



October 22, 2014

CITY OF SARATOGA SPRINGS
Budget Workshop
City Council Room
1:00 PM

PRESENT: Michele Madigan, Commissioner of Finance
John Franck, Commissioner of Accounts
Anthony Scirocco, Commissioner of DPW
Christian Mathiesen, Commissioner of DPS

STAFF PRESENT: Joe Ogden, Deputy Mayor
Lynn Bachner, Deputy Commissioner, Finance
Sharon Kellner-Byrnes, Deputy Commissioner, Accounts
Eileen Finneran, Deputy Commissioner, DPS

EXCUSED: Joanne Yepsen, Mayor
Tim Cogan, Deputy Commissioner, DPW

RECORDING OF PROCEEDING

The proceedings of this meeting were taped for the benefit of the secretary. Because the minutes are not a verbatim record of the proceedings, the minutes are not a word-for-word transcript.

CALL TO ORDER

Commissioner Madigan called the meeting to order at 1:08 p.m.

PUBLIC COMMENT

Commissioner Madigan opened the public comment period at 1:09 p.m.

No one spoke.

Commissioner Madigan closed the public comment period at 1:09 p.m.

BUDGET WORKSHOP

Commissioner Madigan advised this is the third budget workshop. Today they will be reviewing the Department of Public Safety and the Department of Public Works. Tuesday will be the fifth budget workshop.

Commissioner Mathiesen stated they thoroughly reviewed the budget and they are happy with the budget. They would like to follow through with it as it stands.

Commissioner Scirocco stated they have a budget committee that constantly goes through their budget throughout the year. This is a budget they can live with; it's a little more than they had last year.

Commissioner Scirocco stated in regard to the Waterfront Park, an operation/maintenance plan needs to be put in place. He may come back to the Council for an additional person as he doesn't know what will be needed as nothing is going on out there right now.

Commissioner Madigan asked Commissioner Scirocco to take a look at that sooner rather than later.

Commissioner Scirocco stated he put in for a director and it is not in the budget. He may come back for that position at some time in the future.

Commissioner Madigan advised there has been some flexibility built into the budget so if they can move on that position they will be ready.

Commissioner Franck stated Commissioner Scirocco stated the position would be added in the future. Is the future this year or a transfer next year; it seems it is a done deal. Will this be after the budget is voted on or before?

Commissioner Scirocco stated there is money in his budget to compensate for it.

Commissioner Franck asked if the money was put in a line for the director.

Commissioner Scirocco stated he would have to find the money from within his budget and transfer it.

Commissioner Franck stated he is backing the position but feels it would be good budgeting to put the money in the director line because if the position isn't filled, then there is too much money in another line.

Commissioner Madigan advised this position would be funded over three different budgets; water, sewer, and general. There is still work that needs to be done with Civil Service as the position is not ready yet. To fund the line without the work being done could limit Commissioner Scirocco with what he can do with this position.

Commissioner Franck stated he would like to know which lines the money is currently in for the director position so they know before they vote.

Commissioner Madigan stated they will get that for him. Nothing else can be done with that money because it would require a transfer.

Commissioner Madigan stated the Finance Department proposed 2015 budget shows a 20.3% increase or \$552,024 over the 24 adopted budget. There are a number of items that flow through the Finance Department that affect the City's bottom line and are required budget items that have little or nothing to do with the department staff or operations. The majority of the increase (\$441,034) is due to 2 lines; contingency line and inter-fund transfer line. The settlement of the City Hall contract increased the finance budget by \$56,344 and the help desk technician was increased by \$17,264 over amounts budgeted for 2014. This is more than offset by decreases in equipment, software, and a retirement in the Finance Department. Contingency is budgeted for emergencies, unexpected events, and to cover the costs of newly settled contracts. She budgeted \$390,000 this year; an increase of \$170,000. Several of the costly contracts have not settled in 2014. When contingency is used, it typically moves out of the finance budget and into other department budgets. It also decreases the impact on a large budget jump in a future year. The inter-fund transfer line allows the Finance Department to move budgeted reserve amounts, general fund revenue, and assigned fund balance amounts that will be used in other budgets. This money needs to flow through the general operating fund budget until she brings it to Council to move it to Capital Budget and the Debt Service budget. These funds are built into the tax rate and can be moved over to the appropriate line when needed. This year this line was increased by \$271,034.

Commissioner Madigan advised that the City is required to have at least \$4 million dollars in unassigned fund balance and a maximum of \$6 million dollars in 2015. This leaves us with a \$2 million dollar range for us to use. We are not sitting on millions. We will not know until mid 2015 the impact on the amount we will

use in the 2015 budget. She is comfortable with what she has recommended in the 2015 comprehensive budget.

Commissioner Franck stated fund balance is the assets minus liability. Fund balance goes from money you can't touch, to restricted, to assigned for, to unrestricted. We have \$15.4 million at the end of 2013 in fund balance; of that amount \$7.8 million is unassigned. His complaint at the last meeting was taking money that is assigned for Article 7 refund cases. There is a restriction to that line; every other line all have figures and have been added to in the comprehensive budget. He was being told when he presented his budget that money was going to be taken out of the encumbrance line or this year's line will be reduced because we don't know when the cases are going to settle. There is potential legal liability if we don't have sufficient amount of money. We have already been sued on that premise. If we can pay within 30 days, we don't have to pay interest and penalties for previous years, or legal fees for the attorneys. This money is sitting there because there is potentially going to be refunds. We do have some large settlements that will be coming through. He asked if any of the \$7.8 million in fund balance is being used to balance this budget.

Commissioner Madigan stated \$1.8 million of the \$7.8 million is considered excess. So they are back down to \$6 million; she recommends high range. She has used fund balance in this budget and will not know until mid 2015 where she is between the \$6 million and \$4 million they are required to have in fund balance.

Commissioner Franck asked what the dollar amount is she is using to fill the gap in the budget.

Commissioner Madigan stated \$1.2 million; \$1,176,913 is being used in the 2015 comprehensive budget; a \$370,000 increase is being made to the restricted fund balance; a \$276,913 increase in assigned fund balance.....she can ask Deputy Bachner to come forward and give an overview of exactly the breakdown.

Commissioner Franck stated he is just making the point that there is money coming out of unassigned to help balance the budget.

Commissioner Madigan advised there is. She stated restricted fund balance is up \$520,000...

Commissioner Franck stated he came in with a down budget. His biggest line item after labor is the refund prior year tax line. He knows he is going to have to pay these people back. He already reduced this line this year to make his budget balance to zero and help other people's budget. To take more because he mentioned sales tax may be down; it's his job to mention it. He has done a great job saving the taxpayers from paying penalties, interest, and legal fees. If we lose the VLT; you are going to take the money out of here.

Commissioner Madigan stated she is comfortable with the amount of fund balance used and will not use more. When she looks at the history, \$18,000 - \$20,000 is used per year. She questions why she would budget more in that line; so next year he would have \$830,000 when she is in a difficult situation right now with sales tax.

Commissioner Franck stated Commissioner Madigan has an off budget line item of \$202,000; effectively a 28% increase in a hard time when you can't find money. This money is effectively through your department as you run IT.

Commissioner Madigan stated the \$202,000 is not in the budget; it is separate. She asked Christine Gillmett- Brown to come to the mic to explain fund balance.

Christine Gillmett-Brown stated for the record she was asked to come to the meeting to listen. She did not come prepared to speak. She advised the City has a fund balance policy that has been in place for a couple of years. If they exceed the 15% excess, the commissioner comes to the Council to make recommendations of how to spend the excess. The excess is supposed to be used for one-time expenses.

Commissioner Franck confirmed the excess could be put in reserves.

Christine advised you can put fund balance excess in reserves.

Commissioner Franck stated he doesn't feel the website is going to cost \$202,000. So when this money is brought over to pay for the website, it will be in Commissioner Madigan's budget much like the encumbrances will be in his budget when he brings it over.

Commissioner Madigan stated she is going to remove the recommendation for the website upgrade. She is not going to listen to this non-sense.

Commissioner Franck advised he will continue to push through the process for this line not to be touched. His budget is down.

Commissioner Madigan stated she would like to put this conversation to an end. She heard what Commissioner Franck said and will take it under advisement.

Commissioner Franck stated he has more potential liability than \$750,000.

Commissioner Madigan stated to have this slush fund year after year and to budget more in this line is not making sense to her. She will present at the next budget workshop her overall changes to the budget.

Commissioner Madigan advised the next budget workshop will be Tuesday, October 28th at 6 p.m.

ADJOURNMENT

There being no further business, Mayor Yepsen adjourned the meeting at 2:13 p.m.

Respectfully submitted,

Lisa Ribis
Clerk

Approved:
Vote: