



CITY OF PEEKSKILL
OFFICE OF THE MAYOR

John G. Testa
Mayor



Peekskill Achieves 0% Tax Increase for Second Year in a Row.

*Revenues Produced as Result of Revitalization Plan's Smart Growth
Make it Possible to Prevent Increases Without Cutting Services.*

Unanimous 7-0 Bipartisan Vote Secures Approval for 2007 Budget; New Tech Position
Created, Union Contracts Settled Even Though No Tax Increase is Scheduled.

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PEEKSKILL, NY—For the second year in a row the City of Peekskill's
aggressive and successful Revitalization Plan will allow for a 0% tax increase.

Smart Growth programs that have seen significant expansion of Peekskill's tax
base with a minimal increase in incurred costs are helping the City to continue improving
its services and efficiency without any significant tax increases. So have rigorous and
highly focused financial policies.

Implemented at the start of 2002, these strategies have transformed everything
from the City's financial health and status to its ability to attract high-quality commercial
and residential developers. In just four years, Peekskill has made the transition from
financially troubled to one of the financially healthiest communities in New York State.

“By taking an intensely disciplined, highly professional approach to Peekskill’s finances, we’ve created a situation that benefits everybody in our city,” says Mayor John Testa. “The great news is that we’ve arrived at this success in the earliest stages of our revitalization plan. This makes it all the more important for us to stick with our program and make sure the waterfront and downtown are revitalized as rapidly as possible so we can continue to build on our momentum,” he says.

Estimates are that moving forward on the downtown revitalization plan alone could raise total City revenues by \$3 million. “The projects in the Revitalization Plan are not independent. They are a carefully crafted web of self-reinforcing efforts. It is crucial that they be executed in the proper sequence, or the city risks losing significant momentum,” Testa says.

One of the most important measures of any city’s financial health is the amount of money in its general fund. “The general fund has recorded operating surpluses in five of the past six years. During this period of time, total fund balance has increased nearly three-fold going from \$3.9 million to \$10.0 million,” says financial advisor Raymond Hart of the respected firm Public Finance Associates, Inc. about the city’s financial condition in a memo to the city.

Having a significant fund balance is especially important for Peekskill because the city acts as a tax collection agency for both the Peekskill City School District and Westchester County. Together, these organizations account for about two thirds of every resident’s tax bill, Hart says. That is why total tax bills sometimes increase even in years when the City itself has a 0% increase. Because of its healthy reserve fund, Peekskill’s borrowing costs will drop by around \$100,000 a year.

Even more important, there is a good chance its bond rating will be improved by rating agencies, which should reduce borrowing costs even further.

Among the strongest signs of Peekskill's financial health is the fact that two major labor contracts were successfully negotiated without forcing the need for a tax increase. The City settled a five year Teamsters contact for its blue collar workers and a three year police contract with no increase in taxes, an extraordinary achievement.

Because revenue has grown significantly as the Revitalization Plan has taken hold, Peekskill has been able to take care of business while meeting its citizens' needs. Key expenditures that will be made in 2007 will include hiring a new technology officer to help manage the information systems that have proven a key component of the city's program to increase public access to information while dramatically boosting productivity at the same time.

Maintaining the current discipline is crucial to the city's health, Testa says. "That's why the unanimous, bipartisan vote approving this budget is so important. We have taken a highly professional approach to budgeting in this city, and we agree that this is the way to go," he says.

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

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