
OFFICE OF THE ALBANY CITY TREASURER

DATE: May 16, 2016

TO: Hon. Kathy M. Sheehan
Members of the Common Council

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny

RE: 1st quarter 2016 Performance

The following is a summary of the unaudited results for the 1st Quarter 2016.

Revenue in the first quarter of 2016 totaled \$74.7 million which was almost \$550K more than the same period last year at this time. Expenses totaled over \$32.9 million and decreased almost 3.1%, a little over (\$1.0 million) compared to the first quarter of 2015.

REVENUE (Thousands)

	MAR	MAR		%	MAR	Annual		%
REVENUE	YTD 16	YTD 15	Variance		YTD 16	Budget	Variance	Budget
PROPERTY TAX	56,826	56,771	55	0%	56,826	56,528	298	101%
SALES/USE TAX	7,991	7,890	101	1%	7,991	33,304	(25,313)	24%
PILOTS/19-a	2,694	3,770	(1,076)	-29%	2,694	20,470	(17,776)	13%
OTHER LOCAL SOURCES	317	448	(131)	-29%	317	3,193	(2,876)	10%
LANDFILL	2,914	2,124	790	37%	2,914	9,793	(6,879)	30%
OTHER DEPARTMENTS	570	407	163	40%	570	6,048	(5,478)	9%
INTER GOVERNMENT	46	57	(11)	-19%	46	245	(199)	19%
FINES	1,192	933	259	28%	1,192	7,068	(5,876)	17%
LICENSES AND PERMITS	652	556	96	17%	652	3,359	(2,707)	19%
STATE AID	24	0	24	100%	24	29,367	(29,343)	0%
SALE P/COMP/LOSS	42	48	(6)	-13%	42	394	(352)	11%
MISCELLANEOUS	1,420	1,141	279	24%	1,420	9,208	(7,788)	15%
OTHER	6	2	4	200%	6	2,150	(2,144)	0%
TOTAL REVENUE	74,694	74,147	547	1%	74,694	181,127	(106,433)	41%

The chart above summarizes the City's sources of revenue through March 31, 2016.

1. **Property Tax revenue** higher than last year by \$55,000 and over budget at the end of the first quarter as a result of not paying any assessment reductions by the end of the quarter.
2. **Sales Tax revenue** the first quarter sales tax revenue increased 1% and totaled \$7.9 million which was \$101,000 higher compared to last year at the same time although we are slightly below budget at 24% for the first quarter.
3. **PILOTS/19-a revenue** was 29% less than the same period last year because of the timing of payments. Most of the decrease is due to the City not receiving voluntary PILOT payments during the first quarter, but which will be forthcoming
4. **Other Local sources revenue** was 29% lower than the first quarter of 2015. Utilities gross receipts decreased by \$35,000 and interest fees on late property taxes were down by \$100,000 as a result of the waiver of February interest penalties.
5. **Landfill revenue** increased 37% compared to the first quarter of 2015. Tipping fees increased by almost \$627,000 from commercial and municipal customers resulting from increased spot market fees, rather than lower, large volume fees, which is simultaneously increasing revenue while decreasing waste inflow. Contaminated soil and methane gas sales combined for an increase of \$209,000.
6. **Other Departmental revenue** was 40% higher than the same period last year. Most of the increase was the result of the new waste collection fees \$81,000, rental registries were up \$42,000, APD Event Security revenue increased by almost \$37,000 and EMS Ambulatory revenue increased by \$33,000.
7. **Fines and Forfeitures revenue** increased by 28% from the first quarter of 2015. Both parking ticket fines and surcharges combined for an increase of \$213,000.
8. **Licenses and Permits revenue** increased 17% (\$96,000) compared to the same period last year. Safety Inspection permit revenue increased by \$24,000, vacant building fees increased by \$4,000, parking permit revenue increased by \$24,000, street opening revenue increased by \$114,000 while plumbing permits decreased by \$29,000 and taxi medallion revenue decreased by \$22,000.

9. **State aid** in the first quarter was at \$24,000. Most of this revenue is derived from state grants and various state payments. The timing of these payments varies from year to year.
10. **Miscellaneous revenue** increased 24% (\$279,000) compared to the same period last year primarily from recycling revenue which totaled almost \$247,000. This was a new revenue source started in 2015 and there was no revenue for the first quarter last year.
11. **Other revenue** increased by \$4,000 compared to the same period last year. Most of this revenue is derived from federal government grants and the timing of these payments varies from one year to the next.

DISBURSEMENTS

Category/Account	MAR	MAR		%	Annual		%
	YTD 16	YTD 15	Variance		Budget	Variance	Budget
Personal Benefits 7100-7199	18,013,043	17,564,128	448,915	2.6%	75,514,577	(57,501,534)	24%
Fringe Benefits 7801-7863	10,878,361	11,402,767	(524,406)	-4.6%	54,989,593	(44,111,232)	20%
Non-Personal Service 7210-7701	3,998,126	4,986,755	(988,629)	-19.8%	50,623,010	(46,624,884)	8%
Total	32,889,530	33,953,650	(1,064,120)	-3.1%	181,127,180	(148,237,650)	18%
Number of weeks in period	13	13	0		52		25%

Total disbursements decreased by \$1.0 million or 3.1% compared to the same period last year. Spending was down in Fringe Benefits and Non-Personal Service but increased in Personal Benefits compared to 2015.

1. **Salary expense increased by 2.6%** compared to the same period last year. The Police department salary expense increased by over \$239K and the Fire department was up by \$411K from last year. The Maintenance of Streets department increased by \$246K which was related to the consolidation of Street Cleaning department into this department. This category also includes overtime expenses which ended the quarter \$56K higher than in 2015. Most of the other City departments were level or had slightly lower salary expenses for the quarter.

2. Benefits Expenses decreased by 4.6% for the first quarter of 2016.

Most of the decrease in this category is attributable to the Police department which decreased by over \$434K from the same time last year. The largest decrease was in the workers compensation lines in the Police department which decreased by over \$424,000.

3. Non-Personal Service spending decreased by 19.8% or just over \$988,000.

This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. The first quarter saw decreases over last year in the following areas. DGS saw decreases in the following accounts, mostly due to the milder winter: gasoline expense decreased \$140,000, motor vehicle repair expense decreased \$126,000 and snow removal supplies and expense decreased \$479,000. Debt service was lower by \$375,000 which was related to paying off the capital lease in 2015.

5. Encumbrances (funds reserved for purchases) increased by almost \$0.5 million

or almost 8% compared to the same period last year. Encumbrances total \$6.3 million at the end of the first quarter.

OVERTIME

Department	2016	2015	Change	%	% of		
					2016	Budget	Budget
Police (non-reimbursable)	940,240	755,596	184,644	24%	940,240	4,050,000	23%
Fire	287,267	357,004	(69,737)	-20%	287,267	439,000	65%
Communications	42,311	26,820	15,491	58%	42,311	175,000	24%
Parks Maintenance	26,511	60,630	(34,119)	-56%	26,511	200,000	13%
Waste Collection	42,909	73,643	(30,734)	-42%	42,909	175,000	25%
Landfill	37,827	69,018	(31,191)	-45%	37,827	151,000	25%
Central Maint.	7,722	17,620	(9,898)	-56%	7,722	70,000	11%
Street Maintenance	41,909	45,104	(3,195)	-7%	41,909	300,000	14%
Street Cleaning	0	62,915	(62,915)	-100%	0	0	0%
Recreation	1,816	2,792	(976)	-35%	1,816	12,000	15%
Traffic Engineering	8,758	8,105	653	8%	8,758	45,000	19%
Capital Hills	1,472	6,324	(4,852)	-77%	1,472	26,000	6%
Central Garage	1,545	8,002	(6,457)	-81%	1,545	28,000	6%
Bleeker Stadium	0	0	0	0%	0	600	0%
Buildings	14,033	11,253	2,780	25%	14,033	50,000	28%
DGS Administration	0	0	0	0%	0	5,000	0%
Control of Animals	928	1,592	(664)	-42%	928	9,000	10%
Special Events	1,662	382	1,280	335%	1,662	15,000	11%
General Fund	1,456,910	1,506,800	(49,890)	-3%	1,456,910	5,750,600	25%
Police (reimbursable)	249,424	205,759	43,665	21%	249,424	1,192,658	21%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	168,144	175,958	(7,814)	-4%	168,144	580,000	29%
Totals	1,874,478	1,888,517	(14,039)	-1%	1,874,478	7,523,258	25%

General Fund overtime was at 25% of budget at the end of the first quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 3% (\$49,890) lower than the same period last year.

The Police department had the biggest increase in overtime payments which were up by almost \$185K. The Fire department decreased by over \$69K and posted its lowest 1Q OT since 2012, but ended the quarter at 65% of budget as a result of decreasing their budget by \$311,000 from 2015. Much of the OT is due

to the training of new recruits, and \$25k is reimbursable. OT is expected to be reduced going forward as new recruits fill staffing gaps. The majority of departments have lower overtime expenses this year than last year.

CONCLUSION

It is a positive sign that many smaller efforts to increase revenue are being successfully implemented (parking tickets, landfill, recycling, licenses, permits, fees and other departmental revenue). However, although revenue is up \$550k from last year, and expenses were controlled in the first quarter (3.1% or slightly over \$1.0 million lower than last year at this time, and only 18% of 2016 budgeted expenses), these savings and/or revenue increases are not necessarily expected to last or continue. The City will have to continue to find other savings and revenue sources in order to offset the additional decrease to the fund balance related to increases in salaries and associated expenses, as well as other expected revenue declines and cost increases.