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News

2010 budget looms near

City commissioners look for new sources of revenue

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By ANDREW J. BERNSTEIN, The Saratogian

SARATOGA SPRINGS — With the global economy in freefall and New York state in crisis, the city's outlook for 2010 is potentially dire.

"We built a number of one-time revenue sources into the budget that will not recur in 2010," said Commissioner of Finance Kenneth Ivins Jr.

On Nov. 25, the City Council adopted a \$36.7 million budget that included about \$2.3 million in one-time revenues, such as funds taken from the city's fund reserve, contingency funds, state grants and the still-pending sale of the so-called Lillian's lot. Ivins said last week that if new revenue is not found, the city would have to raise property taxes by about 15 percent to maintain spending at 2009 levels in 2010.

"This is a major problem — we've got to find more revenue or make huge cuts," Ivins said.

An audit performed on the city's finances by the Office of the State Comptroller in spring 2008 recommended the city rely on recurring revenue for the general fund, as well as the water and sewer budgets. The advice was based on concerns the city did not have a large enough fund reserve.

Another major concern Ivins and his colleagues will face when negotiating the 2010 budget is the uncertain future of VLT aid from the state.

In 2009, the city will receive about half of what it received in 2008. Ivins said he is concerned that in 2010 the city would not see any VLT aid, as former Gov. Eliot Spitzer had proposed in spring 2008.

"2006 was the first time we got VLT money. Roads still got plowed, people still got arrested on Caroline Street," Ivins said. "We got by without VLT money."

Commissioner of Accounts John Franck, who is a self-described fiscal conservative, spoke on numerous occasions about the need to budget figures for 2009 in line with a faltering economy.

"Unfortunately, I believe that 2010, in the city and the state, are going to be somewhat bleak from a revenue standpoint. If commodity prices stay down, sales tax will be less. (There is a) possibility we won't get the other half of the VLT money," Franck said. "That's why I've been proactive to plan ahead, to have cuts now, and stage it, rather than to have to take a hatchet next year."

While Ivins said his main objective is to find new sources of revenue, including giving a hard look to paid parking, Franck said he thought the city could implement cost-saving measures, noting that his department eliminated a position, reducing

its staff to

11 from 12.

"It was difficult because that's an important position, but we had to eliminate positions that we didn't need. That position had been there 20 or 30 years; it wasn't like some of the newer positions," Franck said.

With paid parking contemplated as a likely source of funding for development at the High Rock parking lot, Ivins said it could be a logical step for the city to take.

"Otherwise, we may have to raise sales tax, and the merchants won't like that either," Ivins said. "The advantage is to have out-of-town people paying our bills."

With the city contemplating two major capital construction projects — an indoor recreation center at the South Side Field and a public safety facility and parking deck in the High Rock lot — both Franck and Ivins expressed thoughts on future construction in the city.

"Capital spending went through the roof with the last administration," said Ivins.

In 2006, the city bonded

\$8.4 million, and \$9.2 million in 2007. In 2008, the city bonded \$4.7 million.

Ivins stripped several items out of the city's capital budget for 2009 in order to secure a zero-percent property tax increase, including equipment purchases in the Department of Public Works and a water main that would have crossed the Northway.

Franck, on the other hand, said he felt that investing in some infrastructure projects could be beneficial to the city.

"Doing this development and expanding the City Center would be a little boost," Franck said, noting that construction of large buildings helps bolster sales tax numbers, which are currently expected to be below 2008 levels.

Ivins' budget reflects a 2-percent decline from 2008 levels, after Franck persuaded him to back off of the 3.8 percent increase that was originally budgeted. Other area municipalities budgeted even lower figures.

"Sales tax is associated with fuel prices, and prices for commodities have gone down dramatically," Franck said. "I believe the city was overly aggressive in sales tax projections."

"If the city sees more revenue from sales tax, it will go to the surplus, or at least, I'll push for that," Ivins said.

While Ivins feels the city will face challenges in 2010, he said he was hopeful that AMD's arrival would provide welcome relief after that date, noting that new development and new homeowners would lead to an increase in mortgage tax, sales tax and other types of revenue.

"Saratoga is a wonderful place to live and work, and people want a Saratoga mailing address," Ivins said.

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