Mayor’s Proposed 2018 Budget

Wednesday, October 4, 2017
5:30pm
Common Council Chambers
Mission

We strive to make Ithaca a Model Community:

a great place to create, dream, live, learn, work and play
Vision

We deliver high quality services to preserve & enhance the well-being of our community
Values

For those we employ and those we serve

I. People

We believe that:
- People are our greatest asset;
- Each person should be respected, developed, supported, and valued;
- Diversity should be celebrated through inclusion

II. Relationships

We believe in:
- Teamwork;
- Interdependent collaboration;
- Responsiveness;
- Sharing knowledge and expertise

III. Excellent Results

We believe in:
- Continuous improvement;
- Streamlined processes;
- Creativity;
- Quality service;
- Celebrating success
2018 Mayor’s Proposed Budget

• In 2018 the City of Ithaca tax levy will increase by 2.80%.

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$22,196,661</td>
<td>$22,818,169</td>
<td>$621,508</td>
<td>2.80%</td>
</tr>
</tbody>
</table>

• This is below the tax cap of 2.94%
2018 Mayor’s Proposed Budget

• The tax rate will remain the same, at $12.04 per $1,000.
• Since 2001 it is the second time that the tax rate has remained the same, and the fifth that it has not increased.
• This remains the lowest tax rate since 2003.
2018 Mayor’s Proposed Budget

• Why does the tax levy increase by 2.8% if the tax rate remains the same?
• Total taxable assessed value in the City increased from $1.84 billion to $1.90 billion, an increase of 2.8%.
2018 Mayor’s Proposed Budget

What is the tax impact to the average homeowner?

• 92% of 1- and 2-family homes will see no change in City taxes in 2018.

• Another 3% of 1- and 2-family homes will see a decrease in City taxes in 2018.
2018 Mayor’s Proposed Budget

• The tax levy is increasing by 2.80% while the vast majority of homeowners will see their taxes decrease or remain the same.
• This is because single- and two-family homes are a smaller share of the taxable assessed value.
## Taxable Property Breakdown

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1- and 2-family</td>
<td>40.3%</td>
<td>40.1%</td>
<td>40.8%</td>
<td>40.7%</td>
<td>40.2%</td>
<td>39.4%</td>
</tr>
<tr>
<td>Apartments</td>
<td>20.2%</td>
<td>20.0%</td>
<td>19.9%</td>
<td>19.8%</td>
<td>20.7%</td>
<td>20.5%</td>
</tr>
<tr>
<td>other residential</td>
<td>7.7%</td>
<td>7.6%</td>
<td>7.5%</td>
<td>7.4%</td>
<td>7.2%</td>
<td>7.2%</td>
</tr>
<tr>
<td>Vacant</td>
<td>0.7%</td>
<td>0.8%</td>
<td>0.9%</td>
<td>1.2%</td>
<td>1.4%</td>
<td>1.4%</td>
</tr>
<tr>
<td>All Other</td>
<td>31.1%</td>
<td>31.5%</td>
<td>30.9%</td>
<td>30.9%</td>
<td>30.4%</td>
<td>31.4%</td>
</tr>
</tbody>
</table>

- *We are seeing the benefits of increased development in the City of Ithaca.*
2018 Mayor’s Proposed Budget

Challenges to the City Budget

• General Fund expenditures will rise to $57.3 million, an increase of $1.8 million, or 3.3%.

• General Fund revenues, including property taxes, are up only $1.6 million.

• To make up the difference, we must use $687,000 from the fund balance in 2018, up from $488,000 in 2017.
2018 Mayor’s Proposed Budget

• Strategic Investments
  – DPW
    • Street Improvement
      – $1.1 million in capital budget for various 2018 street reconstruction projects, increased from 2017
    • Purchase of streetlights
      – Will purchase streetlights in 2018, and will begin the process of converting to LED
    • Odd/Even Parking
      – Reduction in revenue from parking fines as a result of new system to suspend Odd/Even enforcement
2018 Mayor’s Proposed Budget

• Strategic Investments
  – Police and Fire
    • Funding the same number of officers and firefighters for 2018, plus the continuation of four additional firefighters from the SAFER grant
    • Body camera replacements
    • Deputy Fire Chief funded, starting in November
    • Downtown outreach worker continues
    • Funding for LEAD Case Coordinator
2018 Mayor's Proposed Budget

• Strategic Investments
  – Planning, Building and Development
    • Full funding of half-time sustainability planner, funded jointly with the Town of Ithaca
  – GIAC and Youth Bureau
    • Continued funding for Hospitality Employment Training and My Brother’s Keeper
    • Raised salaries to match updated Living Wage calculation
2018 Mayor's Proposed Budget

• Strategic Investments
  – Common Council
    • $10,000 for Participatory Budgeting
2018 Mayor's Proposed Budget

Other Highlights

– Gorge Safety

• No funding of gorge ranger program in 2018
Financial Metrics
Number of Employees

![Graph showing the number of employees from 2005 to 2018. The number of employees fluctuates over the years, with a peak around 2008 and a dip around 2013, before increasing again towards 2018.]
Salaries

$15,000,000 $16,000,000 $17,000,000 $18,000,000 $19,000,000 $20,000,000 $21,000,000 $22,000,000 $23,000,000 $24,000,000 $25,000,000

Pension Costs
Health Insurance Costs

![Graph showing the increase in health insurance costs from 2005 to 2018. The costs range from $2,000,000 to $12,000,000.](image)
Debt Service
Total Debt Outstanding

Increase in Total Debt:
- Green Street Parking Garage: $12M
- Water Treatment Plant: $36M
- Wastewater Treatment Facility: $11M
- Commons: $11M
- Total: $70M
State Aid

$10,000,000
$9,000,000
$8,000,000
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$

Sales Tax Revenues


$7,000,000 $8,000,000 $9,000,000 $10,000,000 $11,000,000 $12,000,000 $13,000,000 $14,000,000 $15,000,000 $16,000,000 $17,000,000
Property Tax Levy
What About All This Development?
Potential Revenue

Current Tax Rate: $12.04 per $1,000

$10 million in taxable assessed value generates $120,400 in annual property taxes.

To generate an additional $1,000,000 would require $83 million in new taxable assessed value.
Representative Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Added Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seneca Place (Hilton Garden)</td>
<td>$25.3 million</td>
</tr>
<tr>
<td>Cayuga Green Apartments</td>
<td>$10.5 million</td>
</tr>
<tr>
<td>Lofts at Six Mile Creek</td>
<td>$6.1 million</td>
</tr>
<tr>
<td>Marriott Hotel</td>
<td>$18.5 million</td>
</tr>
<tr>
<td>Collegetown Terrace Apartments</td>
<td>$23.6 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$84.0 million</strong></td>
</tr>
</tbody>
</table>

Collegetown Terrace Apartments assessment will increase by another $20 - $25 million in 2019
Recent Development

• Since 2011 the City added $131 million in assessed value from new development.
• $131 million generates $1.58 million in additional property tax revenue.
• If not for the new development, taxes would be 6.9% higher, an additional $0.83 on the tax rate.
• Assessed value of existing properties increased $253 million in same period.
Tax Exempt Property
# Taxable vs. Tax Exempt

<table>
<thead>
<tr>
<th></th>
<th>Assessed Value</th>
<th>% of total</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Property</td>
<td>$1.8 billion</td>
<td>42%</td>
<td>$60,000</td>
</tr>
<tr>
<td>Tax Exempt Property</td>
<td>$2.5 billion</td>
<td>58%</td>
<td>$82,400</td>
</tr>
</tbody>
</table>

Percent tax exempt property in the City of Ithaca, while still one of the highest in the state, has been coming down as we increase the amount of taxable property.
## Tax Exempt Entities

<table>
<thead>
<tr>
<th>Entity</th>
<th>Exempt (millions)</th>
<th>Exempt per capita</th>
<th>% of exempt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cornell</td>
<td>$2,100</td>
<td>$69,800</td>
<td>85%</td>
</tr>
<tr>
<td>City</td>
<td>$130</td>
<td>$4,300</td>
<td>5%</td>
</tr>
<tr>
<td>School District</td>
<td>$63</td>
<td>$2,100</td>
<td>2%</td>
</tr>
<tr>
<td>Other Govt.</td>
<td>$56</td>
<td>$1,800</td>
<td>2%</td>
</tr>
<tr>
<td>PILOTs</td>
<td>$41</td>
<td>$1,300</td>
<td>2%</td>
</tr>
<tr>
<td>Churches</td>
<td>$40</td>
<td>$1,300</td>
<td>2%</td>
</tr>
<tr>
<td>Housing</td>
<td>$37</td>
<td>$1,200</td>
<td>1%</td>
</tr>
<tr>
<td>Non-profits</td>
<td>$15</td>
<td>$500</td>
<td>1%</td>
</tr>
<tr>
<td>Ithaca College</td>
<td>$3</td>
<td>$100</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total Exempt</strong></td>
<td><strong>$2,500</strong></td>
<td><strong>$82,400</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Cornell Tax Exempt Property

• Cornell’s tax exempt property in the City is worth more than all of the taxable property.
• If all of that property was taxable, it would generate an additional $25 million in property taxes.
Expenditures by Fund
(2018 Mayor's Proposed Budget)
City Departments

• Attorney’s Office
• Common Council
• Department of Public Works
• Finance Department
• Fire Department
• Greater Ithaca Activities Center
• Human Resources
• Mayor’s Office
• Planning, Building and Development
• Police Department
• Public Information and Technology
• Youth Bureau
Expenditure by Department (2018 Budget)
Revenue by Department
(2018 Budget)
2018 General Fund Budget by Department (net of revenues)

- DPW: 34%
- Police: 28%
- Fire: 14%
- Attorney: 1%
- Finance: 3%
- PIT: 2%
- PB&D: 4%
- HR: 1%
- GIAC: 5%
- Youth Bureau: 7%
- Mayor: 1%
- Council: 0%
General Fund (2018 Budget)

Expenditures

- Salary and Wages: 41%
- Overtime: 2%
- Fringe Benefits: 30%
- Travel and Training: 0%
- Equipment: 0%
- Supplies: 1%
- Maintenance and Parts: 2%
- Utilities and Fuel: 2%
- Other: 5%
- Contracts: 4%
- Insurance: 0%
- Fees: 0%
- Debt Service: 13%

Revenues

- Property Taxes: 40%
- Sales Tax: 20%
- Parking Revenues: 6%
- Interfund Transfer: 5%
- Federal Revenues: 25%
- State Revenues: 1%
- Local Revenues: 2%
- Use of Fund Balance: 1%
Joint Activity Fund (2018 Budget)
(Wastewater Treatment)

Expenditures

- Salary and Wages: 20%
- Overtime: 13%
- Fringe Benefits: 14%
- Travel and Training: 11%
- Equipment: 9%
- Supplies: 6%
- Maintenance and Parts: 8%
- Utilities and Fuel: 3%
- Other: 1%
- Contracts: 1%
- Insurance: 1%
- Fees: 1%
- Debt Service: 1%

Revenues

- Local Revenues: 100%
Water Fund (2018 Budget)

Expenditures

- Salary and Wages: 32%
- Overtime: 4%
- Fringe Benefits: 4%
- Travel and Training: 8%
- Equipment: 4%
- Supplies: 4%
- Maintenance and Parts: 3%
- Utilities and Fuel: 5%
- Other: 3%
- Contracts: 1%
- Fees: 1%
- Debt Service: 1%

Revenues

- Interfund Transfer: 11%
- Local Revenues: 89%
Sewer Fund (2018 Budget)

Expenditures

- Salary and Wages: 18%
- Overtime: 33%
- Fringe Benefits: 0%
- Travel and Training: 4%
- Equipment: 16%
- Maintenance and Parts: 3%
- Utilities and Fuel: 3%
- Other: 2%
- Supplies: 4%
- Contracts: 1%
- Fees: 0%
- Debt Service: 2%

Revenues

- Interfund Transfer: 0%
- Local Revenues: 100%
Solid Waste Fund (2018 Budget)

Expenditures

- Salary and Wages: 34%
- Overtime: 2%
- Fringe Benefits: 31%
- Supplies: 2%
- Maintenance and Parts: 2%
- Utilities and Fuel: 4%
- Insurance: 4%
- Fees: 96%
- Other: 2%
- Debt Service: 0%

Revenues

- Interfund Transfer: 4%
- Local Revenues: 96%
Sidewalk Fund (2018 Budget)

**Expenditures**

- Salary and Wages: 64%
- Fringe Benefits: 14%
- Travel and Training: 10%
- Supplies: 2%
- Utilities and Fuel: 1%
- Other: 0%
- Contracts: 0%
- Insurance: 0%
- Fees: 0%
- Debt Service: 1%

**Revenues**

Local Revenues: 100%
Stormwater Fund (2018 Budget)

Expenditures

- Salary and Wages: 37%
- Overtime: 12%
- Fringe Benefits: 9%
- Debt Service: 7%
- Equipment: 2%
- Fees: 2%
- Insurance: 1%
- Maintenance and Parts: 1%
- Other: 9%
- Supplies: 2%
- Utilities and Fuel: 2%
- Interfund Transfer: 0%
- Local Revenues: 1%

Revenues

- Interfund Transfer: 1%
- Local Revenues: 99%
2018 Mayor's Proposed Budget

Summary

• In order to preserve services at current levels and support strategic investments, the City of Ithaca tax levy will increase by 2.80%

• Property owners will see no change in their tax rate.

• As a result, 95% of homeowners will see no change, or a decrease, in their city taxes.