



Financial Restructuring Board for Local Governments

February 24, 2015

PowerPoint Agenda

- **Reports Released Today:**

- City of Rochester
- City of Albany
- City of Jamestown
- Village of Alfred

- **New Applicants:**

- City of Utica
- City of Elmira
- Village of Hoosick Falls
- City of Lockport
- Village of Owego



Completed Reviews



City of Rochester



City of Rochester

- 2013 General Fund Balance of \$68.6 million (14.6 percent of expenditures).
- 2015 budget gap of \$37.5 million was closed through a 2.9 percent property tax increase, \$10.4 million in capital reductions, \$7.4 million in fringe benefit savings, and the use of various reserves.
- The State 2015 Enacted Budget provided a one-time payment of \$6 million to the City.
- The City has been greatly impacted by economic downturns (Eastman Kodak, Bausch & Lomb, etc.) and faces significant socio-economic challenges, including a high concentration of poverty.



Findings and Recommendations



City of Rochester

Shared Services

- The Board procured the services of the Center for Governmental Research (CGR) to examine shared service opportunities among the City and its neighboring municipalities.
- Several promising areas of opportunity exist, including civil service, payroll and financial management, and coordinated assessment.

Recommendation:

- The City, in conjunction with its governmental neighbors, should develop and implement a shared services plan. The Board may provide a grant to assist with the implementation of the plan.



City of Rochester

Efficiencies

- The City runs two fleet maintenance operations (one City-wide through the Department of Environmental Services and one for the Fire Department).
- Each has its own administration, facility, inventory, workforce, etc.
- Full consolidation of the two operations would save at least \$240,000 annually. Partial consolidation (administration and facilities only) could save \$115,000 annually.
- The City should pursue a fleet maintenance consolidation.



City of Rochester

Efficiencies

- The City owns its streetlights (approximately 28,000) and spends \$1.75 million in energy and delivery costs annually. Currently, less than 100 of the City's streetlights have LED/modern technology.
- Converting to additional LED lights would benefit the City through reduced wattage and lower maintenance costs. However, there would be significant upfront capital costs.

Recommendation:

- The City should pursue efficiencies, such as consolidating fleet maintenance and energy efficiencies. The Board may provide a grant to assist with implementing efficiency projects.



City of Rochester

Workforce

- If the City could employ health insurance practices that the State achieved with its unions in the most recent round of collective bargaining, there is the potential for millions of dollars in annual savings for the City.
- The City would likely qualify as an eligible municipality under the reforms to binding arbitration that were adopted in 2013.



City of Rochester

Economic Development

- The Governor announced the creation of the Rochester Anti-Poverty Task Force as part of his 2015 Opportunity Agenda.
- Rochester Land Bank created in 2013 to combat blight and encourage community redevelopment. The continued development of the Land Bank will be beneficial for the City.
- The State's Enacted 2015 Budget will assist with the City's economic development climate.

Fiscal Performance and Accountability

- The City should continue to maintain its multi-year financial plan.



City of Albany



City of Albany

- The City's 2014 budget used a significant amount of fund balance. As such, for 2015, the fund balance is expected to drop below four percent of expenditures.
- For 2015, the City adopted a budget that includes a 1.4 percent tax levy increase, uses \$2 million from fund balance, anticipates \$5 million in potential grants from the Board, and anticipates revenue from the sale of property in Coeymans to the State DEC.
- State aid, including PILOT payments, account for 20 percent of City revenues.
- The State has a significant presence in the City.



Findings and Recommendations



City of Albany

Economic Development

- The State will soon be making a sector of the Harriman Campus available for private development. When fully developed, the City could realize new, substantial additional annual revenue.
- The State has issued an RFP seeking a mixed-use commercial development on downtown land no longer needed for the convention center that will create job opportunities and greatly expand the tax base for the City.

Recommendation:

- In recognition of the opportunity for additional economic growth that may be realized by the City at the Harriman Campus and former convention center site, the Board may award a grant of up to \$3.9 million to help temporarily stabilize the City's 2015 budget and help limit further erosion of the City's current fund balance.



City of Albany

Economic Development

- The City is currently participating in the Governor's CORe Initiative to develop data-driven strategies to address its socio-economic challenges.
- The Albany County Land Bank was created in 2014 to combat blight and encourage community redevelopment. The continued development of the Land Bank will be beneficial for the City.
- The State's Enacted 2015 Budget will assist with the City's economic development climate.



City of Albany

Efficiencies

- Over the last 20 years, the City of Albany has operated with decentralized management of many of its core business processes.
- Important City operations are supported by aged, stand-alone, paper-based, and labor intensive systems.

Recommendation:

- The City should pursue advancements in information technology that will improve efficiency for the City, that could be expanded to its neighboring local governments, and that could be used as models for local governments statewide. The Board may award a grant of up to \$1.1 million to the City to pursue these advancements.



City of Albany

Efficiencies

- Conversion to LED streetlights would benefit the City through reduced wattage draw and lowered average annual maintenance costs, but the City of Albany leases all of its lights, poles and fixtures from National Grid.
- The City should continue to work with National Grid to acquire and/or convert and modernize its streetlight inventory to LED and seek guidance from NYPA and NYSERDA, as appropriate.
- The City of Albany seems to have an effectively run procurement department, and the only potential improvement is the adoption of a "best value" local law.



City of Albany

Shared Services

- The Board examined shared services opportunities among the City and its neighboring municipalities.
- Several promising areas of opportunity exist, including IT, tax bill printing, dispatch, and animal control.
- The City should continue to work with its governmental neighbors to share services and reduce costs.



City of Albany

Workforce

- If the City could employ health insurance practices that the State achieved with its unions in the most recent round of collective bargaining, there is potential for millions of dollars in annual savings for the City.
- The City would likely qualify as an eligible municipality under the reforms to binding arbitration that were adopted in 2013.

Fiscal Performance and Accountability

- The City should develop a multi-year financial plan.



City of Jamestown



City of Jamestown

- The City adopted a \$35 million budget for 2015, increasing spending by 4.4 percent, primarily due to benefits/capital/debt service and public safety costs.
- The tax levy increases 2.3 percent (\$347,000), staying within the Tax Cap. Tax rate rises slightly to \$22.67 per \$1,000 of assessment.
- The City's 2015 tax levy of \$15.08 million exhausts a staggering 94.9 percent of its constitutional tax limit allowed under law. Remaining tax margin equates to less than \$700,000.
- The adopted 2015 Budget uses over \$1 million of fund balance, nearly exhausting the "unassigned" portion, and counts on \$250,000 in potential grants from the Board.



Findings and Recommendations



City of Jamestown

Shared Services

- The Board examined shared services opportunities among the City and its neighboring municipalities.
- Several promising areas of opportunity exist, including human resources and budget functions, street maintenance, and water services.

Recommendation:

- The City, in conjunction with its governmental neighbors, should develop and implement a shared services plan. The Board may provide a grant to assist with the implementation of the plan.



City of Jamestown

Workforce/Police-Sheriff Consolidation

- The City, County, and City Police Union have been evaluating the viability of consolidating the City Police Department into the County Sheriff's Office.
- A differential in pay scales, retirement systems, and post-retirement health insurance benefits between the City and County offers the potential for savings if County deputies replace City officers.
- The City has an "Impact Agreement" with its police union which imposes penalties for each position eliminated below 65 officers and prohibits a reduction below 60 officers.

Recommendation:

- The City should continue to work toward the aforesaid police consolidation. The Board may provide a grant to assist with defraying costs of merging the two departments.



City of Jamestown

Efficiencies

- The City plans to invest in numerous energy conservation measures for its City Hall (payback of approximately 12 years and annual savings over \$70,000).
- Upgrading to newer DPW fleet maintenance software would result in efficiencies and savings.
- The City's 3,500 street lights are owned and maintained by the Board of Public Utilities (BPU). The BPU has plans to convert the lights to LED technology over the next 3-5 years.



City of Jamestown

Efficiencies

Recommendation:

- The City should pursue efficiencies, such as advancements in IT and/or energy consumption. The Board may award a grant to assist the City with implementing efficiency projects.
- In recognition of the opportunity for additional efficiencies that the City may realize from pursuing these advancements, the Board may award a grant of up to \$250,000 to help temporarily stabilize the City's 2015 budget and help further limit erosion of the City's current fund balance, thus enabling the City to pursue these advancements.



City of Jamestown

Efficiencies

- The City does not have a purchasing agent or centralized purchasing. The City should review and potentially update its Charter for recent “best value” and piggybacking changes.
- The City should consider coordinating purchasing with the school district and consider the benefits of a purchasing agent to manage operations for both entities.
- Parking Violation Tribunal: Parking tickets are currently adjudicated in the City Court system. Judges dedicate less time and/or resources to adjudicate parking tickets, leading to a significant backlog.
- The State should grant the City's request to authorize State legislation allowing it to establish an administrative tribunal for parking violations.



Village of Alfred



Village of Alfred

- 2014 All Funds Adopted Budget totaled \$2.3 million.
- At present, the Village has 13.7 full-time equivalent positions.
- The Village has been using fund balance to close budget gaps in recent years. In 2014, fund balance for all funds was still projected to be a relatively healthy \$907,000 (39.0 percent of expenditures).
- The two higher education institutions in the Village (Alfred University and SUNY Alfred) have a substantial impact on its economy and tax base:
 - Approximately 90 percent of the Village population is enrolled in undergraduate, graduate, or professional school.
 - Alfred University's and SUNY Alfred's tax-exempt properties represent 86 percent of the assessed value within the Village (90 percent village-wide is tax exempt).



Findings and Recommendations



Village of Alfred

Shared Services

- The Board examined shared services opportunities among the Village and its neighboring municipalities.
- Several promising areas of opportunity exist, including highway services and clerk functions.

Recommendation:

- The Village, in conjunction with its governmental neighbors, should develop and implement a shared services plan. The Board may provide a grant to assist with implementation of the plan.



Village of Alfred

Dissolution

- Village Administration and residents should consider dissolution as an option to address the tax rate imposed solely on the Village residents (\$16.99 / \$1,000).
- There may be challenges for the Town of Alfred to absorb the Village, largely due to the lack of a Town or County police force and the overly rural nature of the Town in relation to the Village.
- If the Village were to dissolve, the combined Town would receive an estimated \$166,000 annually from the Citizens' Empowerment Tax Credit program.



Village of Alfred

Alfred University and Alfred State Support for Police Services

- Alfred University provides the Village with an annual payment of \$65,000, primarily to compensate the Village for providing police services and coverage to the campus.
- Alfred State does not provide any PILOT-like revenue to the Village, but SUNY Alfred does have its own police force (11 officers with over \$800,000 in salary and overtime costs, excluding fringe).
- The Village spends more than \$630,000 annually on police services (43.5 percent of the General Fund budget), including fringe costs.
- It would be reasonable to expect Alfred University to provide a more proportional share of support to the Village for its police coverage of the University.

Fiscal Performance and Accountability

- The Village should develop a multi-year financial plan.



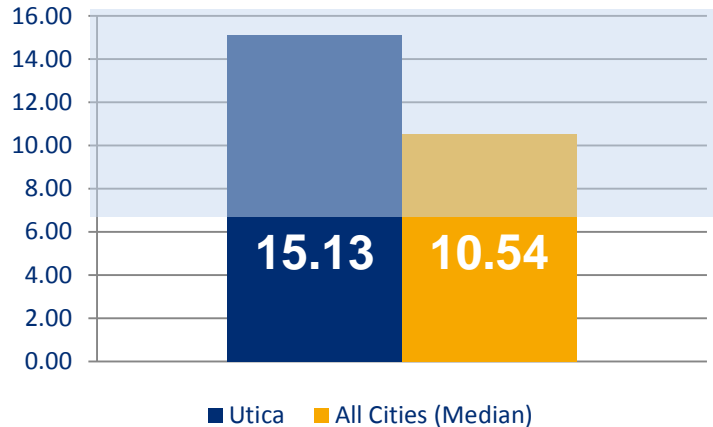
New Applicants



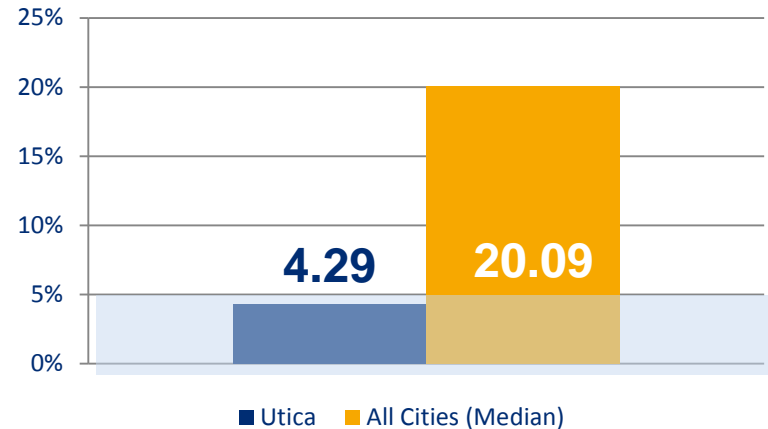
City of Utica

Automatically considered a Fiscally Eligible Municipality because of Average Full Value Property Tax Rate and Average Fund Balance Percentage.

**Average Full Value Property
Tax Rate**
(Automatically Eligible Above 7.055)



**Average Fund Balance
Percentage**
(Automatically Eligible Below 5%)



City of Utica

- 2010 population of 62,235 (9th largest city in the State, excl. NYC) and 2013 expenditures of \$87.2 million (15th highest out of cities in the State, excl. NYC).
- Tax levy increased by \$2.1 million between FY 2014 and FY 2015, or approximately 8.3 percent.
- 2015 General Fund Budget totals \$66.2 million, an increase of 2.3 percent over the prior year.
- Between 2007 and 2012, the City used \$5.4 million in Fund Balance to balance its budget. Total Fund Balance fell to \$0.7 million (1.2 percent of expenditures).



City of Utica

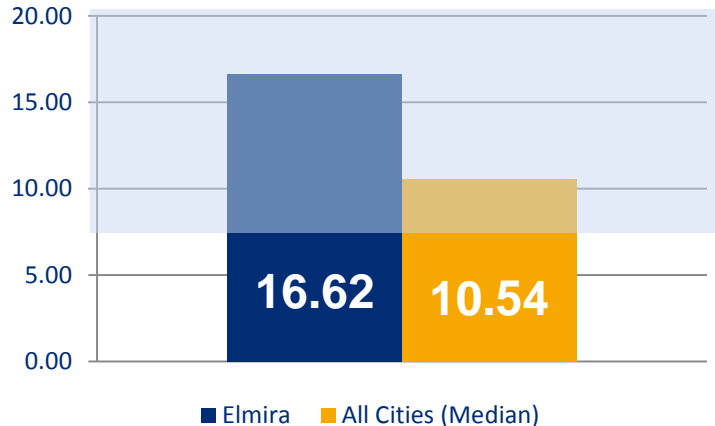
- 2016 Mayor's Executive Budget highlights include:
 - General Fund spending in line with current year
 - No tax levy increase
 - No use of Fund Balance
- Two consecutive years of surplus - \$931,000 in 2013 and \$1.6 million in 2014 – increased Fund Balance to a total of \$3.2 million (5.6 percent of expenditures).



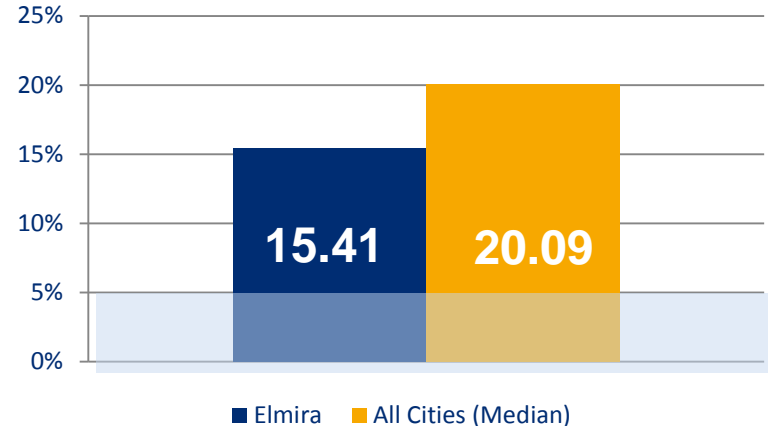
City of Elmira

Automatically considered a Fiscally Eligible Municipality because of Average Full Value Property Tax Rate.

**Average Full Value Property
Tax Rate**
(Automatically Eligible Above 7.055)



**Average Fund Balance
Percentage**
(Automatically Eligible Below 5%)



City of Elmira

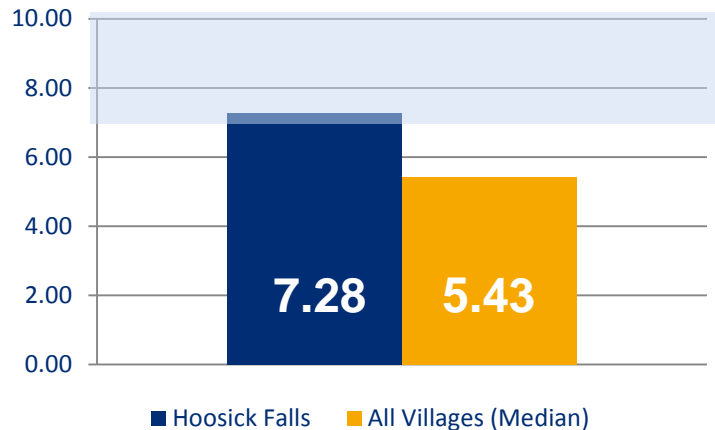
- 2010 population of 29,200 (20th largest city in the State, excl. NYC) and 2013 expenditures of \$47.9 million (29th highest out of cities in the State, excl. NYC).
- Proposed 2015 tax levy of \$12.1 million, an increase of \$621k (5.4 percent).
- Change in Chemung County's sales tax distribution formula will have significant impact on the City's budget.
- General Fund Balance would decrease from \$3.1 million in 2014 (9.7 percent of expenditures) to \$1.8 million under proposed 2015 budget (5.4 percent of expenditures) to close the budget gap.
- The City has already initiated efforts to restructure departments and look for shared services opportunities.



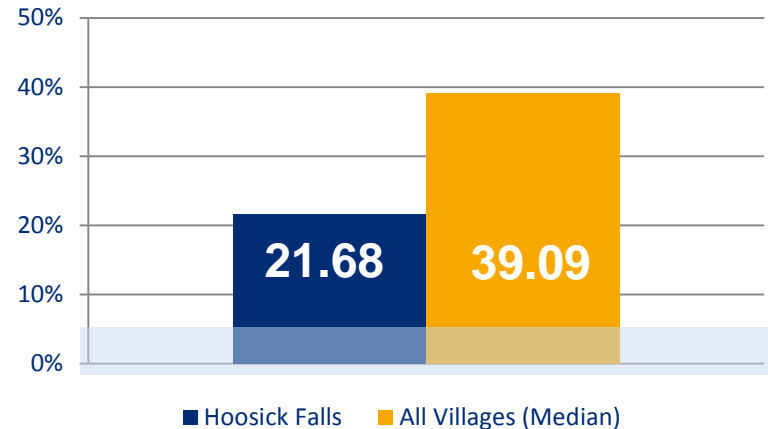
Village of Hoosick Falls

Automatically considered a Fiscally Eligible Municipality because of Average Full Value Property Tax Rate.

**Average Full Value Property
Tax Rate**
(Automatically Eligible Above 7.055)



**Average Fund Balance
Percentage**
(Automatically Eligible Below 5%)



Village of Hoosick Falls

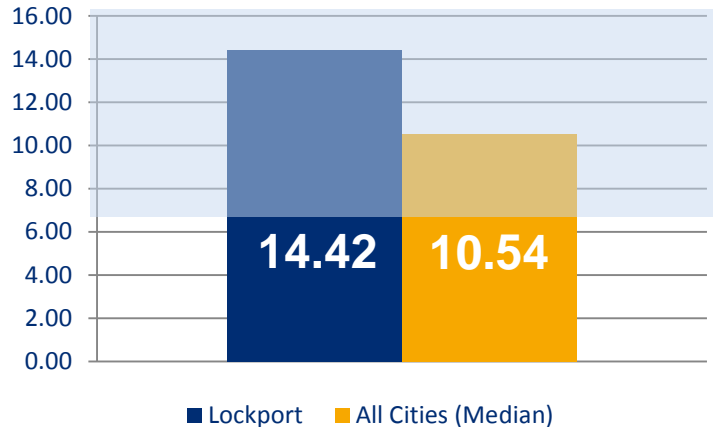
- 2010 population of 3,501 (155th largest village in the State) and 2013 expenditures of \$3.2 million (215th highest out of villages in the State).
- The Village increased its tax levy by 0.3 percent from FY 2014 to FY 2015, to a total of \$992,029.
- 2013 General Fund Balance was \$534,022 (30.1 percent of expenditures).
- \$131,500 of Fund Balance (All Funds) appropriated in 2015.
- \$15.4 million in outstanding debt at the end of 2013, the majority of which is related to two EFC water/sewer loans.
- Overall, the village has 12 full-time employees and 24 part-time employees, of which 2 full-time and 18 part-time employees are police.



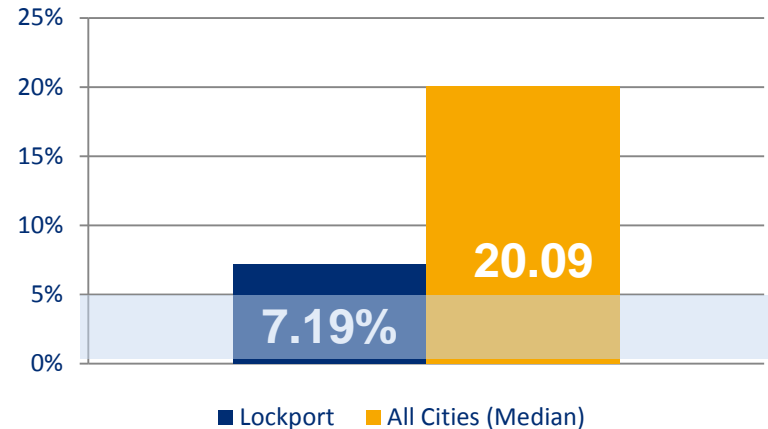
City of Lockport

Not automatically Fiscally Eligible because all necessary data was not submitted to OSC on time. The data has now been submitted. The City would otherwise be Automatically Fiscally Eligible because of its Average Full Value Property Tax Rate.

**Average Full Value Property
Tax Rate**
(Automatically Eligible Above 7.055)



**Average Fund Balance
Percentage**
(Automatically Eligible Below 5%)



City of Lockport

- State Comptroller audits in 2013 and 2014 indicated inaccurate financial records, over-appropriating of fund balance, accumulated deficits, and a severe cash imbalance building in 2014.
- The City Council voted in October to lay off an additional 14 employees, including five firefighters, resulting in approximately \$1.1 million in savings on a full annual basis.
- The City received special deficit financing authorization from the State allowing it to bond up to \$5.35 million to pay off accumulated deficits and generate cash flow for the 2014 budget. In late October 2014, the City issued \$4.57 million of this deficit financing authorization.
- The authorization requires the City to submit each proposed budget to OSC. The City has agreed to make all of OSC's recommended changes.



City of Lockport

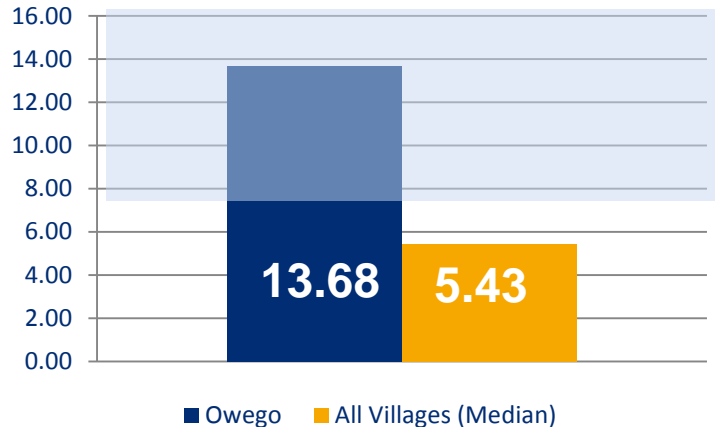
- The recently adopted 2015 City budget includes \$22.68 million in General Fund spending, which is 4.37 percent less than the 2014 budget.
- The 9.82 percent tax levy increase for 2015 exceeded the tax cap and results in a tax rate of \$16.62 per \$1,000 assessed.
- Water, sewer and refuse usage charges are also being increased.
- The 2015 budget includes a new director of finance position. The budget also changes the fire chief position from full to part-time, and eliminates two crossing guard positions.
- In August 2014, Moody's lowered the City's bond rating to Baa3.



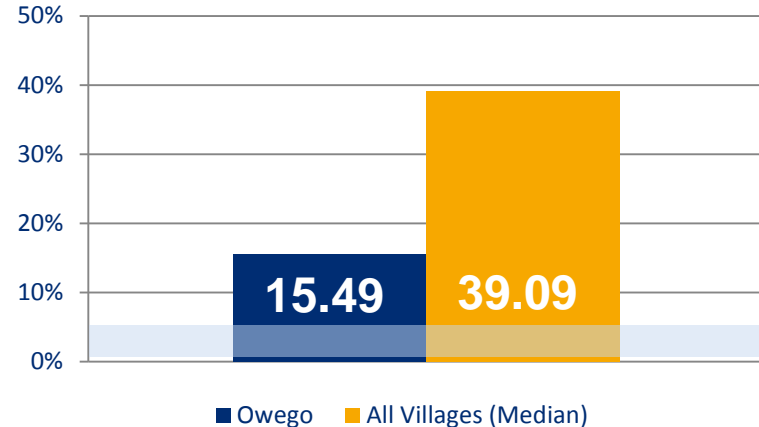
Village of Owego

Not automatically Fiscally Eligible because all necessary data was not submitted to OSC on time. The data has now been submitted. The Village would otherwise be Automatically Fiscally Eligible because of its Average Full Value Property Tax Rate.

**Average Full Value Property
Tax Rate**
(Automatically Eligible Above 7.055)



**Average Fund Balance
Percentage**
(Automatically Eligible Below 5%)



Village of Owego

- 2010 population of 3,896 (140th largest village in the State) and 2013 expenditures of \$5.3 million (136th highest out of villages in the State).
- The Village decreased its tax levy by 0.4 percent from 2013 to 2014. In 2015, the tax levy was increased by 1.5 percent from the prior year, to a total of \$2.1 million.
- 2013 General Fund Balance was \$385,804 (9.2 percent of expenditures).
- \$60,000 of GF FB appropriated in both 2014 and 2015.
- The Village has a paid police force (9 full-time employees) and a volunteer Fire Department (with 2 paid EMT positions). Overall, the village has 24 full time employees.





Financial Restructuring Board for Local Governments

February 24, 2015