



CITY OF PEEKSKILL
OFFICE OF THE MAYOR



John G. Testa
Mayor

Peekskill Posts 0% Tax Increase for Third Year in a Row

*Successful Revitalization, Financial Discipline Enable City to Hold Line on Taxes.
Choice to Limit Increase Was Clear Given School, County Tax Boosts, Lagging Economy,
Rising Energy Prices.*

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PEEKSKILL, NY—For the third year in a row, the City of Peekskill, NY is holding the line against higher taxes, setting a 0% increase for its 2008 budget.

Money generated by the city's successful revitalization program, which has brought hundreds of market rate units into the city and significantly increased the percentage of middle class residents, played an essential role in bringing Peekskill to a level of financial health that made the three time 0% increase possible.

Holding the line against a tax increase was vital given the fact that the Peekskill City School District and Westchester County have set significant boosts in their tax rates, and that signs are energy costs are going to be extraordinarily high this year, says Mayor John Testa. And even though the 0% rate increase precludes adding some positions, it will be accomplished without any significant cutbacks, layoffs or reductions in service, he says.

“We had some very challenging decisions to make this year, and we decided that what was important was serving our employers—the people who own and fund this government,” Testa says. “Many are families are worried about their financial stability, and that makes it all the more important that we make life as easy as possible for the people who are paying our government's bills,” he says.

With three years of 0% tax increases, Peekskill continues to be one of the financially

healthiest and most stable communities in New York State, which is a far cry from the situation five years ago, when the city had a negligible reserve fund, a poor bond rating, and a rough reputation in the business community.

Today Peekskill is known for the strength and success of its Revitalization Plan and the dynamic energy of its arts community. Where there was almost no money in the reserve fund, after the current budget is passed more than \$6 million remains. Where the city used to have to borrow against anticipated tax revenues to pay key bills, that practice has been eliminated. Where the city's budget used to be complex and relatively hard to comprehend, today it is a model of clarity and comprehensiveness.

"One reason we can post 0% tax increases is because we've been so disciplined," Testa says. "All by themselves, the benefits of strict discipline have produced enough financial rewards to help defray a several percent tax increase," he says.

Even more important was the revenue stream created by Peekskill's strong Revitalization Program, a multi-faceted effort that did everything from generate millions of dollars of new tax revenues to burnishing Peekskill's image nationwide.

Following established practice, the city dipped into excess money in its reserve fund to allow for the 0% tax increase. "This is something we have done on an ongoing basis," Testa says. "Last year we dipped into the reserve fund, and money generated by revitalization helped fill the gap. We have fully followed all financial and legal regulations in putting forward this 0% tax increase," he says.

People need to realize that good financial practice when it comes to government isn't just about keeping a lid on spending, Testa says. "Revenue is an essential part of the financial mix. We have set up a long-term Revitalization Plan that has significantly increased the city's income without the need for more taxes on its residents," he says. "If we continue building on our success and following our Revitalization Plan, we will remain in good financial health."

Recently, Peekskill achieved its most positive bond rating in many years. The 0% increase in now way threatens that bond rating, should the city continue to follow healthy financial practices, Testa says. "Moody based its rating not just on our expenses, but on our revenues as well. It included planned redevelopment of the Riverfront and the Core Downtown area in its evaluation," he says.

These projects were an integral part of Peekskill's plan for the future, Testa says. If they do not happen, then the city's financial picture will change dramatically.

"People need to realize that future decisions will have consequences. Moody's gave us our bond rating based on Peekskill continuing to live up to its potential. If the choice is not to do so, the consequences are serious," Testa says.

For more information, call Mayor John Testa at 914-734-4105.

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