

2010
State of the City Address
By Mayor Gerald D. Jennings
Presented to the Albany Common Council
January 4, 2010

Good evening President McLaughlin, members of the Council, friends, and my fellow citizens of Albany. Welcome to our historic City Hall, and thank you for joining me as I once again have the honor of providing a report on the state of our All-America City.

Tonight, in particular, is a special opportunity to greet a new Council at the start of a new year and a new term, and to share with you and with our citizenry a candid assessment of the challenges and opportunities that we will face.

Each of our City departments has prepared detailed reports on their accomplishments for 2009. These reports will be posted on our

City website and they are impressive. Despite cutbacks in every department, our City workforce and department heads have truly done a remarkable job of doing more with less, in terms in delivering important programs and services to our constituency. I am so proud and so grateful for their efforts.

I have, in fact, spent much of the past 12 months talking about the accomplishments my administration has achieved over the past 16 years. Crime has decreased; challenged neighborhoods have undergone dramatic revitalization; downtown has experienced a true renaissance; millions have been invested in new infrastructure; and as you have just heard and seen in tonight's video presentation, over \$6 billion dollars in economic development has been achieved, largely through our Capitalize Albany initiatives.

As a result of these accomplishments, each year, for the past 16 years, I have taken great pride and satisfaction in reporting that the state of our City is strong, and that our future is bright.

But tonight, as our State and Nation continue to struggle through the worst economic crisis since the Great Depression, the effects of that crisis on our City present challenges that will require us to make difficult decisions in the days, weeks, and months ahead - challenges that will require us to work together to maintain the quality of life that has earned our City National recognition, and the strongest bond rating in the State outside of New York City.

First and foremost will be the challenge to maintain our City's financial stability. Since 2008, we've lost millions in anticipated, even budgeted State aid, with threats of more cuts to come. And, as you are aware, in 2011, we will automatically lose nearly \$8 million dollars in State PILOT payments on the Empire State Plaza, and the State Comptroller has warned of significant increases in the amount of pension contributions.

As we move forward, our challenge will be first - to impress upon the Governor and State Legislature that they cannot continue to pass on the State's financial crisis to local governments through additional cuts in State aid payments.

Additional cuts will require us to cut services and raise local property taxes, which, in the end, will not only be detrimental to our residents, but also will be detrimental to the viability of our State as a place to work and to live.

Secondly, we must finally convince the Governor and State Legislature to bring equality to the way in which State revenue payments are shared. There is no reason why Yonkers, Buffalo, Rochester or Syracuse should receive so much more in per capita aid than Albany.

If we received State aid payments commensurate with these cities, not only would our finances be such that we could actually

lower real property taxes, but we would have money to address economic development and neighborhood revitalization in a major way.

We must additionally convince our State leaders that Albany needs to be justly compensated for the high percentage of State land that is tax-exempt. Accordingly, I will ask our State legislators to reintroduce the Harriman PILOT bill, and I ask you to advocate for its passage, and for its signature into law by the Governor.

We cannot and should not be told once again, that - it's not the right time, Albany. Each year that goes by that fails to address these inequities is another year that our taxpayers are asked to bear the burden of paying more to support our City government, because our State government is not providing us with appropriate and equitable State aid payments.

I say the time is now to right this wrong. And I say, let's confront this issue together.

The reality is that without additional State aid, there is no way to provide a balanced budget without dramatic cuts in programs and services (and City personnel), or without raising real property taxes significantly.

We will also continue to look for additional Federal aid. This year, stimulus funding will enable us to add 10 additional police officers. These additional officers will enable us to put beat cops back into neighborhoods as we renew our commitment to community policing.

Our challenge will be to make certain that our community is truly engaged, and a partner with us as we embrace this initiative. We have already begun the process, by involving the community in our search for a new police chief, and I look forward to the search

committee's recommendations, and thank them, and all who have been involved, for their commitment to this process.

We have been successful and effective in reducing crime rates I believe, because we have one of the best police departments in the State and in the Nation. In fact, the Department just received re-accreditation by the New York State Department of Criminal Justice.

Re-accreditation is a testimonial that the Department's policies, practices and procedures meet or exceed recognized performance standards. Our challenge going forward, of course, will be to reduce crime rates even further, and to make certain our City is as safe a community as possible.

Likewise, we have applied for stimulus funding for our Fire Department and, if successful, we will restore those positions that have remained vacant over the past year. Our firefighters not only

provide the traditional services of firefighting and preventing fires, but also are involved in thousands of emergency medical responses and in thousands of code inspections necessary to ensure the safety of our building stock. Without stimulus funding or additional State aid, many of these vital services will be at risk.

The same is true of the many important programs and initiatives of the City's Department of General Services; our Department of Recreation; and our Department of Youth and Family Services.

Each of these departments provides services critical to maintaining the City's high quality of life; services that insure that our City is an inviting place to live and to raise a family. A place where residents and visitors can enjoy outstanding special events, beautiful parks and playgrounds, diverse and historic neighborhoods, all in a clean and safe environment.

Our challenge then is clear; to work to preserve - and even enhance - these vital programs without resorting to cuts in personnel or to implementing higher real property taxes.

Just consider what our Department of Development and Planning, our Housing Authority, and our Community Development Agency have accomplished in terms of neighborhood revitalization projects in Park South, in Arbor Hill, and in the South End using a variety of State and Federal funding sources to leverage private investment.

This year, we've included in our capital budget, \$1 million dollars in new borrowing for additional neighborhood revitalization initiatives that will enhance our successful Block-by-Block Program.

We need, of course, much more to make the kind of dramatic impact that will eliminate vacant and abandoned buildings from all of our neighborhoods. Imagine what we could do with \$51 million

dollars more – that is what we would have in additional State aid if we received per capita revenue commensurate with Yonkers.

The point I am making is hopefully clear, our resources are limited - and now threatened - because of reductions in our State aid payments. This, at the same time that our expenses have increased – due largely to reasons beyond our control. We face increases in State pension costs, higher health insurance costs for employees and retirees, and higher operational expenses for utilities and the like.

The combination of decreasing revenues and increasing expenses has created a situation that will require extraordinary action in the coming months to avoid a financial tsunami next year.

So tonight I am appointing a new task force that will include the Council President, the President Pro Tempore, Majority Leader, our new City Auditor and new City Treasurer, and our Deputy

Mayor and Budget Director, to review the financial challenges I've outlined.

I will also begin the process of engaging an outside independent financial management firm that will review and make recommendations with regard to City-wide operations. We will use the management audit's initial findings as a blueprint, as we face the difficult decisions we will have to make this year to prepare for our 2011 budget.

I will also shortly be appointing a separate task force of outside financial experts to focus on the fiscal issues attendant to our status as the State Capital and the issue of the inequity in our State aid payments.

I will ask them to research, for example, how do other states compensate their capital cities for the high percentage of tax-exempt property owned by state government and for the additional services

such cities provide related to public safety and the like? Also, is there a basis to collect revenue from authorities, agencies, nonprofits and the like that are engaged in essentially for profit activity? And, is the State's inequitable distribution of aid to municipalities in violation of the State Constitution?

These issues are no longer academic; they are totally relevant to our short and long-term financial stability.

I believe we can and we will find solutions to the difficult issues confronting us. We will do this by working together with clear objectives and with smart strategies, and by involving our citizenry in the process. Also, it is important to remember that while we must always be open and truthful to these challenges, we must not let our challenges alone define us. Instead, let us be defined by how we face them, and ultimately, by how we overcome them.

I wanted to share the video with you tonight, because it is a reminder of how far we have come, and of the potential for continued progress in the future.

It is a reminder also of the fact that while we face many challenges, there is also much to be proud of.

Fundamentally, I believe in the people, the institutions, and the businesses that make up our City. They are the constituency responsible for our success and for helping us achieve National recognition from organizations such as the National Civic League and the U.S. Conference of Mayors. They are the ones who have made us one of the most exciting and desirable communities in the Nation, and who will assure continued success in our future.

So tonight, despite all the challenges, I am once again the optimist. Our City is resilient, our people are resourceful, and our opportunities for success unlimited. Working together, we will meet

any challenge, and in so doing, we will ensure a community that offers our children a place to fulfill their highest hopes, aspirations and dreams.

Again, thank you for your commitment to our City, and I look forward to working closely with you all. Happy New Year to you and to all the residents of our City.