

SEPTEMBER 20, 2016

Mayoral Budget Workshop

Session #3



Mayor Patrick Madden

 @MayorMadden @TroyCityHall

Objectives for the Evening



- Recap of Sessions 1 & 2
- Identify sources of City revenue
- Looking ahead to the future



Recap: Session One “Budget 101”



- **Roles, Responsibilities, Authorities**

- **Mayor**

- The Mayor’s role, along with all City department heads, is to thoroughly understand how much it costs to provide services
- It is the Mayor’s responsibility to present the Council with a forthright, accurate, sensible, and prudent spending plan for providing services
- The Mayor’s authority to spend funds to provide services comes from the Council

- **City Council**

- The City Council’s role is to pass the laws by which the City conducts business
- The Council has the responsibility to provide the funding for City services
- Only the Council has the authority to authorize expenditures and set the property tax rate



Recap: Session One “Budget 101”



Fact-Based Budgeting

- Revenue and Expenditures based on historical trends
- Projections supported by data - not wishes, not hopes



Recap: Session One “Budget 101”



Fact-Based Budgeting

Examples of Revenue Shortfalls Below Council Approved Estimates

- 2014 actual property tax collections were **\$740,000 below** budgeted estimate
- 2015 actual property tax collections were **\$640,000 below** budgeted estimate



Recap: Session One “Budget 101”



No One Shots

- Revenue from a transaction that occurs only once
- Typically involves the sale of an asset, i.e., a building parking garage, golf course, etc.



Recap: Session One “Budget 101”



No One Shots

Examples of Revenue Shortfalls Below Council Approved Estimates

- 2014 actual sale of City property was **\$690,000 below** budgeted estimate
- 2015 actual sale of City property was **\$1.7 million below** budgeted estimate
- 2016 actual sale of City property is projected to be **\$1.1 million below** budgeted estimate



Mayor's Guidelines for Responsible Budgeting



No One Shots

- Pay for recurring expenses only with dependable recurring revenues

Fact-Based Budgeting

- Base projections on verifiable facts, not wishes, not hopes
- Don't spend money that you don't have

Consequences of Breaking the Rules



Reserves Tumble

Between 2006 and 2015

Reserves **decreased**

\$9 million to \$2 million

Between 2011 – 2015

\$4 million in reserves spent



Consequences of Breaking the Rules



Reserves Tumble

Largest Yearly Reserve Reductions

➤ 2008	\$850,000
➤ 2009	\$2.6 million
➤ 2011	\$3.2 million
➤ 2014	\$1.4 million
➤ 2015	\$725,000



Consequences of Breaking the Rules



Reserves Tumble

2006 to 2015

Average Yearly Tax Rate Increase Reduction: **4%**

2006 to 2015 Total Cost of Tax Rate Increase
Reduction

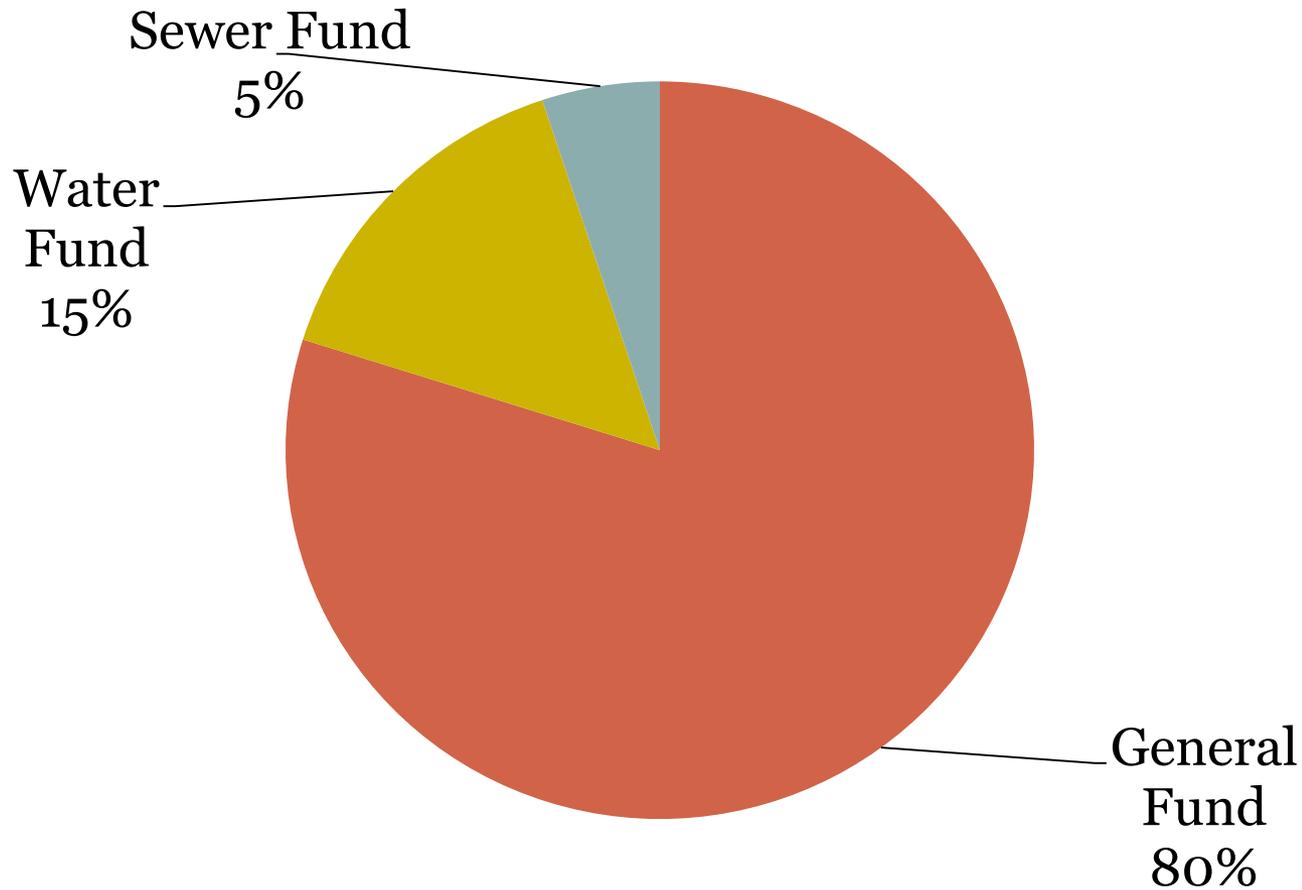
\$7 million



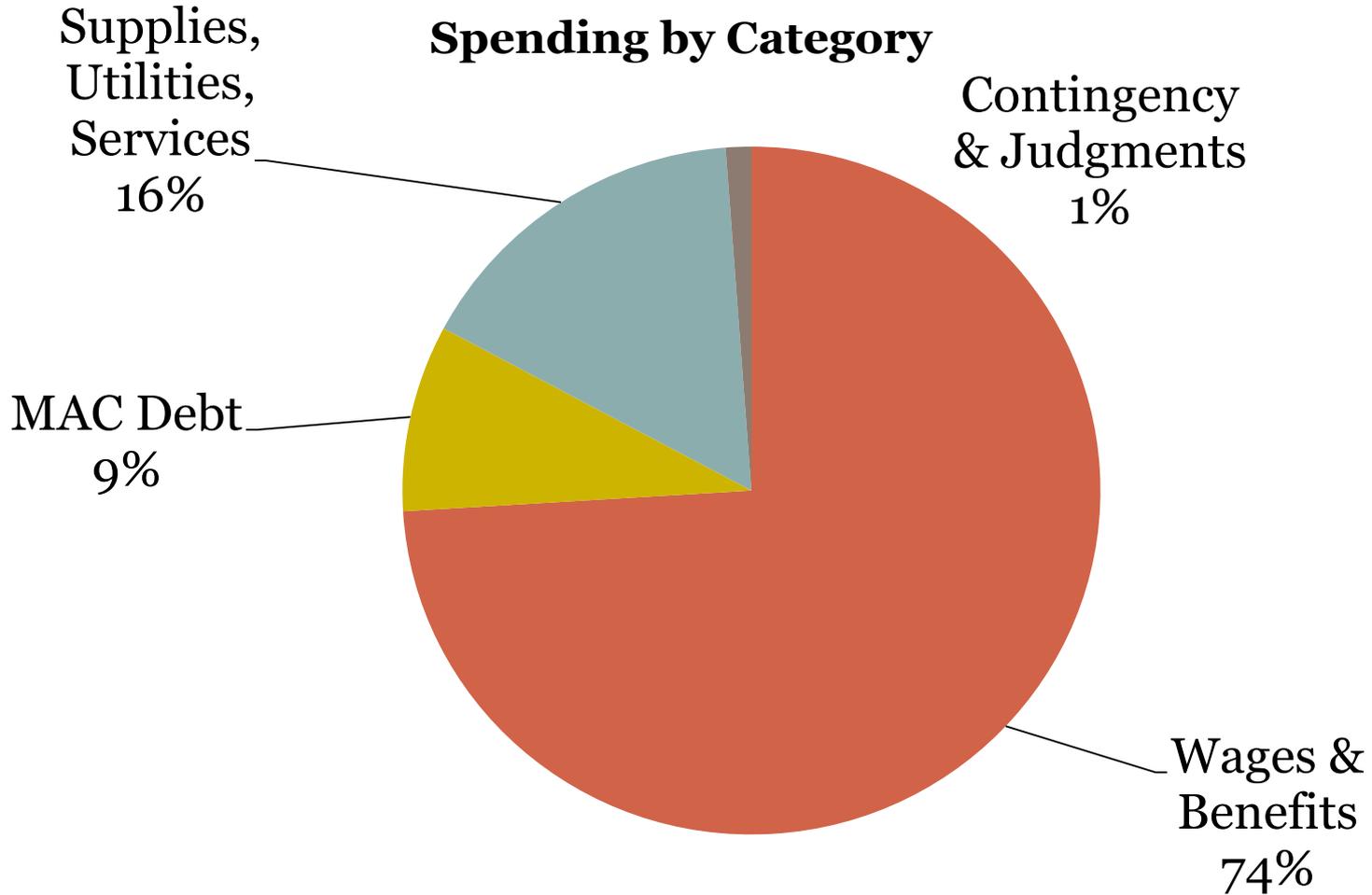
Recap: Session Two “Budget 201”



Total Annual Spending



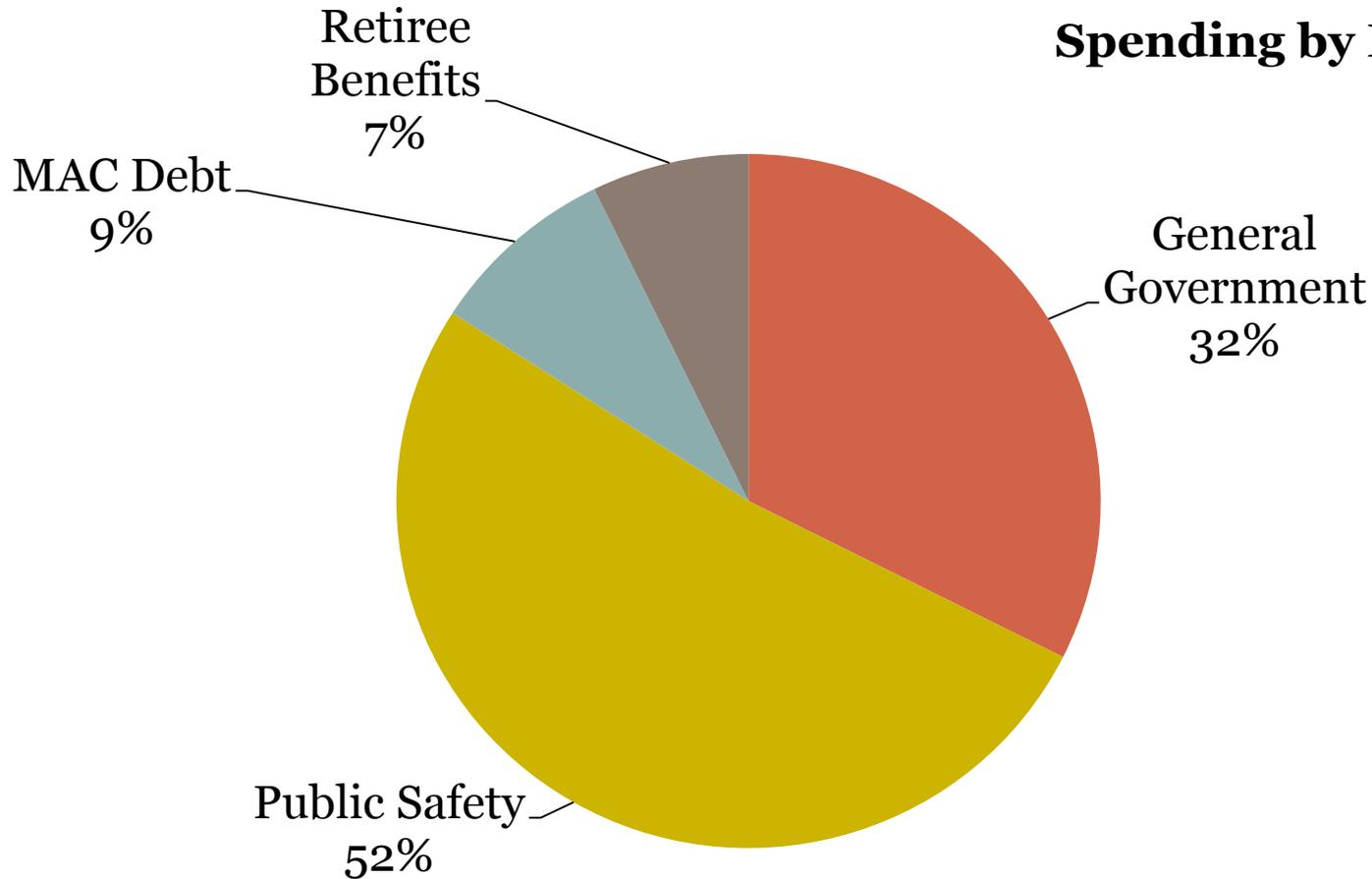
Recap: Session Two “Budget 201”



Recap: Session Two “Budget 201”



Spending by Function



Constraints and Challenges



- **Payroll & Benefits**
- **Police and Fire**
- **Overtime**



Revenue Quiz



- What percentage of our revenues comes from outside the City?
 - A) 20%
 - B) 40%
 - C) 60%
- **ANSWER: C) 60%**



Revenue Quiz



- What percentage of those revenues can we control?
 - A) 0%
 - B) 50%
 - C) 100%
- **ANSWER: A) 0%**



Revenue Quiz



- Excluding water and sewer charges how much comes from City property taxes?
 - A) 25%
 - B) 30%
 - C) 35%
- **ANSWER: B) 30%**



Revenue Quiz



- Excluding water and sewer charges how much comes from City fees?
 - A) 5%
 - B) 10%
 - C) 15%
- **ANSWER: B) 10%**



Revenue Quiz



- What percentage of those fees can we control?
 - A) 0%
 - B) 50%
 - C) 100%

- **ANSWER: C) 100%**



Revenue Quiz



- The city's three largest recurring revenues provide what percentage of our total revenues?
 - A) 25%
 - B) 50%
 - C) 75%
- **ANSWER: C) 75%**



Largest Recurring Revenues



City Real Property Taxes	\$20 Million	30%
State Sales Tax	\$16.5 Million	25%
State Revenue Sharing	\$12.3 Million	20%
		<hr/> 75%



Q&A



The Future of Troy

Progress & Optimism



Federal & State Grant Awards



● Seawall Revitalization	\$12,500,000
● South Troy Industrial Park Roadway	\$5,060,000
● Lansingburgh Water Main	\$1,900,000
● Anti-Poverty Task Force	\$1,500,000
● Troy Community Land Bank	\$1,250,000
● Ingalls Avenue Boat Launch	\$1,050,000



Federal & State Grant Awards, cont.



• Downtown Marina	\$1,000,000
• Riverfront Park Extension	\$562,000
• Powers Park Improvement	\$449,000
• Riverwalk Extension North	\$214,000
• Urban Trails	\$50,000



Quality of Life









Eight months ago, I stood before the residents of our city and promised to change the way we do business in Troy, to open a new dialogue with the public, to be open and transparent about city finances and outline how my administration will confront the challenges ahead. I will continue to openly share my thinking and respectfully engage on the many financial obstacles facing Troy.

For too long partisanship and politics have distracted us from the real issues, leading us down a path which hurt residents and taxpayers. We must show leadership devoid of personal agendas and make the difficult choices to build a stronger financial future for our city.

Mayor Patrick Madden

February 5, 2016

Share your thoughts

- ❑ Email: MayorsOffice@troy.gov
- ❑ Connect via Facebook: <http://facebook.com/Troy518>
- ❑ Follow on Twitter: @MayorMadden @TroyCityHall

