



# Financial Restructuring Board for Local Governments

June 19, 2017

# Agenda

- New Comprehensive Reviews and Awards
  - City of Niagara Falls, City of Poughkeepsie, City of Troy, City of Plattsburgh, Village of Amityville
- Activity Update on Previously Reviewed Municipalities
  - City of Jamestown, City of Lockport, Village of Owego, City of Albany
- Approval of New Fiscally Eligible Municipality List
- New Applicants for Comprehensive Review
  - City of Dunkirk, Village of Herkimer, Village of Potsdam

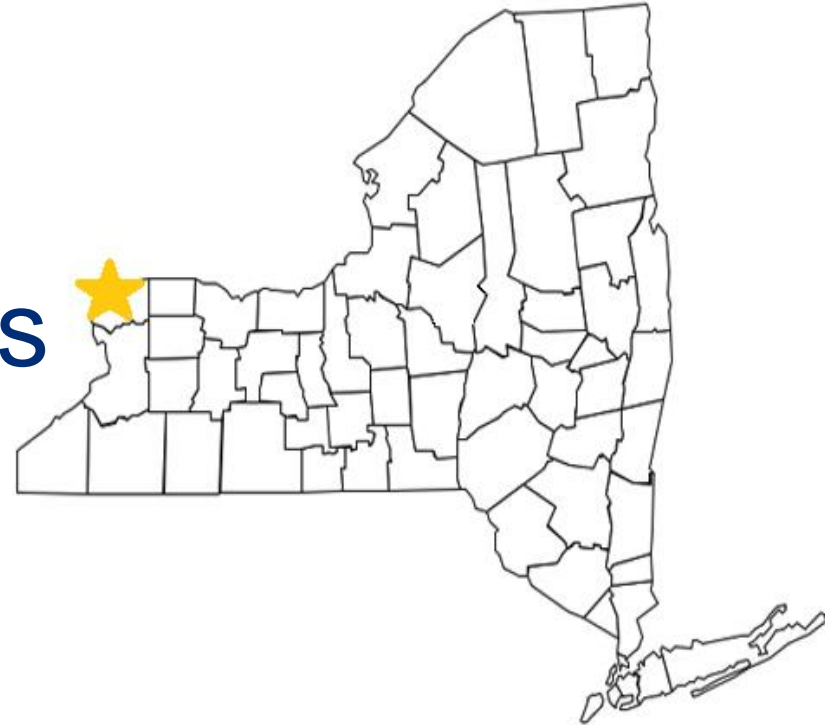


# Completed Reviews



# City of Niagara Falls

Niagara County



# City of Niagara Falls Overview/Fiscal Status

- The City suffers from low home values (ranked 57<sup>th</sup> of all cities) and low household income (ranked 51<sup>st</sup> of all cities).
- The property tax rate (combined homestead and non-homestead) is close to \$21 per \$1,000, one of the highest in the State.
- The City receives a share of revenues from the Seneca Nation Gaming Compact with the State, however, that amount has been declining over recent years.
- Recent City General Fund budgets have consumed nearly all of the City's casino proceeds. The City's General Fund Balance stands at approximately three percent of budget.



# Findings and Recommendations



# City of Niagara Falls

## Shared Services

- CGR and Board Staff examined shared service opportunities for the City and the County. Potential areas to consider include civil service and dispatch 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 Niagara Falls

## Efficiency Actions

- The City could take steps to: 1) consolidate City-wide purchasing; 2) merge Engineering into Public Works; 3) merge Planning and Environmental Services into Community Development; and, among others, 4) reassess all properties to create additional revenue at current rates or reduce rates and maintain current revenues.

## Recommendation:

- The City should pursue several potential efficiency actions. The Board may provide a grant to assist the City with implementation of such actions.





# City of Niagara Falls

## Workforce

- The City's Police Department currently operates on a "4 on/2 off" days per week schedule rather than a typical "5/2" schedule, which results in \$1.1 million in lost hours/ productivity per year.
- Police command staffing per shift is slightly higher than comparable cities. The City could reduce staff via attrition to save up to \$300,000 per year.
- The City receives only 1.1 percent of total healthcare costs from employees. A 15 percent share would save the City \$1.3 million annually.



# City of Poughkeepsie

Dutchess County



# City of Poughkeepsie Overview/Fiscal Status

- Through 2015, the City's General Fund has accumulated a deficit of over \$13 million, which is over 26 percent of the budget.
- In February 2016, Moody's lowered the City's rating to Ba1 (junk bond). The rating agency's summary cited the accumulated deficit and lack of cash flow as primary issues.
- For 2016, the City's tax levy increased by 6.8 percent; and for 2017, the City's tax levy increased by 16.5 percent.
- The last tax increase was viewed as credit positive by Moody's as it would hopefully help the City end a series of annual budget deficits.
- The new Mayor/ Administration (Jan 2016) had to address an alleged/improper contract agreement with police that was unaffordable.



# Findings and Recommendations



# City of Poughkeepsie

## Infrastructure/ Economic Development

- The City could invest in parking related infrastructure, which could create \$450,000 in new revenue, and also invest in economic development/blight initiatives, potentially in concert with the County.

### Recommendation:

- The Board may award the City up to \$1 million for infrastructure and economic development investments as highlighted in the Comprehensive Review.

## Shared Services

- The City and the County should consider combining dispatch functions as well as coordinating assessing functions.
- The City and the County operate largely redundant bus/transit services with the County. The City's General fund subsidizes its transit fund over \$300k annually.

### Recommendation:

- The Board may award up to \$750,000 to assist the City and the County with transit/ bus service integration.



# City of Poughkeepsie

## Workforce

- The City has the opportunity to achieve labor and healthcare savings to lower costs for the current (2017) and future budgets.
- The City Police Department uniformed staffing is higher than peers.

## Recommendation:

- The Board could award up to \$1.25 million to help the City meet certain operational expenses in its 2017 budget.



# City of Troy

Rensselaer County



# City of Troy Overview/Fiscal Status

- In 1995, a Supervisory Board was established to help the City resolve a financial crisis. If Troy closes a fiscal year with a deficit of one percent or more, the “emergency period” could be re-imposed.
- Subsequently, State law created a Municipal Assistance Corporation (MAC) to help the City restructure its debt and provide ongoing capital market access. MAC debt service constitutes nine percent of the City’s General Fund spending, but will be fully defeased in January 2022.
- The City has significant water and sewer infrastructure needs, and the City’s General Fund relies on Water Fund transfers annually.
- For 2017, the Mayor proposed a 28.2 percent tax levy increase. However, the Adopted Budget increased the tax levy by 14.6 percent, which required the City to lay off seven staff and take other actions.
- The City’s General Fund balance has hovered around \$1 million over the past few years on a \$70 million Budget. The Mayor announced a potential 2016 surplus of over \$2 million.





# Findings and Recommendations



# City of Troy

## Workforce

- The City has the opportunity to achieve labor and healthcare savings to lower costs for the current (2017) and future budgets.

### Recommendation:

- The Board could award up to \$1.25 million to help the City meet operational expenses.

## Shared Services

- Several opportunities exist for the City to work more closely with the County in areas such as engineering and civil service, and to co-mingle/share payroll, time and attendance, and financial systems.

### Recommendation:

- If the City were to execute these shared service opportunities, the Board could provide an award of up to \$995,000 to the City.



# City of Troy

## Fleet

- The City has a very old fleet on average, has four repair shops, no central management, and overall, inefficient operations.

### Recommendation:

- To assist the City's operations and future decision making, the Board could provide up to \$100,000 for a fleet management consultant study.

## Energy Efficiency

- The City is working on a City-wide energy plan with Siemens. Several areas of opportunity exist but require investment. Converting a portion of the City's street lights to LEDs could save upwards of \$60,000 annually.

### Recommendation:

- If the City were to invest in LED lights or a similar energy conversion, the Board could provide an award of up to \$440,000 to help the City achieve recurring savings.



# City of Troy

## MAC Debt

- Part of the City's 2017 tax increase was to help pay for a mandatory increase to MAC debt over the 2016 base amount. Additional increases would be necessary in 2018 and again in 2019 before falling back to the 2016 level.

Year	MAC Debt Service (millions)	Increase from 2016 (millions)
2016	\$6.173	-
2017	\$6.444	\$0.271
2018	\$6.569	\$0.396
2019	\$6.965	\$0.792
2020	\$6.021	-
<b>Total</b>	<b>-</b>	<b>\$1.459</b>

- If the City is able to execute County-based shared services and submit and adopt fiscally prudent budgets for Fiscal Years 2018 and 2019, the Board may consider an annual award to assist the City's upcoming budgets and potentially avoid tax increases due to the temporary debt service pattern.



# City of Plattsburgh

Clinton County



# City of Plattsburgh Overview/Fiscal Status

- Just before the 2016 budget adoption, the City was blocked in court from switching retirees to a new Medicare-managed health plan, which reduced savings and forced last minute cuts.
- In early 2016, Moodys downgraded the City from AA3 to an A2 bond rating (a two notch decline).
- The City has nearly exhausted its once healthy General Fund balance by running annual deficits through 2016.
- From 2007 to 2016, the City's tax rate rose only \$1 per \$1,000. However, the 2017 Budget increased the tax levy by nearly seven percent.
- The City is facing significant costs from a recent fire arbitration hearing which will deplete its fund balance and potentially require borrowing.
- The City is a Downtown Revitalization Initiative (DRI) winner.



# Findings and Recommendations



# City of Plattsburgh

## Shared Services and Efficiencies

- Several opportunities exist for the City to partner with Clinton County, including: assessment, dispatch, IT, and payroll time/attendance processing.
- The City may have an opportunity to extend its municipal electrical grid to its DPW/ highway facility located in the Town of Plattsburgh, which could potentially save \$90,000 annually.
- The Mayor may also be interested in relocating/combining its DPW and Municipal Lighting Departments onto one parcel/facility to increase efficiency, produce savings, and sell or repurpose land.

## Recommendation:

- To assist the City with these potential endeavors, the Board may award up to \$1 million.





# City of Plattsburgh

## Workforce

- The City should continue efforts to encourage retirees to switch from the current City healthcare plan to a Medicare-managed plan, which could potentially save the General Fund over \$300,000 annually.
- The City Police Department may be overstaffed compared to most of its peers.
- The Fire Department's costs have a significant impact. The City's Administration and its residents should consider lower cost methods to provide medical first response.

## Recommendation:

- If the City were to encourage retirees to switch healthcare plans, the Board could award up to \$500,000 to assist the City.



# Village of Amityville

Suffolk County



# Village of Amityville Overview/ Fiscal Status

- The Village's FY 2018 budget kept spending and the tax levy flat at \$15.8 million and \$12.8 million, respectively. The Village has been tax cap compliant over the last few years.
- Property taxes support over 81 percent of the budget.
- The Police Department accounts for over 50 percent of total Village spending.
- In early 2016, the Village was confronted with a \$1.34 million bill for police separation payments for four (4) retiring officers.
- The Village has produced surplus operations for the last few years, which has allowed it to turn a near \$1 million accumulated deficit into a near \$1 million total fund balance.



# Findings and Recommendations



# Village of Amityville

## Workforce

- Suffolk County provides police service to all of the Town of Babylon as well as the other villages within the Town. Maintaining an Amityville Police Department is costing tax payers an extra \$3.5 million annually.
- As an alternative, the Village and the Police Department could negotiate to reduce shift staffing from three officers to two at the Village Hall “front desk” with a civilian/dispatcher instead of an officer, which could potentially save \$500,000 annually.

## Shared Services

- The Village should work with the Town to replace its old streetlights with modern LED lights. The Village could save up to \$90,000 annually in electricity costs and maintenance.

## Recommendation:

- If the Town manages the project for the Village, including procurement and installation, the Board may provide an award of up to \$200,000 for each of the Village and the Town.



# Activity Update on Previously Reviewed Municipalities



# City of Jamestown

## Background

- In 2015, the Board recommended that the City seek to achieve additional savings through increased efficiencies, including savings from labor actions. The Board has provided over \$800,000 in awards to date.
- For the 2017 budget, the Mayor proposed a balanced budget due to the City reaching its Constitutional Property Tax Limit, falling \$900,000 short.
- Aside from this, the 2017 budget included \$600,000 in savings from the City re-negotiating healthcare with its retirees.
- The City is requesting \$1.5 million from to help encourage retirees to switch healthcare plans.
- The City's Comprehensive Review report did not make a recommendation with respect to general workforce opportunities, so Board staff has amended the report to include a recommendation.

## Recommendation:

- The Board could award up to \$1.5 million to assist the City in encouraging retirees to switch healthcare plans.



# City of Lockport

## Background

- In 2016, the Board recommended that the City seek to achieve additional savings through increased efficiencies, including savings from labor actions through shared services.
- The City is currently paying off \$4 million in deficit financing bonds, and is facing the possibility that it may have to re-start ambulance service and pay years of retroactive salary to Fire Department personnel.
- The City has an opportunity to partner with Niagara County for a new finance system.
- The City would also modernize its payroll/time and attendance system. All of these actions could potentially save the City \$250,000 per year.
- The City is requesting \$470,000 from the Board to implement these opportunities.

## Recommendation:

- The Board could award up to \$470,000 to help the City implement the new system and generate recurring savings





# Village of Owego

## Background-Shared Services

- In 2016, the Board recommended that the Village seek to achieve savings through shared services.
- The Village would like its residents to consider dissolving its Village Justice Court, in favor of the Town of Owego's court.

## Recommendation:

- To encourage the residents to approve such measure, the Board could award a grant of up to \$100,000 if the residents elect to dissolve the court.



# Village of Owego (continued)

## Background - Efficiencies

- The Village is planning to upgrade and expand its wastewater treatment plant facility, so it will be able to accept septic waste to increase revenues and eventually lower rates for Village ratepayers.
- The Village's Comprehensive Review report did not make a recommendation with respect to potential internal efficiencies, so Board staff has amended the report to include this recommendation.
- The Village is requesting \$425,000 from the Board as a bridge to help taxpayers until the new system is operational and producing new revenue.
- The funding will help stave off a potential 20 percent sewer rate hike in the upcoming year.

## Recommendation:

- The Board could award up to \$425,000 to help the Village stabilize sewer rates until the new system is generating recurring revenue.



# City of Albany – Supplemental Report

- In order to provide continuing assistance to the City, the PFM Group was selected to through a competitive process to prepare a supplemental report on the City's fiscal condition.
- The review aimed to highlight and uncover additional ways in which the City could begin to reduce its budget gaps without the need for continued State extraordinary assistance.
- The Report was released to the City in May 2017. A copy of the Report may be found on the FRB's website: [www.frb.ny.gov](http://www.frb.ny.gov)



# Approval of New Applicants for Comprehensive Review



# City of Dunkirk

Chautauqua County

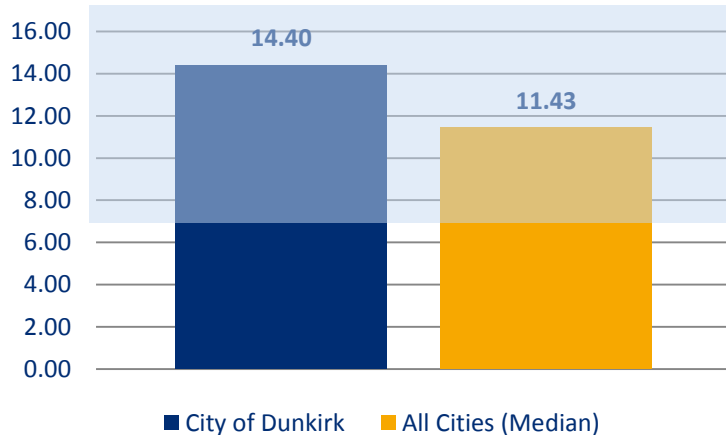


# City of Dunkirk

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

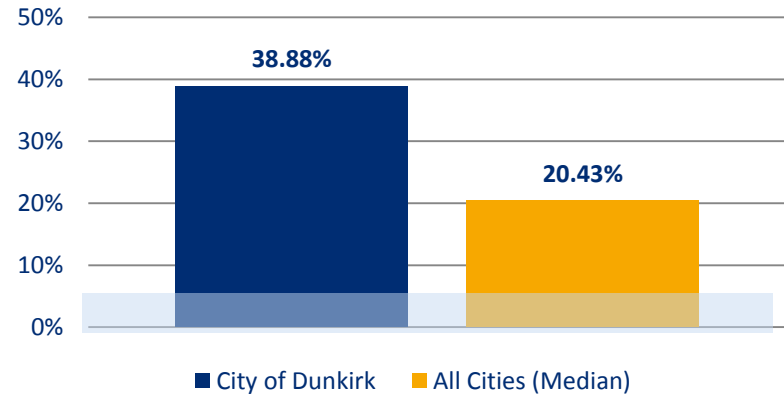
## Average Full Value Property Tax Rate

(Automatically Eligible Above 7.2772)



## Average Fund Balance Percentage

(Automatically Eligible Below 5%)



# City of Dunkirk

- 2010 population of 12,563 (ranked 45<sup>th</sup> of cities) and 2015 expenditures of \$29 million (ranked 35<sup>th</sup> of cities); median home value \$62,600 (ranked 62<sup>nd</sup> of cities); and median household income of \$37,930 (ranked 42<sup>nd</sup> of cities).
- Due to the closure of the coal-fired NRG plant in January 2016, the City's \$2.6 million PILOT reserve will annually decline down to \$400,000.
- Although special State aid is cushioning this decline, the City needed to cut the 2017 Budget (\$14.6 million) by \$1 million in order to prevent a significant increase in taxes.
- The City has recently lost major manufacturing plants/companies and is losing its only hospital to a nearby relocation.
- The City faces a \$21 million wastewater consent order and a potential need to expand its court facility, which will force the Police Department to relocate.



# Village of Herkimer

Herkimer County



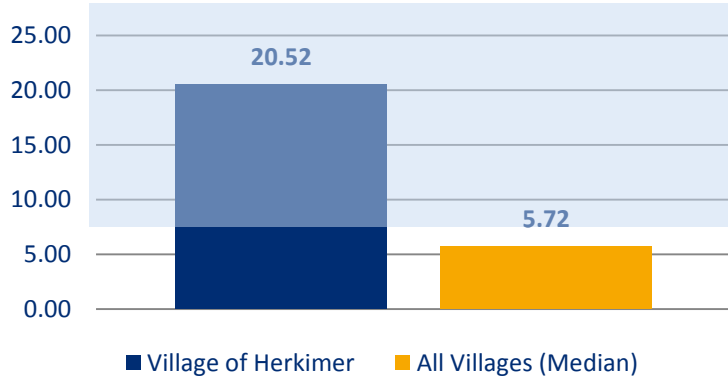


# Village of Herkimer

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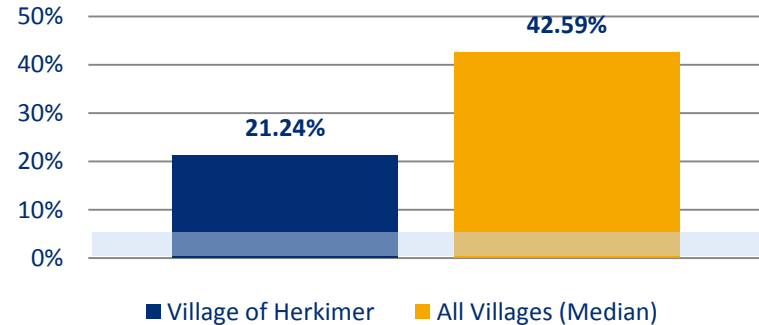
## Average Full Value Property Tax Rate

(Automatically Eligible Above 7.2772)



## Average Fund Balance Percentage

(Automatically Eligible Below 5%)



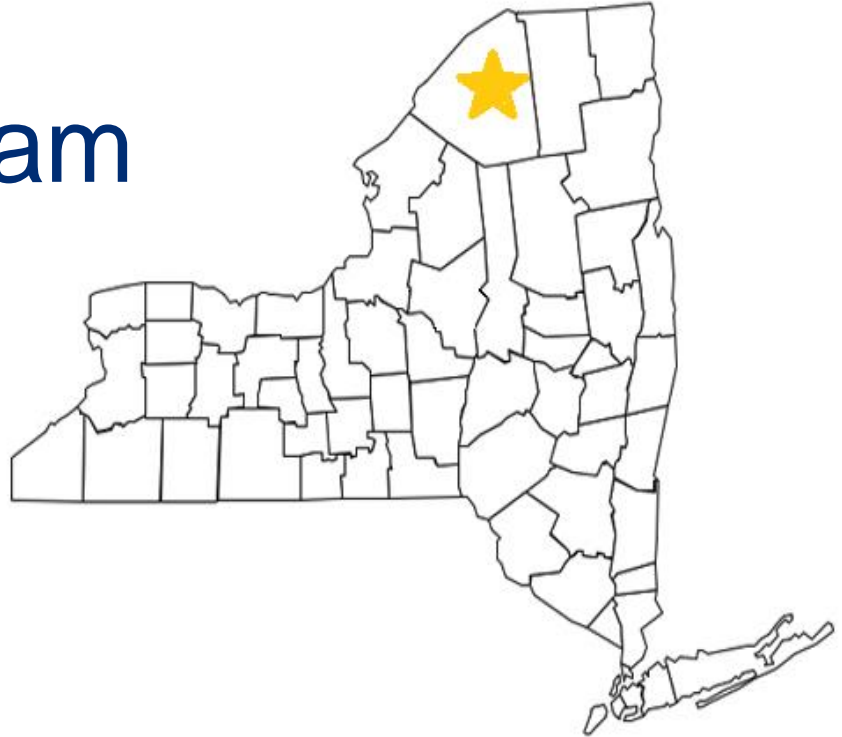
# Village of Herkimer

- 2010 population of 7,743 (ranked 59<sup>th</sup> of villages) and 2015 expenditures of \$9.4 million (ranked 82<sup>nd</sup> of villages); median household income of \$35,408 (ranked 507<sup>th</sup> of villages); and, median home value of \$82,100 (ranked 429<sup>th</sup> of villages).
- The 2017 General Fund totals \$6.9 million; \$8.7 million all funds including water and sewer. The Police is the largest General Fund expenditure (\$2.6 million/ 39 percent) of the General Fund.
- The Village has exhausted its constitutional property tax limit
- The 2017 property tax levy (\$5.1 million, 74 percent of the General Fund) had to be lowered from 2016 by \$100,000 to stay within the constitutional limit.
- The Village's current full value property tax rate is over \$22 per \$1,000, excluding Town, County, and School tax rates.



# Village of Potsdam

St. Lawrence County

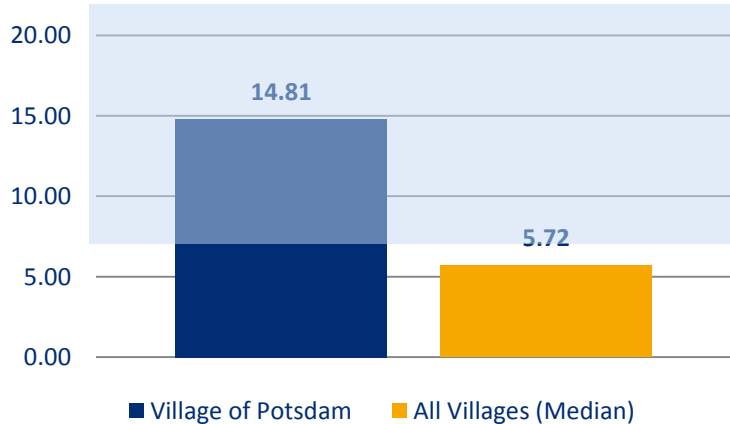


# Village of Potsdam

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

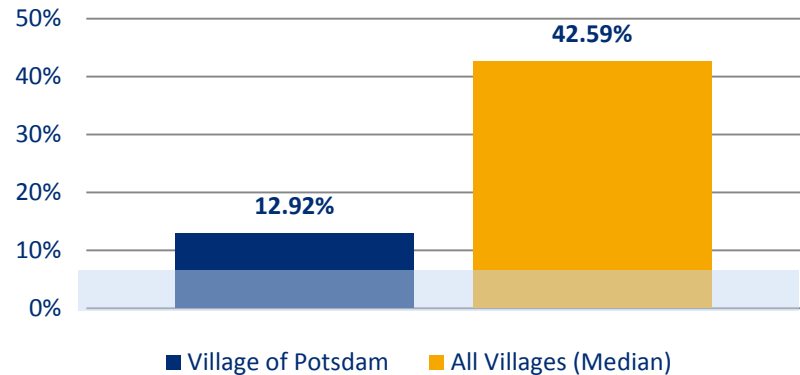
## Average Full Value Property Tax Rate

(Automatically Eligible Above 7.2772)



## Average Fund Balance Percentage

(Automatically Eligible Below 5%)



# Village of Potsdam

- 2010 population of 9,428 (ranked 42<sup>nd</sup> of villages) and 2015 expenditures of \$10.8 million (ranked 69<sup>th</sup> of villages); median household income of \$31,790 (ranked 531<sup>st</sup> of villages); and, median home value of \$100,900 (ranked 332<sup>nd</sup> of villages).
- The 2017 General Fund totals \$5.9 million, one percent less than 2016. The Police Department is the largest expense at over \$1.8 million (31 percent of the General Fund).
- The 2016 General Fund available balance was \$287,000 or 4.9 percent.
- The Village increased the tax levy by 5.1 percent for 2017. The full value tax rate now totals over \$17 per \$1000.
- Over 68 percent of the assessed value is tax exempt and, currently, the Village is exhausting over 85 percent of its constitutional property tax limit.
- The Village is home to SUNY Potsdam and Clarkson University – a major reason for the very high percentage of tax exempt property.

