
OFFICE OF THE ALBANY CITY TREASURER

DATE: May 28, 2015

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

FROM: Hon. Darius Shahinfar

CC: Ismat Alam

RE: 1st quarter 2015 Performance

The following is a summary of the unaudited results for the 1st Quarter 2015.

Revenue in the first quarter of 2015 totaled \$74.1 million which was about the same compared to last year at this time. Expenses totaled over \$34 million and decreased almost 5.3% (\$1.9 million) compared to the first quarter of 2014. While this is good news, and we are cautiously optimistic about further good news on sales tax revenue increases as well as energy and other variable cost decreases, these savings are expected to be fleeting due to several realized and/or anticipated added expenses or revenue shortfalls in: The Fire Department (arbitration award), the Landfill, fine revenue and possibly Police Dispatchers.

REVENUE (Thousands)

	MAR	MAR		%	MAR	Annual		%
REVENUE	YTD 15	YTD 14	Variance		YTD 15	Budget	Variance	Budget
PROPERTY TAX	56,770	55,940	830	1%	56,770	56,528	242	100%
SALES/USE TAX	7,890	7,720	170	2%	7,890	31,973	(24,083)	25%
PILOTS/19-a	3,770	3,558	212	6%	3,770	19,490	(15,720)	19%
OTHER LOCAL SOURCES	448	466	(18)	-4%	448	4,833	(4,385)	9%
LANDFILL	2,124	2,229	(105)	-5%	2,124	12,077	(9,953)	18%
OTHER DEPARTMENTS	407	417	(10)	-2%	407	3,506	(3,099)	12%
INTER GOVERNMENT	57	42	15	36%	57	117	(60)	49%
FINES	933	1,029	(96)	-9%	933	7,048	(6,115)	13%
LICENSES AND PERMITS	556	878	(322)	-37%	556	2,290	(1,734)	24%
STATE AID	0	46	(46)	-100%	0	17,295	(17,295)	0%
SALE P/COMP/LOSS	48	20	28	140%	48	5,404	(5,356)	1%
MISCELLANEOUS	1,141	1,575	(434)	-28%	1,141	12,954	(11,813)	9%
OTHER	2	2	0	0%	2	1,769	(1,767)	0%
TOTAL REVENUE	74,146	73,922	224	0%	74,146	175,284	(101,138)	42%

The chart above summarizes the City's sources of revenue through March 31, 2015.

1. **Property Tax revenue** increased by \$830,000 as a result of the tax levy increase under the tax cap, but it was under (over?) budget by \$242,000 as a result of assessment reductions. (\$58K or 242?)
2. **Sales Tax revenue** the first quarter sales tax revenue increased 2% and totaled \$7.9 million which was \$170,000 higher compared to last year at the same time. While we are on budget at 25% for the first quarter, should this increase continue quarter to quarter, it would lead to greater than budgeted annualized revenue.
3. **PILOTS/19-a revenue** was 6% higher than the same period last year. Most of the increase is due to receiving payments earlier this year than last year. The increase is primarily due to the City receiving its first voluntary PILOT payment.
4. **Other Local sources revenue** was 4% lower than the first quarter of 2014. Utilities gross receipts and OTB receipts both ended the quarter lower than last year.
5. **Landfill revenue** decreased 5% compared to the first quarter of 2014. Tipping fees decreased by almost \$248,000 from commercial and municipal customers. This was offset by increases in landfill permits, coupon sales, contaminated soil and methane gas sales which combined for a \$144,000 increase. The recent loss of a large landfill client could lead to a drop in revenue in the range of \$1.2 to \$2.0 million by the end of the year.
6. **Other Departmental revenue** was 2% lower than the same period last year. Most of the decrease was the result of decreases in rental registries which was down \$32,000 and towing fees which decreased almost \$21,000. These decreases were offset by APD Event Security revenue which increased by almost \$33,000 and EMS Ambulatory revenue increased by \$23,000.
7. **Fines and Forfeitures revenue** decreased by 9% from the first quarter of 2014. Both parking ticket fines and surcharges combined for a decrease of \$89,000. While ticket revenue has been increasing back to the levels of last year, budgeted red light camera ticket revenue is expected to be approximately \$1 million lower than budgeted.
8. **Licenses and Permits revenue** decreased 37% (\$322,000) compared to the same period last year. Safety Inspection permit revenue decreased by

\$274,000, vacant building fees decreased by \$21,000 and parking permit revenue decreased by \$21,000.

9. **State aid** in the first quarter of 2014 was below \$1000. 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** decreased 28% (\$434,000) compared to the same period last year primarily as a result of a decrease in delinquent debris and demolition charges levied onto 2015 property tax bills which decreased \$250,000. The total decrease is masked by Tulip Festival revenue decreasing \$68,000, because the event is expected to at least break even. Also the Albany Parking Authority, which prior to 2015 reimbursed the City for the PSO salaries and benefits, was lower by \$77,000. This decrease is offset by the transfer of the PSO employees and related expenses to the APA.
11. **Other revenue** was even 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 15	YTD 14	Variance		Budget	Variance	Budget
Personal Benefits 7100-7199	17,564,128	18,508,375	(944,247)	-5.1%	74,327,904	(56,763,776)	24%
Fringe Benefits 7801-7863	11,468,360	10,839,014	629,346	5.8%	51,931,793	(40,463,433)	22%
Non-Personal Service 7210-7701	<u>4,972,777</u>	<u>6,547,577</u>	(1,574,800)	-24.1%	51,061,505	(46,088,728)	10%
Total	34,005,265	35,894,966	(1,889,701)	-5.3%	177,321,202	(143,315,937)	19%
Number of weeks in period	13	13	0		52		25%

Total disbursements decreased by \$1.9 million or 5.3% compared to the same period last year. Spending was down in Personal Benefits and Non-Personal Service but increased in Fringe Benefits compared to 2014.

1. **Salary expense decreased by -5.1%** compared to the same period last year. Salary expenses are level or slightly lower in most of the departments compared to the first quarter of 2014. The Police department was lower by over \$300K and the Fire department was lower by \$164K from last year. This category also includes overtime expenses which ended the quarter \$245K less than in 2014. This overall reduction is somewhat illusory because of the number of buyouts in the first quarter of 2014 that raised expenses last year, and the number of unfilled positions this year in Police and Fire which either have been, or are expected to be filled shortly. Additionally, the recent arbitration award to the Firefighters for retroactive pay of \$1.2 million was not included in the budget. Therefore, further savings of this magnitude on payroll are not expected this year.

2. **Benefits Expenses increased by 5.8% for the first quarter of 2015.** Most of the increase in this category is attributable to the Police department which increased by over \$500K from 2014. The biggest increase was in the workers compensation lines which combined increased by over \$382,000. Employee health insurance also increased by over \$300K from the same time last year. The premiums charged by CDPHP alone increased by over 9%. Overall even with these increases this category is below budget for the year.

3. **Non-Personal Service spending decreased by 24.1% or just over \$1.5 million.** 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: gasoline expense decreased \$158,000, motor vehicle repair expense decreased \$107,000 and snow removal supplies and expense decreased \$52,000. The City's utilities expenses decreased by \$396,000 with street lighting making up most of the decrease at \$258,000 less than the same period last year.

5. **Encumbrances (funds reserved for purchases) increased by \$0.5 million** or almost 8% compared to the same period last year. Encumbrances total \$5.9 million at the end of the first quarter.

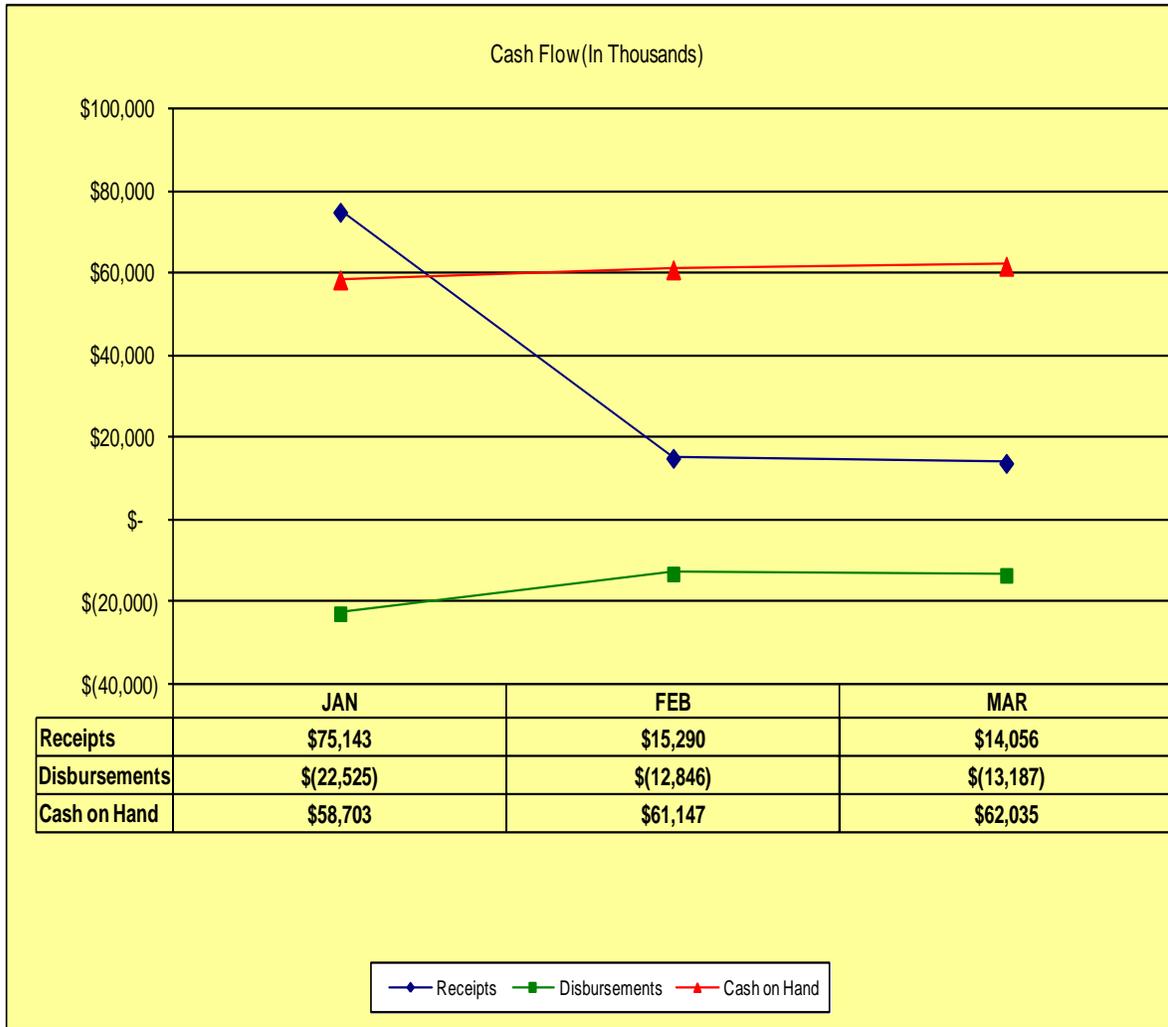
OVERTIME

Department					% of		
	2015	2014	Change	%	2015	Budget	Budget
Police (non-reimbursable)	755,596	867,055	(111,459)	-13%	755,596	3,950,000	19%
Fire	357,004	382,352	(25,348)	-7%	357,004	750,000	48%
Communications	26,820	42,693	(15,873)	-37%	26,820	175,000	15%
Parks Maintenance	60,630	97,581	(36,951)	-38%	60,630	200,000	30%
Waste Collection	73,643	81,159	(7,516)	-9%	73,643	175,000	42%
Landfill	69,018	79,940	(10,922)	-14%	69,018	151,000	46%
Central Maint.	17,620	18,278	(658)	-4%	17,620	70,000	25%
Street Maintenance	45,104	59,141	(14,037)	-24%	45,104	150,000	30%
Street Cleaning	62,915	81,550	(18,635)	-23%	62,915	150,000	42%
Recreation	2,792	0	2,792	27919900%	2,792	12,000	23%
Traffic Engineering	8,105	6,777	1,328	20%	8,105	40,925	20%
Capital Hills	6,324	7,654	(1,330)	-17%	6,324	26,000	24%
Central Garage	8,002	13,933	(5,931)	-43%	8,002	28,000	29%
Bleeker Stadium	0	0	0	0%	0	600	0%
Buildings	11,253	11,862	(609)	-5%	11,253	50,000	23%
Control of Animals	1,592	1,397	195	14%	1,592	9,000	18%
Special Events	382	0	382	3819900%	382	20,000	2%
General Fund	1,506,800	1,751,372	(244,572)	-14%	1,506,800	5,957,525	25%
Police (reimbursable)	205,759	215,224	(9,465)	-4%	205,759	1,248,161	16%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	175,958	205,305	(29,347)	-14%	175,958	580,000	30%
Totals	1,888,517	2,171,901	(283,384)	-13%	1,888,517	7,785,686	24%

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 14% (\$244,572) lower than the same period last year, and overall is on budget for the year.

Recreation had the biggest increase in overtime expense percentage wise and dollar wise at \$2,792 over last year. Police overtime was lower by 13% compared to the same period last year and finished the quarter at 19% of budget. The majority of departments have lower overtime expenses this year than last year.

CASH



The City's cash position was 5% more than forecasted but \$5.5 million lower than the same period last year. Most of the decrease is the result of the County of Albany collecting the corporate taxes directly in 2015. Last year the City received these payments.

CONCLUSION

Although revenue is almost identical to last year, and expenses were controlled in the first quarter (5.3% or almost \$1.9 million lower than last year at this time; only 19% of 2015 budgeted expenses), these savings are not expected to last or continue. Most of the first quarter savings will be used for the fire fighters retro pay and their current year salary increase. Therefore, the City will have to find other savings in order to offset the additional decrease to the fund balance related to this expense, as well as other expected revenue declines and cost increases.