

MAYOR'S BUDGET MESSAGE FISCAL YEAR 2006-07

I am pleased to present the City of Buffalo's 2006-07 budget, which reflects the city's continuing effort to re-engineer and improve the efficiency of delivering city services, support private investment and stabilize Buffalo's fiscal standing.

I am confident this budget will establish a firm foundation for the coming fiscal year and it will set the tone for future city budgets under my administration.

My administration has focused on three key areas for beginning what we believe will be Buffalo's road to fiscal stability and economic vitality. These three key areas are: expanded economic development, improved quality of life and greater accountability and efficiency in city government.

Although the budget will go up, we can do so without an increase in the property tax levy. The increased budget is caused by growth in fixed costs and strategic quality of life investments by my administration.

With the continuing rise in utility costs (\$4.667 million), healthcare costs (\$4.257 million) and gasoline costs (\$458,000), the 2006-07 budget will grow by \$27.885 million (from \$384.533 million in 2005-06 to \$412.418 million in 2006-07), but that growth reflects needed allocations for fixed costs.

Our strategic quality of life investments include: allocations to allow for expanded police overtime to enhance major crime investigations and the operation of a new Narcotics/Homicide tip line. We have also made provisions to cover the debt service in the Buffalo Public Schools, thereby making more money available for classrooms.

In addition, recommended allocations to the city's Department of Community Services will enhance after-school programming for the Buffalo Public Schools, providing our children with activities and opportunities that will complement their daily educational experiences.

While the city's budget has grown, so too has the level of state funding for a variety of city functions. Through our aggressive lobbying efforts in Albany, the City of Buffalo stands to receive a 22% increase -- \$46 million -- in state aid for 2006-07. This significant accomplishment will help my administration implement CitiStat, provide "shovel-ready" development parcels of land in the growing Buffalo Lakeside Commercial Park, demolish greater numbers of dilapidated buildings throughout the city (thereby clearing land for other development opportunities, both commercial and residential), and funding important programs associated with various City departments, such as Zero Tolerance Law Enforcement activities in the Buffalo Police Department.

With this budget and the implementation of programs like CitiStat, which will provide the first computer-based management tracking system for city departments, my administration continues to consider private- and public-sector best practice programs that will improve the way city government functions.

This is an excellent budget. It is a budget that reflects my administration's determination to revitalize the city, increase our competitiveness, attract investment and improve the quality of life for every resident of Buffalo.

Economic Development

In restructuring city government, my top priority was creating a new city department that would spearhead my commitment to reviving Buffalo's economic vitality and viability.

Upon taking office, I created the new Department of Economic Development, Permits and Inspection Services to establish a new "one-stop shopping" atmosphere for existing city businesses, prospective businesses seeking to locate in Buffalo and investors choosing to participate in future development opportunities in the City.

This new department has moved aggressively to take advantage of ongoing and future development activities along our waterfront, the city's various commercial districts (e.g., Hertel Avenue, Elmwood Avenue, Jefferson Avenue, Niagara Street, Grant Street and Seneca Street), in reclaimed brownfields (e.g., Buffalo Lakeside Commercial Park) and in valuable downtown development property sites (e.g., new \$40 million 50 Court Street office building).

In addition, I have embarked on a business retention agenda, meeting directly with existing business owners (starting with Harmac Industries on Buffalo's East Side) to hear firsthand what they need to remain viable and successful in Buffalo. Based on these meetings, our economic development team will provide tailor-made programs to assist these companies and address their unique and specific economic issues.

Buffalo's geographical location has long been discussed as an advantage economically, but little has been done to pursue that advantage through a targeted economic development program.

My 2006-07 budget will launch an effort with \$100,000 to fund a study that will provide the framework for attracting businesses to Buffalo that can benefit from our access to fresh water, which these businesses depend on.

Public Safety

Building on the success of my administration's Zero Tolerance Law Enforcement initiative, the 2006-07 budget includes a provision for increasing overtime for the Police Department's Major Crime Unit.

For the first time, my administration has implemented a new management system throughout the Police Department's districts that includes the assignment of a chief in each of the police districts. Commissioner H. McCarthy Gipson and I have fully implemented the concept, which serves as the basis to modernize our police department.

The city's approach of putting detectives into the districts and holding the district commander accountable as essentially a small city police chief, which is exactly the way the Giuliani administration turned the NYPD around.

In addition, we have reactivated the Department's Cold Case unit and implemented a Narcotics/Homicide tip-line, which will enable citizens to anonymously provide information to the Police Department on issues related to drug trafficking and homicides

Supporting Our Neighborhoods

With the new state aid, we expect to almost double on demolition efforts and have \$500,000 for tree trimming and new plantings.

With the important infusion of \$5.2 million in state money for demolitions, we can target approximately \$10 million for needed demolitions in key areas across the city that will remove blighted properties, support neighborhood block clubs that are working daily to strengthen their respective neighborhoods and reinforce the continuing reconstruction and renovation of our city's schools through the Joint Schools Construction Project by removing dilapidated buildings that are in close proximity to the rebuilt school buildings.

Also, the 2006-07 budget includes \$250,000 to establish an Upper and Middle-Income Housing Initiative, which will provide incentives for prospective homeowners looking to live in the city, particularly police officers, fire fighters and Buffalo public school teachers. The effort is designed to strengthen the city's tax base by helping homeowners purchase properties in Buffalo.

Buffalo Public Schools

I believe the future strength and vitality of our city rests in our ability to improve both physical and academic quality of our public school system.

Working closely with Superintendent Dr. James Williams, my administration is committed to providing additional financial support to the school district, which will contribute to programs and initiatives Dr. Williams and the Board of Education have enacted to improve academic performance for every child.

Through our Department of Community Services, the city will provide \$500,000 to the School District that will support important after-school programs across the city.

Also, I have recommended a \$2,036,184 million increase to the Schools to offset the increase from the Property Tax Levy for Debt Service.

Property Tax

The Property Tax Levy remains the same at \$146.3 million, but both Homestead and Non-Homestead tax rates per \$1,000 of assessed value will decrease.

The Homestead rate will decrease by 1 percent from \$20.95 per thousand to \$20.75 per thousand (a decrease of 20 cents per thousand). The Non-Homestead rate decreased 3.54 percent from \$37.41 per thousand to \$36.08 per thousand (a decrease of \$1.33 per thousand).

These decreases are the result of increasing assessed property values throughout the city. The value of real property increased by \$113.042 million going from \$5.593 billion to \$5.706 billion.

State Aid

My administration's targeted and aggressive efforts on behalf of the City of Buffalo during the State Fiscal Year 2006-07 budget negotiations yielded significant success for the city, which bodes well for future administration-led efforts in the State Capitol.

Below are the **results** of the 2006-07 state budget for Buffalo:

Local Assistance Aid	\$26,391,000 (22.78% increase over 2005-06 appropriation of \$115,876,026)
Efficiency Incentive Grants	\$2,000,000
Capital Projects	<u>\$15,200,000</u> (\$5M for land acquisition; \$5M for Demolitions in new funds)
TOTAL	\$38,391,000*

Sales Tax

Working collaboratively with the members of the Association of Erie County Governments in late January/early February, I argued successfully to establish a more equitable sharing of the extra one percent sales tax.

After 21 years, the cities, towns and villages of Erie County can look forward to a greater share of sales tax revenue they deserve.

At that time, I contended that the sharing of the sales tax revenue with the county's cities, towns and villages will "...finally help achieve more fairness and greater regional stabilization."

As a result, the Erie County Legislature passed a home rule message authorizing the change in the sales tax formula and the State Legislature approved the measure on February 12, 2006, bringing nearly \$5.9 million additional revenue to the city for the 2006-07 fiscal year.

Conclusion

The 2006-07 budget represents the future opportunity for Buffalo to manage itself with continued fiscal discipline and focused spending on initiatives that will improve our quality of life and help attract investment and increased economic development. As we are able to further strengthen our city's fiscal circumstance, generate revenue, receive increased state aid and balance our budget without borrowing, my administration, as I have stated will do everything it can to remove the Control Board-imposed wage freeze. That act, more than anything else, will help underscore the City of Buffalo's true economic recovery.

Working collaboratively and cooperatively with the our public sector colleagues, notably the Common Council, the County Legislature and the New York State Legislature, as well as the members of our federal legislative delegation, the City of Buffalo has taken important strides since January 1, 2006 to streamline city services through the development of the new CitiStat program, reorganize our city governmental structure (notably the creation of the new Department of Economic Development, Permits and Inspection Services), access greater revenue for the city through a fairer sharing of the sales tax and aggressively pursue fiscal opportunities in both Albany and Washington.

This is a budget that will send a clear signal of Buffalo's ability to balance expenses with increased revenue, while holding property owners – both residential and commercial harmless by not increasing the Property Tax Levy.

Our administration's goals of expanded economic development, improved quality of life and greater city government accountability and efficiency are clear; our determination to make Buffalo stronger, safer and fiscally stable is unwavering; and our dedication to pursue partnerships and collaborations with neighboring municipalities to seek opportunities to reduce costs and improve government service remains a priority of the Brown administration.

The 2006-07 budget will form the foundation for successfully pursuing these worthy objectives for a stronger and more vibrant Buffalo.