



OFFICE OF THE MAYOR

MAYOR BEN WALSH

February 11, 2021

Hon. Helene E. Weinstein, Chair
Assembly Ways and Means Committee

Hon. Liz Krueger, Chair
Senate Finance Committee

Good afternoon,

Thank you, Chair Weinstein, Chair Krueger and the members of the Legislative Fiscal Committees, for inviting me to these joint hearings to discuss the State Budget. The City of Syracuse is grateful for the support it receives from the State of New York and for this opportunity to report to the Legislature on the progress we are making, the challenges we face and our needs going forward. In particular, I want to acknowledge the members of our local delegation: Senator Rachel May, newly-elected Senator John Mannion, Assemblyman Bill Magnarelli, Assemblywoman Pam Hunter, and Assemblyman Al Stirpe. You are steady friends to Syracuse and strong representatives of our constituents. Thank you.

In my 2021 State of the City address three weeks ago, I told the Syracuse Common Council and the people of Syracuse that our City is standing strong in the face of the pandemic. I am proud of the way in which our community came together in the face of COVID-19.

With leadership and assistance from New York State, our city and county governments collaborated at every stage to protect the health and well-being of our residents. Through a long and frightening period that continues to this day, the people of our City have made significant sacrifices, all too many, while facing unbearable hardship and loss. Our public sector employees – from fire and police to sanitation workers and teachers – performed heroically on a daily basis over the past year. All of these actions were to combat the direct impact of the virus on human health, and while we have suffered great tragedy, I am confident better times are not far off.

Fiscal Impact of the Pandemic

Relevant to the work of these joint hearings, the fiscal impact of the pandemic will have a long reach on government, the economy and the lives of New Yorkers, especially our most vulnerable. As you address the difficult choices of your own state budget in the weeks ahead, please know this: the City of Syracuse needs the strong support of state government now more than any time in recent history. Without flexible direct federal aid to cities confirmed in the next 60 days, my City will face daunting fiscal choices, more painful than those we acted upon last year.

Make no mistake, those sacrifices were large and have had a harshly negative impact on the City and its residents. With revenue losses mounting and Washington deadlocked, Syracuse

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enacted its COVID-19 contingency budget last September. Instead of waiting for outside help, we cut more than \$18 million in city spending, about 7% of our total budget. That is on top of about \$23 million in reductions we had already achieved through prior savings and budget planning.

A Devastating Human Toll

Many of those actions were hard to swallow. Nearly a year into the pandemic, however, I believe we are now beginning to experience some of the more devastating impacts of those changes on peoples' lives.

Thus far, we avoided permanent layoffs of city workers, but we furloughed employees across virtually every sector of city government and have left many vacant positions unfilled. These cuts hurt hundreds of families and had a cascading impact on our local economy and other jobs in the City.

With staff cutbacks and facility closures, we stopped nearly all of our youth recreation programs and were forced to dramatically scale back our summer youth employment programs. We closed half our city pools last summer, only keeping the others open through community donations to an online campaign. When combined with reductions in in-person learning in schools, many of our teenagers are in crisis.

Late last month, a 14-year-old boy was charged with the murder of an elderly neighbor, a crime believed to have occurred early on a Thursday afternoon. I'm deeply worried about the mental health and safety of our young people due to the tumult caused by the pandemic. Our children will suffer unnecessary pain if staff and program cuts in youth recreation remain.

Under the eviction moratorium, our code enforcement inspectors are witnessing daily standoffs between tenants and landlords. These encounters are a glimpse of the housing crisis about to unfold that will devastate families and strain local government when tenant protections are lifted.

The cuts we made to city spending and operations were severe but were unavoidable to protect the fiscal sustainability of city government. It has been both frustrating and, frankly, insulting to see the federal government repeatedly bypass the needs of state and local governments. Politics has overshadowed the needs of real people in Syracuse and communities across the nation.

Staggering Reduction to City Revenue

As federal relief programs to cities repeatedly stalled, Syracuse experienced staggering reductions in revenue. Over the two city fiscal years impacted by the pandemic – both last year and the current budget year that ends this coming June 30 – we have projected lost revenue of \$44.1 million. This includes the recently reported sales tax receipts from the State Comptroller DiNapoli, which were more favorable than anticipated at the start of the pandemic. From January to December, the Comptroller calculated a 2.6% decline in sales tax revenue in my county, Onondaga.

Counteracting that encouraging news, however, is the reality that reductions in local revenue to city government were more severe. An example: parking fees and violations are down 50%, shrinking from \$7 million annually to \$3.5 million annually. These numbers are greater than our worst-case projections due to the impact of remote work, online shopping and reduced dining out in our City.

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The Governor's Executive Budget includes provisions to restore most of the holdbacks in state AIM funding, which we will welcome when those payments arrive. I am very appreciative of this development.

The State Budget Office, however, does propose a 2.5% cut in AIM aid to the City of Syracuse. AIM payments to the City of Syracuse have not changed in a decade. Any reduction of AIM has a direct and damaging impact. Syracuse urges that AIM funding be fully restored for the State's current fiscal year 2021 budget and in the State's upcoming fiscal year 2022 budget.

In addition to AIM payments, the City needs clarity and resolution on payments related to prior state commitments. For example, under the April 2020 Budget Office directive on discretionary local aid grants, more than \$9 million in state funding to Syracuse is currently under review of the Dormitory Authority of the State of New York. The indefinite status of this directive is putting a stop to job-creating, shovel ready infrastructure projects that are ready to move forward.

Fund Balance Reaches Precarious Position

Even with the proactive steps Syracuse has taken to reduce expenses, the tidal wave of revenue losses is pushing our fund balance to a precarious position. Pre-pandemic, our reserves stood at \$51 million, a responsible nearly 20% of our annual budget (\$252.5 million). By the end of the fiscal year 2021 budget year on June 30, we project our reserve will be down to \$30.5 million, a level at which we can no longer rely on for future draws. That means our cushion is exhausted. Continued revenue shortfalls, which are certain to occur, can only be addressed through cuts in city spending. We've already seen the short and long term implications of such decisions.

The 2022 Executive Budget outlines two options: one that advances an aggressive post-COVID reconstruction and one that presents a more painful future if federal Coronavirus relief is not received at adequate levels. I wholeheartedly join the call for flexible direct federal aid to state and local governments. As President Biden has clearly stated, this assistance is needed now. With the fund balance already at bare-bones and a new budget year approaching, Syracuse is reaching the end of the line.

2021 Legislative and Funding Priorities

I also recognize that the work of New York State, the Administration and the Legislature must progress in either scenario or in a situation somewhere in between. With that in mind, my administration shared our 2021 Legislative and Funding Priorities with our local delegation at the end of January. The full document has been included with my testimony today. Before closing, I want to highlight several priorities for which we are seeking state partnership.

Public Drinking Water

First, in the vitally important area of public health, the City of Syracuse continues to seek state funding to extend the drinking water intake pipe in Skaneateles Lake, which is the unfiltered source of water to the City. If more serious water quality violations occur, the City has the potential to lose its New York State Health Department filtration waiver, which would require the construction of one or multiple water treatment plants to ensure the continued supply of public drinking water to approximately 200,000 local residents. We are seeking \$13 million to build a solution that will help prevent the need to construct one or

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more water filtration facilities, which would cost taxpayers hundreds of millions of dollars.

Affordable Housing Construction

Second, my administration is entering the second year of a comprehensive program to improve housing conditions and quality of life across the City of Syracuse. Our Resurgent Neighborhoods Initiative includes a plan to build 200 one and two-family units of affordable housing in the City. With local and state support, we have identified funds to construct the first 30 houses, half of which will be underway this year.

We are also in need of substantially more funding to help address the City's vacant housing stock. We have identified about 80 parcels, most of which are owned by our Land Bank, which require substantial blight remediation and/or removal in order to make those sites ready for redevelopment. Removing or remediating blighted structures is a key step in our effort to stabilize these high priority city blocks and improve the quality of life for residents in these neighborhoods. Taken together, we are seeking \$1.5 million for blight remediation and new construction for 25 additional units.

I am pleased to report that progress continues on the Syracuse Surge, our strategy for inclusive growth in the New Economy. Even during the pandemic, with the help of the New York State Power Authority, we completed the conversion of the City's street light network to LED technology and installed the technology for our Smart City network. We expect to begin work this year on a state of the art regional Science Technology Engineering Arts and Math school at the currently vacant historic Central High School in downtown Syracuse.

The State's strong support of the Syracuse Surge is being met with private sector investment and growth. JMA Wireless is well underway with construction of a high-tech manufacturing plant on our City's south side. And TCGPlayer, a local technology company, is growing rapidly, adding more than 100 jobs at their downtown location early this year. TCG projects more hiring of accessible tech-related jobs.

New York Center for Smart Cities

Third, our 2021 priorities seek state partnership to create the New York Center for Smart Cities in Syracuse. It will be a public-private center of excellence for the development and implementation of Smart City and Internet of Things (IoT) technology. The project will solidify New York State's position as a global leader in Smart Cities. The project will also be home to the City's Digital Command Center to centralize municipal data collection and advanced real-time analytics and to co-develop Smart City solutions with researchers and technology companies. We are requesting \$3 million to complete this project and to attract additional private investment.

Bus Rapid Transit


Finally, our efforts to address conditions of poverty in the City of Syracuse are continuing. The immediate impact and fallout of the pandemic have heightened the importance of this work. Our Department of Neighborhood and Business Development has increased its coordination with federal, state and local partners to assist those facing physical and mental health issues, homelessness and addiction.

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In addition to these crisis responses, we are working on long-term strategies to create opportunity for all in our City. I believe investments in public transportation are an essential part of this work. Our 2021 priorities include a request for funding to implement a Bus Rapid Transit – or BRT system as a proven and effective way to connect people in need of jobs to employers. Similar to Albany’s Bus Plus system, BRT would upgrade buses, facilities, and traffic signal prioritization to improve the speed, reliability, and overall user experience of bus transit. Most important, the enhancements along defined corridors will connect people in need of jobs with employment opportunities. This project is essential to achieving the City’s vision of creating opportunity for all. For initial capital investments and operating costs, we are seeking approximately \$9 million for Bus Rapid Transit.

In closing, I want to again thank the members of the New York State Legislature for your support for the people of Syracuse. After a long and difficult year, it appears the end of the pandemic is on the horizon. Its legacy, though, will carry well into this decade. COVID-19 has delayed investments in our communities; sapped our reserves; and strained the resolve of our workforce. Our options at the local level to protect the people we serve from further pain have narrowed. Momentum earned from pre-pandemic progress is driving us forward, but our engine is running on fumes. The City of Syracuse needs its state and federal partners by its side to regroup, rebuild and keep rising higher. Thank you.

Sincerely,



Ben Walsh
Mayor

cc: Hon. Rachel May
Hon. John Mannion
Hon. William Magnarelli
Hon. Pamela Hunter
Hon. Al Stirpe