

THE CITY OF NEW YORK
COMMUNITY BOARD FOUR
DISTRICT MANAGER'S REPORT March 2009
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Last month my report focused on the Mayor's Preliminary Budget. The overview presented to you forecasted a grim outlook of our City's financial status. I spoke of the short fall we face in projected revenue earnings to the cuts of services provide to our citizenry. As I stated this is a problem that we all must face together a problem that we will resolve for we have no other option. Success will be achieved, why because government and its populous will come together and share the burden to find ways to pull one another out of our monetary down turn.

This month I wanted to further report on our financial status and so I provide you with an overview from The City of New York Independent Budget Office. IBO now estimates the city will lose 270,000 jobs from its employment peak in the first quarter of 2008 through the second quarter of 2010. With these larger expected job losses—roughly 30,000 more than the IBO estimated in January—comes a lower forecast of tax revenues. The IBO projects that total tax revenues, even after accounting for December's increase of the property and hotel occupancy

tax rates, will fall by \$2.6 billion to \$34.7 billion this fiscal year. And even if the IBO includes the expected revenue from the Mayor's proposed sales tax increases, they estimate total tax revenues will decline by an additional \$1.3 billion in fiscal year 2010. These declining tax revenue projections are what's driving IBO's estimate of the city's growing budget shortfalls. Even if they assume the Mayor's proposed gap-closing actions for fiscal year 2010 are achieved, their new lower tax revenue forecast will imply that there is still an additional problem that remains to be addressed. IBO estimates a budget gap of \$1.2 billion in 2010. Their budget gap projection for 2011 is now \$4.8 billion, \$1.6 billion more than the Mayor estimated in January.

While the federal stimulus bill will provide the city with some fiscal relief, it is not yet clear how much. A significant portion of the stimulus comes in the form of funds to foster infrastructure projects and expand programs, assistance that does nothing to close the city's expense budget gaps. The largest share of the stimulus package provides aid to individuals and families, which will help bolster the local economy but will not provide the city with direct fiscal relief. The biggest source of local fiscal relief in the stimulus bill is the increase in the federal matching rate for Medicaid and the Mayor has already penciled in \$1 billion of budget relief from this change for his 2010 Preliminary Budget.

Until September 2008, New York City appeared to escape much of the impact of the U.S. downturn. But when the nationwide housing crisis turned into a financial sector meltdown, New York City—a global center for the financial industry—was hit particularly

hard. The IBO now expects the city economy to contract more sharply and recover more slowly than the U.S. as a whole. Overall, the city has lost 59,900 jobs since January 2008, with much deeper declines expected in 2009.

The outlook for tax revenues has darkened with the economic outlook. There was essentially no growth in tax revenues during fiscal year 2008 and the IBO expects them to decline by \$2.6 billion (7.0 percent) in the current fiscal year and \$1.3 billion (6.0 percent) in 2010, even after accounting for the already enacted property and hotel tax rate increases and the Mayor's proposed sales tax increases. IBO's revenue forecast is significantly below the Mayor's Office of Management and Budget's for 2010 through 2013, with the difference exceeding \$1 billion each year in 2010 through 2012. Much of the declines are in the personal and business income taxes which are highly sensitive to the business cycle and in the property transfer taxes which reflect conditions in the real estate markets. From 2003 through 2007, these taxes more than doubled, growing by 118.4 percent, while the rest of the city's tax sources—which are dominated by the property tax—grew by 32.2 percent. With the downturn in financial and real estate sectors, this group of taxes is now shrinking much faster than most of the city's other sources. Indeed, in 2008 through 2010, while they are expected to contract by 64.0 percent, the rest of the city's taxes are actually expected to grow by 9.4 percent. From 2003 to 2007, when Wall Street profits were expanding along with the financial asset bubble, the city's business income tax receipts grew by 163.4 percent from \$2.3 billion to \$6.0 billion; by far the fastest growth in these taxes' history. But in 2008 that trend reversed with a decline of 10.0

percent in business tax revenues. IBO now projects that in 2009 revenues will decline by another 14.5 percent and then fall further in 2010.

The city has entered what is expected to be severe and protracted period of economic retrenchment which will lead to two consecutive years of tax revenue declines. Even after the local economy begins to recover—and IBO expects the city’s recovery to lag the nation’s—tax revenue growth is expected to be much slower than we enjoyed in the years of expansion from 2003 through 2007. With lower tax revenue, a prior year surplus that will be largely expended this year, and continued spending growth in large parts of the budget that are not immediately controllable by the Mayor, IBO expects the city to face an ongoing challenge to meet its legal requirement to produce annual budgets that are balanced. With New York State facing even greater fiscal challenges, it is unlikely that the state will be a significant source of budget relief, and indeed state leaders may add to the city’s burden as they look to solve their own problems. Relieving this fiscal stress will likely require some combination of significant budgetary reductions and/or revenue increases.

Listed below are some of the meetings, events and announcements held over the Month.

Wed 2/25/2009 Meeting with Cora Tait, Assistant Pastor of Highbridge Community Church.

Purpose of our meeting was to discuss the ongoing issue involving relocating the Bus Stop at 169th Street and Plimpton Avenue. In addition to understanding the Church’s position I gave Elder Tait an overview on what has transpired thus far.

Tue 3/3/2009 Meeting Regarding the March 7th Emergency Awareness Event. Leaders of the Highbridge Community and the Borough President's Office met to discuss coordinating some of the logistical concerns.

Sat 3/7/2009 Community Awareness Preparedness and Mugassa & Sumare Event. The event was held at P.S. 73 and with a number of community groups and leaders participating. The following agencies participated and assisted in coordinating the event: OEM, FDNY, NYPD, HPD, HRA, DEP, NYS Dept of Labor and the Mayor's Community Affairs Unit.

Mon 3/9/2009 Meeting with District Manager and Board Chairs. The meeting was organized by the Borough President's office in an effort to formulate testimony for the Government Operations Committee meeting regarding the City's Budget as it relates to Community Boards.

Thu 3/12/2009 Meeting with VOA Safe Haven Site Director and Coordinator. I met with Tuere Furer, Program Director and Carmen Keaton, Associate Division Director of the VOA Safe Haven located at Cromwell and 170th Street. The purpose of the meeting was to formally introduce myself and our office. And for the VOA to summarize services they provide

Thu 3/12/2009 Government Operations Committee Meeting. All 12 Boards were represented by their District Managers and Board Chairs, Gorman, Omotosho and Ezell spoke as well, outlining how Community Boards are the link between the people and government and to remind the Council of our charter mandated responsibilities, to monitor the delivery of City services. One of the most spoke of actions at the meeting was the fact that with the impending expected reduction in service and personnel by many agencies, more people will depend on Community Boards to fill that void.

Fri 3/13/2009 Meeting with Luis Lugo, Angel Irizarry and Cora Tait regarding the relocation of the BUS Stop on Plimpton Avenue and 169. In an effort to better coordinate their efforts I organized a meeting with the Highbridge Community Church, Plimpton Avenue Homeowners and the Homeowners on Ogden Avenue. The purpose was to understand the different positions that each stakeholder has regarding the Bus Stop and to communicate an effective plan that will be presented to the MTA.

Mon 3/16/2009 Meeting with VOA Tuere Frere, Program Director at 1365 Cromwell Ave. On this day I decided to visit VOA's Cromwell Avenue Safe Haven Site. The facility has the capacity to house 80 individuals with full social services provided to clients. The goal is to have program participants obtain permanent housing and live productive lives. The Cromwell site has partnered with CAB's HOPE program and the Veterans Association.

Mon 3/16/2009 Meeting regarding NAACP. This year marks the centennial of the NAACP and in effort to celebrate; the Bronx Branches have decided to hold a processional from 161st Street and the Grand Concourse to St. Mary' Park. The meeting held on the 16th was to coordinate the day's activities with the 44th, 40th Pct. and the Parks Department. The meeting was held at Bronx Community Board 1.

Wed 3/18/2009 DSC Meeting. During my District Service Cabinet Meeting two major items were brought to my attention. New York City Department of Environmental Protection will launch a new initiative. DEP will be upgrading NYC's water meter system and will install automatic meter reading devices in buildings and homes citywide. The installation of AMR is part of a three year DEP initiative to make our water bill more accurate. According t DEP AMR largely gets rid of estimated reads, saves money, and eliminates the need for meter readers to visit your property. The 2nd item was the results of the Rat Indexing in Community Board Four. According to DHMH Bronx Community Board Four has seen a significant decrease in rat signs.

Wed 3/18/2009 Meeting with the Department of Design and Construction. DDC gave myself and Cedric Loftin, District Manager of Community Board 1, an overview of the reconstruction of East 149th Street Exterior Street –A. J. Griffin Place. DDC is managing a capital construction project to reconstruct and replace combined sewer, distribution water mains, installation of catch basins, manholes; and the reconstruction of the roadway, curbs, sidewalks and street lighting. In addition trees will be planted within the project limits.

Mon 3/23/2009 Site Visit with Peter Bittle 1401 Teller Avenue. Mr. Bittle informed of abandoned vehicles behind 313 and 317 along 170th Street between Teller and College Avenue. For some time now someone has been dumping vehicles behind these buildings. I immediately contacted the 44th Pct. to arrange for removal and measures to deter the illegal dumping.