



2016 STATE OF THE CITY ADDRESS

Mayor W.M. Patrick Madden

Thursday, February 4, 2016

Thank you Council President Mantello and members of the Troy City Council.

And thank you all for your time this evening.

I would like to start off tonight by thanking former Mayor Rosamilia and the members of the previous City Council who termed off or were not re-elected. Public service is not an easy or comfortable undertaking. But in a functioning democracy it is a necessary undertaking. An effective democracy requires that we all show up...that we all participate. These individuals, whether you agree with them or not, whether you like the job they did or not, performed a civic duty that is necessary to a properly functioning community. They showed up. They participated. They gave their time. They made difficult decisions. They made the sacrifice to serve, as has the Council sitting before us now. So, to the past Council and Mayor and to this Council I offer my public gratitude. Thank you all very much.

The State of the City address is the Mayor's opportunity to speak about significant fiscal and administrative objectives for the coming year. It should come as no surprise that fiscal matters will be a significant driver of the first year's agenda for my administration. As became apparent to all in the last budget approval cycle, the City's current budget is not structurally balanced. That is, there are not sufficient recurring revenues to cover recurring expenses. This is not a new phenomenon. Past administrations have struggled with this year in and year out. We have been on this glide path for many years. I say this without pointing fingers or assessing blame. Regardless of how we got here, we are here now. It is up to us to correct our course.

A significant contributing factor to this financial stress is the MAC debt which requires annual payments of \$6 Million. These annual payments eat up nearly a third of our real estate tax revenue. That's the bad news. The better news is that this debt should be retired in six years.

Getting through these next six years is our immediate challenge. There are no secret spells, incantations or silver bullets. We did not get here overnight nor can it be fixed overnight. It will take some time to reclaim our fiscal health. But we cannot put this off any longer. The time to start this work is NOW.

Along the way we will need to make difficult decisions about our services, about our taxes and about every aspect of how we spend our resources. In so doing we will create great opportunities for those so inclined to make political hay. It will be easy to take shots to score political points. There will be plenty of unhappy constituencies. But we will also create great opportunities to show statesmanship and leadership in the pursuit of a noble cause – building a strong financial foundation for our

beloved city. Everyone in this room and everyone on this Council will have that choice to make. I commit my administration to full transparency and a collaborative approach to solving our financial challenges. I will provide complete information and analysis. I will make recommendations and openly share my thinking. I will create avenues for your timely input. I will thoughtfully consider what you have to say. And in return I ask for respectful dialogue devoid of personal agendas and ambitions. If we can act in that fashion I am confident that we can make great progress, and that we can fulfill our promise to those who elected us.

Balancing our budget requires an approach that both maximizes our revenues and prudently manages our expenses. Let me explain a few things we are doing in this regard.

In years past, the City reduced expenses largely by eliminating positions or not filling vacancies. This has proven to be a short sighted response. It does not take into account the impact it will have on the services we are committed to deliver or the obligations we are required to meet. It's a quick fix that doesn't ask, much less answer the question "are these the appropriate positions to cut?"

For example, in our Finance office we have seen a 26% decrease in staffing levels since 2000. Further, more than a third of the remaining positions have been downgraded in the sense that when someone left a particular position they were replaced with a lower grade position. So a Senior Account Clerk position became a Junior Administrative Assistant. Today we have fewer people and fewer skill sets in that office. The result is that we are unable to meet filing deadlines and we are unable to undertake the critical financial analysis necessary to make informed budgeting decisions. The staff we have is smart, capable and committed. The problem is that we have eliminated too many of them. We are a financially troubled \$85M corporation which has cannibalized its financial office. That's terribly short sighted.

In response, I have assembled a team of volunteers with deep experience in public and municipal finance who are assisting in the recruitment of a new Comptroller, looking at the processes, workflows and practices of the department with the goal of assisting in the development of a new approach to managing the demands on the department. They have also begun the trending analysis of our revenues and expenses over the past 5 years. This information will prove invaluable when we begin the budgeting process for 2017- 2020. In the coming months I will present to the Council my ideas on how best to structure and staff that department to ensure that we have accurate and timely financial information and that all reports are filed in a timely fashion.

Along the same lines the Deputy Mayor and I, along with the respective Department heads, will be looking at work flows in all departments to ascertain where efficiencies might be achieved. We are particularly interested in better utilization of technology to increase our capacity, increase our accuracy and improve our customer interactions. We will align our work products with today's requirements, not those of 20 years ago. Proposals we have already begun working on include:

An employee time keeping and payroll system. Virtually every step of our time keeping process is performed by hand. This is more akin to the 1960's than it is to 2016. The duplicative manual steps create multiple opportunities for errors. Industry studies show these errors result in overpayments of 1.2% per year. Interestingly the City solicited proposals a few years ago from two vendors. Both projected savings in hundreds of thousands of dollars annually. For reasons unknown to us that effort was never pursued. We intend to revisit these proposals, update the numbers and present this to the Council for their consideration.

In the area of Code Enforcement and Engineering we intend to update our City View software and equip our inspectors with tablets which will link not only with their office but with the Assessor's Office as well. This will eliminate multiple manual steps that are presently required to share and record pertinent information, freeing up significant time for our Code Inspectors to address more properties that need their attention.

These are just a couple of examples. We will pursue efficiencies whether through technology or reworking work processes to better and more affordably deliver the services our residents need. Revenue enhancement is the other part of the equation. Several proposals are already under consideration.

In March we hope to bring before the Council a proposal that will more effectively collect on parking tickets. On our books we show over \$1M in unpaid parking fines. For whatever reason we have not been able to manage the collection of these fines. While the collectability of that sum is highly questionable given the age of many of these tickets, this new system will ensure a much higher collection rate going forward.

I've also been in touch with our legislative delegation in Albany as well as the County to explore options for a hotel bed tax. This is a fairly common source of revenue generation in surrounding counties and cities and as we develop more hotel beds in Troy this could represent a growing source of revenue for us as well.

I have spoken of the need to fill the long vacant position of Grant Writer. The Deputy Mayor has been working diligently to attract qualified candidates for that position. We hope to have someone in place shortly. I know from past experience that there are numerous grant opportunities available for a variety of projects we cannot afford to undertake from our general fund. We are confident that a qualified grant writer will be able to leverage off the current momentum in the City and bring in significantly more project based revenue.

Economic Development is a key factor in growing our revenue base and improving quality of life for our residents.

I chose Monica Kurzejeski as my Deputy Mayor not only because of her intelligence and passion for Troy but also because she comes from an Economic Development background. The last five years have brought over 100 new small businesses and development projects to Troy. The economic benefit to our merchants and our tax base has been remarkable.

A number of projects are slated to break ground this year including:

- The renovation of the warehouse at 599 River Street into residential apartments.
- The development of the new CDTA Transit Center on the corner of 4th and Fulton,
- The long awaited development of the Ingalls Ave Boat launch,
- The commencement of repairs to the seawall along Riverfront park,
- The Troy Community Land Bank will continue its activities in North Central,
- This year the CDBG program will shift its focus to Lansingburgh,
- And, just today we received word on the approval of a \$449,000 grant for the renovation and upgrading of Power's Park.

Other projects still working their way through their respective approval processes include:

- 1 Monument Square in downtown Troy,
- The redevelopment of the warehouse at 701 River Street into 100 assisted living apartments, which will have the added benefit of creating new permanent jobs,
- The renovation of the former School 1 building into apartments,
- Renovation of the former Record newspaper building by Rosenblum Properties into apartments and retail space, and
- The potential Hotel and Parking Garage in the Hedley District,

Several studies and planning documents are on track to be completed this year including:

- The City's Comprehensive Plan. This plan will include actionable steps addressing each of our neighborhoods. This is the first comprehensive plan in more than 50 years,
- A comprehensive Zoning update,
- Ingalls Ave Shoreline extension,
- Lansingburgh Waterfront Park,
- Green Island Bridge Gateway,
- Riverfront Park Marina,
- The Troy Urban Trails: Burden Pond to Prospect Park Trail system,
- The Downtown Parking Study.

These are just some of the higher profile projects that are in various stages of development.

At the same time, as so many older cities do, we still struggle with blighted and abandoned properties and negligent absentee landlords. The cost of addressing these properties on our own is many multiples beyond our means. We will look for enforcement mechanisms that might head off these problems more quickly. We will revisit the residential occupancy permit program and with the hoped for efficiencies in the Code Enforcement Department we will be in a better position to stay on top of compliance issues. We will also work with the Land Bank and the non-profit sector to leverage resources that might put some of the better bank foreclosed properties back in the hands of homeowners more expeditiously.

Public safety is a pressing concern for many across this nation. I am committed to working closely with our Police and Fire professionals in pursuit of new ideas and approaches to preventing crimes and arson. I have great respect for those who wear our uniform and I will do the very best I can to equip and train them to keep them safe in the execution of their duties.

It is my administration's philosophy that governing ought to be a more open and collaborative process. Given the scarcity of resources at our disposal it behooves us to find partnerships and develop collaborations to further our agenda.

Troy is fortunate to have a mature and sophisticated non-profit sector. These institutions are quite well regarded regionally and in some cases at a national level. They provide important and essential services in our community. Having come from that sector I can say with some authority that while the City and this sector are generally mutually supportive we have rarely, if ever, worked in deep

collaboration with each other. It is as though we are running on parallel tracks. My belief is that this sector represents an enormous untapped resource. My belief is that these institutions should be viewed as partners in the development of Troy. My belief is that working in a deeper collaborative fashion we will be able to leverage greater resources and address challenges in a more comprehensive and cost effective manner. To that end, in the next month I will be convening a working group with representatives from this sector to explore new models of collaboration that can lead to transformative change on important social issues in our City.

Similarly, the recent past has seen an explosive growth in what I call the civic sector. These are small organizations of community members and residents who volunteer their time to make Troy a better place. These groups are focused on an array of issues including: sustainability, transportation, youth, public art, neighborhood identities, public safety, and the list goes on and on. This is a vast untapped pool of talent, passion and commitment. In the next month I intend to create an advisory group with representation from this sector to explore how their efforts might be better supported by and mesh with the work of the City Government.

There is a topic that troubles me which does not receive enough attention. It is the issue of opportunity, or more properly lack thereof. A just society provides opportunity for all of its citizens. But in Troy as in many cities across the nation, too many residents, principally in minority neighborhoods, have not enjoyed the benefits of the economic recovery. Too many are still under or unemployed. A scandalous percentage of minority youth in Troy live below the poverty line. As a society in the midst of tremendous economic growth we must strive to do better than this. Poverty is a scourge whose negative consequences ripple through our neighborhoods, our schools, our health care system and our commercial districts. It is not someone else's problem. It affects us all. I understand that it is a national issue not readily resolved on a local issue. But I am committed to doing my best to support and leverage resources for those whose mission it is to address poverty. And I will even go so far as to explore the viability of tying tax benefits to job creation goals. We should use this interest in our City to leverage benefits for all of our citizens not just those who can afford to live in these new developments.

Along the same lines I note that our City workforce is made up of only 12.9% women, 3.8% African Americans and 0.4% of Hispanic ethnicity. Minorities and women are woefully under-represented in our workforce. That's not acceptable. It will be a focus of my administration to move the composition of our workforce to be more reflective of the community of Troy. This will take time but it is another example of, 'if we don't get it started, it'll never happen.'

And finally, I would be remiss if I did not spend a few minutes talking about our water pipes. As has been well documented and reported, two weeks ago we experienced a large water main break in Lansingburgh with consequences that rippled through three counties. I would like to take this opportunity to convey to the residents of Troy just what an amazing job our staff did to get the situation under control, minimize the damage, and design and execute a very tricky repair. Within a few short hours of getting the water stopped the streets were cleared of debris and reopened, flooded basements were pumped out and water was rerouted so that no one in Troy was without water. I think that was a stunning accomplishment and I'd like to offer my congratulations on a job well done to our Department of Public Utilities, Our Fire Department, the Police Department and the Department of Public Works. The residents of Troy should take great comfort in the professionalism of our city staff.

I would also like us to be mindful of the fact that we are the beneficiaries of a vision and investment made by generations before us in a magnificent municipal water system. Over the decades we have made many improvements to that system and today we have award winning water not only for ourselves but as a commodity that we sell to nine other communities around the Capital Region. The rupture that occurred on January 17th was not indicative of a failing system. It was the failure of a single distribution line of a certain age, of a certain construction type, in a particular location, under a certain water pressure. And coincidentally, replacement of that line was already being planned by the water department before I assumed office. This replacement was the next planned investment in our system.

The issue of water infrastructure has captured the attention of Albany and Washington and we will use that awareness to leverage as much assistance as we can to replace that section of the distribution network. It is my goal to have that completed in 2016. That's an ambitious goal given the size of the project and the cost but it is one that with focused attention I think is achievable. Plans are already taking shape for the next investment in the system after the replacement of this line. My administration will continue to make the necessary capital investments to protect this valuable asset for generations to come.

In closing: Troy was a great 19th century city. At the forefront of the industrial revolution we became the gateway to the west. Our history tells a story of great entrepreneurship and vision. Our buildings and institutions tell a story of great wealth and investment. Like so many other cities in the northeast, we did not adapt so well to the 20th century suffering though decades of downsizing and disinvestment.

Today the winds of change are in our favor. People are again interested in urban living and we have begun to capitalize on that fact. Our intact architecture, our walkable scale and our proximity to the river have brought investors and developers whose product attracts residents whose dollars support our businesses, restaurants and arts community. We have seen remarkable investment and rebirth in our downtown. Troy has become a brand. People are coming here to spend their money and businesses are coming here to invest. Properly nurtured this will catalyze interest and investment throughout our neighborhoods.

We have both great opportunity and great challenges ahead. Striking the proper balance will require creativity and open minds. This is not impossible. It's not even that difficult. It requires a willingness to hear each other and accept the validity of others' points on view. In the words of Audre Lorde, "It is not our differences that divide us. It is our inability to recognize, accept and celebrate those differences."

I'd like to close with a quote from JFK. He wisely advised us thusly:

"Let us not seek the Republican answer or the Democratic answer, but the right answer. Let us not seek to fix the blame for the past. Let us accept our own responsibility for the future."
That is the guiding principal of my administration.

I am proud to serve as your mayor and I intend to make you proud to say you are from Troy, NY.

Thank you for your kind attention this evening.