

CITY OF ONEIDA, NEW YORK

2027 CITY MANAGER'S BUDGET MESSAGE

October 9, 2026

TO: Honorable Mayor and Members of the Common Council
FROM: Kyle P. Lovell, City Manager
SUBJECT: 2027 City Manager's Proposed Budget and Capital Program
RE: Submission pursuant to Article V of the City Charter

Mayor and Members of the Common Council:

Pursuant to Article V of the Charter of the City of Oneida, I respectfully submit the 2027 City Manager's Proposed Budget and Capital Program for consideration by the Common Council.

The 2027 proposal is built around one central objective: restore structural balance to the City's General Fund without using General Fund reserves to support recurring operations. The budget was developed through a line-by-line review of departmental requests, revenues, staffing, overtime, benefits, contracts, capital needs and other operating assumptions. It is intended to preserve essential services, address necessary investments and place the City on a more sustainable financial foundation.

Budget at a Glance

The proposed 2027 General Fund includes \$19,769,425.30 in revenues and \$19,769,425.30 in appropriations. The General Fund is balanced with no operating deficit and no use of General Fund balance. The projected ending General Fund balance is \$2,894,051, or approximately 14.64% of appropriations.

2027 General Fund Revenue	\$19,769,425.30
2027 General Fund Appropriations	\$19,769,425.30
General Fund Balance Used	\$0
Proposed General Fund Tax Levy	\$7,433,588
Proposed Residential Tax-Rate Increase	23.00%

This approach is especially important given the City's recent reserve trend. General Fund balance remained near \$5 million through 2024, declined by approximately \$1.679 million during 2025, and is projected to end 2026 at approximately \$2.894 million. From year-end 2024 through projected year-end 2026, General Fund balance will have declined by approximately \$2.194 million, or 43.1%. Continuing to use reserves to pay recurring operating costs would postpone rather than resolve the underlying imbalance.

Management Review Before Taxes

The 23% proposed tax-rate increase was not the starting point of this budget. Original General Fund departmental and operating-function requests totaled approximately \$21.109 million. If property taxes alone had been used to close the resulting gap, those opening requests would have implied tax pressure of approximately 64% to 65%.

Management review reduced the final General Fund proposal by \$1,339,238.86 from departmental requests, or approximately 6.34%. Together with revenue adjustments, those reductions brought the General Fund to balance without the use of General Fund reserves.

The reductions are not an across-the-board cut. Spending was reduced where requests could be scaled back, while selected lines were increased where legal obligations, operating needs or strategic priorities justified additional funding.

Property Taxes, Revenues and Major Cost Drivers

The proposed General Fund property-tax levy is \$7,433,588. The proposed residential City tax-rate increase is 23.00% when measured from the underlying 2026 budget-rate baseline. I recognize that this is a significant increase and do not present it lightly. The accompanying budget presentation provides detailed Inside and Outside District examples so residents can see the estimated annual and monthly City-tax impact at different assessed values.

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The actual 2026 billed City rate benefited from a one-time \$266,442 prior-year excess-levy credit. Because that credit does not recur, the actual billed-rate-to-proposed-rate comparison is approximately 28.77%. This distinction is clearly identified in the accompanying presentation so taxpayers can compare the proposal with the rate actually billed in 2026.

The City's largest General Fund revenue sources are sales tax, budgeted at \$7,755,320.11, and the property-tax levy. On the expenditure side, employee benefits and public safety remain the two largest cost categories. Benefits and statutory costs total approximately \$7.457 million, while public-safety expenditures total approximately \$6.881 million. These largely nondiscretionary costs demonstrate why reductions to smaller operating accounts alone cannot correct the City's structural imbalance.

Staffing and Operating Changes

The proposed budget does not include broad staffing expansion. Additional Police positions, a Police investigator position, new Fire positions and an additional Code Enforcement Officer are not funded, and the Public Safety Commissioner position remains abolished and unfunded.

Two targeted positions are proposed for 2027. The City Charter requires a City Assessor; the proposal funds the position full-time at \$97,000 to provide assessment capacity, support the proposed citywide reassessment and assist with real-property work. A Development Specialist is funded at \$60,000 to implement the Property Accountability Registry and support redevelopment and economic-development initiatives. These positions are tied to specific operational needs and identifiable 2027 revenue activity rather than a general expansion of staffing.

The budget also establishes tighter overtime controls. Police and Fire overtime is budgeted by purpose; non-emergency discretionary overtime requires approval; and monthly reporting will identify overtime by employee, shift, cause and account. Emergency response, minimum staffing and collective-bargaining requirements remain controlling.

The proposal does not fund a full-time City Engineer position. Instead, \$75,000 is budgeted for outside licensed professional engineering services, allowing the City to retain access to professional engineering expertise while maintaining a separate administrative Public Works structure.

Funds and Tax Districts

The City's 2027 financial plan includes the General Fund (Fund 001), Water Fund (Fund 002), Sewer Fund (Fund 003) and Hydrant Fund (Fund 007). The General Fund is borne by the City as a whole except for expenditures that, under the Charter or other applicable law, are chargeable to the Corporation Tax District or another separately identified district or service area. The proposed tax schedules separately identify the Citywide/Outside component, the additional Corporation Tax District (Inside District) component, the Fire-Outside levy and the Hydrant levy.

The Water and Sewer Funds are enterprise funds supported primarily through user charges and enterprise revenues, not the proposed General Fund property-tax increase. The Hydrant Fund is separately accounted for and supported through Hydrant revenues and the Hydrant levy. For 2027, the Water Fund includes \$5,271,821 in estimated revenues and \$5,583,339.27 in appropriations, with planned use of approximately \$311,518.27 of Water Fund balance/reserves to moderate the rate impact. The Sewer Fund is balanced at \$8,546,429 in both estimated revenues and appropriations, with no planned operating deficit.

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Capital Program and Debt Position

The 2027 capital program is deliberately limited to two proposed projects: approximately \$350,000 for Police Station critical infrastructure and facility improvements, including parking-lot repaving, roof replacement, an OSHA-required drinking-water fountain and server-room ventilation; and approximately \$400,000 to \$500,000 for a citywide reassessment. Each project, its final scope and its financing remain subject to separate Common Council authorization. Available grant opportunities and lawful financing options will be reviewed before final project authorization.

The reassessment is necessary because the City's equalization rate has fallen to approximately 60% in 2026. The purpose of reassessment is not to increase the tax levy; it is to restore current, consistent and defensible property values so the tax burden can be distributed more fairly among properties.

Outstanding principal across the General, Water and Sewer Funds is approximately \$73.44 million, with projected 2027 debt service of approximately \$5.32 million. A significant portion of this debt is associated with major Water and Sewer infrastructure investments. The separate 2027-2031 Capital Program identifies the two projects currently proposed for initiation during the five-year planning period; no additional capital projects are presently proposed for initiation during 2030-2031.

Financial Management Going Forward

Balancing the 2027 budget is not enough by itself. The City must maintain a stronger connection between recurring revenues and recurring expenditures, preserve General Fund balance as a financial safety net rather than a routine operating revenue source, and identify developing problems before they become year-end deficits.

The management approach going forward is straightforward: monitor the budget every month, protect the City's reserves, control discretionary spending and overtime, and pay recurring bills with recurring revenues. Revenue assumptions and major expenditure accounts will be monitored throughout the year, with material changes brought back to the Common Council when authorization is required.

Conclusion

This is a difficult budget. A 23% proposed residential City tax-rate increase is significant. However, I believe it would be less responsible to conceal the City's recurring operating costs through another substantial draw on General Fund reserves.

The 2027 City Manager's Proposed Budget reduces departmental requests, incorporates additional revenues, preserves essential services, limits staffing growth, strengthens management controls, addresses necessary capital needs and, most importantly, balances recurring General Fund operations without using General Fund reserves.

I respectfully submit the 2027 City Manager's Proposed Budget and 2027-2031 Capital Program to the Mayor and Common Council for review, public hearing and consideration.

Respectfully submitted,



Kyle P. Lovell

City Manager
City of Oneida, New York

