



Financial Restructuring Board for Local Governments

June 20, 2016

Agenda

- Comprehensive Reviews and Awards
- Approval of New Fiscally Eligible Municipality List
- New Applicants
- Approval of Grants for Multi-Year Financial Planning



Completed Reviews



City of Utica

Oneida County



City of Utica Overview/Fiscal Status

- In 2012, the City faced a budget gap of approximately \$8m. Over the previous five years, the City had drawn down the fund balance by \$5.4m to fill budget gaps.
- In order to rectify this situation, the property tax levy was increased by ten percent and the workforce was reduced by upwards of 14 percent. Several departments have been consolidated or restructured as well.
- Because of these actions, the City has ended the last few years with surpluses (\$900k in 2013, \$1.6m in 2014, and \$1.8m in 2015).
- Since the Mayor took office in 2012, all three rating agencies have removed negative watch from their ratings.
- The City's 2017 budget continues this trend with a modest tax increase of 1.75 percent and a decrease in expenditures by 1.5 percent. Continued spending restraint and prudent investments in infrastructure should allow the City to maintain a solid financial footing.



Findings and Recommendations



City of Utica

Shared Services

- Board staff examined shared service opportunities among the City and its neighboring municipalities. Some promising areas of opportunity exist, including in tax assessment services or payroll / time and attendance functional consolidation.

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.

Parks and Recreation

- Board staff examined the City of Utica's Parks and Recreation Division and opportunities to share maintenance responsibility with the Central New York Conservancy or achieve cost savings through internal restructuring.

Recommendation:

- The City should develop a Parks and Recreation Master Plan to assess long-term capital and operating priorities. The Board may award up to \$250k to assist the City with developing this Plan.



City of Utica

Workforce

- In the most recent labor contracts, new Fire, Police and DPW employees must contribute 20 percent of health benefit costs. However, less than 8 percent of the City's \$10m premium is covered by employees.

Energy Efficiencies

- Board staff, in conjunction with the City, examined the streetlights and traffic control signal infrastructure and operation. Replacing 50 controllers would save the City \$150k annually.

Recommendation:

- The City should seek to replace its aged and failing traffic control devices. If the City agrees to implement this recommendation, the Board may award up to \$500k to assist the City with this conversion.

Fiscal Performance and Accountability

- The City should continue its efforts to develop a multi-year financial plan.



City of Elmira

Chemung County



City of Elmira Overview/Fiscal Status

- In June of 2015, the City's bond rating was reduced by Moody's by five notches to Ba1 (junk bond) with a sustained negative outlook.
- In 2013, Chemung County altered its sales tax revenue sharing formula. By 2018, the City of Elmira will eventually see a \$2m (30 percent) decrease in annual sales tax revenues.
- The City has also suffered from annual deficits and depleted fund balances due to healthcare insurance cost overruns.
- In 2016 the City closed a \$3.2m gap in part by enacting several shared service endeavors with the County and by increasing its property tax levy by 4 percent.
- Fiscal year 2017 Executive Budget will likely face another budget gap of a lower magnitude.



Findings and Recommendations



City of Elmira

Shared Services

- The City and the County have embarked on several in-depth and comprehensive shared service endeavors recently, including finance administration, buildings and grounds maintenance, health insurance, and street maintenance.
- Agreements for code enforcement and assessing already exist between the City and some of its neighbors.

Recommendation:

- If the City continues the noted shared service endeavors with the County, the Board may award grants of up to
 - \$850k for costs associated with the Health Plan migration,
 - \$180k for financial software to assist the departmental consolidation,
 - \$500k in recognition of the County's additional departmental costs, and
 - \$400k to assist the City's 2016 budget, in recognition of its depleted fund balance and shared service efforts.
- The City should continue to foster their shared service agreement for code enforcement services with the Town of Horseheads. If the City agrees to continue this relationship, the Board may grant up to \$8k to assist the City with costs associated with shared IT services.



City of Elmira

Efficiencies

- The City has invested \$275k to increase recycling in the City in order to reduce costs associated with solid waste. The City would like to expand this effort in order to achieve further reductions of up to \$50k per year.

Recommendation:

- The City should expand its recycling effort in order to save in tipping fee costs. The Board may award a grant of up to \$250k to assist with this endeavor.



City of Lockport

Niagara County



City of Lockport Overview/Fiscal Status

- The City ran deficits through 2013 and had significant cash flow issues in early 2014. The State granted deficit financing in 2014 and the City subsequently issued \$4m of bonds.
- Throughout its 2014 fiscal year, the Mayor's Administration took action to reduce spending and staff. Accordingly, 2014 audit showed a positive General Fund balance.
- The City's 2016 budget increases spending by 2.7 percent and increased the tax levy by 1.81 percent, which required a tax cap override. Water rates were also increased by 15 percent in order to correct a structural imbalance in that fund.
- 2015 All Funds General Fund spending totaled \$32.7m, with the General Fund totaling \$22.7m, which was 3 percent less than 2014. While 2015 tax levy increased by 9.8 percent, 2016 increased by 1.8 percent.



Findings and Recommendations



City of Lockport

Shared Services

- The Board examined shared services opportunities among the City and its neighboring municipalities.
- Several areas of opportunity exist for sharing between the City and neighboring municipalities including: police and 911 dispatch services, information technology and financial management systems, property assessment and water supply.

Recommendations:

- The City, in conjunction with its governmental neighbors, should develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions.
- The Board recommends that the City develop and implement a shared services agreement with the City of Niagara Falls or a similarly qualified municipality for shared assessing. The Board may award a grant of up to \$60k to assist the City for this purpose.



City of Lockport

Efficiencies

- The City is exploring an opportunity to decommission its water treatment facility and purchase potable water from the City of North Tonawanda.
- The City, at present, is dealing with seven disparate public works departments/entities including separate departments of Engineering, Water Billing, Water Distribution, Water Treatment, Wastewater Treatment, Highways and Parks, Building Maintenance. Combining these departments into fewer departments could lead to efficiencies, savings and improve revenue.

Recommendations:

- The Board may award a grant of up to \$250k to stabilize the City's Water Fund, reducing the need for future rate increases until savings from the water treatment shared service is realized.
- The Board may award a grant of up to \$50k to defray the cost of developing and implementing such a reorganization plan.



City of Lockport

Workforce/Labor

- Except for new police employees beginning in 2016, all other City employees make no health insurance contributions.
- Fire Department: The City is trying to keep overtime low and service high with a six-person minimum shift. Currently, if off-duty firefighters are called in to fight a fire, they expend extra time having to go to City Hall to gear-up.

Recommendation:

- The Board recommends that the City provide turnout gear in a manner that improves response time. The Board may award a grant of up to \$77,500 to defray the cost of purchasing such gear.

Economic Development

Recommendation:

- The Board recommends that the City continue to work on developing its government-owned vacant properties. The Board may award a grant of up to \$200,000 to defray costs, contingent on the development of a new shared services endeavor with the County.



Village of Owego

Tioga County



Village of Owego Overview/Fiscal Status

- 2015 and 2016 All Funds budgets were each \$4.5m, while General Fund is \$3.4m of this. Sewer constitutes the remainder.
- 2016 General Fund relied upon \$100k of fund balance, with similar amounts annually.
- The Village estimates it is maintaining approximately \$300k in undesignated fund balance aside from the fiscal year 2016 appropriation (8.5 percent of General Fund expenditures).
- If future budgets require \$100k appropriations of fund balance annually, the Village Fund Balance will be depleted in a few years.



Findings and Recommendations



Village of Owego

Shared Services

- Board staff examined shared services opportunities among the Village and its neighboring municipalities.
- Potential for additional shared services between the Village and the Town with respect to courts and DPW.
- Police Consolidation or Police Department dissolution is a promising area for sharing between the Village and the County. Board staff have begun discussing this matter with Village officials.

Recommendation:

- The Board recommends that the Village, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions.



Village of Owego

Dissolution

- Village Administration and residents should consider dissolution to address the tax rate imposed solely on the Village residents, which is nearly \$15/\$1,000.
- If the Village were to dissolve, the combined Town would receive an estimated \$718k annually from the Citizens' Empowerment Tax Credit program.

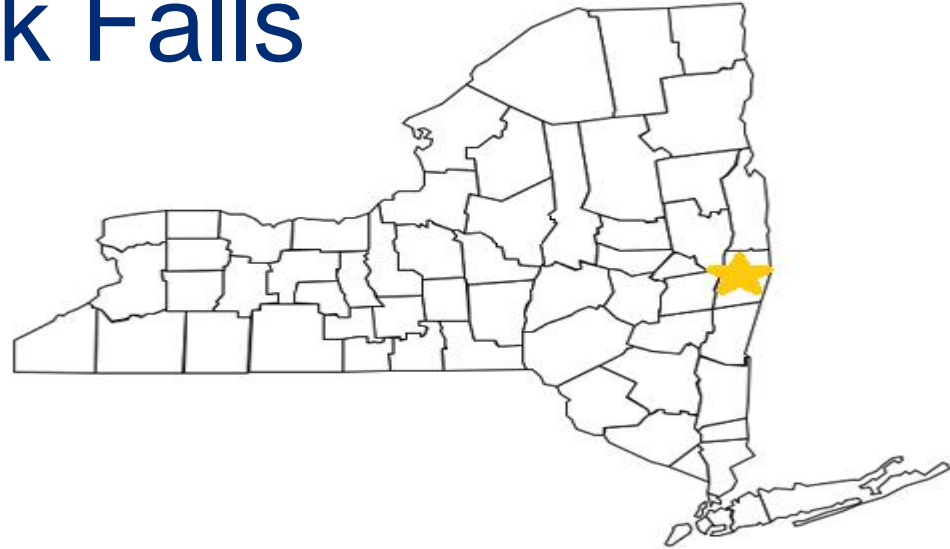
Fiscal Performance and Accountability

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



Village of Hoosick Falls

Rensselaer County



Village of Hoosick Falls Overview/ Fiscal Status

- 2016-17 All Funds Adopted Budget (June 1) totals \$3.4m, \$1.7m of this is for the General Fund. The General Fund increased 1 percent from the prior year.
- The Village had access to approximately \$1m in fund balance for the 2015-16 fiscal year, only \$42k of which was needed to balance all funds. The 2016-17 budget required no use of fund balance for the General Fund, but \$118k for the Water Fund.
- At this time, Hoosick Falls appears to be on stable financial footing. It has sufficient fund balance, especially in water and sewer funds, and the 2016 and 2017 budgets were able to fund an increase in Village police coverage.
- The Board will continue to monitor Village finances.



Findings and Recommendations



Village of Hoosick Falls

Shared Services

- Board staff examined shared services opportunities among the Village and its neighboring governments. Opportunities exist for sharing between the Village and its neighboring governments, including the integration of the Town and Village justice courts and the takeover of Village policing by the County Sheriff, if desired at the local level.

Recommendation:

- The Board recommends that the Village, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions.

Dissolution

- As one means to address the Village taxes imposed, Village Administration and residents could consider dissolution to address the tax rate imposed solely on the Village residents.
- If the Village were to dissolve, the combined Town would receive an estimated \$318k annually from the Citizens' Empowerment Tax Credit program.



Village of Hoosick Falls

Efficiencies

- The Village is currently undertaking a number of actions to increase efficiency. These include: Installing solar panels on municipal buildings, leasing land at the former landfill to a company which will install additional solar panels, replacing streetlights with LED technology, and switching insurance carriers for a better rate.
- Village has undertaken a number of efficiency actions and should continue to maximize efficiency opportunities that reduce property taxes.

Fiscal Performance and Accountability

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



New Actions Regarding Prior Comprehensive Reviews



Award for the City of Jamestown

- In 2015, the Board recommended that the City seek to achieve additional savings through increased efficiency. In the interim, the City has developed new opportunities for savings.
 - The City would like to convert 900 City overhead street lights (25% of the City's existing system) to LED fixtures. Project cost: \$480k; total annual savings: \$54k;
 - The City seeks to convert security lights in the Main St. and Cherry St. Parking Ramps to LED fixtures. Project cost: \$74,770; total annual savings: \$18,220; and,
 - The City is requesting to utilize a State contract to undertake an analysis of a proposal to consolidate city fleet management services and implementation plan if projected savings are confirmed. Estimated Cost of contract: \$58k Potential Annual Savings: \$30k
- Board recommends awarding \$613k to the City for these initiatives.



Award for the Town of Fishkill

- In its 2014 review of the City, the Board recommended that the Town produce town-level cost and performance data in selected areas of operation, expanding the effort countywide.
- Member of the Board Sydney Cresswell has been working on a pilot project with the Town, Dutchess County and other municipalities to find or build easy-to-use digital tools for local highway departments that capture data about operations.
- The group is ready to procure a system to train highway staff to use collected information in local decision making and build data standards into the tools that make comparisons of performance across highway departments possible.
- With such a system, municipalities will be able to:
 - Compare costs of operations across municipalities to understand how differences in process, management, and methods can impact overall costs;
 - Easily assess and cost out service sharing opportunities across users;
 - Use resources more efficiently by eliminating or sharing operations, and using knowledge gained through comparisons to alter processes, materials, or contracts
 - Engage in long range cost estimating suited to long range planning (build a cost effective equipment replacement plan, project costs for deferred maintenance of assets)
- Board recommends an award of \$100k to the Town for this countywide initiative.

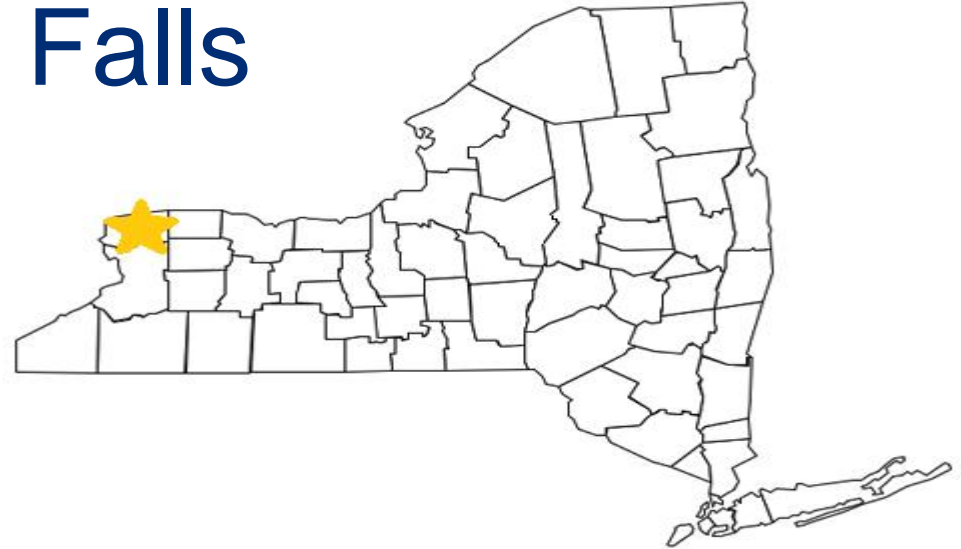


Approval of New Applicants



City of Niagara Falls

Niagara County

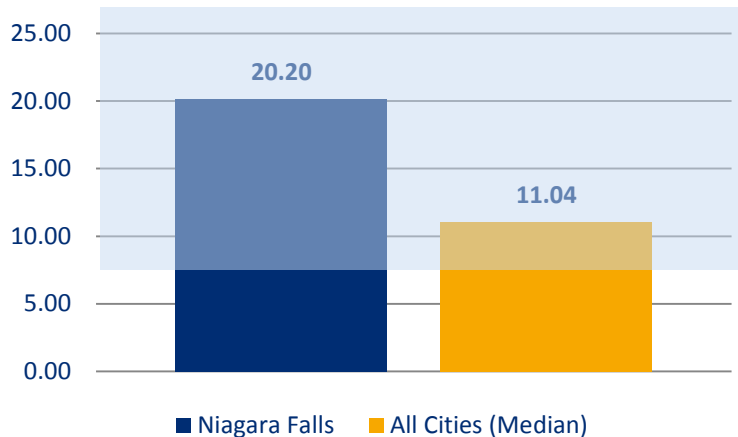


City of Niagara Falls

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

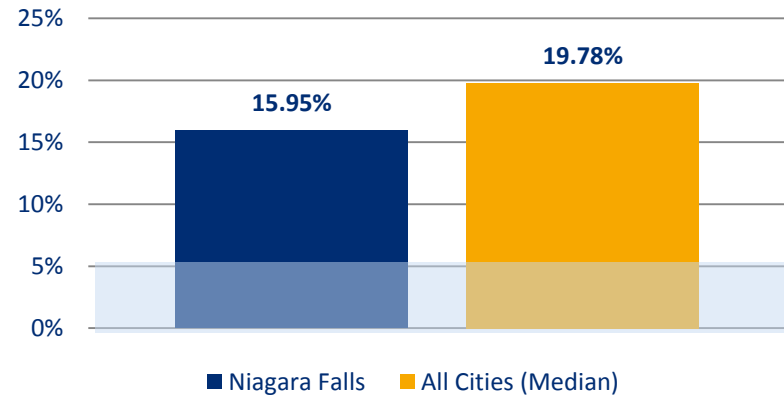
Average Full Value Property Tax Rate

(Automatically Eligible Above 7.1674)



Average Fund Balance Percentage

(Automatically Eligible Below 5%)



City of Niagara Falls

- 2010 Population of 50,193 (ranked 12th of cities) and 2014 expenditures of \$131m (ranked 9th of cities); Median home value \$67,600 (ranked 57th of cities); and Median household income of \$33,009 (ranked 51st of cities).
- In 2015, the City Council created the Niagara Falls Financial Advisory Panel made up of local residents.
- The City receives approximately \$17m annually as their share of Seneca Casino proceeds (the City has an \$88m General Fund).
- For the 2016 budget, the City's General Fund relied on over \$12.5m in casino funds – seemingly the highest reliance level/amount to date.
- Structural General Fund imbalances exist between revenues and expenses.



City of Troy

Rensselaer County

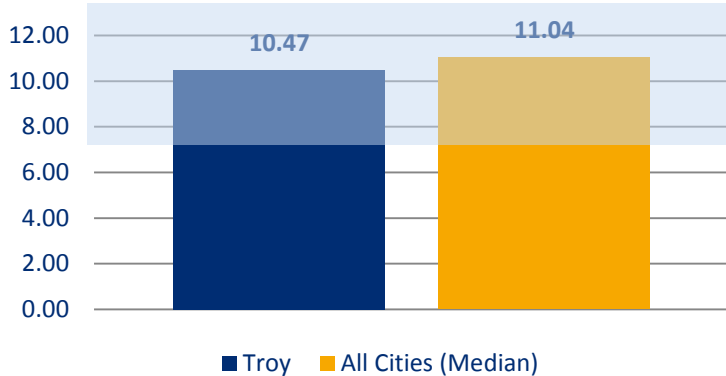


City of Troy

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

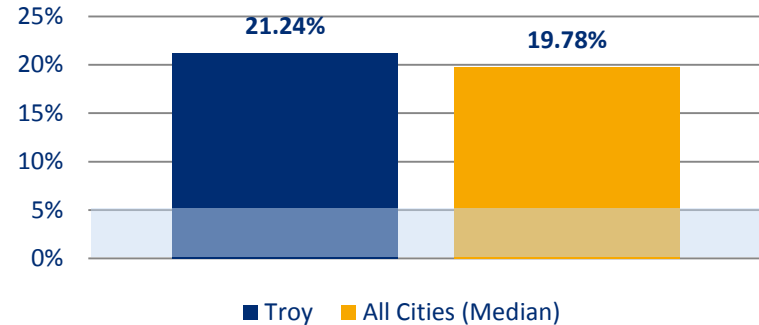
Average Full Value Property Tax Rate

(Automatically Eligible Above 7.1674)



Average Fund Balance Percentage

(Automatically Eligible Below 5%)



City of Troy

- 2010 population of 50,129 (ranked 13th of cities) and 2014 expenditures of \$89m (ranked 14th of cities); Median household income of \$39,526 (ranked 34th of cities); and, Median home value of \$142,990 (ranked 25th of cities).
- In 1995 a Supervisory Board was established to help the City of Troy resolve a financial crisis. Of note, if Troy closes a fiscal year with a deficit of one percent or more, the “emergency period” of the Supervisory Board could be re-imposed.
- Subsequently, State law created a Municipal Assistance Corporation to help the City restructure its debt and provide ongoing capital market access.



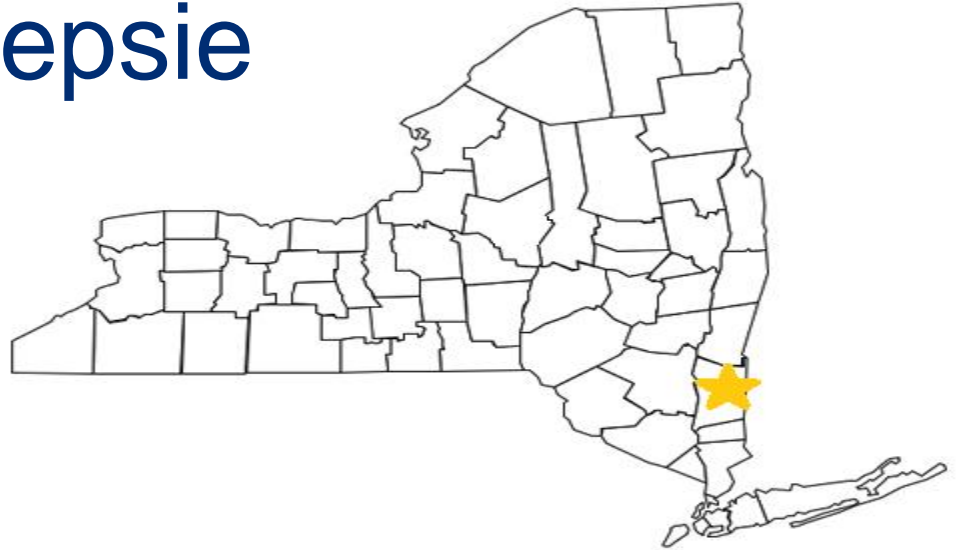
City of Troy

- The City has narrowly avoided operating deficits in recent years and has encountered significant water and sewer infrastructure problems. OSC's 2016 review found overestimated revenues, underestimated pension costs, and underfunding of infrastructure and equipment.
- According to OSC report, the City has consistently relied on reserves to finance recurring costs in the General Fund, failed to properly fund capital costs and failed to include an adequate contingency fund in its adopted budgets.



City of Poughkeepsie

Dutchess County

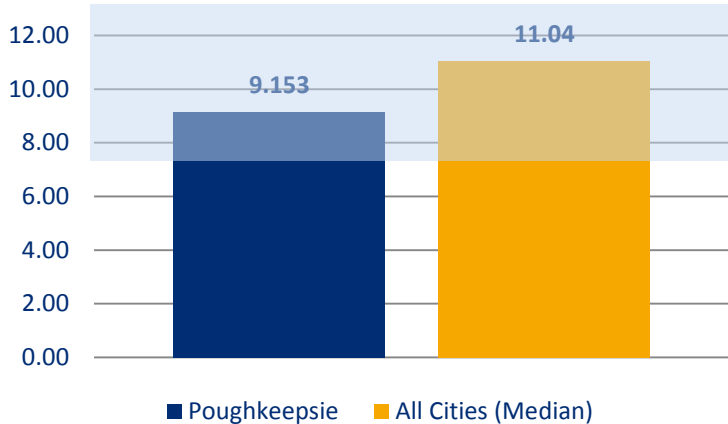


City of Poughkeepsie

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

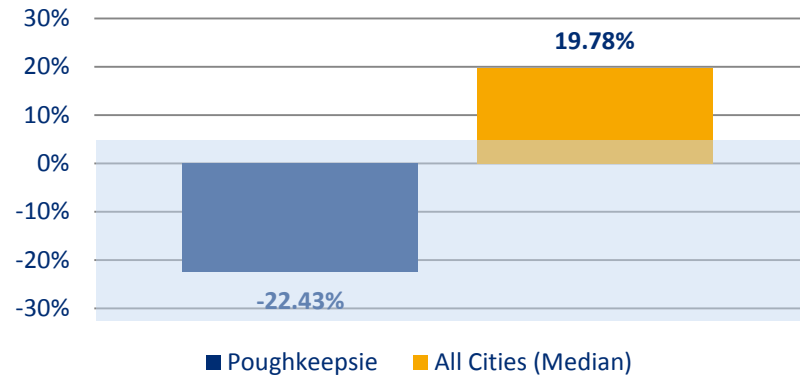
Average Full Value Property Tax Rate

(Automatically Eligible Above 7.1674)



Average Fund Balance Percentage

(Automatically Eligible Below 5%)



Note: Fund Balance is negative when total liabilities are larger than total assets

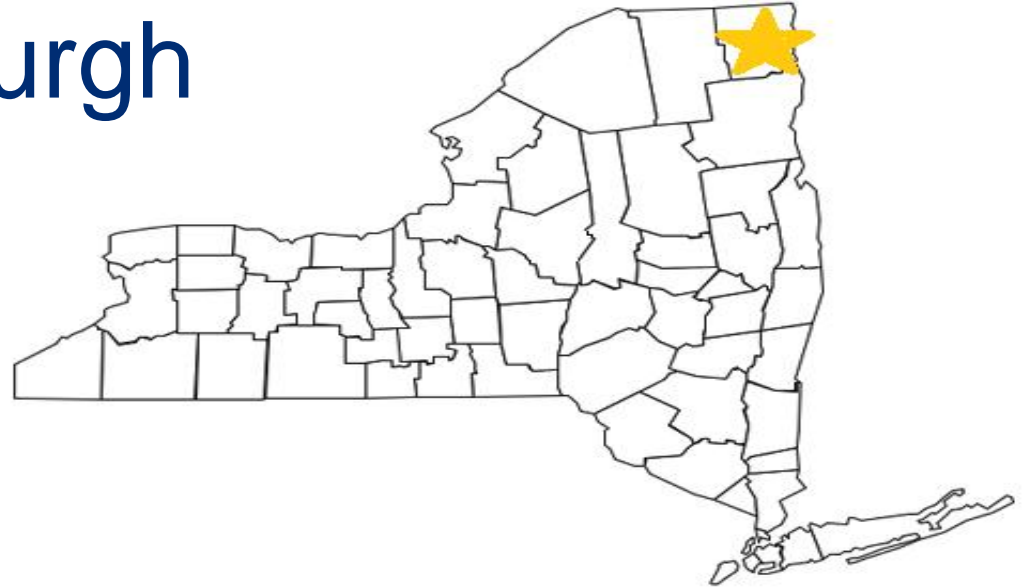
City of Poughkeepsie

- 2010 population of 32,736 (ranked 17th of cities) and 2014 expenditures of \$64m (ranked 17th of cities); Median household income of \$38,973 (ranked 36th of cities); and, Median home value of \$211,400 (ranked 11th of cities).
- \$11m negative accumulated fund balance in its General Fund.
- In February 2016, Moody's lowered the City's rating to Ba1 (junk bond). Rating agency summary cited the accumulated deficit and cash flow as primary issues.
- The City included 287 budgeted positions in 2015, down from 323 in 2012.
- The 2016 budget increased the tax levy by 6.8 percent. The City's 2016 all funds budget was \$83m.



City of Plattsburgh

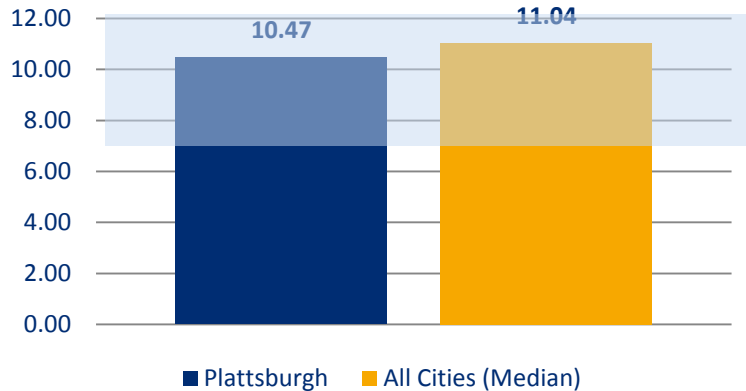
Clinton County



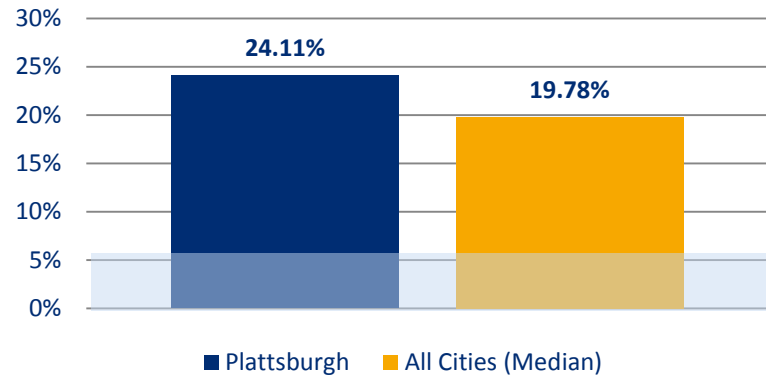
City of Plattsburgh

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

Average Full Value Property Tax Rate
(Automatically Eligible Above 7.1674)



Average Fund Balance Percentage
(Automatically Eligible Below 5%)



City of Plattsburgh

- 2010 Population of 19,989 (ranked 31st of cities) and 2014 expenditures of \$57m (ranked 23rd of cities); Median home value \$143,000 (ranked 24th of cities); and, Median household income of \$34,460 (ranked 49th of cities).
- The City has a bond rating of A2 (negative outlook).
- The 2016 budget relied upon \$700k of savings from switching retirees to a new health plan but was judicially blocked days prior to enactment of the budget. (City All Funds is \$53m, General Fund \$22m, \$18m electric enterprise.)
- Tax levy totals \$10.2m for 2016. Tax levy increased by 2.6 percent on average per year since 2009. Tax rate has risen only \$1 per \$1000 from 2007-2016.



Village of Amityville

Suffolk County

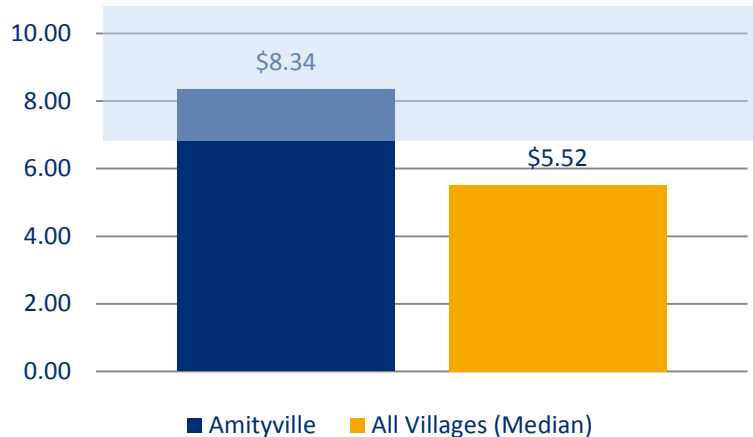


Village of Amityville

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

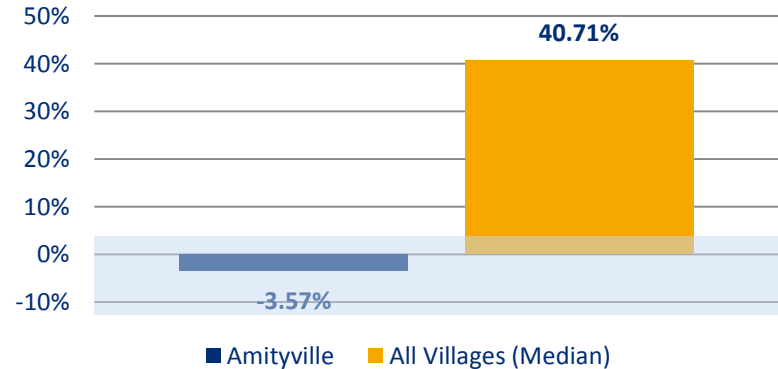
Average Full Value Property Tax Rate

(Automatically Eligible Above 7.1674)



Average Fund Balance Percentage

(Automatically Eligible Below 5%)



Note: Fund Balance is negative when total liabilities are larger than total assets

Village of Amityville

- 2010 Population of 9,523 (ranked 41st of villages) and 2014 expenditures of \$15m (ranked 43rd of villages); Median home value of \$370,000 (ranked 126th of villages); and Median household income of \$81,135 (ranked 128th of villages).
- \$15.4m total budget, of which \$7.3m is police department.
- \$12.7m of total revenues are derived from property taxes.
- General Fund operations ending in 2015 produced a surplus of \$550k, helping to erase a negative fund balance.





Financial Restructuring Board for Local Governments

June 20, 2016