Mayor’s Proposed 2019 Budget

Presented to Common Council on
Wednesday, October 3, 2018
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
2019 Tax Levy

• In 2019 the City of Ithaca tax levy will increase by 2.91%.

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$23,000,000</td>
<td>$23,670,000</td>
<td>$670,000</td>
<td>2.91%</td>
</tr>
</tbody>
</table>

• This is below the tax cap of 2.93%
2019 Tax Rate

• The tax rate will decrease from $12.04 to $11.60, a 4.45% reduction.
• The tax rate has decreased three times over the last five years, a total drop of 11.5%.
• This is the lowest tax rate since 2002.
## 2019 Tax Rate

### History of City of Ithaca Tax Rate

<table>
<thead>
<tr>
<th>Rate</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$10.29</td>
<td>$11.69</td>
<td>$12.77</td>
<td>$13.20</td>
<td>$13.26</td>
<td>$13.60</td>
<td>$14.12</td>
<td>$12.23</td>
<td>$12.31</td>
</tr>
<tr>
<td>Change</td>
<td>4.5%</td>
<td>13.7%</td>
<td>9.2%</td>
<td>3.4%</td>
<td>0.5%</td>
<td>2.6%</td>
<td>3.8%</td>
<td>-13.4%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Change</td>
<td>2.6%</td>
<td>2.4%</td>
<td>1.2%</td>
<td>0.3%</td>
<td>-1.8%</td>
<td>0.0%</td>
<td>-6.6%</td>
<td>0.8%</td>
<td>-4.4%</td>
</tr>
</tbody>
</table>
City Tax Rate History

Graph showing the city tax rate history from 2003 to 2019.
2018 Local Tax Rate Comparison

<table>
<thead>
<tr>
<th>Location</th>
<th>Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Town of Lansing</td>
<td>2.41</td>
</tr>
<tr>
<td>Village of Lansing</td>
<td>3.60</td>
</tr>
<tr>
<td>Town of Ithaca</td>
<td>3.71</td>
</tr>
<tr>
<td>Village of Freeville</td>
<td>6.60</td>
</tr>
<tr>
<td>Town of Newfield</td>
<td>6.78</td>
</tr>
<tr>
<td>Trumansburg</td>
<td>7.47</td>
</tr>
<tr>
<td>Town of Enfield</td>
<td>8.23</td>
</tr>
<tr>
<td>Village of Dryden</td>
<td>9.05</td>
</tr>
<tr>
<td>City of Ithaca</td>
<td>10.29</td>
</tr>
<tr>
<td>Village of Groton</td>
<td>12.14</td>
</tr>
<tr>
<td></td>
<td>12.20</td>
</tr>
</tbody>
</table>
2017 Tax Rates for Cities in NY

Binghamton
Newburgh
Ogdensburg
Elmira
Utica
Ladawanna
Lockport
Oswego
Rensselaer
Dunkirk
Middletown
Olean
Kingston
Ithaca
Albany
Hudson
Amsterdam
Corning
Mechanicville
Glens Falls
New York City
Oneonta
Cohoes
Rochester
Glen Cove
Watertown
Yonkers
New Rochelle
Sherrill
Rye
2019 Budget Highlights
2019 Budget Highlights

New DPW Crew

• Add a new 7-person crew to Streets and Facilities to focus on road reconstruction and other infrastructure needs
• Crew will be phased in starting March 1
• 2019 cost: $450,000
2019 Budget Highlights

Other DPW Strategic Investments

• Bridge Engineer salary brought into operating budget
• Purchase of thermal striping equipment
• Funding for design of ice jam effluent piping
• Annual TCAT contribution increased by $73,000, an increase of 8.7%
2019 Budget Highlights

Police and Fire

• Funding the same number of officers and firefighters for 2019
• Continue funding four SAFER firefighters to the end of 2019 after expiration of grant
• New aerial truck and replacement of Fire Department staff vehicle
• New police vehicles
• Town pays 31.2% of Fire Department investments
2019 Budget Highlights

Planning, Building and Development

- Additional Code Inspector, starting on June 1
- Continue funding of half-time sustainability planner, funded jointly with the Town of Ithaca
2019 Budget Highlights

Public Information and Technology

• Citywide WiFi upgrades funded in capital projects

• New software license to allow emailing of very large files
2019 Budget Highlights

Youth Bureau

• Goose waste removal equipment
• Softball field improvements
• Tennis court resurfacing
• Living wage increases
2019 Budget Highlights

GIAC

• Promote two program assistants to program leaders
• Increase one program assistant from 20 hours to 35 hours
• Living wage increases
Salary Increases

- Contractual salary increases for all bargaining units with contracts
- Additional step for Management Compensation Plan, effective April 1
- 2% salary increase for Common Council
- Mayor’s salary same as 2018
2019 Budget Highlights

Continued Funding

• Community Outreach Worker: double contribution to $40,000
• Increase TCAD contribution to $20,000
• 1.5% increases for Human Services Coalition, Southside Community Center and CSI
• Gorge Safety program funded at $15,000
• Continue funding LEAD at $50,000
2019 Budget Highlights

New Funding

• Childcare for City meetings: $5,000
• REACH: $50,000
• Library (TCPL): $3,000
• Wayfinding signage: $5,000
• Tompkins Center for History and Culture: $10,000
# 2019 General Fund Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in General Fund Revenues</td>
<td>$2,500,000</td>
</tr>
<tr>
<td>Change in General Fund Expenditures</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Difference equals reduction in Fund Balance</td>
<td>$500,000</td>
</tr>
<tr>
<td>Appropriation</td>
<td></td>
</tr>
</tbody>
</table>
If property taxes are increasing by $670,000, what accounts for the balance of the $2.5 million increase in General Fund Revenues?
## 2019 General Fund Revenues
Changes from 2018

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes</td>
<td>+$670,000</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>+$768,000</td>
</tr>
<tr>
<td>Building Permits</td>
<td>+$630,000</td>
</tr>
<tr>
<td>Transfer from Stormwater Utility</td>
<td>+$535,000</td>
</tr>
<tr>
<td>Other Revenue Changes</td>
<td>−$124,000</td>
</tr>
<tr>
<td><strong>Total Revenue Change</strong></td>
<td>+$2,479,000</td>
</tr>
</tbody>
</table>
Stormwater Utility
Stormwater Utility

• The City implemented a Stormwater Utility in 2015 to fund its stormwater-related activities.
• Increases the number of properties paying for storm water infrastructure and maintenance
• Reallocates the cost onto properties generating the most storm water runoff
Stormwater Utility

• Current property tax rate would be $0.49 higher without the Stormwater Utility
• The City currently collects over $800,000 per year from Stormwater User Fees
Stormwater Utility

• Properties with large parking lots pay a larger share of the Stormwater Utility
• $213,500 (27%) of Stormwater User Fees is currently paid by tax exempt entities
• $128,000 (16%) is currently paid by Cornell University alone
• The City continues to pay over $500,000 per year from the General Fund for stormwater-related activities
Stormwater Utility

• The Mayor’s 2019 Budget proposes a two-tiered Stormwater User Fee structure
• 1-, 2-, and 3-family homes will pay $57 per year, a $9 increase
• Other properties will pay $87 per ERU per year, an 81% increase
• This will bring in an additional $535,000 to the Stormwater Utility to offset General Fund dollars currently being spent on stormwater-related activities
Stormwater Utility

• Stormwater Utility will collect approximately $1.35 million per year
• Tax rate would have to be $0.66 (5.7%) higher in order to raise this same amount
• 97% of residential properties will pay less than if collected from property taxes
• 77% will pay less than half of what they would if collected from property taxes
Tax Exempt Property
## Taxable vs. Tax Exempt

<table>
<thead>
<tr>
<th></th>
<th>Assessed Value</th>
<th>% of total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxable Property</td>
<td>$2.1 billion</td>
<td>45%</td>
</tr>
<tr>
<td>Tax Exempt Property</td>
<td>$2.6 billion</td>
<td>55%</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></th>
<th>Exempt (millions)</th>
<th>% of exempt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cornell</td>
<td>$2,100</td>
<td>85%</td>
</tr>
<tr>
<td>City</td>
<td>$130</td>
<td>5%</td>
</tr>
<tr>
<td>School District</td>
<td>$63</td>
<td>2%</td>
</tr>
<tr>
<td>Other Govt.</td>
<td>$56</td>
<td>2%</td>
</tr>
<tr>
<td>PILOTs</td>
<td>$41</td>
<td>2%</td>
</tr>
<tr>
<td>Churches</td>
<td>$40</td>
<td>2%</td>
</tr>
<tr>
<td>Housing</td>
<td>$37</td>
<td>1%</td>
</tr>
<tr>
<td>Non-profits</td>
<td>$15</td>
<td>1%</td>
</tr>
</tbody>
</table>
Cornell

- Tax exempt property owned by Cornell ($2.1 billion) is equal to all of the taxable property in the City.
- It would generate additional $25 million in property taxes if all of that was taxable.
But What About All the Development?
Potential Revenue

Proposed Tax Rate: $11.60 per $1,000

$10 million in taxable assessed value generates $116,000 in annual property taxes.

To generate an additional $1,000,000 in property taxes requires $86.2 million in new taxable assessed value.
## Recent Development

<table>
<thead>
<tr>
<th>Project</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marriott Hotel</td>
<td>$19.5 million</td>
</tr>
<tr>
<td>Collegetown Terrace, Phase I &amp; II</td>
<td>$24.8 million</td>
</tr>
<tr>
<td>Collegetown Terrace, Phase III</td>
<td>$17.8 million</td>
</tr>
<tr>
<td>Collegetown Terrace, Phase IV</td>
<td>$12.3 million</td>
</tr>
<tr>
<td>Tompkins Financial</td>
<td>$11.0 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$85.5 million</strong></td>
</tr>
</tbody>
</table>

If we added the equivalent of the above development every year, we could generate almost $1,000,000 more in property tax revenue every year.
Development

• New development is definitely helping. Our budget would be in far worse shape without it.
• It takes a lot of new development to make a dent in our rising expenses.
• We will continue to work on all fronts to increase revenues, while continuing to keep expenses from growing too quickly.
Assessments

• Total taxable assessed value in the City increased from $1.89 billion to $2.04 billion, an increase of 7.7%

• It seems that there was a slight shift back toward 1- and 2-family homes as a percentage of the total 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>
<th>2018</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>38.9%</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>23.1%</td>
<td>27.1%</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>7.7%</td>
<td>7.9%</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>1.3%</td>
<td>1.8%</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>29.0%</td>
<td>23.8%</td>
</tr>
</tbody>
</table>
Financial Metrics
Number of Employees

Year:
- 2006
- 2007
- 2008
- 2009
- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019

Number of Employees:
- 390
- 400
- 410
- 420
- 430
- 440
- 450
Salaries

$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
$26,000,000

Pension Costs

![Graph showing pension costs from 2006 to 2019. The costs range from $1,000,000 to $10,000,000. There is a general increase around 2011, followed by some fluctuation, but costs are generally on the rise.]
Health Insurance Costs

[Graph showing the trend of health insurance costs from 2006 to 2019, with costs increasing over time.]
Health Consortium vs. Private Health Insurance

Could have been 17% higher by 2017
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

![State Aid Graph]

- The graph shows the state aid over the years 2006 to 2019.
- The aid has been relatively stable, with slight fluctuations.
- The highest aid was around 2008, and it has remained around 2,000,000 since then.

Graph Source: [City Government Reports]

Year: 2019
Sales Tax Revenues
Property Tax Levy

The graph shows the increase in property tax levy from 2006 to 2019. The levy has steadily increased over the years, with a significant rise in 2014 and 2015. The values range from approximately $14,000,000 in 2006 to $24,000,000 in 2019.
Expenditures by Fund

- General Fund: 59,511,572
- Water: 7,005,933
- Sewer: 6,366,544
- Stormwater: 1,502,027
- Sidewalk: 864,567
- Solid Waste: 533,136
2019 General Fund Expenditure by Department
2019 General Fund Revenue by Department

Revenue by Department

0  2,000,000  4,000,000  6,000,000  8,000,000  10,000,000  12,000,000  14,000,000  16,000,000  18,000,000

DPW  Police  Fire  Youth Bureau  Planning/Building  GIAC  Finance  Public Info & Tech  HR  Attorney  Mayor  Common Council
2019 General Fund Budget by Department (net of revenues)

- DPW: 33%
- Police: 29%
- Fire: 14%
- Youth Bureau: 7%
- GIAC: 6%
- Finance: 3%
- Public Info & Tech: 2%
- Planning/Building: 2%
- Mayor: 2%
- HR: 1%
- Common Council: 0%
- Attorney: -1%
2019 General Fund

**Expenditures**
- Salary and Wages: 41%
- Fringe Benefits: 30%
- Debt Service: 11%
- Overtime: 2%
- Contracts: 5%
- Other: 5%
- Maintenance and Parts: 2%
- Utilities and Fuel: 2%
- Supplies: 1%
- Equipment: 1%
- Fees: 0%
- Travel and Training: 0%
- Insurance: 0%

**Revenues**
- Sales Tax: 25%
- Local Revenues: 21%
- Property Taxes: 40%
- State Revenues: 6%
- Parking Revenues: 3%
- Interfund Transfer: 5%
- Federal Revenues: 0%
2019 Water Fund

Expenditures

- Debt Service: 34%
- Salary and Wages: 22%
- Overtime: 1%
- Fringe Benefits: 14%
- Supplies: 6%
- Contracts: 7%
- Utilities and Fuel: 4%
- Other: 3%
- Maintenance and Parts: 3%
- Fees: 3%
- Equipment: 3%
- Travel and Training: 0%

Revenues

- Local Revenues: 89%
- Interfund Transfer: 11%
2019 Solid Waste Fund

Expenditures

- Salary and Wages: 34%
- Fringe Benefits: 21%
- Overtime: 1%
- Debt Service: 3%
- Fees: 30%
- Insurance: 4%
- Maintenance and Parts: 3%
- Utilities and Fuel: 2%
- Other: 2%
- Supplies: 0%
- Contracts: 0%

Revenues

- Local Revenues: 95%
- Interfund Transfer: 5%
2019 Sidewalk Fund

Expenditures

- Contracts: 67%
- Salary and Wages: 13%
- Fringe Benefits: 8%
- Debt Service: 1%
- Fees: 6%
- Supplies: 3%
- Insurance: 2%
- Other: 0%
- Utilities and Fuel: 0%
- Travel and Training: 0%

Revenues

- Local Revenues: 100%
2019 Stormwater Fund

Expenditures

- Salary and Wages: 30%
- Fringe Benefits: 16%
- Supplies: 6%
- Fees: 3%
- Overtime: 0%
- Other: 39%

Revenues

- Local Revenues: 100%
2019 Budget Summary

• Adding a 7-person crew to Streets and Facilities to help with road reconstruction and other infrastructure maintenance
• Property Tax Rate will decrease by 4.5%, continuing the trend over the last five years
• Stormwater fees will be adjusted to cover stormwater-related expenses and reduce the subsidy from the General Fund
## Other Fees

<table>
<thead>
<tr>
<th>Service</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sidewalk Fee</td>
<td>No Change for 2019</td>
</tr>
<tr>
<td>Water Rates</td>
<td>Increase from $6.94 to $7.56 per 100 cubic feet</td>
</tr>
<tr>
<td>Sewer Rates</td>
<td>No Change for 2019</td>
</tr>
<tr>
<td>Trash Tags</td>
<td>Increase from $3.75 to $4.50 per tag (good for up to 35 pounds of trash)</td>
</tr>
<tr>
<td>Yard Waste Fee</td>
<td>No Change for 2019</td>
</tr>
</tbody>
</table>