

## **City of Batavia Strategic Plan**

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 started in 2010 with a series of workshops, data and research needed for City Council to review, analyze and make decisions. The City Council examined 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 was the first strategic planning process the City had conducted in recent years, many of the KIO's measurement standards were better defined during the first year. The first year of implementation was still very much a planning year.

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.

### **2012 Revision**

The original Strategic Plan was designed to be reviewed and updated every two years, while the Business Plan is updated annually during the budget process. This year the City Council met to review the City's vision, mission, strategic priorities and the first year's results and accomplishments. Staff also reviewed and presented revised KIO's that better represented performance measurements reflecting the City's strategic priorities.

### **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 2013/14 and 2014/15. 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 a review of the 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

<b>Key Intended Outcomes</b>	<b>FY 13/14 Goal</b>	<b>FY 14/15 Goal</b>
Bond Rating*	Aa3	Aa3
Communicate financial status reports to City Council	Quarterly reviews	Quarterly reviews

\* 5-7 year goal of increasing bond rating to Aa3

# 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.

<b>Key Intended Outcomes</b>	<b>FY 13/14 Goal</b>	<b>FY 14/15 Goal</b>
Share services, partner with other organizations	Increase # - measure cost benefit	Increase # - measure cost benefit
Improve public communication	New website operational	TBD
Improve professional development	Execute safety and general training plan	Execute leadership development training plan
Improve internal process efficiency	Dept. project & measure	Dept. project & measure

## *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. Focus on business retention, expansion and recruitment while fostering an entrepreneurial spirit and ripening real estate City-wide.

### **Directional Statements**

Support the redevelopment and development of Brownfield sites and underutilized 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 Batavia Development Corporation, 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.

Focus on small business development that will retain and expand existing operations. Encourage new business activities that will 1) re-direct dollars back to the City that are already being spent outside the local marketplace and 2) relate to the new economic activity just outside the City.

<b>Key Intended Outcomes</b>	<b>FY 13/14 Goal</b>	<b>FY 14/15 Goal</b>
Increase # of small business loans	Issue 8-10 small business loans	Issue 8-10 small business loans
Encourage redevelopment of underutilized real property	Develop concepts for specific site in BOA program	Encourage redevelopment of 1 underutilized site

# 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 13/14 Goal	FY 14/15 Goal
Increase % of code cases brought into voluntary compliance prior to judicial process	95% compliance(Q3)	95% compliance(Q3)
Maintain # of linear feet improved (roads, sidewalks, etc.)	3,700 lf – sidewalks	3,700 lf – sidewalks
	85% Pavement Condition Index	85% PCI
Revise Municipal Codes (Amend/create 1 code to improve neighborhoods)	Unregistered vehicles	Amend/create 1 code to improve neighborhoods
Inspection of multi-family homes	95% compliance(Q3)	95% compliance(Q3)
Improve Housing Quality (Housing rehab program every 4 yrs.)	Assist with complete rehabilitation of 1 residential home	Assist with complete rehabilitation of 1 residential home
Vibrant Batavia Committee	TBD	TBD

# *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 replacement 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.

<b>Key Intended Outcomes</b>	<b>FY 13/14 Goal</b>	<b>FY 14/15 Goal</b>
Identify opportunities to reduce electric & fuel costs	BOA Study <ul style="list-style-type: none"> <li>• Wastewater outfall</li> <li>• Tonawanda Creek dam</li> </ul>	BOA Study Outcomes
Decrease unmetered water loss	Develop new benchmark for efficiency	Maintain/improve on prior year
# of trees planted	Complete tree inventory	Develop tree master plan

# ***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.

<b>Key Intended Outcomes</b>	<b>FY 13/14 Goal</b>	<b>FY 14/15 Goal</b>
Improve City’s emergency preparedness	50% of staff NIMS/ICS trained	60% of staff NIMS/ICS trained
Increase # of citizens educated regarding emergency preparedness	2000 residents/300 hours	2000 residents/300 hours
	60 car seats	60 car seats
	150 child ID kits	150 of child ID kits
Maintain/Improve City Crime Rate (3 year average)	535	535
Improve Traffic Safety	2 tractor trailer enforcement details	3 tractor trailer enforcement details

## *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.

<b>Key Intended Outcomes</b>	<b>FY 13/14 Goal</b>	<b>FY 14/15 Goal</b>
Increase # of volunteer hours spent enhancing the community	800	800
Increase # of non-City sponsored special events and activities	35	35
Improve healthy workforce	100% participation in wellness program	100% participation in wellness program
	85% of employees earn 4 credits or more	85% of employees earn 4 credits or more

# *Environmental Scan*

## **Financial Health Overview**

Over the course of the past six 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 30 positions since 2007, the elimination of the community/economic development program, multiple wage freezes for all 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 deferring of 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 over the past six years has, 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.

### Updates throughout the Year

One of the City's Financial Health performance measurements is to communicate financial status reports to City Council and the public throughout the year. Since April 2012 staff have made five (5) presentations to City Council regarding not only status of the City's finances, but also developments regarding the City's Strategic Plan, real property, economic development, CAT report's and outcomes, tax cap analysis

and upcoming budget challenges. Below is a recap of each presentation:

*July 9, 2012* – Staff reviewed the 2011/12 Strategic Plan year end results. An overview of the planning process, Key Intended Outcomes (KIO's), priorities and outcomes were discussed. This was the first year of implementation of the City's Strategic Plan and nearly all KIO's were achieved or exceeded.

*August 13, 2012* – City Council was briefed on Moody's bond rating upgrade for the City of Batavia. A history of the City's bond rating, and Moody's comments and outlooks on the City's financial performance from 2005-2011 and 2012 were reviewed. In addition, the impact of the City's bond rating upgrade on decreased borrowing costs was explained. Two specific concerns outlined by Moody's were the City's low tax base growth and below average state and national wealth levels. These concerns continue to support the City's need to focus on economic development by promoting adoptive reuse/ redevelopment opportunities such as brownfield sites and new development opportunities such as new residential subdivisions.

*September 10, 2012* – The City's independent auditors gave an overview of the City's FY 2011/12 financial statements. As part of the City's financial statement recommendations for contributions towards reserve funds to support identified future liabilities were also discussed. The recommendations were then adopted by City Council in October.

*October 9, 2012* – Staff reviewed the Community Action Team (CAT) reports and action items identified in 2004. This was the first review of the accomplished objectives outlined in the CAT reports. The presentation outlined that 36 of the 67 action items/projects identified in the CAT reports have been achieved or are currently being worked on.

October 22, 2012 – This mid-year review discussed the tax cap analysis identifying tax levy limits under the tax cap legislation for FY 2013/14. Six month projections for year-end were reviewed and FY 2013/14 budget challenges with respect to revenue and expense concerns were identified. Specifically highlighted, were the expected increases in NYS retirement contribution costs, which will exceed the maximum tax levy increase allowed under the tax cap by \$100,000.

Moody’s Investor Services

As a result of hard work and difficult decisions, in 2011 the City received a favorable affirmation of the City’s A2 bonding rating from Moody’s Investment Services. Moody’s stated, “*Moody’s expects the city’s financial position to improve at the close of fiscal 2011 given the city’s practice of conservative budgeting of both revenues and expenditures.*” In July 2012 Moody’s upgraded the City’s bond rating to an A1; recognizing the City’s improving financial health. However, despite positive acknowledgement and movement toward a favorable financial standing, Moody’s cautioned that the City continues to suffer from limited tax base growth and below average wealth levels. They further cautioned that if the City experiences declines in tax base or socioeconomic statistics the City’s bond rating may slip to prior levels.

Fund Balance

In March 2012 the City Council adopted a Fund Balance Policy that reflected the City Council’s Financial Health strategic priority of maintaining level and stable debt service by lowering long-term debt and growing reserve fund resources. The Fund Balance policy outlines the accounting changes by the Governmental Accounting Standards Board (GASB) Statement No. 54 with respect to fund balance reporting, and also identified the City’s goal of maintaining a minimum

unassigned fund balance in the general fund of 10% of operating expenditures. The 10% fund balance goal was modeled after the NYS Comptroller’s recommended levels of 10% of general fund operations.

The City’s unassigned fund balance as of March 31, 2012 was a modest \$1,098,838. This is 7.4% of the general fund operations. Even though this is not meeting the NYS Comptroller’s top recommended levels of 10%, it is a significant improvement over the City’s financial health four years prior. Chart 1 below depicts the City’s fund balance levels over the past 10 years (blue line) versus what the City’s unassigned fund balance should have been had 10% of operating expenditures been achieved (red line). As seen in Chart 1, the City is making progress towards attaining the City fund balance policy goal.

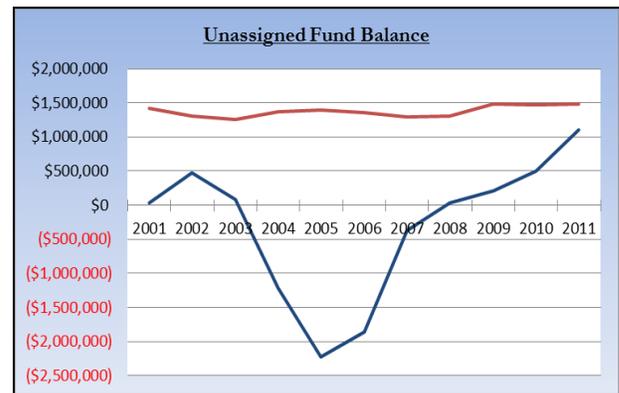


Chart 1

Taxable Assessed Value Decline

While the City has made considerable progress in improving financial wherewithal, the unfortunate lack of economic recovery, specifically the real estate market, has potentially threatened the City’s vigilant efforts to maintain stable tax rates and viable services. Since 2007 the City has seen a steady increase in the taxable assessed value growth. On average the City’s annual tax base growth was approximately 1.5%. However, starting in 2010 the City realized a 1.2% growth in taxable value, and in 2011 and 2012 the

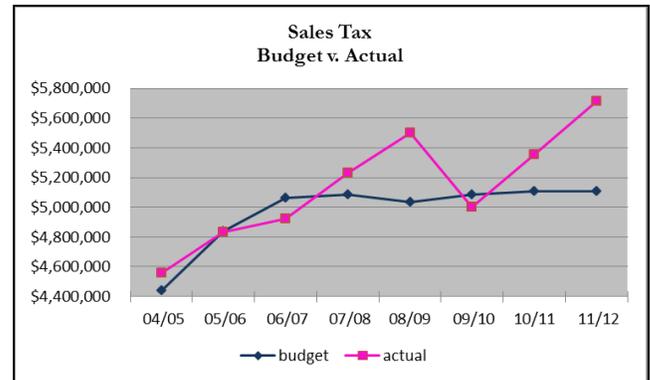
taxable assessed value growth was .74% and .49% respectively. In addition, the real estate market continues to show sluggish signs of recovery and is expecting that little to no growth over the next several years.

Real property tax is the City's largest and most stable revenue source for general fund services. With the lack of growth in assessed value, increased State mandates and the 2% Tax Cap, services have the potential to be negatively impacted as revenue sources diminish.

### Economy Challenges

#### *Sales Tax*

One factor in improving the City's budgeting practices over the past several years was taking a conservative approach to budgeting 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. Due to a recessive economy, in 2009/10 the City's sales tax revenue plummeted by 9.1%, or \$449,609. In 2010/11 sales tax revenues were as low as they were in 2006/07. In addition, gas prices in Genesee County play a major role on the variability of sales tax revenues. Over the past three years gas prices have fluctuated more than \$.50 per gallon over a several month period sometimes exceeding \$4.00 per gallon. These types of fluctuations have happened at least three times since 2010. Due to erratic and unpredictable changes in sales tax, and the critical importance sales tax has on general fund revenues, the continuance of a conservative budgeting approach moving forward will be vital when forecasting realistic revenues.



Budgeted versus actual sales tax revenue 2005-2012.

### *Other Revenues*

Gross Utility Receipts Tax - When compared to 2007/08, gross utility receipts tax has decreased 14.5% or \$43,705. This revenue has decreased steadily over the past five years.

Mortgage Tax - Due to the slowdown in the real estate market mortgage tax has decreased 38.3% or \$62,790 since 2008/09. This revenue has decreased steadily over the past 4 years.

AIM Aid - New York State has decreased the amount of State aid to the City by 8% or \$150,689 since 2009/10. This revenue has decreased steadily over the past 3 years. It is also expected to decrease another \$5,000 in 2013/14.

### Legislative Issues/ State Mandates

#### *NYS Retirement Contributions*

The economic downturn has also negatively impacted the expense side of the budget. The City's 2013/14 NYS retirement contribution will increase \$298,108 over 2012/13. Considering the upcoming years retirement contribution, from 2010 to 2014 the City's retirement contribution will have increased 63% or \$797,947. The retirement contribution is an unfunded state mandate that local municipalities have no control over.

Unfortunately, irrespective of the City's attempt to manage personnel costs with low wage increases and a 15% reduction (30 FTE's) in workforce, retirement contributions continue to skyrocket with no sign of relief in the near future.

### *2% Tax Cap*

Equally troublesome as the drastic increases in retirement contributions is the overly restrictive constraints of the Real Property Tax Levy Limit Law, a.k.a "The Tax Cap." Fiscal year 2013/14 will be the second year of the institution of the tax cap legislation, and the City is faced with contradicting state mandates that, when mixed with no assessed value growth, equals an unexplainable revenue shortfall. For example, as mentioned above, the FY 2013/14 retirement contribution is expected to increase \$298,108 over the prior year. However, the Tax Cap only allows the City to increase property taxes by \$206,582 for FY 2013/14 unless override legislation is passed by City Council. Already, the City is faced with an approximate \$100,000 shortfall, notwithstanding expected increases in expenses such as healthcare or contractually obligated wage increases.

### **Factors bearing on the City's future**

The following is a description of both short and long-term factors the City will be forced to deal with in the future:

#### **Short-Term Factors**

Union Contracts – The City's AFSCME (public works employees) union contract expired March 31, 2012. The City's negotiations are focused on manageable benefit packages that will not significantly impact future property tax levels. The City's police and fire union contracts expire March 31, 2013 and negotiations will begin within the next several months. Strong but fair negotiations will have

to take place to ensure that future benefit packages are reasonable for City employees and affordable for City taxpayers.

Sales Tax Revenue – Fiscal year ending March 31, 2012 had a 6.7% or \$359,977 increase in sales tax revenues over the prior year. While this is an increase over the prior year, the City's sales tax revenue is an economically sensitive revenue, and is subject to volatile swings in receipts as witnessed in the recent past. Because sales tax makes up approximately one-third of the City's general fund revenue, any slight change in receipts may have a significant 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 as growth in sales tax is unpredictable at best.

Reserve funding – Funding reserves now for future equipment and infrastructure improvements have and will be critical in avoiding larger tax burdens in future years. In the fiscal year ending March 31, 2012, the City utilized \$464,574 of reserve funding to purchase needed equipment and offset liabilities as they came due. Planning for these improvements/costs is a major priority in the City's work plan. Updating capital improvement plans and designated revenue streams to fund these plans are essential to maintaining a safe financial position for the City. In addition, funding reserves such as the Employee Accrued Liability Reserve, Retirement Reserve and Healthcare Reserve is critical in order to pay for one-time and often unexpected expenses which have the potential to negatively impact the City's unassigned fund balance. While it is unreasonable to fully fund all liabilities, it is important to properly assess and evaluate potential risks in order to appropriately fund and prepare for likely obligations.

State Budget & Property Tax Cap – The City continues to be proactive in our response to various NYS Budget changes and cuts that affect the City. It is important that the City anticipate these well in advance and remain flexible in our ability to respond during the budget process. With the recent adoption of the property tax cap without relief from mandated expenses, the City's ability to levy the necessary funds to support services may be significantly hampered. The City is continually evaluating the impact of the tax cap on the City's budget and services.

NYS Retirement Costs – Since FY 2009/10 annual fluctuations in actual retirement payments have ranged from a 29% decrease (\$311,000) in 2009/10 to a 62% increase (\$478,000) the following year in 2010/11, and a 4% decrease (\$52,000) in 2011/12 to a 44% increase (\$537,259) in 2012/13. This unexplainable fluctuation has created skepticism and a lack of confidence in New York State retirement projections. Preemptively, in 2009 the City Council created a Retirement Contribution Reserve to capture surplus funds for future years of uncertainty. Considering the State's suggested retirement contribution rates for the past three years have not been consistent with actual retirement payments, it is prudent to assume retirement costs will increase by double digits in future years until consistent and reliable retirement payments are restored.

Healthcare Costs – On average for the past five years the City's healthcare costs have increased approximately 8-10% per year. On an annual basis the City analyzes the option of transitioning from a self-insured plan to an experienced-based plan, however the City's ability to maintain manageable annual increases in healthcare costs while building a healthcare reserve makes it financially feasible to remain self-insured. This year the expected increase in healthcare costs is again 8-10% however, unlike prior years, the City's retiree

healthcare population has increased adding additional costs.

Retiree Healthcare Costs – Between January 2010 and January 2012, 16 employees retired or left employment from the City of Batavia. Of those 16 employees, 14 carried the City's health insurance during employment. Ten of those 14 now carry retiree health insurance plans. In addition, 14 of the employees who have replaced those who retired now carry City health insurance. In total, for FY 2012/13, the City is carrying 24 health insurance plans for 16 positions. This is a 60%, or \$102,000, increase in healthcare costs compared to 2010/2011, for the same 16 positions. Retiree healthcare will continue to increase in the future. For this reason, the City will continue to aggressively negotiate with City unions to discontinue this benefit moving forward.

Taxable Assessed Value – The City's taxable assessed value has shown virtually no growth in 2011 and 2012. This is an unprecedented backwards step for the City with respect to its most stable source of revenue, property tax base. On average the tax base growth has been about 1.5% annually, however 2011 and 2012 showed minuscule increases in assessed values of .74% and .49%. The slowdown in the economy has restricted the City's ability to maintain slow but steady tax base growth, and is a concern for future revenue growth.

### **Long-Term Factors**

Post-Employment Benefits (GASB 45) & Retiree Healthcare – The City's liability for post-employment benefits as of the actuarial valuation date of April 1, 2011 amounted to \$7,147,986. As of this time, that liability is unfunded and, therefore, it is imperative the City begin to consider a means to fund these costs. If the City does not begin to fund anticipated retiree costs now, future costs will prove to outweigh any savings achieved today.

In addition, aggressive labor negotiations to reduce future retiree costs will be essential for maintaining lower retiree benefits in the long term and decrease this liability.

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. Funding for these costs through reserves is imperative but also aggressively addressing a change to employee benefit levels is equally important for the City to continue delivering services to the community at existing levels.

Taxable Assessed Value – As mentioned above, the City has enjoyed an average growth of 1.5% in our tax base annually, however in 2011 and 2012 the City's taxable assessed value has remained stagnant. When compared to Genesee County's tax base growth, the City is lagging. As the housing market continues to show slow signs of recovery, the City should expect little to no growth over the next several years. Considering taxable assessed value is the City's largest source of revenue, the City needs to make improving the City's tax base, particularly the non-residential tax base, a priority and encourage future commercial and industrial redevelopment throughout the City's Central Corridor.

### **Summary**

Over the past three years the City has experienced decreases in state aid as well as considerable increases in state retirement costs and retiree healthcare costs. In addition, the imposition of the Property Tax Cap further limit the City's ability to combat increasing mandated costs as the cap imposes a ceiling on the City's ability to levy property taxes. The City's Strategic Plan emphasizes

Financial Health as one of seven strategic priorities. The City's financial improvement over the past several years has been the result of many necessary reactive and proactive approaches to budgeting and operations for the City. However, being faced with many large financial hurdles, such as retirement costs and state budget cuts, the City's financial outlook remains questionable. It is critically important that the City continue to spend a considerable effort on planning for the future; most specifically with regards to funding reserves, maintaining and funding capital and equipment replacement plans, and maintaining low cost, high quality services to residents. In addition, resources need to be focused on encouraging tax base growth through economic development efforts by promoting land use redevelopment and job growth within the City.

# SWOT

During the planning process in 2010 the City Council and staff went through a SWOT analysis to understand the City's Strengths, Weaknesses, Opportunities and Threats. Below is 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 in 2010 and 2012 conducted an on-line citizen survey. Unfortunately due to little response, the 2012 survey was inconclusive. However, the little response that was received was very similar to the 2010 survey results. In the future the City will look into better surveying methods in order to receive more conclusive results.

There were 1,252 respondents that completed in the 2010 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. For the first two years of the Strategic Plan the City Council established 21 KIO's, all of which support at least one of the seven strategic priorities. After review by City Council and City staff, the proposed Strategic Plans for FY 2013/14 and 2014/15 have established 24 KIO's to better reflect measurements that will meet the City's strategic priorities. Each KIO 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.