

Introduction

The City of Batavia's Strategic Planning process is the foundation from which the City's Business Plan for services and annual budget are based.

The intent of developing a Strategic Plan is to allocate our available resources to best meet the needs of our residents, while balancing the environmental factors that may affect us in the future.

By understanding residents' needs, we are able to establish a vision that best supports the level of services we can provide, along with an understanding of what resources will be needed to provide them.

Strategic Planning Process

Our strategic planning process included a series of workshops and data and research needed for City Council to review, analyze and make decisions. This included a work sessions facilitated by Genesee Community College BEST Center, a Citizen Survey, review of financial history, understanding future short and long-term factors affecting the City, SWOT analysis and staff feedback. We gathered various types of empirical data from daily operations to percentage based data from the Citizen survey.

The strategic planning process began with City Council examining the current state of the City and applicable trends, citizen feedback and past work accomplished. Through an environmental scan, the City Council was able to review the past financial challenges while understanding what might be ahead in the future. City Council then created a vision statement and reviewed and revised the existing mission statement. Once the vision and mission were established Council participated in a SWOT analysis and the prioritization of potential strategic priorities.

From reviewing existing data and work completed, the Council created Strategic Priorities for 2011-2012 and developed directional statements that further defined each priority.

The final piece of the strategic planning process was the development of Key Intended Outcomes (KIO's), which provided measurements in achieving the priorities established by Council. Considering this is the first data driven strategic planning process the City has conducted in recent years, many of the KIO's measurement standards will need to be defined during the first year as the data may not exist. It should be noted that the first year of implementation is still very much a planning year. In following years the City will establish more defined benchmarks to show progress in addressing priorities.

Lastly, the Business Plan is a direct result of the Strategic Plan, where Business Plan initiatives directly support the accomplishment of the KIO's and priorities established by Council, and properly allocate resources to best meet the needs of our residents.

How this Document is Organized

The sections of the Strategic Plan include the City's vision, mission, principles and strategic priorities. Along with each strategic priority are directional statements that further explain what the City should be focusing on for each area in fiscal years 2011/12 and 2012/13. KIO's are at the bottom of each page, with the next two year goals identified. Following the priorities are components of the environmental scan used as the basis for decision making. They include results from the Citizen Survey, financial history, short and long-term factors affecting the City and SWOT Analysis. The Business Plan includes all initiatives that are in the proposed budget and support the strategic priorities.

Vision Statement

We consider our community to include its citizens, its business owners and employees and all those with whom we interact.

- We will continuously build upon our rich entrepreneurial history providing an infrastructure and support for businesses of all types to grow and flourish.
- We will lead and facilitate collaborative partnerships that support and enhance our vision and mission.
- We will encourage and provide opportunities for the physical, mental, emotional and cultural learning and enrichment for all our community members at every life stage.
- Our community members will be actively involved in the decisions we make and active in bringing our plans to life.
- Our thriving downtown will serve as a focal point, bringing community members together to engage in numerous and diverse activities.
- Our community members will enjoy the feeling of safety as they live, work and interact in our City.
- Our children, at all ages, will have choices to grow, learn, live, play and work in our community.
- We will continuously promote a healthy and active lifestyle for all individuals in ways that bring our community members together.
- We will be careful stewards of our environment recognizing its limited resources and continuously striving towards sustainability.
- We will proactively consider our financial picture and how we might best use our finances to help us achieve our mission.
- Our city will serve as a model for other small cities in its approach to an overall positive quality of life for all its community members.

Mission Statement

Our mission is to create and sustain a vibrant, affordable, safe community where people choose to live and work and where, through a supportive environment, businesses continuously flourish.

Principles

The City of Batavia expects and encourages its leaders and employees to be guided by the following principles:

- Balance short-term needs with long-term vision for what is in the best interests of residents;
- Commit to making Batavia the best place in New York State to live and work, and to leave a legacy of a better quality of life in Batavia for our children;
- Focus on continuous improvement in meeting the needs of our customers;
- Take well-reasoned risks in deciding how best to deliver high quality, cost effective services;
- Encourage sustainable growth through innovative and cooperative economic development;
- Believe that the best decisions are made through teamwork and mutual respect among Council, staff and citizenry;
- Be accountable and responsive to citizens;
- Act with the highest standards of professionalism, with unwavering integrity and ethics.

Adherence to these principles will:

- ✓ Create an atmosphere in which citizens feel safe, secure, and confident in City governmental operations;
- ✓ Promote a positive public image;
- ✓ Provide for procedural controls over City resources;
- ✓ Provide information to support decisions.

Strategic Priorities

Financial Health

Governmental Efficiency

Economic Development and Job Creation

Neighborhood Revitalization

Environmental Sustainability

Public Safety

Healthy and Involved Community Members

Financial Health

Continue to take positive steps towards financial stability by maintaining a conservative budgeting approach and focusing on the long-term viability of our financial decisions.

Directional Statements

Continue financial monitoring and communicate to the community the financial status of the City of Batavia.

Support and encourage the increase of non-property tax revenue generation and overall tax base growth.

Maintain level and stable debt service by lowering long-term debt and growing reserve fund resources.

Maximize resource and cost sharing opportunities to promote efficiency and resource sustainability

Key Intended Outcomes	FY 11/12 Goal	FY 12/13 Goal
Bond Rating*	'A2'	'A2'
Communicate financial status reports to City Council	Biannual reviews	Quarterly reviews

* 5-7 year goal of increasing bond rating to A1

Government Efficiency

Balance costs to provide quality services.

Directional Statements

Proactively seek partnerships with government and private organizations to find ways to collaborate for the collective good of our community.

Evaluate and enhance the methods of communicating with citizens and businesses to provide information on City news and issues to the widest possible audience by leveraging technology.

Support the current consolidation and shared service opportunities with the Town of Batavia.

Provide innovative training and professional development opportunities for continuous workforce development and individual growth.

Eliminate service redundancies and strive to achieve internal and external process improvements to maximize personnel efficiency and utilization throughout all departments.

Key Intended Outcomes	FY 11/12 Goal	FY 12/13 Goal
Share services, partner with other organizations	Document & measure	Improve on prior year
Improve public communication	Conduct website assessment & create plan	Implement plan goals
Improve professional development	Create an Organizational Development Plan	Implement plan goals
Improve internal process efficiency	2 cross-departmental function is improved and quantified	2 cross-departmental function is improved and quantified

Economic Development and Job Creation

Capitalize on the strength of our location to promote economic development and actively pursue opportunities that will bring jobs to our community.

Directional Statements

Support the redevelopment and development of Brownfield sites and under utilized properties to promote tax base growth and opportunities for job creation.

Find ways to capitalize on our central location and to encourage others to visit and invest in our City because of the value they see and experience.

Centralize the City of Batavia's economic development efforts to provide the community with a unified approach to marketing the City's assets to grow the local economy.

Collaborate with agencies such as the Genesee County Economic Development Center, Genesee County Chamber of Commerce, Genesee Community College, Batavia Business Improvement District and the business community to create public/private partnerships that encourage targeted growth and retention.

Key Intended Outcomes	FY 11/12 Goal	FY 12/13 Goal
Increase # of jobs	Create Economic Development Plan that identifies most important opportunities	TBD
Increase taxable assessed value		TBD

Neighborhood Revitalization

Find ways to create more productive and valuable neighborhoods.

Directional Statements

Provide support to homeowners and business owners in ways that will lead to an increase in property values.

Pay particular attention to ways to encourage landlords to increase property values, the safety of their property and aesthetics regarding their rental properties.

Support our neighborhoods with proactive code enforcement and partnerships with neighborhood/homeowner associations, homeowners, tenants and residents that ensure healthy and vital neighborhoods, free of crime, blight and decline.

Encourage activities that build and create a sense of neighborhood pride among citizens.

Enhance community livability through sustainable multi-modal infrastructure solutions necessary for economic and neighborhood growth throughout the City.

Key Intended Outcomes	FY 11/12 Goal	FY 12/13 Goal
Increase % of code cases brought into voluntary compliance prior to judicial process	Establish measurement system & monitor	Improve on prior year
Maintain # of linear feet improved (roads, sidewalks, etc.)	3,700 lf – sidewalks 10,000 lf - roads	3,700 lf – sidewalks 10,000 lf - roads
Improve quality of life	Neighborhood Enforcement Team - Identify areas of need & implement plan – will feed future KIO's	TBD
Inspection of multi-family homes	40 properties	40 properties

Environmental Sustainability

Look for ways to preserve our natural resources and seek alternative power sources in places where it is practical and beneficial to our overall community.

Directional Statements

Encourage and model energy and utility efficiency and natural resource sustainability.

Enhance the City's tree efforts by planning proactively for proper tree selection, placement and investment.

Preserve and protect our City parks and the Tonawanda Creek, while making them accessible to citizens.

Key Intended Outcomes	FY 11/12 Goal	FY 12/13 Goal
Identify opportunities to reduce electric & fuel costs	Study opportunities that will feed future KIO's	TBD
Decrease unmetered water loss	Identify consistent measurement process	Improve on prior year
# of trees planted	On hold until 2012/13	Develop plan
Increase average number of properties participating in recycling	65% of stops	70% of stops

Public Safety

Ensure the safety of our community members.

Directional Statements

Strengthen emergency preparedness of City staff and facilities.

Promote proactive public safety initiatives to encourage partnerships with residents and businesses.

Enhance community outreach and awareness by increasing citizen involvement, communication, education and prevention activities.

Key Intended Outcomes	FY 11/12 Goal	FY 12/13 Goal
Improve City's emergency preparedness	# of ICS trained staff	Maintain
Increase # of citizens educated regarding emergency preparedness	Establish measurement system	Maintain/Improve on prior year
Maintain/Improve City Crime Rate (3 year average)	535	535

Healthy and Involved Community Members

Provide activities for our community members that seek to promote healthy living and enhance their cultural, mental, physical and personal growth. Encourage community involvement in government in ways that generate community pride.

Directional Statements

Promote youth and citizen involvement in leadership opportunities throughout the City.

Support arts and cultural activities in ways that engage community participation

Encourage healthy lifestyle choices by providing or promoting leisure, cultural, fitness and recreational opportunities through partnerships.

Key Intended Outcomes	FY 11/12 Goal	FY 12/13 Goal
Increase # of volunteer hours spent enhancing the community	Establish measurement system	Maintain/Increase hours
Increase # of non-City sponsored special events and activities	35	40

Environmental Scan

Financial Health Overview

Over the course of the past four years the City has faced a lingering \$2.2 million general fund deficit, significant cash flow deficiencies and deficits in all other operating funds. In response to these dire conditions necessary actions were taken such as: eliminating 35 positions since 2007, the elimination of the community/economic development program, multiple wage freezes for three unions and management, the borrowing of revenue anticipation notes (RAN's) in order to maintain safe cash balances, consolidation of police dispatching services with Genesee County, elimination of the City ambulance service, the deference much needed capital improvements and equipment purchases and tax/water/sewer rate increases. While at the same time calls for service have increased and roads and pipes continue to deteriorate, City staff has managed to maintain service levels at reasonable costs. As a result, the City of Batavia over the past four years has, by a slim margin, eliminated its prior fund balance deficits and began to identify and plan for improvements and investments that will be needed in order to maintain a sustainable community. Righting the City's fiscal ship, was and still is in terms of fund balance growth the City's first priority.

Because of these necessary decisions along the way, the City's undesignated fund balance as of March 31, 2010 was a modest \$206,216. Even though this is far from the NYS Comptroller's recommended levels of 5%-10% of general fund operations (\$700,000 - \$1,400,000), it is a significant improvement over the City's financial health four years prior (See Chart 1).

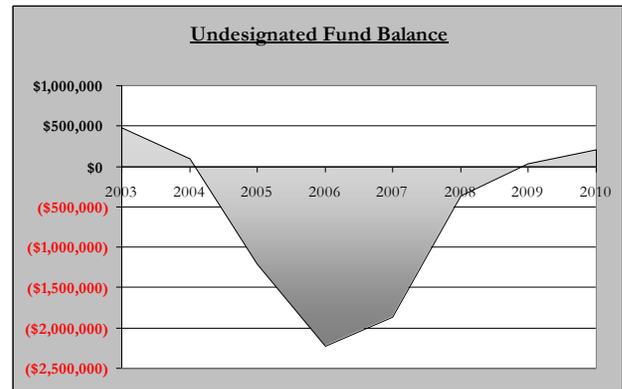


Chart 1

In addition, as of March 31, 2010 the City had repaid all existing inter-fund loans, and no longer needed to borrow RAN's in order to maintain safe cash balances (See Chart 2).

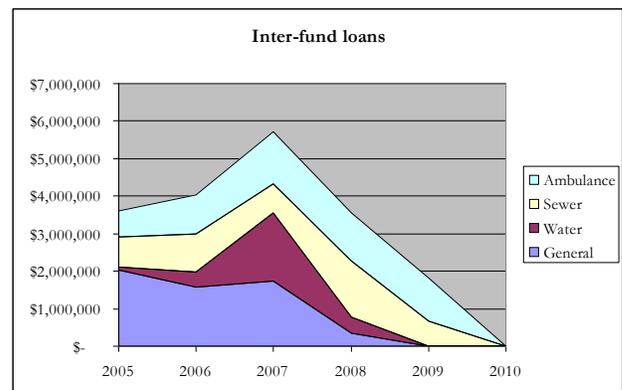


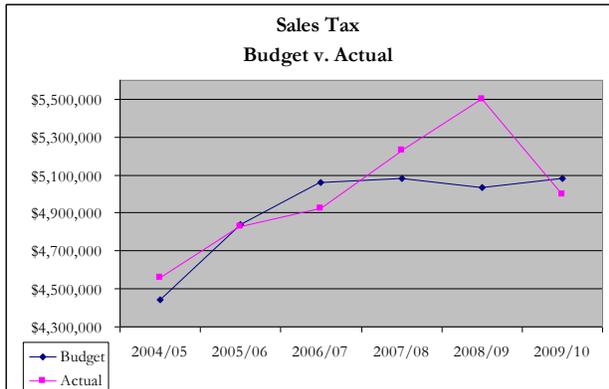
Chart 2

Budget Impacts

Sales Tax

One factor in improving the City's budgeting practices over the past several years was taking a conservative approach to sales tax revenue. Sales tax revenue, on average, has accounted for 32%-37% of general fund revenues. This is second only to property tax revenue. A 1% change in sales tax equals a 1% change in property taxes. Considering that the slightest fluctuation in sales tax revenue can have a significant impact on general fund operations, the City Council has adopted a very conservative approach to projecting future sales tax revenue. During

the past two years of the bearish economy, the City's sales tax revenue plummeted by 9.1%, or \$449,609. Sales tax revenue levels are currently as low as they were in 2006/07 and are expected to remain stagnant in the future. Due to this fluctuation in sales tax and the critical importance sales tax has on general fund operations, the continuance of a conservative budgeting approach moving forward will be imminent in forecasting realistic revenues.



Budgeted versus actual sales tax revenue 2005-2010.

Other Revenues

When compared to 2008/09, gross utility receipts tax decreased 14.7% or \$39,584 and was under budget by \$56,000 in 09/10. This revenue has decreased steadily over the last three years, decreasing 11% in 2007/08 and 15% in 2008/09; due to the slowdown in the real estate market mortgage tax decreased 31.7% or \$51,981 and was under budget by \$28,094 in 09/10; and interest and earnings revenue fell well below budget by approximately \$51,000 or 85% due to the extraordinary drop in interest rates and banking institutions' inability to provide interest on short term investments.

Due to economic downturn the City's three major non-property tax revenues, sales tax, utilities gross receipts, and mortgage tax, have decreased by 10%, or \$593,000. That equates to nearly a 12% increase in property taxes.

Aside from significant decreases in major revenues, the City is expected to experience a decrease in State aid (AIM), of \$74,000 in the City's 2011/12 budget. This is in addition to the \$40,000 decrease in AIM the City has experienced since 2009/10.

Expenses

The economic downturn has also negatively impacted the expense side of the budget. The City's 2011 NYS retirement contribution has increased significantly over 2010. The 2011 retirement contribution is a 61%, or \$473,000 increase over 2010. To make matters worse, the projected 2012 retirement contribution is another 30%, or \$350,000 increase over 2011. The retirement contribution is an unfunded state mandate that local municipalities have no control over.

When combined over a two year period, the City has faced a \$1.2 million swing in decreased revenues and increased state mandated expenditures.

Factors bearing on the City's future

The following are short and long-term factors City Council reviewed when considering variables and challenges the City may face in the future.

Short-term factors

The following are short-term factors bearing on the City's future.

Labor negotiations – The impact of future negotiations and/or arbitrations could be devastating to the City's recent financial achievements and future success, not to mention future property tax levels. Issues surrounding wages and healthcare benefits are only two of the critical benefits that will have significant impacts on the City. Strong and fair negotiations will have to take place to ensure that benefit packages in the future are

reasonable for City employees and affordable for City taxpayers.

Retirement contributions – As mentioned earlier the City's State retirement contributions have and will continue to increase significantly. The New York State Comptroller expects retirement expenses to continue to increase by another 30-40% in upcoming years. In October 2010 City Council created and funded a Retirement Contribution reserve in order to assist with future spikes in retirement costs, however this alone will not solve the problem. Continuing to contribute to this reserve on an annual basis will be critical in preparing for future increases in retirement payments. In addition, any retroactive wage increases due to labor contracts will also increase retirement costs higher than projected.

Sales Tax revenue – Year ending March 31, 2010 had a 9.1%, or \$449,609 decrease in sales tax revenues over the prior year. As a result, the City was \$82,000 under budget for sales tax receipts in 09/10. Because sales tax makes up approximately one-third of the City's general fund revenue, any slight change in receipts may have a drastic effect on the City's budget. Currently a 1% decrease in sales tax receipts equals a 1% increase in property taxes. The City needs to continue to remain conservative when budgeting sales tax in the future.

Reserve funding – Funding reserves now for future equipment and infrastructure improvements will be critical in avoiding larger tax burdens in future years. Planning for these improvements will be a major priority in the City's Business Plan and future budgets. Routine updating of capital improvement plans and the equipment replacement plan accompanied with designated revenue streams to fund these plans will be essential to maintain a safe financial position for the City. In addition, continuing to fund the Employee Benefits

Accrued Liability, Health Insurance and Retirement reserves will be critical in establishing safe financial resources for any unexpected expenses in the future and in maintaining stable tax rates.

Workers Compensation Fund – Currently there are open workers compensation claims from prior years that are not covered by the City's current worker compensation carrier. These open claims are estimated at a liability of \$285,000. It will be imperative to aggressively appropriate funds to the worker comp reserve in order to absorb any claims that are not covered by the City's current insurance plan.

New York State Budget – The City will need to be proactive in our response to various changes and cuts that affect the City as a result of the NYS Budget. We are currently aware of additional cuts in State aid (AIM) and increased retirement costs. It is important that the City anticipate these well in advance and remain flexible in our ability to respond during the budget process.

Property Tax Cap – If the State Assembly passes a property tax cap without relief from mandated expenses such as pension cost, healthcare or the collective bargaining process, the City's ability to levy the necessary funds to support vital services will be significantly hampered. If adopted, the City may be faced with significant reductions in critical services.

General fund revenues – If the major non-property tax revenues continue to decrease and expenses continue to increase, the City will have to consider additional methods of generating revenue. User fees and special assessments for applicable services will have to be studied and considered in order to avoid substantial property tax increases or service losses.

Long-term factors

Post Employment Benefits (GASB 45) – The City’s liability for post employment benefits as of the actuarial valuation date of April 1, 2009 amount to \$9,222,599. Aggressive labor negotiations to reduce future retiree costs will be essential for maintaining lower retiree benefits in the long term and decrease the above liability. The City will be conducting an updated actuarial valuation by March 31, 2011.

Employee costs & retirement costs – As mentioned above, retirement costs have and are expected to increase significantly. In the same manner, employee benefit costs continue to increase. Maintaining reasonable employee benefits will be a major determining factor in the City’s ability to provide quality services at a reasonable cost. Aggressively trying to change benefits to reasonable and affordable levels for employees is important for the City to continue delivering services to the community at existing levels.

Level Debt Service and Reserve funding – Similar to the already mentioned short-term factors, planning and funding capital improvement plans and reserves will be important in avoiding unnecessary costs in the future. Equipment, facilities and infrastructure will continue to deteriorate on larger scales if improvements are not made when needed. Funding these improvements now and over an extended period of time will prove easier and more cost effective than funding them later. Preparing for these projects will be a product of carefully coordinating planned efforts to evaluate current infrastructure and future needs with the City’s ability to pay for these improvements. Developing a solid strategy for managing an acceptable debt service level and reserve investments will be critical to making capital planning and investment a success while maintaining a stable tax rate.

SWOT

During the planning process City Council and staff went through a SWOT analysis to understand the City's Strengths, Weaknesses, Opportunities and Threats. Below are a sample of topics evaluated in each area.

Strengths

- Retain grants
- Effective workforce
- Geographic/central location
- Committed staff
- Reliable water/sewer capacity
- Safe neighborhoods
- Redevelopment areas
- Potential
- Safety
- Nice place to live
- Effective leadership
- Stable finances
- Schools
- Low City taxes
- Affordable

Weaknesses

- Old infrastructure
- Lack of business & industry
- Lack of high paying jobs
- Decreasing population
- Lack of marketing
- Tax rate
- Limited income potential
- Lack of progressive downtown & mall
- Older/aging housing stock
- Lack of single family homes
- Youth leaving
- Vacant retail/industrial sites/empty buildings
- Lack of fund balance/tax base
- New York State

Opportunities

- Consolidation with Town
- Greater collaboration with County services
- Distribution of water & sewer
- Redevelopment of Harvester Center
- Location in WNY
- Strategic planning
- Collaboration with GCC, other agencies
- Grant funding development
- GCEDC
- NYS/Fed grants

Threats

- Pension costs
- State mandates
- Only 3 major private employers
- Tax base threat
- Non community oriented residents
- Declining population
- Sales tax is tied to local economy
- Lack of state funding
- Location in NYS
- Poor image

Citizen Survey Results

Overview

In an effort to better allocate the City's resources with the wants and needs of the community, the City conducted an on-line citizen survey.

The survey was designed to be a quick method of broadly gauging residents, the business community and citizens who work in the City, on the level of importance and satisfaction of the services provided by the City. This citizen survey data was used by City Council in determining the strategic priorities.

For the first citizen survey conducted on-line the City received favorable participation. There were 1,252 respondents that completed the survey.

On a scale of 1 to 7, where 1 is very low and 7 is very high, there were the following results:

How do you rate the City of Batavia as a place to live? **82% rated 4 or better**

How do you rate your neighborhood as a place to live? **80% rated 4 or better**

How do you rate the City of Batavia as a place to raise children? **80% rated 4 or better**

How do you rate the overall quality of life in Batavia? **81% rated 4 or better**

How do rate the overall quality of services provided by the City of Batavia? **73% rated 4 or better**

In ranking service areas in order of importance, most important to least important, there were the following results:

- 1) Economic Development/Job Growth
- 2) Public Safety
- 3) Attention to Infrastructure (roads, sidewalks, water, sewer)

- 4) Community Development/Neighborhood Improvements
- 5) Recreation/Youth Services
- 6) Downtown Improvements

In ranking service areas on how satisfied respondents were with how the City is performing these services, in order of least satisfied to most satisfied, there were the following results:

- 1) Economic Development/Job Creation
- 2) Community Development/Neighborhood Improvements
- 3) Attention to Infrastructure (roads, sidewalks, water, sewer)
- 4) Recreation/Youth services
- 5) Downtown Improvements
- 6) Public Safety

Do you reside and/or work in the City:

Reside Only	35%
Work Only	21%
Both	44%

The ward responses were as follows:

Ward 1	19%
Ward 2	12%
Ward 3	12%
Ward 4	14%
Ward 5	11%
Ward 6	11%
Not a resident	22%

The age range of respondents was as follows:

18-24	4%
24-34	12%
35-44	16%
45-54	27%
55-64	29%
65+	12%

There were additional comments from the surveys stressing the importance of **better roads and sidewalks, bringing good paying jobs to the community, focusing on neighborhood improvements and having cost effective public safety services.**

Performance Analysis

Overview

The City has developed a performance measurement system to monitor the City Council's seven strategic priorities. The City Council has established 21 KIO's, all of which support at least one of the seven strategic priorities. Each KIO's has a performance goal to be achieved. The KIO's have provided a basis for the City's annual budget to determine where available resources should be allocated in order to achieve the City's strategic priorities.

The final piece to the Strategic Plan is the attached Business Plan, which aligns the annual budget by establishing Business Plan initiatives that will best meet the performance goals of each KIO.