

SEPTEMBER 13, 2016

# Mayoral Budget Workshop

## Session #2



**Mayor Patrick Madden**



**“The mayor did an excellent job in providing the basics of the city budget process and presenting the circumstances in a very pragmatic way. He described the nature of the bear we must wrestle, how it got so big and bad and basically his commitment to stop the bleeding and get us turned around, as difficult as this task may be.”**

**Councilman John Donohue (R), District 6**

**Troy Record, September 8, 2016**

*Troy mayor's forum aims to take 'mystery' out of city budget process*



# Objectives for the Evening



- How and where does the City spend money?
- What is the cost of services the city provides?
- Identification of larger fiscal challenges and constraints



# Recap: Session One “Budget 101”



## ● Roles, Responsibilities, Authorities

### ○ 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

### ○ 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



# Recap: Session One “Budget 101”



# Fact-Based Budgeting



# Recap: Session One “Budget 101”



## Aversion to One-Shots

### Examples of Revenue Shortfalls:

- 2014 actual property tax collections were **\$740,000 below** budgeted estimate
- 2015 actual property tax collections were **\$640,000 below** budgeted estimate
  
- 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 will be **\$1.1 million** below budgeted estimate (*projected*)



# Recap: Session One “Budget 101”



## Consequences of Breaking the Rules

- Between 2006 and 2015 the city’s reserves **decreased** from **\$9 million** to **\$2 million**
- Between 2011 - 2015: **\$4 million** in reserves spent
- **Largest Yearly Reserve Reductions**
  - 2008 **\$850,000**
  - 2009 **\$2.6 million**
  - 2011 **\$3.2 million**
  - 2014 **\$1.4 million**
- **As a Result:**
  - Average Yearly Tax Rate Increase Reduction **4%**
  - 2006 to 2015 Total Cost of Tax Rate Increase Reduction **\$7 million**



# City of Troy Budget Quiz



**What Percentage of the budget is spent for wages plus benefits for all employees?**

- A) 30%                      B) 45%                      C) 60%                      D) 75%

**What is the total amount the City spends for public safety services (police and fire)?**

- A) \$15 million              B) \$25 million              C) \$35 million

**How much of the total is for fire and police overtime?**

- A) \$2 million                      B) \$3 million                      C) \$4 million

**What is the total amount the City spends for employee benefits?**

- A) \$10 million              B) \$20 million              C) \$30 million

**How much of the total is for retired employees?**

- A) \$2 million                      B) \$3 million                      C) \$5 million

**What is the total amount the City spends to pay debt?**

- A) \$3 million                      B) \$7 million                      C) \$10 million

**How much of the yearly total is for the MAC debt incurred by overspending in the 1980's?**

- A) \$2 million                      B) \$3 million                      C) \$6 million



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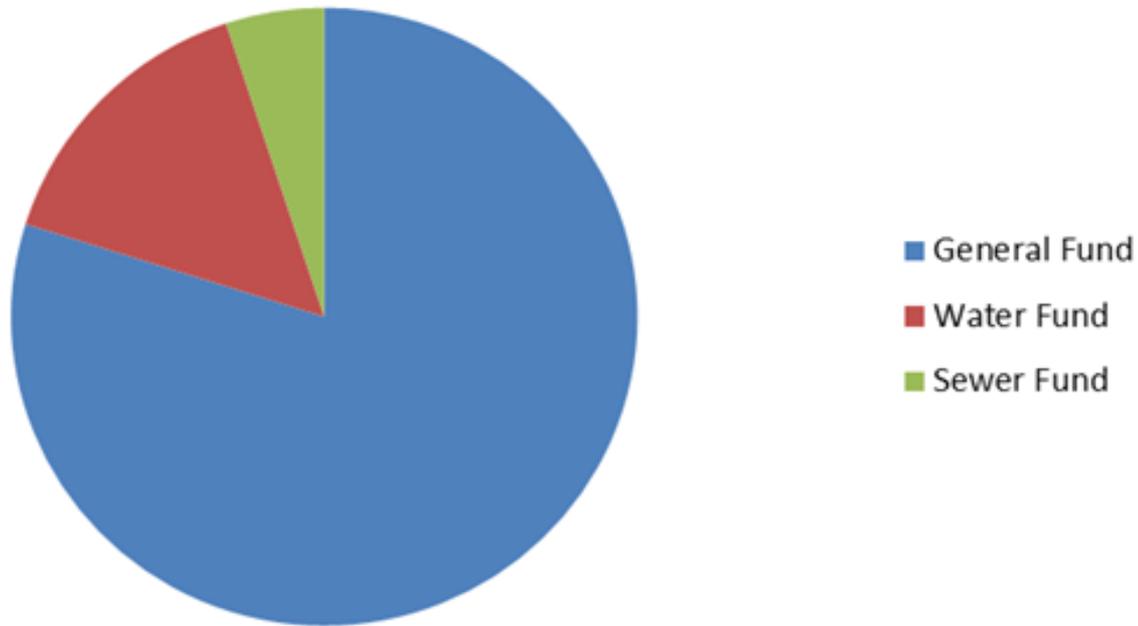
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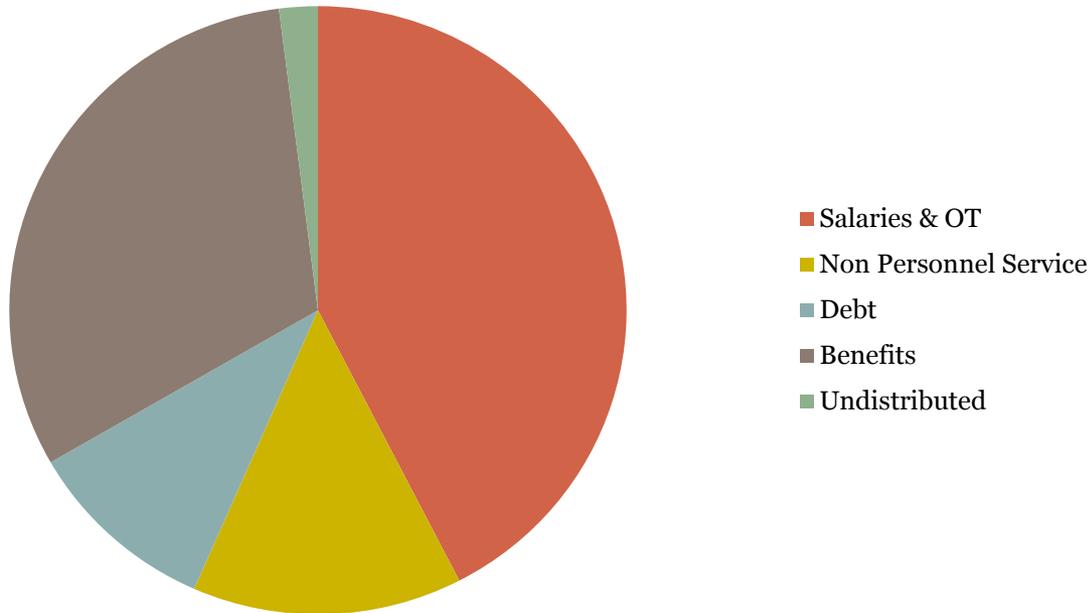
# Total Spending



General Fund	\$68,015,407.00
Water Fund	\$12,830,043.00
Sewer Fund	\$4,332,307.00
	<u>\$85,177,757.00</u>



# Spending by Category



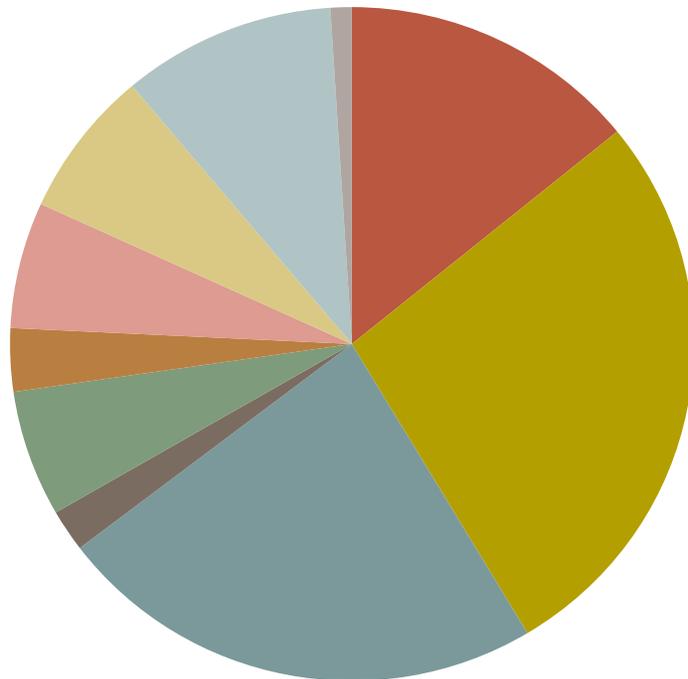
Salaries & OT	42%
Non Personnel Service	14%
Debt	10%
Benefits	31%
Undistributed	2%



# Spending by Function



## Spending By Function



- General Government
- Police
- Fire
- Other Safety & Health
- Street Maintenance
- Culture & Rec
- Home & Community
- Retiree Benefits
- Debt
- Capital & Misc

General Government	14%
Police	27%
Fire	23%
Other Safety & Health	2%
Street Maintenance	6%
Culture & Rec	3%
Home & Community	6%
Retiree Benefits	7%
Debt	10%
Capital & Misc	1%



# Constraints and Challenges



- **Payroll & Benefits**
- **Public Safety (Police and Fire)**
- **Overtime**
- **City Parks**
- **Streets**
- **Codes**



We cannot solve our problems with the same  
thinking we used when we created them.

Albert Einstein

