



# Closing the Budget Gap

Valuing Customer Feedback

City of Rochester, NY

March/April 2012

Thomas S. Richards, Mayor



Thomas S. Richards, Mayor  
City of Rochester, NY

# Agenda

## Welcome (6:00)

Leonard Redon, Deputy Mayor

## Our Use of Your Input

Mayor Thomas S. Richards

## Budget Challenges

William Ansbro, Budget Director

## Voice of the Customer - Open Space (6:40)

Leonard Redon, Deputy Mayor

## Open Space - Report Back (7:40)

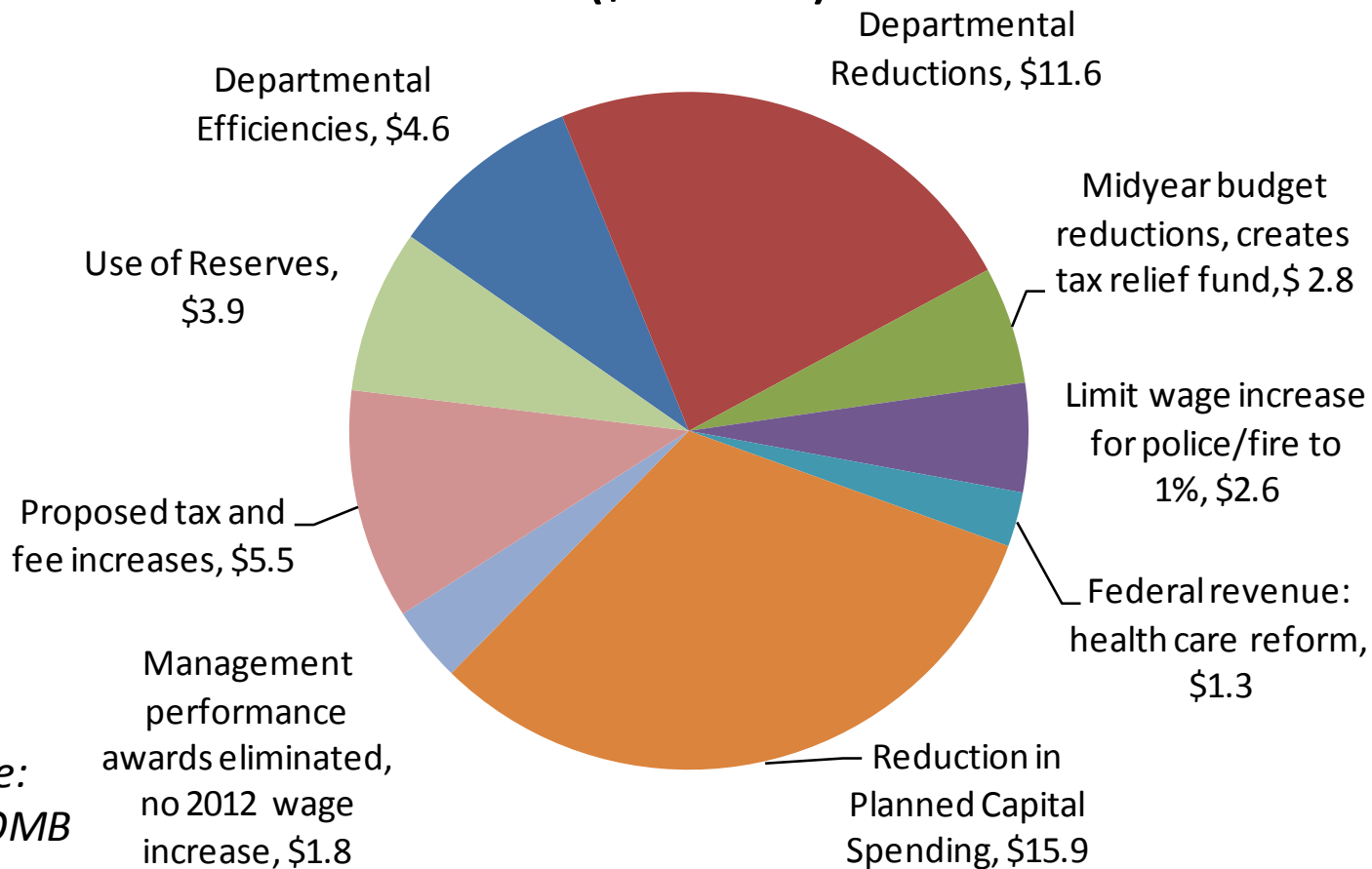
Leonard Redon, Deputy Mayor

# **Our Use of Your Input** **(from Spring 2011)**

**Mayor Thomas Richards**

# 2011 VOC Input and Action

## How We Closed a \$50 Million Gap, 2011-12 (\$ Millions)



Source:  
COR OMB

# 2011 VOC Input and Action

- Did not close a Firehouse
- Did not close a Recreation Center
- Did not close a Library
- Did not close Durand Eastman Beach

# **Budget Challenges**

William Ansbrow  
Budget Director

# Key Factors For Future Fiscal Health

- Fair Share of State Aid
- Control Employee Benefit Costs
- Increase City's Taxable Assessment
- Continue to Find Efficiencies
- Obtain Mandate Relief
- Identify New Revenue Sources
- Federal Aid: \$2.1M reduction proposed
- Available budget reserve of \$19.5M to relieve some current budget pressure, while preserving the ability to respond to emergencies and changes in the future.



# City services vs. raising taxes





## Sources of Income (\$ millions)

City sales tax  
revenue: recovery



Federal aid



State aid:  
flat



Property tax  
revenue: flat



# Revenue: All Funds

## 2011-12 Budget (\$ Millions)

Total=  
586.2 Million  
Including RCSD  
Support

Other (inter-  
governmental,  
fines, licenses),  
\$82.7 (14%)

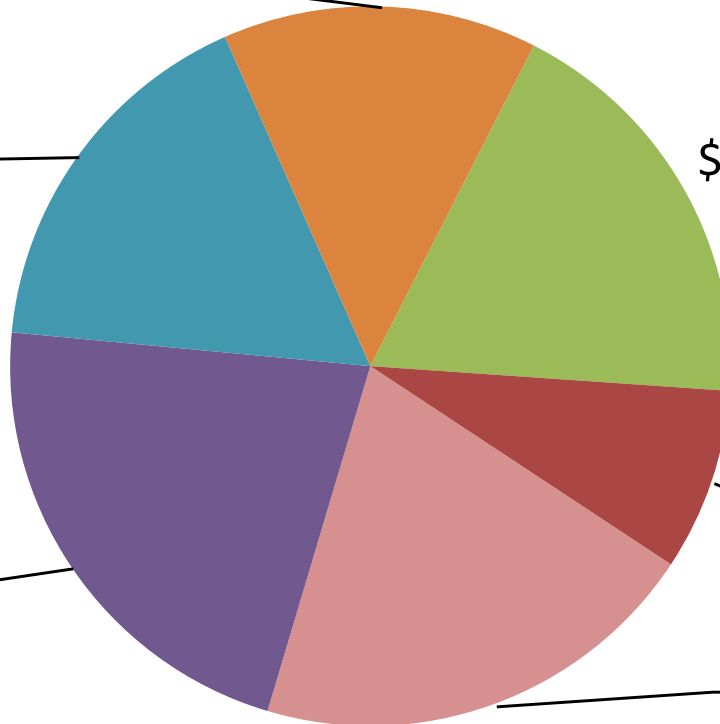
Major User  
Fees,  
\$99.0 (17%)

Sales Tax,  
\$128.3 (22%)

State Aid ,  
\$109.0 (19%)

City Property  
Tax: \$48.0 (8%)

Property Tax:  
RCSD Portion,  
\$119.1 (20%)



Source: COR 2011-12 Budget. P 1-50 and OMB staff analysis

## Expenses outpacing revenues (\$ millions)

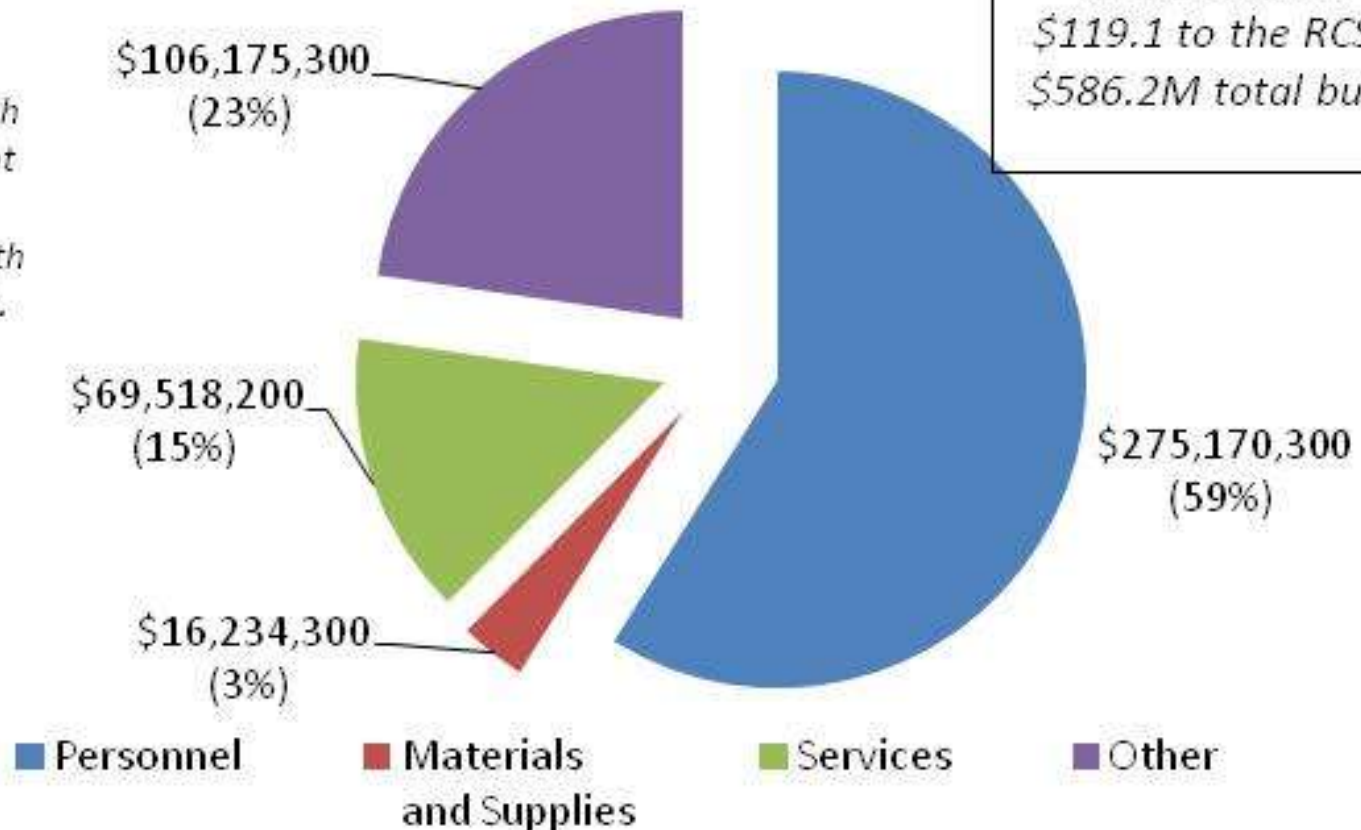


Costs up

## All Funds by Cost Category (2011-12)

*\$467.1 Million +  
\$119.1 to the RCSD =  
\$586.2M total budget*

*"Other"  
includes Cash  
Capital, Debt  
Service,  
Retiree Health  
Care, other.*



Source: COR 2011-12 Budget, p. 1-40:41.

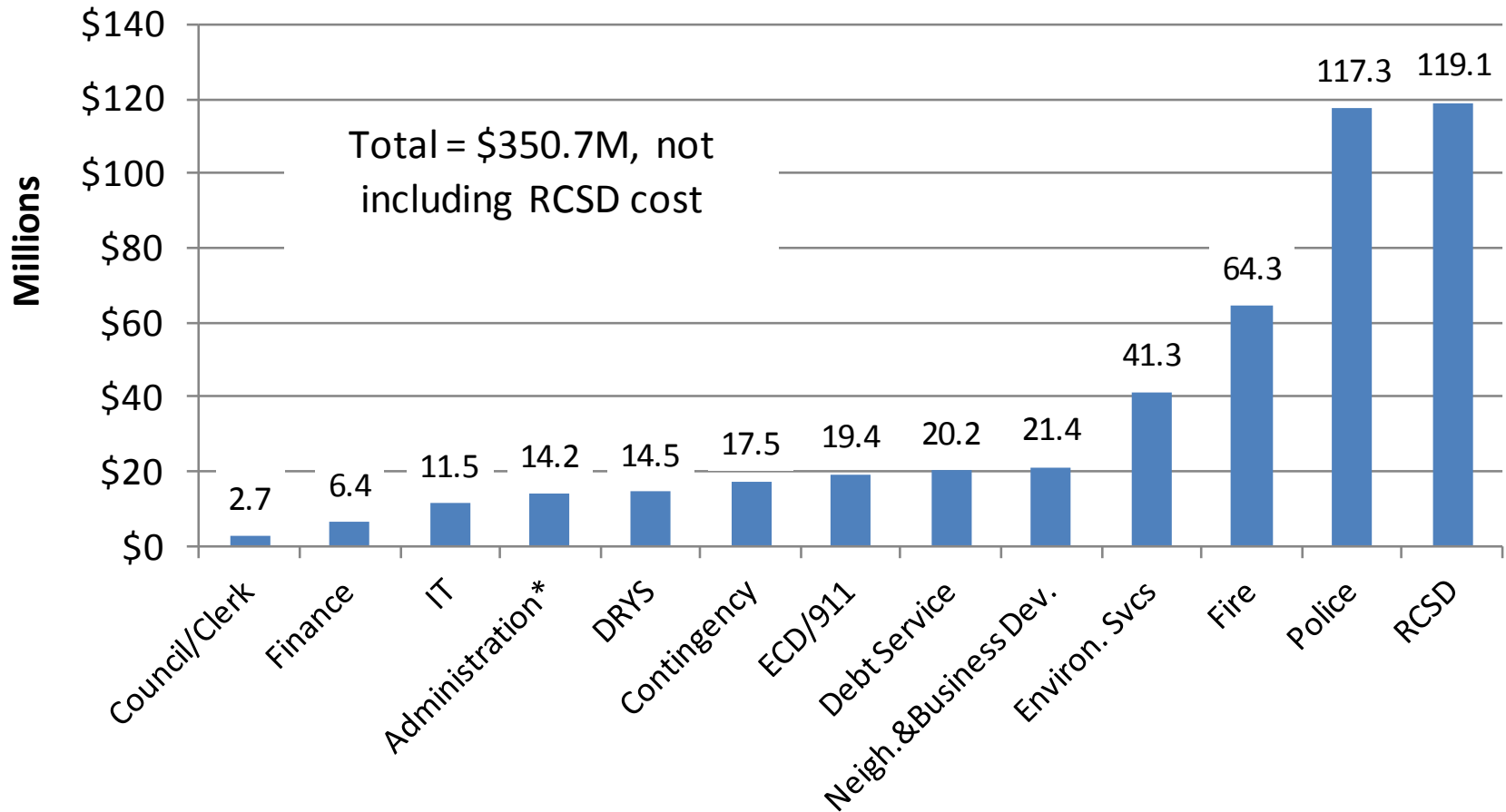
# Typical City Employee Costs

	Salary	+	Benefits*	=	Total Compensation
Police Officer (excludes Captains, Lieutenants, Sergeants)	\$75,800		44,400		\$120,200
Firefighter (excludes Chiefs, Captains, Lieutenants)	\$74,200		43,800		\$118,000
Administrative/Professional/ Technical (non-union) (e.g. sr. planners, business and budget analysts, IT professionals, senior engineers)	\$71,900		36,000		\$107,900
AFSCME (union) (e.g., inspectors, environmental service personnel, dispatchers, purchasers, senior accountants)	\$52,000		32,600		\$84,600

\*Includes family health care plan, dental, HRA, FICA, pension. Does not include retiree health care costs. Source: City of Rochester Office of Management and Budget.

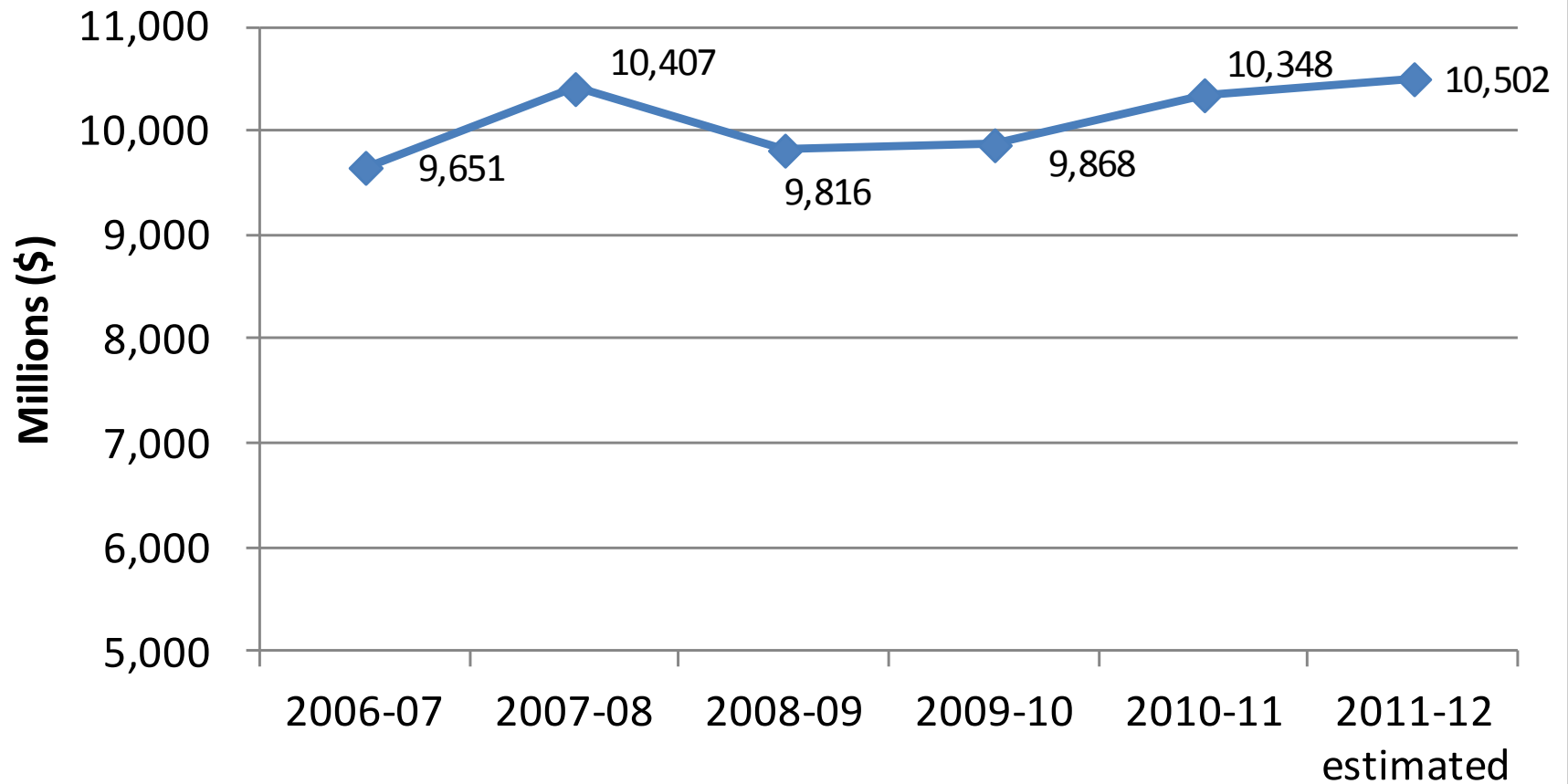
# General Fund by Department 2011-12

## (\$ Millions)



Source OMB Analysis. \*Includes Mayor's Office, Law, Budget, Human Resources, Communications.

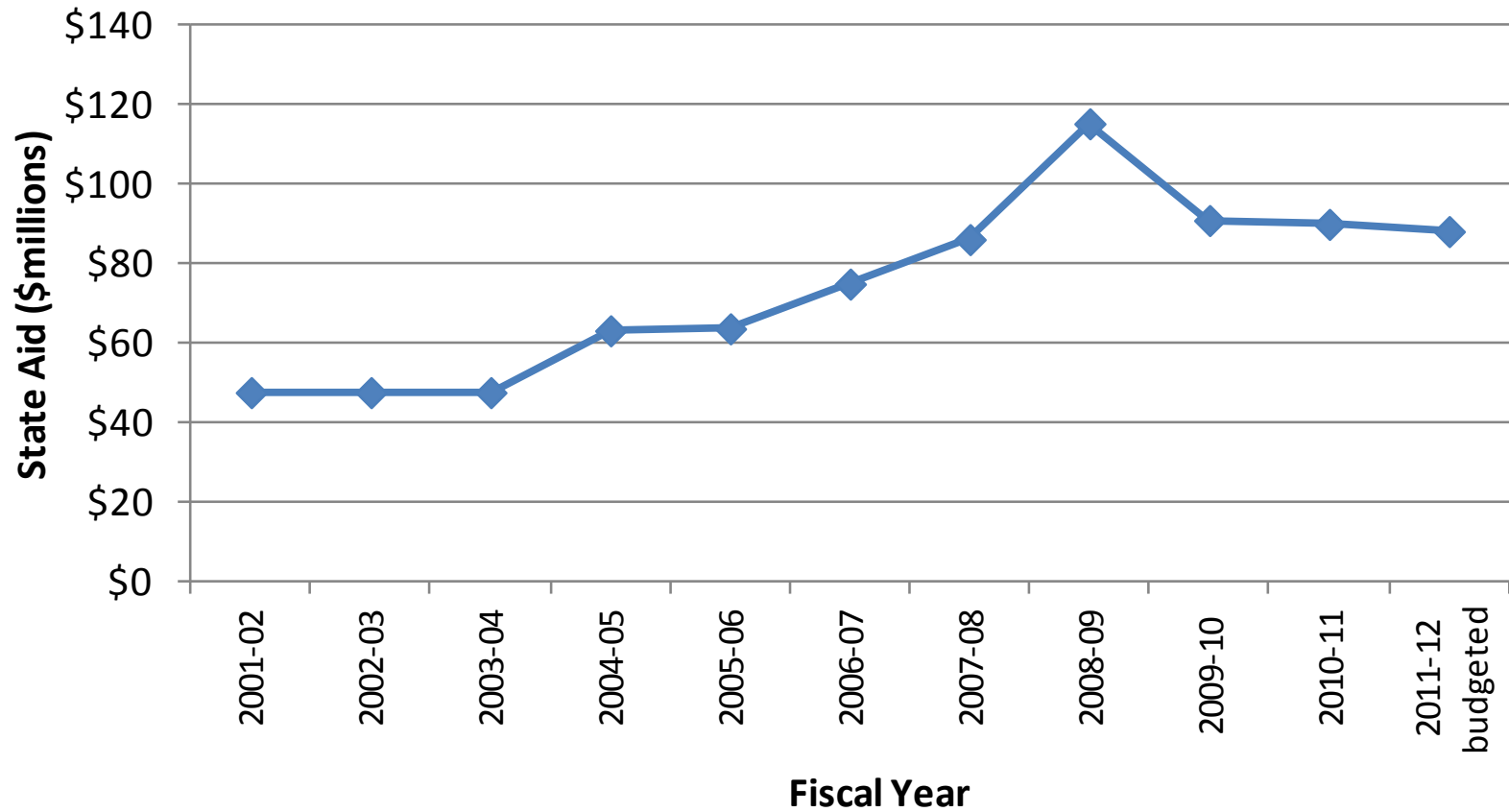
# Monroe County Sales Subject to Sales Tax





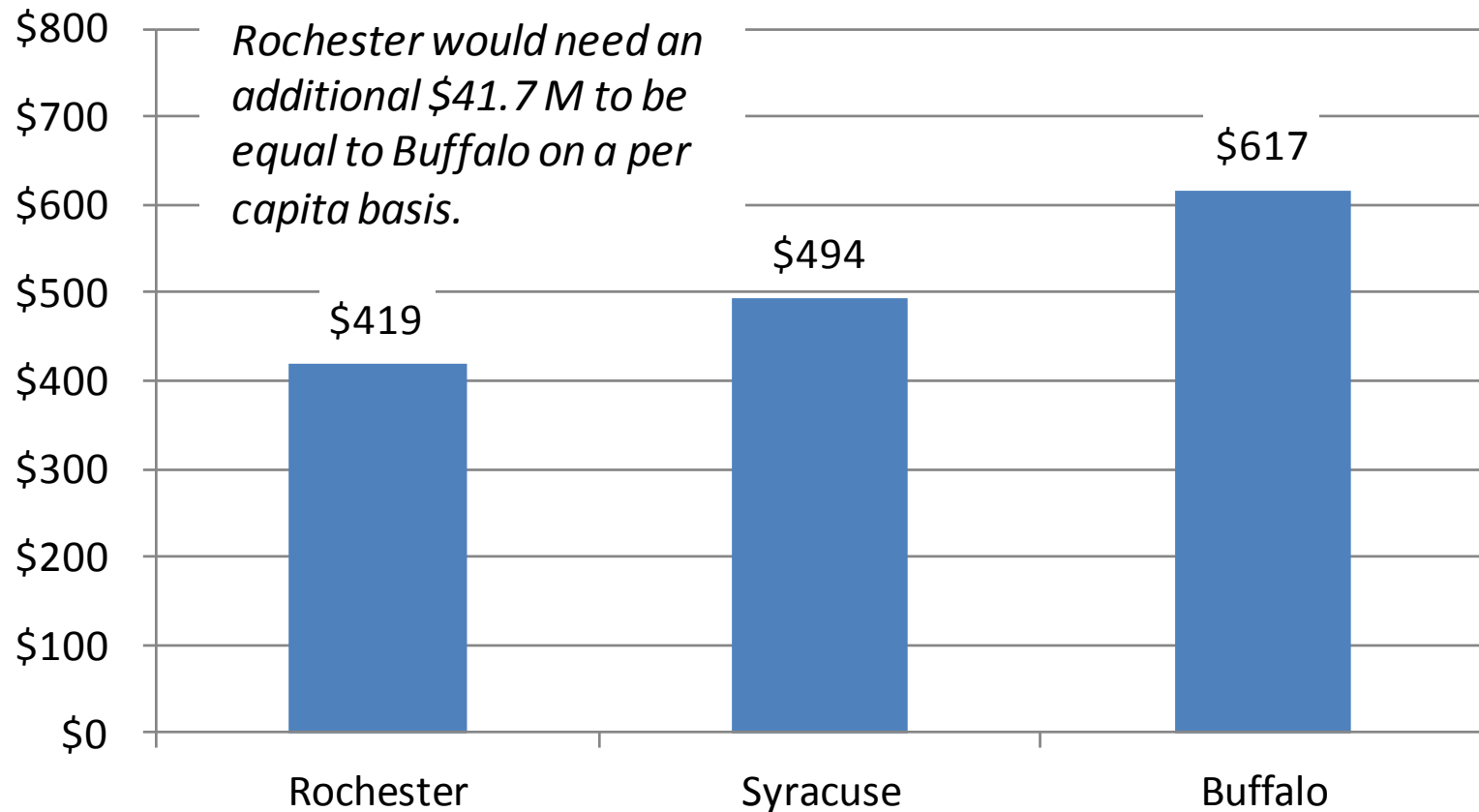
# State Aid Trends

## Aid & Incentives to Municipalities (AIM)



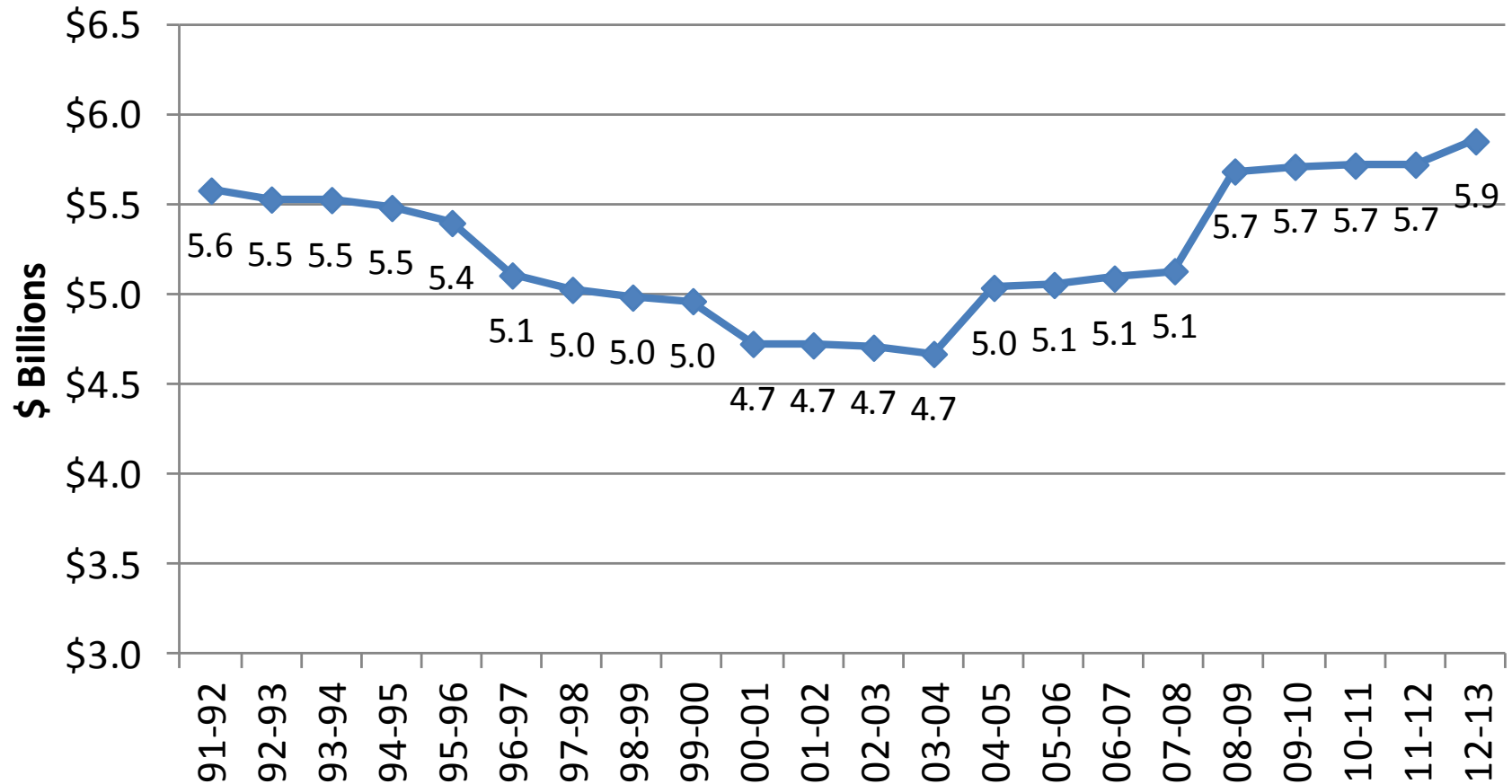
Source: COR Budget Books, p. 1-18:19.

## Per Capita AIM: 2011-12 State Budget



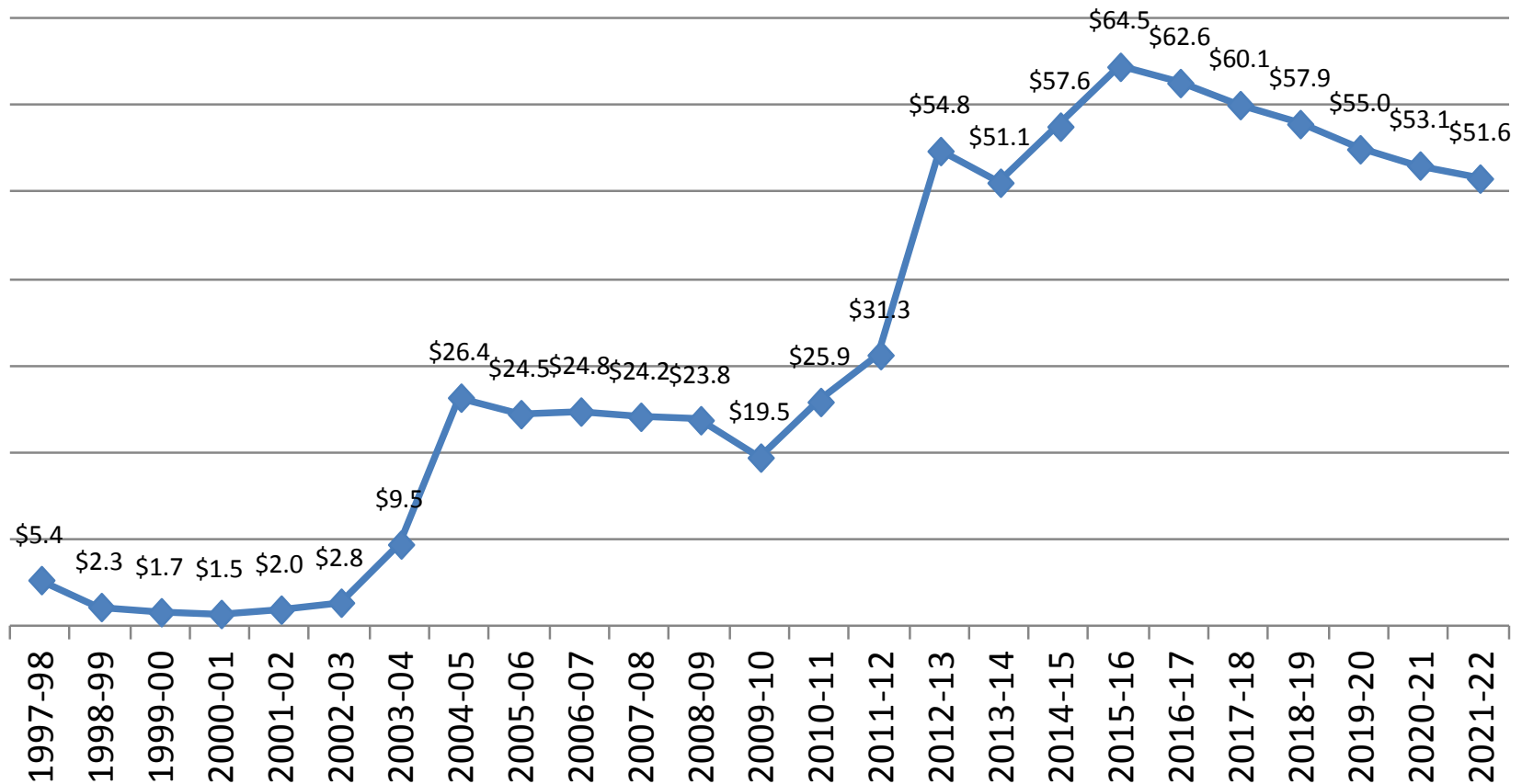
*Source: 2010 Census; NYS 2011 Budget.*

# Total City Taxable Assessment History



Source: OMB Analysis.

## Pension Actuals/Projections, 1998-2022 (\$ Millions)



1997-98 to 2011-12 actual; 2012-13 forward estimated. Source: OMB, as of 1/5/12.

# City Health Care Benefits

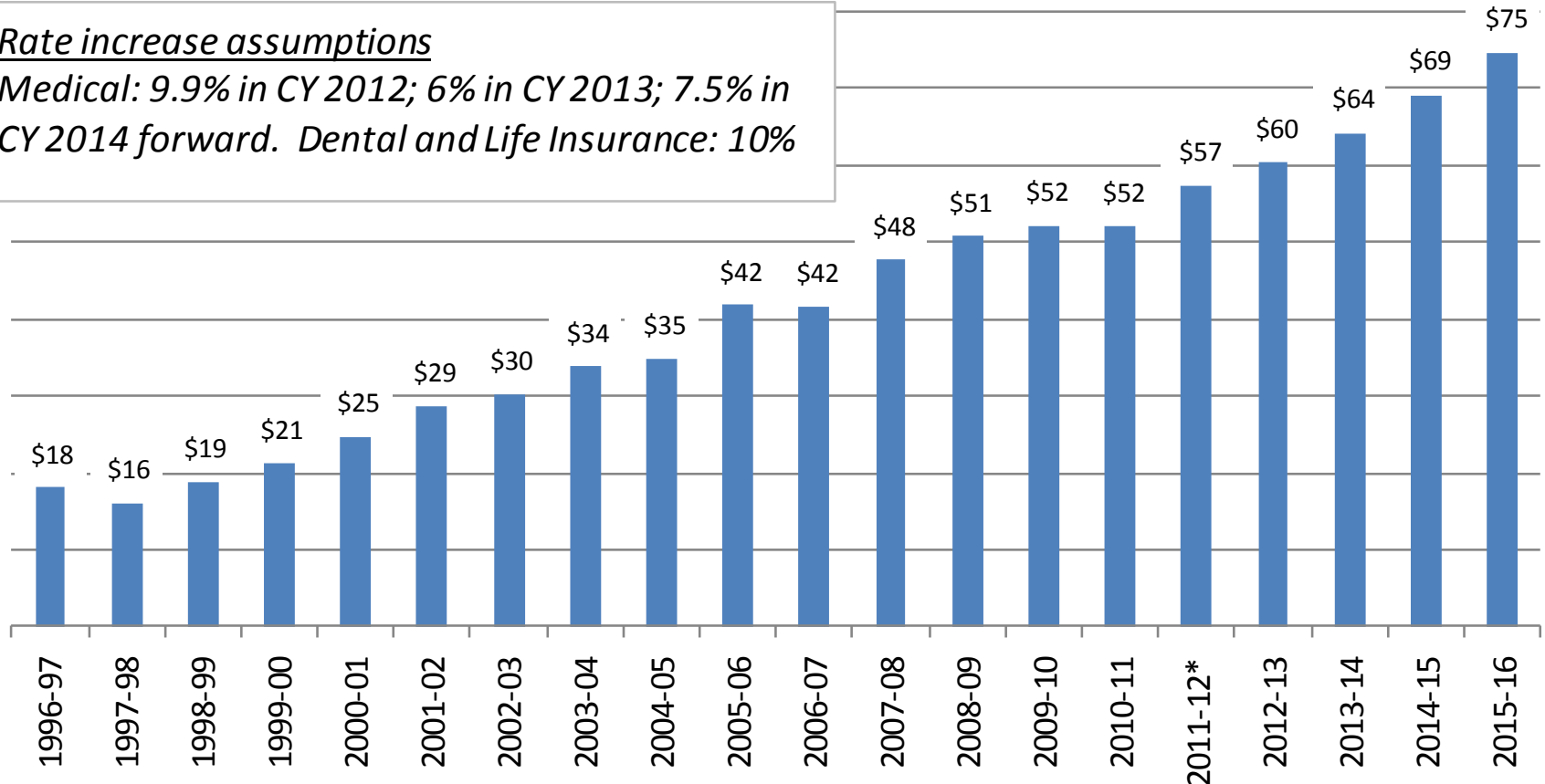
- Fire, Police, AFSCME and IUOE members contribute \$0 to their healthcare if they select the Value Plan or Core Plan.
- APT employees contribute \$12 to 10% depending on date of hire.
- The current healthcare MOAs with the unions state that their members will share any increase in premium costs 50/50 with the City at the next renewal after August 31, 2012 if no successor agreement is in place.
- The increase for calendar year 2013 is capped at \$1.85M for employees and \$1.85M for the City.

## Medical, Dental & Life Insurance Costs

### Active & Retiree (\$ Millions)

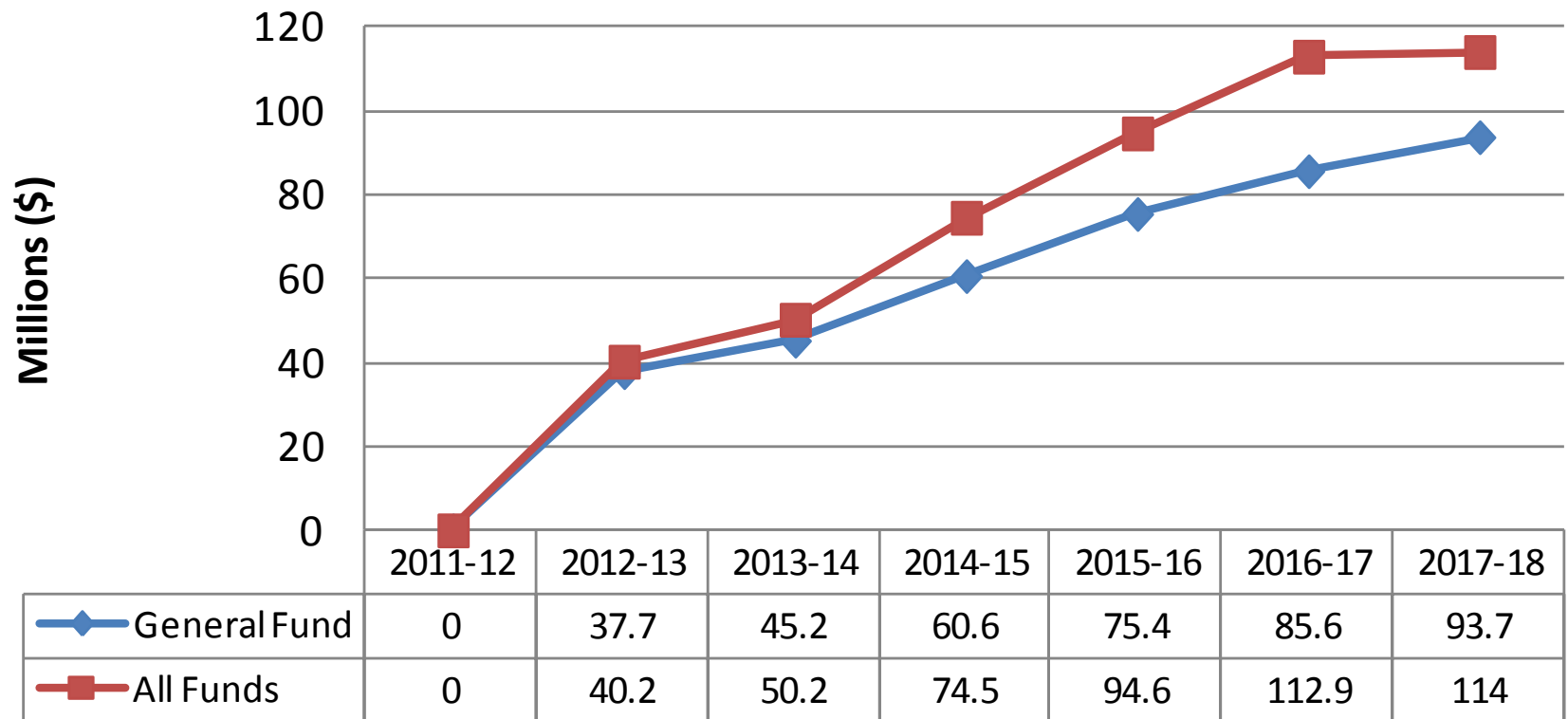
#### Rate increase assumptions

Medical: 9.9% in CY 2012; 6% in CY 2013; 7.5% in CY 2014 forward. Dental and Life Insurance: 10%



Source: City of Rochester OMB. \*budgeted.

# Projected City of Rochester Budget Gaps (January 2012)





# Major Factors in 2012-13 Budget Gap

Cash Capital increase, \$35M to \$42.5M 7,500,000

Employee Benefits

Pension increases 23,500,000

Active/Retiree healthcare increases 4,700,000

Increase in salary and wages

(assumes 1% increase per labor contracts) 3,714,000

No assumed use of 2% fund 700,000

Loss of County Lead funding 440,000

Net of all other changes -314,000

**TOTAL \$40,240,000\***

\*\$40.2M = 9% of the City's total budget, or about 400 employees

Source: COR OMB

# Typical Homeowner and Business Tax Burdens

	Typical Homeowner* Tax Burden 2011-12	Typical Business** Tax Burden 2011-12
Water	\$329.43	Not available
Refuse	\$359.00	Not available
Local Works	\$209.84	\$786.90
Property Tax (City and CSD)	\$1,346.68	\$11,215.26

For example, a 1% increase in property taxes would:

- Increase homeowners taxes by \$13.47
- Increase business taxes by \$112.15

*\*Typical house assessed at \$67,200 with 40' frontage and using 80,000 gallons of water annually. \*\*Business assessed at \$262,100 with 150' frontage. Source: City of Rochester OMB*

# Gap Closure Possibilities

Initial Gap	\$40.2 M
Less State Aid “spin-up”	<u>-\$15.4M</u>
Remaining Gap	\$24.8M

## Non-operational options:

2% tax increase (\$26.93/household)	\$3.2M
3.5% water rate increase (\$11.53/household)	\$1.0M
3% Local Works rate increase (\$6.30/household)	\$0.5M

<b>Potential remaining gap</b>	<b>\$20.1 M</b>
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# Planning in Progress

- New York State Engagement
- Labor/Management Health Care Committee
- Employee Engagement
- Voice of the Customer (March/April 2012)

# Key Budget Dates

VOC Sessions: March 22, 26, 28, April 3

Proposed budget presented to City Council: May 18

Council Hearings: June 6 and 12, 9am-5pm

# Open Space

Leonard Redon  
Deputy Mayor

# Open Space Conferencing

- Attend a table with an assigned topic
- Create own topics for discussion
- You must have passion about the topic
- Whoever comes are the right people



# Topics

1. Taxes, Fees, and New Revenue
2. Employee Benefits (Pensions and Healthcare)
3. Police, Fire, 911
4. Infrastructure: Roads and Buildings
5. Neighborhood and Business Development
6. Youth and Library Services
7. Federal Cuts to CDBG and HOME
8. Organizational Efficiencies
9. What haven't we thought of ?

# Report Back

Share a Theme from Each Table Topic

1. Taxes, Fees, and New Revenue
2. Employee Benefits (Pensions & Health Care)
3. Police, Fire, 911
4. Infrastructure: Roads and Buildings
5. Neighborhood and Business Development
6. Youth and Library Services
7. Federal Cuts to CDBG and HOME
8. Organizational Efficiencies
9. What haven't we thought of ?

# Thank You

Please share your thoughts at our website:

[www.cityofrochester.gov/VOCsurvey](http://www.cityofrochester.gov/VOCsurvey)

or call 311 to submit your ideas