PUBLIC HEARING MEETING AGENDA

Tuesday, November 18, 2025
5:30 PM
Common Council Chambers

City of Poughkeepsie Common Council Public Hearing;

NOTICE IS HEREBY GIVEN that pursuant to the Charter and Codes of the City of Poughkeepsie, one Common Council Public Hearing will be held on **Tuesday, November 18, 2025 at 5:30 pm** respectively, in the Common Council Chambers, 3rd Floor, City Hall, 62 Civic Center Plaza, Poughkeepsie, NY for the purpose of receiving comments on:

Proposed 2026 City of Poughkeepsie Budget

https://cityofpoughkeepsie.com/DocumentCenter/View/4307/2026-Preliminary-Budget?bidId=

I. Welcome

II. Roll Call

III. Public Participation

IV. Adjournment:

RESOLUTION
(R-25-79)

INTRODUCED BY CHAIRMAN WILSON; COUNCILMEMBERS SHOOK, PATTERSON THOMPSON, HENRY, BROWN, JAMES AND GRANT

WHEREAS, the Common Council has received the Mayor's proposed 2026 budget for the City of Poughkeepsie and the budget message from the Mayor; and

WHEREAS, the City of Poughkeepsie Administrative Code section 14.04 requires that upon such receipt, the Common Council shall set a public hearing thereon, giving the public notice of at least ten (10) days in the official newspaper; and

WHEREAS, the Common Council of the City of Poughkeepsie is desirous of setting such public hearing; and

NOW, THEREFORE,

BE IT RESOLVED, that the Common Council of the City of Poughkeepsie shall hold a public hearing to receive comment from the public concerning the proposed 2026 budget on **Tuesday, November 18, 2025 at 5:30 pm** in the Common Council Chambers, Third Floor, City Hall, 62 Civic Center Plaza, Poughkeepsie, New York and the Chamberlain is hereby directed to publish proper notice of the above hearing.

SECONDED BY COUNCILMEMBER ________________________________.

BUDGET MESSAGE

October 15, 2025

Homestead tax rate decreases 3.2824% to $10.466101 per $1,000 of assessed value, and non-homestead rate increases 3.1791% to $14.351292 per $1,000 of assessed value.

Dear Honorable Members of the Common Council, taxpayers, residents, local business owners, non-profits, faith-based organizations, and all other stakeholders:

Pursuant to Article XIV of the Administrative Code, I hereby submit the 2026 Preliminary Budget for the Common Council's deliberation and action. This budget continues to prioritize balanced and thoughtful decision-making as we continue to restore the fiscal credibility of our City. In doing so, my Administration has built upon the balanced approach to improving service delivery and investing in critical infrastructure, while implementing critical steps to further reinforce our overall fiscal health.

With a proposed total appropriation of $115,245,651 and a General Fund appropriation of $73,746,871, I once again propose an on-time budget that presents the most accurate estimates of revenues and expenses for the coming year.

Assessments and Property Valuations

As noted above, the homestead tax rate decreased 3.2824 %, while the non-homestead rate increased 3.1791%. For perspective, the final homestead rate in 2024 was calculated on the taxable value of $1,834,931,055 with an Adjusted Base Proportion (ABP) of 62.73599%. By contrast, the 2025 rate was $2,038,165,678 with an ABP of 62.41237%. The final figures in the proposed budget are the result of the taxable value going up and the ABP going down, resulting in a tax cap breakage of 5.99%, with an overall tax levy increase of 7.99%.

Overall Fiscal Health

This past year continued the trend of my Administration to not only eliminate the General Fund deficit but in doing so lay the groundwork for continued prosperity moving forward. As such, I am pleased to report that the general fund balance reported in our final draft audit findings remains positive at $2,650,989. In addition, the City continued to reinforce our recently restored investment-grade bond ratings with both Moody's (now Baa3) and Standard and Poor's (now BBB+), both of which continue to make note of a positive outlook on our fiscal future.

Service and Utility Costs

While the composite fund balance, which includes General, Water, Sewer, and Sanitation, is now positive, one fund (Sanitation) remains in deficit condition (negative $2,894,305). We will continue to mitigate deficient build-ups, as the proposed budget calls for increases to two of the three enterprise funds. The water rates will be shifting quarterly from $5.94 to $7.13 for your average homeowner, with a comparable increase for Sanitation in the range of $10 per quarter for your average single-family home.

While these increases are not ideal, they position our City for continued growth and reinforce the elimination of our financial strain, as illustrated in the New York State Comptroller's fiscal stress monitoring system. Combined with credit ratings, fiscal stress scoring helps to attract investment while lowering costs when we go out to bond for capital projects. As a cautionary note, the City remains on a positive trajectory, but we must continue grow an adequate fund balance to further reinforce the collaborative progress achieved over the last several years.

Offsetting Revenues and Infrastructure

The long-term result of the sales tax agreement with the County rebalances the distribution of collected state sales taxes under a much more equitable formula for the coming year. This is already showing quantifiable positive results and recognizes the City's special role as the seat of County Government, home to many otherwise non-taxable government properties.

Our grant seeking continues to bear positive results, with unprecedented awards totaling nearly $50M secured in 2025 alone. These funds are earmarked to spur increased development across the City while improving our infrastructure both above and below ground. The overall cost of the many infrastructure projects accounted for in the budget remains increasingly high. However, the completion of such will provide us with the priceless benefit of mitigating a wide range of health and safety concerns impacting our City.

Further reinforcing the overall well-being of our residents, businesses, and visitors alike, the proposed budget also calls for the implementation of a city-wide speed limit reduction, reinforced by increased enforcement mechanisms that will not only save costs but also more significantly boost revenue. Once implemented, our comprehensive speed camera enforcement program will supplement mechanisms already established while laying the solid foundation for annual revenue growth moving forward.

The Need to Exceed the New York State Tax Cap

As reported by the State Comptroller, the last several years have yielded historically high inflation rates that continue to negatively impact our economy. Thankfully, this breakage does not account for increases to the homestead rate; nevertheless, an increase to the overall levy was needed at this time.

Over the course of my first term as Mayor, our City has diligently worked to further reinforce the considerable progress we have collaboratively made with regard to our overall fiscal health. In doing so, we eliminated the General Fund deficit and championed new financial policies that have won the support of the Common Council while sharply curtailing borrowing and spending across the board.

Still, with inflation skyrocketing, and must pay expenses increasing even faster, it is simply impossible to stay below the tax cap. The chief drivers causing us to exceed the tax cap include an annual increase by more than $2M to non-discretionary 'must-pays' that are not directly controlled by the City. Expenses along these lines include increases to healthcare costs and mandatory pension contributions, along with a significant rise in the cost of Workers' Compensation benefits.

Summary

In closing, I am pleased to report that we have once again crafted a structurally balanced budget despite astronomical increases in non-discretionary expenses. I thank all of the City staff who worked tirelessly to achieve this goal. The result is a fiscally responsible budget that accomplishes key objectives while maintaining flexibility in anticipation of easing inflation amidst uncertain times.

The major cause of the fiscal deterioration of the City during the years 2008-2015 was poor budgeting. Moreover, there was an unwillingness to raise taxes to pay today's bills. The "kick the can" approach to problem-solving invariably embraced a near-sighted vision, resulting in unnecessary and avoidable higher long-term costs due to increased borrowing, unreasonable levels of deferred maintenance, and other objections to do today's work - today.

Therefore, I urge my colleagues on the Common Council and our citizens to choose this moment of inflection represented by a difficult budget, to continue our momentum, and to be steadfast in our shared goal of continuing to build a thriving and welcoming City for all of our residents, businesses and visitors alike.

Thank You and God Bless the Great City of Poughkeepsie!

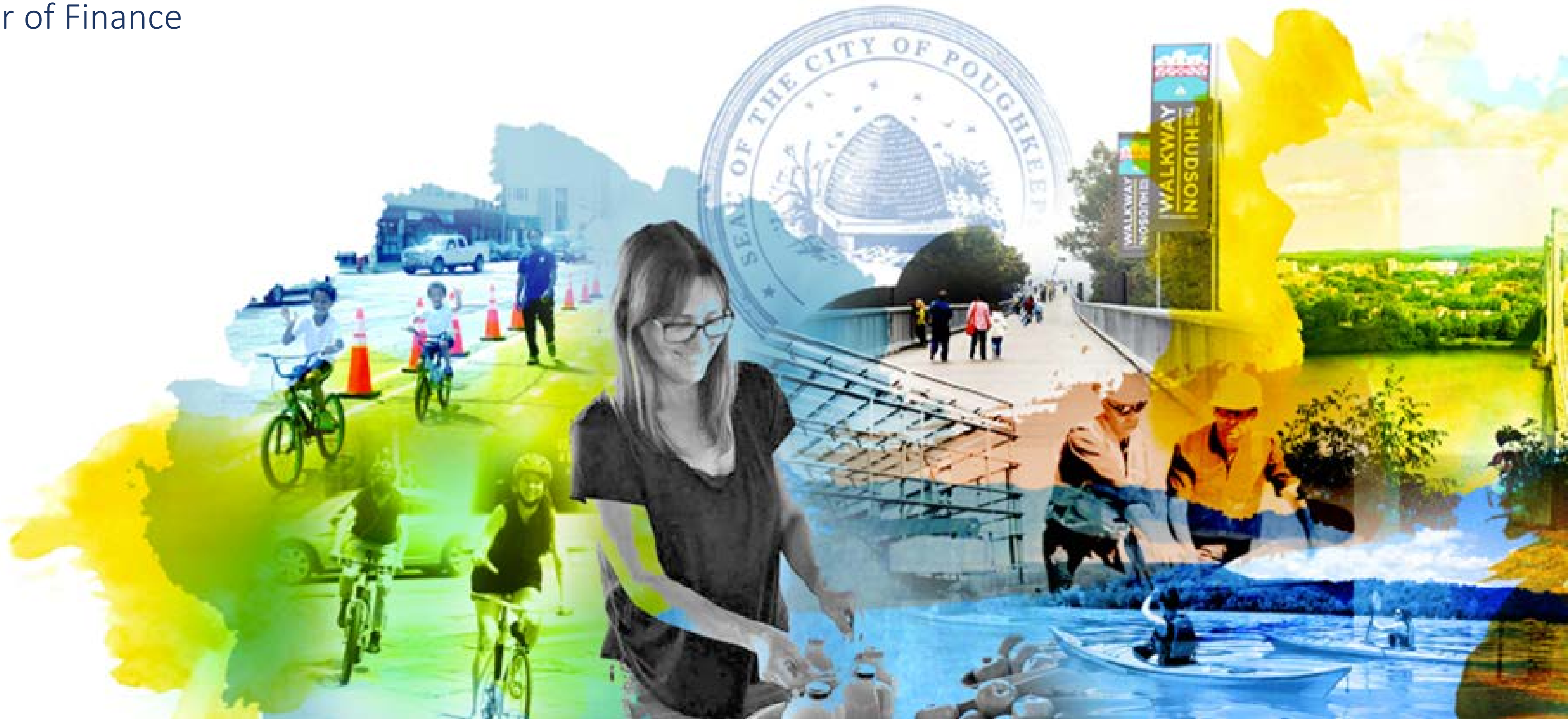
Hon. Yvonne D. Flowers
Mayor, City of Poughkeepsie

2026 BUDGET PRESENTATION

NOVEMBER 3, 2025

Joseph Vita

Interim Commissioner of Finance



Property Tax Cap Override

Increase Above the 2% Tax Cap	Increase in Revenue Due to Breaking the Tax Cap	Total Increase in Property Tax Revenue
5.99% Over	$ 1,881,644	$ 2,507,074

Total 7.99%

- **New Homestead tax rate of $10.466101/ $1,000 would decrease annual costs to a homeowner with a $300K valuation by ~$108.**

- **New Non-Homestead tax rate $14.351292/ $1,000.**

Utility Rates

Utility	2022 Rate	2022 % Growth	2023 Rate	2023 % Growth	2024 Rate	2024 % Growth	2025 Rate	2025 % Growth	2026 Rate	2026 % Growth
Water Rates	$ 4.86	3.4%	$ 5.10	4.9%	$ 5.65	10.8%	$ 5.94	5.1%	$ 7.13	20%
Sewer Rates	$ 4.34	3.3%	$ 4.55	4.8%	$ 4.65	2.2%	$ 4.88	0%	$ 4.88	0%
Sanitation Fees	No Change	0%	No Change	0%	No Change	0%	~$581/ year	21%	~$620 /year	6.7%

- **Combined water, sanitation, and property tax rate changes would save the median $300K homeowner ~$36/year, or $3/month.**

Significant Must-Pay Increases in General Fund

Description	2025 Budget	2026 Budget
PFRS Retirement	$ 5,747,461	$ 6,500,505
ERS Retirement	$ 1,312,413	$ 1,501,194
Health Insurance	$ 11,634,120	$ 12,354,915
Workers' Compensation	$ 505,655	$ 971,460
Insurance- Unallocated	$ 550,000	$ 785,000

- **Excluding annual pay raises and the impact of collective bargaining negotiations, these five "must-pays"/benefits account for a $2.36M increase in YOY costs to the General Fund.**

Overall Fiscal Health

- **Credit Ratings**
  - **Maintaining Investment Grades of Moody's (Baa3), S&P (BBB+) – Low Investment Grade**

- **Sanitation Fund Independence**
  - **The 2026 Preliminary Budget presents the first time the Sanitation Fund operates without support from the General Fund in many years (w/o an interfund transfer)**

- **Key Fund Balances to Focus On**
  - **General Fund: $2.65M**
  - **Sanitation Fund: $-2.89M**