In my first State of the City Address, I said: "The state of our City is strong. But that strength will be tested."

Now, approximately 100 days into my administration, this sentiment truly reflects what we are experiencing.

Our city has shown its strength welcoming a record 34,000 people to the Carrier Dome after a massive snowstorm.

With the opening of the Center of Excellence, Syracuse's presence at the forefront of the green technology movement was solidified.

In March at the Annual Shamrock Run on Tipperary Hill, we welcomed thousands of Central New Yorkers, as well as spring.

We see our city's potential every day, but so too do we see our daunting challenges.

The most immediately pressing is our financial challenge: radically reduced state aid, a long-standing structural deficit and, most timely, proposals to strip the city of its sales tax revenue and, of course, an ever-growing need for services. Clearly, we are facing some of the toughest public financing decisions in memory.

The proposed budget assumes the city will maintain its current share of sales tax, our second largest revenue source. The proposed distribution formula agreed upon by me and the county executive provides our entire region with the greatest hope for growing our economy, creating new jobs and allowing us to prosper. It is not by accident that 2009 represented one of the highest levels of construction investment in the city in its history. We need to recognize the significant financial burden the city faces with so much of our regional economy stimulated by institutions located in Syracuse that by law do not pay property taxes.

The largest employers in our region ("eds and meds") are non-profits located in the city. Sales tax allows us to provide them services, which in turn allows them to thrive and grow and create jobs. Without a vital city, healthy suburbs cannot exist. If the legislators cut the city's sales tax revenues, they will be both stifling the region's economic development engine and failing to harness an opportunity to create meaningful government consolidation. We in the city have already started this with our Rent-a-Firefighter program and a city-county economic development office. Shouldn't the towns and villages be asked to do the same? After all, I have yet to meet anyone who wants more town or village government.

Nevertheless, my administration has taken steps to meet our financial challenges. The budget eliminates 91 positions across city departments and it cuts spending by $2.4 million – in the mayor's office alone, costs have been reduced by more than $100,000. Overall, the budget
downsizes City government and results in a 5 percent cut in the city workforce. Even with these reductions, I was forced to propose a 5.4 percent property tax increase to compensate for lost revenue.

Despite these challenges, we are still committed to making Syracuse a city of inspiration.

For example, Say Yes to Education continues to get all available resources and support, allowing it to change Syracuse's educational system through holistic services and the commitment of a college education. Additionally, I have jump-started the Joint Schools Construction Board and we have made progress toward the goal of quickly completing four LEED Silver-standard schools.

In addition to a joint city-county economic development office, we have streamlined the permitting process to make development and expansion easier for homeowners and developers alike. As a consequence, people will be able to get permits in an expedited and efficient manner.

Also, the former departments of economic development and community development were combined to create the Department of Neighborhood and Business Development. This merger ensures revitalization efforts targeting our commercial corridors and business districts are aligned with our goals for surrounding neighborhoods. It allows the city to commit more funding to housing rehabilitation and construction. Already, we have reduced administrative and technical costs by 40 percent and increased housing funds from $1.36 million to $2.45 million this year.

The new leadership at the Syracuse Police Department is committed to employing a community policing strategy putting police in our neighborhoods, allowing them to exchange information with neighbors and improve the police department's relationship with our neighborhoods.

As leaders, we must also take on challenges when we least expect them. A falling building with an irresponsible owner along I-81 became an inconvenience for travelers and business owners last month. While we worked hard to resolve that issue quickly, if we used Syracuse's funds to reopen a state highway, it would have caused an even greater financial problem for our city's budget.

I was cognizant of the financial challenges, and thanks to hard negotiations and help from our state delegation, the city was responsible for just $100,000 of the demolition costs, compared to some estimates of $500,000 or $1 million for the demolition and environmental cleanup of the property. I made it clear from Day One that I would not take an IOU from the state or write a blank check to the state to complete this project. Just last week, the governor froze construction spending, proving just how important it was for us to get a detailed agreement in writing before committing to the city's share of the cost.

In my State of the City Address, I invited every member of this community to band together to meet what challenges may come and to reach for the potential we know our city has. These challenges require this community and its leaders to come together with creativity, resolve and political courage. If we band together during these difficult times, we will emerge a stronger, more vibrant community with a bright future.