Albany: Our Capital City

Fiscal Outlook

Mayor Kathy M. Sheehan
March 20, 2014
2014 Budget Challenges

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>$171,077,200</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recurring Revenue</td>
<td>$154,592,200</td>
</tr>
<tr>
<td>Deficit</td>
<td>($16,485,000)</td>
</tr>
</tbody>
</table>

- Structural Deficit $\approx 10\%$
- Fund Balance less than 5% of operating expense
- Continue to Borrow for Pension Expense
  - Total pension borrowing will exceed $14 million
- Staying within cap still resulted in 6.6% Property Tax Increase for Non-Homestead Properties
### Deficit

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Balance</td>
<td>$ 9,801,000</td>
</tr>
<tr>
<td>Debt Reserve</td>
<td>$ 2,470,000</td>
</tr>
<tr>
<td>Pension Borrowing</td>
<td>$ 4,214,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$16,485,000</strong></td>
</tr>
</tbody>
</table>

The City budgeted the use of approximately $4.3 million of Fund Balance in 2013. While the year-end close will not be completed for several weeks, it appears that revenue will be lower than budgeted, and expenses will be higher, resulting in a further erosion of Fund Balance. If 2013 and 2014 end on budget, the City will have less than $8 million of Fund Balance remaining.
2014 Revenue Breakdown

- State Aid: 7%
- Property Tax: 32%
- Sales Tax: 19%
- Non-Recurring: 10%
- Landfill: 6%
- Other Taxes: 5%
- 19-a: 9%
- All Other: 12%
### Costs

<table>
<thead>
<tr>
<th>Category</th>
<th>2014</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$75,749,000</td>
<td>44%</td>
</tr>
<tr>
<td>Retirement</td>
<td>$18,250,000</td>
<td>11%</td>
</tr>
<tr>
<td>FICA</td>
<td>$5,792,000</td>
<td>3%</td>
</tr>
<tr>
<td>Health Insurance</td>
<td>$22,204,415</td>
<td>13%</td>
</tr>
<tr>
<td>Other Emp. Benefits</td>
<td>$1,203,000</td>
<td>1%</td>
</tr>
<tr>
<td>Workers’ Compensation</td>
<td>$4,260,000</td>
<td>2%</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>$22,588,785</td>
<td>13%</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$21,030,000</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$171,077,200.00</td>
<td></td>
</tr>
</tbody>
</table>

Employee expense is 74% of our budget.
Raising Taxes is not an Option

Among the highest property taxes in the region.

Staying within the 2% cap raises $900,000.

Resulted in 6.6% tax increase for local businesses.
- 13.3% Decline in Commercial Tax Base
- 7.0% Decline in Total Tax Base
If Albany had a single tax rate it would be the highest of the 5 cities.
City Taxes

- Guilderland: $3.04
- Bethlehem: $3.58
- Albany Homestead: $10.29
- Albany Non-Homestead: $14.67
Total Tax Bill

<table>
<thead>
<tr>
<th>Location</th>
<th>Tax Bill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guilderland</td>
<td>$ 29.65</td>
</tr>
<tr>
<td>Bethlehem</td>
<td>$ 29.66</td>
</tr>
<tr>
<td>Albany Homestead</td>
<td>$ 35.21</td>
</tr>
<tr>
<td>Albany Non-Homestead</td>
<td>$ 47.36</td>
</tr>
</tbody>
</table>
Get excellent at understanding our costs and outstanding at finding alternative sources of revenue.

Embrace technology in every facet of our operations.

Question every assumption.

Our greatest asset is our people.
Understanding Costs/Finding Revenue

Commissioner of Budget & Finance

- Budget
- Human Resources
- Purchasing
- Assessment
- Department Fiscal Analysts
- Payroll
- EEO
Must embrace technology to increase productivity and improve customer service

Requires a review of every process – WE CANNOT AFFORD BUSINESS AS USUAL

Transition Team Report recommended creation of a City-wide IT governance Structure
Current IT Projects

Projects in Progress

✓ CoLo Datacenter Build
✓ Desktop Virtualization Roll-Out
✓ Parking Management Systems RFP Review
✓ ERP RFP Review
✓ City Infrastructure Review
✓ **openAlbany**
✓ APD-Virtual Server\Desktop Environment
✓ In-Car Video System & Supporting Wireless Infrastructure
✓ Energov (Permits Code Enforcement)
✓ GIS upgrade (required for Energov)
✓ APD – Application Migration (ISE)
✓ APD-Domain\Infrastructure Analysis
✓ FirstLight-VoIP Design
✓ City Hall Infrastructure upgrade
✓ Network Admin Daily Duties
Welcome to openAlbany

openAlbany supports government transparency, openness and innovative uses of municipal data that can help improve the lives of Albany residents, visitors and businesses.
What Comparable Cities Spend

IT Personnel Spend

- Ann Arbor, MI: $1,894,416
- Arvada, CO: $2,913,521
- West Palm...: $3,395,302
- Lynchburg, VA: $2,038,544
- Pueblo, CO: $1,313,884
- Westminster, CO: $2,172,867
- Avondale, AZ: $1,435,910
- Thornto...: $2,404,454
- City of Albany: $1,040,756

Avg Spend for Peer Group: $2,290,868
Proposed IT Organization

Recommended Central IT Organization Model

Chief Information Technology Officer
- Enterprise Leadership
- Planning
- Budget
- IT Standards & Policy Development
- Performance Management Support

Infrastructure Services Team
- Server Administration
- Network Administration
- Data Center Operations
- IT Asset Management
- Telephony Administration & Support
- Network Security
- Disaster & Business Continuity Planning

Customer Service Team
- Help Desk (Tier 1 Support)
- Help Desk (Tier 2 Support)
- Personal Productivity Application Support
- End User Support Training
- Liaison with Departments
- Coordination across IT Teams
- Business Application Support

Project Management Team
- Project Planning
- PM Standards & Best Practices
- PM & Performance Reporting
- Portfolio Management
- Project Close-out & Transfer
- Post-project Reviews

Application Services Team
- Web Technologies
- Business Application Support
- Programming & Maintenance Support
- Intranet
- GIS
- Performance Management Support
“Most of our assumptions have outlived their usefulness”

- Marshall McLuhan

But that's how we always did it.
2014 Budget Measures

- All open positions are under review and cuts will be made from adopted 2014 budget
- All proposed Capital Projects are under review and borrowing will be cut from adopted 2014 budget
- All programs under review and cuts are expected
- Prioritizing Inter-municipal Consolidation Opportunities
- All fees under review
- Undertaking complete review of tax exempt property to determine eligibility
- COMPREHENSIVE REVIEW BY NYS FINANCIAL RESTRUCTURING BOARD
Albany in 2030 has built on its history and diverse natural, cultural, institutional, and human resources to become a global model for sustainable revitalization and urban livability. The City promotes a balanced approach to economic opportunity, social equity, and environmental quality that is locally driven, encourages citizen involvement and investment, and benefits all residents.

Albany 2030 Plan
Adopted April 2, 2012