

The City of
TROY
2004
ANNUAL BUDGET

MARK P. PATTISON
Mayor

DEBORAH A. WITKOWSKI
City Comptroller

CITY OF TROY, NEW YORK

2004 ANNUAL BUDGET

TABLE OF CONTENTS

<u>SUMMARY</u>	<u>PAGE</u>
MAYOR'S MESSAGE.....	1
BUDGET CERTIFICATION.....	4
SUMMARY OF CITY DEBT.....	5
GENERAL TAX REQUIREMENTS.....	6
REVENUE CHART.....	7
TAX RATE CHART.....	9
EXPENDITURES CHART.....	11
REVENUES BY SOURCE.....	15
APPROPRIATIONS BY SOURCE.....	20
<u>DETAILS OF APPROPRIATIONS</u>	
CITY COUNCIL.....	25
MAYOR.....	29
OFFICE OF CITY COMPTROLLER - ADMINISTRATION.....	33

BUREAU OF THE AUDITOR.....	37
OFFICE OF CITY COMPTROLLER - BUREAU OF CASH RECEIPTS.....	40
OFFICE OF CITY COMPTROLLER - CONTRACTS AND PROCUREMENT.....	44
OFFICE OF CITY COMPTROLLER - BUREAU OF ASSESSMENTS.....	48
CITY CLERK.....	52
CORPORATION COUNSEL.....	56
OFFICE OF CITY COMPTROLLER - PERSONNEL AND CIVIL SERVICE.....	60
MAYOR – CITY SERVICES - ENGINEER.....	64
ELECTIONS.....	68
MAYOR – CITY SERVICES - ADMINISTRATION.....	71
DEPARTMENT OF PUBLIC WORKS - FACILITIES MAINTENANCE.....	75
DEPARTMENT OF PUBLIC WORKS - CENTRAL GARAGE.....	79
INFORMATION SYSTEMS.....	83
WORKERS COMPENSATION/HEALTH INSURE ADMIN./NYS WORKERS COMP FEES.....	87
UNALLOCATED INSURANCE.....	89
ASSOCIATION DUES.....	91

JUDGMENTS AND CLAIMS.....	93
TAXES AND ASSESSMENTS ON PROPERTY.....	95
INSURANCE RESERVE.....	97
CONTINGENT ACCOUNT.....	99
TROY MAC.....	101
PUBLIC SAFETY - POLICE.....	103
DEPARTMENT OF PUBLIC WORKS - TRAFFIC CONTROL.....	110
PUBLIC SAFETY - FIRE.....	114
EXAMINING BOARDS.....	120
MAYOR – CITY SERVICES - CODE ENFORCEMENT.....	123
RECORDS MANAGEMENT & VITAL STATISTICS.....	127
DEPARTMENT OF PUBLIC WORKS - STREET MAINTENANCE.....	131
MAYOR – CITY SERVICES – PARKS, RECREATION AND EVENTS.....	135
MAYOR – CITY SERVICES – YOUTH BUREAU.....	139
LIBRARY.....	141
TROY VISITOR’S CENTER.....	143
MAYOR – CITY SERVICES -PLANNING AND COMMUNITY DEVELOPMENT.....	145

ZONING BOARD AND PLANNING COMMISSION.....	149
DEPARTMENT OF PUBLIC WORKS - SANITATION.....	152
FLOOD AND EROSION CONTROL.....	156
HOSPITAL AND MEDICAL INSURANCE - RETIREES.....	158
DENTAL INSURANCE - RETIREES.....	160
GENERAL FUND BONDS.....	162
BOND ANTICIPATION NOTES.....	164
TRANSFER TO RISK RETENTION FUND.....	166
TRANSFER TO CAPITAL PROJECTS FUND.....	168
GENERAL FUND SUMMARY.....	170
<u>WATER FUND</u>	
PUBLIC UTILITIES - GARAGE.....	171
PUBLIC UTILITIES - ADMINISTRATION.....	175
PUBLIC UTILITIES - PUMPING STATION.....	180
PUBLIC UTILITIES - PURIFICATION.....	182
PUBLIC UTILITIES - TRANSMISSION.....	187
WATER FUND BONDS.....	192

WATER FUND SUMMARY.....	194
<u>SEWER FUND</u>	
SANITARY SEWERS.....	195
SEWER BONDS.....	200
SEWER FUND SUMMARY.....	202
GRAND TOTALS.....	203



Mark P. Pattison
Mayor

Office of the Mayor

Phone (518) 270-4401
Fax (518) 270-4609

October 1, 2003

Honorable Harry Tutunjian, City Council President
Honorable Members of the City Council,

Pursuant to the Troy City Charter we are submitting to you our recommended budget for 2004.

For the past eight years we have presented City budgets that articulated our strategy to deal with what was and is the City's long-term financial problem.

The strategy was simple to articulate, achievable, but politically difficult. Restore Fiscal Integrity, make the City Cleaner and Safer and Revive our Economic Vitality.

The underpinnings of all of our efforts were balanced budgets and long term financial planning, which resulted in a restored fiscal confidence in Troy as evidenced by four Moody's Investor Services bond rating upgrades.

Restored Fiscal Confidence as evidenced by four Moody's Upgrades.

Each budget year we have explained the long-term dilemma of flat revenues and increasing costs, matched against maintaining basic City services and providing for strategic investments.

We have achieved our goals. We have had eight years of balanced budgets. We have invested in essential City services, increased our police force, implemented community policing and provided the City work force the required vehicles and assistance to do their jobs. We have restructured our fire bureau, increasing our efficiency while dramatically lowering the cost of the protection. We have innovated and done more with less in the provision of sanitation, streets and recreational services. Continuing our program of providing for "Cleaner and Safer" streets, we are including four new police officer positions and an assistant code enforcement position in the 2004 City Budget. These new positions, together with a new engineering aide position, are all 100% grant funded.

Continuing our program of providing for "Cleaner and Safer" streets, we are including four new police officer positions and an assistant code enforcement position in the 2004 Budget.

We have developed long-range economic development plans, principally the South Troy Working Waterfront Project, and have implemented strategies that have resulted in an increased housing market and produced the largest building investment in the City's history. The RPI Biotechnology and Cultural Center Project alone is valued at \$255 million with over 490 professional positions soon to be hired.

Produced the largest building investment in City's history.

It has not been easy. Along the way we have reduced the city work force and cut costs. This Budget continues that trend of eliminating vacant positions adding to the reductions made last year through attrition and early retirement. All told we have reduced the city work force during my administration from 595 to 508 full-time equivalent positions.

Despite our workforce reductions, the 2004 City Budget supports additional funding for our Library, Visitors Center and Youth Programs. These worthwhile and value added programs provide much needed community services. Unfortunately, these programs have seen other funding resources dwindle causing severe strains on their operations. Therefore, an increase in City funding support is warranted.

During the past two years, the City Council has chosen not to follow our budgetary advice on a number of issues, recommendations, and programs. This lack of budgetary support gives us great concern as we now reach a new fiscal crossroad. We face significant challenges, not only in the short term, but also to our long-term sustainable future.

Today, we are presenting a sound Budget that takes into account the difficult economic times and the huge school and county tax increases our citizens have had to absorb over the past two years. This Budget uses all of our available resources and is balanced between reasonable estimates of revenues and expenses to include a modest 3% property tax and a 3% water rate increases.

There are, however, serious policy choices to be made and serious consequences, which go along with each of these choices.

We will use the balance of our supplemental state aid (distressed cities aid) as part of the General Fund. This revenue is available only because of our past insistence not to use it as recurring revenue. Last year we were forced to use half of distressed cities aid as operating revenue. This year we have no choice but to use all distressed cities aid as revenue in support of normal operations. No distressed cities aid will therefore be available to support a capital budget in the coming fiscal year.

We must have an annual Capital Program if the City is to maintain positive growth and progress.

The consequence of this decision is that we eliminate the opportunity for on going capital investments; for police cars, fire trucks, snowplows, building repairs and technology. That is why we recommended to the Council that they consider an additional borrowing last year, interest rates were at historic lows and we could have funded a \$10 million Capital Program for the next three years (2004-2006). Unfortunately, the City Council chose not to follow our recommendation. We must have an annual capital program if the City is to maintain positive growth and progress. We recommend as a solution, that the City Council use the \$680,000. in FY2002 Distressed Cities funding which was placed in a capital reserve account and the \$1.2 Million available FY2003 Distressed Cities funding to create a capital budget in FY2004. This recommended action will insure the continuation of our critical capital projects which the Administration has already identified and brought to the City Council's attention.

For the past four years, we have tried to warn the City Council about escalating costs for health care and retirement. Health care has increased an average of 14% over the past five years. This year health care will increase 12%.

Today we face a 300% increase in retirement costs. The retirement costs are on top of a 100% increase last year. The catastrophic size of the retirement cost increase will require the City to take advantage of the state's offer to finance this increase over the next five years beginning in 2004. Unfortunately, this arrangement will have unavoidable consequences. Next year, we will still have to pay the increased costs plus the new annual financed installment payment, thus further restricting our future financial flexibility.

These fixed costs categories represent an increase in our Budget of about five million dollars and that's before we even begin to address other necessary expense items such as heat, light and fuel.

Recently, it has been reported that the City Council will use prior years' distressed cities aid, which was either placed in a reserve account, or left unappropriated, as part of 2004 operating revenue. This action is unsound and fiscally irresponsible. It would constitute a retreat to the failed fiscal policies of the past. Under that scenario, the City

Council would use one-shot revenue to pay for recurring expenses, thus creating an unbalanced 2005 City Budget. We are wholeheartedly against such a fiscally unsound action as this.

Under that scenario, the City Council would use on-shot revenue to pay for recurring expenses, thus creating an unbalanced 2005 City Budget. We are wholeheartedly against such a fiscally unsound action as this.

Our Administration won't be in the position to implement the 2004 Budget. Nonetheless, in keeping with our past record of performance, we have presented a Budget which offers the City the best chance of success in 2004. We stand behind this Budget 100% and urge you to seriously consider any decision to modify this plan. The long-term consequences could be catastrophic.

We have presented a Budget, which offers the City the best chance of success in 2004.

An alternative budget approach could be a blend of the aforementioned choices coupled with a larger tax increase. This is an issue for this City Council to decide and should be a topic of conversation during the current election cycle. Candidates running for City office this year should offer their ideas on how to solve our budget problems. City residents deserve to know how their public officials plan to resolve these fiscal issues. We stand ready to work with the current City Council, to provide Troy residents a Budget that is fair and provides the necessary level of City services.

Our administration has always made the difficult budget choices. We have cut the budget to the bone, eliminated positions, and have taken advantage of every revenue asset we have available. However the Council resolves these budgetary issues, we still have a future, but only if we fully understand the decisions we will make, the consequences that follow, and how we intend to deal with them. Courage and resolve will be needed to insure that the best decisions are made for Troy's financial future. We strongly urge that the Troy City Council adopt the 2004 City Budget as presented. We firmly believe our Budget offers the best financial hope for the City of Troy's future financial stability and growth.


Courage and resolve will be needed to insure that the best decisions are made for Troy's financial future.

BUDGET CERTIFICATION

STATE OF NEW YORK)
COUNTY OF RENSSELAER) .SS:

MARK P. PATTISON, being duly sworn, deposes and says, that I am the Mayor of the City of Troy, New York and I make this certification pursuant to Section 5.20.3 of the Troy City Charter. I herein certify that to the best of my knowledge and belief, the within budget recommendation reflects all known or anticipated revenues, and is in balance between total expenditures and total revenues.

Dated: Troy, New York
October 1, 2003


Mark P. Pattison

Sworn to before me this
1st day of October 2003

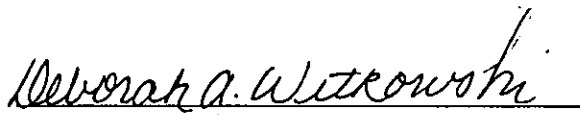

Notary Public

YOLANDA SORRENTO CAOLA
Notary Public, State Of New York
Reg #01CA9110825
Residing In Rensselaer County
Comm. Expires: 12/31/ 06

STATE OF NEW YORK)
COUNTY OF RENSSELAER) .SS:

DEBORAH A. WITKOWSKI, being duly sworn, deposes and says, that I am the City Comptroller of the City of Troy, New York and I make this certification pursuant to Section 5.20.3 of the Troy City Charter. I herein certify that to the best of my knowledge and belief, the within budget recommendation reflects all known or anticipated revenues, and is in balance between total expenditures and total revenues.

Dated: Troy, New York
October 1, 2003


Deborah A. Witkowski

Sworn to before me this
1st day of October 2003


Notary Public

YOLANDA SORRENTO CAOLA
Notary Public, State Of New York
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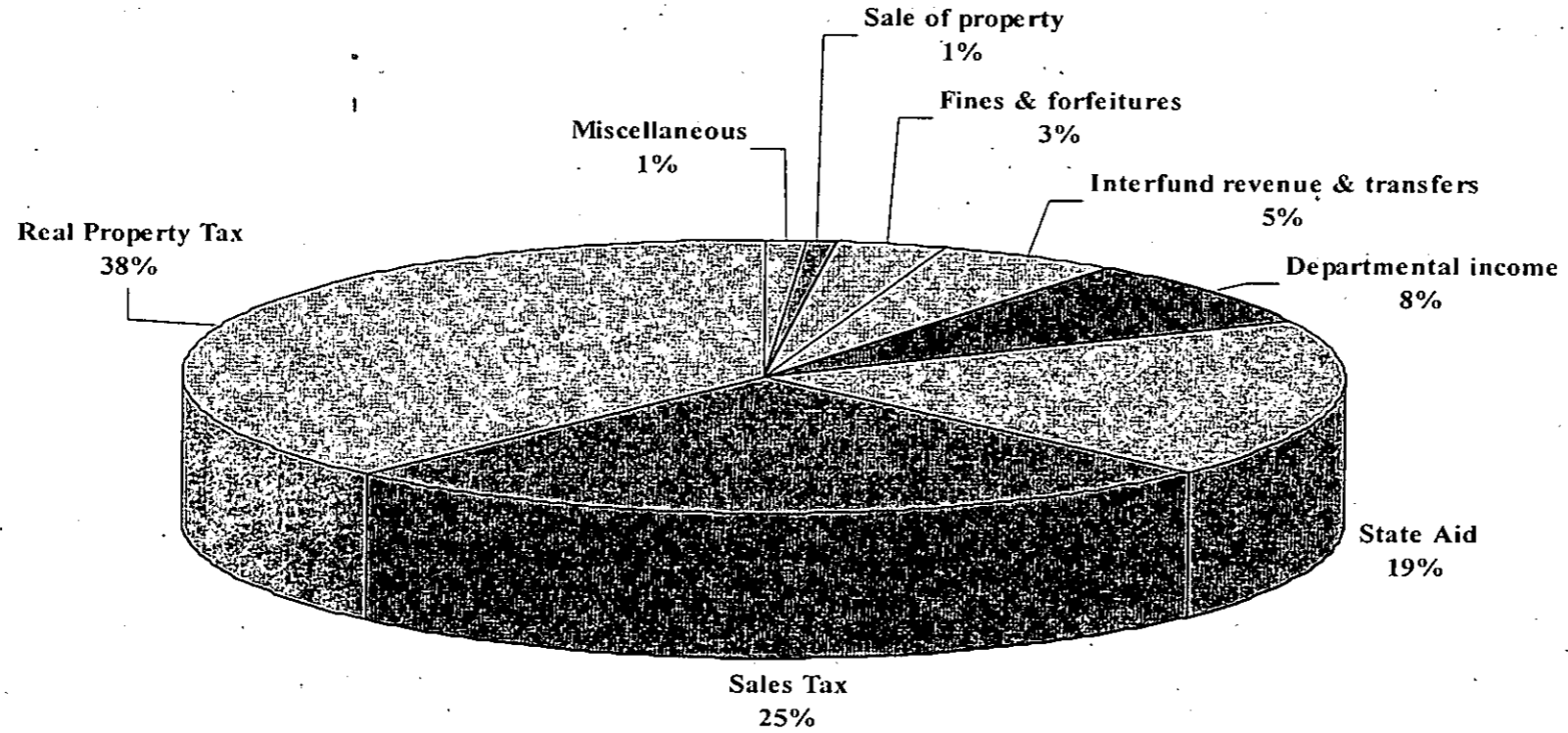
City of Troy
2004 Annual Budget
Summary of City Debt as of October 1, 2003

Description	Amount
I. General Fund	
Serial Bonds	\$ 975,000.
Bond Anticipation Notes	250,000.
Troy M.A.C.	<u>70,717,293.</u>
Total General Fund	\$71,942,293.
II. Water Fund	
Serial Bonds	\$ 4,265,000.
III. Sewer Fund	
Serial Bonds	\$ 120,000.
Bond Anticipation Notes	<u>3,242,500.</u>
Total Sewer Fund	\$ 3,362,500.
Grand Total – All Funds	<u>\$79,569,793.</u>

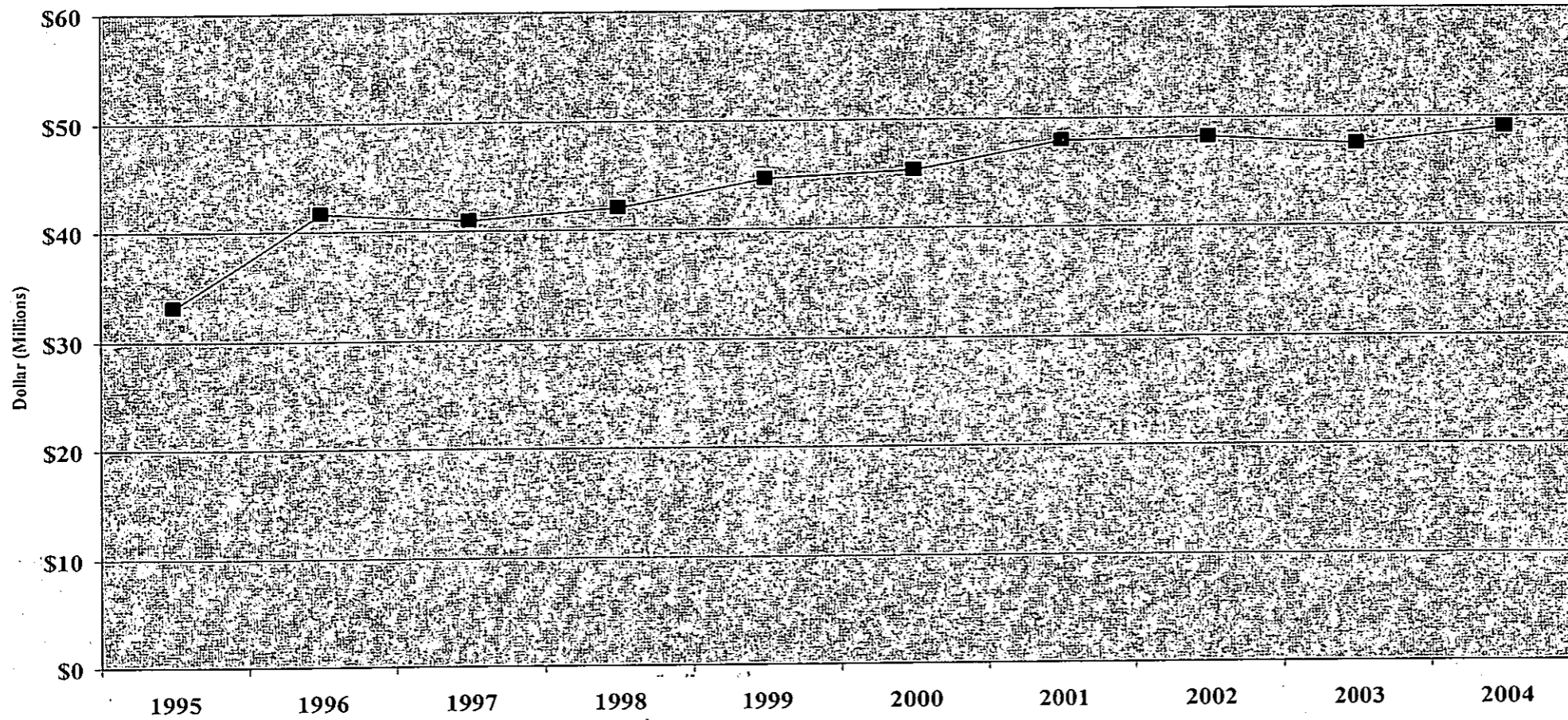
**City of Troy
 Annual Budget - Summary of General Tax Requirements
 2004 Fiscal Year**

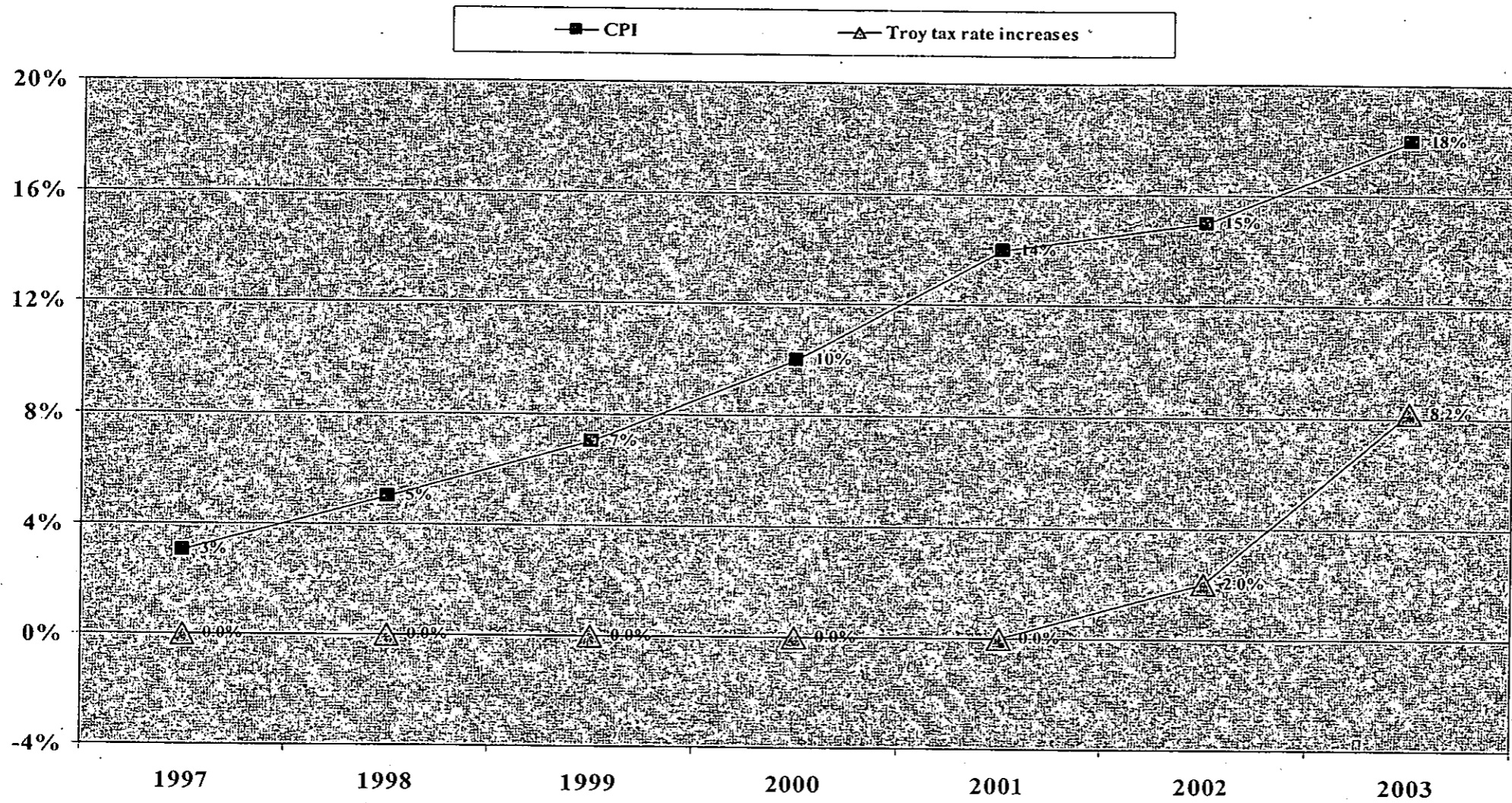
I. APPROPRIATIONS - GENERAL FUND		\$49,126,389
II. REVENUE SOURCES		
Local Revenues		\$20,073,306
Interfund Revenues		1,994,002
State Aid		9,469,794
Federal Aid		241,500
Interfund Transfers		1,630,173
Appropriated Fund Balance		
BALANCE - REVENUE REQUIRED FROM REAL PROPERTY TAXES		\$15,717,614
III. REAL PROPERTY TAX LEVY		
Revenue Required for Appropriations		\$15,717,614
Add: Provisions for Uncollectible Taxes		1,100,000
Add: Provision for Uncollectible School Taxes		610,000
Add: Provision for Redemption of B.A.N.'s		0
Subtract: Estimated Collections - Prior Year's Taxes		900,000
TOTAL REQUIRED TAX LEVY		\$16,527,614
IV. ASSESSMENTS		
Total Assessed Valuation		\$573,899,731
Less: Exempt Valuations		322,567,401
Net Taxable Valuation		\$251,332,330.
V. TAX RATE 2004		\$65.76
2003	63.84	
2002	59.06	
2001	57.90	
2000	57.90	
1999	57.90	

City of Troy Revenue



Total Revenues





City of Troy Tax Rates 1995-2003

