

Budget Crisis

- **For the fifth year in a row the City of Ithaca is facing a multi-million dollar budget deficit**
- **When I took office in January the projected deficit for 2013 was \$3 million**

Closing the gap

- **Past Budgets**
- Tax levy increase was 3.81%.
- **Fund balance appropriations**
- 2009: \$492,045
- 2010: \$950,000
- 2011: \$792,000
- 2012: \$995,000
- Fund balance remains above recommended levels, but just barely

The Challenge

- Use a new approach to close the budget deficit that slows the growth of property taxes in the City and uses far less from the fund balance.

What we've done immediately

- Sale of City Property
- Refinanced of Debt
- Changes to the City's vehicle policy
- Reassignment of IPD officers
- Retirement Incentive
- Grants and awards

Budget Preparation

- Common Council's Direction
- Public Input
- City Employee Input

Common Council's Direction

- Budget discussion and retreat
- Monthly meetings with each pair of wardmates
- Monthly budget discussions at the City Administration Meetings

Common Council's Direction Takeaways

- Need balanced approach
- Prefer to stay within tax cap
- Improved management structure
- Some fund appropriations ok – but not at current rate
- **“We cannot just keep doing what we’ve been doing - just with ten percent less. We need to think strategically!”**

City Employee input

- Senior Staff Meetings
- Employee Forums
- Open Door Policy
- Online Idea Submissions
- Department Heads Budget Submissions

City Employee Input Takeaways

- More proactive, streamlined management
- Layoffs shift work, cause stress, and disrupt the workplace
- Cuts should not be solely on the bottom
- Parking revenue can be greatly increased
- Sell City owned land that doesn't serve public
- **“We cannot just keep doing what we've been doing - just with ten percent less. We need to think strategically!”**

Public Input

- Campaign – 30 forums, thousands of doors
- Open public budget forum
- Social media
- Individual constituent meetings

Public Input Takeaways

- Keep taxes as low as possible!
- Improved management and accountability
- Public safety, infrastructure investment and youth services are priorities
- **“We cannot just keep doing what we’ve been doing - just with ten percent less. We need to think strategically!”**

Other References

- Examination of Financial Operations - New York State Comptroller's Office.
- Report of Departmental Operations - New York State Comptroller's Office.
- City of Ithaca Energy Action Plan 2012
- City of Ithaca Performance Measures Framework and Organizational Analysis Report - The Novak Consulting Group

“We cannot just keep doing what we’ve been doing - each year with less personnel, higher taxes and nearly a million dollars per year from our fund balance. We need to think strategically!”

How do we define a ‘strategic budget’?

- “A strategic budget does not simply cut each department in the City equally.”
- “A strategic budget doesn’t delay difficult choices for future elected officials.”
- “A strategic budget - even in hard times - does move the City towards the following goals: increased accountability, a more inclusive budgeting process, a higher fundraising capacity”

How do we define a ‘strategic budget’?

- “A strategic budget does - even in hard times - make the investments that will pay off down the road.”
- “A strategic budget is proactive! It anticipates future retirements and puts in place structures that will allow us to do more work with less people.”
- “A strategic budget doesn’t cut just the folks at the bottom”

Strategic Transformations

- The New Planning, Building and Economic Development Department
- The New Finance Department

The New Planning, Building and Economic Development Department

- I propose merging the Building and Planning Departments
- The Building Commissioner will report to the Director of Planning
- The new PBED will take over fire code inspections from the Ithaca Fire Department
- Annual savings in excess of \$130,000 within 2-3 years

The New Finance Department

- I propose merging the Controller and Chamberlain's departments
- The Chamberlain will report to the Controller
- There is no immediate budgetary impact to the merger but the consolidation will allow for an annual savings of up to \$230,000 within 3-5 years

Strategic New Investments

- Chief of Staff
- Living Wage
- Parking Director
- Sustainability Coordinator
- Grant Writing and Advocacy

Chief of Staff

- **Recommendation.** The City fund a Chief of Staff position effective June 1st, 2013 to help manage the internal functions of the City
- **Benefits.** The City will, in the long term, see increased revenue and decreased cost as a result of more proactive management
- Council will benefit from a longer and more inclusive budget process
- The public will benefit from improved accountability with public performance measures and individual performance reviews
- **Budget impact.** The estimated cost including benefits for the position beginning in June 2013 is \$82,475.

Living Wage

- **Recommendation.** The City fund wage raises for any employees making less than a living wage effective July 1st, 2013
- **Benefits.** The City will finally become a living wage employer
- **Budget impact.** The cost for 2013 is \$44,000.

Parking Director

- **Recommendation.** The City fund a Parking Director effective April 1st, 2013
- **Benefits.** The City will, in the long term, see increased parking revenue
- The public will have a more convenient parking experience
- **Budget impact.** Cost, including benefits for 2013 is \$81,464. Anticipated increased revenue from parking is \$70,000 in the first year with greatly improved revenue in future years.

Grant Writing and Advocacy

- **Recommendation.** The City fund a contract line in the Planning Department to retain year-round grant writers and lobbyists.
- **Benefits.** Increased capacity to bring state, federal and private dollars into the City
- **Budget impact.** The estimated cost for the line in 2013 is \$60,000.

Strategic Reductions

- 25 vacancies left wholly or partially unfunded
- A number of hourly reductions
- Eliminated two Firefighter positions and one administrative position for a savings of \$159,000

Closing the Gap 2013

- **Tax Levy**
- 2009-2012: 3.81%
- **2013: 2.72%**

- **Fund Balance**
- 2009: \$492,045
- 2010: \$950,000
- 2011: \$792,000
- 2012: \$995,000
- **2013: \$250,000**