

2027 BUDGET WORK SESSION

General Discussion-Comptroller/Finance Department

October 20, 2026

The Common Council began its review of the proposed 2027 City Budget with preliminary discussion of financial challenges, potential cost-saving measures, and alternative revenue sources. The following matters were addressed:

Proposed Budget and Fund Balance: Council discussed the proposed 23% tax increase, noting that the budget was prepared without relying on additional fund balance appropriations, as had been done in previous years. Members emphasized the importance of preserving adequate reserves and acknowledged that maintaining current services and operations would require difficult financial decisions.

Alternative Revenue Sources: Council discussed the need to identify additional revenue opportunities and evaluate expenditures to reduce the proposed tax increase.

Inside and Outside Tax Districts: Members discussed the disparity between the City's inside and outside tax rates and the possibility of greater equalization. Comptroller Wells estimated that full equalization could generate approximately \$320,000 in additional revenue, subject to further evaluation of the outside fire district tax.

Review of Municipal Services: Council discussed examining services provided within each taxing district, including sidewalk maintenance, snow removal, green waste collection, and seasonal decorations, to better understand service differences and potential cost savings. Additional information may be presented during future budget discussions.

Budget Review Process: Council acknowledged that the proposed budget serves as a starting point for further review and that discussions with department heads will be necessary to identify potential adjustments.

Municipal Services and Infrastructure: Council noted that certain services, including sidewalk snow removal and green waste collection, are provided as a courtesy to residents rather than as required services. Discussion also addressed differences in road ownership and maintenance responsibilities between the inside and outside districts, with a greater percentage of roads in the outside district maintained by the County or State.

Tax District Equalization: Members discussed whether changes in development, infrastructure, and neighborhood boundaries since the establishment of the taxing districts warrant a review of the current structure. Concerns were expressed regarding the financial impact on property owners and the need for an objective, equitable approach.

Property Reassessment: Council discussed the possibility of a citywide reassessment, including whether a phased approach could be implemented for different property classifications. Questions were raised regarding legal requirements, potential impacts on taxpayers, and the need for guidance from New York State. It was noted that preliminary reassessment cost estimates had been explored; however, no formal proposals or bids had been obtained.

Interest Rates: Brief discussion was held regarding current borrowing rates and their potential impact on future City financing.

Sales Tax Revenue: Council discussed exploring an increase in the local sales tax rate and potential changes to the distribution of sales tax revenue between the City and Madison County. Members expressed support for pursuing discussions with New York State regarding available options, recognizing that any changes would require further review and could not be implemented during the current budget cycle.

County Shared Services: Council expressed concerns regarding the amount of tax revenue contributed to Madison County compared to the services received. Members emphasized the need to explore additional shared services and opportunities for greater financial support from the County.

Inside and Outside Tax Districts: Further discussion addressed the need to review tax district disparities, including differences in road ownership, maintenance responsibilities, and municipal services. Members reiterated their interest in pursuing a more equitable tax structure.

General and Water Fund Balances: Council noted that the general fund balance is approximately 15.7%, slightly above the City's 15% minimum target. Concerns were raised regarding the Water Fund's balance, reportedly approximately 120% of its annual budget, and the need for a proposed water rate increase. It was clarified that the originally proposed 15% increase had since been revised by the Water Superintendent. Members discussed whether an increase was necessary given existing reserves, while acknowledging anticipated capital expenses, including future improvements to the Glenmore Dam and associated debt obligations.

City Manager's Salary: Councilor Jones inquired whether the City Manager's salary could be distributed among the Water, Sewer, and General Funds. It was clarified that the proposed budget already reflects this allocation and does not include a salary increase for the City Manager.

Non-Contractual Salary Increases: Councilor Jones suggested considering the elimination of proposed salary increases for non-contractual employees as a potential cost-saving measure.

Interfund Charges: It was clarified that the Water and Sewer Funds reimburse the General Fund for administrative services, including office operations, financial collections, recordkeeping, and other shared municipal functions. These charges are calculated annually.

Use of Fund Balance: Council acknowledged that additional use of the General Fund balance may be necessary to reduce the proposed tax increase. Members emphasized the importance of transparency regarding the long-term financial implications of continued reliance on reserves.

Financial Stability and Deficit Financing: Discussion addressed the financial challenges facing municipalities statewide and the potential consequences of declining fund balances. It was explained that a negative fund balance could require State-authorized deficit financing, increased financial oversight, additional borrowing, and potential reductions in the City's credit rating. Members were cautioned that these circumstances could result in higher borrowing costs and long-term debt obligations, further affecting the City's financial stability.

State Comptroller Assistance: Council discussed the possibility of seeking proactive financial guidance from the Office of the State Comptroller, including assistance with evaluating the City's financial condition and potential operational changes.

Budget Reductions and Structural Changes: It was noted that approximately \$1.4 million had already been eliminated from departmental budget requests, reducing the initially projected 65% tax increase to 23% without utilizing fund balance. City Manager Lovell emphasized that the proposed budget reflects the cost of maintaining existing operations, without additional positions, equipment, or nonessential expenditures. Comptroller Wells advised that approximately \$60,000 in reductions would equate to a 1% decrease in the proposed tax increase. Council acknowledged that further reductions may require significant structural or operational changes, including potential service reductions.

Parks and Recreation: Council discussed potential restructuring of the Parks and Recreation Department, including shared administrative staffing, reduced programming, increased use of volunteers and sponsorships, and consolidation of mowing responsibilities. It was noted that eliminating the department's approximately \$316,000 budget would reduce the proposed tax increase by only about 5%. Questions were raised regarding staffing responsibilities, maintenance requirements, and the feasibility of proposed changes.

Personnel and Operating Costs: Council recognized that personnel expenses, employee benefits, retirement costs, and Police and Fire Department operations represent significant portions of the City's budget. Members acknowledged the difficulty of achieving substantial savings without evaluating these major expenditures and the services provided.

Budget Reductions and Revenue Opportunities: Council discussed the need to review expenditures line by line while considering the long-term impact of service reductions. Mayor Rossi emphasized the importance of public input before making significant cuts, particularly to public safety and youth programs. It was acknowledged that expenditure reductions alone would not resolve the City's financial challenges and that additional revenue sources must be pursued.

Proposed Fee Schedule: Council revisited the proposed revisions to the City's fee schedule. City Manager Lovell noted that many fees have not been updated in decades and that revisions were intended to better reflect the cost of providing services and generate additional revenue. Councilor Jones expressed concerns about imposing additional financial burdens on residents and businesses, particularly through building permit fees. Council discussed reviewing and adopting fee adjustments by department rather than approving the entire schedule at once. Parks and Recreation fees were identified for consideration at the next Council meeting.

Code Enforcement: Council discussed concerns regarding the City's current code enforcement structure and the potential benefits of consolidating services into a centralized department. City Manager Lovell explained that the existing arrangement, utilizing personnel from multiple departments, helps minimize costs and that funding is not available for additional positions. The possibility of future consolidation with Madison County was also mentioned.

Building Permit Fees: Concerns were raised regarding the proposed fee of 1% of a project's total cost, particularly for residential improvements. Members discussed whether permit fees should be based

primarily on the actual cost of inspections rather than serving as an additional revenue source. It was advised that the current rates are less than the actual cost of the inspection and permitting process.

Economic Development: Council emphasized the importance of attracting businesses and exploring revenue opportunities beyond increased taxes and fees. Potential revenue-generating uses of City facilities, including events and entertainment, were discussed.

Parking Enforcement: Councilor Smith discussed parking enforcement activities, including overnight parking violations and the number of citations issued. It was noted that parking enforcement is among the responsibilities of the Police Department's Community Service Officer. Members discussed enforcement levels and the limited potential for parking fines to generate substantial additional revenue.

Police Staffing and Services: Council discussed Police Department staffing levels and the ability to address traffic enforcement and other community concerns throughout the City. Police Chief Lowell explained that officers provide services to both the inside and outside districts, with available personnel primarily responding to calls for service rather than conducting routine traffic enforcement. He referenced a 2022 independent staffing study that identified insufficient personnel to adequately cover the City's approximately 22 square miles and meet its service demands. The Chief emphasized that staffing needs are influenced by geographic coverage, call volume, investigations, and other public safety responsibilities.

Proposed Tax Increase Reduction: Councilor Cimpi outlined a potential approach to reducing the proposed property tax increase to approximately 10% through a combination of budget reductions, additional revenue, and the use of approximately \$600,000 from the General Fund balance. It was suggested that identifying an additional 3% in expenditure reductions would be challenging but could help achieve a more manageable increase for taxpayers.

Operational Changes and Personnel: Councilor McHugh requested that City Manager Lovell identify potential operational efficiencies and staffing adjustments across departments, including public safety, that could reduce expenditures.

Retiree Medicare Reimbursements: City Manager Lovell, with input from Deputy Comptroller, Jessica Kaiser, discussed the City's longstanding practice of reimbursing retirees for Medicare-related expenses. He explained that a review of contractual obligations identified approximately \$100,000 in reimbursements that may not be legally required, representing a potential reduction of approximately 2% in the proposed tax increase. Members acknowledged the sensitivity of modifying benefits historically provided to retirees, and further consideration was discussed.

Mandated and Contractual Expenditures: Council discussed identifying expenditures required by collective bargaining agreements, federal and state mandates, and City policies to determine which costs could legally be reduced. Information outlining these obligations will be distributed to Council members for further review.

Retiree Health Insurance Contributions: City Manager Lovell identified the possibility of increasing retiree health insurance contribution rates as another potential cost-saving measure. Deputy Comptroller Kaiser referenced the City's existing contribution structure and Policy 92-141. It was noted that potential savings had not yet been calculated. Members expressed interest in exploring these alternatives before considering personnel reductions.

Historical Use of Fund Balance: Comptroller Wells reviewed the City's prior use of fund balance, noting that approximately \$1.7 million was expended through budget amendments during 2025, reducing the General Fund balance from approximately 32% to 19.58%. She explained that this amount was equivalent to approximately a 28% tax increase and emphasized that continued reliance on reserves without additional revenue could jeopardize the City's ability to meet future financial obligations.

Emergency Expenditures and Demolition Funding: Council discussed whether the proposed budget includes funding for the demolition of deteriorating properties on Madison and Sconondoa Streets. It was clarified that the anticipated bond financing was not included and that the bond resolution had not been approved. Comptroller Wells explained that proceeding with expenditures before securing the necessary financing authorization could require alternative funding sources, potentially placing additional pressure on the General Fund.

Demolition Funding: City Manager Lovell explained that the proposed demolition project had been removed from a previous agenda after discrepancies were identified in the procurement process. He advised that the necessary documents are being prepared and the process will begin again.

Public Input and Budget Priorities: Council emphasized the importance of community input in determining service priorities and potential budget reductions. Residents were encouraged to review the proposed budget on the City's website and submit suggestions for consideration.

Retiree Health Insurance Contributions: Council requested additional information regarding potential savings from changes to retiree Medicare Part B reimbursements and health insurance contribution rates, including comparisons of different contribution percentages. The figures will be reviewed and provided for further consideration at a future budget session.