
OFFICE OF THE ALBANY CITY TREASURER

DATE: June 14, 2017

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Mike Wheeler

RE: 1st quarter 2017 Performance

The following is a summary of the unaudited results for the 1st Quarter 2017. Fiscal performance was stable and within budgetary expectations for 2017, with the exception of expenditures related to the snowstorms which leave the City hoping for a warm November and December 2017.

Revenue in the first quarter of 2017 totaled \$75.0 million which was almost \$1.5M less than the same period last year at this time (because WCF bills were not booked this year until 2Q). Expenses totaled almost \$33.9M which was an increase of 3.2% or slightly over (\$1M) compared to the first quarter of 2016, largely because of higher workers' comp, health care and DGS snow removal related costs.

REVENUE (Thousands)

	MAR	MAR		%	MAR	Annual		%
REVENUE	YTD 17	YTD 16	Variance		YTD 17	Budget	Variance	Budget
PROPERTY TAX	57,909	56,794	1,115	2%	57,909	57,700	209	100%
SALES/USE TAX	7,966	7,991	(25)	0%	7,966	34,112	(26,146)	23%
PILOTS/19-a	2,865	2,716	149	5%	2,865	20,429	(17,564)	14%
OTHER LOCAL SOURCES	314	315	(1)	0%	314	3,169	(2,855)	10%
LANDFILL	1,715	2,911	(1,196)	-41%	1,715	7,253	(5,538)	24%
OTHER DEPARTMENTS	424	2,287	(1,863)	-81%	424	5,647	(5,223)	8%
INTER GOVERNMENT	43	48	(5)	-10%	43	97	(54)	44%
FINES	1,295	1,194	101	8%	1,295	5,204	(3,909)	25%
LICENSES AND PERMITS	1,059	653	406	62%	1,059	3,461	(2,402)	31%
STATE AID	0	124	(124)	100%	0	29,181	(29,181)	0%
SALE P/COMP/LOSS	7	42	(35)	-83%	7	401	(394)	2%
MISCELLANEOUS	1,433	1,426	7	0%	1,433	8,396	(6,963)	17%
OTHER	11	9	2	22%	11	2,132	(2,121)	1%
TOTAL REVENUE	75,041	76,510	(1,469)	-2%	75,041	177,182	(102,141)	42%

The chart above summarizes the City's sources of revenue through March 31, 2017.

1. **Property Tax revenue** was higher than last year by \$1.1M as result of the expansion of the tax base and over budget at the end of the first quarter as a result of paying a small number of assessment reductions by the end of the quarter.
2. **Sales Tax revenue** the first quarter sales tax revenue is almost the same as last year at \$7.9M although we are slightly below budget at 23% for the year in first quarter.
3. **PILOTS/19-a revenue** was 5% more than the same period last year. Most of the increase is due to the City timing of billing for PILOTS on the new ERP system.
4. **Other Local sources revenue** was almost the same as the first quarter of 2016. Utilities gross receipts decreased while interest fees on late property taxes increased.
5. **Landfill revenue** decreased 41% compared to the same period last year. Tipping fees decreased by almost \$967K from commercial and municipal customers and contaminated soil decrease by \$276K. However, revenue is near budget for the year, and increases are expected over the summer.
6. **Other Departmental revenue** was 81% (\$1.9M) lower than the first quarter of 2016. Most of the decrease was the result of the billing of the 2017 waste collection fees were billed in April, rather than in March like they were in 2016. Rental registries were down \$24K, APD Event Security revenue decreased by almost \$95K and EMS Ambulatory revenue decreased by \$60K.
7. **Fines and Forfeitures revenue** increased by 8% from last year. Both parking ticket fines and surcharges combined for an increase of \$160K. Traffic violation fines were down by almost \$60K.
8. **Licenses and Permits revenue** increased 62% (\$406K) compared to the same period last year. Most of the increase is from the timing of billing demolition fees (\$425K) on the new ERP system. Safety Inspection permits revenue increased by \$41K and vacant building fees increased by \$14K. Parking permit revenue decreased by \$43K and street opening revenue decreased by \$103K.

9. **State aid** – There was no revenue received by the end of the first quarter in 2017. 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** was almost the same compared to last year at \$1.4M. This category is made up of refund of prior year expenses, special events revenue and reimbursements from ACDA.
11. **Other revenue** increased by \$2K 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	Variance	%	Annual	Variance	%
	YTD 17	YTD 16			Budget		
Personal Benefits 7100-7199	18,468,826	18,014,218	454,608	2.5%	75,585,026	(57,116,200)	24%
Fringe Benefits 7801-7863	11,269,112	10,832,460	436,652	4.0%	52,104,600	(40,835,488)	22%
Non-Personal Service 7210-7701	<u>4,146,781</u>	<u>3,998,931</u>	<u>147,849</u>	<u>3.7%</u>	<u>49,574,779</u>	<u>(45,427,998)</u>	<u>8%</u>
Total	33,884,718	32,845,609	1,039,109	3.2%	177,264,405	(143,379,686)	19%
Number of weeks in period	13	13	0		52		25%

Total disbursements increased by slightly over \$1.0M or 3.2% compared to the same period last year. Spending was up in all of the categories Fringe Benefits, Personnel Benefits and Non-Personal Services compared to 2016.

1. **Salary expense increased by 2.5%** compared to the same period last year. This was still below budget at only 24%. The Fire department was up by \$211K from last year, the Maintenance of Streets department increased by \$113K and the Buildings and Codes department increased by \$33K. This category also includes overtime expenses which ended the quarter \$56K higher than in 2016 (due in part to the snowstorms). Most of the other City departments were at similar levels or had slightly lower salary expenses for the quarter.
2. **Benefits Expenses increased by 4.0%** from the first quarter of last year. This category was below budget for the first quarter at 22%. Most of the

increase in this category was attributable to increases in workers compensation lines (\$320K) and retiree and employee health insurance lines (\$248K) because of higher claims.

3. **Non-Personal Service spending increased by 3.7% or almost \$148K.** Not including encumbrances this category was only 8% of budget by the end of the first quarter. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. The first quarter saw increases over last year in the following areas. DGS saw increases in the following accounts: gasoline expense (\$100K), snow removal supplies and expense (\$219K) and BRC saw demolitions expense increase (\$333K). Debt service was lower by \$230K.
4. **Encumbrances (funds reserved for purchases) increased by almost \$101K** compared to the same period last year. Encumbrances total almost \$6.5M at the end of the first quarter.

OVERTIME

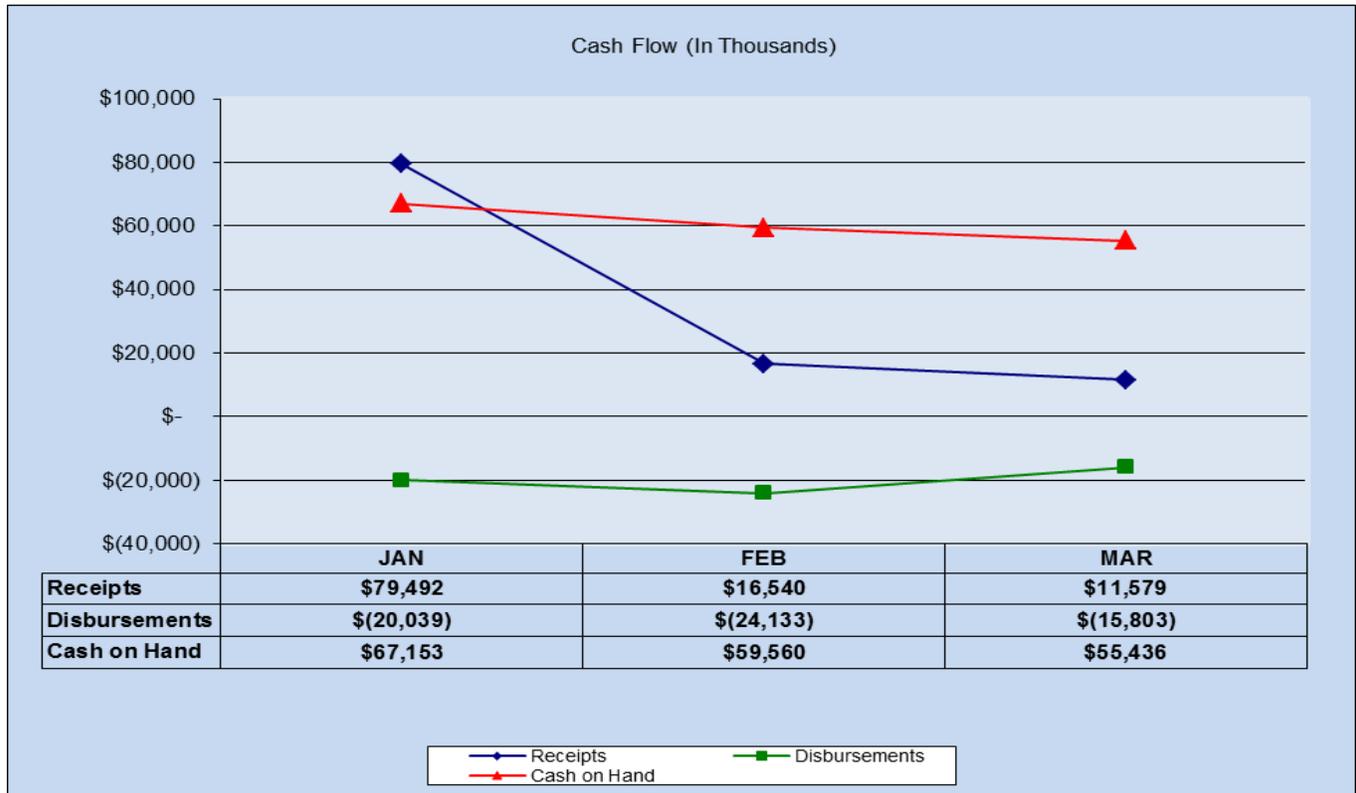
Department	2017	2016	Change	%	2017	Budget	% of Budget
Police (non-reimbursable)	994,813	940,241	54,572	6%	994,813	4,050,000	25%
Fire	167,685	287,267	(119,582)	-42%	167,685	439,000	38%
Communications	52,547	42,311	10,236	24%	52,547	175,000	30%
Parks Maintenance	67,131	26,511	40,620	153%	67,131	185,000	36%
Waste Collection	63,816	42,909	20,907	49%	63,816	175,000	36%
Landfill	56,434	37,827	18,607	49%	56,434	151,000	37%
Central Maint.	11,672	7,722	3,950	51%	11,672	70,000	17%
Street Maintenance	108,555	41,909	66,646	159%	108,555	270,000	40%
Recreation	615	1,816	(1,201)	-66%	615	12,000	5%
Traffic Engineering	11,666	8,758	2,908	33%	11,666	45,000	26%
Capital Hills	7,687	1,472	6,215	422%	7,687	26,000	30%
Fleet Maintenance	15,712	1,545	14,167	917%	15,712	18,000	87%
Bleeker Stadium	0	0	0	0%	0	600	0%
Buildings	20,287	14,033	6,254	45%	20,287	50,000	41%
DGS Administration	453	0	453	4529900%	453	2,500	18%
Control of Animals	2,120	928	1,192	128%	2,120	9,000	24%
Special Events	473	1,662	(1,189)	-72%	473	0	100%
General Fund	1,581,666	1,456,911	124,755	9%	1,581,666	5,678,100	28%
Police (reimbursable)	241,128	249,424	(8,296)	-3%	241,128	1,200,000	20%
Traffic Eng. (reimbursable)	0	0	0	0%	0	500	0%
Water	142,558	168,144	(25,586)	-15%	142,558	580,000	25%
Totals	1,965,352	1,874,479	90,873	5%	1,965,352	7,458,600	26%

General Fund overtime was slightly over budget (28%) at the end of the first quarter. Excluding the Water Department (for which the City is reimbursed) and

reimbursable Police overtime, overtime expense was 9% (\$125K) higher than the same period last year.

The Street Maintenance department had the biggest increase in overtime payments which were up by almost \$67K. Much of this was related to the additional work related to snow removal. The Fire department decreased by over \$119K and posted its lowest 1Q OT since 2012, but ended the quarter at 38%. OT as expected was reduced as new recruits filled staffing gaps. The majority of departments have higher overtime expenses this year than last year.

CASH



The City's cash position was 1% lower than forecasted and \$671K lower than the same period last year. Most of the decrease is the result of paying out more for payroll from converting back to a 52 week pay period from a 53 week pay period last year. The City paid the school district's portion of PILOT funds in January. The Water Department had an increase in the amount of invoices which are paid by the City and then reimbursed by the Water Board.

CONCLUSION

The City saw a paper decrease in overall revenue in the first quarter compared to 2016, because of the timing of WCF billing. Expenses were up in the first quarter of 2017 compared to 2016, mostly as the result of increases in snow removal costs, worker's compensation expenses and demolition expenses.

Thus far there are no major surprises for 2017 other than the 3 snow emergencies, and the City is largely moving forward as expected financially. The City will have to continue to watch expenses closely and try to control them as much as possible, while continuing to push for revenue increases where it can locally, and at the State level where a permanent solution for the revenue gap caused by tax exempt properties remains the goal.