



NEWS RELEASE

City of New Rochelle, New York

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2012 Proposed Budget Released

New Rochelle City Manager Charles Strome III today released his proposed budget for Fiscal Year 2012. In the midst of the worst economic environment in memory, the budget proposes to close an estimated \$8 million funding gap through a blend of revenue increases and spending cuts. To accomplish this, the budget calls for a real estate tax levy increase of 3.68%, the maximum allowable within the limits set by the New York State “tax cap” legislation adopted earlier this year; an increase to the residential refuse fee; and the reduction of 54 full and part-time positions.

“Like almost every other municipal government throughout the nation, New Rochelle is a victim of the continuing economic recession that has seen stagnant revenue growth, falling housing values and diminished resources,” said Strome. “Compounding the problem, we are subject to New York State’s tax cap legislation, which is designed to reduce the size of local governments without offering any relief for mandated costs enacted by the State.”

Many of the City’s historical major revenue sources, such as sales taxes, mortgage taxes, building permits and State aid, have been negatively impacted by economic conditions, necessitating greater reliance on the local property tax or other revenue sources, Strome noted. Under the tax cap legislation, the allowable increase to property taxes will not even cover the over \$4 million cost of State-imposed pension and health insurance cost increases.

“The 3.68% increase to the tax levy equates to a tax rate increase of 6.36% because our tax base fell by another \$7 million this past year,” added Strome. The proposed tax increase for the average homeowner is \$184, or about one percent of the total tax bill.

The budget proposes to eliminate 36 full-time positions- 24 through attrition and 12 through layoffs- as well as 18 part-time positions, all through layoffs. Together, these actions will result in a cumulative 14% reduction in full-time staffing over the past three years, bringing City staffing to historic lows. The budget also calls for an increase to the residential refuse fee of \$157 per housing unit per year, although qualifying senior citizens will see no increase.

“This has been the most difficult budget that I have had to prepare,” concluded Strome. “Under ordinary circumstances, I would not recommend many of the items contained in this budget, such as fee increases and especially layoffs, which will debilitate the organization. This budget

is a reflection of the national economy and the policy choices of our State leadership. Until the economy improves and/or new State policies are devised, cities like New Rochelle will continue to face hard choices.”

Copies of the proposed budget are available in the City Clerk’s office, at the New Rochelle Public Library and on the City’s website www.newrochelleny.com. The City Council will conduct budget review meetings in November and hold a public hearing on December 6th in advance of the adoption of a tax rate in December.

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