
OFFICE OF THE ALBANY CITY TREASURER

DATE: October 3, 2016

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny

RE: 2nd quarter 2016 Performance

The following is a summary of the unaudited results for the 2nd Quarter 2016. Our financial situation in the 2d Quarter remains precarious, but stable in the short term. (Early indications are that it continued to be so through the 3rd Quarter as well.) Our cash position is currently stable and we are closely monitoring whether a RAN issuance will be necessary in November/December.

Revenue in the second quarter of 2016 totaled \$105.7 million which was almost \$15K more than the same period last year at this time. Expenses totaled over \$80.3 million and decreased almost 1.1%, about (\$0.9 million) compared to the first quarter of 2015.

REVENUE (Thousands)

	JUNE	JUNE		%	JUNE	Annual		%
REVENUE	YTD 16	YTD 15	Variance		YTD 16	Budget	Variance	Budget
PROPERTY TAX	56,600	56,771	(171)	0%	56,600	56,528	72	100%
SALES/USE TAX	16,362	16,220	142	1%	16,362	33,304	(16,942)	49%
PILOTS/19-a	16,914	4,108	12,806	312%	16,914	20,470	(3,556)	83%
OTHER LOCAL SOURCES	1,042	713	329	46%	1,042	3,193	(2,151)	33%
LANDFILL	6,144	5,510	634	12%	6,144	9,793	(3,649)	63%
OTHER DEPARTMENTS	2,028	1,054	974	92%	2,028	6,051	(4,023)	34%
INTER GOVERNMENT	114	101	13	13%	114	245	(131)	47%
FINES	2,481	1,988	493	25%	2,481	7,138	(4,657)	35%
LICENSES AND PERMITS	1,285	1,696	(411)	-24%	1,285	3,359	(2,074)	38%
STATE AID	499	530	(31)	-6%	499	29,450	(28,951)	2%
SALE P/COMP/LOSS	175	157	18	11%	175	394	(219)	44%
MISCELLANEOUS	2,011	1,932	79	4%	2,011	9,143	(7,132)	22%
OTHER	43	73	(30)	-41%	43	2,223	(2,180)	2%
TOTAL REVENUE	105,698	90,853	14,845	16%	105,698	181,291	(75,593)	58%

The chart above summarizes the City's sources of revenue through June 30, 2016.

1. **Property Tax revenue** is lower than last year by \$171,000 as a result of paying more SCOs compared to the same period last year. It was still over budget at the end of the second quarter despite paying more for assessment reductions by the end of the quarter. It is likely this will be reduced further by SCOs this year.
2. **Sales Tax revenue** the first quarter sales tax revenue increased 1% and totaled \$16.4 million which was \$142,000 higher compared to last year at the same time although we are slightly below budget at 49% for the second quarter.
3. **PILOTS/19-a revenue** was 312% higher than the same period last year from receiving half of the \$12.5 million in additional 19-a funds for 2016. PILOT revenue was \$12.8 million higher compared to last year. Last year we did not receive the 19-a payment until July.
4. **Other Local sources revenue** was actually -1% lower than the second quarter of 2015. The chart shows the amount 46% higher but that is due to City receiving a second quarter payment of \$335,000 from National Grid in July last year.
5. **Landfill revenue** increased 12% compared to the second quarter of 2015. Tipping fees increased by \$545,000 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 revenue increased by \$78,000.
6. **Other Departmental revenue** was 92% higher than the same period last year. Most of the increase was the result of the new waste collection fees (\$685,000). APD Event Security revenue increased by almost \$188,000 and EMS Ambulatory revenue increased by \$104,000.
7. **Fines and Forfeitures revenue** increased by 25% from the second quarter of 2015. Both parking ticket fines and surcharges combined for an increase of \$328,000. Traffic court fines were up from last year by \$49,000. However, Red Light Camera revenue is not expected to materialize so this budget line will be under at year's end.
8. **Licenses and Permits revenue** decreased 24% (\$411,000) compared to the same period last year. Safety Inspection permit revenue decreased by \$157,000, demolition fees decreased by \$270,000, plumbing permits decreased by \$89,000, taxi medallion revenue decreased by \$24,000

while street opening revenue increased by \$112,000. The decreases are mostly the timing of revenue collection and are expected to increase during the second half of the year.

9. **State aid** decreased by 6% (\$31,000). 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 4% (\$79,000) 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 only \$76,000 for the second quarter last year.
11. **Other revenue** decreased by \$30,000 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	JUNE YTD 16	JUNE YTD 15	Variance	%	Annual Budget	Variance	% Budget
Personal Benefits 7100-7199	35,466,279	35,089,893	376,387	1.1%	75,510,925	(40,044,646)	47%
Fringe Benefits 7801-7863	19,867,067	21,479,425					
Retirement Estimate	4,381,839	4,115,329					
	24,248,906	25,594,754	(1,345,847)	-5.3%	54,988,343	(30,739,437)	44%
Non-Personal Service 7210-7701	20,632,675	20,552,676	79,999	0.4%	50,916,642	(30,283,968)	41%
Total	80,347,860	81,237,322	(889,462)	-1.1%	181,415,910	(101,068,050)	44%
Number of weeks in period	26	26	0		52		50%

Total disbursements decreased by \$889,000 or 1.1% compared to the same period last year. Spending was down in Fringe Benefits but increased in Non-Personal Service and in Personal Benefits compared to 2015.

1. **Salary expense increased by 1.1%** compared to the same period last year. Most of increase was related the Fire department salary expense which was up by \$726K from last year. The Maintenance of Streets department increased by \$553K which was related to the consolidation of

Street Cleaning department into this department. Most of the other City departments were level or had slightly lower salary expenses for the quarter. This category also includes overtime expenses which ended the quarter \$97K lower than in 2015.

2. **Benefits Expenses decreased by 5.3% for the quarter.** Most of the decrease in this category is related to a decrease in retiree health cost which decreased by \$1.2 million from second quarter of 2015. The Police department had a decreased of over \$553K in workers' compensation costs from the same time last year.

3. **Non-Personal Service spending increased by 0.4% or just over \$80,000.** This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. While the second quarter had a small increase from last year the second quarter saw many decreases over last year in the following areas. DGS saw decreases in the following accounts, mostly due to the milder winter: gasoline expense decreased \$173,000, motor vehicle repair expense decreased \$102,000 and snow removal supplies and expense decreased \$420,000. Demolition expenses also decreased by \$162,000. Some of the following had increases from 2015: Police department motor vehicle expenses increased \$72,000; Utilities expense increased almost \$60,000; and Debt service increased by the budgeted \$627,000 which was related to paying off the capital lease in 2015 and an increase in principal payments on the some of the older bonds.

5. **Encumbrances (funds reserved for purchases) increased by almost \$8,000** or almost 0.2% compared to the same period last year. Encumbrances total \$5.2 million at the end of the second quarter.

OVERTIME

Department	2016	2015	Change	%	2016	Budget	% of Budget
Police (non-reimbursable)	2,166,647	1,835,147	331,500	18%	2,166,647	4,050,000	53%
Fire	508,689	824,181	(315,492)	-38%	508,689	439,000	116%
Communications	95,247	65,680	29,567	45%	95,247	175,000	54%
Parks Maintenance	71,163	92,213	(21,050)	-23%	71,163	200,000	36%
Waste Collection	89,174	106,715	(17,541)	-16%	89,174	175,000	51%
Landfill	58,780	93,688	(34,908)	-37%	58,780	151,000	39%
Central Maint.	16,702	38,197	(21,495)	-56%	16,702	70,000	24%
Street Maintenance	94,503	65,700	28,803	44%	94,503	300,000	32%
Street Cleaning	0	81,141	(81,141)	-100%	0	0	0%
Recreation	7,290	5,135	2,155	42%	7,290	12,000	61%
Traffic Engineering	18,607	19,072	(465)	-2%	18,607	45,000	41%
Capital Hills	8,047	10,777	(2,730)	-25%	8,047	26,000	31%
Central Garage	3,484	9,312	(5,828)	-63%	3,484	28,000	12%
Bleeker Stadium	0	0	0	0%	0	600	0%
Buildings	31,319	21,998	9,321	42%	31,319	50,000	63%
DGS Administration	701	371	330	89%	701	5,000	14%
Control of Animals	3,107	3,378	(271)	-8%	3,107	9,000	35%
Special Events	6,778	5,231	1,547	30%	6,778	15,000	45%
General Fund	3,180,238	3,277,936	(97,698)	-3%	3,180,238	5,750,600	55%
Police (reimbursable)	586,159	468,795	117,364	25%	586,159	1,192,658	49%
Traffic Eng. (reimbursable)	224	160	64	0%	224	3,000	7%
Water	330,839	304,246	26,593	9%	330,839	580,000	57%
Totals	4,097,460	4,051,137	46,323	1%	4,097,460	7,526,258	54%

General Fund overtime was at 55% of budget at the end of the second quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 3% (\$97,698) lower than the same period last year.

The Police department had the biggest increase in overtime payments which were up by almost \$331K resulting in part from OT related to open positions and in part from increased event detail APD presence. The Fire department decreased by over \$315K and posted its lowest 2Q OT since 2012, but ended the quarter at 116% of budget as a result of decreasing their budget by \$311,000 from 2015. Much of the OT remains 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.

CASH



The City's cash position was 5% more than forecasted and \$7.8 million higher than the same period last year. Most of the increase is the result of NYS providing half of the additional \$12.5 million in 19-a money to the City in the second quarter. The balance of the 19-a money is due in the fourth quarter.

CONCLUSION

It is a positive sign that many smaller efforts to increase revenue are being successfully implemented (parking tickets, landfill and other departmental revenue). However, although revenue is up \$14.8M from last year, and expenses decreased in the second quarter (1.1% or slightly over \$889,000 lower than last year at this time, and only 47% 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 decreases to the fund balance related to increases in salaries and associated expenses, as well as other revenue declines and cost increases.