



News Release

Mayor's Office City of Poughkeepsie

62 Civic Center Plaza, Poughkeepsie, NY 12601 (845) 451-4073 Fax: (845) 451-4201

Date: August 28, 2012

Mayor: 2013 Budget Will Change Government As We Know It *City projects \$3.6 million shortfall*

The City of Poughkeepsie, like all municipalities throughout the state and the country is suffering through the most challenging economic conditions since the Great Depression. Mayor John Tkazyik said, "Our taxpayers have been confronted with high unemployment, declining home values, and rising costs of basic necessities such as groceries and gasoline."

City government has experienced the consequences of the economic malaise as presented by the lag in property tax collection as well as water and sewer bill payments. For the third year in a row, we are seeing home assessment values declining to dramatic lows. City staff has identified over 300 abandoned properties and current expenditures can no longer be supported by diminishing property tax collection, sales tax, and mortgage tax revenue. Furthermore, the problem is compounded by dwindling federal and state subsidies and the availability of grant dollars have become less available.

All economic forecasts project local municipalities will continue to struggle through these challenges for at least the next five years. Doing business as usual is no longer sustainable and the City of Poughkeepsie must continue to change its organizational structure and evolve its service delivery model. Mayor John Tkazyik included, "I am duty bound to address any structural imbalance and provide for an ongoing budget that clearly reflects the revenue and expenses that the current economic conditions will support."

After a thorough review and discussions with finance staff, my preliminary 2013 budget analysis projects a \$3.6 Million shortfall. I have meticulously reviewed the estimated revenues for the 2013 budget and cannot find any possible additional revenue sources without imposing burdensome property tax increases beyond the state mandated 2% tax cap or imposing a radical reduction in City services. Several big factors are compounding our budgetary challenges including rising health insurance costs, increasing retirement payments, the reduction of the city's share of sales tax, and the uncertainty of four expired union contracts and their corresponding demands. The unfortunate reality is that a tax increase of some form and employee layoffs are inevitable.

A budgetary shortfall of this size requires very difficult and unpopular decisions. Although we have trimmed our workforce from 417 in 2007 down to 367 in 2012 primarily through attrition, our structural imbalance requires deeper cuts and sadly, for the first time during my tenure, there will be layoffs.

I have been meeting with Department Heads to discuss and strategize on how to address the 2013 projected budget shortfall. Every department, every position, every line-item and every service is on the table. Mayor John Tkazyik added, "My goal over the next month is to draft a budget that will have the least impact to both our workforce and the taxpayers, while establishing a sustainable long-term financial foundation for city government."