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**Stratton Reviews Schenectady's Accomplishments for 2006,
Outlines City Priorities for 2007**

Financial Recovery Headlines the Year's Top 12 Accomplishments

SCHENECTADY – Mayor Brian U. Stratton today released his annual list of the year's major accomplishments for the City of Schenectady, with the city's return by Moody's Investors Service to an investment-grade credit rating heading up the Mayor's list of the Top 12 Accomplishments of 2006.

"The people of Schenectady can feel proud and reassured knowing that our continued financial recovery was validated in 2006 with the decision by Moody's to return Schenectady's credit rating to investment grade," Mayor Stratton said.

"In just three years, through improved financial management and with the support of our taxpayers, Schenectady has risen from the depths of a deficit projected at more than \$10 million and the single-lowest credit rating in the state in 2004, to a near \$5 million surplus today and a credit rating at investment grade and rising," the Mayor added.

Back to Investment Grade in 2006

In April, following the completion and acceptance of the city's 2005 financial audit, Moody's elevated Schenectady's credit rating to BAA 3 – *stable outlook*, the third consecutive rating improvement by Moody's since 2004 under the Stratton administration. Under the previous administration, the city's credit rating was lowered six consecutive times between 2000 and 2004 to BA 3 *negative outlook* – the single lowest credit rating of any municipality in New York State.

An End to Year-End Borrowing

In addition to the city's improved credit standing, Mayor Stratton said 2006 marked the end of Schenectady's cycle of year-end need to borrow millions of dollars just to make ends meet. Annual Tax Anticipation Notes (TAN) borrowing has declined steadily over the past four years, from \$14.4 million in TAN borrowing in 2003 to zero in 2006. As a result, taxpayers will now save more than \$1.1 million in annual interest payments.

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“Because our financial position has been improved through permanent changes we have made in our financial management and operations, year-end borrowing should remain unnecessary for the foreseeable future,” Mayor Stratton said.

A Welcomed Tax Cut

Mayor Stratton said Schenectady’s improved financial management also helped to bring a property tax cut for Schenectady taxpayers in 2007, as the City Council unanimously adopted the Mayor’s proposed 2007 budget with only minor adjustments.

“Our 2007 budget brought welcomed relief for beleaguered Schenectady taxpayers with a one-percent tax cut – the first time in years that city property tax rate has actually been reduced from the previous year’s level,” Mayor Stratton said.

“Although the actual tax decrease was small by measure, the financial trend that made a reduction in the tax rate possible is a huge step forward for Schenectady, and we expect our financial performance to continue to improve through 2007,” the Mayor said.

A key aspect of Schenectady’s improved financial health is the steady growth in the non-tax revenue portion of the city’s annual operating budget, including a near 75 percent increase in unrestricted state aid since 2004.

\$11 Million in New, Non-Tax Revenues

“We have worked to steadily and permanently increase our budgeted non-tax revenues by \$11 million over the past three years. That means we can continue to provide essential city services without relying directly upon property tax increases,” Mayor Stratton said.

Mayor Stratton said in addition to increasing Schenectady’s share of state aid by \$4.2 million since 2004, the city’s continued sale of tax liens brings \$1.2 million in new revenue each year, while the residential garbage fee first enacted in 2005 provides \$2.7 million in annual revenue. Waste removal fees generated from contracts with commercial and not-for-profit organizations add another \$200,000 annually, while appropriated reserves, daily cash investments and other financial improvements account for \$2.6 million in new revenue annually.

Reducing the Need for Outside Contractors

Mayor Stratton said continued management improvements in the Law Department, the Water and Sewer Division, and the Police Department accounted for hundreds of thousands of dollars in savings for Schenectady taxpayers in 2006.

For the second straight year, by relying less upon outside contractors and performing more work in-house, the Law Department and the Water and Sewer Division each spent

significantly less than budgeted in 2006. The Law Department finished the year more than \$250,000 under budget, while the division of Water and Sewer came in more than \$100,000 under budget.

Cost of Claims and Settlements Down for 2006

In addition, Mayor Stratton said responsible case management in the Law Department has considerably reduced city spending on legal judgments and settlements, saving Schenectady taxpayers more than \$300,000 than was budgeted for 2006.

The Mayor said the city's 2005 financial audit, completed in April 2006, also showed the Police Department finished the 2005 fiscal year under budget for the first time in recent memory by spending less on police overtime.

Schenectady Comprehensive Plan Nears Completion

Also in 2006, Schenectady moved closer to completing the city's first comprehensive plan in more than 35 years, reaching out to citizens in every neighborhood to establish both neighborhood-specific and city-wide development priorities for Schenectady to follow through 2020. Mayor Stratton said while the comprehensive plan will be officially finalized in the coming year, a number of the plan's key aspects are already being addressed through quality of life improvements now underway.

Quality-of-life Improvements

The Mayor and the City Council have taken immediate action on the two needs most frequently cited by Schenectady residents throughout the comprehensive planning process – the need for increased code enforcement and the need for more police patrols. Funding was approved for the hiring of five additional code enforcement officers, as well as additional legal support staff to increase prosecution of code violators.

To keep neighborhood streets safer, the Mayor's 2007 budget adopted by the City Council contained \$200,000 in state and federal grants to increase community police patrols in targeted areas. In October, Mayor Stratton and New York Senator Charles Schumer also announced Schenectady's receipt of a \$450,000 federal grant to hire six new police officers in 2007.

Replacing Neighborhood Blight with Single-family Homes

Mayor Stratton also cited Schenectady's successful recapture of \$1 million in federal funding from the Department of Housing and Urban Development to establish the Schenectady HOME Program. The program will annually target the demolition of up to eight blighted properties in targeted neighborhoods to be replaced with single-family, energy efficient, owner-occupied homes for low-to-moderate income families.

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Looking Ahead for 2007

In the coming year, Mayor Stratton said his administration will continue to prioritize the city's financial resurgence, neighborhood quality of life improvements and the attraction of new investment in Schenectady to grow the property tax base. Specifically, the Mayor said he will work with the City Council to achieve the following:

- Further improve Schenectady's financial health by raising the city's assigned credit rating by Moody's higher into the investment-grade range with the results of the 2006 financial audit expected by April;
- Work with Governor Spitzer and the State Legislature to further increase Schenectady's share of state aid, and to apply new increases in state aid to the fullest extent possible to further reduce the city property tax burden in Schenectady;
- Work with Governor Spitzer and upstate leaders to promote the enactment of the Governor's comprehensive upstate economic reform agenda;
- Move forward with a comprehensive revaluation of all residential and commercial properties in Schenectady to achieve a fair and equitable assessment for all property owners;
- Launch the first year of the new Schenectady HOME Program to replace blighted properties in targeted neighborhoods with up to eight new, energy-efficient, single-family homes for purchase by low-to-moderate income families;
- Improve quality of life with increased code enforcement, increased prosecution of the most habitual offenders, and by putting more police officers on the streets in all neighborhoods;
- Aggressively pursue grant and other funding for specific neighborhood improvements highlighted through Schenectady's comprehensive plan; and
- Continue to partner with County, State and Federal leaders – and with private industry – to invest economically in Schenectady and to expand the city's tax base in order to ease the burden on Schenectady property taxpayers.