

# OVERVIEW OF THE 2022 PROPOSED ANNUAL ESTIMATE

## Introduction

In April 2021 the State Comptroller completed a review of the City of Mount Vernon (City) budget for the 2021 fiscal year. The objective of the review was to provide an independent evaluation of the adopted budget. Their review addressed questions regarding significant revenue and expenditure projections. Since 2020, our administration has aimed to bring revenues and expenditures of the city into alignment. Understanding that these changes can't happen in one budget cycle, we have begun turning the tide on the realized impact of our fiscal situation. In this budget you will see that we are addressing these inequities that have plagued the budget for years. From union contracts, tax certioraris, benefits and more, there have been changes that have been corrected in the 2022 Annual Estimate. The City has to find a way to find revenue to balance out these mandatory & essential obligations.

For years residents have wondered where their money has gone. The reality we have found is one where these rising mandatory & essential obligations have outpaced the revenue generation of the city. Another factor in this reality is the decreasing assessed valuation of the city by nearly \$20 million dollars over ten years which has narrowed the taxable base we draw from.

The City is at a critical financial decision point in history. Once again, we are faced with the possibility of a double-digit tax increase at a minimum of 18% to avoid serious cuts to city services. There are two ways we can approach the resolution – one would be shortsighted and the other would have greater long-term impact. Levying a **straight 18% tax increase** for one year would yield short-term, one-year results, and only “kick the can down the road”.

Hence, the city is proposing a more long-term benefit resolution by introducing two new sustainability fees to help stabilize this mandatory & essential obligations. These fees are in most cases decades behind other municipalities, such as Yonkers, New Rochelle, White Plains, Portchester and Peekskill who have long established these fees to maintain their essential city services and create capital funds to address historical equipment and infrastructure challenges. It is a hard decision to implement these fees, but the harder reality was the one faced towards the end of last year where furloughs & layoffs were a serious factor in this budget. **Without the inclusion of these sustainability fees, taxpayers could see a minimum 18% tax increase without a serious cut to city services.**

The following report is a deeper dive into the moving pieces of this budget that was presented at the Board of Estimate & Contract meeting on January 10, 2022.

## Budget Expenditure Assumptions

- A recent judgment with the Fire Union over salary increase that was implemented by the previous administration has been reflected in this budget, with an increase of \$1.43m this year.
- Approximately \$1.7m added for collective bargaining agreements with the PBA, Teamsters 456 and CSEA. This number does not reflect retro payments.
- A report from the NY State Comptroller cited risk in our contingency budget, so it has been raised to \$1.5m to account for prior year liabilities (e.g. lawsuits, unpaid bills, salary adjustments, etc.)
- Increase of tax refunds by \$250,000 to \$1m to support historically underbudgeted tax certiorari going back nearly a decade
- Increase in Judgement & Settlements by \$400,000 to \$1.25m to adjust for true cost of costly litigation from prior administrations.
- Increase of retirement cost by \$1.7m to \$14.2m as reported by the Comptroller's office in late 2021.

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- Increase of police overtime by \$200,000 to \$1.05m to reflect true cost that have been incurred due to the COVID-19 pandemic
- Allocated additional \$378k as an initial budget for the operation of Memorial Field.
- Rising insurance premiums have been represented in this budget bringing the total to \$1.46m a jump from 960k the prior year.

### Large Budget Reductions

- Offset by the influx of cash from the ARPA allocation to the city, a reduction in the Sanitary and Sewer outside contracts from \$650k to \$300k
- Reduced retired disabled firefighters from \$850k to \$552k based on an analysis of the true cost.

### Usage of Fund Balance

Not having any available fund balance is part of the contribution factors to the financial situation, especially connected to the number of large reductions from the reserves associated with the lawsuits and settlements. Namely, the \$4.5M garnishment, and most recent six figure settlements have drastically reduced our reserves.

### Implementation of Sewer & Refuse Sustainability Fee

- In an effort to showcase where taxpayer money is being spent the city is moving forward with the implementation of a Sewer & Refuse Sustainability fee. These fees will go directly to the operations of both sanitation and sewer operations for the city and help with purchasing of new equipment, capital investments in infrastructure and the daily operations of staff within these departments. The sewer sustainability fee will charge all users of the City of Mount Vernon's water system \$1.25 per 100 cubic feet of water usage.
- The refuse sustainability fee will charge all residential users who utilize the sanitization operations of the City \$200 per unit. For example, a 1-family house would be charged \$17 a month for sanitation. All commercial & industrial properties that utilize city sanitation operations would be charged a flat rate of \$2000 a year for these services. For large commercial & industrial companies a surcharge may be assessed.

### Revenues

- We have raised our budgeted sales tax amount to \$25.5m to reflect the strong growth of sales tax revenues the past two years.
- The city is anticipating generating nearly \$9m from the implementation of a Sewer & Refuse sustainability fee. This new revenue generating fee helps to offset the rising costs of municipal operations and creates a sustainable source of revenue to fund the department going forward. These revenues are anticipated to also be used to fund a capital budget to begin the renovation of DPW & Sewer infrastructure.
- The City of Mount Vernon will be utilizing \$5m from ARPA to offset budget shortfalls, and unexpected expenditures that have arisen from the pandemic.
- An analysis of the revenues generated from Parking Meter and Permit Fees showed a shortfall in 2021. However, the city saw an increase in the Fines and Forfeited Bail Criminal Court Fines (Parking Tickets) during this same period. The budget has reflected this change as an offset.

### Assessed Valuation

- The assessed valuation of the city has once again dropped to \$145,623,221 a decrease from last year of \$947,557. The City is in the process of hiring a Director of Economic Development & Empowerment to support the growth of the commercial & industrial base of the city to help offset the decreasing assessed

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value. Furthermore, discussion have been held around a city-wide reassessment which hasn't taken place in 50+ years.

### **Restoring Public Safety**

This budget restores critical public safety positions back into the budget that were taken out in 2021. The restoration of five police officers and five firefighters have been added to this budget. Recently, the city has hired nineteen (19) new police officers and eight (8) new fire fighters will keep Mount Vernon safe and provide protection for these public safety departments that are dealing with the frontline impact of COVID-19.

### **ARPA Budget**

The City is utilizing approximately \$2.6m of ARPA funds to staff various departments with new and restored personnel to ensure the flow of government services during the pandemic. A detail breakdown of those positions is available in the budget document presented at the Board of Estimate & Contract. Within the ARPA budget, there has been a focus on creating positions that increase public safety coverage, youth services, sanitation operations, building department improvements, sustainability management and boost economic development. This administration believes that a focus on the growth of our economy, and an increase of youth, senior and community services will help us rebound from the pandemic. There is also a focus on the building department to hire plan examiners and clerks to unclog the backlog of permits and create a revenue for the department.

The City is also hiring a director of constituent services utilizing ARPA money. This person will be integral to monitor complaints, coordinate with residents and business issues and bring resolution to outstanding issue.

### **Union Contracts**

We recognize that our City of Mt. Vernon employees are the lowest paid municipal employees in the region. They have been valiantly serving since 2018 without union contracts in our four collective bargaining units which are the Police Benevolent Association (PBA), International Association of Fire Fighters (IAFF) Local 107, Teamsters 456 and Civil Service Employees Association (CSEA). In 2020/2021 many who are "Essential Workers" risked their lives and health to work through a pandemic. We watched them "show up" daily and continue to serve our City without "Heroes Pay" and broken or minimal equipment. In the ARPA budget we have included \$3m for premium pay to our essential workers within our unions. Additionally, have included \$3.1m in this budget to begin the discussion on new union contracts going forward. We will work with our new Comptroller to create a way to address retro pay to our workers.

### **Closing Thoughts**

In years prior, the city has used one-shot sales of city property to offset the budget, but again this practice was highlighted as not sustainable by the NYS Comptroller's office. Additionally, the lack of movement by prior administrations on our sewer system has caused fines to be incurred daily, and the estimate cost of non-compliance of these violations could be in excess of \$1.5 million a year, at minimum.

We must stop the bleeding and bring our financial house in order, I am confident with the election of our new Comptroller, that the mayor's office city council will work collaborative to identify new tools and opportunities to address these fiscal issues.

In Service,

Shawyn Patterson-Howard, MPA  
Mayor