

**Council Members Doesschate introduced the following Resolution, which was approved:**

**Resolution Number 64.112.17R (MC)**

**RESOLUTION OF THE COMMON COUNCIL OUTLINING ITS ACTIONS AND EXPRESSING ITS FINDINGS AND INTENT WITH REGARD TO THE ADOPTION OF THE FISCAL YEAR 2018 CITY OF ALBANY BUDGET AS PROPOSED IN ORDINANCE 41.111.17 (AS AMENDED) ENTITLED: “AN ORDINANCE ADOPTING THE BUDGET AS PRESENTED BY THE MAYOR, WITH AMENDMENTS, ON OCTOBER 2, 2017, FOR FISCAL YEAR 2018”**

WHEREAS on October 2, 2017 the Common Council received the proposed budget for the City of Albany for fiscal year 2018; and

WHEREAS subsequent to receipt of such budget, the Common Council engaged in an extensive review of the proposal which included meeting with department heads, holding two public hearings, and discussing the city’s financial status and Council budget priorities; and

WHEREAS as a result of this process the Council has adopted Ordinance Number 41.111.17 (as amended) which adopts the fiscal year 2018 City of Albany Budget with revisions;

NOW, THEREFORE, BE IT RESOLVED that the Common Council does adopt the following statement outlining its actions and expressing its findings and intent with regard to adoption of the fiscal year 2018 City of Albany Budget; and

BE IT FURTHER RESOLVED that a copy of this resolution be transmitted to the Mayor, Chief of Staff, Budget Director and all other department heads; and

BE IT FURTHER RESOLVED that a copy of the “Statement of Common Council Actions, Findings and Intent” as herein adopted be printed in the final bound document constituting the “City of Albany 2018 Budget” immediately following the Mayor’s transmittal message.

**2018 City of Albany Budget  
Statement of Common Council Actions, Findings, Intent and Recommendations**

The Common Council has completed its review of the 2018 City of Albany Proposed Budget. This statement summarizes the Council’s actions, findings and intent with regard to adoption of Ordinance 41.111.17 (as amended).

**Public Comment/Hearings**

The Common Council held two public hearings on the proposed 2018 Albany City Budget on Monday, October 16, 2017 and Monday, November 6, 2017. Only one person spoke at the two public hearings. That person lauded the proposed budget for its improved transparency and expressed support for the conversion of city lights to LED, the retention of mechanics in DGS, and the creation of a new deputy human resources manager position to improve labor relations. He also encouraged the City to transition to using electric vehicles, move labor

negotiations in-house, provide training for DGS mechanics, sell unused street signs to the public, and continue lobbying for the City's fair share of state aid/Capital City funding – and if such funding is not made permanent, institute a commuter tax.

In addition, during the regular Common Council public comment period individuals asked that the budget include funding for sidewalks on Russell Road, improved audio equipment in the Common Council chambers, and support Public, Education and Government (PEG) Cable Access Board activities.

### **Overview of the Budget**

For at least the past decade the Common Council has recognized the significant fiscal challenges the city has been facing, in large part due to the fact 63% of the property in the city is tax exempt and that we provide essential services to tens of thousands of public employees and other commuters everyday who do not reside in Albany. The Council has also repeatedly noted that many of the prior budgets relied on non-recurring funding mechanisms, unsustainable landfill revenues, unrealistic revenue projections, and PILOT spin-ups that drain future resources. The Mayor's proposed 2018 Budget continues to steer us away from such past policies by reducing our reliance on landfill revenues, including realistic revenue projections, and making it clear we must address the long-term inequities in State aid formulas and continue to fight for appropriate compensation for all state-owned tax-exempt land in the city. We continue to strongly support the Mayor's efforts to obtain our fair share of funding from New York State. We are pleased that last year's "Fair Share for Albany" campaign resulted in the State granting Albany \$12.5 million in "Capital City Funding" that was not a "spin-up" from existing PILOTs. The 2018 budget is again based upon the city receiving \$12.5 million that is Albany's fair share. Some of us believe that the \$12.5 million requested from the State remains insufficient and inequitable in light of how much tax-exempt land the State owns in Albany, the services the city provides to State workers who double our population each day, and the much higher per capita Aid to Municipalities (AIM) and other funding other upstate cities receive from the State. A clear majority of the Common Council is ready to assist the Mayor and her administration in the effort to obtain sustainable funding from the State that is commensurate with the undue burdens our taxpayers shoulder throughout the year.

The 2018 proposed budget decreases expenditures by over a half million dollars. This is on top of the \$3.6 million reduction that was built into the 2017 budget for a total reduction in annual expenditures of \$4.1 million since 2016. We applaud these back to back reductions in the City's budget – almost unheard of in modern times – but necessary in light of the City's high property tax rate and continuing fiscal challenges. Much of this is realized through the implementation of some of the recommendations contained in the State's PFM report issued last year and includes reductions in total salaries involving the net elimination of 11 full-time equivalent positions, most of which are accomplished through attrition. In addition, the City has adopted the recommendation contained in the PFM Group Report that suggested the budget include a "vacancy savings" to recognize some positions will be vacant on a temporary or long-term basis. These changes have resulted in over a million dollar reduction in salaries in the 2018 budget although the budget also contains salary increases included in recently settled contracts with most of the city's unions and a 2% COLA for all non-union employees. In some cases, additional salary increases have been scheduled to help the city compete with the State and other employers for the hiring and retention of quality employees and to ensure supervisors are not making less than their subordinates as a result of recent union multi-year contract settlements. The budget also includes \$620,000 in one-time revenue for the sale of the Coeyman's property,

an over \$600,000 reduction in retiree health insurance, and almost a quarter million dollar reduction in debt service. These increased revenues and savings are largely offset by increases in health insurance, Workers' Compensation and operating expenses. The current increase in Workers' Compensation costs is largely the result of the new third party administrator (TPA) aggressively closing out cases that have been open for years. The city will likely see a decrease in the costs of this program in the future by settling these cases and not deferring these liabilities for pay out in future years.

Despite a half million dollar net reduction in expenditures, the 2018 proposed budget increases the proposed tax levy by \$550,000, or about .9%. This increase is largely due to significant reductions in other revenue – most notably, a \$1.25 million reduction in landfill revenue and a reduction in anticipated sales tax revenue. The reduction in landfill revenue is a prudent measure to help extend the life of the landfill to at least 2023 and continue reducing the city's reliance on this income in light of its scheduled closing in five short years.

While property tax rates are set after the adoption of the budget, it is anticipated that the proposed tax levy increase will result in a homestead parcel assessed at \$150,000 seeing a real property tax increase of approximately \$14 a year.

The Finance Committee, along with other Council Members, held over ten meetings and met with the heads of every department and unit within the City to review their proposed budgets, goals, past performance, new initiatives, and deviations from the 2017 budget revenues and expenditures. Generally, we have found the budget to be reasonable and fiscally prudent. During the course of the discussions with unit heads we identified some areas where adjustments or corrections are necessary. Some of the needed adjustments have been taken care of through the budget amendment process, as discussed below. Since the City Charter imposes limitations on the Council's ability to make adjustments to salaries even with agreement from the administration, other adjustments and errors will be corrected via the adoption of a resolution and approval of the Board of Estimate and Apportionment after the adoption of the budget. These minor adjustments point to the need for the City Charter to be amended to allow agreed upon adjustments to be made in certain instances.

## **Council Amendments to the 2018 Budget**

### **REDUCTIONS IN REVENUE:**

The Council amended revenues in the 2018 budget in following areas:

1. The Privilege Tax-Coin Operator D totaling \$2,500 (Page 77, line 1134) and the Coin Operated Amusement Tax totaling (page 77, line 1134.01) have been eliminated because both of these fees were abolished with the adoption of the Unified Sustainability Development Ordinance (ReZone Albany).
2. Revenues for "Computer Aided Dispatch" totaling \$120,500 (page 39, line 2395) have been eliminated as the consortium is dissolving and these revenues will not be forthcoming.
3. Revenues for the Waste Collection Fee (page 10, line 1710.01) have been reduced by \$103,344 to \$1,498,656. This adjustment is based upon the administration's projected expenditures for the program in 2018 that estimate the cost of the program per unit will be \$156, which is the fee that will be charged to all units except the first unit, on all

properties receiving curbside waste collection services. The revised revenues include a modest additional amount for anticipated late fees based upon past experience with the program.

## OTHER REVENUE AND EXPENDITURE ADJUSTMENTS

### REVENUE DECREASE OFFSETS

The Common Council, with guidance from the administration, has made the following adjustments to offset the above-referenced revenue reductions:

1. Sales Tax revenue has been increased by \$106,844. (page 10, line 1120) The \$611,580 reduction in sales tax revenue included in the 2018 budget was based on a shortfall in sales tax revenue in the first 2 quarters of 2017. Since 3<sup>rd</sup> quarter revenues received since the development of the budget have recovered and are now almost on par with 2017 projections, there is less reason to anticipate such a drastic reduction in 2018. The revised amount sales tax revenue left in the budget is almost a half million dollars less than 2017, providing a reasonable cushion in light of predictions of internet sales impacting this revenue line.
2. Revenue from NYS DCJS-Car Theft Prevention grants has been increased by \$16,232 (page 15, line 3389.07) based upon updated information from the program.
3. Expenditures for retirement contributions (page 38, line 7802) have been decreased by \$104,268 based upon revised projections received from the Office of the State Comptroller.

## OTHER REVENUE AND EXPENDITURE ADJUSTMENTS

During budget discussions, the Council was advised that the Department of Housing and Community Development and the Department of Youth and Workforce Services are both expected to receive additional grant funding. As a result, \$43,785 has been added to revenues for the Housing and Community Development Grant (page 14, line 2787) and \$5,013 has been added to Youth and Workforce US Dept Labor J.T.P.A. (page 115, line 4790). The Council has also added these respective amounts to “contracted services” for each of the programs since it does not have the authority to allocate these funds for salaries through the budget process. These funds are expected to be reallocated through the E and A process.

## AMENDMENTS TO THE COMMON COUNCIL BUDGET

The Senior Legislative Aide and part-time Research Counsel for the Common Council left for other employment in mid-2017 leaving vacancies in these two positions. The position of part-time Policy/Fiscal Analyst also has never been filled. These vacancies created the ideal opportunity for the Council to review its staffing needs. The Council has determined that hiring a single person full-time to fulfill the functions of Research Counsel and Policy/Fiscal Analyst would be most efficient and best fit the needs of the Council. Since the prior person holding the position of “Senior Legislative Aide” had held that position for over a decade and had received raises based upon her experience, the Council has determined that it would be appropriate to re-title this position as “Legislative Aide” and reduce the salary to reflect the prior lack of experience with the Albany Common Council. As a result, the Council has:

1. Changed the title for the position of “Senior Legislative Aide” to “Legislative Aide” and reduced the salary by \$1,181 to \$40,000 (page 18, line 7150).
2. Eliminated the position of “Policy/Fiscal Analyst” (page 18, line 7120); and
3. Increased the salary for the position of “Research Counsel” to \$68,000 (page 18, line 7120) in order to attract someone with the appropriate background and experience to the position.

These changes have resulted in a net reduction of \$11,362 for staff salaries. \$3,500 of this has been added to the Trainings and Conferences line (page 18, line 7463) to increase the ability of Council Members to participate in professional development.

At the time of presentation of the 2018 budget, the Mayor’s Office noted that the budget does not include increases for elected officials. However, Local Law 9-1984 (adopted in 1984) provides that the annual salaries of elected city officials shall increase by a percentage which is “equal to the percentage salary increase provided for nonunionized City of Albany employees.” Since the 2018 budget includes a 2% COLA for most nonunionized employees, the Council considered whether it should revise the budget to include the 2% increase in the salaries of Council Members authorized by Local Law 9-1984 and the COLA provided to nonunionized city employees. During discussions it was noted that the salary for Council Members had not been increased in at least 12 years and that the salary should be sufficient to draw qualified people who will spend the time needed to perform the functions. While some members expressed concerns that the public had not been provided with adequate notice of this potential increase to allow public comment, the consensus was that since the salaries of Council Members had not been increased in 12 years and the other comments made, it was reasonable for the Council to include the salary increase authorized by Local Law 9-1984 in the budget. As a result, the budget has been amended to add \$619 to the salary of the Common Council President and \$406 to the salary of each Common Council Member (page 18, lines 7100-7110). The total of \$6,709 needed to support these 16 salary adjustments is funded out of the savings from the staff salary changes referenced above. As a result, the increases in the Council salaries is fully funded from within the 2018 Common Council budget, which is the same as the total 2017 budget for the Council.

The remaining \$1,153 savings from the salary and conference line adjustments has been added to the Temporary Help line (page 18, line 7170).

## TECHNICAL AMENDMENTS

### **Salary and Title Adjustments**

In addition to the aforementioned modifications, during discussions with the Council, department and unit heads identified a number of errors wherein certain positions were intended to be eliminated or re-titled, or where salary adjustments were entered that were not consistent with union contracts or intended modifications. Most of these errors were the result of using the new ERP system for the first time in position-based budgeting and the way certain positions were classified in the budget (as supervisory, professional, clerical, etc.) that may not be consistent with actual titles and union contracts. Since contract negotiations have resulted in different salary increases amongst the 14 different collective bargaining units representing city workers, and there were some deviations from the 2% salary increase for nonunion workers, the classifications have compounded some errors in the electronic-automated system. The net

impact of these salary changes is actually a modest decrease in expenditures to the budget. As the City Charter does not authorize the Common Council to modify salaries included in the Mayor's budget and its authority to make salary adjustments even with agreement from the administration has been challenged in the past, we felt these changes should be handled through the Board of Estimate and Apportionment (E and A) following the adoption of a resolution by the Common Council, but before the beginning of the fiscal year so as to not adversely affect city workers and their intended salaries. To ensure transparency and make sure that Council Members are aware of the intended fully adopted budget, including these salary changes and the draft resolution approving these changes has been shared with Council Members in advance of the adoption of the budget.

The Budget Office has noted that the current practice of dividing positions of classifications of "Executive," "Supervisory," "Professional/Technical," "Clerical," "Public Safety/Operations," etc. when totaling up salaries for a given Department or Unit results in artificial characterizations of positions and often results in incorrect inputting of raises in the ERP system. This is part of the reason for numerous errors in the salaries listed in the proposed budget. As a result, the Common Council has agreed to allow the administration to amend the budget to change the individual salary lines to code 7000, thereby eliminating the classifications in the Department salaries totals. This change will actually give readers of the document a clearer "snapshot" of the personal costs of the particular unit or department. The agreed-upon modification will retain the individual listings of salaries for the budgeted positions, and separate listings for overtime, holiday pay, and temporary help; it is only the salary summaries for each department that will be merged.

#### OTHER TECHNICAL AND FORMATTING AMENDMENTS

The Council has made numerous other non-fiscal changes to the budget document to improve the clarity and accuracy of the document. Most of these relate to the addition of headers, department account codes, eliminating obsolete funding lines, relabeling some department references, and eliminating "FTE" counts for employees who are part-time or seasonal.

The Council also noted that the revenues from "Demolition Fees" on page 69, line 2552, was \$750,000 while the revenue for demolitions listed on page 12, line 2552 is \$650,000. We have confirmed that the proper amount to be listed in both locations is \$650,000 and that is what was included in the total revenues for the budget. As a result, we have amended line 2552 on page 69 to be \$650,000. In addition, to properly reflect the source of this revenue, we have amended the title of the line item to read "Stabilization and Demolition Fees" in both places. We have also amended line 7428 on page 68 to re-label the expense side "Stabilizations and Demolitions."

We note that although the city has been advised that the SAFER Grant received by the Fire Department is expiring and will not be renewed, the \$325,000 in revenue included on page 15 line 4389.03 will be forthcoming in 2018 as a final payment for the existing SAFER grant. As a result, there is no need to make an adjustment in the proposed 2018 budget for the SAFER grant revenues. However, the Council and Budget Director agreed it would be appropriate to eliminate the narrative on page 44 regarding the SAFER grant in light of being advised that the city's grant will not be renewed.

## OTHER ISSUES

### **Public, Education and Government (PEG) Cable Access Support**

Although the PEG Oversight Board has not yet spent any of the \$35,000 made available to it in the 2017 budget for staffing or contractual services, \$20,000 has again been set aside in the 2018 budget in the Special Items line 7440 on page 84 to enable the PEG Board to hire personnel or contract for services to help it achieve its mission. Another \$15,000 that was made available through Albany Community Development Agency (ACDA) in 2017 is also available for these purposes, but is time-limited, unless re-approved by the ACDA Board. We note that additional substantial funding is available for equipment purchases related to PEG activities funded through the cable franchise agreement and might be appropriate for use in upgrading the sound system in the Common Council chambers that is used for various city agency meetings broadcast via PEG.

### **City Records Unit**

The proposed 2018 budget included funding to contract with the County for the City's Record Unit that operates out of the Albany County Hall of Records since these services are supervised by the Albany County Clerk rather than any city employee. However, the administration has advised the Council that the County Clerk has been reluctant to employ the workers performing these services directly. As a result, the City might create line items for these employees and transfer funds from the contractual services line established for these services to specific salary lines. Again, since the Common Council's authority to establish or modify salaries through the budget modification process has been questioned, these changes will be addressed through the E and A process. Since the proposed budget contained funding to support this function, the net impact on the budget and city expenditures is expected to be zero.

### **Department of Recreation**

The 2018 proposed budget includes \$10,600 for summer camp fees. This is the same amount that was ultimately included in the 2017 budget after the Common Council reduced the anticipated revenues by \$19,000 to eliminate the need for the Recreation Department to charge a \$25-\$85 weekly fee to camp participants who are city residents. We note that in 2016 the Recreation Department acquired a \$10,000 sponsorship, and last year we explicitly left \$10,600 in the summer camp fee revenue line with the expectation that the Department of Recreation may generate income via non-resident camp fees and modest registration fees to encourage families to make a commitment to camp attendance so that the Department may plan appropriately for staff and programming. The Department is also encouraged to continue to seek sponsorships, grants and other funding mechanisms that are compatible with the development of a robust summer camp program in the city.

### **Office of the Treasurer Salary Adjustment Requests**

The Treasurer proposed reducing his salary from \$98,483 to \$60,000 and applying the \$38,483 savings to hire temps or increase the salaries of employees within the Office of the Treasurer. While there is some support for this proposal, the City Charter prohibits the Common Council from making adjustments to salaries through amendments to the budget. Consequently,

this issue has not been addressed in the proposed 2018 budget. The Council will undertake consideration of separate legislation to address the Treasurer's request.

### **The Registrar's Office and the 2020 Census**

We note that the 2018 Proposed Budget has moved the Registrar's Office to the Department of Administrative Services. It is unclear if this transfer of functions needs to be codified and we ask that Corporation Counsel review the functions of this office under local, state and federal law and determine if this transfer requires ratification by the Common Council in the form of an ordinance or local law.

Additionally, we note that this office has a significant responsibility with regard to the upcoming census that has not been addressed in the 2018 Budget. Since our census count can significantly impact our eligibility for state and federal aid, we encourage the administration to begin a review of the City's activities to ensure a complete and accurate census count in prior years and evaluate whether adjustments should be made to the budget through the E and A process to fund those activities beginning in 2018.

### **Capital Budget**

The Council has conducted a preliminary review the proposed 2018 Capital Budget during its discussions with Department heads and will review it, and compliance with the adopted debt policy, more closely when presented with the separate bonding ordinances in early 2018. We note that the 2018 budget includes \$2.5 million more in capital spending than was projected in the 2017 five year Capital Plan. Expenditures not previously included in the 5 year Capital Plan for 2018 include \$700,000 for leachate storage tanks at the landfill required by a recent DEC audit, \$1.3 million for a new ladder truck for the Fire Department, \$150,000 in fire house repairs, and increases for equipment and vehicles in the Department of General Services and the Police Department. We also note that the City has accumulated several millions of dollars of debt authorized in 2014 and before that has not yet been spent in accordance with the authorizations.

The Council continues to be concerned about the level of borrowing, the accumulation of debt, and the impact on the city's fiscal health and bond ratings. Consequently, the Council asks that the administration re-evaluate all proposed bonding before submitting the proposed bond ordinances to the Council in the spring with an eye toward reducing borrowing in the coming year, and using balances in existing bond accounts in place of requesting full bonding for all proposed capital purchases and projects.

We note that \$5 million of the proposed bonding is attributable to a Department of Environmental Conservation requirement associated with the closing the landfill. We believe that it would be premature for the City to pass bonding authorization to fulfill this entire \$5 million bonding commitment at this time, especially since the City has moved to decrease the amount of garbage collected at the landfill over the next five years, deferring closure of the landfill. Additionally, we note that the City has a substantial amount of funding accumulated in bond accounts associated with the landfill. Consequently, we ask the administration to engage in discussions with DEC to defer this requirement for the city to bond this amount prematurely, and to evaluate all existing bond account balances to ensure they are being considered with regard to any obligations and needs the City might have with regard to the landfill.



## **Recommendations for the Future**

During its deliberations, the Council concluded the following adjustment should be made in future years' budgets and the budget process:

- Include a single "Vacancy Savings" line for the entire City and eliminate individual department/unit "Vacancy Savings" entries.

The inclusion of "vacancy savings" lines in each department's or unit's budget caused a great deal of confusion since it seemed to be arbitrary and unrelated to the size of the department or unit and how many vacancies a department should reasonable anticipate. In discussions with the Budget Office, it was explained that a target has been set for the entire city (that exceeds the "ERP Savings" included in the 2017 budget – in accordance with a PFM Report recommendation) and that this amount was divided up amongst the various departments based upon past vacancy rates. It was further explained that Department heads have been told that they are not expected to "manage" their departments or units to the "Vacancy Savings" number included in their department's budget. We believe it is appropriate to eliminate the confusion caused by the inclusion of these numbers in individual unit/department budgets and include a single target for vacancy savings in the budget. In contrast, we support the administration's use of "challenge" lines for individual departments, especially large departments, where additional savings is perceived to be achievable, but left to management to assess how those savings might be achieved throughout the fiscal year.

The Council further asks the administration to consider the recommendations made during public comment in implementing the 2018 budget and in the development of future budgets and initiatives.

## **Prior Year Recommendations**

We note that in last year's recommendations we asked for increased transparency in the budget and we are very much appreciative of the added data regarding salaries, the improved clarity regarding goals, new initiatives and past performance. The improved content and layout has received favorable comments from the public as well as Council members.

We note that we made a recommendation for the administration to look for opportunities to partner with the school system, including potential opportunities for additional income for crossing guards and encourage the administration to look at that recommendation and brainstorm with various department heads how we can improve services and job satisfaction while potentially reducing taxes by partnering with the school district on the school crossing guard situation and others.

Finally, we note that our comments in last year's budget intent resolution regarding certain frustrations with the City Charter remain and budget development and should be studied by the Council and others for possible placement on the ballot in 2018.

## **Conclusion**

With adoption of Ordinance 41.111.17 as amended and this resolution, we complete action on the fiscal year 2018 City of Albany budget.

**TO:** Gerald Campbell, Acting City Clerk  
**FROM:** Judy L. Doesschate, Member, Albany Common Council  
**RE:** Request for Common Council Legislation  
Supporting Memorandum  
**DATE:** November 20, 2017

**RESOLUTION NUMBER 64.112.17R (MC)**

**TITLE: RESOLUTION OF THE COMMON COUNCIL OUTLINING ITS ACTIONS AND EXPRESSING ITS FINDINGS AND INTENT WITH REGARD TO THE ADOPTION OF THE FISCAL YEAR 2018 CITY OF ALBANY BUDGET AS PROPOSED IN ORDINANCE 41.111.17 (AS AMENDED) ENTITLED: “AN ORDINANCE ADOPTING THE BUDGET AS PRESENTED BY THE MAYOR, WITH AMENDMENTS, ON OCTOBER 2, 2017 FOR FISCAL YEAR 2018”**

**GENERAL PURPOSE OF LEGISLATION:** To adopt an explanatory resolution to be read in conjunction with the budget adopted with amendments by the Common Council.

**FISCAL IMPACT:** None.