

Financial Restructuring Board for Local Governments

RESOLUTION No. 2016-01

APPROVING THE COMPREHENSIVE REVIEW REPORT AND AUTHORIZING
GRANTS FOR THE CITY OF UTICA

WHEREAS, pursuant to New York State Local Finance Law section 160.05(3), upon the request of a fiscally eligible municipality, by resolution of the governing body of such municipality with the concurrence of the chief executive of such municipality, the Board may undertake a comprehensive review of the operations, finances, management practices, economic base and any other factors that in its sole discretion it deems relevant to be able to make findings and recommendations on reforming and restructuring the operations of the fiscally eligible municipality (the "Comprehensive Review"); and

WHEREAS, on February 24, 2015 the Board of the Financial Restructuring Board (the "Board") approved Resolution No. 2015-06 agreeing to undertake a Comprehensive Review of the City of Utica (the "City") in accordance with New York State Local Finance Law section 160.05(3); and

WHEREAS, the Board subsequently undertook a Comprehensive Review of the City; and

WHEREAS, pursuant to New York State Finance Law section 54(10)(t)(ii), the Board may award funding under the Local Government Performance and Efficiency Program to fiscally eligible municipalities for financial restructuring and related purposes, as determined by the Board; and

WHEREAS, the attached report on the Comprehensive Review of the City (the "Comprehensive Review Report") includes a recommendation that the City pursue

efficiencies, such as advancements in energy consumption, or in other areas so determined in the future; and

WHEREAS, the Comprehensive Review Report provides that, if the City agrees to abide by and implement such recommendation, the Board may, in its sole discretion, award grants to assist the City with implementing efficiency projects, including a grant of up to \$500,000 to assist the City with converting street traffic control signals; and

WHEREAS, included in the Comprehensive Review Report is a recommendation that the City develop a Parks and Recreation Master Plan to assess long-term capital and operating priorities; and

WHEREAS, the Comprehensive Review Report provides that, if the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to \$250,000 to assist the City with developing this Plan;

NOW THEREFORE BE IT RESOLVED that the Board approves the attached Comprehensive Review Report and all of the findings and recommendations therein; and

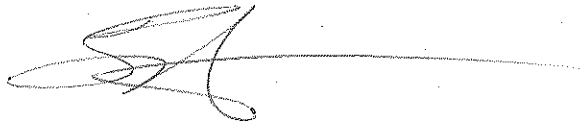
BE IT FURTHER RESOLVED that if the City agrees to abide by and implement one or more of the recommendations contained in the Comprehensive Review Report, the Board may, in its sole discretion, award funding to implement the recommendations of the Report; the specific structure and conditions of any such funding, which would be developed in consultation with the City, and any other aspects of such funding would be subject to an affirmative vote of a majority of the total members of the Board at a later date; and

BE IT FURTHER RESOLVED that the Board authorizes, subject to conditions approved by the Chair of the Board, grants for financial restructuring and related purposes of up to: \$500,000 to assist the City with implementing efficiency projects related to converting street traffic control signals; and \$250,000 to assist the City with developing a Parks and Recreation Master Plan to assess long-term capital and operating priorities.

This resolution shall take effect immediately and remain in effect until modified, replaced or repealed by resolution of the Board.

No. 2016-01

Dated: 6-20-16

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City of Utica Comprehensive Review Report

Financial Restructuring Board
for Local Governments

June 2016

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Overview

The City of Utica is a medium Upstate city in Oneida County. With a population of 62,235 at the 2010 Census, it is the ninth most populous city in New York State.* 2014 expenditures of \$81.9 million were the 15th highest of all cities.

The City is governed by a Mayor and a ten-member Common Council. The Mayor is elected citywide for a four-year term. The Council is elected for two-year terms, with the exception of the Council President, who is elected for a four-year term. In addition to the Council President, there are six Council Members that are elected to represent City districts and three at-large Council Members.

The Common Council adopted and the Mayor concurred with a resolution requesting a Comprehensive Review by the Financial Restructuring Board (see Appendix A). On February 24, 2015, the Financial Restructuring Board approved this request for a Comprehensive Review with Resolution No. 2015-06 (see Appendix B).

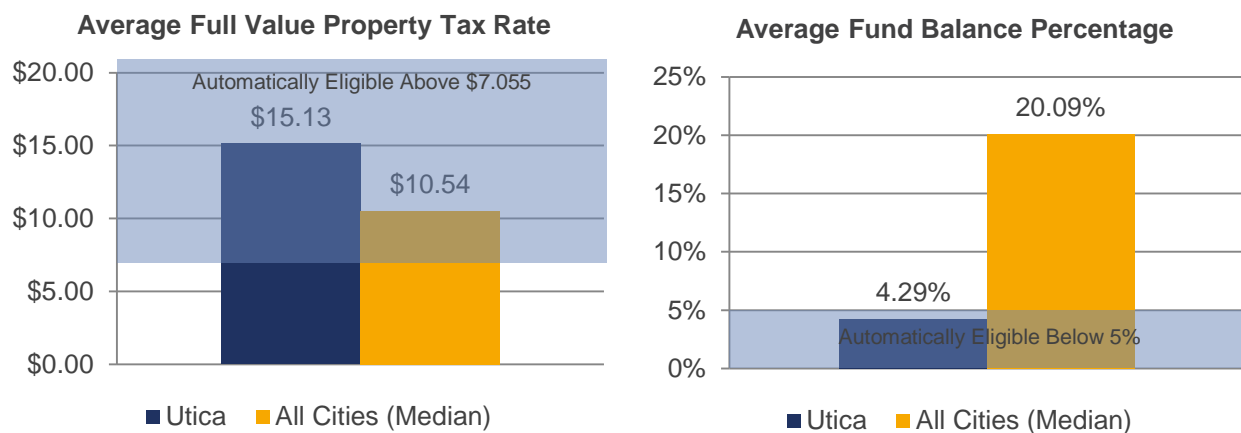
This Comprehensive Review first gives some background on the City's fiscal eligibility and demographic profile. It then provides information on the organization and finances of the City. Finally, it presents the Comprehensive Review's findings and recommendations.

Background

Fiscal Eligibility and Stress

The City of Utica is automatically considered a Fiscally Eligible Municipality because its Average Full Value Property Tax Rate (2009-2013) of \$15.13 per \$1,000 is above \$7.055 per \$1,000 – the 75th percentile for all municipalities. This is the 12th highest for cities.

The City is also considered a Fiscally Eligible Municipality because its Average Fund Balance Percentage (2009-2013) of 4.29 percent is below 5.00 percent. This is the 4th lowest for cities.



The Office of the State Comptroller's (OSC) Fiscal Stress Monitoring System gives the City of Utica a Fiscal Rating of "No Designation" with a score of 40.0 percent for 2015 (a local government would be determined to be Susceptible to Fiscal Stress with a score of 45.0 percent or higher). The negative factors contributing to this score include a low fund balance, high levels of assigned fund balance, low cash levels as a percentage of monthly expenditures, the issuance of short term debt in each of the last two fiscal years, and a high level of personal service and employee benefits spending compared to revenues. OSC projects that the City's score will decrease in 2016 to 34.0 percent, staying at No Designation.

OSC's Fiscal Stress Monitoring System gives the City of Utica an Environmental Rating of "Moderate Environmental Stress" with a score of 40.8 percent for 2015 (a local government would receive a designation with a score of 30.0 percent or higher). Negative environmental factors contributing to this score include: a decrease in total jobs in the County in 2014 (-0.7 percent); a high reliance on State and federal aid in 2015 (35.9 percent of revenues); a high property tax rate compared to the constitutional taxing limit in 2015 (70.5 percent exhausted); a high child poverty rate in 2010 (46.9 percent); an increase in the child poverty rate from 2000 to 2010 (8.4 percent); low property value per capita in 2015 (\$22,900); a decrease in property values per capita over the last four years (-1.4 percent); and a high unemployment rate in 2014 (7.5 percent).

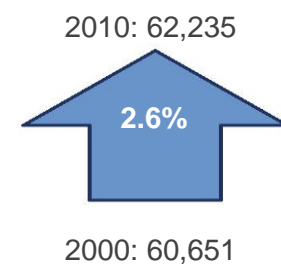
Demographic and Socioeconomic Profile

The City's population increased by 2.6 percent to 62,235 from 2000 to 2010. In contrast, the typical city's population grew 0.5 percent over that same period.

The City of Utica's median household income in 2014 was \$31,173, which is less than the typical city's median household income of \$40,111.

The City's median home value of \$89,400 is less than the median home value of the typical city of \$108,300. As noted above, its property value per capita in 2014 was \$23,297, and its four-year average change in property value was 0.5 percent. The City's unemployment rate is 7.5 percent, and its child poverty rate is 46.9 percent.

Population Change



Organization and Finances

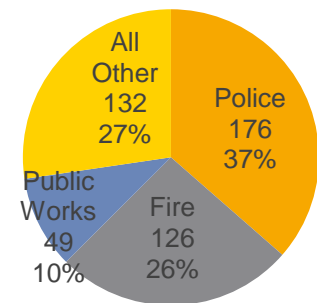
Organizational Profile

The City of Utica is governed by a Mayor and a ten-member Common Council. The Mayor is elected citywide for a four-year term, expiring December 31, 2019. The Council is elected for two-year terms, with the exception of the Council President, who is elected for a four-year term. There are six district representatives and three at-large representatives in addition to the Council President.

The City has several primary departments: the Mayor's office, the Comptroller's office, the City Clerk's office, Assessment, Urban and Economic Development, Public Works, Civil Service, Engineering, Building Codes, Facilities, Police, and Fire. Additional employees perform various administrative functions (budget, purchasing, media, etc.).

As of the 2016 adopted budget, the City has 483 full-time employees and 52 part-time employees (excluding seasonal workers). This is down from 533 full-time employees and 30 part-time employees the prior year. The City Police Department has the most full-time employees at 176, followed by the Fire Department at 126.

2016 City of Utica Full-Time Employees by Department



Several unions represent the City's unionized workforce, with various contract terms and salary increases, as provided below. Employees represented by CSEA, the International Association of Firefighters, and the Police Benevolent Association reached agreement on health insurance plans with the City in 2010 with contributions ranging from zero percent to fifteen percent of the premium. Under more recent agreements, the International Association of Firefighters, Police Benevolent Association, and International Brotherhood of Teamsters agreed to increase employee contributions for new hires to 20 percent.

City of Utica Labor Contracts

Union	Contract Status	Contract Expiration	% Salary Increases					
			2012	2013	2014	2015	2016	2017
International Association of Firefighters, Local 32	Current	03/31/2018		3.0*	3.0*	3.0*	3.0*	2.0**
John E. Creedon Police Benevolent Association	Expired	03/31/2016	0.0	2.0	3.0*	3.0*		
International Brotherhood of Teamsters, Local 182	Current	03/31/2018	0.0	\$1,000 lump sum	0.0	2.0	2.0	2.0
Police Chief and Deputy Police Chief Bargaining Unit	Current	03/31/2017			3.0*	3.0*	3.0*	
CSEA Local 1000, AFSCME, AFL-CIO	Current	03/31/2018			0.0	0.0	2.0	2.0

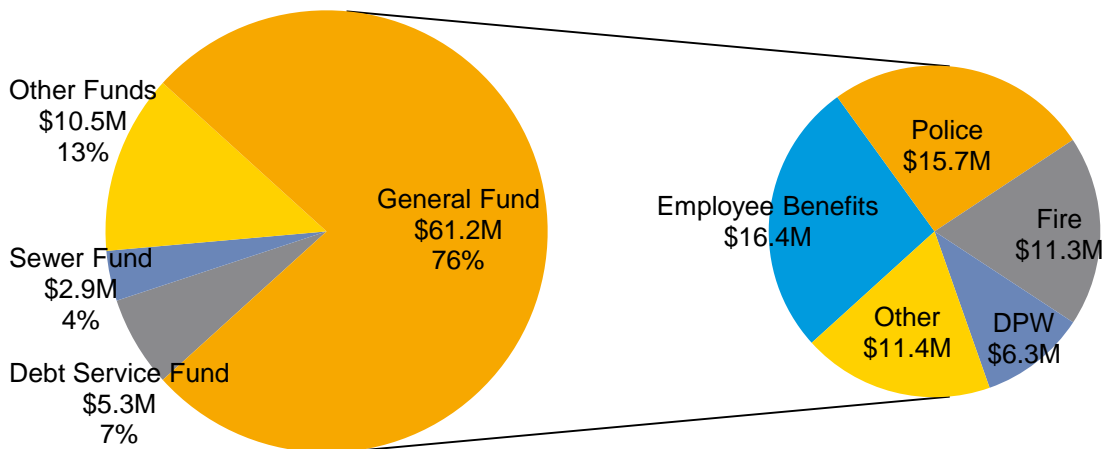
*Two percent increase in April and one percent increase in October of each year

**One percent increase in April and in October

Budget Profile

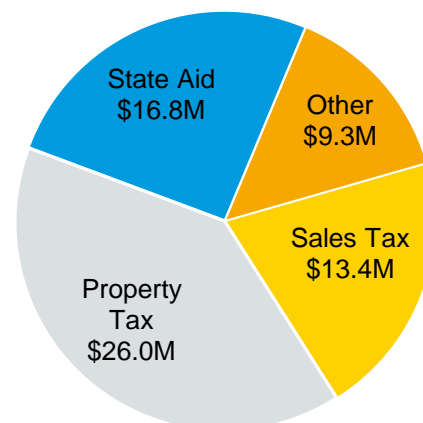
The City's 2016 all funds adopted budget totals \$79.9 million (excluding the Capital Fund). This is a 2.9 percent increase from the revised 2015 budget. For the General Fund, the largest expenditure category is for employee benefits, at \$16.4 million (26.7 percent of General Fund expenditures), followed by police at \$15.7 million (25.7 percent of General Fund expenditures).

2016 City of Utica Expenditures



The 2016 General Fund revenue sources (adjusted for interfund revenue and transfers) include: 39.7 percent from property tax; 25.6 percent from State aid; and 20.4 percent from sales tax. The property tax levy is \$27.0 million – with no increase from the prior year.

2016 City of Utica GF Revenues



According to its 2014 Annual Financial Report, the City had \$43.2 million in general obligation bonds outstanding and \$29.5 million in BANs outstanding at the end of 2014. As of May 2014, the City was rated BBB+ by S&P and its outlook was revised from negative to stable.

In 2012, the City faced a budget gap of approximately \$8 million. Over the previous five years, the City had reduced fund balance by \$5.4 million to fill budget gaps, and it had also nearly depleted certain reserves (such as a water capital improvement trust fund) to support operations. The new City administration sought to

address these financial challenges with a targeted recovery plan, including a property tax levy increase of ten percent. The City has also reduced its workforce by fourteen percent since 2011. Several departments have been consolidated or restructured to streamline operations and enable an efficient staffing structure. In addition, the City has begun to explore and implement shared services opportunities, such as a recently signed intermunicipal agreement with the Town of New Hartford regarding police services and SWAT teams.

The difficult actions undertaken as part of the City's recovery plan have greatly improved and stabilized its financial condition. The City has ended the last few years with surpluses (\$0.9 million in 2013, \$1.6 million in 2014, and \$1.8 million in 2015). This leaves an estimated total of \$5.1 million in fund balance at the end of 2015 (7.7 percent of expenditures). In addition, the City's negative bond rating outlook was removed by Moody's, and they were upgraded to a stable outlook by Fitch and a positive outlook by Standard and Poor's.

The City's Adopted 2017 budget continues this trend with a modest tax increase of 1.3 percent, staying within the State's Tax Cap, and a General Fund expenditure decrease of 1.5 percent while restoring one firefighter position. Continued spending restraint and prudent financial planning should allow the City to maintain a solid footing in the years ahead.

Findings and Recommendations

After a thorough review of the City's operations, the Board identifies findings and recommendations in the following areas: efficiencies, shared services, infrastructure, parks and recreation, workforce, economic development, and fiscal performance and accountability.

Efficiencies

Since the commencement of the current Mayor's tenure, the City has excelled in finding internal efficiencies. The City's workforce has fallen from a high of 552 employees in 2011 to 458 employees in 2015 – a reduction of more than 17 percent.

To help achieve this internal transformation and significant drop in personnel, Utica has implemented the following internal consolidations over the course of the Mayor's tenure:

- Civil Service: This department absorbed human resources, insurance administration, benefits administration, the orientation of new employees, and compliance issues. Civil Service also acts as the Affirmative Action Officer, Harassment Officer, and Workplace Violence Prevention Coordinator. Previously, it conducted mail operations, which was later consolidated with County. These actions allowed for the elimination of three positions, saving over \$128,000.
- DPW: This department absorbed Parks and Recreation as well the Youth Bureau. Two positions now do the job of ten deputies. This action eliminated three positions, saving \$270,000 including salaries and benefits.
- Economic Development: This department absorbed Urban Renewal, eliminating a Commissioner position and generating savings of more than \$100,000 including salary and benefits.
- Engineering: This department absorbed all City owned facilities, maintenance, the parking authority, signal maintenance, and oversight of the IT Department.
- Animal Control and Parking Enforcement: The City previously employed one Animal Control Officer and one Parking Enforcement Officer. The duties were combined to create two Animal Control/Parking Enforcement Officers with different hours. One employee works 8:00 until 4:00 and the other noon until 8:00, which significantly decreases the amount of overtime for animal complaint calls as well as increases the opportunity to write tickets for parking violations.
- Purchasing Department: The Purchasing Officer also acts as Stockkeeper and Inventory Coordinator. This enabled the City to eliminate one full-time position, saving \$52,000.

Energy Efficiency — Streetlights

The City has approximately 14,000 streetlights within its border, the vast majority of which are owned by National Grid (approximately 13,800) and leased to the City.

For the City of Utica, converting from existing metal halide or high-pressure sodium lighting technology to LED would undoubtedly reduce energy draw and help the City save money. In addition, LED lights, on average, last longer, require less maintenance and attention compared to their older counterparts, and offer improved lighting quality. Therefore, conversion to LED lights would benefit the City through reduced wattage draw as well as lowered average annual maintenance costs.

The City of Utica leases all of its lights, poles, and fixtures from its utility company, National Grid. Through an all-encompassing “tariff” (master rate) approved by the New York State Public Service Commission (PSC), the City pays National Grid for the cost of the energy (kilowatts) used, maintenance and leasing of the infrastructure. In total, Utica paid National Grid over \$2.1 million in its 2015 fiscal year for leasing/utilities associated with the lights.

In 2002, the City of Binghamton negotiated the purchase of the 6,900 streetlights within its borders from its utility company, NYSEG. With this purchase, the City owned the lights, arms and poles. Binghamton, however, continued to pay NYSEG to maintain the entire set of lights from 2002 to 2016. In late 2015, the City embarked on a nearly \$4 million project to convert its pool of streetlights to modern LED technology. The City currently estimates that, over the next 15 years, it will save over \$5 million on electric usage/bills, and approximately \$1 million in maintenance bills.

Due to the fact that it does not own the infrastructure, the City of Utica has generally two options if it desires to lower its operating costs through converting the older lights to LED. First, it could approach National Grid in an attempt to buy the infrastructure. Based on early indications, this option could be cost-prohibitive as the City would have to pay National Grid for the present amortized value of each applicable light/pole, and potentially the associated wiring, as well as the cost of the “business model” – the future value of operations to National Grid. On top of this, the City would then have to purchase the necessary materials to upgrade and/or replace the light fixtures, and staff the necessary personnel to maintain the new infrastructure the City would then own. The costs to address over 13,000 units could be quite significant. Nonetheless, State Public Service Law § 70 allows for the sale of street lighting assets – a negotiated agreement between the municipality and utility would be filed with the PSC for approval.

Many local governments, however, have experienced frustration with the lack of cooperation or motivation on behalf of their utility company in connection with effectuating a sale of the streetlights to the locality. Recognizing this issue, the State Legislature passed, and the Governor signed Chapter 495 of the Laws of 2015 which added a new § 70-a establishing procedures for the transfer of ownership of the complete system of street lights and supporting infrastructure from a utility to a municipality.

This chapter helped by establishing a process by which the two parties could begin to effectuate such a buyout/sale, with PSC facilitating the procedures and requirements. According to the PSC, a proceeding and case number has already been established for National Grid (and it's affected municipalities, case # 15-E-0747). In addition to PSCs guidance and oversight, the Department of Public Service will work in conjunction with NYSERDA to identify funding available for municipalities to aid in the transfer of the facilities.

The second option is to encourage National Grid to upgrade their lights, in the hopes or assumption that the City would see reduced charges due to lower energy usage and expected lower maintenance due to the durability and longevity of LED versus older technology. The PSC

has indicated that via case #15-E-0645, National Grid filed its proposed tariff on October 31, 2015 to establish four LED street lighting options. As of April 2016, this filing was under review and pending before the Commission.

However, it is not clear what net savings anyone of the new tariffs will offer compared to those in which the City and National Grid are operating under. Once approved, the City of Utica could work with National Grid and the PSC to see if the new LED tariffs would save the City money upfront.

The Board finds that the City should continue to work with National Grid to acquire and/or convert and modernize its streetlight inventory. Further, the City should continue to seek technical assistance and guidance from NYPA and NYSEERDA, as appropriate.

Energy Efficiency — Traffic Control Signals, Devices and Lights

The City has approximately 168 traffic controllers for the lights at its intersections. The traffic light infrastructure is particularly archaic, with the overwhelming majority of lights being manufacture pre-1985 and some with LED bulbs that where installed in the early 2000s.

The issues that face the City of Utica are twofold. First, the controllers are old mechanical units that are hard to find parts for and even harder to find someone that can still service the units. Controllers of today are all programmable digital units, and the City has so far been able to upgrade about 40 intersections.

The dying controllers are a huge public safety liability and consume an enormous amount of staff time to coordinate repair or replacement. Due to the age of the system, the City has had a great deal of trouble finding replacement parts and often times has had to have parts fabricated, further increasing the expense.

This has put a large strain on the City's budget. This year alone, the City has more than exceeded the allotted budget for signals given that the average cost to fix a controller is about \$10,000 each. The 2014-15 harsh cold winter took a particularly cruel toll on traffic signal infrastructure and caused severe malfunctions ever since. For the 2016 fiscal year, the City budgeted \$150,000 for repairs but will end up with close to \$300,000 in costs.

The second issue is in regards to the bulbs in the traffic signal heads themselves, many of which, as noted above, were upgraded to LED in the early 2000s. Those bulbs have exceeded their life and are now failing at a rapid rate. The repair of these lights is costly to the City given that it lacks the ability to make self-repairs and must hire a contractor to change the bulbs.

According to City staff, it would cost \$500,000 to fix 50 of the 168 streetlight controllers it would upgrade, as estimated costs to fix one controller is about \$10,000. Given the amount of money the City annually spends on parts, service calls, and other related items, replacing 50 controllers would save at least \$150,000 per year.

Recommendation: The Board recommends that the City pursue efficiencies, such as advancements in energy consumption, or in other areas so determined in the future. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award grants to assist the City with implementing efficiency projects, including a grant of up to \$500,000 to assist the City with converting street traffic control signals.

The specific structure and conditions of any such grants, which would be developed in consultation with the City, and any other aspects of such grants would be subject to an affirmative vote of a majority of the total members of the Board.

Shared Services

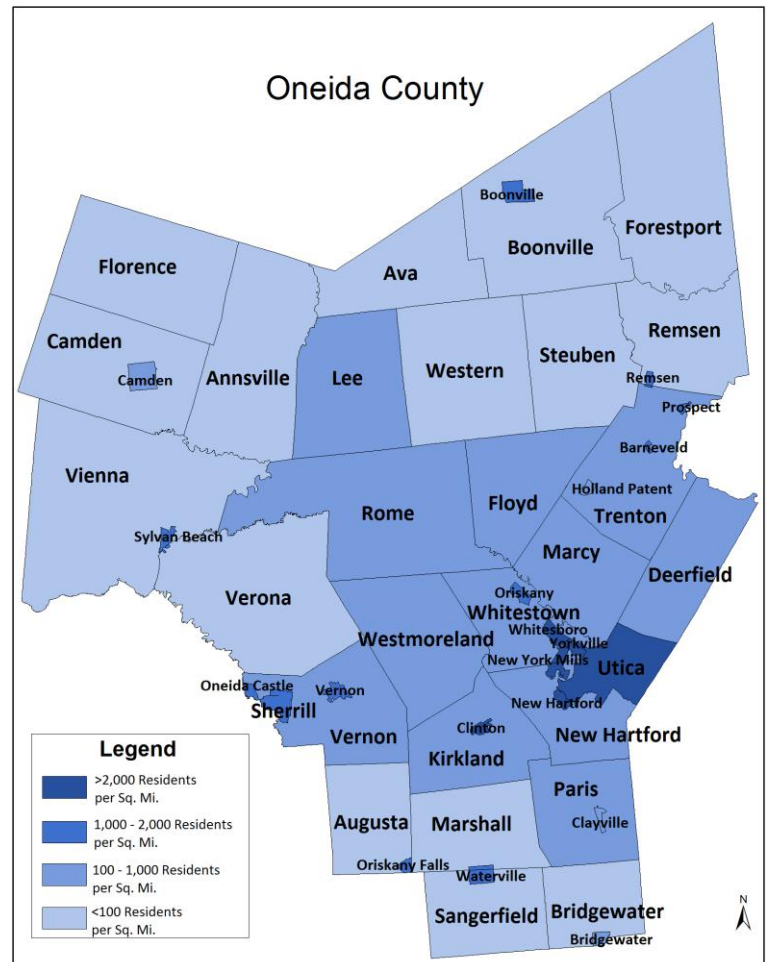
Regional Government Context

As of the 2010 Census, Oneida County had a population of 234,878 and was the 11th most populous county out of the 57 counties outside of New York City. With a land area of 1,212.4 square miles, it is the 11th largest county. With a population density of 194 residents per square mile, it is the 19th most densely populated county.

The County is governed by a County Executive and a 23-member County Legislature. Other elected County officials include: the Sheriff, the District Attorney, the Comptroller, and the Clerk. As of 2014, the County had total expenditures of \$424.1 million, which is the 12th highest for counties, and total expenditures per capita of \$1,806, which is the 43th highest for counties.

Within the County, there are 3 cities, 26 towns, 19 villages, 15 school districts, 18 fire districts, and more than 260 town special districts and other entities.

The City of Utica is in the southeastern portion of the County, and is directly surrounded by the Towns of New Hartford, Whitestown, Marcy, and Deerfield, as well as the Villages of Yorkville, New York Mills, and New Hartford.



Survey of Shared Services

Board staff in conjunction with the City conducted a survey on the general functions of the City and neighboring municipalities to ascertain duplication of services and potential areas for further consolidation. The City and its surrounding governments were asked to briefly describe current shared service arrangements in each service/function area and to identify any obstacles or opportunities for additional shared services.

Below is a summary of the results identifying which services are provided by each municipal entity:

Index of Municipal Services Provided				
Service/Function	City	County	School	New Hartford
Police	X	X		X
Dispatch/E-911		X		
Fire	X			X
Ambulance/EMS	X			
Tax Collection/Treasurer	X	X	X	X
Tax Bill Printing	X	X	X	
Tax Foreclosure	X	X		
Assessing	X	X		X
Personnel/HR/Civil Service	X	X	X	X
Payroll/Time & Attendance	X	X	X	X
Purchasing	X	X	X	X
Budget/Finance	X		X	X
Code Enforcement	X	X		X
Building/Zoning/Planning	X			X
Park Maintenance	X			X
Animal Control	X	X		X
Plowing	X	X		X
Paving/Street Maintenance	X			X
Lighting/Traffic Controls	X			X
Sanitation/Garbage				
Water		X		
Wastewater/Sewer	X			X

Shared Services Actions and Opportunities

A local government's primary responsibility is to deliver services for the benefit and well-being of its residents. As the above chart aptly displays, there is significant duplication of services among the City of Utica and its neighboring municipalities.

If the City of Utica is to address any future budget challenge, it must maximize available savings from pursuing and implementing a new shared services plan with its governmental partners. An

effective plan will not only enable the City to reduce its cost structure going forward, but should also help partnering governments to reduce their costs as well.

The City of Utica has a solid history of sharing services with governmental neighbors, including the County:

- The City has recently combined services with the County for mail processing and for printing, using the County's print shop.
- The City has reciprocal agreements with the State and the Town of New Hartford to trade salt for services.
- In May 2015, the City and the Town of New Hartford entered an agreement for police service cooperation and sharing of services on an as-needed basis. This agreement will facilitate the use of mutual aid, SWAT services, and potentially sharing of equipment.
- In its 2012 Budget, Oneida County included a \$500,000 appropriation to provide funding for consolidation and collaboration projects between Oneida County and partner municipal corporations, districts and public corporations, including cities, towns, villages, school districts, sewer districts, fire districts and libraries. The initiative is titled Project ARGO (Project Action to Realign Government Operation) and is designed for activities or plans that are ready to implement but are lacking the final piece of the puzzle to take consolidation projects from the planning stage to implementation.

In addition to the current shared service efforts between the City and its governmental neighbors and partners, other opportunities exist which may allow Utica to lower its current cost structure for existing services, enable future job attrition without exact refilling of current staff levels (presenting savings opportunities to both the City and the governmental partner it so engages with to share the service), and allow the City and its neighboring government the opportunity to receive grants and assistance from the State via a number of programmatic options.

Payroll, Time & Attendance, and Finance Software

The Mayor's administration recognizes the potential benefit from either outsourcing payroll or consolidating this function with the County. However, the County uses a modern New World system, while the City uses an older Munis/Kronos combination. Potential savings from consolidation or outsourcing could be upwards of \$150,000 per year.

Along these same lines, another potential shared service cost saving opportunity for the City could be found through sharing financial management systems using the County's New World system. County and City financial management system consolidation/collaboration is already underway at another of the Board's communities – the City of Elmira, which is planning on joining Chemung County's financial system. The Board's Comprehensive Review Report for the City of Lockport also recommends that the City and the County of Niagara share the County's existing New World system.

While consolidating systems would typically involve some upfront system costs (licensing, etc.), in the long run, sharing upgrade and maintenance costs as well as additional potential

economies of scale (IT maintenance, data entry, departmental management, etc.) should outweigh initial investment and training costs.

Tax Assessment

Section 579 of the Real Property Tax Law allows two or more assessing units located in the same county (or adjoining counties), having the same level of assessment, and having the same assessor, to enter into an agreement to become a Coordinated Assessment Program (CAP). Under this arrangement, the State Board of Real Property Services establishes identical equalization rates for all of the assessing units in the CAP. In addition to yielding standardization benefits, the CAP model can be particularly useful in spreading assessment costs between or among jurisdictions. For example, multiple assessing units in a CAP may be able to acquire professional assessment services that would otherwise be cost prohibitive were they acting separately. In addition, licensing fees for assessment software can be shared between municipalities, thus reducing the cost.

The CAP model also may represent an opportunity for further collaboration and efficiencies going forward. For example, a CAP (or series of CAPs) may serve as a building block for bringing all assessing units under agreement across the County in a way that enables standard levels of assessment and valuation standards.

With a local CAP, the City could also build on its comparatively robust assessment staff and capacity to provide assessment services to any of the surrounding towns on a contractual basis. Some of the surrounding municipalities have already expressed an interest in this option, which would also generate a new revenue source for the City.

If the City decides to pursue a local CAP, State aid is available through the Office of Real Property Tax Services within the Department of Taxation and Finance. The aid is provided in a one-time payment of up to \$7 per parcel.

Recommendation: The Board recommends that the City, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the City and its neighboring governments with implementing such shared services plan. The specific structure and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

Local Government Efficiency Grant Program

The State also offers competitive grants through the Local Government Efficiency Grant program (LGEG) to local governments for planning or implementing a local government efficiency project, including sharing services, functional consolidation, and regional service delivery. The maximum grant for an implementation project is \$200,000 per municipality/ \$1 million per grant. The maximum grant for a planning project is \$12,500 per municipality/ \$100,000 per grant. Planning projects require a 50 percent local match and implementation

projects require a 10 percent local match. If a planning project is later implemented, the local match for implementation is offset by the amount of the local match for the planning project.

LGEG is administered by the Department of State. More information on grant requirements and how to apply is available at <https://www.dos.ny.gov/lg/lge/index.html>.

Transformational Municipal Restructuring Grants

On February 2, 2016 the Department of State released the Request for Applications for the Municipal Restructuring Fund (MRF) – a new \$25 million program to assist local government and school officials with developing transformative projects that will lead to property tax reductions for New Yorkers. The MRF is a grant program with a continuous recruitment process and projects submitted through the program will be ranked as they are received based upon established criteria until funding is exhausted. Projects will be ranked by metrics that include potential impact across local governments, effect across service delivery areas and municipal functions, and potential for long-term property tax savings.

The City should consider evaluating internal opportunities for consolidation or partner with surrounding communities for the purpose of filing an application for this grant funding. More information on MRF grant requirements and how to apply is available at <http://www.dos.ny.gov/funding/rfa-15-mrf-27/index.html>.

Municipal Consolidation Competition

To further encourage local government consolidation, New York State created a new \$20 million Municipal Consolidation Competition in the FY 2017 Enacted Budget to empower counties and other local governments to pursue opportunities for consolidation, shared services, and other changes that permanently reduce the property tax burden. This competition is designed to bring forth aspirational consolidation ideas that will change the structure of local government.

The City should consider partnering with surrounding cities, towns, villages, or counties in order to craft an application for this funding that outlines a transformative change in the structure of their local governments or service delivery methods.

Infrastructure - Sewer Repairs and Investments

The City is in the implementation phase of its State Department of Environmental Conservation (DEC) approved long term control plan for its permitted combined sewer overflows. While the City has achieved some grants and funding for prior projects, which are currently under construction or completed, they hope to receive grants and/or other funding for the remaining projects outlined below:

- City Center Sewer Project - this sewer separation project will remove storm water from the downtown Utica corridor which will help to foster economic development by increasing capacity in the sanitary sewer systems. It will also decrease dilute sewage overflow events into the Mohawk River. The cost was originally estimated to be \$2.1 million, but as further studies have been completed it is expected that the project cost will now be closer to \$3.5 million.
- Remote Treatment Unit Projects - these projects involve the construction of remote treatment facilities at two of the City's largest and most active combined sewer overflows. The estimated cost is \$3 million for each facility.

To help effectuate some of these projects, the City could seek assistance from the State's Environmental Facilities Corporation (EFC). EFC is a public benefit corporation dedicated to promoting environmental quality through a wide range of funding and technical assistance focused on protecting, improving and restoring New York's precious natural resources.

New York State's Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) are available for providing financial assistance for projects promoting water quality, improving public health and the environment, and helping local governments to enhance economic opportunities and create jobs. EFC administers the CWSRF on behalf of DEC, and administers the DWSRF in conjunction with the Department of Health.

State Water Infrastructure Improvement Act

The Water Infrastructure Improvement Act of 2015 provides grants to municipalities for critical drinking water and wastewater system improvements. The FY 2016 Enacted State Budget included authorization for EFC to provide \$200 million in grants for State Fiscal Years 2016-2018. Loans may be repaid for a term of up to 30 years, and projects can be pre-financed through EFC's Short Term Financing program, at rates as low as interest-free. The FY 2017 Enacted State Budget increases the Act's funding from the \$200 million approved in 2015, to \$400 million total.

This new source of funding for clean water and drinking water projects will be available to municipalities in amounts of up to \$5 million and \$2 million, respectively, with priority given to hardship applicants and projects in development. SRF loans may be repaid for a term of up to 30 years, and projects may be pre-financed through EFC's Short Term Financing program, at rates as low as interest-free.

EFC has provided more than \$9 billion in subsidized loans, grants and loan re-financings since 2011 – the largest, five-year investment in clean water infrastructure since the revolving loan funds were created more than 25 years ago. With a Triple A-credit rating, EFC is able to offer

large interest rate subsidies. EFC offers loans either interest-free or at subsidized low interest rates that help local governments afford major infrastructure projects to ensure the availability of clean water, protect the environment, and provide the vital infrastructure necessary to create jobs and economic development.

Some SRF grant funds are also available to assist with offsetting the expense of clean water and drinking water projects. Without these subsidized loans, many communities would be unable to meet public health and water quality standards, threatening the environment as well as the opportunity to retain and attract commercial investment. EFC is dedicated to helping as many communities as possible with CWSRF and DWSRF financing. Additional information is available on EFC's website <http://www.efc.ny.gov/>.

According to the City, in addition to the specific projects noted above, the City makes repairs to its aged sewer system annually at an approximate cost of \$500,000 or more.

Both the City of Utica and Oneida County operate sewer/wastewater facilities. The County bears responsibility for the sewer "mains" and the primary processing plant. The Oneida County Department of Water Quality and Water Pollution Control (WQ&WPC) is responsible for administering the operations of the Oneida County Sewer District (OCSD). The District includes 13 member municipalities in Oneida County. According to the County's website, District facilities include the Oneida County Water Pollution Control Plant (WPCP), which is situated on a 24-acre site on Albert E. Schuler Memorial Highway, Leland Avenue Extension, in Utica. The WPCP is the 4th largest facility of its kind in Upstate New York and the 17th largest in the State.

The Board finds that the City should work with the State's EFC regarding potential grants and/or low-cost financing for its upcoming sewer needs, and to the extent practicable, the City and County should explore the potential for combining sewer operations or engaging in shared service endeavors given that the Oneida County operation has such a heavy presence within the City already.

Parks and Recreation

The City of Utica maintains a robust Parks and Recreation Division with a wide range of responsibilities. The park system includes more than 675 acres of parks, with the largest single park being around 385 acres. The City also owns and operates several swimming pools, a ski center, the Utica Zoo, a golf course, and various athletic and playground facilities.

To maintain this extensive network of public parks and facilities, the Division has around 18 full-time employees in addition to up to 16 seasonal employees. Employees are responsible for mowing, tree maintenance, trash pickup, and general upkeep responsibilities for the facilities. The Division also includes the Youth Bureau, which employs around 150 seasonal employees in the summer (as lifeguards, park laborers, playground attendants, etc.).

As a result of the broad scope of parks and recreation facilities maintained by the City, the Division represents a significant expense in its overall budget. For fiscal year 2017, the Mayor's proposed budget includes total expenditures of \$2.6 million for parks and recreation, and assumes revenues of only around \$182,000 from the system. This indicates that although various components of the system do generate revenue, such as facility rentals, the City is still responsible for subsidizing a large portion of its expenses. Other available recreation facilities in the City, such as the zoo and the golf course, are under separate, self-sustaining funds.

Although core maintenance responsibilities lie with the City, some tasks are conducted in partnership with the Central New York Conservancy, a non-profit organization. The Conservancy assists with the care of trees in certain parks, works to encourage local organizations to participate in planting and maintenance activities, and carries out planning and advocacy functions.

The City has expressed interest in expanding this partnership, potentially modeled after the successful Buffalo Olmstead Park Conservancy model. This model differs significantly from the current partnership in Utica, most notably because the Buffalo Conservancy is responsible for management, operations, and maintenance of the City's parks. However, it may be worth additional analysis by the City of Utica to determine if there are more opportunities for partnership that could benefit the City moving forward.

In addition to exploring the possibility of expanding its Conservancy partnership, the City would benefit from analysis of the park system's multi-year capital needs and possibilities for new community partners or funding sources. In 2015, the City sought funding through the New York State Consolidated Funding Application and the Mohawk Valley Regional Economic Development Council (REDC) to hire a consultant for a Parks and Recreation Master Plan. The funding was not provided in the 2015 REDC award cycle.

A Parks and Recreation Master Plan would be beneficial for the City in order to assess the current state of existing parks, facilities, and programming. This assessment could then be used to develop a plan for future needs, including planning for capital investments, creating objectives and timelines for park improvements, and becoming more sustainable in the long-term by prioritizing projects in the most effective ways possible. The Plan could also assist the City with developing new community or organizational partners and assessing the parks system's funding structure.

Recommendation: The Board recommends that the City develop a Parks and Recreation Master Plan to assess long-term capital and operating priorities. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to \$250,000 to assist the City with developing this Plan. The specific structure and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

Workforce

Employee Health Insurance Costs

For many municipalities across the State, including Utica, employee benefits have been straining municipal budgets. With local governments facing significant budget deficits and needing to identify ways to reduce spending, more attention has been focused on healthcare costs for public sector employees.

The City has made strides to increase employee health insurance contributions in recent labor contracts. The most recent contracts for the Fire Department, Police Department, and Teamsters (Public Works Department) each require new employees to contribute 20 percent of their premium. These changes will take time to offset the high labor costs facing the City. Currently, out of a total estimated annual premium of \$9.6 million, employee contributions represent only 7.9 percent, or approximately \$756,000.

If the City could employ health insurance practices that the State achieved with its unions in the most recent round of bargaining, there is the potential for millions of dollars in annual savings for the City. Overall, however, the City should strive to achieve the proper balance between the factors that affect salaries and employee contributions.

Binding Arbitration Reforms

In 2013, the Governor advanced and the Legislature enacted significant reforms to the binding arbitration process between local governments and police and fire unions. These reforms give increased weight to an eligible local government's ability to pay as well as require arbitrators to consider the limitations of the property tax cap for these local governments. These reforms were extended until 2019 as part of the FY 2017 Enacted State Budget.

If a binding arbitration panel finds that a local government is eligible because of its high property tax rate or low reserves, it must give 70 percent of the weight of its decision to the local government's ability to pay and consider the requirements and limitations of the property tax cap. The remaining 30 percent of the weight would be given to the other binding arbitration award factors, including wage comparison, prior contracts, and public interest. Prior to these reforms, higher weight was not given to a local government's ability to pay and there was not a specific requirement to consider the limitations of the property tax cap. Given the City's high average property tax rate, it would likely qualify for application of the heightened ability to pay requirements should its labor negotiations require arbitration.

Economic Development

FY 2017 Enacted State Budget Actions Will Assist the City's Economic Development Climate

The FY 2017 Enacted State Budget included a number of initiatives that will grow the economy within the City of Utica and the surrounding Mohawk Valley. This includes supporting locally-driven priorities for economic development and bolstering some of the State's most vital forms of infrastructure. Investments include:

- **Authorizing Additional Upstate Revitalization Initiative Grants:** This competition replicated the successful Buffalo Billion initiative to help further Upstate New York's economic recovery. Projects focused on strengthening critical infrastructure, revitalizing communities, bolstering workforce development, growing tourism, and improving quality of life. In December 2015, the Mohawk Valley was awarded \$100.3 million for 92 economic development projects, including nine within the City of Utica. The FY 2017 Enacted State Budget allocated funding for \$50 million in projects for the Mohawk Valley. The full amount will be paid out over the next five years.
- **Directing \$1.5 Million to an Anti-Poverty Initiative in Utica:** Building on the success of the Rochester Anti-Poverty Task Force, the 2017 State Budget includes \$25 million for the Empire State Poverty Reduction Initiative. This will bring together State and local government, non-profit and community groups to design and implement coordinated solutions to address poverty. Under the program, New York will provide planning and implementation grants, along with additional funding to address the most pressing issues identified during the planning process.
- **Investing \$300 Million to Transform Healthcare Delivery in Oneida County, to be Based in the City of Utica:** Upstate health care systems are critical service providers and some of the largest regional employers. However, financial challenges exist for smaller, community-based and geographically isolated systems that could prevent their participation in critical State reform efforts. This funding is reappropriated to support debt restructuring and other capital projects for health care systems in Oneida County, for the purpose of consolidating multiple licensed health care facilities into an integrated system of acute inpatient, outpatient primary and other health care services. These capital projects are to serve the entire County but must be located in the City of Utica.
- **Financing \$585 Million in Upgrades to Build the AMS Chip Fab at the Marcy Nanocenter Site and \$50 Million to Support the GE Power Electronics Consortium at Quad C for Semiconductor Research:** In August 2015, Governor Cuomo announced that New York State would invest \$1.5 billion in infrastructure upgrades as part of his Nano Utica initiative. These upgrades attracted companies such as AMS and GE Power bringing with them thousands of jobs and the dawn of a new manufacturing sector in the Mohawk Valley. The FY 2017 Enacted State Budget provides for the first phase of these upgrades at SUNY Poly.
- **Assisting the City of Utica with \$11 Million to Improve Route 5S:** This project will increase safety and traffic flow at the intersection of 5S and Genesee Street.

Regional Economic Development Councils & Upstate Revitalization Initiative

To build on the success of the Regional Economic Development Council (REDC) and Upstate Revitalization Initiatives (URI), the FY 2017 Enacted State Budget continued this locally-driven economic development approach with \$950 million for a sixth round of REDC awards and URI runners-up awards. Round VI of the Regional Council Initiative will include \$750 million to be split competitively among each of the State's ten regions, and \$200 million to fund top projects for the runners up from last year's URI, which includes the Mohawk Valley.

During the 2015 awards process, the following nine projects within the City of Utica were awarded a total of \$3.9 million in funding:

- Bagg's Square Regeneration Project - The Bagg's Square Association will inventory underutilized downtown mixed-use buildings and evaluate feasibility of renovation projects in the City of Utica - \$20,000.
- Bagg's Square Thincubator Lofts - Bagg's Square Partners will acquire a currently abandoned property at 310 Broad Street, renovate the first floor for commercial use and the upper floors to loft apartments - \$900,000.
- Into the New Century NYMS Project - Project will address Phase I of construction related to environmental contamination - \$300,000.
- Utica Memorial Auditorium Critical Facility and Campus Improvements - Project is the conclusion of a 3-phase infrastructure improvement project for the historic Utica Memorial Auditorium - \$500,000.
- Munson-Williams-Proctor Arts Institute - The exhibition, A Thousands Faces, A World of Stories, will present 60 large-scale photographs by renowned National Geographic photographer Steve McCurry - \$61,110.
- Munson-Williams-Proctor Arts Institute - The Institute will launch a comprehensive marketing campaign to draw tourists from across New York State and beyond for the exhibition, A Thousand Faces, A World of Stories - \$30,000.
- Mohawk Valley Community College Nurse Assistant Training - Mohawk Valley Community College of Utica will train 76 unemployed workers as certified nursing assistants - \$99,560.
- Mohawk Valley Community College (MVCC) Advanced Manufacturing Institute - MVCC will create the Mohawk Valley Advanced Manufacturing Institute on the Utica campus, adding a fully-functional cleanroom for nanotechnology and a lab for mechatronics - \$1,800,000.
- Compassion Coalition, Inc. Grocery Expansion Project - The current Compassion Coalition grocery store, which is located in a highly distressed neighborhood, will be expanded - \$160,000.

Land Banks and Community Revitalization

In recent years, municipalities have sought to address problems associated with blight from vacant and abandoned buildings through the creation of municipal land banks. New York State authorized the creation of up to ten such land banks through Chapter 257 of the Laws of 2011, and this authorization was expanded to a total of 20 land banks through Chapter 106 of the Laws of 2014. In New York State, municipalities must first submit an application to create a land bank to Empire State Development (ESD).

Land banks are not-for-profit corporations that may be able to more efficiently return vacant, abandoned, or tax delinquent properties back to productive use. They have several powers such as the ability to dispose of property under negotiated terms, to sell properties for non-monetary compensation, to retain equity in properties, to purchase tax liens, and special bidding privileges when purchasing properties at a tax foreclosure auction. Land banks allow municipalities to have a more efficient and streamlined process for property redevelopment and community revitalization. This in turn reduces the social and economic consequences of blight within a municipality.

Currently, there are fifteen approved land banks in New York State: Albany County Land Bank Corporation, Allegany County Land Bank Corporation, Broome County Land Bank Corporation, Buffalo Erie Niagara Land Improvement Corporation, Cattaraugus County Land Bank Corporation, Chautauqua County Land Bank Corporation, Finger Lakes Regional Land Bank Corporation, Greater Syracuse Land Bank, Land Reutilization Corporation of the Capital Region, Nassau County Land Bank Corporation, Newburgh Community Land Bank, Rochester Land Bank Corporation, Suffolk County Land Bank Corporation, Troy Community Land Bank Corporation, and the Oswego County Land Bank.

In April 2016, the Attorney General announced that an additional \$30 million would be dedicated to the creation and operation of land banks within New York State as a result of additional settlement agreements with banks over deceptive lending practices leading up to the financial crisis. This funding is above and beyond the \$20 million that the Attorney General has already devoted to land bank creation.

The counties of Fulton, Herkimer, Montgomery, Oneida, Otsego and Schoharie have explored establishing a joint land bank but have not yet submitted an application to ESD.

Downtown Revitalization Initiative

The FY 2017 Enacted State Budget provides \$100 million for a new initiative to fund transformative housing, economic development, transportation, and community projects designed to attract and retain residents, visitors, and businesses to downtowns. Ten communities (one in each of the State's economic development regions) that are currently experiencing population loss and/or economic decline will be able to submit revitalization plans for their downtown area, developed in collaboration with policy and planning experts.

The City should work with the Mohawk Valley Regional Economic Development Council to explore whether or not the City is the best candidate in the region for this initiative.

New Transportation Capital Program

The FY 2017 Enacted State Budget included \$21.1 billion for capital improvement of highways, bridges, rail, aviation infrastructure, non-Metropolitan Transportation Authority transit, and Department of Transportation facilities throughout the State. This includes the launch of three new initiatives: BRIDGE NY, PAVE NY, and the Extreme Weather Infrastructure Hardening Program.

- The BRIDGE NY program will provide \$1 billion to replace, rehabilitate and maintain State and local bridges over a five year period.
- The PAVE NY program will provide \$1 billion to State and local paving projects over a five year period and will be distributed according to the Consolidated Local Street and Highway Improvement Program (CHIPs) formula. The City of Utica will receive \$299,381 in State Fiscal Year 2017 as part of this program.
- The Extreme Weather Infrastructure Hardening Program will provide \$500 million to further improve conditions on State and local roads and bridges, as well as provide resiliency to roadways that are particularly susceptible to weather events.

Fiscal Performance and Accountability

Multi-Year Financial Plans

Multi-year financial plans can be an important tool for local government leaders. These plans project a local government's revenues and expenditures for a number of years into the future based on reasonable assumptions. This allows local officials to not only see the current fiscal situation but also see the fiscal situation over the next few years. This empowers local officials in two ways.

First, it enables local officials to avoid creating future problems with a current action. For example, using a one-time revenue source to fund an ongoing program would not show an impact in the current year, but could have a significant impact in future years, when the one-time revenue source is no longer available.

It also empowers local officials to address future problems today. As projected revenues seldom exceed projected expenditures, local officials can start to make decisions today to address out-year gaps. By proactively addressing future issues, the impact to the local government, its residents, its taxpayers, and its workforce can be lessened.

OSC has developed an extensive set of resources for local governments on multi-year financial planning. This includes a tutorial, a guide, and a template, which are all available on OSC's website <http://www.osc.state.ny.us/localgov/planbudget/index.htm>. These are designed to make it as easy as possible for local governments to develop multi-year financial plans.

The City of Utica currently does not have a multi-year financial plan. The City previously developed a three year financial recovery plan in 2011, and now that finances have been stabilized, City officials believe multi-year budget projections are feasible. For the reasons outlined above, the Board finds that the City should develop a multi-year financial plan.

Conclusion and Next Steps

The Board may, in its sole discretion, award any of the following grants:

- The Board recommends that the City pursue efficiencies, such as advancements in energy consumption, or in other areas so determined in the future. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award grants to assist the City with implementing efficiency projects, including a grant of up to \$500,000 to assist the City with converting street traffic control signals.
- The Board recommends that the City, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions. If the City agrees to abide by and implement this recommendation, the Board may award a grant to assist the City and its neighboring governments with implementing such shared services plan.
- The Board recommends that the City develop a Parks and Recreation Master Plan to assess long-term capital and operating priorities. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to \$250,000 to assist the City with developing this Plan.

The specific structure and conditions of any such grants, which would be developed in consultation with the City, and any other aspects of such grants would be subject to an affirmative vote of a majority of the total members of the Board.

* All city rankings in this report exclude New York City

Appendix A – Letter and Resolution from City of Utica



THE CITY OF UTICA

OFFICE OF THE MAYOR

1 KENNEDY PLAZA • UTICA, NEW YORK 13502

ROBERT M. PALMIERI
Mayor

Phone: 315-792-0100

Fax: 315-734-9250

e-mail: mayor@cityofutica.com

September 5, 2014

Robert Megna
Chairman
New York State Financial Restructuring Board
NYS Capitol Building, Room 135
Albany, NY 12224

Dear Members of the New York State Financial Restructuring Board,

On March 19th, the Utica Common Council unanimously passed a resolution supporting the City of Utica's application to the New York State Financial Restructuring Board.

It is my belief that applying to this Board could be advantageous for the City.

In that spirit, I'd like to give you a brief overview of where the City was just two and a half years ago, prior to my tenure as Mayor, and what we have done to turn the tide and move in the right direction.

In years past, the City's Capital Improvement Trust (Water Authority Money) and fund balance were used to supplement unrealistic and unbalanced budgets. The percentage of our debt that was covered by the Capital Improvement Trust averaged nearly 40 percent per year over the course of a decade (2002-2012). This "kick the can down the road" practice was irresponsible and drained our Trust fund from \$12 million to virtually nothing.

As recently as 2009 our fund balance was nearly \$5 million but plummeted into the negative right as I took office.

Over the past two and a half years, the City significantly reduced its workforce, consolidated departments and implemented three balanced budgets. These efforts led to a \$4 million positive swing in budget operations at the conclusion of my first fiscal year in office (2012-2013) and the City's largest budget surplus in 16 years.

www.cityofutica.com

In addition, in the past year, the City has settled three union contracts (Police, Fire and Department of Public Works) that call for new hires to contribute 20% towards their health insurance premium. Given the rise in health insurance cost, the City is confident the terms of the newly settled union contracts will yield significant long term savings.

While there are positive indicators the City is moving in the right direction; (Standard and Poor's recently upgraded the City's financial outlook, fund balance has increased to over \$1.5 million, sales tax revenue is higher than projected, etc.) I am well aware that we are still fixing the financial problems we inherited and not out of the woods.

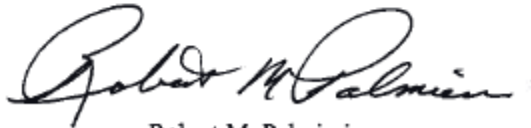
In the application, the Restructuring Board asks what areas the City feels it needs to improve. If you look at our recent credit rating reports from Fitch and Standard and Poor's (attachments included in the application) there is a consistent theme of late financial reporting. I believe this is the biggest financial obstacle the City faces moving forward. With that said, I have worked very well and closely with newly elected Comptroller Bill Morehouse and I am confident this issue will improve moving forward.

I thank the Restructuring Board, in advance, for your time, energy and effort in providing valuable insight to help keep Utica moving in the right direction.

If there is any additional information you need or if my office can be of assistance, please don't hesitate to contact me directly.

Thank you again for your service to the residents of our State.

Sincerely,



Robert M. Palmieri
Mayor
City of Utica

Certified to:

*Budget
Comptroller
Law
Mayor
Chief Budget Examiner*

**City of Utica
Department of Legislation
In Common Council**

Utica, New York March 19, 2014

Resolution 8. Sponsored by: Councilmembers Marino, Vescera, Testa, Flemma, McKinsey, Colosimo-Testa, Williamson, LoMedico, Bucciero

**RESOLUTION OF THE COMMON COUNCIL REQUESTING A COMPREHENSIVE
REVIEW BY THE NEW YORK STATE FINANCIAL
RESTRUCTURING BOARD FOR LOCAL GOVERNMENTS**

WHEREAS, the City of Utica is a Fiscally Eligible Municipality based on the criteria established under the New York State Local Finance Law and qualifies to request a Comprehensive Review by the Financial Restructuring Board for Local Governments; and

WHEREAS, the Common Council of the City of Utica understands that the Financial Restructuring Board has the ability to undertake a Comprehensive Review of the City of Utica's operations, finances and practices.

NOW, THEREFORE, BE IT RESOLVED, that Common Council of the City of Utica requests a Comprehensive Review by the New York State Financial Restructuring Board for Local Governments.

BE IT FURTHER RESOLVED, that the Mayor is authorized to execute any and all documents and instruments necessary to fulfill the City of Utica's obligations under the Financial Restructuring Board's Comprehensive Review.

Yeas: Councilmembers Vescera, Testa, Flemma, Marino, McKinsey, Colosimo-Testa, Williamson, LoMedico, Bucciero-9

Nays: None.

Adopted.

State of New York, City of Utica

City Clerk's Office

} ss

I hereby certify that I have compared the foregoing copy of a resolution of the Common Council with the record of proceedings of the Common Council of said City of Utica, duly made and on file in this office, and that the same is a correct transcript therefrom and of the whole of said resolution.

In Testimony Whereof, I have hereunto affixed the Corporate Seal of said City, and subscribe my name, this

20th day of March 2014.

Patricia A. Lindsey
City Clerk

Appendix B – Resolution Approving the City of Utica

Financial Restructuring Board for Local Governments

RESOLUTION No. 2015-06

APPROVING THE REQUEST FOR A COMPREHENSIVE REVIEW FROM THE CITY OF UTICA

WHEREAS, pursuant to New York State Local Finance Law section 160.05(2)(a), the Board of the Financial Restructuring Board (the “Board”) must find that the City of Utica (the “City”) is a Fiscally Eligible Municipality because it has an average full value property tax rate of \$15.13 per \$1,000, which is greater than the average full value property tax rate of seventy-five percent of counties, cities, towns, and villages with local fiscal years ending in the same calendar year as of the most recently available information; and

WHEREAS, pursuant to New York State Local Finance Law section 160.05(2)(b), the Board must find that the City is a Fiscally Eligible Municipality because it has an average fund balance percentage of 4.29 percent, which is less than 5 percent; and

WHEREAS, pursuant to New York State Local Finance Law section 160.05(3), upon the request of a fiscally eligible municipality, by resolution of the governing body of such municipality with the concurrence of the chief executive of such municipality, the Board may undertake a comprehensive review of the operations, finances, management practices, economic base and any other factors that in its sole discretion it deems relevant to be able to make findings and recommendations on reforming and restructuring the operations of the fiscally eligible municipality (the “Comprehensive Review”); and

WHEREAS, the governing body of the City with the concurrence of the City’s chief executive has requested that the Board undertake a Comprehensive Review of the City;

NOW THEREFORE BE IT RESOLVED that the Board agrees to undertake a Comprehensive Review of the City in accordance with New York State Local Finance Law section 160.05(3).

This resolution shall take effect immediately and remain in effect until modified, replaced or repealed by resolution of the Board.

No. 2015-06

Dated: 2-24-15

