



May 10, 2024

To the Honorable
Rochester City Council
City Hall, Room 301A
30 Church Street
Rochester, New York 14614

Honorable Councilmembers:

In accordance with the City Charter, I am submitting for your consideration and approval the City of Rochester's annual budget estimate for the 2024-25 Fiscal Year.

This budget, the third of my Administration, is a true reflection of the impact the investments in our six priority areas continue to have on our city and community. We are beginning to see the efforts of our collective labor pay off through tremendous growth, prosperity, and opportunities available throughout the city. While we have made incredible progress, I am not yet satisfied and pledge to continue to pursue additional investments through this budget.

Overall, this Proposed Budget calls for \$697,282,000 in spending, an increase of \$9,352,800 (1.4 percent) over the 2023-24 Amended Budget of \$687,929,200. Although the year to year growth appears small, the increase in non-American Rescue Plan Act (ARPA) expenditures is actually 4.8% or \$30,893,600, made possible in part by a one-time addition of \$5 million in unrestricted New York State (NYS) Aid and Incentives to Municipalities (AIM) aid and our ability to close the remaining gap with fund balance. Total ARPA spending in this budget is reduced by \$21,540,800 as the December 31, 2024 deadline for obligation approaches and certain programs are fully expended.

My proposed budget contains *no increase* to the property tax levy. In fact, this budget will reduce the homestead tax rate by 37.7% and the non-homestead rate by 27.8%, resulting from the recently completed city-wide revaluation. This is possible due to the incredible growth and optimism in our community for the first time in decades. S&P Global's recent bond rating cites a "growing economic base" while city budgets from 20 years ago tell the tale of a loss of tax base and lagging growth. We are truly at the precipice of change. The impact of these tax rates on the typical homeowner and business can be found in the Budget-at-a-Glance page or the Summary section.

Again this year, we are holding user fees for refuse and the local works levy flat despite increased costs from labor, fuel prices and inflation. Fund balance in both of those funds provides sufficient reserves to keep those fees flat while still funding vital capital needs for equipment and infrastructure and absorbing inflationary adjustments. User fees for water are proposed to increase 3.5% this year. Continued investment in our aging water infrastructure is crucial to maintain water quality and make progress in removing lead from our drinking water. The annual impact to the typical homeowner is estimated to be \$13.16, a little more than \$1 per month.

We intentionally started much earlier this year to solicit community input to inform our budget development process which included our community input survey and telephone town hall. In



addition, the Office of Management and Budget attended several community events to ask participants how they would spend \$20 in “Budget Bucks” across 9 priority areas. The voices of those participants can be found in the Community Input Report following this message. I look forward to learning how the community might propose to spend the allocation I have included in the 2024-25 budget for a pilot participatory budgeting program.

The following table, grouped by the six priorities of my Administration, includes highlights of only some of the investments proposed in this budget. Many more can be found in the departmental chapters that follow. I am confident that these investments are in alignment with City Council’s priorities and that we will continue to work together to inspire hope, growth and opportunity for our city.

<u>Priority Area</u>	<u>Budget Highlights</u>
Public Safety	<ul style="list-style-type: none">• Proposes initial steps in implementing first response alternatives to emergency medical incidents, including a position dedicated to increasing community engagement and education efforts of local medical intervention programs and expanding RFD treatment capabilities with the addition of certain medical intervention supplies and training• Work with Law Enforcement Action Partnership (LEAP) to build upon success of Person in Crisis (PIC) community responder model, providing funds for additional areas where alternatives to traditional methods of response are viable• Adds Fire Lieutenant to facilitate recruitment and support of firefighter candidates through the full scope of hiring process, enhancing retention and diversity• Adds funds to amplify advertising for police and fire recruitment• Director of Violence Prevention added to the Mayor’s Office of Violence Prevention Programs, in addition to continuation of the Advance Peace - Peacemaker Fellowship program using City funds as ARPA funding expires• Continuation of the Gun Involved Violence Elimination (GIVE) Initiative• Funds two recruit classes of 25 each in the Police Department and a recruit class of 28 in the Fire Department
Strengthening Neighborhoods	<ul style="list-style-type: none">• Adds personnel and supplies to implement Respect Rochester, modeled on “Adopt A Block,” bringing together community organizations, business associations, and city departments for a new beautification and litter removal initiative• Engagement with stakeholders to develop NBN 2.0, a reimagined neighborhood engagement model built upon the original Neighbors Building Neighborhoods (NBN) program• Invests in affordable homeownership development through construction of new homes or rehabilitation of existing structures in partnership with private developers, increasing home ownership through successful programs like Buy the Block• Funds the popular roofing repair program in addition to the NYS Targeted Home Improvement Program, supporting critical repairs for low- and moderate-income homeowners• Funds a pilot participatory budgeting program, giving the community a voice in how public dollars are spent

Priority Area

Budget Highlights

**Building
Towards a
Prosperous
Future**

- Adds a Chief Data Officer and support staff to further data driven decision making and strategy development
- Funds design of Public Market indoor market space and events center using ARPA funding and federal earmark
- Combines City and CDBG funds to develop a Parks and Recreation Master Plan with particular emphasis on inclusion and equity
- Includes City and ARPA funding to continue modernization and replacement of critical city technology infrastructure (utility billing, property tax billing, cemetery records management, parking meter replacement and land management)

**Youth
Development**

- Fully funds Raising a Reader program, instilling a passion for reading in children and enhancing literacy activities for families
- Continues Pathways to Peace collaboration with RCSD, providing support and non-violent alternatives to settling disputes
- Adds a full time Pool Supervisor to oversee Aquatics operations, recognizing the importance of learning swimming as a life skill
- Funds phase II and III of the Roc City Skatepark, including additional skating area, restroom/concession space, and event staging area
- Combines ARPA, NYS, and City funds to continue development of the Maplewood Nature Center and Playground Project, building upon efforts to make the city more active and playable
- Continues social-emotional health support in neighborhood R-Centers

**Economic
Empowerment**

- Adds 11 interns to inspire the next generation of public servants - Council (1), Mayor's Office (2), Budget (1), Information Technology (2); Environmental Services (3), and Rochester Fire Department (2)
- Adds position in Finance to continue focus on property tax exemptions
- Provides funds to build out database infrastructure needed for the Children's Savings Account Pilot and continued support of the Financial Empowerment Centers to provide financial counseling as a public service
- Continues ARPA funding to provide workforce development and entrepreneurship training to youth and adults across the skilled trades and at small businesses

**Promoting
Equity,
Inclusion and
Social Justice**

- Funds conversion of an additional 11 less than full-time positions to permanent full-time, providing viable career paths and financial stability for these City employees
- Continues City, ARPA, and Bi-partisan Infrastructure Law funding for lead service water line replacements, many of which impact our most disadvantaged neighborhoods
- Continuation of the Tree Beautification Initiative including City and Federal funds to plant trees in neighborhoods that have historically been disinvested as it relates to trees

As I mentioned earlier, these investments would not be possible without the additional AIM aid provided by NYS and our ability to use a portion of the City's fund balance. We expect to restore the majority, if not all, of the \$25.1 million of General Fund balance used to balance the 2023-24 Budget. I, along with my team, are proud to continue the prudent fiscal stewardship of City resources that allows this to happen. We intend to use fund balance again this year in the amount of \$28 million from the General Fund to close the 2024-25 fiscal year budget gap, all while remaining well above the required fund balance minimum of 12.5% of General Fund expenditures per City policy. Further details on closure of the All Funds budget gap can be found in the chart at the end of this letter.

What does not appear in this proposed budget as it will pass through Monroe County is a one-time \$25 million allocation of Temporary Assistance for Needy Families (TANF) block grant funds approved in the NYS Budget to support locally driven anti-poverty initiatives in Rochester. County and City representatives had already met prior to NYS budget approval to discuss possible approaches on how to spend these funds. I am hopeful this "seed" funding will help us to pinpoint effective ways to lift families and children out of poverty and into prosperity.

We are so thankful to our government partners for the confidence they have in our city and the resources they are able to deliver for our residents and businesses:

- Thank you to my partner in government at the local level, County Executive Adam J. Bello, who worked with me to provide the first ever joint set of community priorities for the state and other collaborative projects. I look forward to our teams working together on plans to spend the TANF funds.
- Thanks to the efforts of our State Senate and Assembly delegations, they accomplished a monumental task and delivered an additional \$5 million in AIM aid in addition to support for many other priorities including restoration of Consolidated Local Street and Highway Improvement Program (CHIPs) funding and clean water infrastructure funding.
- To Governor Kathy Hochul, thank you again for recognizing the needs of our children and families struggling with poverty with the allocation of TANF funding. Your commitment to help us achieve a more vibrant downtown and increase housing supply with the development of Alta Vista with Downtown Revitalization Funding (DRI) at St. Joseph's Park is appreciated.
- Thanks to the efforts of Senate Majority Leader Chuck Schumer, Senator Kirsten Gillibrand and Congressman Joe Morelle, the City will receive FY24 earmarks to invest in the expansion of the Public Market and renovation of an existing city facility that will house the successful ReJob workforce development program. Investments using federal ARPA funds will be encumbered this year and spent by December, 2026.
- Here at City Hall, I am grateful for our partners in City government, City Council President Miguel Melendez and our members of City Council.

This budget supports my Administration's efforts to continue to transform Rochester into a city that leaves no one behind and invests in our most precious resources, our children and our future, by creating a safe, equitable, and prosperous Rochester. I look forward to Council's thorough and constructive review of the 2024-25 proposed City budget and welcome any questions or concerns you may have.

Respectfully submitted,

Malik D. Evans
Mayor

SUMMARY OF ALL FUNDS GAP CLOSURE

(Amounts in Millions of Dollars)

Description	Amount
2024-25 Budget Gap per Multi-Year Projection	\$ (88.8)
Revenue increases (decreases) -	
Use of fund balance	41.0
AIM aid	5.0
Use of property and money	5.5
Sales tax	3.7
Other taxes, receipts and fees	2.4
User fees	1.3
ARPA revenue replacement	1.0
Expense (increases) decreases -	
Cash capital	\$ 23.1
Personnel, fringe benefits and other liabilities	(2.8)
Debt service	<u>8.3</u>
2024-25 Budget Gap - Proposed Budget	<u><u>\$ (0)</u></u>