

November 23, 2011. City Council on motion of Mr. Schember, Seconded by Mr. Jones, that the City Council does hereby reconvene the Council Meeting of November 16, 2011 at 9:00 A. M. by yeas Council Members Aleksandrowicz, Cappabianca, Jones, Schember, Schwartz, Winarski and Horan-Kunco. 7. Nays 0.

 Mayor Joseph Sinnott presented the proposed 2012 **General Fund Budget** in the amount of \$60,824,516 and **Other Funds Budgets** totaling \$115,675.772. (2012 Budget Address below).

By Mr. Schember, Council File No. 15,779

An ordinance fixing the tax rate for all city purposes for the Fiscal Year 2012 (beginning on January 1, 2012 and ending on December 31, 2012)

November 23 2011. City Council on motion of Mr. Schember, Seconded by Mr. Jones having read Council File Ordinance 15,779, does hereby adopt on First Reading by yeas Council Members Aleksandrowicz, Cappabianca, Jones, Schember, Schwartz, Winarski, and Horan-Kunco. 7. Nays. 0.

November 23, 2011. Signed by the President. Attested by the City Clerk.

By Mr. Schember, Council File No, 15,780

An ordinance adopting the General Fund and certain other budgets for the fiscal year 2012 (beginning January 1, 2012 and ending December 31, 2012.)

November 23, 2011. City Council on motion of Mr. Schember, Seconded by Mr. Jones having read Council File Ordinance 15,780, does hereby adopt on First Reading by yeas Council Members Aleksandrowicz, Cappabianca, Jones, Schember, Schwartz, Winarski, and Horan-Kunco. 7. Nays. 0.

November 23, 2011. Signed by the President. Attested by the City Clerk.

 November 23, 2011. City Council on Motion of Mr. Schember, Seconded by Schwartz adjourned at 9:50 A.M. by yeas Council Members Aleksandrowicz, Cappabianca, Jones, Schember, Schwartz, Winarski and Horan-Kunco. 7. Nays 0.

 President of City Council

Attest:

 City Clerk

2012 Budget Address to Erie City Council

- Today I present the proposed 2012 Budget for the City of Erie.
- As in prior budgets, it is balanced and reflects the true costs for providing safety and services to our citizens, as well as accurate revenue projections necessary for providing these services.
- We have reduced every department down to a point where we are able to sufficiently provide essential safety and services, but it has been a challenge to do so.
- Over the past six years we have focused on our core competencies, changed our way of doing business and reduced our work force by nearly 25%.
- It's a credit to our department heads, Bureau Chief, Supervisors and staff who have all worked very hard over these years to find new ways to conduct operations so as to save money for our taxpayers, while continually refining our methods so that services would not be compromised.
- We have created an efficient and effective government that is a model across the state for other communities trying to find their way out of economic insolvency.

- We have, however, reached a point where we have exhausted our opportunities to meet our costs simply by creating new efficiencies.
- As such, the 2012 budget includes a tax increase necessary to fund the City's increased cost of doing business.
- This budgeted tax increase is 1.65 mills.
- The budget I present today, along with the necessary tax increase, will continue our forward progress.
- It reflects true revenue projections as well as real cost estimates. It honestly contemplates the future and our need to provide for the ever increasing cost of maintaining adequate safety and services for our community.
- As I promised with each of the previous budgets, our goal is to accurately determine the cost of administering an effective and progressive operation and requesting only those revenues necessary to achieve that end.
- We have shown in each of our previous budgets, we have done just that. We have been accurate in both projections, ending up with minimal budget surpluses in many departments generated from new found efficiencies in each of these years.
- This budget is no different.
- It contemplates the realistic increases in our cost of doing business over the past several years and our ability to keep pace with these costs in the years to come, considering realistic revenue sources and trends.
- It does not include any new personnel or programs, it simply supports the current services and capital needs in these areas.
- All of the departments have been directed to do everything they can to make city operations affordable to our taxpayers and they continue to pursue our mission to do more with less.
- We have shown cities across Pennsylvania that we can solve our financial problems if we are willing to take them head on make the hard decisions necessary to keep our operations stable and adequately meet our responsibility of providing safety and services to our citizens.
- We do, however, still face the ongoing challenge of the declining revenue base and supporting our operation which continues to increase in cost each year.
- Our opportunities to do this are limited to the revenue generation mechanisms statutorily at our disposal.
- Other cities have sought external revenue sources from state government, including the local option sales tax and reallocations of the Johnstown flood tax to municipalities. Both of these efforts failed to succeed in the state legislature adding to the slow recovery or even failure, of the communities that had depended on these speculative measures.
- As the financial issues facing the federal and state governments continue to grow, it becomes evident that we cannot rely on these sources for increased revenue opportunities.
- I continue to work with the Communities In Crisis Task Force formulate solutions for municipalities for the long term and to work with legislature in Harrisburg to make the necessary changes in state law to create long term stability for our cities.
- The issues being addressed by the task force include:
 1. Act 111 arbitration reform
 2. Revisions to the pension system
 3. Addressing the lack of feasible recurring revenue options, which has placed the burden primarily on the property tax base.
 4. Addressing the shrinking tax base in the inner cities and the concentration of not for profit properties in the inner cities
 5. Pursuing regional solutions

These are items that require changes in Pennsylvania law before meaningful relief to municipalities can be accomplished for the long term.
- This effort is gaining momentum in Harrisburg and the legislators are developing a greater understanding for their role in creating options to support long term stability for Pennsylvania municipalities.
- As we continue to seek legislative reform, we continue to work locally on economic development projects that will expand our tax base and bring people back into our inner city.
- Projects such as the Union Square Development and the redevelopment of the GAF site will help bolster our tax base and create new revenues for the future.
- These, along with neighborhood revitalization projects, must continue to grow and expand over time to create new sources of local revenue, as federal and state support continues to diminish.

- The trends we see now have remained uniform through the term of this administration.
- We have experienced declining revenues which were attributable to the national and state economies and are beyond our local control.
- We have managed to counteract these effects, somewhat, by continuing to control our cost of doing business and operating within our budget constraints every year.
- We must be realistic as we continue to look at our revenues and expenses and how we will continue to fund our operations, even in the face of difficult economic times.
- In a time where cities across Pennsylvania are continuing to battle insolvency and, in the case of Harrisburg, even filing for municipal bankruptcy, Erie is recognized as unique because we, as a government, made the many hard decisions through the past six years to cut our cost of doing business and to generate the additional revenues necessary to keep our city solvent.
- Because of our success in redesigning the way municipalities do business, we have avoided the negative consequences that these other cities are now suffering.
- We must continue to focus on our core competencies and continue to provide the safety and services which are taxpayers should expect.
- We must continue to deal with the realities, regardless of political popularity.
- We will continue to work in a positive and proactive manner with you, our City Council. We have all been a part of the solutions that we have realized. I would like to commend you for your work in making the hard decisions which have lead to our successes and also becoming more aware of the operation of the city and the financial consequences of the decisions made within this chamber.
- I would also like to thank the City Controller and City Treasurer for continuing to work with us to help easily implement the changes necessary to achieve our stability.

Together we have created an economically stable city government. This must continue through this 2012 budget and beyond. We must all work together to show our community that we continue to create a government that truly operates with their best interest as a priority.

- The decisions and determinations of the final budget are yours, as are the responsibilities of its consequences. We ask that you provide us with a budget that will serve this communities needs and will be able to be administered in and efficient and effective manner, as we have in previous years.
- My staff will be available to help you understand the information in the budget and throughout the process that went into each of the decisions comprising the individual budget recommendations.
- Thank you.