collective bargaining with the respective unions and may not be unilaterally modified by either party (example: compensation issues, health insurance provisions, and other matters covered by the collective bargaining agreement).

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.

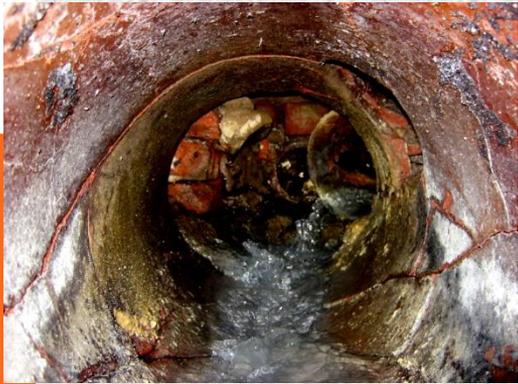
Source: Stop The Tax Shift: A Project Of NYCOM www.stopthetaxshift.org

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 Tunnel Grout Removal and Sanitary Sewer Relining (\$1.25 million), Wastewater Treatment Plant Hazard Mitigation and Upgrades (\$3.3 million), Wastewater Treatment Plant Improvements (\$2.35 million) and Greenkill Ave Bridge Construction (\$3.7 million).

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, 2011 to December 31, 2016, the City's General and Sewer Fund total long-term and short-term capital debt increased by \$3.1 million. Despite the City's strong AA- bond rating, this additional debt service strains the City budget.

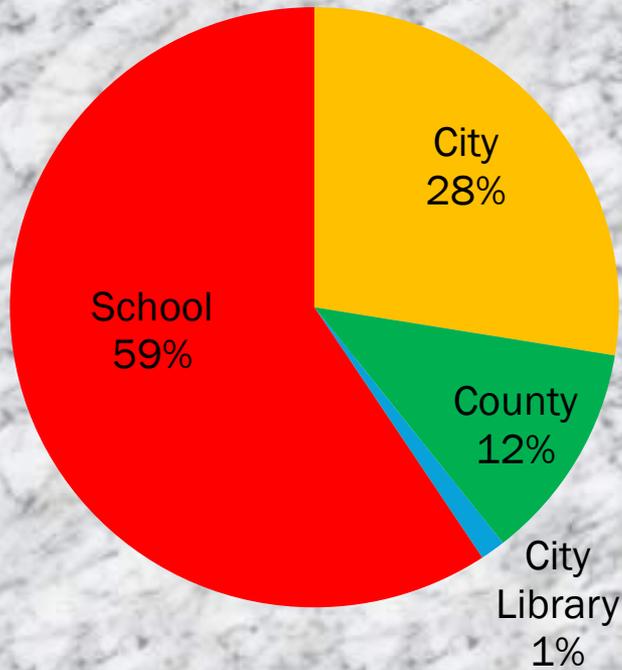




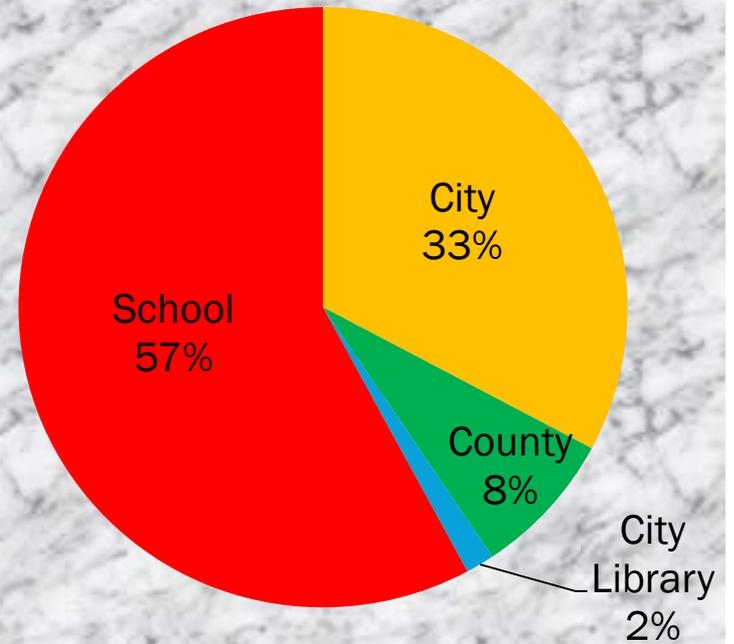
PROPERTY TAX
WHERE YOUR TAXES GO

DISTRIBUTION OF YOUR PROPERTY TAX DOLLARS \$

Residential

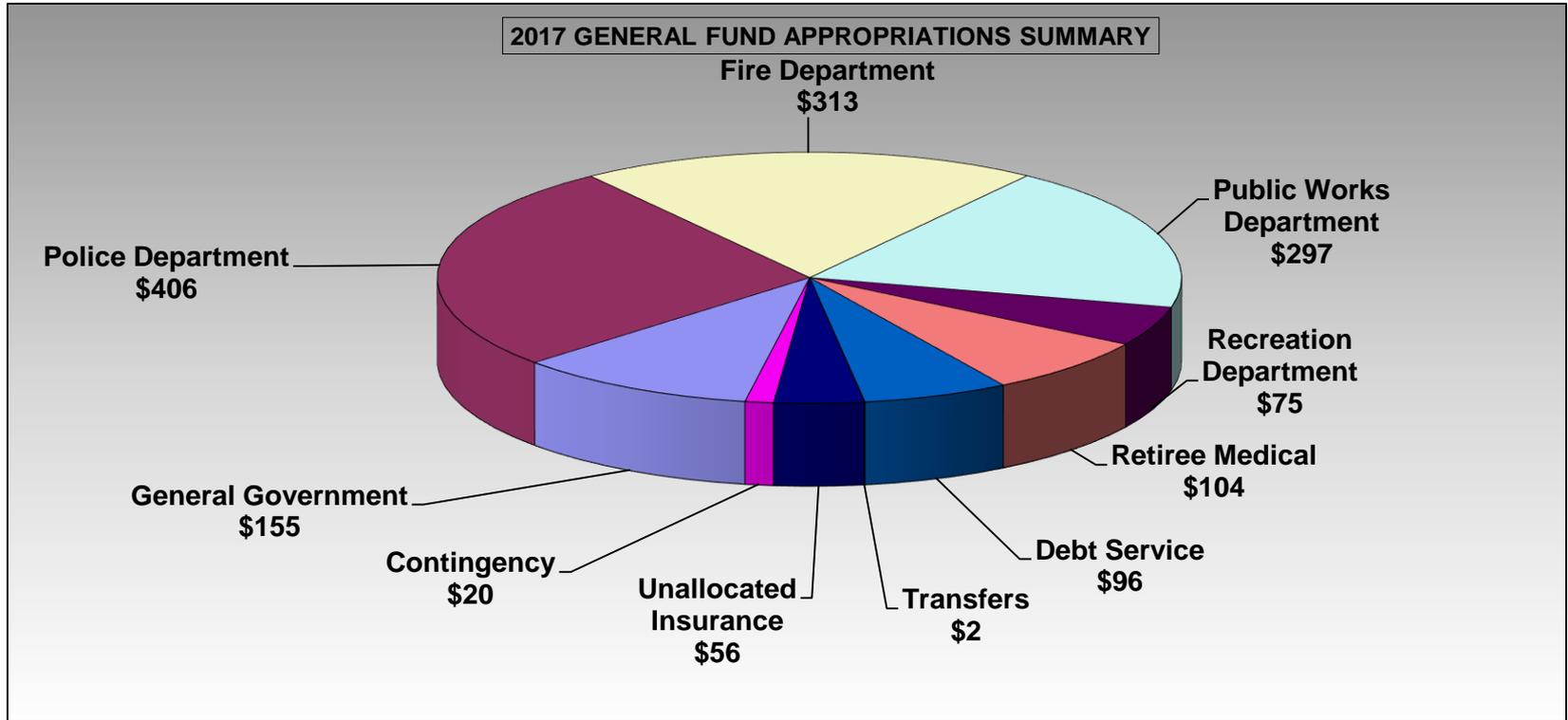


Commercial



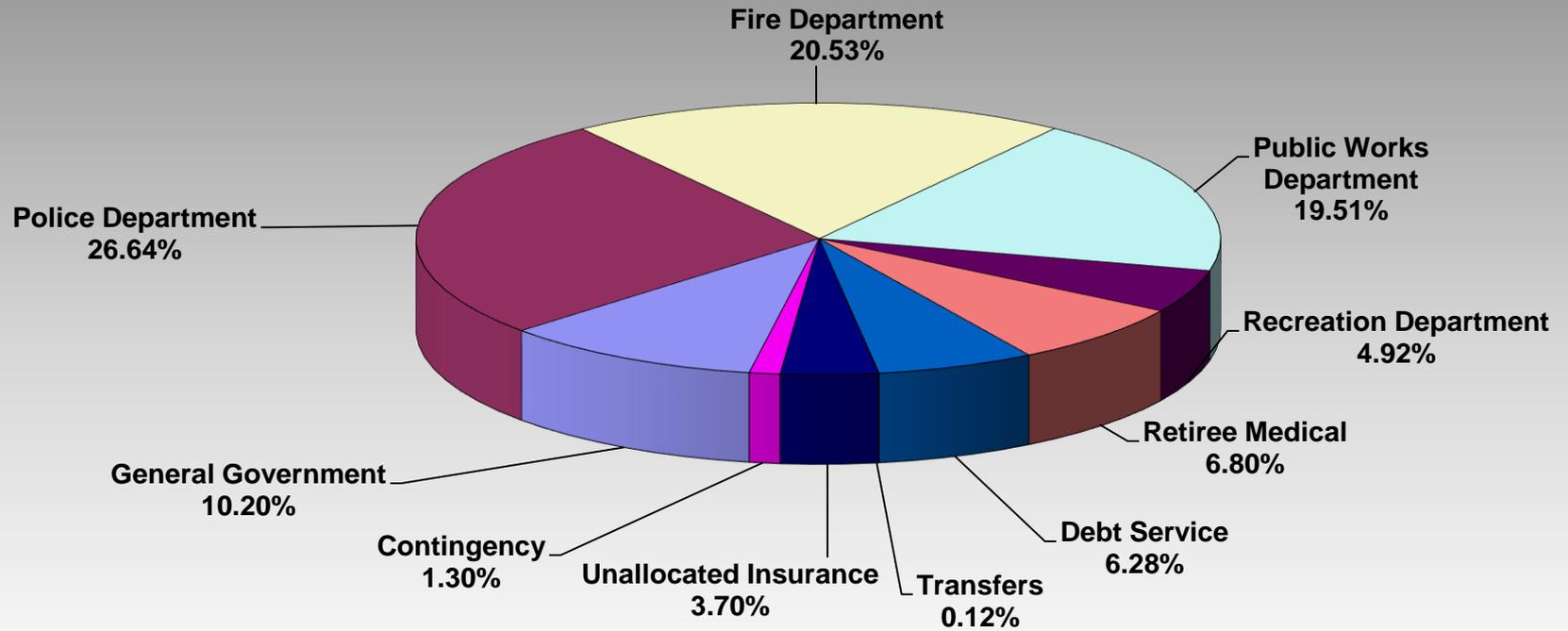
CITY SPENDING – BY PURPOSE

Allocation of \$1,516 In City Tax Paid on \$150,000 Residence



CITY SPENDING – BY PURPOSE

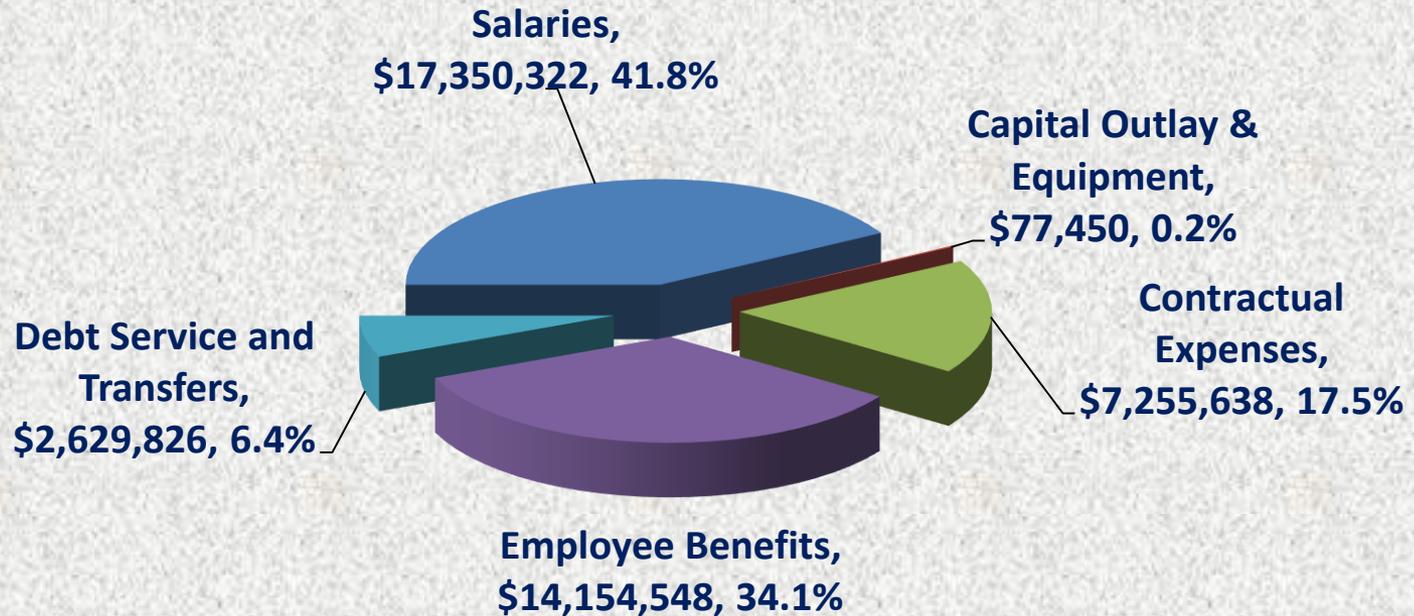
2017 GENERAL FUND APPROPRIATIONS SUMMARY



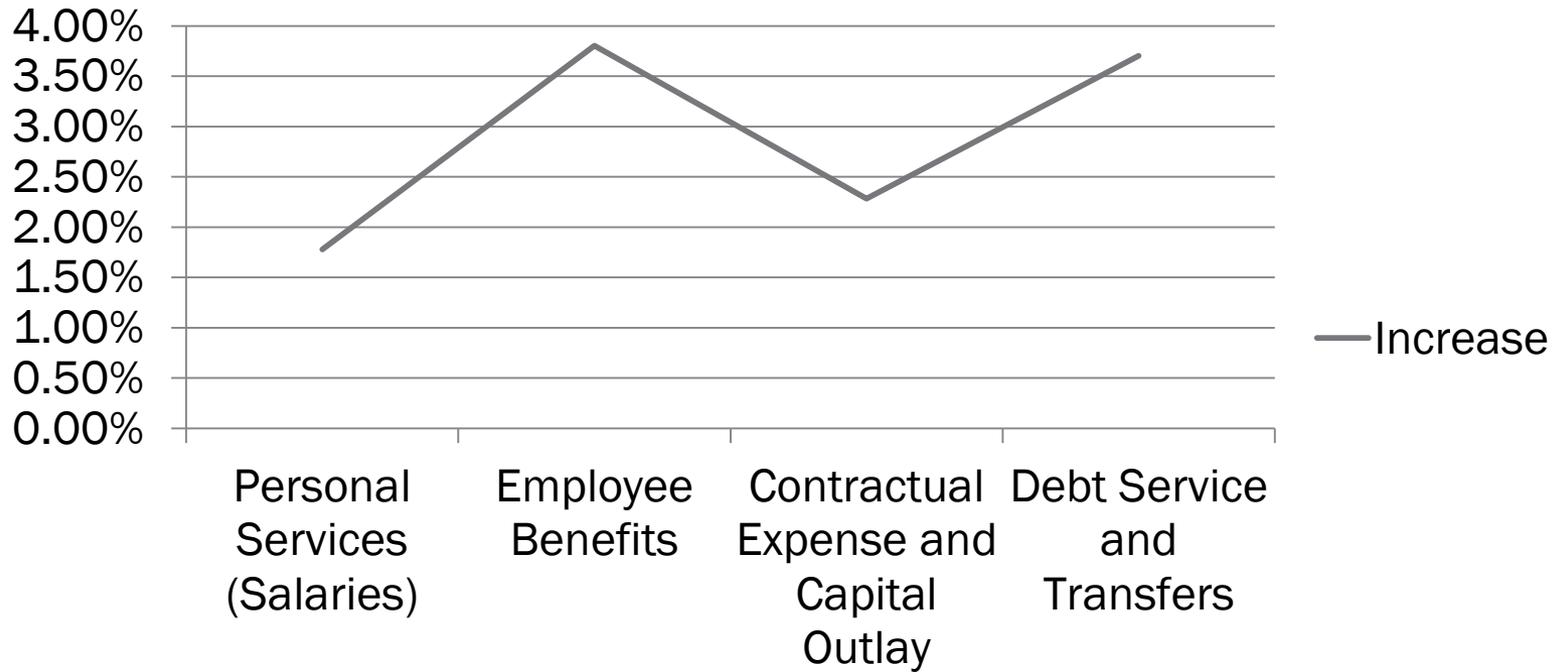
CITY SPENDING – BY CATEGORY

2017 General Fund Appropriations Summary

Total Budget \$41,467,784

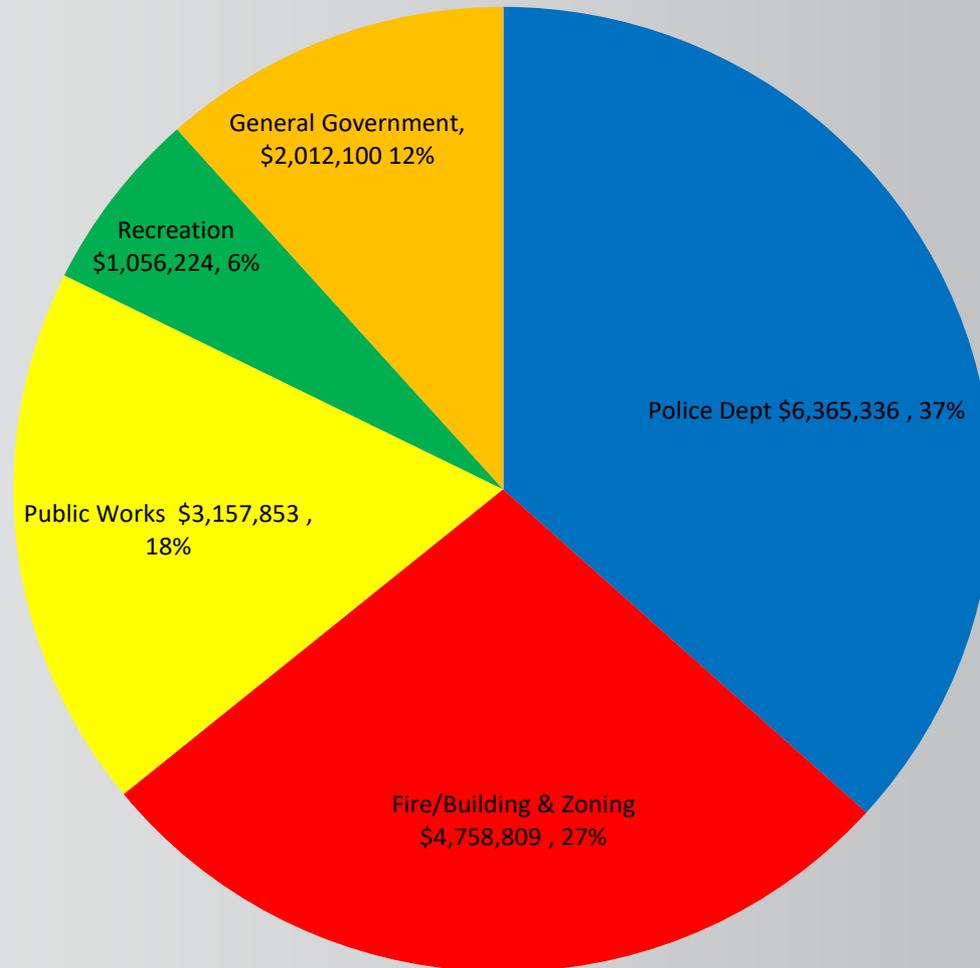


AVERAGE ANNUAL INCREASE IN CITY SPENDING BY CATEGORY (5 YEAR TREND)



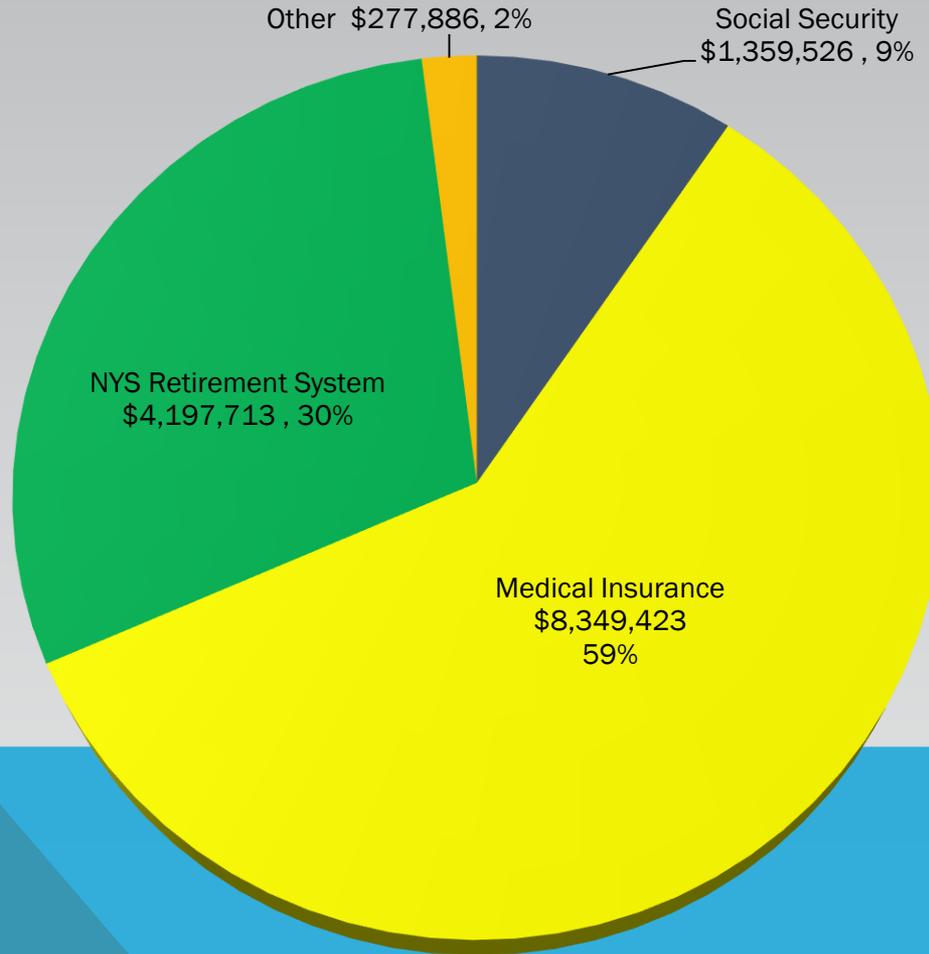
SALARY ALLOCATION

2017 General Fund Salary Budget \$17,350,322



EMPLOYEE BENEFITS ALLOCATION

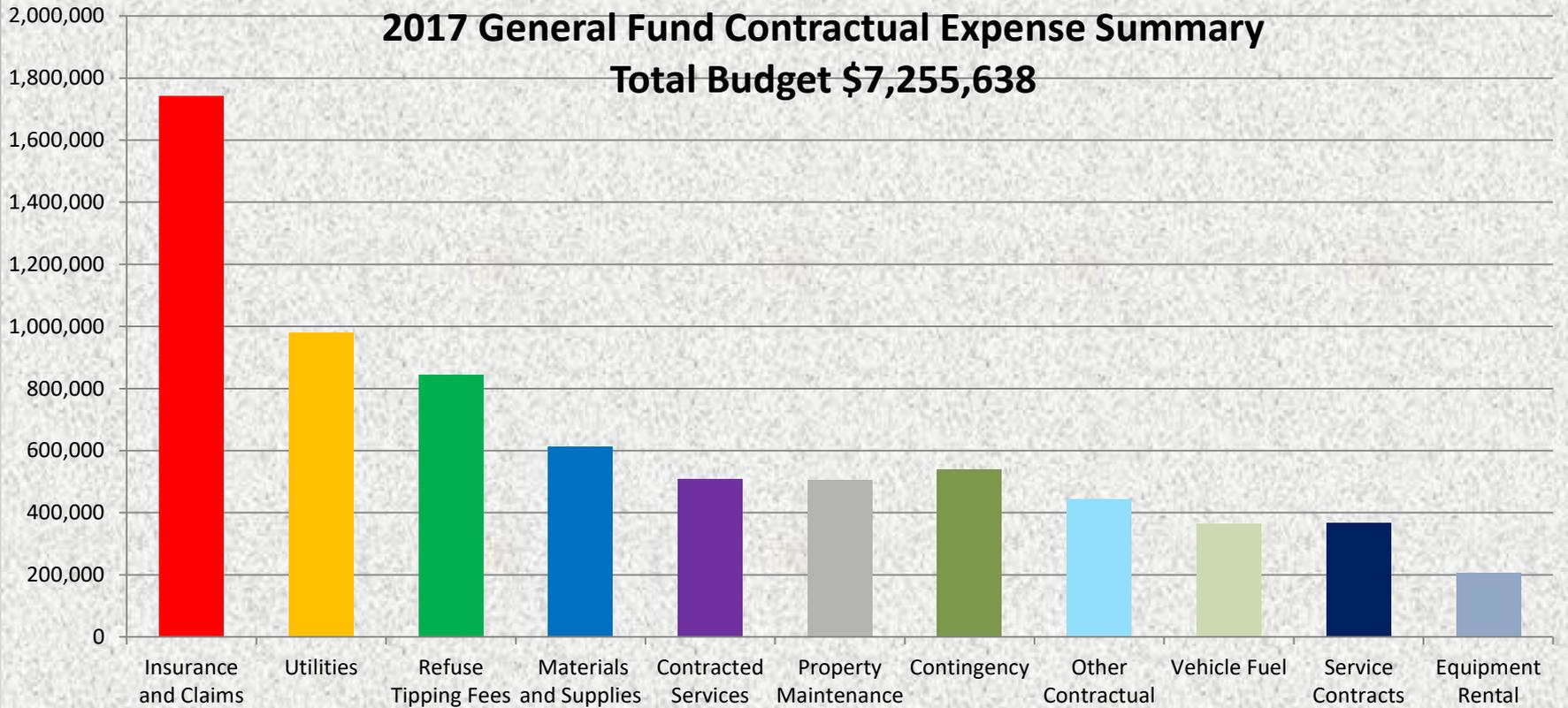
2017 Employee Benefits Budget \$14,154,548



CONTRACTUAL EXPENSES

2017 General Fund Contractual Expense Summary

Total Budget \$7,255,638

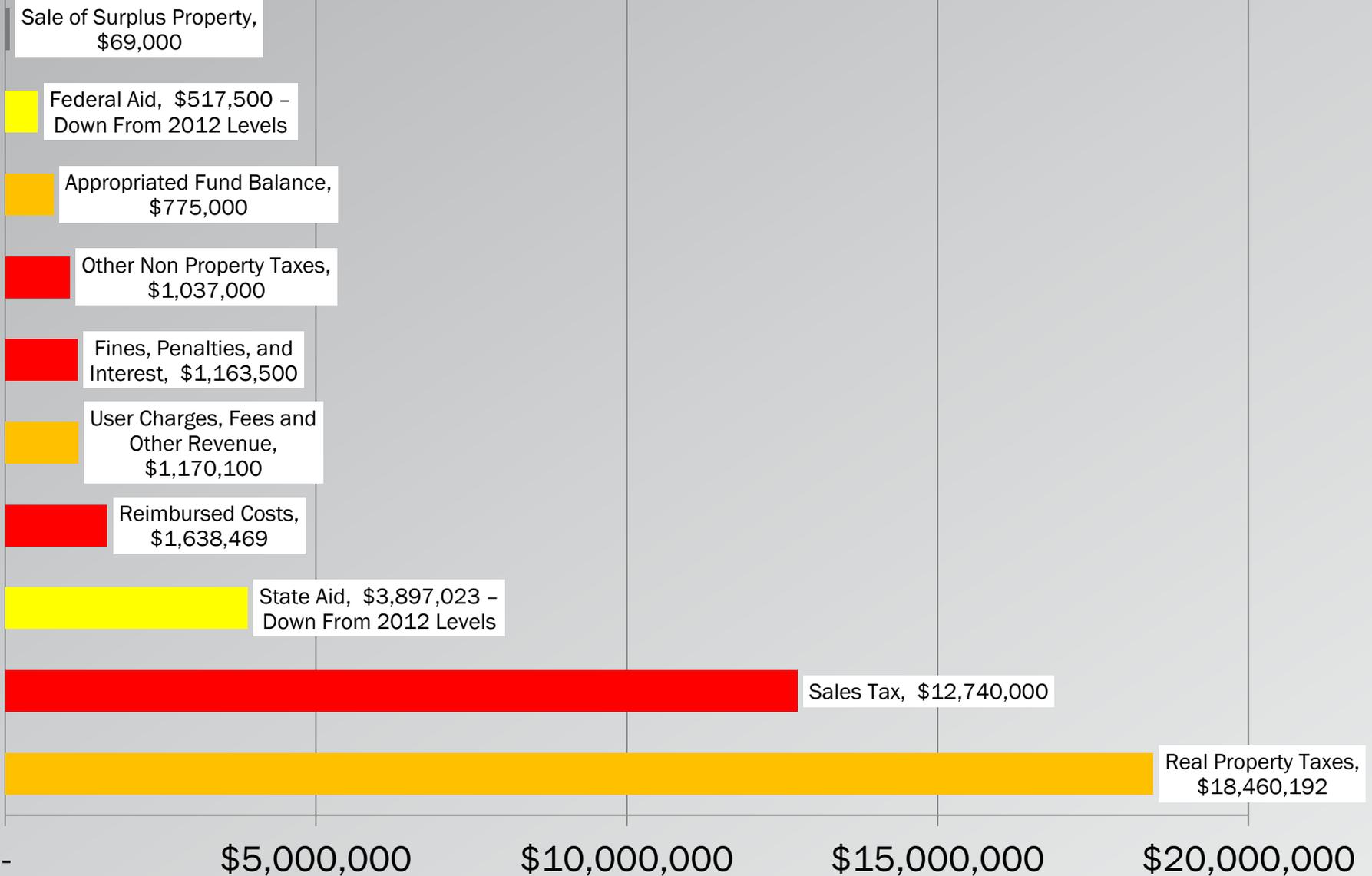


What Are the Sources of City Revenue?



GENERAL FUND 2017 REVENUE BUDGET

\$41,467,784



QUESTIONS FOR CONSIDERATION

- What are your budget priorities for the City? (i.e. reducing property taxes, maintenance of existing services, improvement of existing services, offering of new services.)
- 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?
- Last year, the tax levy was kept flat, requiring no increase in taxes. However, there was an increase in service fees in areas such as Parking, Parks and Recreation, Public Works, etc. Are you supportive of the shift from tax increases towards user fees? If no, what alternative would you recommend?
- How else do you think the City can minimize any increase in the 2018 tax levy?
- In what areas, if any, do you think the City should reduce spending? And how?
- In what areas, if any, do you think the City should increase spending? And how?