

The City of Poughkeepsie

New York

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February 7, 2011

Mayor Tkazyik and Members of the Common Council
62 Civic Center Plaza
Poughkeepsie, New York 12601

Re: 2010 City Administrator's Annual Report

Dear Mayor, Chairman Klein, and Members of the Common Council:

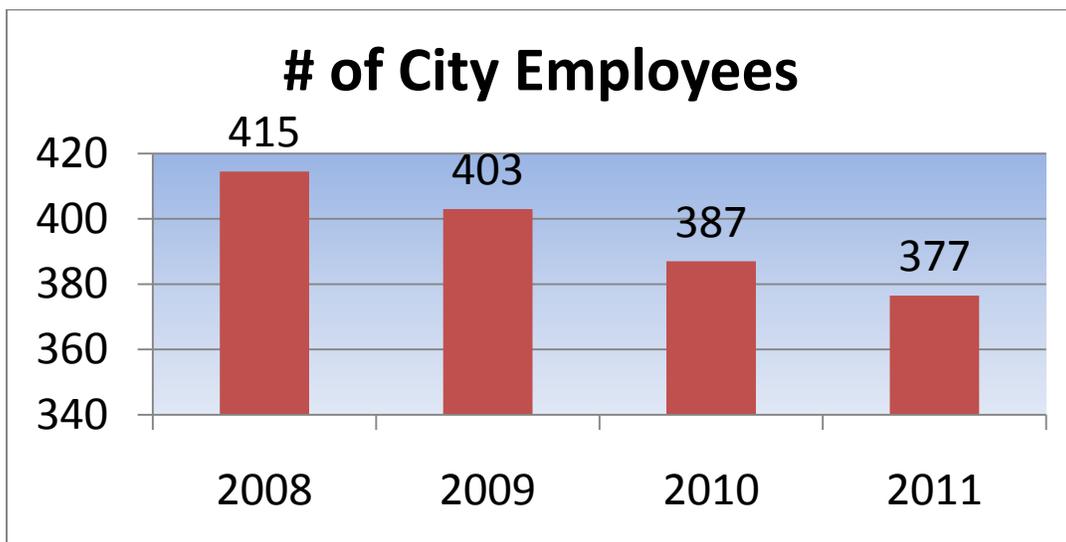
The City Administrator is required to prepare an annual report of the year's activities as described in Section 3-06 of the City of Poughkeepsie Administrative Code. This report is based upon input from the various Department Heads and summarizes the major activities and accomplishments of the previous year. Mayor Tkazyik's administration took office in January 2008 and this report continues the work that was begun over the last few years. Many of the Department Heads, including the City Administrator, were new to City since that time and only Police Chief Ron Knapp and Commissioner of Assessment Gene DeMarco held those positions prior to the new administration. Attached are more specific summaries of the individual departments that will give a closer overview of the day-to-day activities. The major issues can be broken down into categories.

Reorganization Efforts:

The first order of business over the last three years was to appoint a new management team. In 2010, there were two new Department Heads appointed: Richard DuPilka, PE, was appointed the Commissioner of Public Works / City Engineer with the retirement of Steve Miko, and Fire Captain Mark Johnson was appointed Acting Fire Chief. The Parks and Recreation Department was consolidated into the DPW, the Building Inspector George McGann was transferred to head a new effort as Safety Inspector within DPW, focusing on the various excavation and training efforts required for that department.

The 2010 budget effectively moved the Building Inspection Division from the Fire Department and under the Development Director, where it was previously housed. Laura Wojtowicz then assumed the responsibility of overseeing the Building Division in addition to Development, which are both housed on the second floor at City Hall. Gary Beck was assigned as Building Inspector to oversee the day to day activities. The Building Division also saw the merging of the Plumbing Inspector's responsibilities into that of the inspector and public assembly permits,

reducing the number of staff visits to each site. The second floor of City Hall is undergoing extensive in-house renovations with new office configurations thanks in part to the implementation of the Dutchess County Lead Grant. Another administrative action amongst the Fire Department staff was that the person involved in public assembly permits was reassigned to Shift Lieutenant, thereby reducing the amount of overtime required in the Fire Department. The City Engineering Office was relocated from private rental space back into City Hall with the movement of Section 8 offices off-site, as recommended by the Federal audit to separate these expenses from central government. Section 8 is still under the oversight of the Development Office. The Property Development division in 2010 was moved under the Corporation Counsel's Office with a goal to selling-off the accumulated properties. This goal was accomplished and Karen Lewis was reassigned to the Fire Department with the legal department continuing this effort in 2011.

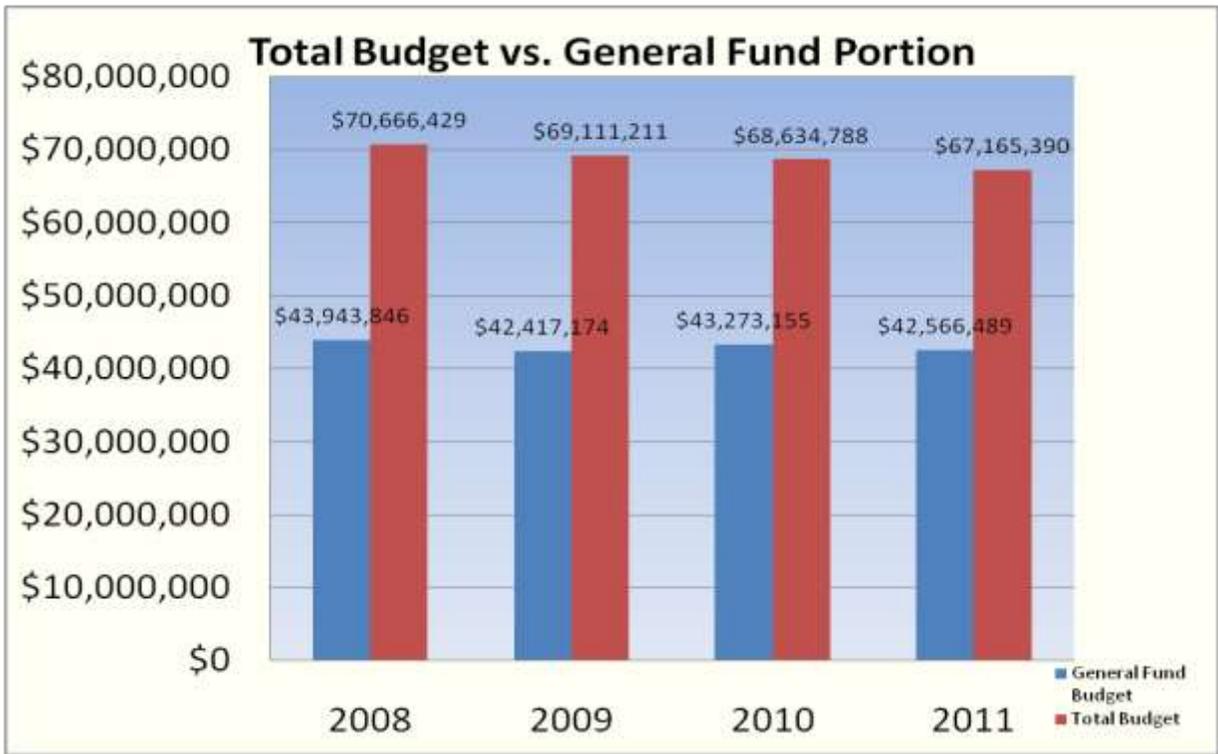


Budget Impacts and Trends:

The City offered a "Retirement Incentive" in 2009 to encourage individuals that were eligible to retire. There were 11 that participated of which, 9 were members of the Police Department. The Detective Division was the hardest hit losing several of its senior members. The replacement efforts included hiring several through transfers; however, there was a need to send several to the Police Training Academy. Unfortunately, with the downturn in the economy, the spring training academy was canceled, as we were one of the only municipalities that were hiring new police officers. This incentive was expected to save approximately \$360,000 when fully implemented. The Police Department has been staffed through several promotions and the completion of the training academy; however, the vacant positions included within the 2010 budget were eliminated in the 2011 budget recently adopted by the Common Council.

This administration has worked hard to eliminate positions and reduce overall costs as people leave the organization. Initially, there were 415 full time employees within the 2008 budget. The mid-year budget report (July 2008) indicated that at that point there was a \$-1.85m budget deficit. As the fiscal realities began to set in, a "hiring freeze" and other corrective measures were put in place. As positions became vacant, reorganization measures were taken to reduce the overall number of employees. The largest cost the city has is directly related to personnel in

terms of salary, benefits, medical coverage, retirement contributions, etc. The 2011 budget includes 376.5 positions which is a reduction of 38.5 positions or 9.4% of the workforce. The attrition has occurred by retirements, incentives, discipline terminations and aggressive Third Party Administration of out of work employees. Unfortunately, the assessment tax base has also been negatively affected, so the tax rates have been raised to offset the difference. This has resulted in an addition of the tax levy and the amount of funding required. The Fire Contract was extended one (1) year with minimal costs and the trial of 24 hour shifts went into effect January 1, 2011. Most other communities across New York State have had to drastically increase the taxes to make ends meet. The City of Poughkeepsie, through planned attrition and reorganization, combined with reducing costs of insurance, careful purchasing policies, etc., has been able to stay ahead of most other communities in our area.



(*2010 & 2011 Parking Fund is included in the General Fund)

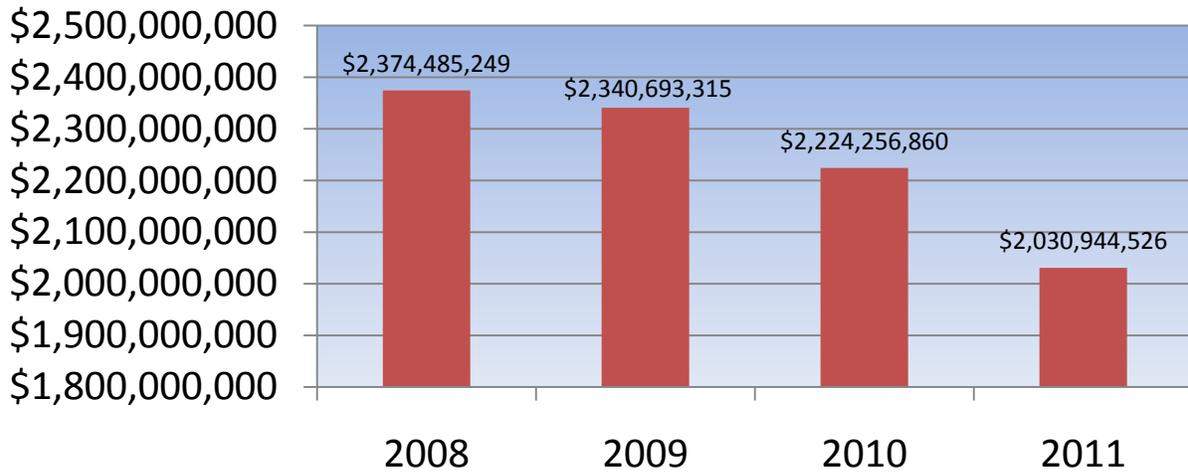
The primary goal was to reduce the city’s dependency on the use of Appropriated Fund Balance to offset the property taxes. In 2008, the budget utilized \$2.5m of Fund Balance which was eliminated in the 2011 Adopted Budget. Efforts were also undertaken to reduce the City’s contributions and sponsorship of “Community Events”. There were 66 events and many were supported by the Quadricentennial. There were concerns voiced about the level of police foot patrols in problem areas of the City. In 2009, the City spent \$381,568 less on overtime than it had two (2) years earlier, a reduction of 13.4% while at the same time, increasing Police Foot Patrols. The 2010 budget included funding to support Common Council “ward events”. The staff met with many of the organizations and assisted in planning events to reduce the City’s dependency of overtime. If work was completed during working hours, we would continue to support, however, if overtime was required, a fee was charged to offset these expenses.

The most notable change in the 2011 adopted budget was the elimination of solid waste pick-up at Commercial – Residential units as commonly classified as “411 properties”. Effective January 17, 2011 owners with commercial properties with residential units will be responsible for their own refuse and recycling disposal. During the evaluation phase, it was noted that the city spends approximately \$1 million in tipping fees to dispose of the refuse at the Resource Recovery Plant. With unanticipated cost increases and if a partial flow control program implement, estimates were that this cost would increase \$500,000 to \$1.5 million. The volumes were weighed and it is estimated that \$400,000 will be saved by the implementation of this new program. While many commercial businesses have a private hauler, the City continued to provide this level of service, while there were no other similar municipalities that did so. After several meetings, spirited debate, and a public hearing, the revised sanitation ordinance was adopted as a local law. The result was a reduction in all property taxes across the board, while maintaining the current level of employees without major layoffs or major tax hikes like most other communities in this state.

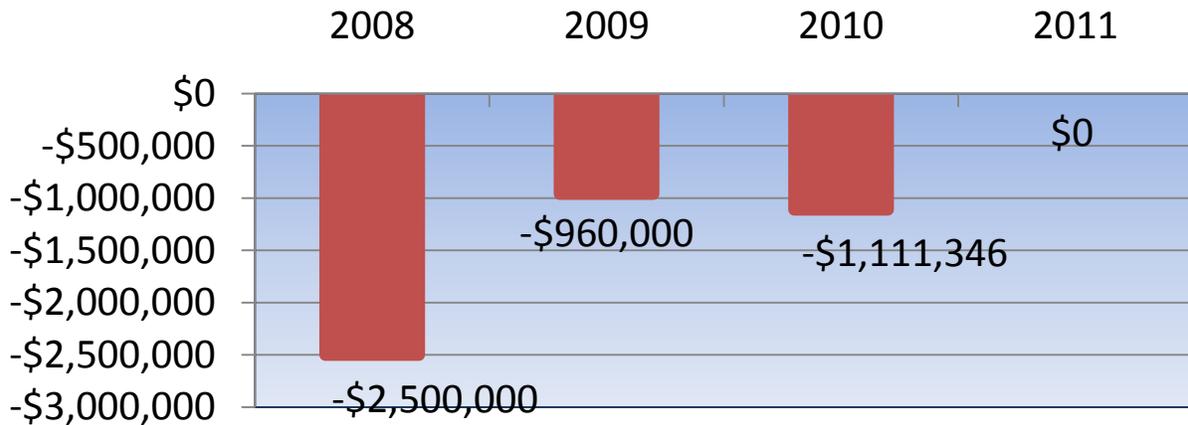
Major Revenues: 2008-2010



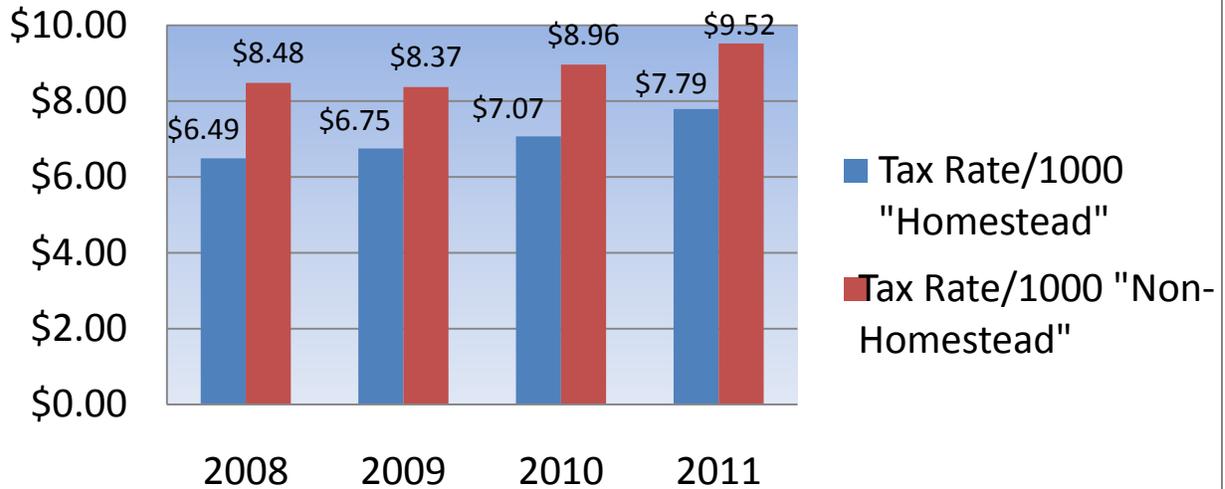
Assessments



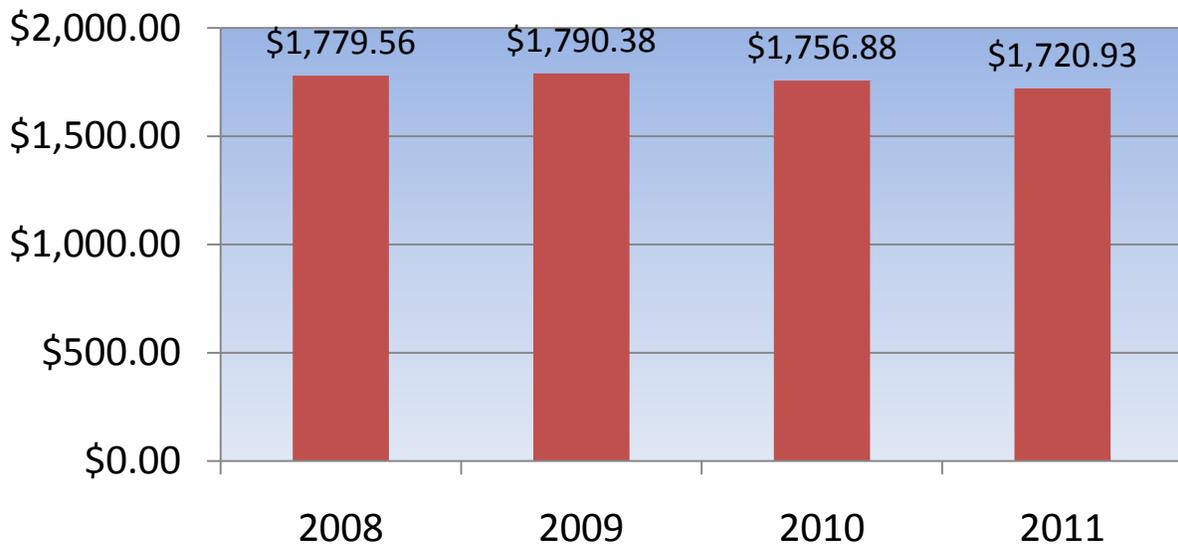
Budgeted Use of Appropriated Fund Balance



Tax Rate: Homestead vs. Non-Homestead



Avg. City Property Tax (Homestead)



Technology Issues:

There have been several Technologies that have recently been addressed. A unified electronic hand held ticket writing system was implemented for both the Police and Parking divisions. This, combined with a service to collect out of state fines is on track for \$700,000 in revenues which is a net \$200,000 above historical highs. Combined with the parking Scofflaw revisions, many of the problem vehicles are tagged with this new initiative, which has greatly reduced our

uncollected ticket revenues. When the parking attendant booth was needed at the Financial Plaza Deck (FPD), an automated ticket revenue collection system was installed which increased revenues and allows staff to provide additional service / security throughout the entire parking system rather than sitting in the booth all day long. The long overdue “New World” software system was expanded into the Finance Department. In the past, the staff had two separate systems that required double data input. In addition to being more efficient, this program suite is used by many municipalities with many levels of budgeting and financial management. In the past, departments would overspend various accounts and “clean up” the overages at the end of the year. Much closer overview of the spending levels and patterns will now be available. The Police Department is also beta testing the New World GIS program for 911 call response team monitoring. As the test demonstration site, we receive additional assistance and customizations to meet our specific needs and the system is now operational. The city implemented a VOI (Voice Over Internet) new phone service through a capital lease to own which reduced overall operating expenses. With the negotiation of a Franchise Agreement with Verizon, PEG Capital Costs provided a digital recording and play system to televise and record most public meetings held in the council chambers. The Common Council Meetings are “Streamed Live” Over the city’s web site and archived for recall with a meeting index system.

Energy Initiatives:

The City began several efforts to reduce our costs through energy related issues. Through Federal Transit Administration (FTA) / NYS Dept. of Transportation (DOT) 90% funding grants, the City was able in 2008 to purchase four (4) new Hybrid Electric Buses. In addition, this year, with a 100% Federal ARRA Stimulus Grant, we were able to order two (2) additional Hybrid Buses to complete the upgrade of the entire fleet, which has reduced our gasoline consumption by about 50%. The New York Power Authority (NYPA) also began an analysis of the existing building energy needs and developed a comprehensive approach to reducing energy, which could then be used to repay the capital investment, less the eligible grants through NYSEERDA and Central Hudson. The plans and specifications are near completion and we anticipate bidding with Spring 2011 construction. Included are new energy systems at City Hall, a new reflective roof system with a proposed “holographic image solar panel system” to help generate power, new windows, several pumps and motors, and a cooling / heating system are all included for City Hall and other City buildings.

Central Hudson has just announced a new “**Municipal Government Electrical Fixture Program**”. The City of Poughkeepsie was the first organization to participate. This program includes new lighting installed at City Hall, the Police and Fire Department buildings, and Public Works’ garages and parking garages, which include a 70% grant from Central Hudson through the Systems Benefit Charge (SBC) rebates and a 30% tax credit program, resulting in “no out of pocket costs” to the City for these improvements. The Common Council Chambers were completed in time for the State of the City Address as a preview of the new lights to be installed. Central Hudson estimates that when everything is completed, the city will save the city \$144,000 per year.

LED (Light Emitting Diode) is an innovative new type of lighting that has recently come from the laboratory out into the real world. The City of Poughkeepsie currently spends approximately \$600,000 on street lighting with a mixture of lights owned by the City and Central Hudson. A

test demonstration project was begun in 2010 with seven (7) LED fixtures installed on Market Street. The old lights were rebalasted and relamped with foot candle readings taken as the “base illumination levels.” The new LED fixture replaced the older style lights and foot candle readings were taken of the area to compare illumination levels. Central Hudson has been very cooperative throughout this investigation phase and has recently been granted approval from the Public Service Commission (PSC) to allow this new type of innovative light fixture. The preliminary feasibility study indicates that there would be an energy savings of 62-65% with the new lights. Including the repayment of capital costs through a proposed lease/purchase agreement, the City will reduce the overall cost to approximately \$450,000, resulting in an annual savings of \$150,000 to City taxpayers. This promising technology expects to have a 20 year life which will be paid for in a short timeframe.

Capital Improvement Plan:

The City has had an aggressive 5 year Capital Improvement Plan (CIP). In fact, the City had spent significant funds on several major projects. An evaluation was completed as well as a previous debt service schedule and it was determined that it was un-sustainable. Prior to my joining the city, the Common Council in June of 2008 had authorized \$11,858,275 in additional long-term debt. Immediately, this was reconsidered and only immediately necessary items that were not already committed was reduced \$6,661,137 to a much more palatable level of \$5,179,863. Subsequently, the staff has been working diligently to maintain the city’s credit rating. Moody’s Financial Services rated the city as an A3 at that time. They subsequently reevaluated the rating and with the major steps taken by this administration with support of all departments, improved the rating to an A1 which was just recently reaffirmed in December of 2010. NYS Comptroller DiNapoli audited the City’s CIP and reported this was a model for other small cities and municipalities in New York State.

For 2010, the majority of the capital projects were looked at and delayed due to financial considerations. The DeLaval Brownfield remediation project and the Hoffman Street Bridge continued to move forward. The Hoffman Street Bridge was the recipient of a \$12.9 million Federal ARRA Economic Recovery Stimulus Grant which was the largest grant on the Poughkeepsie Dutchess County Transportation Council’s (PDCTC) Transportation Improvement Program (TIP), which broke ground in the summer of 2010 thanks to the efforts of the City Engineer and Corporation Counsel’s Office. The “Walkway Over the Hudson” \$940,000 lighting project was also completed, which was a pass-through to the City to access capital funding.

The Community Development Block Grant (CDBG) Program was also re-evaluated. The primary focus became assisting the City with funding for worthy capital projects, which helped to reduce the long-term capital debt. This past summer, projects included the replacement of the Hulme Basketball Court and the Wheaton Park Basketball Courts. The primary source of funding for the 2010 year sidewalk program was funded through the CDBG program and the city’s NYS CHIP’s funds. The walkway at the DeLaval / Southern Waterfront was opened with the Bonura family opening of the new Hudson River marina. Additional waterline improvements were completed on Glenwood Avenue and an additional \$300,000 in scattered sewer improvements is anticipated to be completed in 2011. The Hooker Avenue Firehouse will also receive

improvements and new Fire Department “turn out gear” was purchased. In 2011 we anticipate improvements at Stizel Field beginning with addressing drainage issues.

Funding continued to be sought to complete the next phase at the former DeLaval site. The initial phase redevelopment efforts are 95% complete. The City has received \$9,325,400 from the NYS DEC for the Brownfield Program. The City has been aggressive in its submission of grant requests and received a \$300,000 award for park improvements through the NYS Environmental Protection Fund (EPF) for the DeLaval site. This is in addition to the \$738,000 secured through the efforts of Congressman Hinchey and \$500,000 from the NYS Dormitory Authority, with the assistance of Senator Saland. While there continues to be funding constraints for short-term financing, the actual construction efforts will be accelerated by the Bonura family’s efforts to install the upgraded utilities and assisting with the soil cap during the 2011 construction season.

Grantor:		Environmental Programs:				Requested	Approved	Local Share	Total
		NYS Department of State:							
A	NYS DOS	Waterfront Revitalization Program:				\$90,000	\$40,000	\$0	\$40,000
						-			-
	NYS DOS	Qualities Community Program				\$55,000	\$0	\$0	\$0
						-			-
A	NYS DOS	Waterfront Revitalization - Kaal Rock study				\$150,000	\$100,000	\$100,000	\$200,000
						-			-
		Downtown Economic Revitalization Grant				-	-	-	-
A	NYS DOS	Main Street Market Analysis Study				\$60,000	\$60,000	\$60,000	\$120,000
A	NYS DEC	DeLaval Brownfield Remediation pre Bonura Southern Waterfront Project				\$9,176,900	\$9,325,400	\$10,371,147	\$19,696,547
	NYS DEC	Recycling Equipment - vehicles, etc				\$530,938	\$530,938	\$530,938	\$1,061,876
	CDBG	Entitlement Program 2008				\$1,000,000	\$1,011,065	\$0	\$1,011,065
	HOPWA	Housing Opportunities for persons w/ AIDS				\$1,000,000	\$947,000	\$0	\$947,000
	ARRA	Stimulus CDBG Grant				\$500,000	\$274,799	\$0	\$274,799
A	CDBG	Entitlement Program 2009				\$1,000,000	\$1,000,000	\$0	\$1,000,000
	EDI	Economic Development - Walkway				\$1,000,000	\$950,000	\$0	\$950,000
A	CDBG	Entitlement Program 2010				\$1,000,000	\$1,115,953	\$0	\$1,115,953
A	CDBG	Entitlement Program 2011				\$1,000,000	\$1,060,156	\$0	\$1,060,156
	NYS	\$100,000	\$85,000	\$0	\$85,000				
A	NYS	Second year program				\$100,000	\$75,000	\$0	\$75,000
		U.S. Dept. of Agriculture:							
		Economic Development Initiative							
	USDA	May-10	\$2,250,000	\$0	\$0	\$0			

	USDA	Urban and Community Forestry Grant	\$23,000	\$23,000	\$0	\$23,000
		Environmental Programs subtotal:	\$19,035,838	\$16,598,311	\$11,062,085	\$27,660,396
	Grantor:		Requested	Approved	Local Share	Total
		NYS Dept. of Transportation:				
		<i>Federal Stimulus Project (100% grant)</i>				
A	ARRA	Hoffman Street Bridge	\$12,934,500	\$12,934,500	\$661,000	\$13,595,500
	NYSDOT	<i>Federal Highway 80% / 20% Local match</i> Walkway Over the Hudson - pass through Local match by Walkway	\$1,000,000	\$751,640 \$188,281	\$0 \$0	\$939,921
	NYSDOT	Little George St / Creek St. Intersection:	\$1,102,000	\$1,102,000	\$58,000	\$1,160,000
A	NYSDOT	Southern Waterfront Pathway at DeLaval Site	\$1,000,000	\$738,000	\$180,000	\$918,000
	NYSDOT	Market Street - 2way conversion	\$6,100,000	\$0	\$0	\$0
	NYSDOT	Academy St reconstruction	\$2,792,000	\$2,792,000	\$149,000	\$2,941,000
	NYSDOT	Grand Avenue	\$2,128,000	\$2,128,000	\$113,000	\$2,241,000
	NYSDOT	Washington St. Traffic Signals	\$424,000	\$424,000	\$23,000	\$447,000

	NYSDOT	Water Street Sidewalk Replacement	\$118,000	\$118,000	\$17,000	\$135,000
	NYSDOT	Washington St. Bridge	\$2,590,000	\$2,590,000	\$138,000	\$2,728,000
	NYSDOT	Mansion St. at Pershing St. Bridge	\$2,144,000	\$2,144,000	\$113,000	\$2,257,000
		Federal Transit Authority (FTA)				
		<i>Federal 80%, NYS 10%, Local 10%</i>				
A	FTA	Market Street Bus Hub"	\$2,067,000	\$2,067,000	\$312,000	\$2,379,000
		Transportation Totals:	\$34,399,500	\$27,977,421	\$1,764,000	\$29,741,421
		Grantor:	Requested	Approved	Local Share	Total
		Energy Projects:				
A	NYPA	New York Power Authority (NYPA)	\$2,700,000	\$2,700,000	\$2,300,000	\$2,700,000
		Energy Conservation Projects				
A	Central Hud.	Lighting Projects city buildings	\$302,000	\$302,000	\$0	\$302,000
	ARRA	City Hall window project	\$184,500	\$0	\$0	\$0
A	ARRA	Hybrid Buses (2)	\$1,773,000	\$1,773,000	\$197,000	\$1,970,000
		plus Hybrid Support Vehicle				
		Energy Subtotal:	\$4,959,500	\$4,775,000	\$2,497,000	\$4,972,000

Grantor:			Requested	Approved	Local Share	Total
New York State Programs:						
A	NYS DOS	Restore NY Communities Initiative	\$2,395,000	\$2,395,000	\$0	\$4,982,936
A	Developer	23 Academy Street Block Redevelopment	\$2,587,936	\$2,587,936	\$0	
A	NYSDOS	Restore NY Communities Initiative Cottage Street Redevelopment	\$600,951	\$600,951	\$61,000	\$661,951
A	Dormitory Authority	Economic Developmt Assistance Program Southern Waterfront Development Project	\$500,000	\$500,000	\$0	\$500,000
A	SHPO	NYS Office of Parks, Rec. and His Pres. Parks Grant - Southern Waterfront Project	\$600,000	\$300,000	\$349,429	\$649,429
New York State Subtotal:			\$6,683,887	\$6,383,887	\$410,429	\$6,794,316
Capital Projects and Grants totals:			\$65,078,725	\$55,734,619	\$15,733,514	\$69,168,133

Development Efforts:

One of the cornerstones of the reorganization effort was to assist in reducing the number of steps in a development project by creating a “one stop location”. This administration has worked hard to encourage private development through the partnership. Vassar Hospital Medical Center, the largest employer in Dutchess County, has broken ground for a \$66 million expansion project. The City of Poughkeepsie Industrial Development Agency (CPIDA) has assisted several projects including the PURA 14 Brownfield remediation project completed this past summer as a 400 car facility with future hotel development. There is an anticipated \$30 million complex planned for the DeLaval site after the City’s Brownfield program is done. Mid-Hudson Medical Group just opened a \$15 million physician office building and another one was opened on Washington St. The restaurant, Bull and Buddha, recently opened on Main St. and the Artist Palette has expanded next door to include its new concept “Canvas”. The Walkway Over the Hudson has also encouraged several new projects including Lola’s Café and the “Little Italy” efforts around Mt. Carmel Square have also been a welcomed addition.

Many of the City’s vacant parcels were advertised and sold to worthy developers. The “Ice House” at Wayras Park on the Hudson River was advertised and a private developer has invested significant funds rehabilitating this structure, which will open in Spring 2011. Mobile Life Support Services, the City’s ambulance provider, has been a welcome addition to the community and is purchasing the City parcel on Main St. at Pershing Avenue and will construct a new office and training building with a 10 bay ambulance garage. Taylor Manufacturing was in need of additional land to expand their business and the City was able to assist in this effort. The long vacant “Imperial Lounge” site was sold to another developer and shortly thereafter collapsed and was immediately demolished. The proposed new office building, restaurant, and residential building will mirror the recent “Public Safety Building” across the street at 505 Main St. Save-A-Lot Supermarket’s entrance into the Poughkeepsie area was also recently authorized by the Common Council, which is entering the planning stages. The 330 Main St building is also under renovations after being sold to a private company, which expands their existing adjacent property. Soon, construction will begin at 23 Academy St. due to the recent \$2.395 million Restore New York grant and additional HOME and CDBG Façade grant funds that were also committed to this project.

The Nuisance Committee, with representatives from Police, Building, Sanitation, Legal and Administration supported the new “Vacant Properties Registration Ordinance” whereby an annual fee is required with inaction of development. Neighborhood sweeps of the violation team continued in the Hooker Avenue, Lent Street and Parker Street areas.

The proposed 2010 Zoning Ordinance has been under review and will be presented to the Common Council in the upcoming year. Working with Metro-North Railroad, the City received a NYS Department of State (DOS) grant for a Transit Oriented Design (TOD) Market Analysis, which is currently out for RFP. There was also another DOS grant for a design for Kaal Rock, which has recently been awarded and may also add some additional development potential sites. There has also been significant interest in a redevelopment plan around the train station by the new owners of the former Dooley Square and River Station complex along Water Street.

The BRAC project has finally been put back on track again. With a concerted effort of the City of Poughkeepsie's Industrial Development Agency (CPIDA) as the lead agency, a cooperative plan was developed with Hudson River Housing (HRH). This will result in a new intake center for the HRH homeless nightly meal/housing program, while utilizing more of the Family Partnership Center Facility. This will allow the program participants to remain within the complex at the "Living Room" where they will not have to wait several hours for assistance to begin. This is seen as a win-win for all organizations involved. The original plan before the Common Council in 2007 had the BRAC site planned to be used for Engineering and DPW administrative offices. This past year, Engineering was relocated to City Hall, so the need for the City to utilize this site was diminished. Dorsey Metrology, a neighboring manufacturing facility is in desperate need of expansion and therefore, the CPIDA is working with them as the potential new owner.

Youth Services:

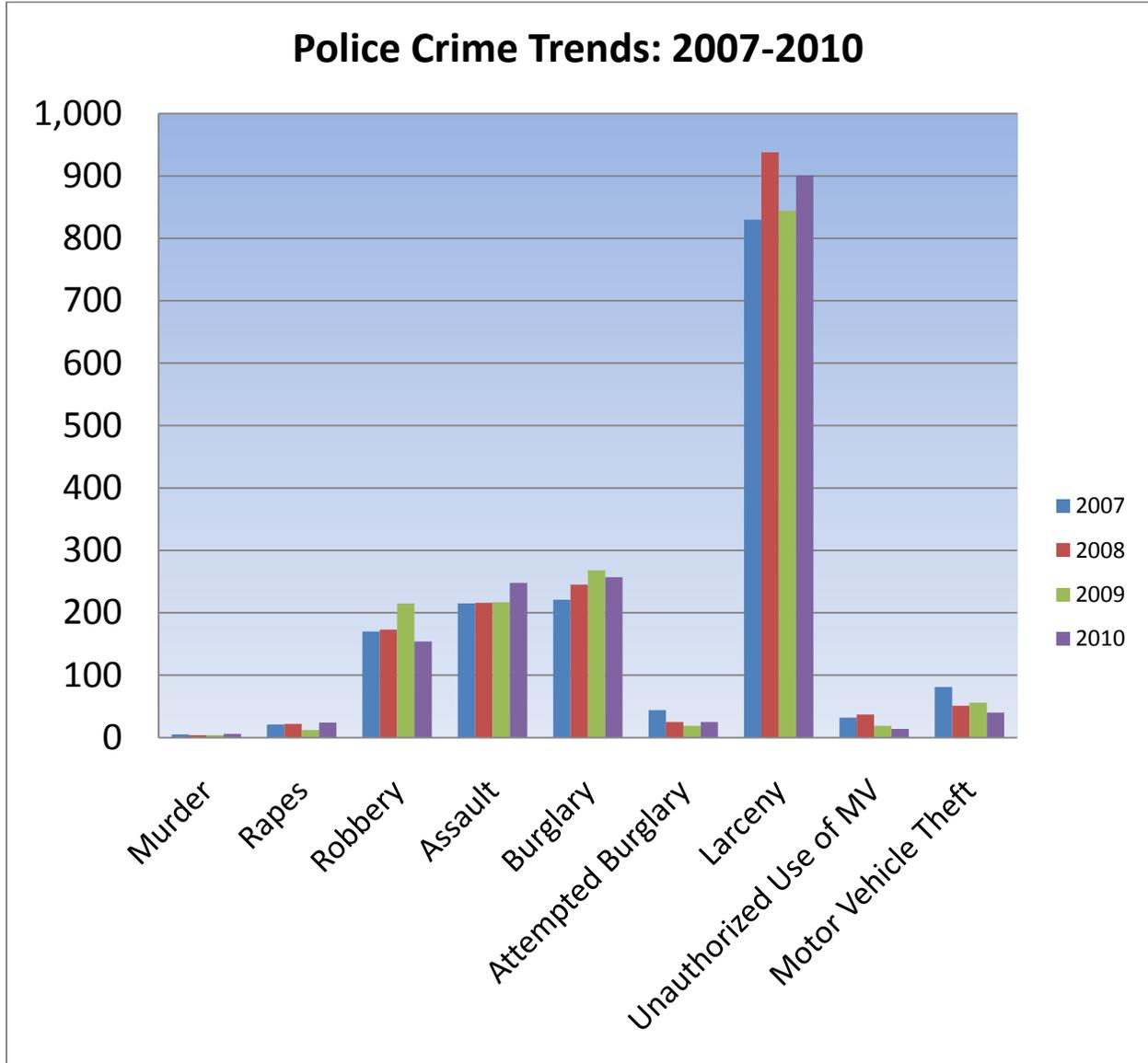
The City is constantly asked about continuing to provide program activities regarding the City's youth. With the recent closing of the YMCA, the level of activities was thought to have been reduced. Recently, a study was completed by Development without Limits that met with over 30 local organizations to complete a needs assessment. Their evaluation concluded that there are many well run organizations that can focus on the dwindling supply of program funding despite the downturn in the economy. The efforts should be focused on building programming support for compatible organizations. The Common Council has been working closely through school liaisons, Councilwoman Yvonne Flowers and Councilman Ralph Coates, with the City of Poughkeepsie School District. Mill Street Lofts has created a large mural at Pershing Park that was installed with the assistance of Nubian Directions and the Youth Build/Americore Program.

The Mayor announced several new initiatives as a follow up to the Gun Summit held earlier. The **SWAG** (Society @ War Against *Illegal* Guns) held their second annual event in concert with the City of Poughkeepsie School District. Held during a beautiful day at Wayras Park, many of the elementary, junior, and senior high students were able to participate in this outdoor event. Many individuals offered to volunteer their time to assist with this worthwhile program.

Public Safety Programs:

A significant amount of the General Fund budget (approximately 43.9% plus benefits) is dedicated to Public Safety. With the many issues facing this urban area, crime statistics continue to be the number one issue facing our residents, common council members, and administrative staff. There will be more specific information about each individual department—Police and Fire later in this report. There were several major drug busts and recovered guns in 2010 and attached is the summary of the crime statistics. The Mayor also announced a new "Gun Tip" program to recover illegal handguns that was started in 2010. This is a compliment program to the "Tip Hotline" where anonymous callers can report incidents when they see something illegal without leaving their personal information.

Police Department:





The Police department began the year with thirteen vacancies, mainly due to the retirement incentive. Two of these positions were new grant positions. They also began the year with twelve members either out of work on injured/sick status or working in a restricted capacity. The hiring process was in effect for most of the first quarter and occupied a great amount of command staff time. It also resulted in a reshuffle of the units to increase patrol levels, while causing decreased personnel in Detectives, Community Policing, Traffic, and NRU. Six officers were hired in the first quarter, 3 of the officers were required to attend the Police academy, which did not occur until July due to the cancellation of an earlier scheduled academy. In addition, 6 of the vacant positions, including the two new grant positions, were frozen due to budget issues. Another officer was hired in the third quarter and had prior police experience. This officer went directly into field training. The department ended the year with one vacancy. The previously six vacant positions were eliminated in the 2011 budget process. As of December 10, 2010, twelve members were either injured or on restricted duty. The Animal Control Officer also died during December so that position is also vacant while heading into the new year. Two new sergeants were promoted in the third quarter, in addition, two new detectives were promoted and new members assigned to NRU. Lastly, a new detective lieutenant was promoted in the last quarter.

A new contract between the City and the County for the continuation of the 911 system was approved by the Common Council in the first quarter. The new contract is for ten years and

replaces a prior ten year agreement. A replacement 911 phone system contract was also approved. This equipment was over ten years old and no longer fully supported. The new equipment will be installed in early 2011.

In terms of the camera project, the department began work on the assessment of the current system and design (within the allotted budget) of a replacement, upgrade, and expansion of the current system. They have been working with a team of consultants on this phase and were hired under contract and will remain on the project until it is completed. The size and scope of this project determined the need for the assistance of a consultant. Overall, the project will update our original camera system to replace all DVRs with a central server and storage components. It will enhance the viewing capability at the Main desk at Police headquarters and expand viewing into the dispatch center. In addition, the new system will add a remote viewing area to another section of headquarters to allow a dedicated person to monitor the cameras. This could be manned by officers on restricted duty or (in the future) possibly have staffing dedicated to this purpose. Lastly, the project will replace all existing cameras and add a new one to the Walkway Over the Hudson.

A new contract was negotiated with NYCOMCO to update the department's present radio system. This will provide all new equipment and radios at no additional cost or increase to the current contract.

The department's multiyear Microsoft Platform (New World Systems) project, which was largely grant-funded, went live in June. This updated the CAD and Records systems. This has required a conversion of approximately ten years of data from the old system to the new. This project had more problems than anticipated. This was mainly due to a decision to also adopt a new Beta CAD product, which was offered at no cost to the City. Though the department had the advantage of customizing the product to the City's needs, it also had to deal with the issues that caused the CAD to periodically lock-up. As the department ends the year, the process continues to improve. They continue to identify problem areas and address them with the vendor, New World Systems. The department anticipates that the process of this product becoming fully stable will continue well into 2011.

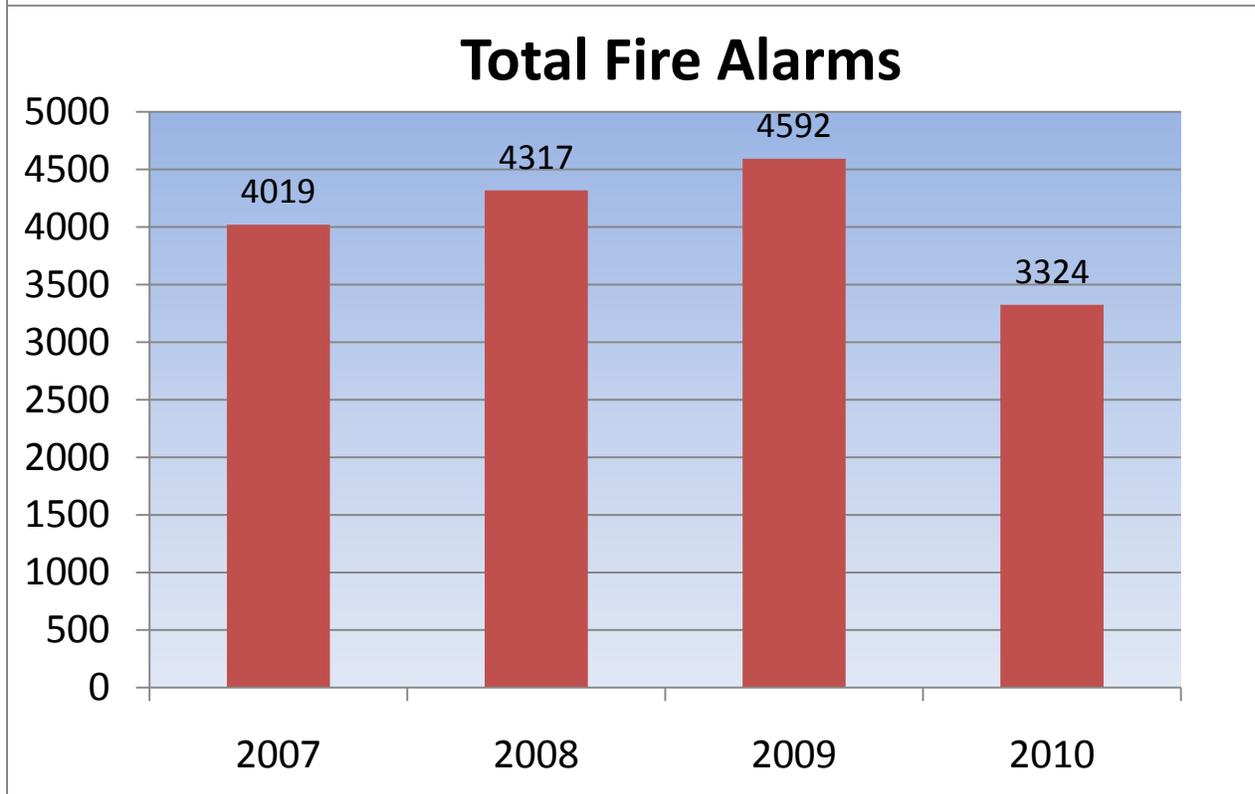
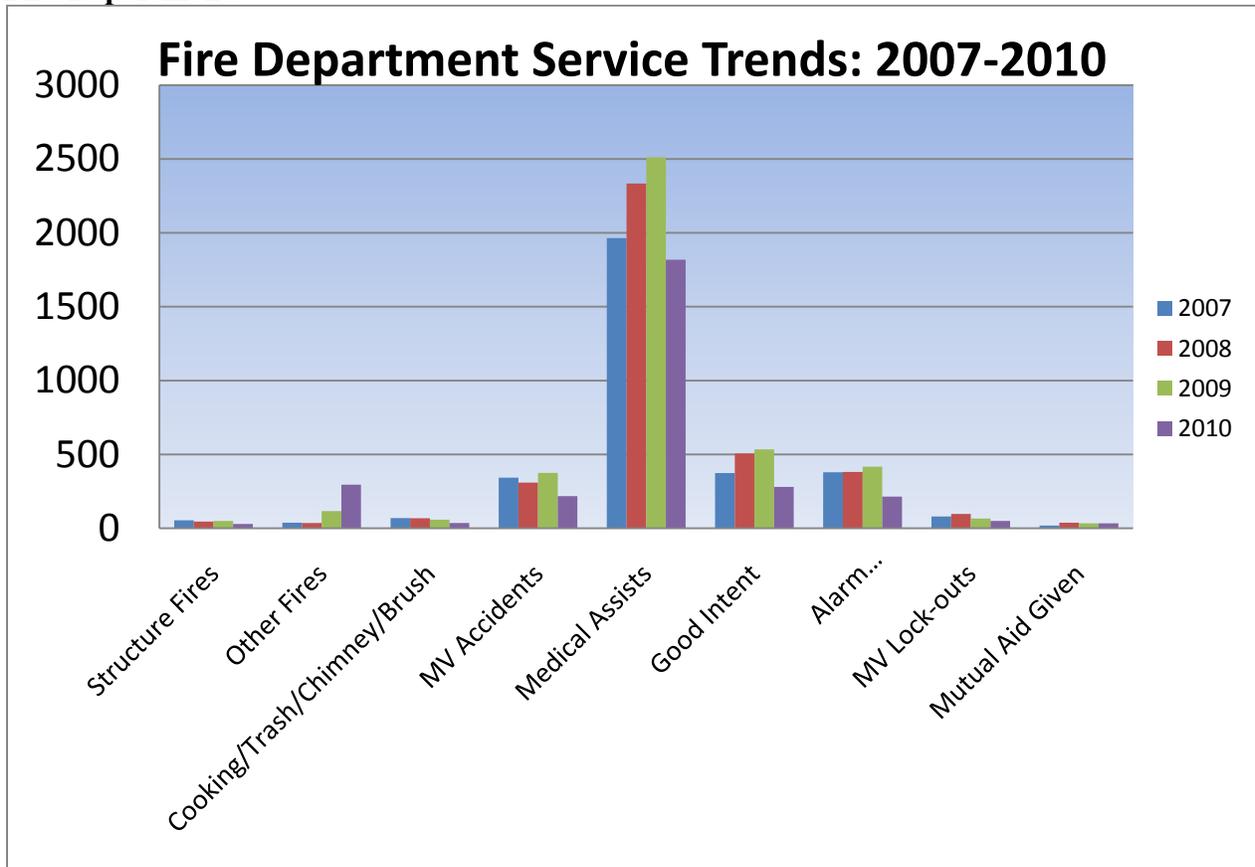
Crime through the fourth quarter and year end reports will not be available until January. The 2010 year statistics indicate an increase of 2 homicides, from 4 to 6. However, only 2 of these involved firearms. There were 14 shootings this year, including 1 self-inflicted, compared with 21 in 2009. The department saw an increase in robberies in October in the area of the Poughkeepsie Train Station. As a result, they stepped-up patrols and used surveillance teams in that area. This was successful, with the arrest of a twelve year-old resident of the Rip Van Winkle apartments caught in the act of a robbery. There was also an increase in rapes from 13 to 24 and assaults from 220 to 248, while robberies showed a major decrease, from 216 to 154. In the area of property crimes, there have been decreases in burglary from 272 to 257, unauthorized use of a motor vehicle from 19 to 14 and motor vehicle theft, from 54 to 40. Larcenies have increased from 844 to 901. Arrests have decreased from 2,245 to 2,014. Parking tickets increased from 21,935 to 22,487 and City ordinance violations increased from 979 to 1,124. Moving violations decreased during 2010 from 6,812 to 6,336 primarily due to staff shortage with the retirements and new officers being trained.

The generator project is stalled due to spending constraints until adequate funding is in place. The City has included the final funding in its 2011 capital plan. If approved, this would move the project into the final phase. The generator was tested on load and operated normally. This was good news, but the concern is an outage may last more than several hours. A power failure did occur in the third quarter, which resulted in an overall failure of the City Hall feeds lost power and did not automatically switch to the back-up feed. The department's generator did activate, but power was not switched and required a manual reset of the switch by Police Department personnel. The department also experienced several issues with older Uninterruptible Power Supply (UPS) systems that caused the 911 phone system to fail which has since been corrected.

A new "Gun Tip" program was launched in April that netted 4 illegal guns and 3 arrests. It pays rewards for the recovery of illegal handguns. It also pays additional funds for information leading to the arrest of a person with an illegal handgun. So far this year, the department has recovered four guns under the program, resulting in three arrests.

The automated system that is now used to manage the collection of parking ticket fines has been extremely successful. The new "Complus" system is more efficient and has resulted in \$200,000 of additional net revenue, which anticipates collecting \$700,000 per year after expenses. In exchange for a portion of the fines, the company has provided all capital costs and software for the new electronic readers and ticket writers creating greater efficiency used by both the Parking Division and the Police Division. This company offers credit card payment options and has the ability to block registration in other states, resulting in a far greater percentage of tickets collected. This new program was added to the recent "Scofflaw" program, whereby 6 unpaid tickets resulted in a towing. The first day the new system was in place, 6 Scofflaws were found with hefty towing fees and repayment of unpaid tickets and penalties.

Fire Department:



Training throughout the year included in-house training, outside hours, EMS training, OSHA training, and NYS 100 Hours. The total training covered was 5,775 hours. Topics covered included 100 hr. NYS requirement, Fire instructor certifications, NYS building codes, EMT/CFR Training, vehicle fires, OSHA required 8 hour training, building construction, hazardous materials, terrorism, fire investigation classes/seminars, incident command classes, chemical suicide, "May-Day" radio/routine radio procedures, auto extrication class, air management class, R.I.T. training, and SCBA mask testing.

There were a total of 4,205 alarms answered as of December 14, 2010. There were 33 building fires, 12 other building fires, 16 multiple alarm fires—building, 111 cooking fires, 27 vehicle fires, 15 outside rubbish fires, 2,849 assists to EMS, 276 motor vehicle accidents, 66 gas leaks/hazardous, 36 Carbon Monoxide incidents, 50 aircraft stand-bys, 47 vehicle lock-outs, 96 smoke removals, 140 good intents, 49 stand-bys, 66 false alarms, 79 system malfunctions, 139 electrical system malfunction/wire arching, 54 detector activation with no fire, and 26 water or steam leaks. The dollar amount of fire losses in 2010 was \$1,387,400 with no civilian deaths, but 3 smoke inhalation civilian injuries as a result of a fire.

There were no firefighters hired in 2010, but one firefighter retired. 28 firefighters were injured with 443.5 total sick days used, 1,515.50 total lost workdays, and 1,594.50 projected lost days through December 31, 2010. The total of projected work loss was 2,038 as of the end of 2010. In January 2011, Fire Captain David Seifts passed away which has necessitated the promotion of another staff member.

372 inspections were completed with \$22,180.00 in revenue collected. 58 public assembly licenses were issued and there were 15 sprinkler/standpipe inspections and 140 smoke detector/fire alarm inspections.

Assessor's Office:

In 2010, the Assessor's office worked with a contractor to analyze market data, which led to seeing trends and subsequent changes in the new 2010 assessment roll. They also met with over 200 taxpayers, their attorneys, accountants, and appraisers to discuss and educate them regarding their property assessment(s), sent over 7,500 change notices showing assessment changes for the 2010 roll, filed the tentative roll on May 1, 2010, filed the final roll on July 1, 2010, fulfilled the State mandate to have the roll available after hours for 2 weeknights and a weekend, established and kept a level of assessment at 100%, filed for State Aid of \$35,000 +/- and was rewarded for a 100% Level of Assessment (LOA). The office also filed for their participation in the new Cyclical Assessment Plan to be carried out over the next 4 years and made presentations to the Common Council at the December 6th meeting outlining the program and recommendations for its implementation. Other activities included complying with a letter of intent to the Office of Real Property Services regarding keeping the LOA at 100%, making a presentation on November 1st to the Common Council on tax rates, adjusting base proportions, and property distribution within the City of Poughkeepsie, verifying correct taxable totals to be used for the 2011 budget by the Commissioner of Finance in developing the 2011 City tax rates, creating and collaborating with the Mayor's office on the 2011 department budget, sending Senior Exemption Applications, along with renewal forms, for not-for-profit and religious organizations, sending STAR exemption applications to all new homeowners, meeting with many senior citizens to

assist them in filling-out their exemption applications and in some cases, visiting them in their homes, and coordinating with the Dutchess County Economic Development EDZ on application notices.

The assessor's office has collated new tax maps from the Dutchess County Real Property Tax Department, attended a Real Property System user group workshop to share issues and contributed to the design of the future RPS v5, now on the drawing board within the New York State Real Property Tax Department, integrated New York State Special Franchise figures from Albany, continued monitoring the tax roll for fair and equitable assessments through the use of computer assisted data analysis and hands-on inspections, continued to encourage and promote a taxpayer-friendly understanding of the tax assessment process and tax grievance, continued their open door policy for those with questions and/or wishing to vent their grievances to a live person, inspected, collected, and reviewed the data on over 3,000 parcels in 2009, made field inspections and took new digital photographs to update their files and viewing by taxpayers through the County's website, administered mandated procedures such as grievances, small claims, reviewing values, preparing appraisals, attending meetings and hearings, tax certiorari, meeting with attorneys, preparing preliminary appraisals, proposing settlements, and attending all court sessions.

The Assessment office administered the 2010 grievance process with 182 total filings out of 8,415 total parcels. Of that total, 62 are certiorari cases from pending years, 88 are residential; resulting in only 1 small claims filing, showing a consistent decline in small claims from 55 in 2006, 27 in 2007, 9 in 2008, 2 in 2009, and 1 in 2010. They worked with outside counsel (Cindy Rosenzweig and Scott Volkman), as well as Corporation Counsel, to review the certiorari cases that have been filed for multiple years, most leading to settlements resulting in no refunds paid by the City. The estimated City refund savings is \$100,000. The office continued to provide support for other departments including information services for Building, DPW, Planning, Law, Fire, Finance, and others—ownership, addressing assessed values, and property use. They worked with Property Development by providing supporting opinions of value pertaining to the marketing of City-owned properties, met with multiple members of the Common Council regarding specific assessments and other tax assessment issues, learned and implemented multiple new software applications in New World Systems, they were encouraged by stepped-up communications to successfully implement EDZ and Business-legally eligible exemptions, continued to review all property transfers and update the office files, finding numerous errors and correcting data while adjusting assessments accordingly, when warranted.

The Commissioner of Assessment, Gene DeMarco, acted as a hearing officer for the City, hearing multiple sessions on Sanitation Violations, Parking Violations within City-owned lots, and multiple taxicab driver denial complaints. He also continued to train the department's Data Lister in data collection and related software integration, posted the required 21 hours of continuing education, and cleaned-out the records retention area in the Penthouse of dated storage to be shredded.

The department's goals for 2011 are as follows: the continuation of promoting transparency within all aspects of the office through information and personal communication, starting preparations for the pending reappraisal project, such as implementing a program to cross-train

most staff to enable them to do outside data collection and verification, concentrating on the necessary data for updating commercial valuation, continue trending with sample auditing, training a new part-time Assessment Technician, continuing to adjust the department's established neighborhood delineations by grouping similar properties by size, style, use, and area for valuation purposes, continuing to help all taxpayers with their questions, concerns, and complaints, where possible; finish continuing education requirements for this cycle, continue to track and evaluate exemptions, communicate with the public on new exemption programs, where and when possible, conduct a systematic review and ongoing data changes and value fluctuations of all parcels located in the City of Poughkeepsie, perform field review when possible, work with the consulting firm to update, correct, and computerize data and analyze the sales from the past 3 years that will develop the trends necessary to adjust property values appropriately, maintain the assessment ratio at 100%, continue to cross-reference data sources, such as Multiple Listing Service (MLS) files, building records and newspapers, review and administer all legal exemptions, continue to track building permits, when available, continue to track MLS data, continue to review pending certiorari cases with our Law department and outside Counsel, propose equitable settlements and preparing status reports quarterly to the City Administrator, continuing to defend the City's assessed values at all meetings and court hearings, continue to work with the many departments and the public that utilize the records, continue to better utilize the department's GIS capabilities with processing the monthly database updates with the RPS data so these frequent updates allow the department to provide the most accurate information on all the properties in the City of Poughkeepsie.

Corporation Counsel:

The Law Department engaged in several development activities this year, including facilitating the approval and installation of the Shadows Marina, facilitating the completion of PURA 14 environmental remediation, the issuance of permits for medical center parking, negotiating the Sewage Treatment Plant pre-treatment reform with the Town of Poughkeepsie and Culinary Institute of America, assisting with the completion of the BRAC Oakley Street property transaction with Dorsey Gage, closing the sale of the Hamilton Reproduction parcel to Taylor Manufacturing, foreclosing on Foodworks; brokering sales, negotiating a water tenancy agreement for the Fallkill Road area with the Town of Poughkeepsie for enhanced water pressure in the Smith Street vicinity, negotiating a contract for the development of a supermarket on the Crannel Street lot, negotiating the sale of the Pershing Avenue parcel to Mobile Life Support Services, assisting with the environmental review of the application for development of the Dutton property, assisting with the development of the new draft zoning law, introducing the Shadows Marina plan to the Waterfront Advisory Committee, drafting reforms of the historic preservation law, evaluating the county's solid waste management draft plan, conducting discussions with DCRRA and legislative officials about views of same by City officials, drafting revisions and reforms of taxi regulations, assisting with the inter-municipal agreement with the Town of Poughkeepsie for operation of Spratt Park pool, drafting major parking regulation amendments to accommodate parking for Walkway visitors, completing the financing of the Hoffman Street Bridge reconstruction, closing the Poughkeepsie Commons transaction, assisting with the extensions/modifications of the Poughkeepsie Day Nursery lease, the Glebe House lease, and the Benny's 10th Inning lease.

In terms of labor activities, the Law Department has negotiated a labor contract agreement with Firefighters, initiated negotiations with the Joint Water Plant bargaining unit, reformed the safety protocols with CSEA, advised and negotiated force reduction measures, monitored the MTA Payroll Tax suit, monitored the direct cost recovery from the Consolidated Iron suit, and modified the Holiday Display rules. The department has been involved in the direct defense of the Bozella claim, investigating coverage and initiating discovery, as well as, completing the Carleton Peterson Section 75 disciplinary proceeding.

Corporation Counsel's administrative activities have included coordinating the reduction and consolidation of the City's workforce, providing claims management service, negotiating a claims management contract for PMA, monitoring and reforming the risk management structure, downsizing the Law Department's budget, increasing property tax litigation files and claim files handled in-house, directing the new P&C insurance program, advising on the sanitation reduction program, and representing Section 8 and the Poughkeepsie Housing Authority.

Property Development received eight applications and approved all of them for First-Time Homebuyers. There have been six closings with an average subsidy of \$10,000 and a total disbursement of \$60,000. This continues to be a popular and successful program. In terms of the Senior Home Rehabilitation Program, fourteen applications were received. Nine were approved with four closings. The average subsidy has been \$5,000 and the total disbursement was \$19,900. Applicants that were not approved did not qualify because of income or the fact that their primary residence was not the intended home to be repaired. The HOME Development Loan for City-owned property program received one application, approved one application and closed on it. The average loan was \$70,000. No monies have been disbursed. This project will create one unit of affordable housing in the Main St. corridor. The HOME Development Loans program received one application, approved the application, and has not yet had a closing on the property. The average loan was \$363,600 with no fund yet disbursed during this year. The project will create units of affordable housing, including both rental and home-ownership.

Property Development also involves sales of city owned parcels. Special efforts were made to reduce the inventory of property to encourage additional development and reduce the City's upkeep efforts, while putting property back on the taxrolls. 532 Main St. closed on March 10, 2010 with a sale price of \$125,000. The intended use is commercial and has been transferred. 368 Main St. (rear) was closed on October 10, 2010 for \$1,000 and is intended for commercial use. The property has been transferred. 17 & 19 Morton is in contract for \$15,000 and the property is intended for residential use. 52 Noxon has just been approved and is selling for \$5,000. It is intended to be used as green space. Hector Place is in contract for \$10,000 and is intended for residential use. Pershing has just been approved and is selling for use as a commercial property for Mobile Life at a sale price of \$75,000. Overall, approved property sales totaled \$274,000 for 2010.

City Chamberlain:

The City Clerk's office has been very productive in 2010. The department has issued over 400 marriage licenses and performed over 50 marriage ceremonies in 2010. Vassar Brothers Medical Center, located in the City of Poughkeepsie, is responsible for delivering more babies than any other hospital between Manhattan and Montreal. In 2010, there were over 2,600 births and for

every birth in the City of Poughkeepsie, the Clerk's office generates a birth certificate to maintain for the department's records, along with a certified copy that is mailed to the parents of each newborn.

Death certificates are issued by the Clerk's office, which is responsible for maintaining death records for each person who passes away within the City of Poughkeepsie. In 2010, the department filed and issued over 900 death certificates. Aside from issuing new marriage, death, and birth records, the department also sells certified copies to anyone who is in need of one. In 2010, the department sold over 6,000 death transcripts, 300 marriage transcripts, and over 3,500 birth certificates to the public.

The Clerk's office has collaborated with Assistant Corporation Counsel Ackermann, Sgt. Mel Clauson, and Councilmembers Mallory and Herman on amending the taxi ordinance. In 2010, the department issued 74 hack licenses and 107 vehicle for hire licenses, all of which were processed in the office.

In 2011, New York State will no longer handle dog licenses; therefore, the department will be solely responsible for issuing and maintaining all dog licenses for City residents. With the help of Al Gernhardt from the Engineering department and Eli Rosenberg from Information Technology, the Chamberlain's office has been able to get the public access channel online and running.

In 2010, there were over 65 City "Community Event" permits issued and processed by the Clerk's Office. The Clerk's office, working in cooperation with Erian Buckley for the City Administrator's office, strives to provide the highest quality service and a thorough understanding to the public of the Community Event process. This helps to ensure that events run as smoothly as possible. All vendor licenses and applications are received and processed through the clerk's office. In 2010, the department issued 7 vendor permits and 3 vendor permits for Community Events.

The Chamberlain's office has taken in over \$120,000 in parking tickets for 2010 and continues to issue scofflaws. Additionally, they maintain all FOIL requests, notice of claims, liquor license requests and renewals, as well as handicapped permits.

The office will be losing a very valuable member in 2011, due to the retirement of Juliet Thigpen. However, the Chamberlain is very confident that the knowledge that Juliet has instilled over the years will help the office to continue maintaining its level of service.

Department of Public Works:

The Administrative division carried out the numerous requests for utility mark-outs, work orders, and excavation permits. In addition, staff processed payroll and accounts payable transactions for the entire DPW. Approximately 1,256 utility mark-outs were completed, while a total of 2910 work orders were processed and directed to the responsible Public Works divisions for completion and closeout.

The Buildings and Grounds division continued to deliver successful in-house building renovation and repair work and maintain City buildings and grounds. The City Hall renovations on the second floor were completed in the first quarter of 2010 in a design-build initiative in collaboration with the Engineering Division. The Engineering department handled the architectural and mechanical design, while Tim Nevins, Ed Petty, and Terry Clayton completed the construction work in an expeditious and professional manner. The completion of this work allowed the City to achieve a cost avoidance of approximately \$46,000/year by eliminating the need for rental space. Additional renovations for Development and Corporation Counsel were started in the fourth quarter and are presently underway, further avoiding contractor costs. This division completed 82 work orders, including board-ups of City-owned buildings and nuisance properties.

The Central Garage continues to keep the DPW fleet operational, despite the fact that replacement vehicles are severely needed. As a new initiative, the Fleet Administrator position was re-established in September 2010. The Fleet Administrator, Mike Innello, developed a replacement schedule and cost summary for the entire DPW fleet that includes 505 pieces of equipment. The Central Garage did an outstanding job of repairing leaf removal and snow plow equipment in the fourth quarter to ready it for use, while maintaining and repairing the balance of the City fleet, including those for the Fire and Police departments. The significant efforts of this division enabled the City to complete the leaf removal operation within a five week time period, prior to snowfall.

The Electrical division continues to maintain the City traffic and street light infrastructure and completed over 842 work orders in 2010, including the repairs of street lights on the North-South Arterial. In addition, this division successfully collaborated with the Tree division in completing the Festival of Lights holiday celebration ornament and lighting installation.

The Recreation division maintained the 14 City park grounds and worked very diligently toward ensuring that youth sports could be carried out in the City this year. In addition, Ms. Patti Etts coordinated the many private and public events, ensuring that all tasks were completed to enable successful achievement of programs and events. The recreation crew supported over 48 events in 2010, including the Farmer's Market and Festival of Lights celebrations. The crew is presently preparing their snow removal equipment to support DPW plowing routes, specifically maintenance work on the East-West Arterials and City park grounds.

"Quality of Life", which is the sanitation division's responsibility, once again did an outstanding job of collecting refuse and recycling. Over 11,700 tons of refuse were collected and disposed of in 2010. In addition, the crews responded to 112 work orders, including graffiti removal. This division also supported City events, including the Festival of Lights celebration. The Sanitation supervisor, Cy VanTassell, and working supervisor, Anthony Cuomo, worked diligently at providing disposal data and costs to City Administration during the 2011 budget process. The Sanitation Inspection division, which includes Scott Johnson and Felicia Griffin, processed over 2,160 violations in 2010 to mitigate nuisance complaints on City streets and properties.

The Streets Maintenance division, headed by Pat Coyle, includes Sam DuBois and Bill Beehler, who successfully completed over 444 work orders, including sign replacement and street

maintenance operations. In addition, the Street's crew collaborated with the Recreation and Sanitation divisions in completing the City-wide leaf removal operations within a five-week schedule.

The City bus system continued to provide excellent service to riders. This division successfully provided service to approximately 430,000 riders (unlinked passenger trips) in 2010.

The time between when a tree stump is created and when it is ground-down and replaced with soil had been a long-standing issue. This situation was finally addressed in 2009 with the purchase of a stump grinder. The machine arrived late in the year, but the tree crew trained on it and used it as much as possible in 2009. Starting in Spring 2010, the crew began removals of trees, including the grindings of stumps. There were 125 tree stumps removed in 2010 via work orders. Concurrent replanting of 62 new street trees was completed in 2010 at many of these locations. In addition, the Tree Crew worked with the Electrical division to install thousands of holiday lights within the City to support the Festival of Lights celebration.

The Utilities division, including Water and Sewer Maintenance, was reorganized and headed by Jesse Purcell who assumed the role of Distribution System Operator in January 2010. Jesse was responsible for successfully completing the required Lead & Copper and Disinfection Byproduct reports to the New York State Department of Health per regulatory requirements. In addition, the Water department completed 278 work orders, including leak repairs, while the Sewer department resolved 316 complaints.

Engineering Department:

The NYSDEC audited the City's MS4 program in 2009 and the City successfully passed the audit. Joe Chenier is the overall MS4 manager and covers the construction activities in the City. Rich DuPilka, Commissioner of Public Works, is responsible for implementing the Storm Water Pollution Prevention Plan for the Central Garage and good housekeeping practices for public works facilities owned by the City. The preparation for this audit and follow-up to maintain practices is extensive.

In addition, the City Engineer prepared several engineering reports (in-house) to regulatory agencies for water distribution, combined sewer operations, the CSO Long-range Control Plan, and provided day-to-day oversight over the operation of the 10 million gallon per day sewer treatment plant and the 10 City pumping stations.

Design and analysis carried out by the Engineering division included construction management, engineering design, and contract administration for several City projects, including the City waterfront development projects. This division is also responsible for engineering support to other City departments including DPW. It is estimated that the work performed in-house provided cost avoidance to the City of over \$450,000 since private consultants were not required to carry-out these activities.

The City Engineer was assigned to institute a City-wide safety plan in the first quarter of 2010. The Safety Coordinator, George McGann and the City Engineer completed the first Public Works Department Safety Manual in September 2010. This manual, containing several dozen

individual policy and procedures, is being used toward progressing safety awareness among the various divisions of Public Works. In addition, safety equipment was specified and procured to enable safe entry to confined spaces and trench and work zone safety.

Development:

The Development Department has a Draft Zoning Code that City staff has worked on with consultants. The Common Council has been reviewing this proposal along with public comments. A public meeting was held on the draft in September and there was encouraging and optimistic response from residents and professionals. The department is continuing to review this document so that positive, well-planned development will take place in the City. There will be zoning just for the waterfront that will be pedestrian-friendly and encourage a lively area with plenty of reasons to visit the river and enjoy activities. The area adjacent to the new Walkway is being looked at for possible addition of pedestrian-friendly restaurants and shops for residents and tourists to enjoy. The Downtown/Main Street area will be better connected to the waterfront and to lower Main Street and there will be incentives for developers who use building methods that are “green” and sensitive to the environment.

The department continues to work with the owners of the Dutton project and will have the Brownfield cleaned-up on that site. Eventually, people will be living there and activity will be present in both the City and Town of Poughkeepsie. Walking along the river will continue to be possible as each project comes along so that there will be a continuous walk from DeLaval to Quiet Cove.

There have been several state and federal grants in the last few years that have been secured by Development. These grants will help the department plan the City and see the plans come to fruition. They will be working to devise a plan to continue the river walk through Kaal Rock and Kaal Rock Park and connect the downtown business district with lower Main St. and the waterfront. The development department is working with Metro North on a study of the area around the train station to plan for the future of this area, which will draw tourists from NYC to Poughkeepsie to visit and shop in local stores.

As these plans begin to be developed throughout the City, the department is always looking to link the different parts of the City together as one cohesive place where people visit, walk, and shop, while enjoying the City’s history and beautiful views.

The City is progressing on a \$2.395 million grant called “Restore New York”. The applicant received site plan approval from the Planning Board this year and is anxious to begin construction to rehab the building at 23 Academy St. With this improvement, the City will keep moving forward to revive the block, which has deteriorated over the years. As buildings are improved and new businesses come to the area, residents will move in and crime will move out.

The City’s efforts in attracting supermarkets have paid-off. In 2010, it was announced that not only one, but two supermarkets will be locating their businesses in Poughkeepsie. Associated Supermarket currently has stores in New York City, Middletown, and Newburgh and is planning to open a store soon on Main St. at the former Davis Furniture location. Save-A-Lot Supermarket is purchasing land from the City on the corner of Mill and North Hamilton Streets

to construct a brand new building for their supermarket. This will be a win-win situation for everyone, as both supermarkets will own their buildings and pay taxes, while residents will be able to shop locally.

The department is continuously working with Walkway Over the Hudson groups and the City hopes to bring an elevator to the region for people to ride to the edge of the river. This bridge has been a huge success and people from all over the world come to walk and see the beautiful views. Even in the winter, the views of the ice floating down the river from the bridge are spectacular.

The Farmers' Market will be moving from Main St. to Pulaski Park and the Walkway in Spring 2011. The City looks forward to supporting both existing and new vendors who bring healthy food to our community. The Farmers' Market not only brings healthy fruits and vegetables, but also visitors who stay and support businesses in the City and enjoy the area parks.

The Planning Board approved a new Medical Office building at Vassar Brothers Medical Center, as well as, a new parking garage, cafeteria, and other amenities. This project was so well-received by medical professionals throughout the country, that the hospital is requesting approval of additional space for doctors who wish to practice specialty medicine in fields that are lacking in this region. This will bring jobs during construction and well-paying, professional jobs to our City once completed.

The Building department has been supervised by the Development Director since January 1, 2010. There have been many positive changes to both the Building and Planning departments as they seek to streamline application processes and ensure that both developers and residents get their projects through the City's Development department with as little "red tape" as possible.

The Building department issued more than 1,200 building permits in 2010. Although we are in a recession, people are still renovating their homes, building new homes, and buying and selling homes in the City of Poughkeepsie.

Finance:

In 2010, the Finance Department enhanced its role of supporting the City and all its departments in asset oversight and management. The Finance Department has three crucial responsibilities: accounting, auditing, and finance. Accounting provides for the basic bookkeeping functions in revenue collections and expenditure disbursements. Auditing emphasizes the role of protecting the City's assets through actions such as follow up measures in the use of adopted purchasing procedures and the maintenance of the most efficient monetary management and accountability. Finance combines the roles of budgeting, trend analysis, and outlook forecasting. As the City wades through these financially turbulent times, the role of the Finance Department in municipal governance has become paramount.

Accounting ventured into several changes in 2010. The New World Microsoft Platform upgrade was initiated, completing two of the more important modules in Finance and Human Resources. These upgrades were the most significant for the department's software since New World was first adopted by the City in 1999. These upgrades will continue well into 2011.

For the department's role in auditing, it rolled out the purchasing card system throughout the various City departments in February. Although received unenthusiastically at its outset, there are now over 70 users of the "P-Card". The system has definitely provided savings as well as better oversight in the City's overall purchasing. Steps taken in 2009 and 2010 have provided the City with its most up-to-date financials, which are crucial in managing daily banking and cash flows.

There are two mandated New York State reports that help illustrate the City's financial conditions. In February 2010, the City completed its AIM (Aid and Incentives to Municipalities) report. The report is a combination of the multi-year financial planning and the analysis of the City's population / economic data. With the NYS budgetary challenges, the report has been streamlined. The City's base \$4,613,607 for 2009-2010 was cut for 2010-2011 to \$4,334,715.

The 2010 AUD (Annual Update Document) saw the slow strengthening of the City's finances. The 2010 budget was adopted benefiting from a positive \$668,735 for the year end 2009 fund balance. In merging the Parking Fund to the General Fund for the 2010 budget, the City's General Fund picked up an additional \$601,128 in fund balance. In 2007 and 2008, Moody's and Capital Markets (formerly Public Financing Associates) had warned the City that the continued drawdown of the un-appropriated fund balance would negatively impact the City's finances and bond ratings. The 2009 AUD reported the maintenance of its fund balance. The Finance department is quite confident that 2010 will end adding to the growth of the Fund Balance.

In 2008 and 2009, the City's bond rating was pegged at an A3. Under pressures from the bond market, Moody's recalibrated its municipal bond ratings. In May 2010, the City benefited from the recalibration and was raised to an A1 with anticipation of further review by year end. After weeks of review, Moody's announced on December 15th that it was affirming the City of Poughkeepsie's A1 bond rating.

Coming out of 2009 with the most challenging revenue receipts, the City began 2010 with much trepidation. The sales tax receipts have made a meaningful reversal from losses in 2008 and 2009. The 2010 sales tax benefited from the elimination of the clothing tax exemptions from purchases under \$110. To date, the sales tax collection is up between 12% and 13%, with projections of an increase of over \$700,000 over the 2009 collections. The mortgage tax receipts have not recovered with projected revenues of around \$400,000. The real estate market for the City of Poughkeepsie had continued to suffer through the economic downturn. The number of property tax lien sales was 336 compared to 380 in 2009. The property foreclosures have helped the City achieve its goal of 100% collection of its tax levy.

The City continued to follow through in 2010 the cost saving initiatives adopted by the Mayor and City Administrator in July 2008. The actions include restrictions on City vehicle use; a 10% percent reduction in appropriated expenditures; a hiring freeze of non-essential positions; and the implementation a more austere 2010 capital plan. The City's long-term debt has been reduced by more than \$1 million for the second consecutive year. During these financially challenging times, the Finance Department actively monitors the City's daily cash flows and carefully manages its cash disbursements.

To support the Mayor and City Administrator in addressing the potential budget challenges, there were two focused actions that the Finance Department had to take an active role in: expense reductions and revenue generation. It was important that to achieve our expense reduction goals, we had to produce the most up-to-date financial reports that helped identify opportunities. The monthly Actual vs. Budget report taken from the OSC (Office of State Comptrollers) guidance has been produced, starting with May 2008 and continued through 2009. This was shared with department heads to provide them with an overall picture of the City's projected deficit / surplus. The monthly report card was crucial in shifting priorities to help address the financial opportunities.

One of the City's major financial commitments is the debt service payments. The City's debt service payments were growing annually and were headed toward the \$6 million level by 2010. It was important that we reigned in the capital expenses. In 2009, the City paid back over \$1 million. In 2010, the City reduced its long-term debt by over \$1 million. The 2010 – 2013 capital budgets featured a more focused plan, addressing primarily infrastructure emergency upgrades, and economic development related projects supported primarily by ARRA and Community Development Block Grant funding. The 2010 capital spending featured a very conservative \$3 million in new borrowing for the Hoffman Street bridge replacement, which is an ARRA project. This is far below the average \$10 million seen over the past few years.

The 2011 proposed budget needed to reflect the recognition of the continuing challenges of the economy. The Mayor's 2011 proposed budget reflected savings of over \$1 million in comparative appropriations from the 2010 adopted budget. The budget also reflected realistic revenue projections of reduced mortgage tax (- \$50,000) and increased sales tax (+ \$382,900 or + 3.7%) collection. The current trend for sales tax collection is over 10%. Once again, the proposed budget reflected one of the lowest tax levy increases (0.13%) of any municipality in the county. Most important, the budget reflected employee reductions to 376.5 FTE's.

In 2010, the Finance Department, with the guidance of the City's Purchasing Agent, implemented two cost saving initiatives. The first was the replacement of the phone system that had been in place for over twenty years, which will result in over 30% savings in telephone costs annually. In 2010, the City also put in place centralized copy machines, reducing the need for continued replacements of printers along with accessories / supplies. With the renewal of MEGA (Municipal Electricity and Gas Alliance) and the participation in the Mobil Gasoline Cooperative, the City has realized a savings of over \$100,000, despite the rising cost of energy.

Expenditure cutbacks were not enough to bridge any potential budget deficit. Revenues had to be addressed. There were several actions taken to augment the revenues. Among the most important involved managing the inter-fund transfers involving the enterprise funds to help support the General Fund. The water rates were raised from \$2.42 per unit to \$2.59 per unit. This has resulted in a revenue increase of over \$250,000. The ARRA funds have helped support the transit fund, reducing the General Fund subsidy by over \$300,000. The joint water fund is projecting savings of over \$450,000, which will reduce the General Fund revenue subsidy by almost \$250,000. This should aid the General Fund operations by over \$500,000 in 2010. Other transactions that will aid the revenue include the tax lien sale that should produce \$1.2 million for 2008. To date, the auctions for old and re-possessed vehicles generated over \$70,000 in

revenue. The vehicle auction is now a semi-annual event that supports the high rate of impoundment.

Over the years, the Finance Department has been at a disadvantage, working with two separate computer software systems that created double the work and according to the auditors, unreliable financial reports. Considering that the City is a \$67 million operation, it was quite disturbing that no attempt had been made over the last four or five years to follow the auditors' recommendations to upgrade the software system. In 2009, the Common Council provided the initial funding to begin upgrading the Finance Department's New World software. The second half of 2009 saw the intensive training for the different modules required for the upgrade. The City went live for the Finance module in January 2010. This was followed by the Human Resource module in April 2010 and Budgeting in July 2010. These were major initiatives in helping address the accuracy and efficiency in the City's financial process.

Several procedural initiatives have begun to provide more efficiency and productivity for the Finance Department. The new purchasing "P-Card" system tied in with the revised purchasing policy has been in place for almost a year, replacing the individual local purchasing for acquisitions under \$1,000. This has provided for more spending oversight and has greatly decreased the number of purchase orders and invoices to be processed. The check scanning procedure has worked efficiently and has allowed us instantaneous access to our deposits.

Joint Water Treatment Facility:

The City of Poughkeepsie and the Town of Poughkeepsie jointly own and operate the Water Plant. This organization is comprised of a separate board of three (3) members representing each organization. Together they hire the Water Plant Administrator and all of the remaining employees are members of a separate union. The City provides the administrative issues of processing personnel and financial issues. In 2010, the Water Treatment Plant treated 3.397 billion gallons of water or an average of 9.31 million gallons of water per day (MGD). Throughout the year, water complied with all State, Federal, and local drinking water standards.

In September, the distribution disinfectant was changed from chloramine to free chlorine. This change has improved quality for customers that are served by older, unlined iron pipe. In 2011, the facility will be monitoring the effects of this change and benefits to its customers.

Wholesale water in 2010 averaged 1.48 MGD with a revenue of \$1.86 million, of which, \$1.4 million was allocated to the City. One of the largest users of the available water is dedicated to the IBM plant complex located in Fishkill that passes through the Town of Poughkeepsie and the Dutchess County Water Authority systems.

In March 2010, Water Plant Administrator, Paul Lill retired. Mr. Lill was replaced in August by former Administrator, Randy Alstadt.