



City of Saratoga Springs

**2017 BUDGET MESSAGE
OF THE COMMISSIONER OF FINANCE**

Office of Finance
October 4, 2016

2017 Comprehensive Budget

Excellent City Services **Sustainable City Government**

The 2017 Comprehensive Budget is driven by my continued commitment to a stable tax rate in the face of the rising costs of good government and the NYS property tax cap.

2016 Comprehensive Budget

Envision

A SMART CITY

Revenue may always constrain expenses but it doesn't have to constrain good ideas for good government. The City of Saratoga Springs must look forward. It is time to envision a Smart City and to ensure that the City of Saratoga Springs is on that path.

EXPENSES

2017 General Fund

| | |
|--------------------------------------|--------------|
| Total 2017 General Fund | \$45,527,282 |
| Increase over 2015..... | \$ 1,514,267 |

TOTAL increase due to:

- **Personal Services**
- **Health Insurance**

Personnel Services

- **Wages and Social Security**
 - 55% of the proposed 2017 operating budget
 - \$1,090,552 increase; \$25.05 million total
- **Employment Contracts ALL Updated!**
 - 2-2.5% raises
 - Outstrips NYS tax cap

Council is to be commended for this is accomplishment. It is both a success and a challenge, as we now work with the realities of fully budgeted personnel costs. ... The City must continue to settle these in a manner that is consistent with its resources and the economy.

Health Insurance

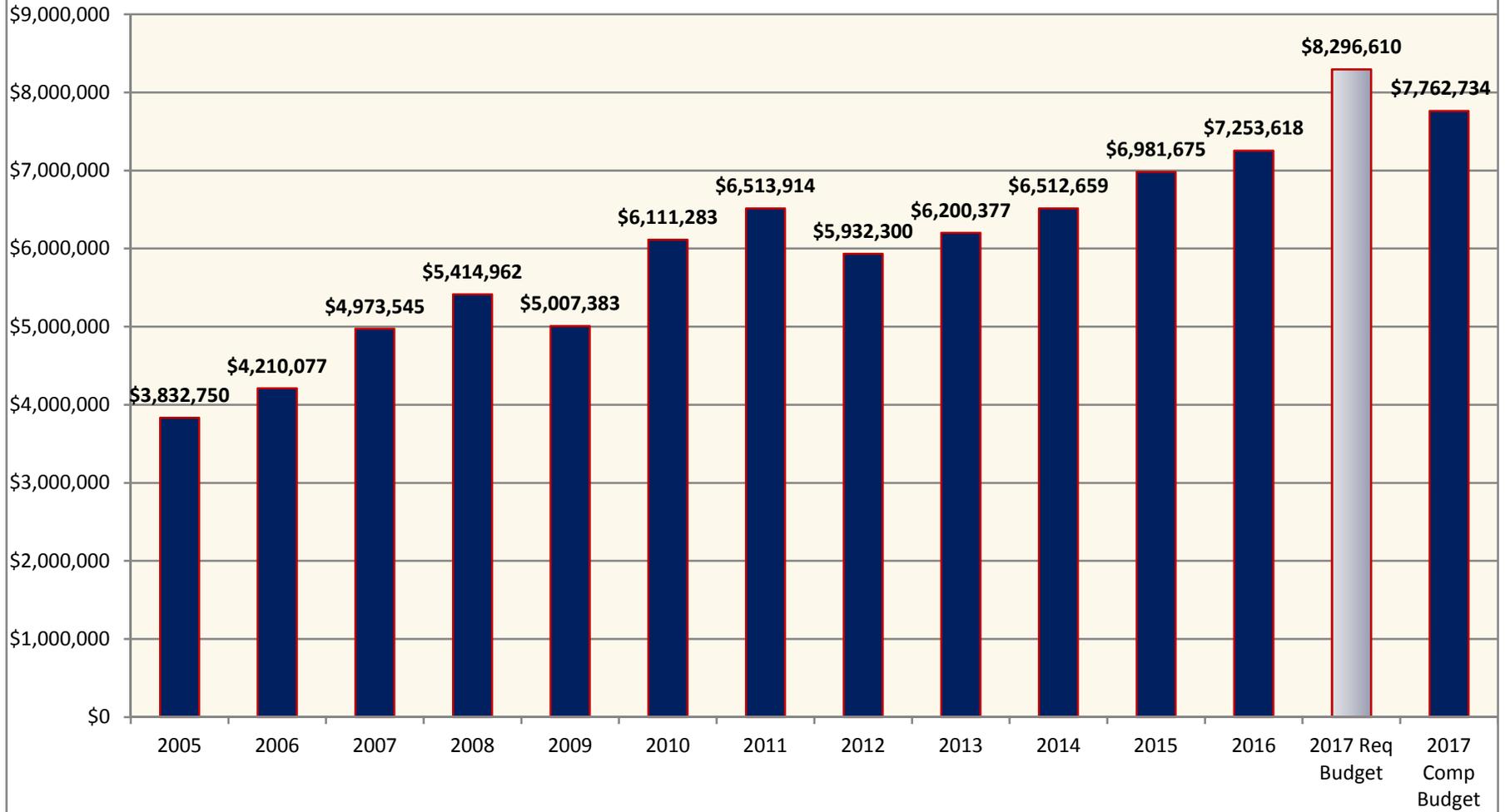
- **General Fund**

- \$509,116 increase; \$7.76 million total
- 17.1% of the proposed 2017 operating budget

- **Multiple Plans**

- Average Rate Increase: 7.7% over 2016
- Range Rate Increase: 4.8% - 14%
- Average Family Plan: \$23,200 per empl/year

Health Insurance - Appropriation History (Adopted Budget - General Fund)



Department Staffing Requests

- Two new **PERSONNEL investments**, both **offset** by increased revenue (grant) or decreased expenses (liability insurance premiums):

✓ **SAFER GRANT FIREFIGHTERS**

✓ **DIRECTOR OF RISK & SAFETY**

Staffing otherwise remains at 2016 levels.

Department Staffing Requests

✓ **SAFER Grant Firefighters:**

- **Two-Year SAFER grant application for 8 firefighters.**
- **Grant covers: wages/benefits, about \$573,214 per yr.**
- **City covers: incidentals, about \$114,400 per yr.**
- **SAFER Grant goals: help increase or maintain trained, front line firefighters and comply with NFPA standards.**
- **Ambulance Program 2017 Revenue: \$860,000.**

Department Staffing Requests

✓ **Director of Risk & Safety:**

- **City-wide service.**
- **Salary below other Director positions.**
- **\$25,000 toward increase.**
- **Offset by substantially reduced liability insurance premiums.**
- **Council decides how to apply appropriation.**

Other Expense Increases

- **Hardware and Software - \$72,836 increase.** Computers are the driving force behind most City functions. Police Department -\$48,428 incrs to implement the new County 911 system; IT Department -\$22,079 incrs; the City telephones \$2,329 incrs.
- **Professional Services for Landfill and Loughberry Dam - \$70,000 increase.** Both matters were initiated during the former administration and both are being addressed by the current administration.
- **Service Contracts for Equipment – \$49,303 increase.** Incrsd equipment needs result in incrsd service contracts. IT, Police and Fire Departments account for most. The Fire Department’s needs due to changes to the County CAD system.
- **Vehicle for ‘Trees’ Department - \$45,000 increase.** Public Works requires vehicles to get its job done. The Trees sub-dept is a 2017 priority.

Expense Increases

- **Interfund Transfer out.**
 - Budget neutral - both revenue and expense are budgeted.
 - **\$39,756 increase; \$386,724 total, as follows --**

| 2017 Comprehensive Budget | |
|---------------------------|--|
| \$0 | Parkland Reserve is not used in 2017 Budget, and is almost depleted. |
| \$250,000 | from Building Reserve to the Capital Budget for City Building Upgrades (\$250K). |
| \$0 | Vernon Ice Rink Debt has been paid in full (per CCM 4/15/97 & 12/17/2002) |
| \$136,724 | from real property tax collected on "hotel" parcels to the City Center per the 12/21/2005 lease agreement. |
| \$386,724 | TOTAL |

| 2016 Adopted Budget | |
|---------------------|--|
| \$100,000 | from Parkland Reserve to the Capital Budget for the Waterfront project. |
| \$50,000 | from Building Reserve to the Capital Budget for City Building Upgrades (\$50K) . |
| \$60,000 | from Youth Parking (\$20K) and Vernon Surplus (\$40K) to the Debt Service Budget for the Vernon Ice Rink Debt (per CCM 4/15/97 & 12/17/2002) |
| \$136,968 | from real property tax collected on "hotel" parcels to the City Center per the 12/21/2005 lease agreement. |
| \$346,968 | TOTAL |

Other Expense Increases

- **Senior Center , SLPID, Franklin Community Center- \$29,000 increase.** Senior Center -new outreach program (\$20,000 *inc*). Saratoga Lake Protection and Improvement District (SLPID)-lake clean-up, especially weeds and invasive species (\$5,000 *inc*). Franklin Community Center-new contract with the City to pay utility bills (\$4,000 *inc*).
- **Professional Services for the Finance Department - \$28,900 increase.** Actuarial and independent auditor; rental space during long deferred renovation.
- **Professional Services for the IT Department - \$21,411 increase.** City-wide server support, security software, website, agenda package (NOVUS), financial management program (MUNIS) and OpenGov (financial transparency portal).
- **DRC CLG Grant - \$18,000 increase.** Budget neutral-offset by grant revenue. For an economic impact study of historic preservation in Saratoga Springs, in partnership with the Saratoga Springs Preservation Foundation.
- **Fire and Police Department Professional Services - \$14,000 increase.** FD - changes County CAD, Computer data systems upgrades, maintenance fees. PD - Nixel notification systems, Taser, e911, Zone 5.
- **Building Repairs for Recreation - \$13,275 increase.** Ice rinks and the Indoor Recreation Facility.
- **Risk and Safety Initiatives - \$12,412 increase.** Expanded security camera program.
- **Paving Materials - \$10,000 increase.** Revised NYSDOT paint regulations.
- **WiFi at the Ice Rink - \$6,300 increase.** Vendors' request; offset by increased programs.

Expense Decreases

- **Liability Insurance - \$141,564 decrease**. Soft insurance market and the diligence of Risk and Safety Director.
- **Contingency - \$125,000 decrease**. Used for the settlement of employee contracts— ALL are current. Three expire at the end of 2016; two more at the end of 2017.
- **Other Supplies for the City Engineer - \$57,600 decrease**. One-time 2016 purchase for updated CAD system.
- **Professional Services for Courtroom Space - \$50,000 decrease**. Planning documents in connection with the State mandated courtroom upgrade completed.
- **Gas & Oil, Salt & Sand, Tipping Fees - \$76,750 decrease**.

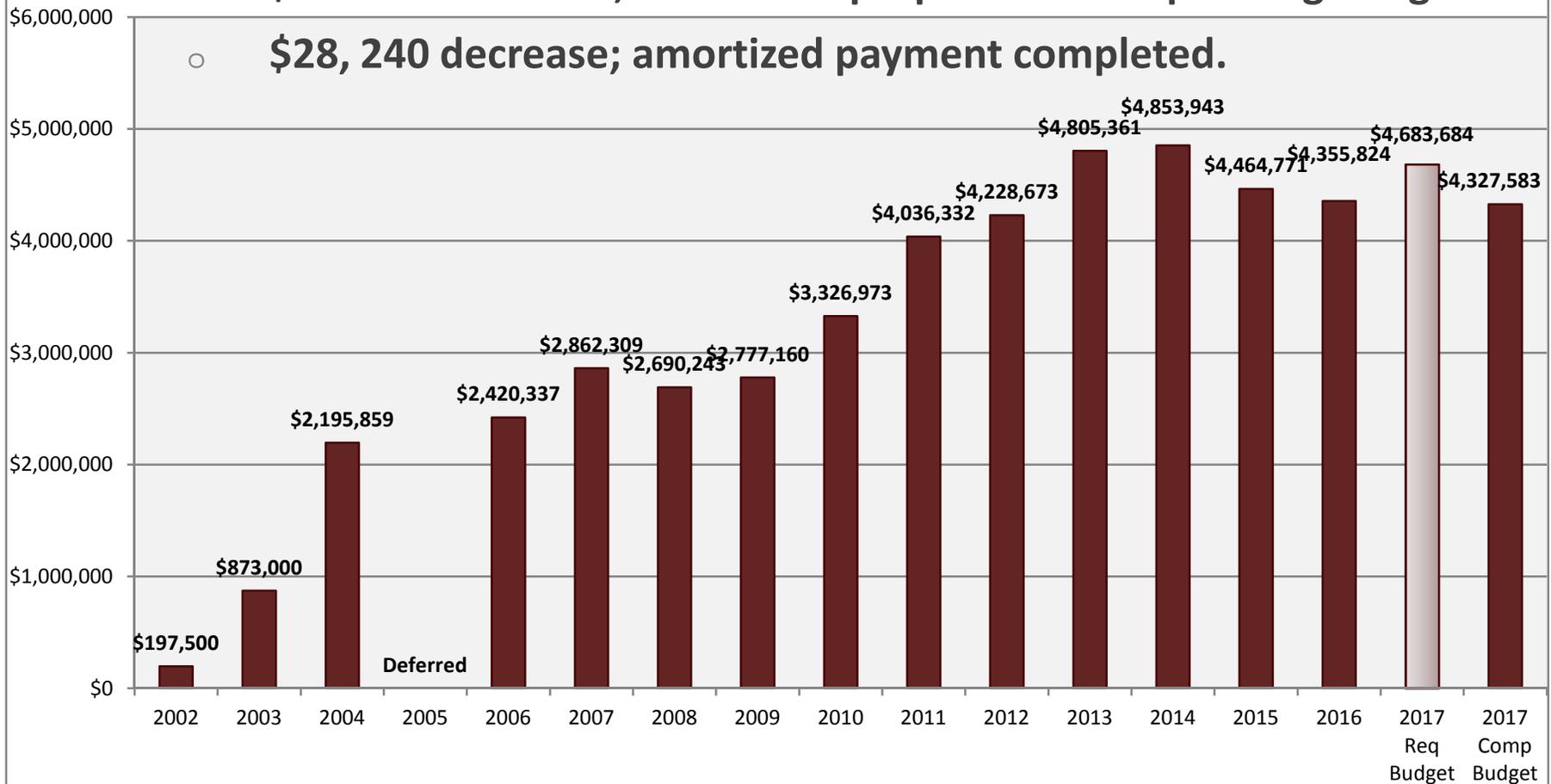
Expense Decreases

- **Various Professional Services - \$38,200 decrease.** Outside legal assistance to the City Attorney's office (\$15,000 *dec*); Cemetery care (\$15,000 *dec*); Visitors Center , now run by the SCBT (\$4,000 *dec*); taxes on city-owned property (\$3,200 *dec*), outside assistance with Trees (\$1,000 *dec*).
- **Vehicles (Fire Department) - \$35,000 decrease.** Fire Chief vehicle has been replaced.
- **NYS Retirement System Contribution - \$28,240 decrease.** Large, amortized payment for tier changes for a few members is completed yr-end 2016.
- **Various Utilities-\$10,000 decrease.**

Expense Decreases

- **NYS Retirement System Contribution.**

- \$4.33 million total; 10% of the proposed 2017 operating budget.
- \$28, 240 decrease; amortized payment completed.



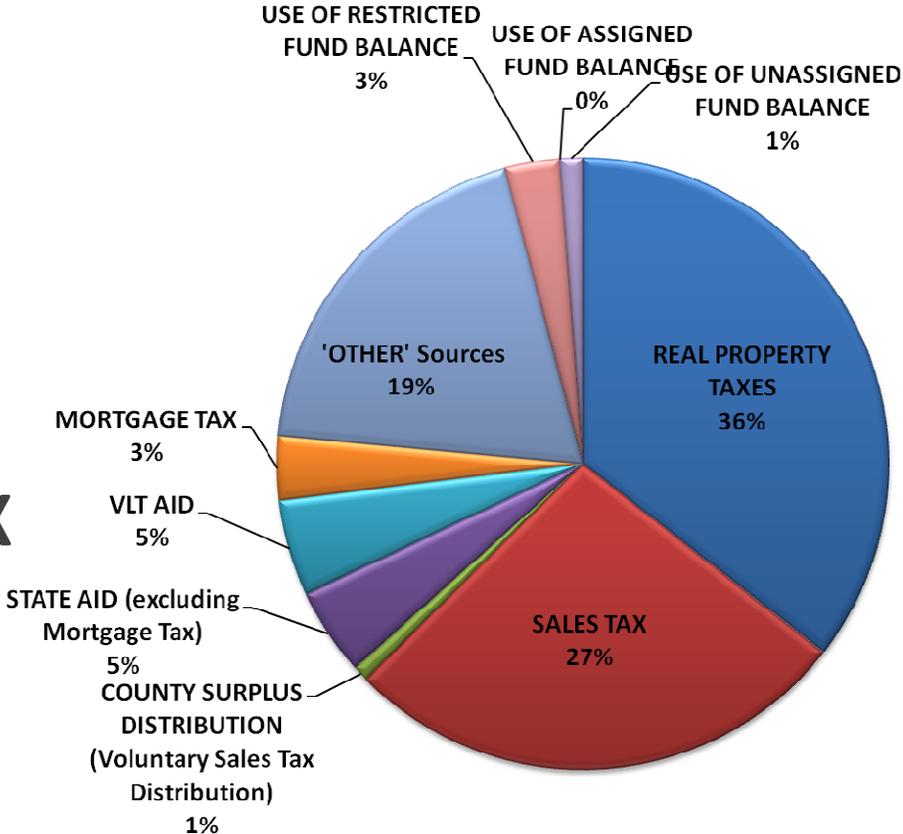
REVENUES

Main Revenue Sources

2017 General Fund Revenue

Five main revenue sources

- SALES TAX
- STATE AID
- MORTGAGE TAX
- VLT AID
- REAL PROPERTY TAX

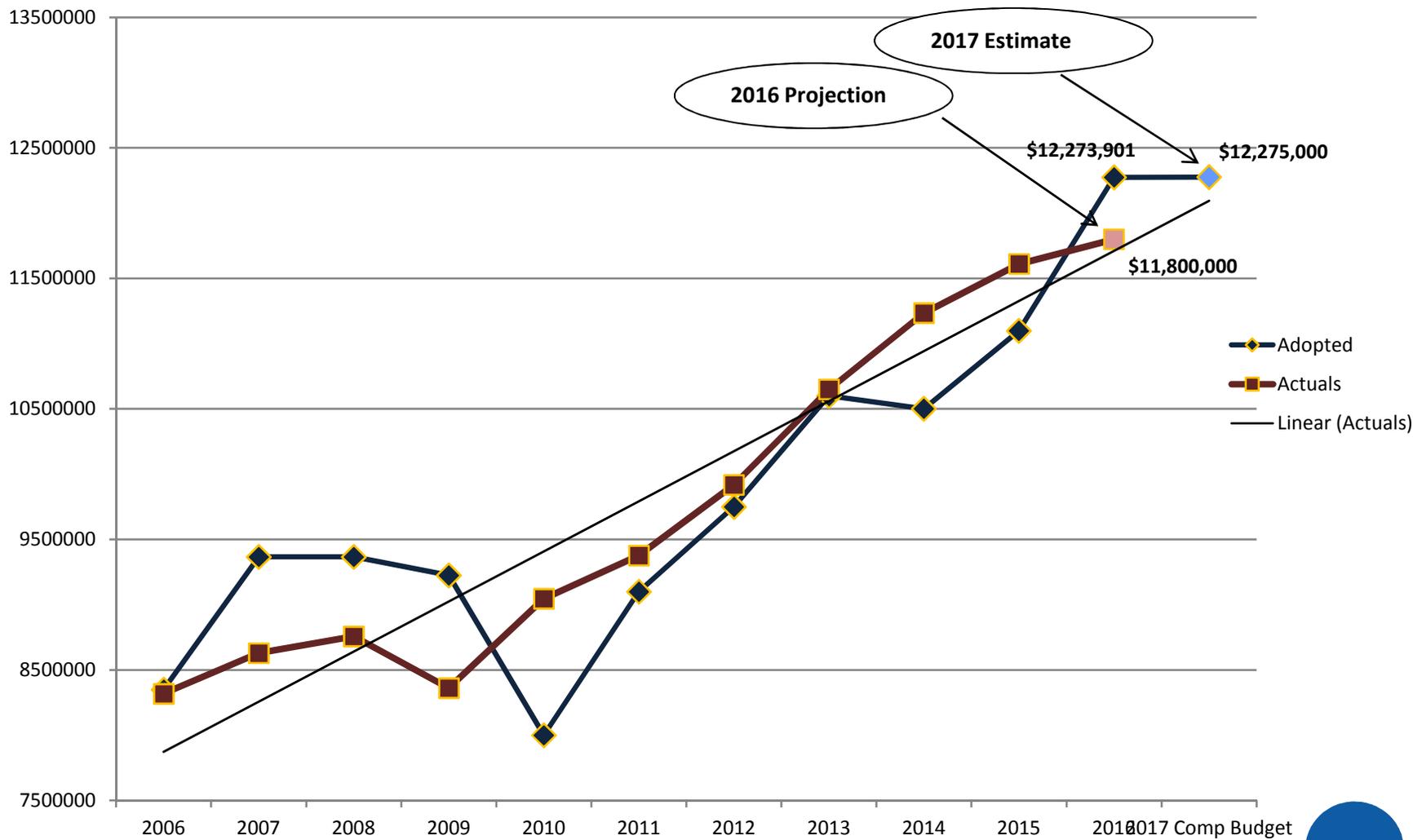


Sales Tax

- **SALES TAX: \$1,099 increase - flat**
 - **2016:** collection almost the same as this time last year (amounts through July)
 - **Yr-end projection:** \$11,800,000
 - **2016:** 4% above 2016 projection - **\$12,275,000**
 - **No relief for increases in wages and health care**
- **Review:** throughout budget process; August data due in mid-October

Sales Tax

Sales Tax History

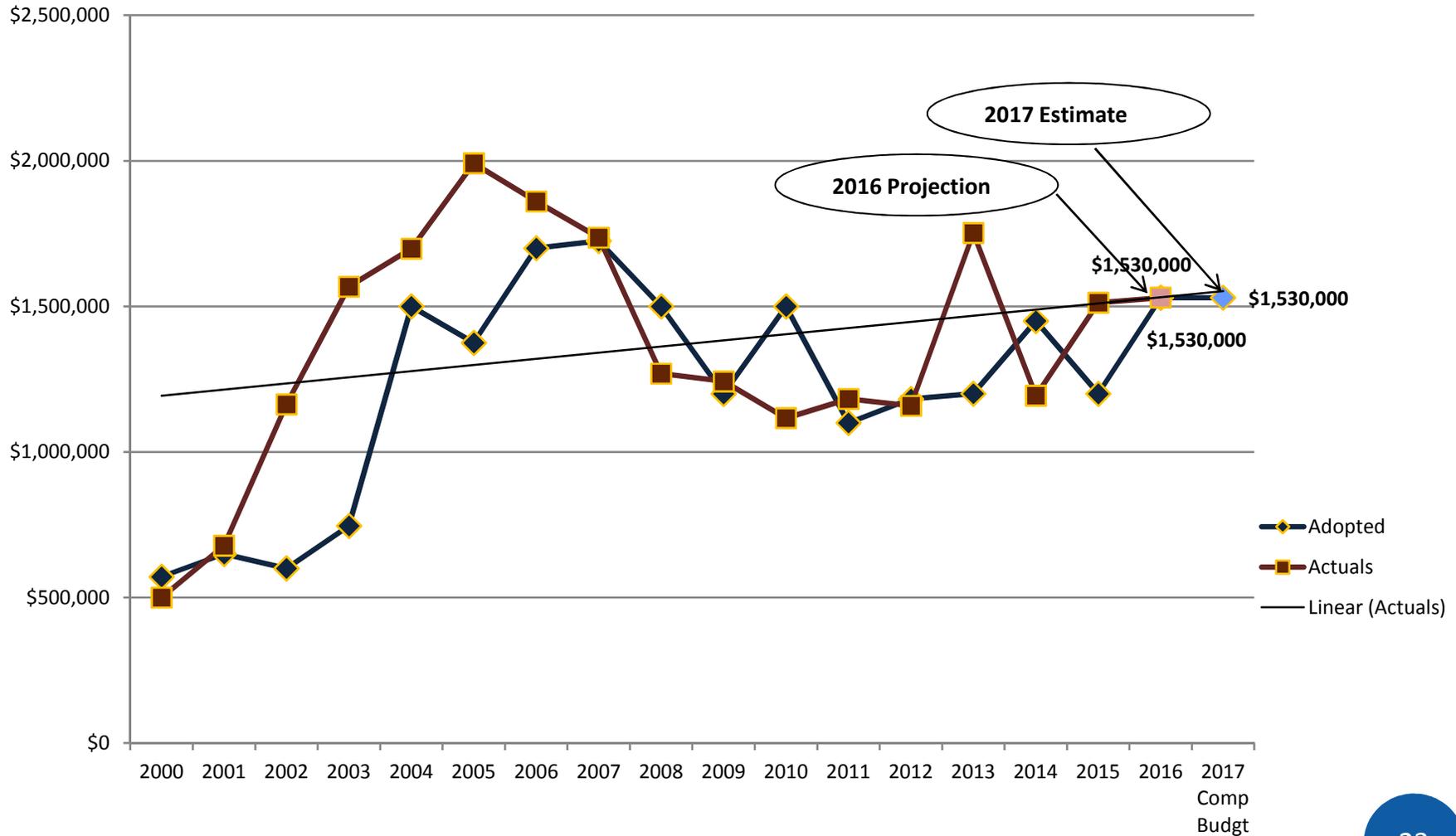


Mortgage Tax

- **MORTGAGE TAX: \$0 increase - flat**
 - **2013:** strong collection; **2014:** average collection
 - **2015:** strong collection; **2016:** average collection
 - Projection – same as 2016 adopted (**\$1,530,000**)
 - ***No relief for increases in wages and health care***
- **Review:** throughout budget process; 2016 final collection figures due in October/November.

Mortgage Tax

Mortgage Tax History



State Revenue Sharing

- **STATE REVENUE SHARING: *no change***
 - **2011: \$1,649,700**
 - **2012: \$1,649,700**
 - **2013: \$1,649,700**
 - **2014: \$1,649,700**
 - **2015: \$1,649,700**
 - **2016: \$1,649,700**
 - **2017: \$1,649,700**
- ***No relief for increases in wages and health care***

VLT Aid

- **VLT AID: \$498,341 increase**
 - NYS Finance Law, Article 4-A, Section 54-L
 - (i) defray local costs associated with a video lottery gaming facility, or
 - (ii) minimize or reduce real property taxes
- **Inconsistent history:** established in 2007; withdrawn in 2009, 2010, 2011; restored in mid-2011 at 45% of 2008 amounts; increased in mid-2013 to 55% of 2008 amounts; increased in mid-2014, 2015, 2016 to 70% of 2008 amounts

2014, 2015, 2016

for 3 years, City has budgeted \$1.8M; received \$2.3M

2017

**City should NOT leave money on the table;
\$2,325,529 VLT Aid budgeted**

Fund Balance

- **Two Kinds in 2017 Comp Budget**

 - Restricted *** Unassigned**

 - \$1,866,112 total; \$1,116,112 increase

 - **TAXPAYER DOLLARS USED FOR TAXPAYER SERVICES**
 - **MULTIPLE BUDGET BENEFITS:** *General, Capital, Debt Service.*
 - **DIVERSE USE OF RESOURCES:** *Better for bond rating*

The City has built these funds up with taxpayer dollars; using them reduces the tax rate and gives those dollars back to the taxpayer. ... Transitioning to a budget based on a completely updated payroll, with a near 0% allowable tax levy increase and otherwise flat revenue resources, is the time that taxpayers deserve their funds the most.

Fund Balance

- **RESTRICTED:** *amounts from* Reserves
 - ❖ **\$850,000 increase; \$1,350,000 total:**
 - \$775,000 *from* Tax Stabilization Reserve *to* General Fund
 - \$300,000 *from* Retirement Reserve *to* General Fund
 - \$250,000 *from* Building Reserve *to* Capital Fund
- **UNASSIGNED:** *amounts left,* NOT CLASSIFIED OR RESTRICTED
 - ❖ **\$241,112 increase; \$541,112 total:**
 - available for any purpose

Taxpayers deserve to use their reserve rather than pay more taxes or received diminished services.

Other Revenue: Increases

- **EMPLOYEE CONTR TO HEALTH INS: \$49,840** ↑
 - Contributions incrs as rates incrs
- **SAFER Grant: \$31,303** ↑
 - Fed grant for FF exp; \$573,214 total
- **AMBULANCE TRANSPORT CHARGES: \$25,000** ↑
 - Increased usage; \$825,000 total
- **SPECIAL EVENTS OT: \$21,000** ↑
 - Increased events
- **DRC CLG GRANT: \$18,000** ↑
 - Budget neutral, both exp and rev
- **REC SUMMER PROGRAM: \$18,000** ↑
 - New programs; \$123,000 total
- **CIVIL SERVICE FEES: \$8,586** ↑
 - History and trend; \$40,300 total
- **County HazMat Contract: \$5,750** ↑
 - New contract with County; \$5,750 total
- **FRANCHISE TAX: \$5,000** ↑
 - Trending upward; \$550,000 total
- **REC /SCHOOL CONTRACT: \$5,000** ↑
 - Per contract terms; \$35,000 total

Other Revenue: Decreases

- INTERFUND TRANSFERS IN: **(\$96,008)**; \$48,112 total
- HOTEL OCCUPANCY TAX: **(\$70,108)**; \$620,000 total
- TRANSFER STATION BAGS: **(\$15,000)**; \$150,000 total
- HAZARDOUS WASTE : **(\$10,000)**; \$0 total
- COMPOST MATERIAL SALES: **(\$10,000)**; \$40,000 total
- FIRE SERVICES: **(\$10,000)**; \$10,000 total
- WORKMAN'S COMP REIMB: **(\$10,000)**; \$100,000 total
- FINANCE FEES: **(\$6,000)**; \$70,000 total
- TRUCK ENFORCEMENT FINES: **(\$5,000)**; \$0 total



CAPITAL AND DEBT SERVICE

2017 Capital Budget

- **TOTAL 2017 Capital Budget: \$6,367,936**
- **TOTAL 2017 Capital Budget Revenues:**
 - + \$3,883,336...Bonds (Debt Service Fund)
 - + \$ 250,000...Building Reserve Fund
 - + \$ 199,600...Recreation Trust Fund
 - + \$ 35,000...City School District
 -  + \$2,000,000 Water/Sewer projects (Water/Sewer Fund)

2017 Capital Budget

2017 CAPITAL BUDGET PROJECTS

*The top two included are among the top **priorities** of the City's Safety Committee:*

| | PROJECT | TOTAL PROJECT COST | BONDED AMOUNT |
|---|--|--------------------|---------------|
| 1 | 1. <u>Public Safety Department Emergency Services Dispatch Renovation</u> | \$1,056,432 | \$1,056,432 |
| 3 | 2. <u>Pedestrian Safety Improvement Proposal-Community Safety Initiative</u> | \$283,800 | \$283,800 |

2017 Capital Budget

Remaining 2017 projects, in the order of the Capital Committee priorities:

| | PROJECT | TOTAL PROJECT COST | BONDED AMOUNT | OTHER FUNDING SOURCES | |
|-----|---|--------------------|---------------|-----------------------|------------------|
| 3. | Arial Bucket Truck Replacement | \$150,000 | \$150,000 | | |
| 4. | Dump Truck with Lift (International, replace #75) | \$110,000 | \$110,000 | | |
| 5. | City Buildings and Facilities Repairs and Upgrades- Finance Offices | \$749,104 | \$549,104 | \$200,000 | Building Reserve |
| 6. | Court Resurfacing | \$55,000 | \$0 | \$55,000 | Recreation Trust |
| 7. | Bicycle-Pedestrian Crossing- Crescent Ave/Rt. 9 | \$49,500 | \$0 | \$49,500 | Recreation Trust |
| 8. | Canfield Casino Rehabilitation Program: Final Plaster Repairs Phase- Ballroom & Parlor | \$600,000 | \$600,000 | | |
| 9. | Dump Truck (International, replace #8) | \$89,000 | \$89,000 | | |
| 10. | Dump Truck with Plow Equipment (replace #13) | \$174,000 | \$174,000 | | |

continued...

2017 Capital Budget

Remaining 2017 projects, in the order of the Capital Committee priorities:

| | PROJECT | TOTAL PROJECT COST | BONDED AMOUNT | OTHER FUNDING SOURCES | |
|-----|---|--------------------|---------------|-----------------------|------------------|
| 11. | Dump Truck with Plow Equipment (replace #53) | \$174,000 | \$174,000 | | |
| 12. | Dump Truck with Plow Equipment (replace #26) | \$174,000 | \$174,000 | | |
| 13. | City Buildings and Facilities Repairs and Upgrades | \$200,000 | \$150,000 | \$50,000 | Building Reserve |
| 14. | Spider Slope Lawn Mower | \$33,000 | \$33,000 | | |
| 15. | East Side Storm Water Project Phase III | \$250,000 | \$250,000 | | |
| 16. | Katrina Trask Stairway-Congress Park | \$90,000 | \$90,000 | | |
| 17. | Field Rehabilitation | \$95,100 | \$0 | \$95,100 | Recreation Trust |
| 18. | East Side and West Side Rec Improvements | \$35,000 | \$0 | \$35,000 | School Contract |

2017 Capital Budget

2017 CAPITAL BUDGET PROJECTS

funded through the Sewer and Water Funds:



Sanitary Pump Station Upgrade (S): \$725,000



Water Treatment Plant Intake Valve (W): \$375,000



Water Treatment Plant Flocculation Tank (W): \$900,000

2017 Capital Budget



Modifications

to comply with Charter mandate - “Balanced Budget”

Water Treatment Plant Security Systems (\$77,000)

Security System Infrastructure (\$39,566)

✓ *remove from 2017; amend 2016 using VLT revenue over budget*

Ice Rink Rehabilitation (\$24,000)

✓ *remove from 2017; fund through 2016 operating budget*

Saratoga Greenbelt Trail Greenbelt Downtown Connector (\$2,268,665)

✓ *move to 2018 until grant confirmed; amend 2017 if Council approves \$8.3 bonding*

Pedestrian Safety Improvement-Community Safety Initiative (\$283,800)

✓ *reduce sites from eleven to six; move remaining five to 2018*

City Buildings and Facilities Repairs and Upgrades

✓ *defray project bonding costs with \$250,000 from Buildings Reserve*

Debt Service

- **Principal and Interest** Payments on Debt bonded for capital projects (excluding Water and Sewer)
- **TOTAL 2017 Debt Service Budget: \$3,604,244**
- **TOTAL 2017 Debt Service Revenues:**
 - + \$2,814,699....Property Tax Levy
 - + \$ 400,000....Reserve Fund for Payment of Bonded Indebtedness
 - + \$ 199,600....Recreation Trust Fund
 - + \$ 97,270....Various (e.g., Planning Board Fees, Gilbert Meadowbrook, West Ave, Interest)
 - + \$ 92,674....Other Reserves (Use of Bond Proceeds)

ASSIGNMENTS AND RESERVES

Recommendations

PLANNING FOR THE FUTURE

| Recommendation | Amount | Revised Reserve/ Assignment Total | 2017 Comp Budget |
|---|------------------|---|---------------------|
| ✓ Employee Wage/Benefits/Costs ('right-sizing appropriations') remainder – Reserve for Pymnt of Bonded Indebt. | \$300,000 | \$300,000 | |
| ✓ Reserve for Payment of Bonded Indebtedness | \$100,000 | 645,608 | \$400,000 |
| ✓ Retirement Reserve | \$100,000 | \$539,146 | \$300,000 |
| ✓ Capital Reserve For Buildings | \$100,000 | \$627,198 | \$250,000 |
| ✓ Insurance Reserve | \$ 50,000 | \$167,472 | |

REAL PROPERTY TAX

Real Property Tax - Property Tax Cap

| NYS PROPERTY TAX CAP FORMULA | | |
|--|---------------------|--------------|
| | Calculation Factors | 2017 |
| Prior Fiscal Year Tax Levy (12/31/16) | | \$19,002,632 |
| Multiplied by Tax Base Growth Factor | 1.0114 | \$19,219,262 |
| Plus PILOTs Receivable in the Prior Fiscal Year (12/31/16) | \$92,348 | \$19,311,610 |
| Multiplied by Allowable Levy Growth Factor | 1.0068 | \$19,442,929 |
| Minus PILOTs Receivable in Coming Fiscal Year (12/31/17) | \$99,083 | \$19,343,846 |
| Plus Levy Increase Allowable for % Pension Pymnts | | |
| TRS | \$0.00 | |
| ERS | \$0.00 | |
| PFRS | \$0.00 | |
| Total Exclusions | \$0 | \$19,343,846 |
| | | |
| Total allowable Tax Levy Limit –all Funds (Adjusted) | | \$19,343,846 |

Real Property Tax – Property Tax Levies

Property Tax Levy Cap is equal to --

\$19,343,846

Property Tax Levies are equal to --

| | |
|--|------------------|
| + General Fund..... | \$16,199,484 |
| + Debt Service Fund..... | \$ 2,814,699 |
| + Downtown Special Assessment District..... | \$ 115,170 |
| + West Avenue Special Assessment District... | \$ 51,003 |
| + Omitted Tax..... | <u>\$ 20,115</u> |

TOTAL

\$19,200,472

**Property Tax Levies are allowable
and may result in a carry-over to 2018.**

Real Property Tax – Tax Rate

2017 PROPOSED PROPERTY TAX RATE

| | |
|--------------------------------|--------------|
| Proposed General Fund Tax Levy | \$16,199,484 |
|--------------------------------|--------------|

| | |
|-------------------------------------|--------------------|
| Proposed Debt Service Fund Tax Levy | <u>\$2,814,699</u> |
|-------------------------------------|--------------------|

| | |
|----------------------------|---------------------|
| Proposed Combined Tax Levy | <u>\$19,014,184</u> |
|----------------------------|---------------------|

| | |
|---------------------------|----------|
| Proposed Capital Tax Rate | \$0.8917 |
|---------------------------|----------|

| | |
|-----------------------------------|----------|
| Proposed Inside District Tax Rate | \$5.1661 |
|-----------------------------------|----------|

| | |
|------------------------------------|----------|
| Proposed Outside District Tax Rate | \$5.0920 |
|------------------------------------|----------|

Real Property Tax – Combined Tax Rate

**Proposed Combined
Inside District Tax Rate: \$6.0578**

**Proposed Combined
Outside District Tax Rate: \$5.9837**

Inside Percent Change: -0.03%

Outside Percent Change: 0.03%

Average Percent Change

0.00%

Real Property Tax – Rebate

New State Program

NYS PROPERTY TAX FREEZE CREDIT

Formula

- City stays within the tax levy cap and has an approved Government Efficiencies Plan, qualified homeowners receive a Freeze Credit equal to the **greater of**:
 - ✓ the actual increase in their homeowner's tax bill, *OR*
 - ✓ the previous year's tax bill multiplied by the allowable tax levy growth factor (0.68% for the City's 2017 fiscal year).

The Freeze Credit will be received regardless of whether property tax increases or decreases.

Real Property Tax

NO INCREASE in Taxes

AND

REBATE: NYS Freeze Credit

It is our responsibility as a City Council to use the resources we have to set the budget that is required. We have what we need to do so.

Real Property Tax – Combined Tax Rate



The 2017 Comprehensive Budget sustains our vision for the City of Saratoga Springs, a smart budget for a Smart City, with no increase in the tax rate.

THANK YOU