



MEMORANDUM

New York Office:
 120 West Avenue, Suite #303
 Saratoga Springs, NY 12866
 Phone: 518.899.2608
 Fax: 512.777.5045

To: Michele Madigan, Commissioner of Finance, City of Saratoga Springs
From: Dan Stevens and Michael N'dolo, Camoin Associates
Date: 9/10/2015
Re: **City of Saratoga Springs Revenue Enhancement Options**

Other Offices:
 Scarborough, ME
 Brattleboro, VT

Executive Summary

Camoin Associates was commissioned by the City of Saratoga Springs to examine methods by which the City could raise additional revenues through various departmental revenue streams including fees, fines, permitting, licensing, and other miscellaneous revenue (collectively referred to as “miscellaneous revenue”).

We have found that the City has several options to raise significant revenues through miscellaneous (non-tax) sources. Combined, these options represent \$2.9 million to \$4.6 million in annual gross revenue the City could potentially collect. Those with the greatest revenue potential are shown in the table below.

Summary of Major Revenue Options		
Revenue Source	New or Existing Revenue Source	Estimated Potential New Annual Revenue (Gross)
On-Street Paid Parking Downtown	New	\$800,000 to \$1,200,000
Paid Parking - City Owned Garages & Parking Lots	New	\$500,000 to \$1,500,000
Stormwater User Fee (Impervious surface)	New	\$700,000 to \$800,000
Ambulance Transport	Existing	Up to \$500,000
Fee in Lieu of Parking (Downtown)	New	\$150,000
Yard Waste Bag Stickers	New	\$20,000 to \$100,000
Ad Sales (Parking Garages)	New/Existing	\$80,000 to \$100,000
Other Miscellaneous Revenue Sources*	New/Existing	\$200,000 to \$300,000

Note: Revenue estimates are gross, i.e., do not include capital costs or operations-related costs of implementation.

*Other sources of miscellaneous revenue sources include engineering fees; Canfield Casino rentals; ad sales (public vehicles); parking tickets; waterfront park rentals; special event fees (police); and fire inspection fees



Introduction

Camoin Associates was commissioned by the City of Saratoga Springs to examine methods by which the City could raise additional revenues through various departmental revenue streams including fees, fines, permitting, licensing, and other miscellaneous revenue (collectively referred to as “miscellaneous revenue”). Miscellaneous revenue excludes the real property tax (and equivalents, such as PILOTs, interest and penalties), sales tax, intergovernmental transfers and utility-based fees (water, sewer).

As part of this study, Camoin Associates interviewed city officials and department heads, researched two comparative case studies of other cities (Ithaca, NY and Niagara Falls, NY), and conducted additional research of best practices and other research from sources such as the New York State Conference of Mayors and the NYS Comptroller’s office.

This study is not a comprehensive audit and as such does not explicitly examine the City’s collection and accounting procedures for existing revenue sources. Additionally, this study did not consider the political feasibility of instituting or modifying any revenue sources; it simply identifies potential revenue options for the City to consider further. The revenue estimates presented in this report represent gross figures. That is, the potential revenue sources are likely to have associated upfront capital costs and/or ongoing operating costs, which are not accounted for in this study.

The key findings are presented in the matrix starting on the following page. Other findings of the analysis are presented in the section following the matrix.



Revenue Enhancement Options

The matrix below includes the key findings of the revenue enhancement study. The revenue options presented in the matrix represents those revenue options found to be the most significant in terms of potential new annual revenue. The estimated new annual revenue potential for each option is generally dependent on a variety of factors and as such should be viewed as an approximate range of what may be achievable based on case studies and other research.

Legend:

New Revenue Sources	Existing Revenue Sources
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Revenue Options Matrix				
Revenue Item	Department	Description	Action/Best Practices	Estimated New Annual Revenue Potential (Gross \$)
On-Street Paid Parking Downtown	Public Works/ Public Safety	Many cities charge for parking on public streets in high demand areas such as downtown through meters or central pay stations.	<p>There are sophisticated paid parking systems available today that base pricing on parking demand levels. Such "demand-responsive pricing" systems are designed to open up parking spaces and reduce circling. Rates are adjusted in minor increments (25 or 50 cents per hour) and usually not more than once per month. This type of system would allow the City to capture additional revenue during peak demand times. Modern systems also allow users to pay via the internet or mobile devices.</p> <p>Alternative systems include dividing the downtown and surrounding areas into zones with higher prices in the central zone and less expensive rates in surrounding zones.</p> <p>The City would likely want to institute a resident permit parking system for surrounding areas to prevent would-be downtown parkers from taking up on-street parking in nearby residential areas.</p>	<p>\$800,000 to \$1,200,000 (Variable dependent on parking solution City chooses).</p> <p>Ithaca, NY received \$1.08 million in revenue from parking meters in 2014. The City currently charges \$1 per hour in most places but is raising rates to \$1.50 in the near future.</p> <p>Burlington, VT received \$1.2 million in on-street meter revenues in 2014.</p> <p>Village of Lake Placid, NY estimates \$375,000 annual revenue (on-street and lots)</p>



Revenue Options Matrix				
Revenue Item	Department	Description	Action/Best Practices	Estimated New Annual Revenue Potential (Gross \$)
Paid Parking - City-Owned Garages & Parking Lots	Public Works/ Public Safety	City-owned garages require regular maintenance and represent a significant capital expense for which users of the garage are not charged at present. The City can require users of publicly-owned parking garages and lots to pay a fee.	<p>The City could add a gate system or implement a centralized meter system in public lots and garages.</p> <p>The City can also choose to offer parking permits for city-owned parking garages. Ithaca offers this program with permit rates ranging between \$65 and \$150 per month.</p>	<p>\$500,000 to \$1,500,000 (dependent on rates and system that City implements and decision to offer permits or not).</p> <p>Ithaca, NY received \$1.01 million in revenues from parking lots and garages in 2014. The City operates 3 parking garages. It receives an additional \$460,000 in revenues from the sale of monthly parking permits.</p> <p>Burlington, VT received \$470,000 in revenues from its municipal parking garage in 2014, of which \$51,000 came from parking permits/leases.</p>



Revenue Options Matrix				
Revenue Item	Department	Description	Action/Best Practices	Estimated New Annual Revenue Potential (Gross \$)
Stormwater User Fee (Impervious surface)	Public Works	One innovative revenue option that some cities have instituted is a user fee charged to property owners based on the stormwater runoff from their properties (as measured by impervious surface area). The revenue from such a fee should be tied to the costs associated with stormwater that are incurred by the City each year.	<p>The City would need to determine its annual stormwater-related spending including labor and capital expenditures on related infrastructure. Based on those annual costs, the City could implement an annual stormwater user fee.</p> <p>The City of Ithaca charges a flat rate per typical residential lot based on the average impervious surface of such lots. An "equivalent residential unit" rate is calculated for commercial properties (i.e, how many residential lots does the commercial property equal based on impervious surface). Ithaca charges \$48 per residential lot per year. It is billed quarterly as part of each property's water bill. Some cities that have adopted this type of stormwater fee have divided residential lots into categories based on lot size.</p> <p>Revenues would be restricted to stormwater projects and programs such as erosion control, sediment control, flooding areas, pollution control, and public education. Eligible uses would also include repairing old pipes, maintaining the stormwater system, and capital improvements.</p> <p>The City may offer credits to properties that undertake specific stormwater control measures.</p>	<p>\$700,000 to \$800,000 (based on \$50 per average residential lot. Revenue levels should be calibrated with costs)</p> <p>Ithaca, NY received \$800,000 in annual revenue in 2014, the first year it implemented the user fee.</p>



Revenue Options Matrix				
Revenue Item	Department	Description	Action/Best Practices	Estimated New Annual Revenue Potential (Gross \$)
Ambulance Transport	Public Safety	The City receives revenue when the city-owned ambulance, operated by the Fire Department, responds to emergency calls. Revenue is derived from the billing of insurance companies. The City could add a second ambulance in lieu of its current contract with the private company.	<p>The City currently has a partnership with a private ambulance company. In the future the City could re-negotiate or terminate this agreement and add another ambulance to receive more revenue.</p> <p>The number of annual calls has been increasing and are expected in the next several years to reach a level where an additional city-owned and operated ambulance would be feasible.</p>	<p>Approximately \$500,000 gross revenue (Note that there would be increases in costs associated with a second ambulance including some staff and the capital cost of a new vehicle. The Fire Department has some trained staff available already to crew a second ambulance).</p> <p>The city currently receives close to \$800,000 in annual revenue from ambulance transport revenues, however, it is not expected that a second ambulance would double that revenue.</p>



Revenue Options Matrix				
Revenue Item	Department	Description	Action/Best Practices	Estimated New Annual Revenue Potential (Gross \$)
Fee in Lieu of Parking (Downtown)	Planning/ Building	<p>This is an <u>optional</u> fee paid by developers rather than constructing the required number of parking spaces associated with their proposed development. This fee would be put into a dedicated transportation (and parking) improvement fund.</p>	<p>A 2007 Transportation Plan prepared for the City's downtown area recommends implementing an in-lieu fee program with the following schedule: a one-time fee of \$5,000 per space (first 5 spaces); \$10,000 per space (next 10 spaces); \$15,000 per space for more spaces after that.</p>	<p>\$150,000 (Average over 20 years) According to the 2007 Transportation Plan's build-out analysis of downtown Saratoga Springs. This revenue was determined to be the amount that developers could feasibly be expected to cover.</p> <p>As much development has occurred since the plan's release, the city is more built out, and as such, the potential revenue from this fee may be less than originally estimated.</p>
		<p>In the downtown area the City currently permits developers to build projects without constructing parking. This increases demand for public on-street and garage parking spaces downtown, thereby creating a cost to the city for which the developer is not responsible for mitigating.</p>	<p>Alternatively, a fee can be charged based on assessed value. The City of Ithaca, NY charges 10% of the assessed value of the land only.</p> <p>Note that the City cannot require developers to pay this fee for legal reasons. In this case, developers would opt in to the fee in lieu of providing new on-site parking.</p>	



Revenue Options Matrix				
Revenue Item	Department	Description	Action/Best Practices	Estimated New Annual Revenue Potential (Gross \$)
Yard Waste Bag Stickers	Public Works	Many municipalities require residents to purchase yard waste stickers that are affixed to yard waste bags or containers. The city only collects yard waste in containers with these stickers. The City currently collects residential yard waste at a significant expense, but does not charge a user fee for this service.	<p>The City can implement a sticker system or adopt a cart program. Under a cart program, residents would make a one-time purchase of city-branded cart. They would then pay a flat annual rate to have the City collect yard waste put into the cart and left curbside. The annual rate is independent of how much yard waste is collected from the cart. A flat range is typically in the range of \$25 per year.</p> <p>The City can also require yard waste collections to have prepaid stickers. Stickers typically range from \$0.40 to \$1.50 each.</p>	<p>\$20,000 to \$100,000 depending on the rates the city established. The upper end of this range represents what would likely be the highest achievable revenue (approximately half of residential property owners choosing to pay \$25 per year).</p> <p>Ithaca, NY has a sticker program and collects approximately \$17,000 annually. It sells individual yard waste tags at a rate of \$1.50 each.</p>
Ad Sales (Parking Garages)	Accounts	The City sells advertising space in city-owned parking garages. There is unmet revenue potential from selling this advertising space because it is a relatively unknown advertising option among businesses. As such, revenue has typically been low from this source.	<p>The City would need to explore the legal issues of soliciting businesses to advertise in parking garages. The City could also explore granting a third-party company the right to sell ad space in the garages.</p> <p>Burlington, VT granted a license to a third party marketing company to sell ad space on the walls of its three garages. The company gives the City a 40 percent cut of its revenue. At the onset of the agreement it was projected that the City would receive revenues of \$250,000 over three-years.</p> <p>The City will need to examine the legal issues involved. Modifications to the City Code may be required.</p>	<p>\$80,000 to \$100,000 (<u>contingent upon the City's findings pertaining to legal issues</u>)</p>



Revenue Options Matrix				
Revenue Item	Department	Description	Action/Best Practices	Estimated New Annual Revenue Potential (Gross \$)
Engineer Inspection Fees (Project Review Fees)	Public Works	The City Engineer inspects development projects during their construction phase. The Department of Public Works believes there is an opportunity to collect additional revenues in line with historical amounts, which were relatively higher than current revenues	The Department can implement policy changes to collect additional revenue. The city received about \$15,000 in revenues from these fees last years. Department staff believe that revenue could total approximately \$100,000 annually.	Approximately \$85,000
Rental of Canfield Casino	Public Works	The City rents out the use of the Canfield Casino in Congress Park for weddings and other special events at little cost to the City.	There is significant rental demand for the space. The City can increase the number of events held at the Casino by hosting two events per day on weekends if it switches to an exclusive caterer for all events. Having one vendor would allow for a rapid turnover of the space between events.	\$35,000 to \$70,000 depending on number of new events (assumes 12 to 24 new events per year)
Ad Sales (non-emergency public vehicles)	Accounts/ Public Works	Some enterprising cities have sold advertising space on non-emergency public vehicles such as public works trucks that are frequently moving about cities and highly visible.	The City will need to explore the legal issues of implementing such a program. Some cities that have explored this idea, such as Milwaukee, have estimated that revenues of about \$3,500 to \$4,000 per vehicle are achievable. The City of Pittsburgh has also allowed advertising on its fleet of non-emergency vehicles.	\$25,000 to \$50,000 (The City would need to consult with a marketing expert to develop a precise revenue potential estimate, however, we estimate that revenue in this range is realistic assuming no legal prohibitions)



Revenue Options Matrix				
Revenue Item	Department	Description	Action/Best Practices	Estimated New Annual Revenue Potential (Gross \$)
Parking Tickets	Public Safety	The City collects fines for parking violations along with penalties for overdue ticket payments.	<p>The City's collection rate is approximately 85% currently. With more aggressive measures, the collection rate could potentially be 90% or slightly above. The City of Ithaca has a collection rate of 90% to 92%</p> <p>The City could also increase its rates for parking tickets. Most parking violations have a \$35 fee in Saratoga Springs. Burlington, VT has \$75 fees for most parking violations; however, the City of Ithaca has \$30 fees for most violations.</p> <p>Additionally, if paid parking were instituted in the City, parking ticket revenue would be expected to increase beyond the revenue potential range listed here. Burlington, VT charges \$15 per meter violation.</p> <p><u>Options for increasing collections include:</u></p> <ul style="list-style-type: none"> - Impoundment or Immobilization devices (boots) for repeat violators with unpaid tickets - License Plate Readers (LPRs): cameras mounted on either side of a police car that are linked to a laptop computer in the car with a database of violators. - Collection Services: the city can contract for collection services of unpaid tickets, or enforcement of unpaid out-of-state tickets. (The City can add a surcharge to tickets that go to collections. A Collection agency would then take a 33% cut of collected revenues). - The City can also work with local law enforcement agencies that may have access to the New York Statewide Police Information Network to obtain names and addresses for out-of-state plates. - The City of Ithaca has a boot program and a tow program for those with 5 or more unpaid tickets. The City also contracts with a third-party provider that has relationships with DMVs in all 50 states in order to track down out-of-state violators. 	<p>\$10,000 to \$30,000 if collection rate were increased to 90%. Some costs would be incurred depending on the enforcement measures adopted by the city, although much of these costs could be passed along to violators (e.g., boot removal surcharge, towing at owners' expense, collection agency surcharge fee)</p> <p>Saratoga Springs collected \$450,000 in parking ticket revenue in 2014.</p> <p>The City of Burlington, VT collected \$956,000 in parking fines in 2014.</p> <p>Niagara Falls receives about \$350,000 in annual parking ticket revenues.</p> <p>The City of Ithaca does not provide a breakdown of parking ticket revenues.</p>



Revenue Options Matrix				
Revenue Item	Department	Description	Action/Best Practices	Estimated New Annual Revenue Potential (Gross \$)
Waterfront Park Event Rentals	Public Works	The City's new Waterfront Park is an attractive location for which demand is expected for weddings and special event rentals. Should the City decide to permit special event rentals in the park, the city could receive rental revenue with little increased cost.	The City can decide to make the Park available for rentals and implement a rental fee based on the length and nature of events.	\$12,000 to \$24,000 (assuming 15 to 30 events per year at \$800 per event on average)
Special Events (Police)	Public Safety	A fee is collected from an event organizer when a permit is issued for special events, which covers the cost of providing the required police services for the event.	The hourly rate that the City of Saratoga Springs charges for police services is below what some other cities currently charge. The City charges between \$35 and \$49.51 per hour currently. By comparison, the City of Ithaca charges \$72.50. The City could therefore raise the per-hour rate for police services for special events by 40% to 50%. The hourly rate should reflect salary, benefits, and use of supplies and equipment including vehicles.	\$15,000 to \$20,000 (net) The City collects only about \$33,000 annually for special event overtime for police, so even a significant percent increase does not yield a major increase in revenue.
Fire Inspection Fees	Public Safety	The fire department charges certain building owners (commercial, multi-family, etc.) for regular mandatory safety inspections.	Many properties are required to register themselves and there is evidence that many properties that should be inspected are not. The City could develop an inventory of all buildings required to undergo inspections and develop a system to inspect properties regularly. The fire department believes that in doing so there is an opportunity to see modest revenue gains.	\$10,000 to \$20,000

Other Findings:

Camoin Associates also examined other revenue sources that were either determined to have insignificant revenue potential or would require further analysis beyond the scope of this analysis. These findings are described briefly below.

Taxi Fees

Camoin Associates compared the city's taxi license fee to those of other cities. As shown in the table below, the city's taxi license fee is generally in line with what other cities charge. Niagara Falls is the exception among cities examined with an initial fee of \$1,250. Note that the reported "Taxi License Fee" is the fee required to operate a taxi in each state and does not include related fees such as a driver's license or other fees.

Taxi Fees	
City	Taxi License Fee
Saratoga Springs, NY	\$100
Ithaca, NY	\$25
Niagara Falls, NY	\$1,250 Initial/\$250 Renewal
Burlington, VT	\$100
Albany, NY	\$75 initial/\$100 renewal
Syracuse, NY	\$300

Building Department Fees

Camoin Associates examined select building permit fees to get a sense of how the building department's fees compare to those of other cities. The permit fees examined include: single-family residential; multi-family residential, small-scale commercial, and large-scale commercial development.

As shown in the table below, there is probably some opportunity to increase permit rates using Ithaca as a benchmark; however, the city's rates are already above those in the city of Albany and Niagara Falls.

Building Department Fees					
		Saratoga Springs	Ithaca	Albany	Niagara Falls
Single-Family Home	Rate	\$150 plus \$.2/Sq ft of floor area	\$7 per \$1,000 cost	\$450	\$15 per 1,000 cubic feet
	2,000 Sq Ft. home	\$550	\$1,400	\$450	\$240
Multi-Family Building	Rate	\$150 plus \$.2/Sq ft of floor area	\$7 per \$1,000 cost	1,000+\$9 per 100 sq. ft.	\$15 per 1,000 cubic feet
	10 unit building	\$20,150	\$84,000	\$10,000	\$12,000
Commercial Up to 20K SF	Rate	\$250 per tenant plus \$.25/sq ft	\$7 per \$1,000 cost	1,000+\$9 per 100 sq. ft.	\$20 per 1,000 cubic feet
	20K SF building (8 tenants)	\$7,000	\$16,800	\$2,800	\$4,000
Commercial 20K to 70K SF	Rate	\$250 per tenant plus \$.20/sq ft	\$7 per \$1,000 cost	1,000+\$9 per 100 sq. ft.	\$20 per 1,000 cubic feet
	50K SF building (12 tenants)	\$13,000	\$42,000	\$5,500	\$10,000



Recreation Impact Fee

The City currently charges a one-time \$1,500 fee per lot or unit for residential development applications to the Planning Board. These fees go into a dedicated “Recreation Trust” or “Subdivision Recreation Fund” to be used for certain park and recreation purposes. In the past, funds have been used for the ice rink, upgrades to the dog park, and other capital projects for the Recreation Department.

Camoin Associates conducted a non-exhaustive web search for comparison fees in New York State. Several communities were found to have fees in the \$2,000 to \$5,000 range per unit or lot. One town had fees as high as \$7,500.

The City of Ithaca charges a recreation fee based on assessed value rather than per unit or lot. The city’s current fee schedule is 10% of the assessed value of the land of the proposed project.

Therefore there appears to be an opportunity for the City to increase its recreation impact fee. The new revenue that would be received will ultimately depend on the new rate and the number of new residential units or lots each year.

Recreation Fees

Based on conversations with the Recreation Department and a review of recreation fees in other communities, Camoin Associates does not believe that there is an opportunity to significantly increase revenues through the Department. Recreation fees, including field fees, ice rink fees, and program fees are in line with other municipalities and raising such fees would likely result in a decreased use of paid recreational offerings as patrons would substitute other recreation opportunities rather than pay the higher fees. It is also very possible that some groups would use recreational fields without paying since access to fields is not restricted through locked gates or fences.

The following table shows how select Saratoga Springs recreation fees compare with Clifton Park and Wilton.

Recreation Fees				
Fee	Saratoga Springs	Clifton Park	Wilton	Area Ice Rinks
Tournament Fee per Day per Site	\$175			
Field Use per Hour	\$20	\$12-\$20	\$22-\$38	
Ice Rink Rates per Hour	\$170-\$185			\$145-\$200
Programs and Leagues	\$50-\$70	\$50-\$100		
Gym/Indoor Court Rental	\$45-\$95		\$55/hour (gym)	
Staff Time	\$45	\$25		
Skateboard Park	\$0	\$5-\$10/day		
Summer Camp Fees (per week)	\$170-\$235	\$95	\$70-\$170	
Batting Cage	\$55		\$25-\$35	

Cellular Tower/Antenna Lease

During interviews with the various departments, it was suggested that the City could explore leasing space for a cellular antenna or tower. Lease rates for cellular equipment are typically kept confidential;



however, we conducted brief research into this topic which showed that if the demand is there, then a lease of this type could potentially be lucrative to the City.

For example, the City of Niagara Falls currently receives \$50,000 annually for cellular tower leases. Other examples of lease rates that we were able to uncover include a church in the Albany area that receives about \$10,000 annually. Nationally, it appears that rates can fall anywhere from \$750 to \$4,000 per month. The City of Atlanta receives \$1 million annually from 41 leases across 21 towers and structures.

Vacant Property Registry

Saratoga Springs currently has a vacant building registration fee in the amount of \$250 for residential properties and \$500 for commercial properties. A flat rate is charged regardless of how long the property has been vacant. Other cities have implemented a sliding scale for vacant properties whereby the fee is increased for each year that the building remains vacant. For example, the City of Albany has the following fee schedule:

- 1st year: \$250
- 2nd year: \$500
- 3rd year: \$1,000
- 4th year: \$1,500
- 5th year and beyond: \$2,000

While this type of fee schedule provides an incremental increase in revenue, its real value is in the indirect impacts including returning vacant properties to active use and increasing the property tax revenues from these properties.



Appendix: Existing Major Miscellaneous Revenue Sources

As part of this study, Camoin Associates examined the city's existing major miscellaneous revenue sources to determine if there was potential to significantly increase each major revenue line item. The results of that analysis are shown in the table below. Most of the revenue options presented in this study would be new to the city. The existing revenue streams that could be enhanced are described in the matrix.

Major Existing Miscellaneous Revenue Items: Potential for Significant Revenue Increases					
Revenue Item	Department	2014 Actual	% of Total	Potential	Reason
Ambulance Transport Charges	Public Safety	\$788,057	1.91%	Y	See Matrix
Parking Ticket Revenue	Public Safety	\$450,661	1.09%	Y	See Matrix
Building Permits	Mayor/Building	\$401,432	0.97%	M	See "Other Findings"
Rental Casino, City Hall, Drink	Public Works	\$365,425	0.89%	Y	See Matrix
Rental Ice Rink Weibel	Recreation	\$271,112	0.66%	N	Rates are regionally competitive
Rental Ice Rink Vernon	Recreation	\$245,967	0.60%	N	Rates are regionally competitive
National Grid Rent	Public Works	\$187,200	0.45%	N	Contracted Rate
Fines & Forfeited Bail	Public Safety	\$180,288	0.44%	N	Beyond the City's control
Transfer Station Bags	Public Works	\$160,317	0.39%	N	Bags are currently priced at \$4 each and further rate increases would result in a shift to private curbside pick up
Indoor Rec Facility Rent	Recreation	\$160,166	0.39%	N	See "Other Findings"
Recreation School Contract	Recreation	\$105,000	0.25%	N	Contracted Rate
Navy Pilot	Public Safety	\$103,110	0.25%	N	Contracted Rate
Planning Board Fees	Mayor/Planning	\$100,563	0.24%	N	Fees are Adequate to Cover Costs