

LET'S TALK BUDGET

City Council & City Controller Presentation

April 18, 2018

6:30pm – 7:30pm

Niagara Street School

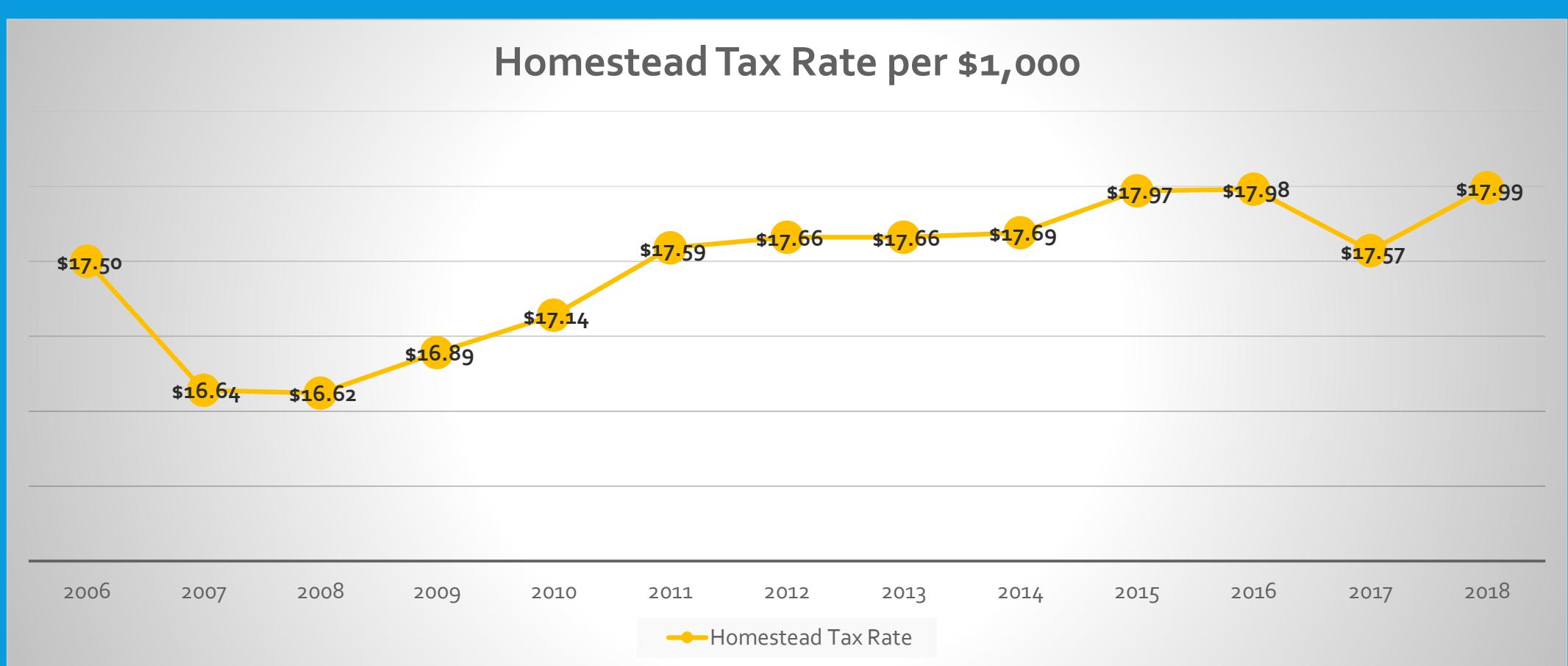
TOPICS TO DISCUSS

- Property Tax Rates
 - Homestead
 - Non-Homestead
 - Tax Levy
- 2018 Budget Information
- Current Audits
- Comparison to Other Municipalities
- Casino Reserves and Capital Projects
- Bond Rating
- 2019 Budget Process
- Questions and/or Comments

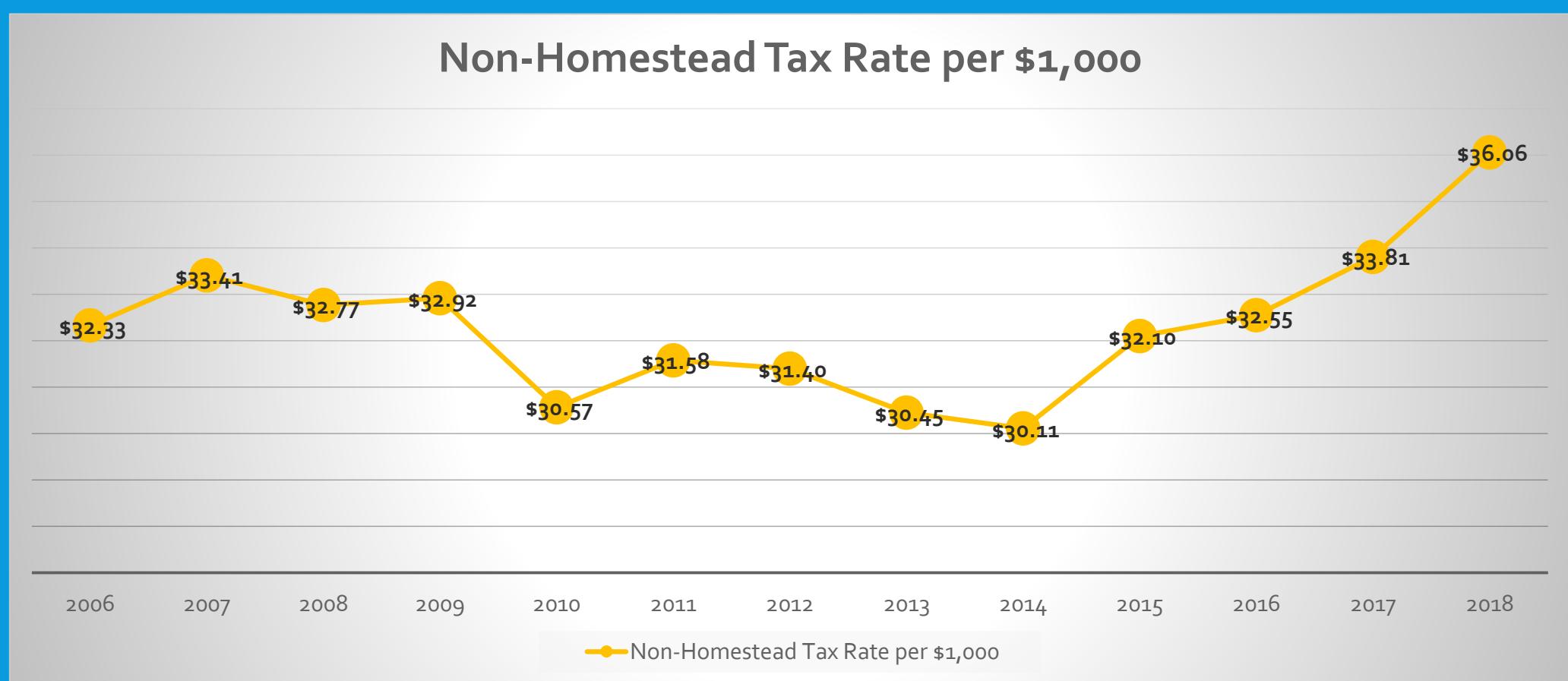
2018 PROPERTY TAX RATES

- City Tax - \$17.993487 Homestead and \$36.060027 Non-Homestead
- School Tax - \$19.389575
- County Tax - \$9.234148
- On a single-family house assessed at \$100,000:
 - City Tax = \$1,799.35 (38.6%)
 - School Tax = \$1,938.96 (41.6%)
 - County Tax = \$923.41 (19.8%)
 - Total Tax = \$4,661.72

HOMESTEAD TAX RATES – 2006 - 2018



NON-HOMESTEAD TAX RATES – 2006 -2018



PROPERTY TAX LEVY – 2006 - 2018



2018 BUDGET - REVENUE

- Total revenue included in General Fund - \$91.4 million total:
 - \$76.8 million in actual revenue generated from General Fund activities
 - Property Taxes - \$29.8 million
 - State Aid - \$19.1 million
 - Sales Tax - \$18.5 million
 - PILOT's - \$4.8 million
 - \$14.6 million in transfers in from other funds
 - \$11.2 million in Tribal Revenue
 - \$1.8 million in Parking Operations

2018 BUDGET - REVENUE

- Highlights of 2018 General Fund revenue:
 - HRU Sales Tax (Hotel, Restaurant, & Utility) Revenue – Budget amount of **\$7.6 million** in 2018
 - In 2017 total revenue was **\$8.04 million** (first time breaking **\$8 million** threshold). Budget was **\$7.3 million**. City averaged **\$6.8 million** over previous five years.
 - County Sales Tax Revenue – Budget amount of **\$9.1 million** in 2018
 - In 2017 total revenue was **\$9.17 million** (first time breaking **\$9 million** threshold). Budget was **\$9.1 million**. City averaged **\$8.8 million** over previous five years.
 - Parking Violations – Budget amount of **\$400,000** in 2018
 - In 2017 total revenue was **\$380,000**, representing a **\$100,000** increase from 2016. Budget was **\$400,000**. Approximately **\$150,000** collected in last four months of 2017 due in part to amnesty program.

2018 BUDGET – PARKING OPERATIONS REVENUE

- Total budgeted revenue from Parking Ramp and Parking Lots is \$2.5 million in 2018
 - Total revenue earned in 2017 was \$2.3 million
 - Increased daily parking rates during peak season from \$20 to \$25 in 2018
 - Finalizing plans to begin charging for bus parking in 2018
 - Parking Ramp revenue broke the \$1 million threshold for the first time ever. Actual 2017 revenue was \$1.07 million. Budget was \$925,000 in 2017 and is \$1,225,000 in 2018.
 - Parking Meter revenue was \$878,000 in 2017. Budget was \$500k in 2017 and is \$875,000 in 2018.
 - Approximately \$285k in credit card transactions through our Square Point of Sale program in 2017.

2018 BUDGET – TOURISM FUND REVENUE

- Occupancy tax revenue for 2017 is highest ever at \$3.38 million. Approximately \$2.7 million is bed tax and \$673k is reserved for NFTA Trolley operations.
 - Destination Niagara to receive approximately \$2.16 million of bed tax revenue
 - City portion of bed tax revenue is approximately \$540k
- Bed tax has seen a 123% increase in revenue from 2008 levels. \$2.7 million versus \$1.2 million.

2018 BUDGET - EXPENSES

- General Fund:
 - Total expenses of \$82.9 million in budget. Additional \$8.5 million of other costs related to:
 - debt service - \$6.2 million
 - library - \$1.8 million
 - risk retention - \$300k
 - train station - \$170k
 - Included in \$82.9 million of budgeted expenses:
 - \$38.3 million is personnel costs (46.1%)
 - \$34.0 million is employee benefit costs (41.1%)
 - \$10.6 million is operating costs (12.8%)

2018 BUDGET – PERSONNEL COSTS

- Included in \$38.3 million of personnel costs:
 - \$27.6 million (72.1%) is public safety (Police & Fire)
 - \$15.3 million is Police and \$12.3 million is Fire
 - \$6.3 million (16.3%) is DPW
 - \$4.4 million (11.6%) is all other departments
- \$2.6 million in overtime costs included in budget
 - \$1.6 million (61.5%) is Police
 - \$793k (30%) is Fire
 - \$217k (8%) is DPW
 - \$14k (0.5%) is all other departments

2018 BUDGET – EMPLOYEE BENEFIT COSTS

- Included in \$34.0 million of employee benefits cost:
 - \$18.5 million in medical & dental insurance costs (54.4%)
 - \$9.3 million represents amounts paid for retirees (50.1% of medical & dental costs)
 - Contributions to health care out of 570 active positions in budget
 - 339 contribute 0% to health care (59.5%)
 - 144 contribute 5% (25.3%)
 - 15 contribute 10% or 15% (2.6%)
 - 47 receive the opt-out (8.2%)
 - 25 decline health care coverage – City spouse or age requirement (4.4%)
 - \$9.7 million in retirement costs (28.5%)
 - Police & Fire retirement is \$7.7 million
 - NYS ERS retirement is \$2 million
 - \$5.8 million in FICA, workers compensation, and life insurance costs (17.1%)

2018 BUDGET – OPERATING COSTS

- Included in \$10.6 million of operating costs
 - \$3.5 million in garbage collection
 - \$1.3 million in street lighting
 - \$1.1 million in utilities (light/power, water/sewer, and natural gas)
- Operating costs were reduced by \$970k in 2018 budget (10.7%) when compared to 2017 adopted budget

2018 BUDGET – SUMMARY COSTS

- Out of the \$82.9 million budget:
 - \$46.3 million is public safety (55.8%) – Police & Fire
 - \$16.7 million is DPW (20.1%)
 - \$19.9 million is all other costs (24.1%)

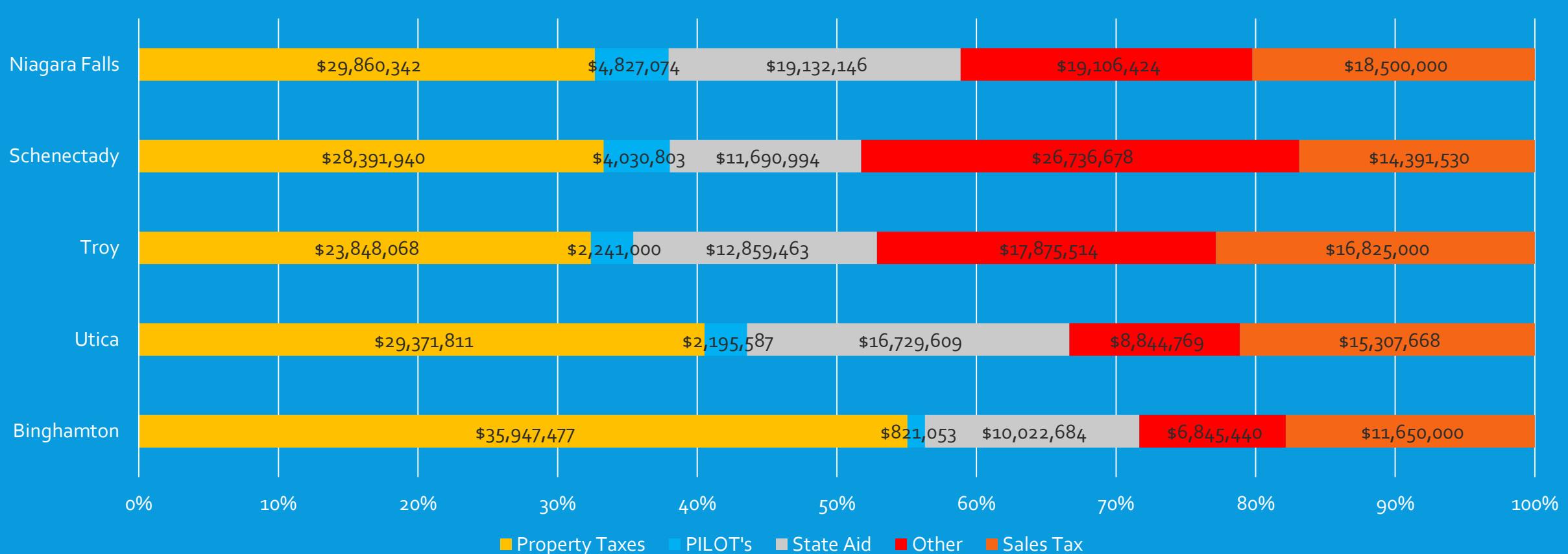
CURRENT AUDITS

- Contracts with Troy & Banks for the following audits:
 - Street Light Audit – Costs associated to Street Lighting Division within DPW
 - Gross Receipts Tax Audit – Gross Receipts Revenue
 - Cable Franchise Fee Audit – Franchise Fee Revenue
- Pending Telecommunications Audit (telephone, cell phone, internet)

MUNICIPALITY COMPARISON

- City of Niagara Falls – Approx. 50,000 population / 16.80 square mileage
- City of Binghamton – Approx. 46,000 population / 11.14 square mileage
- City of Schenectady – Approx. 66,000 population / 11.00 square mileage
- City of Troy – Approx. 49,000 population / 11.00 square mileage
- City of Utica – Approx. 60,000 population / 17.02 square mileage

2018 BUDGET – REVENUE COMPARISON



2018 BUDGET – GENERAL FUND EXPENSES

- City of Niagara Falls - \$91,425,986
- City of Schenectady - \$85,241,945
- City of Troy - \$73,649,045
- City of Utica - \$72,449,444
- City of Binghamton - \$65,286,654

2018 BUDGET – POLICE & FIRE COSTS

- City of Niagara Falls - \$46.3 million – 50.6% of budget
- City of Utica - \$42.0 million – 58.0% of budget
- City of Schenectady - \$38.6 million – 45.3% of budget
 - does not include health benefit costs
- City of Troy - \$35.7 million – 48.5% of budget
- City of Binghamton - \$27.9 million – 42.7% of budget
 - does not include health benefit costs

2018 BUDGET – EMPLOYEE BENEFIT COSTS

- City of Niagara Falls - \$34.1 million – 37.3% of budget
- City of Schenectady - \$28.7 million – 33.6% of budget
- City of Troy - \$24.8 million – 33.6% of budget
- City of Binghamton - \$19.0 million – 29.1% of budget
- City of Utica - \$18.3 million – 25.3% of budget
 - Social Security costs not included

MUNICIPALITY COMPARISON

- City of Niagara Falls – Approximately \$3.5 million in costs related to refuse and garbage collection.
 - Schenectady – Refuse & Trash user fee - \$4.7 million in revenue
 - Troy – Refuse & Trash user fee - \$3.5 million in revenue
 - Binghamton – General Fund subsidizes approximately \$2.7 of \$3.8 million cost.
 - Utica – Solid Waste Authority for garbage collection. A user fee is charged.
- City of Niagara Falls – Approximately \$1.8 million in costs related to the library.
 - Schenectady and Troy each have special library districts
 - Utica – Library funding is included in school taxes
 - Binghamton – Approximately \$718,000 in library funding provided by General Fund

MUNICIPALITY COMPARISON

- City of Niagara Falls – Until 2018, general fund subsidized golf course between \$280,000 - \$420,000 annually from 2014 through 2017.
- Schenectady – Net income of \$105,000 budgeted for 2018. Actual net income earned of \$25,000 in 2016.
- Binghamton – Outsourced to private developer. City receives \$65,000 in annual lease payments.
- Utica – General fund subsidizes approximately \$30,000 - \$50,000 annually for the past four years.
- Troy – Golf revenue and expenses are grouped into general fund.

MUNICIPALITY COMPARISON

- City of Niagara Falls has approximately 540 full time employees included in General Fund.
 - Schenectady – Approximately 520 employees
 - Troy – Approximately 440 employees
 - Utica – Approximately 465 employees
 - Binghamton – N/A

MUNICIPALITY COMPARISON

- City of Niagara Falls receives \$3,500 in revenue for ambulance licenses and services provided within the City.
 - Schenectady - \$300,000 budgeted for paramedic/ambulance fees. \$325,000 actual revenue received in 2016.
 - Troy - \$2 million in life support medical fees budgeted in 2018. \$2.2 million actual received in 2016.
 - Utica - \$2 million in revenue related to ambulance reimbursement budgeted in 2018.
 - Binghamton - \$700,000 in ambulance charges budgeted in 2018. \$710,000 received in 2016.

CASINO RESERVES & CAPITAL PROJECTS

- Casino Reserves:
 - Currently \$546,300 available – assuming all 2018 allocated amounts are needed
 - 3625 Highland Avenue Project – processing \$500,000 Empire State Development Grant and a National Grid grant up to \$250,000. All grants received will be reimbursed to casino reserves.
 - Closing out Train Station and Customs House projects which could result in additional transfers back to the casino reserve.
- Capital Projects:
 - Currently approximately \$658,000 in available funds for miscellaneous road improvement projects.
 - Currently approximately \$5,000 in available funds for tree removal project.

BOND RATINGS

- 2017 review of City of Niagara Falls:
 - ***S&P Global Ratings*** – Maintained BBB+ rating with a negative outlook. This represents adequate creditworthiness. Considered the lowest of what is known as an investment-grade bond rating.
 - ***Moody's Investor Services*** – Downgraded to Baa3 rating with a negative outlook. This is the lowest tier of what is generally considered 'investment grade'. This implies average creditworthiness.
 - ***Fitch Ratings*** – Maintained BBB+ rating with a stable outlook. Represents a moderate default risk relative to other issuers or obligations in the same country.
- Rating agencies providing specific outlooks do not represent a rating change will occur.

2019 BUDGET PROCESS

- Meet with each department head in coming months to review budget figures
 - Historical spend
 - Anticipated changes in 2019
 - Staffing levels (i.e. retirements)
- Review revenue figures
 - Input from department heads needed for various items
- New York State mandated costs (i.e. retirement)

2019 BUDGET PREPARATION

- Seneca Nation dispute with NYS
- General Fund:
 - Risk Retention funding - currently \$300,000 annually
 - Community Development funding - currently \$0 for 2018
 - Annual union contract wage increases
 - Animal control costs – currently \$200,000 in 2018
 - Fire hydrant costs – 2017 costs was approximately \$215,000
 - N.F.C Development funding

QUESTIONS / COMMENTS?

?