

2011
State of the City Address
by Mayor Scott T. Johnson
January 23, 2011

Welcome and good afternoon to my fellow Saratogians. As in prior years, I look forward to working with all of you toward a better Saratoga.

I also recognize and thank my fellow City Council members, Commissioner John Franck, Commissioner Kenneth Ivins Jr., Commissioner Anthony “Skip” Scirocco, and Commissioner Richard Wirth, both for being here today and continuing to better work together on behalf of the City. During the past few years, we have put a much more positive face on City government and demonstrated that professionalism does have a place in elected office. A welcome and thank you also goes out to Deputy Mayor Shauna Sutton, Deputy Commissioner Kate Jarosh, Deputy Commissioner Timothy Cogan, Deputy Commissioner Frank Dudla, Deputy Commissioner Sharon Kellner-Chille, City Attorney Joseph Scala, Assistant City Attorney Anthony Izzo and my Executive Assistant Therese Connolly. If only the public could work just one day in City Hall, the dedication to the public and hard work would never be questioned.

I also welcome our County Supervisors, Joanne Yepsen and Matthew Veitch, and recognize their dedication to our City and efforts to improve our City and County relationship.

I also welcome the other elected officials here today, as well as all former members of our City Council. We appreciate and recognize your dedication to our City.

On a personal note, I continue to thank my family, my wife Julie, son Conor and mother Jane, for their support and love each and every day.

Lastly, as in the past, please join me in a moment of silence to remember and express gratitude to our fellow Saratogians, family and friends who are no longer with us but who all contributed to our great community.

Please join me now as we consider the State of our City.

The year 2010 had its share of difficult times, harsh realities and hope, yes hope, in coping with the cost of government in challenging times. Last year also brought forward certain accomplishments, such as expansion of the City Center and building of the Recreation Center, that had been planned for many years but not brought to fruition. We continue to have a unique balance between an unsurpassed quality of life and good economic development in our region that not only made us more resistant to the economic recession but also inspires us for a brighter economic outlook for 2011. As has often been said, Saratoga Springs may be a small City but it has a big personality. It's also been said that the great thing about living in Saratoga is that if you don't know what you're doing, someone else always does.

Fortunately, many financial indicators and analysts are predicting the great recession has bottomed out and economic recovery is underway. I have often said that Saratoga, as a destination and resort community, is more resistant but not immune from economic downturns. We need only to look at certain statistical data for 2010 to see the impact to our City and that things are now improving. For example, our sales tax figures are not yet finalized for 2010 but, as of November, we were trending a 7% increase over 2009; our hotel occupancy tax in 2010 was up 9.6% from 2009; the occupancy rate of our City hotels and boarding establishments posted a 5.3% increase over 2009; home sales in the City reached a low point in 2009 but in 2010 rebounded with a 10% increase over 2009, in both number of both homes sold and average sale price; the County unemployment rate, at 6.5%, is still significantly better than the New York State rate of 8.2% and down from it's high point last February. Despite our local numbers, this economic recovery is destined to be slow, and surely uncertain, and therefore the charge to our City is clear: fiscal conservatism and better efficiencies must continue.

In prior State of the City addresses, I have asked for new eras of cooperation, responsibility and the need to develop the vision to plan for our future and new economic opportunities. Today, I repeat that message to all Saratogians, and also ask for perseverance of the human spirit in the face of adversity. Our great country was founded upon such principles of faith and unity, so aptly expressed in the phrase "E Pluribus Unum", simply meaning "Out of Many, One". As we face our challenges, we should draw strength from what has long endured and produced what we enjoy today.

Despite recent financial setbacks, the State of our City remains relatively stronger than most, tempered by cautious optimism as we balance our values with new economic realities.

Let's look at the events of 2010.

Perhaps the most meaningful accomplishment of 2010 was the realization of the long awaited expansion of our City Center, where we are assembled here today, with the pivotal role that the City Center plays in attracting convention and tourism business to our economy on a year round basis. This beautiful expansion will enable us to regain a more competitive edge in attracting business to our City, particularly at times beyond our racing season. Congratulations and gratitude must be extended to the City Center Authority and its Board for never losing sight of this vision, so crucial to our future economic vitality. Our respect and thanks should also be extended to former Senator Joseph Bruno, for his support and commitment of State funds to this project, or otherwise it would never have occurred. Just look out the windows here today, down our vibrant Broadway, and this contribution to the future of Saratoga is undeniable.

In 2010, the continued uncertainty on the future of New York State horse racing showed us, again, that uncertainty is Saratoga's worst enemy. After having resolved the uncertainty surrounding the award of franchise to the New York Racing Association in 2008, the continued uncertainty of the Aqueduct VLT operation continued to threaten the viability of the entire New York State racing industry. After a failed delay of bid, New York State finally awarded the VLT franchise, but the late timing most especially affected our track patrons in making their plans months before, resulted in delayed or cancelled hotel reservations, impacted on our real estate sales and rentals, and damaged local and regional horse breeding operations who lost business to less volatile States. In stark contrast to last year, this year's 143rd Saratoga racing meet is assured and enables us to timely promote the regular, traditional business calendar and retain the enormous financial impact to our local economy. However, there are new and looming obstacles to the future of racing, even as we speak. Most notably, the promotion by some of our State elected officials of full casino gambling, both in the Catskills and in Suffolk County, poses a very real and definite danger to the profitability of the VLT operations, upon which NYRA is fully dependent for financing and survival. Without Aqueduct VLT funding, our historic Saratoga Race Course would not receive the long overdue capital improvements, currently estimated to exceed \$100 million, and moreover the very operation of our track in the future is at stake. Of course, our City is more than just a racetrack and increasingly becomes more

diversified over time. But make no mistake about it, horseracing is the core of our identity upon which our success was based and continues. Consequently, we continue to advocate and lobby at the State level for the critical need to take prompt action to preserve New York State racing. We also demand restoring our VLT host community funding that was inequitably and abruptly eliminated by the State in 2009. Most recently, our City Council acted in collaborative fashion and sent a resolution, a unified voice, to Albany demanding restoration of our VLT funds and the taking of prompt and comprehensive action on the multitude of issues and threats facing the future of racing statewide. The effort to preserve racing goes beyond the City Council and includes the County and various community leaders, as evidenced by our recent trip to Albany to advocate, face to face, with State leaders to both educate them and stress the economic impact of racing to both our local economy and our region. Our advocacy will not end until our Saratoga racing, the very best in the world, is not only assured today, but also guaranteed for future generations.

The past year also brought finality in the completion of the Recreation Center. Since I took office, we simply made the best of a difficult situation and now have a fabulous facility that will benefit all ages, now and for generations to come. There is no better investment for a community to make than in its youth, as our future leaders. As a community, you should serve everybody that's part of the community, from all walks of life and socio-economic backgrounds. This Rec Center is truly a public asset, to be accessible and usable in so many ways, and new programs, for all ages. In its short time in service, it has already become an enhancement to our quality of life. We have also incorporated basic business concepts of economy and efficiency, to better serve the public. We came in under budget on construction and the goal is to be cost neutral in operational costs within the first few years. Our summer camp program, Camp Saradac, is a prime example of a renewed sense of attitude and approach to business, with posting a profit of \$6,000 for 2010 compared to a loss of \$47,000 for 2009 and a \$97,000 loss in 2008. The Recreation Center will become a prime example of how to develop an achievable business plan while not compromising the quality of services to our community. The economic benefit of spending by visitors to the Recreation Center for meals and lodging should also not be overlooked, as a further expansion of our City revenue.

On open space initiatives, last year also brought the construction and opening of Spring Run Trail, which had been in the concept and planning stages for well over a decade. It is part of a trail network that is eventually intended to connect throughout the City and into the County trail network as well. Fiscally

more important, the trail was constructed entirely with Federal stimulus money, thereby providing this public benefit at no increase in City taxes. The trail is also an inspirational example of what we can do as stewards of limited City finances to still promote and provide usable open space to balance our urban core.

The debate over instituting paid parking in downtown Saratoga Springs continued from 2009 into much of 2010, when it was ultimately abandoned due to some local opposition. Certainly the issue of paid parking was one that had some vehement opinions on both sides. However, to be fiscally responsible, we cannot continue to dismiss the benefit and revenue paid parking could generate for the City, especially as our operational costs increase year after year. To not fully vet the potential for paid parking in the future can only lead to limited options: an increase in property taxes or a decrease in City services, or combination of both. If accepted in some format, paid parking could deliver a substantial stream of revenue for the City each year, on a recurring basis. Our community must make these choices by at least considering the potential for paid parking, in some format, in the future. Regardless of the approach, a comprehensive plan is essential to serve our long term need, striking a balance between the economic necessity to fund services and the concerns of our businesses and community.

As we emerge from the depth of the economic recession, we are truly fortunate to have development and advancements in the high technology park in neighboring Luther Forest Technology Campus. This \$6 billion development project is scheduled to generate more than 1400 new jobs and is regarded as the largest commercial development project in the country. The project is continuing on time, with hirings projected to increase this year. As the jewel of Saratoga County, our City stands to reap many tangible benefits from this development, in consumption of goods and services to generation of tax revenue, from both new residents and visitors alike. It is the balance between our quality of life and the emerging high tech growth that will only serve to strengthen us as we plan our economic outlook for this year and beyond.

Undoubtedly, part of our quality of life stems from our partnership and success with Skidmore College. We continue to build our relationship and improve communication to overcome some unfortunate stereotypes of the past. The college is an enormous contributor to our City, both culturally in the arts and economically as an employer and consumer, to our mutual benefit. In 2010, Skidmore College opened the newly constructed \$32 million Arthur Zankel Music Center and also welcomed its largest freshman class ever. This year, the college is in the midst of constructing new residences, to accommodate increased demand,

calculated at \$42 million in cost. I will continue to collaborate with the Skidmore College administration to improve upon our relationship and advance our mutual interests.

The issues of negotiating union contracts and trying to contain the skyrocketing cost of healthcare benefits did not take a back seat in 2010. Early in 2010 we came to a tentative agreement with the PBA Union on their contract, providing for concessions on both sides that recognized the need for more creative ways of addressing wage increases and the give and take required on healthcare costs. By mid-year, the contract had been accepted by both sides. Throughout the year, negotiations also continued with CSEA City Hall and DPW, despite the DPW unit having previously gone to impasse. A tentative deal reached between the City and DPW was ultimately not accepted by the DPW full membership. Negotiations do continue, in good faith, with the unions.

Perhaps the most notable management-labor issue was my attempt last April to convert all City employees into one healthcare provider, offering different options within that company. The decision to force that move was because the issue of healthcare cost containment was not sufficiently being addressed at the bargaining table and each and every month the City did not convert the coverage resulted in loss of considerable savings. The unions each filed grievances to prevent the conversion and arbitrations have since ensued. As of this date, the issue has not been resolved and remains in the hands of the arbitrator. Our City is by no means alone in recognizing the new economic realities that require disregard of the old model of labor contracts and the need to strike a better balance, to now more equitably shift the unending and escalating burden of employee benefits. Given that our labor costs are approximately \$30 million per year of our approximate \$36 million annual budget, the need for a comprehensive and fair solution is more important than rushing to contract. As I have often stated, impatience does not serve the public and it is better to have no contract than one we can't afford. The savings on the proposed healthcare change are conservatively estimated to be at least \$800 thousand per year, on a recurring basis, and can conceivably reach well over \$1 million per year. It's just no longer acceptable to refuse a reasonable change because it is simply different from what is now in place. Rather, if the issue is do you have personal security based on a new good health care plan, the answer is absolutely yes. It's not an effort to eliminate healthcare to our employees but rather to provide security to all employees in the most cost effective manner. Again, I repeat my prior requests to the unions, to develop a new mindset that is in line with the new economic realities, and agree to be part of the solution rather than the problem. Decades of unsustainable contracts

have brought us to the brink today, where cost containment is not an option but a necessity for fiscal stability.

The issue of charter reform is now at the forefront, beginning last year and certainly taking us into this year, and perhaps beyond. The latest effort is brought by a citizen based group known as Saratoga Citizen Inc., seeking to change the present Commissioner form of government to a City manager based format. As many of you know, there has been litigation to date regarding the sufficiency of the filings by the group attempting to place their proposed charter on the ballot for voter referendum. The prior refusal to certify their petitions by the Accounts Department was based solely upon legal opinion from outside legal counsel retained by the City for that purpose. Contrary to some speculation and, in fact, propaganda, the City Council has never decided or expressed an opinion to obstruct this process. Rather, the decision by the City Council has steadfastly been based upon a simple proposition, namely, that any process comply with the law in all respects. This proposal does not seek a minor change that can be easily accepted or rejected by the City Council. In fact, there is no more fundamental change a City can make than to change its governing format, particularly in this proposal to change the very nature of how the City conducts its business and serves the public day to day. It is also notable that this is the very first time a citizen based group has undertaken an effort to change our form of government, as compared to official commissions duly appointed by the City in the past to study proposals. Nor has there been any such effort by a citizen based group anywhere throughout New York State, according to legal research undertaken to date. As such, there are many questions and issues without guidance from prior efforts or court decisions regarding the legal requirements. Based on the court ruling last month, the Accounts Department has now certified the petitions, thereby placing this matter for consideration in the hands of the City Council, to accept or deny the request to place it on the ballot for a voter decision. As such, the City has to date complied with the court decision to certify the petitions.

I speak now on behalf of the City Council, unanimously, what we view to be important and, in fact, required in order for us to reach our decision on whether to refer this matter onward to ballot or to reject it as insufficient. First, let me say that none of the City Council takes this matter lightly, nor do we view our sworn responsibilities, as your elected officials for the entire City, to be beholden to any special interest. Rather, our obligation is to the entire City as a whole, to exercise fiscal responsibility on each and every decision that either definitively or potentially results in any additional cost to the City taxpayer. The citizen group has, by their own statements and accounts, been in existence for approximately

three years and spent the last 18 months analyzing, planning and offering to the public the proposed new charter. It is also undisputed by the citizen group that they have failed, or refused, to disclose the fiscal note, otherwise known as a budget, for both the costs in transition and operating the new form of government. Instead, the citizen group has stated they believe the fiscal issues are only matters that should be brought out during debate, after the matter has been placed on the ballot for voter referendum. The ultimate legal determination on the necessity of a fiscal note in order to be placed on the ballot has not been addressed by any court with jurisdiction. It is the opinion of this City Council that the fiscal note, readily available but not disclosed, is indispensable in our decision on whether to approve this matter and place it on the ballot for voter referendum. Cooperation and transparency mandate that these proponents end this game of “Hide and Seek”. Therefore, the Council hereby requests that it be provided with the full extent of whatever fiscal analysis and fiscal note has been prepared to date, detailing the costs of transition and operation of this new form of government. Without provision of such financial information, this Council cannot reasonably perform its duties to the public at large and satisfy our obligation to the City as its elected officials. Tomorrow morning, I will follow up with a written request directly to Saratoga Citizen Inc. in this regard, setting a deadline of January 31, 2011. Given that there cannot be any more fundamental change than changing the form of government, it is time for the proponents to lay bare the entirety of their proposal in the interest of transparency and public awareness.

As if these issues so far have not been enough, the following are some highlights of issues our community considered last year:

- The proposal to reduce the service of alcohol from 4am to 2am in the off season, which generated its fair share of public attention and, at times, controversy. The measure was not passed by the City Council.
- The passage of a temporary moratorium on demolition of structures within the National Historic Districts.
- A hiring freeze on City employees, unless authorized by City Council vote.
- A 10% reduction of the City Council salaries, prompted by the challenged economy and as a measure of good will to our unionized co-employees.
- The expansion of affordable housing with a new construction project on Allen Drive, to further the success and momentum of the prior project.

- Further improvements to the Fasig Tipton sales pavilion, in the continuing effort to raise the national prominence and quality of our annual horse sales program.
- The decision of the City and School District to discontinue a long standing contractual relationship regarding the City's maintenance of the East and West side recreation fields, and thereafter some citizens and athletic groups concerns resulting in bringing the parties back to the negotiating table.
- The continuation by the City of the most comprehensive review of the City Zoning Ordinance since 1990, to eliminate inconsistencies and contradictions both initially and through the over 300 amendments since 1990, to better serve the Planning Department, Building Department and land use boards charged with applying and interpreting the ordinance, as well as to improve customer service and be more user friendly to anyone seeking guidance.
- The completion of significant infrastructure improvements with the reconstruction projects on Church Street, Nelson Avenue and Jefferson Street, as well as improvements to the Geysers Crest Wellfields.
- The institution of new public safety measures and management practices to conserve the use of overtime and compensation time throughout the City, by the Department of Public Safety and Department of Public Works, along with a Citywide workforce effort to do more with less.
- The City electing to take advantage of the early retirement option offered by New York State, resulting in consolidation of certain positions and savings in the Accounts Department, Finance Department, Mayor's Department and the Recreation Department.
- The City being awarded a \$200,000 grant from the New York State Office of Parks, Recreation and Historic Preservation for development and design of the Waterfront Park.
- The culmination of a dispute between the City's Civil Service Commission and the Mayor's Office regarding proper use and classification of the Building Inspectors, that led to litigation still unresolved.
- The filling in of the City Skate Bowl, due to lack of available supervision from budgetary staff reductions.
- In December, I was pleased to bring forward to the City Council, and they unanimously agreed to accept, the donation from the Arts

Council of an inspirational sculpture utilizing remnants from the September 11, 2001 attack on the World Trade Center, to be incorporated as a remembrance but also an inspiration to the human spirit, and to be placed on the landscape of the newly expanded City Center. The sculpture will be dedicated this upcoming September 11 and is aptly named “Tempered by Memory”.

- Lastly, but by no means least, the dedication of a new plan for the Mary Lou Whitney Rose Garden in our historic Congress Park, as a small token of the City’s appreciation for the extreme generosity and innumerable contributions Ms. Whitney has made to our community.

The list could go on and on but we would never get out of here today. Again, we are a small City with a big personality.

So as we enter this New Year, we must ask ourselves how to be better prepared against future fiscal impacts from dysfunctional and inefficient State and Federal governments? We must continue to conduct performance reviews of each governmental function, impose transparency in the process, improve productivity, and promote fiscal efficiency. We have taken steps in that direction over the past few years, in the face of the great economic recession, and must continue the process because we cannot possibly be fiscally stable without first getting our spending under control. Our spending is not just imposed by local needs and services, but is seriously and increasingly compromised by unfunded State mandates. New York State is simply shifting the tax burden to our City while not addressing and eliminating the underlying malfunction at the State level. For instance, our contribution to the New York State pension fund has increased, in one year alone, from \$2.8 million to \$4.2 million based upon the inefficiencies and decades of unsustainable spending. We simply cannot continue without demanding relief from New York State on these unfunded state mandates that are literally choking us. Nor can the State realistically cap property taxes without first correcting the unfunded State mandate burden. As a City, we are heading in the right direction to control what we are able to control at the local level. Without question, a tax and spend mentality has no place in responsible government.

On a local level, we have taken strides within the past year to plan beyond just the next year, particularly in the revisions to the Capital Program developed by the City. As chair of the Capital Program Committee, we have made significant revisions in the planning process and the substantiation needed for any Capital Project to qualify over a six year span, by meeting monthly for the first time ever in this program to promptly identify needs and monitor ongoing projects to better

understand the operations and capital needs of each department and, most importantly, to eliminate widely fluctuating assessments of capital needs from year to year to enable better fiscal planning. In fact, since my administration took office, the Capital budget has been drastically reduced from prior years, both to reflect a more realistic ability of what we can afford to do and when it can be accomplished, as well as reflecting the economic realities of having to do more with less in these difficult times. To do anything else would be simply irresponsible with your tax dollars. It is axiomatic that good government demands fiscal responsibility.

What else can we do to both prepare for and take advantage of the potential for good economic development due to the upcoming technology park? In our Building Department and Planning Department, we have taken great strides by computerizing the department, a measure long overdue, to streamline the process and say to potential businesses that we are not closed to your business. We must welcome good development, sustainable development and healthy expansion of our commercial tax base. Over the past few years alone, we have reduced the processing time for Building Permits in the City to one-fifth of the prior review time. We will continue to work with the Planning Board and local agencies, such as the Saratoga Economic Development Corporation, to promote good development by both identifying the best use or reuse of our property and eliminating confusion as to what can be developed on those sites. We will continue efforts toward developing a fiscal impact analysis that would identify the economic impact to our community by best utilizing our property, while preserving our important open space and unique character. To plan for development is not synonymous with overdevelopment. To welcome new development, with expansion of our tax base, does not signify abandonment or neglect of the unquestionable value of green initiatives. If you deny development out of fear, rather than reason, any community eventually becomes unsustainable.

Some people say that we are now at a crossroads. Some people say that we are now at a time of reckoning. Some people say that national economic pressures, an out of control State government, and a dysfunctional form of local government have produced our current crisis and brought us to this precipice. Some people say that government, at any level, has lost its rudder and the trust of its people. Saratoga Springs is by no means alone in this time of uncertainty. The rest of our State, and indeed our nation, is in transition and facing problems far worse than ours. We, as a City, must decide our priorities on services to be provided, willingness to finance those services, and how to seize this moment of uncertainty to be more efficient, productive and better serve our City and its future generations.

Certainly, we must all act with purpose and integrity. Certainly, we must all use our common sense that we rely upon day to day in our everyday lives in tackling and solving the challenges to our City. Certainly, we must all make sure that no one in our community is intentionally left behind. Certainly, by using our best efforts to cooperate and collaborate, we will all better serve our City and Saratogians from all walks of life. Certainly, we must recognize that no form of government is ever perfect and is largely dependent upon the commitment and integrity of those who choose to serve. And certainly, there will always be some trials and tribulations, and even errors in judgment because we are all human, but at least we will have fought for the cause together, for our piece of the American dream.

In closing, I will leave you with some words from one of our greatest Presidents, Abraham Lincoln, who helped lead our nation out of one of its darkest moments in history. He said: “Ideology separates us. Dreams and anguish bring us together.”

So to my fellow City Council members and my fellow Saratogians, today our charge is to pledge to one another to keep the lines of communication open and to collaborate, in good faith, toward the common good. Together we must have inspiration, vision, faith in ourselves and never lose sight of the pride of us all being Saratogians, first and foremost.

God Bless America, the City of Saratoga Springs and all Saratogians.