



CITY OF ELMIRA NEW YORK

City Manager's Office
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November 15, 2016

Dear Honorable Mayor Mandell, Deputy Mayor Joe Duffy, City Councilmembers:

Once again, the City of Elmira continues to face financial hardships. Like many other municipalities throughout New York State, revenues are decreasing. The total assessed value in the City continues to decrease and the City has 38% of property that is tax exempt. At the beginning of this budget process, the City was facing a deficit; however, we have reached a break-even point.

Some of the reasons for our financial issues include a decrease in sales tax from the County of Chemung. Since 2014, the City has seen an estimated \$3.3-million-dollar decrease. This alone is a major factor in our current situation. Also, next year, we will see an increase of 14% to our County health insurance plan. The City of Elmira continues to pay the County of Chemung for its personnel costs for the consolidation of the street maintenance services. We will also continue to pay personnel costs for the consolidation of the buildings and grounds services. It's important to understand that the County did not absorb the costs for the City at the time of transfer.

The personnel cost for the City's budget is approximately 75%. The City did agree with all unions that if layoffs were to be considered, we would give them a 6-month notice. This budget does not call for layoffs of any employees. Next year, we will begin negotiations with CSEA, Local 709 (Fire) and Police Benevolent Association. The unions will have to work with City Administration as we continue to move forward.

Over the past several months, I have taken the opportunity to meet with all union leaders and talk about how they can help us with this deficit. I requested a variety of suggestions to them which included:

- Pay freeze for 2017
- 1-week furlough for all employees
- I requested that Fire and Police consider not being paid a uniform allowance for 2017
- I also requested from Fire and Police to consider holiday pay cut by half for 2017

I certainly made it clear to all union leaders that they all have a contract that was approved by former Administration (with the exception of CSEA). At this time, efforts were unsuccessful, but I do appreciate the discussions we had and their willingness to listen. Last year, all unions did agree to change to the County's health insurance plan, which was a tremendous accomplishment by all. In doing so, the City was able to save over 1 million dollars. During this past year, the City was awarded monies from the Financial Restructuring Board. In 2017, the City will receive \$425,000 to assist with the demands from the unions when we transferred employees to the County's insurance.

The Fire Union did agree to modify the wage package previously negotiated and decrease their raise by .37% effective January 1, 2017, in return to the staffing of 10 employees per shift. This will save the City approximately \$30,000.

This year the City of Elmira has seen a great deal of change in leadership. In January, Joseph Kane was promoted to Police Chief when Michael Robertson announced his retirement. In May, Joseph Martino became our Fire Chief when Patrick Bermingham retired after 35 years of service with the City. In June, City Manager Kimberlee Balok Middaugh resigned her position and I became the interim City Manager throughout the summer, and was appointed to the position of City Manager in September 2016. City Chamberlain Benjamin Smith announced his retirement in August, but has remained on as a part-time employee to help the City with the 2017 budget, and assist with the transition of Charmain Cattan as our new City Chamberlain.

Although there have been many changes in leadership, I am confident that we have the most qualified individuals in our departments to oversee the daily operations and continue to make good decisions while providing the best services to our residents in Elmira.

In his address to County Legislators, the County Executive recommended that the County not enter into any new Shared Services arrangements with the City at this time. The City, however, is ready and willing to continue discussions of shared services with the County. A position that could be a topic of discussion is the Personnel Director's position. This position is currently vacant and we will continue to leave it open to save the City money. As City Manager, I continue to take on these added responsibilities, along with assistance from the Executive Secretary. If this position is not going to be shared with the County, we will continue to provide this service.

Shared services continue to be one of the most beneficial ways for the City to save money. I am pleased to share that next year the following shared services will occur:

- The City will enter into an agreement with the Town of Elmira with their Assessor's Office. The City will provide the Town of Elmira with 8 hours per week of our Assessor and the Town of Elmira will provide the City with 16 hours per week of an aide. We will not be filling the vacated position of Administrative Aide in the City's Assessor's office.

- The City will enter into an agreement with the Town of Southport with their Codes Department. The City will provide our Director of Codes as a consultant to the Town. In return, the City of Elmira will receive up to 16 hours per week of clerical assistance in the Codes Department.
- The City of Elmira and Community Development will enter into an agreement and share a Code Officer.

We will continue to work with other Villages and Towns to provide Animal Control services. I have reached out to other Villages and Municipalities to discuss other shared services with our Police Department. We have discussed shared training, working together at the Police Academy and SWAT.

There are positive initiatives in the near future for Downtown Elmira. The Downtown Revitalization Initiative recently awarded 10 million dollars to the City of Elmira. The State, along with STEG and Community Development, established a group of local people to meet and discuss how to spend this money. In addition, Elmira will be part of the Upstate Revitalization Initiative where up to 500 million dollars will be awarded to 8 areas. This is a very exciting time for the City of Elmira and I look forward to being a part of the new changes in Downtown.

The proposed 2017 Capital Budget totals \$8,408,618 with \$3,436,403 being State, \$1,162,918 being Federal and other allocations being \$3,799,297 from serial bonds

CAPITAL SPENDING BY MAJOR FUNCTIONAL AREAS:

PARKS/GOLF COURSE	\$ 376,000
TRANSPORTATION	\$3,340,500
PUBLIC BUILDINGS	\$1,032,000
EMERGENCY SERVICES	\$ 119,400
FLEET	\$ 818,300
MANAGEMENT SERVICES	\$ 82,500
OTHER	\$2,639,918
TOTAL	\$8,408,618

OTHER SIGNIFICANT CAPITAL PROJECTS INCLUDE:

- North Main Street road program
- North Main Street bridge rehab
- West Water Street downtown reconstruction

In conclusion, we have taken the necessary steps to decrease our deficit to a break-even budget. In addition, the following is my recommendation for 2017 budget to meet this break-even point:

- City taxes will be raised by 4.2%
- Reduction of the operating budget by 10%

The City along with other municipalities must continue to work together to discuss future shared services. The City continues to move in a forward direction, and we will continue to provide all services to our residents in a professional, respectful, and efficient manner.

Respectfully submitted,

P. Michael Collins
City Manager