



**Brian U. Stratton**  
Mayor

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**Mayor Presents 2009 Proposed Budget for Schenectady**

**Stratton: "Proposed \$76.5 M Budget is a Responsible Spending Plan that Clearly Reflects the Tough Fiscal Realities of Our Time."**

***2009 Budget Calls for 2.9 percent Property Tax Hike, Plus Increases in Water, Sewer and Garbage Fees***

**SCHENECTADY** – Mayor Brian U. Stratton today outlined his proposed city budget for 2009, a \$76.5 million spending plan that accounts for major increases in the city's energy and fuel-related expenditures this year and next, while reflecting nearly \$800,000 in projected revenue shortfalls in state aid and a county public safety grant caused by the state's worsening financial outlook.

The Mayor's budget carries a proposed general fund tax increase of 2.9 percent; the first time in three years Stratton has recommended an actual property tax hike. The Mayor's budget also proposes increases in residential water and sewer fees, as well as the first increase in the city's residential garbage fee since the program began in 2005.

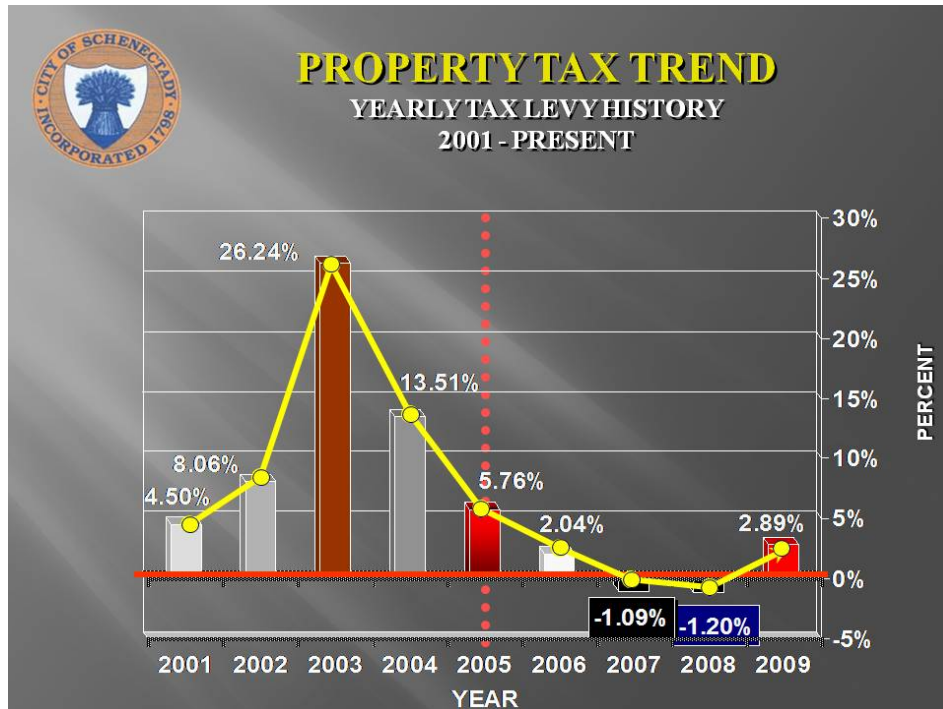
"The budget I propose to you today is a responsible spending plan that clearly reflects the tough fiscal realities of our time," said Mayor Stratton in presenting the budget this afternoon to members of the City Council. "The growing economic uncertainty now rocking New York State and the nation, coupled with the rising cost of energy, has forced us to adjust our spending accordingly, and with less financial assistance than expected from New York State and others.

"But as we are forced to spend ever more on energy, fuel and every product and service related to it, and as we now budget for far less aid than was promised to us by Albany, we must go forward with a budget that will protect Schenectady's hard-earned financial integrity and stability, while still providing the essential city services our citizens depend upon," Stratton said.

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**First Property Tax Hike Proposed Since 2006**

Over the last five years, the City of Schenectady has dramatically reduced the need to raise property taxes, dropping from a 25.1 percent property tax hike in 2003 under the previous administration to successive tax cuts in 2007 and 2008.



**Water and Sewer Fee Increases Caused by Rising Fuel and Energy Costs**

Mayor Stratton cited increases in fuel and energy costs, as well as the escalating cost of road maintenance and repair, as a primary factor driving the need for across-the-board increases in the general fund tax rate, as well as increases in water, sewer and waste collection fees.

“Our fuel costs for waste collection, including diesel and gasoline consumed by our garbage collection and recycling vehicles, as well as increased tipping fees for the transfer of garbage from Schenectady to landfills, plus the cost of labor grew by more than 16 percent between 2005 and 2008, or by nearly \$450,000. Fuel costs for waste collection services are expected to be \$80,000 higher in 2009, and more than 217 percent higher than 2005,” Stratton said.

Energy and chemical costs related to the city’s water and sewer expenditures have also increased significantly, necessitating rate increases in residential water and sewer fees. A temporary surge in employee retirements and turnover expected next year in the city’s sewer division will mean larger payouts of unused vacation and sick time, as four water department employees are expected to leave city service.

### **Sewer Dept. Retirements Budgeted**

Two years ago, employee payouts for sewer department retirements totaled just \$28,387, but next year the city's expenses for the same categories are expected to be \$80,000.

Additionally, the cost of paving material, a petroleum-based product used in sewer maintenance and repair, is rising significantly, as is the cost of fuel used by sewer maintenance and operation vehicles. The price of road salt is also up 51 percent over 2007-2008.

### **First Fee Hike for Residential Garbage Fee**

The need to increase the city's residential garbage fee for the first time in four years is driven primarily by the increased cost of diesel fuel and gasoline, and related expenditures in the disposal and transport of the city's refuse and recycling streams. Mayor Stratton has proposed that residential fees increase for 2009 as follows:

- Single Family:           **\$144 per year** – up \$13 over 2005
- Two Family:               **\$288 per year** – up \$26 over 2005
- Three Family:             **\$432 per year** – up \$39 over 2005

“Paying for garbage collection based upon your household's typical output rather than by the assessed value of your property, is the most equitable and fair method possible,” Mayor Stratton said.

“These new rates will also enable the city to continue to provide virtually unlimited collection of household waste, recyclables and yard waste throughout the year for one low price,” Mayor Stratton said.

Stratton said the city will continue to offer an income-based aged or disability exemption to qualified homeowners, who will pay just \$100 per year for one, two or three-family residential properties. Nearly 1,900 Schenectady property owners are currently taking advantage of the discount opportunity.

### **Tapping the City's Fund Balance**

Mayor Stratton said the proposed budget will use \$4.1 million from the city's unreserved cumulative fund balance to offset property tax hikes and fee increases. “The burden of

increased expenditures and reduced revenues in the coming year will not be borne entirely by the taxpayer, as we use part of our accumulated, unreserved fund balance to support our 2009 budget. But, we must act responsibly and prudently by not overdrawing upon our fund balance in order to maintain our financial integrity,” Stratton said.

Since 2004, when the State Comptroller’s office projected a \$10.2 million deficit for the city, Schenectady officials have worked steadily to eliminate the deficit and build a fund balance. According to the most recent audited financial statements, the city of Schenectady finished 2007 with an audited unreserved, cumulative fund balance of \$10.4 million.

**Mayor Postpones “50 First” Housing Demolition Program**

To achieve further savings, Mayor Stratton says the city will postpone the enactment of the “50 First” housing demolition program he proposed as part of his 2008 State of the City address before the City Council in February. Under the initiative, the mayor had set aside \$525,000 from the 2007 fund balance for targeted demolition of up to 50 derelict properties in the city’s most challenged neighborhoods. Approximately \$280,000 of that funding reserve is proposed for return to the 2009 General Fund.

“Regrettably, the need to minimize the financial impact of this budget on taxpayers to the fullest extent possible means that we must put off doing some of our targeted and hoped for neighborhood improvement initiatives, including the 50 First program I proposed earlier this year,” Stratton said.

Mayor Stratton has also proposed \$7.3 million in capital spending for 2009, including long-term borrowing for the purchase of heavy equipment, building repairs, roadway and infrastructure repair and improvements to city parks.

The City Council is required to adopt the 2009 budget by October 31, 2009.