# **Syracuse:** Weathering Financial Challenges through Strategic Partnerships

SHARED SERVICES

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## EXECUTIVE SUMMARY

This paper seeks to understand the origins of Syracuse's current fiscal challenges, recent strategies employed to overcome budgetary issues, as well as innovations and cooperative partnerships that may speak to a brighter fiscal future. Areas covered include: historical background, methodology, contemporary circumstances, city leadership, fiscal conditions, cooperative local partnership initiatives, inter-municipal collaboration, and conclusions.

Major urban challenges confronting City leaders include a high level of poverty (nearly one third of adults and 55% of children), an above-average residential vacancy rate, and a below-average median home value. Nearly half of Syracuse properties are tax-exempt, placing significant stress on the existing tax base.

Limited growth in property taxes, decreases in state aid, and mounting pension pressures are the chief fiscal stressors impacting Syracuse. Just like other Upstate cities, Syracuse's ability to change pensions agreements and other future cost obligations is impeded by state legislation. State aid, acknowledged to be in decline by the NYS Comptroller, is also outside the City's control. With a fund balance expected to run out in the next few years, Syracuse is in danger of its bond rating being downgraded and credit costs rising.

Yet despite these obstacles, Syracuse is implementing a variety of strategies to improve its existing tax base and reduce costs. Its relationships with local business anchors and Onondaga County have given the City leverage to create innovative programs aimed at reducing expenses, leveraging resources towards more productive uses, and promoting sustainability.

The Connective Corridor is an excellent example of an innovative "town-gown" partnership between the City and Syracuse University, while PILOT (payment-in-lieu-of-taxes) agreements help compensate for diminished tax revenue attributed to tax-exempt properties. Sales tax revenue sharing and Save the Rain both highlight inter-municipal collaboration that enhances economic development within the region. A new independent nonprofit land bank, launched by the City and County, may prove a model for addressing vacancy rates, property abandonment, and distressed neighborhoods.

In the coming years, the City's major challenges will be overcoming its rapidly dwindling funds balances and addressing rising pension costs. In order to stabilize its fiscal health, Syracuse must continue to foster its relationships with Onondaga County and local anchor institutions, pursue cost-saving measures, and nurture and cultivate both existing and new sources of local revenue. Finally, dwindling state aid and increased state-mandated requirements must be reconciled.

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