



October 28, 2014

CITY OF SARATOGA SPRINGS
Budget Workshop
City Council Room
6:00 PM

PRESENT: Joanne Yepsen, Mayor
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: 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

Mayor Yepsen called the meeting to order at 6:03 p.m.

PUBLIC COMMENT

Mayor Yepsen opened the public comment period at 6:04 p.m.

No one spoke.

Mayor Yepsen closed the public comment period at 6:04 p.m.

BUDGET WORKSHOP

Commissioner Madigan advised this is the fifth budget workshop. She distributed the changes for the amended budget. Not all changes requested are included. The changes result in an amended general fund budget of \$41,759,520.70. There is no increase for the inside district and a small decrease in taxes for the outside district. Commissioner Madigan reviewed the changes included in the amended budget. The revenue changes result in a decrease of \$73,548.16 and include items such as a decrease in sales tax by \$200,000. Expenses net out a decrease of \$73,548.16. Details of the revenues and expenses were provided and are included in the hand-outs (attached).

Commissioner Madigan advised the Accounts Department requested to reduce the 'Refund of Prior Year Taxes' line by \$12,000 for a requested amount of \$98,000 for this line. She went on to explain what this line is used for. She stated taxpayers are taxed on new funds each year with little regard to whether there are sufficient funds in the current encumbrance or fund balance to cover the probability of settlements. She

doesn't question the need for sufficient funding to cover outstanding grieved cases but questions the method being used to insure sufficient funds. She believes there is a better way to be prepared for grievance settlements and consulted with experts at several large accounting firms who confirmed the City would do well to create an assignment for the refund of prior years taxes and cease budgeting an annual allowance when the City has the funds in assignment or in a healthy fund balance to cover these expenses. She recommended taking these funds and creating an assignment. That amount plus the City's healthy fund balance is more than sufficient to cover 2015 without budgeting new funds. This will be reviewed at end of 2015 and every year thereafter to determine if funds need to be replenished. She has reduced the 'Prior Year Taxes' line to zero and will bring a resolution to the next City Council meeting to create an assignment.

Commissioner Madigan stated the remaining departments have nominal adjustments due to changes in health care and increase in disability insurance. The 2013 fund balance recommendations remain the same as stated in the budget message with a slight revision for the prior year taxes.

Commissioner Madigan stated there is a designation for an update to the City website of \$202,000 with amounts remaining going towards IT initiatives such as security issues. The range of bids for the updated website was from \$20,000 to \$120,000. There will also be a designation of \$20,000 for the City's centennial celebration.

Commissioner Madigan stated she believes this is a good budget for the City and the taxpayers with no tax increase.

Mayor Yepsen stated she is concerned with the reduction in Public Safety when they haven't settled the PBA contract. The final rate for one plan is lower than their original rate.

Commissioner Madigan advised someone said they are opting out of their health insurance plan.

Mayor Yepsen stated it looks like the City isn't putting any money in the 'POSH' position.

Commissioner Madigan stated we are not.

Mayor Yepsen stated without this being a full time position and the City putting money towards it; it will be really difficult to fill that position. It is in the Charter that we satisfy this.

Commissioner Madigan advised she is putting this in as a part time position at this time.

Mayor Yepsen stated we clearly need a full time person in there to manage the post comp plan planning and all the policies the City has.

Commissioner Franck stated since Commissioner Madigan wiped out the refund line, he asked if she was going to take his legal line as well.

Commissioner Madigan stated she hadn't looked at the professional services lines.

Commissioner Franck explained when he first took office; they did not have enough money in the line to cover the refund that we owed. At that time Commissioner McCabe stated he wanted a refund line set up and build it up. Upon speaking with the school district, they worked with the guideline of having 82% of potential refunds in the line. They worked over a 10 year period to reach that amount with the greater amounts being funded earlier and lowering the amount each year. He reduced his budget each year to be able to put money away in that line and kept his budget down. Right now we are about 70%. If we don't pay within 30 days it is automatic statutory interest; which goes at 6% from the time they file to the time of settlement. There is also the possibility, if the petitioner asks, for their legal fees to be reimbursed as part of the refund. This money has been put away and has not been spending it and wouldn't take money out of anyone's budget. You are taking any bargaining power away from him.

Commissioner Madigan stated there will be \$800,000 that will be sitting specifically in assignment for Article 7. She also checked with the Office of the State Comptroller and they are not aware of a law that requires 82% or any percentage for Article 7.

Commissioner Franck stated anything could change in a minute. If we don't have the money to pay, it will cost us the statutory interest. This amount doesn't change the budget at all; she is just taking the encumbrance so she has control of it all in an assignment. This is a best practice we have set up and we are not losing anything.

Commissioner Madigan stated she is moving the encumbrance and giving him funds that equal what was requested in his original proposed budget. She is taking the whole line. A better practice is to set up an assignment and not tax people every year on this money.

Commissioner Franck advised again people are not being taxed on this as he is saving money in other places. If you are going to take that line then every line associated with assessments should be taken. You are taking his ability to run assessments. She did this way with her first 2 budgets.

Commissioner Madigan stated she has learned with each year and should never have done it that way.

Commissioner Franck advised she is taking his ability away to budget this.

Mayor Yepsen asked when the budget will be brought forward for vote and do they need another workshop.

Commissioner Madigan advised she has not made a decision when she will bring this forward for discussion and vote. She does not want to wait until the middle to end of November so there is a good chance she will bring it forward for discussion and vote November 3rd.

Mayor Yepsen stated the vote is less than a week away and there are issues still not resolved.

Commissioner Franck stated to vote the date before election day, there is a good possibility the casino provider will be chosen this month, it doesn't seem prudent to not adjust the VLT monies when you say you don't want to live off that money; it is ridiculous to have \$202,000 in your IT line that will fall into your line on January 1st

Commissioner Madigan said to Commissioner Franck "You say you are a CPA, are you really?" That is not in the budget.

Mayor Yepsen asked how many votes will there be. Will there be one for the 2014 excess recommendations and another for the 2015 proposed budget?

Commissioner Madigan advised there will be three: one for the assignment of prior year taxes; one for the fund balance excess recommendations; and one on the 2015 budget.

Mayor Yepsen stated she will not be ready to vote on Monday as she needs more time to decide how she would vote on any of those.

Commissioner Madigan stated she had until Monday evening. She is the chairperson and makes the decision of when she will bring the budget for discussion and vote. She is not going to allow the budget to sit out there for a couple more weeks to argue to same argument over and over.

Mayor Yepsen stated she understands that but she is providing her input. She is going to go through the budget again with her staff to make further recommendations of how she can support this.

Commissioner Franck advised we are using close to \$1.2 million of our reserves to balance this budget. If we don't use that money, we either have to cut \$1.2 million of expenses or come up with \$1.2 million

dollars of income – which is taxes. If we don't use the \$202,000 for anything, then that will give her \$202,000 more to balance the budget; so it does make a difference.

Commissioner Madigan stated this year we have \$1.8 million in fund balance excess; which means we are over the amount. This is a simple recommendation and not a reserve. You can recommend something else.

Commissioner Franck recommended giving \$150,000 back to the tax payers and use \$50,000 for a website.

Commissioner Madigan stated no, that is not going to happen. She believes that we have a security issue.

Commissioner Franck stated Commissioner Madigan is unhappy because he does not agree with the allocation of her budget, not the zero percent. She is taking total control of very important policy away from him.

Commissioner Madigan stated she has talked to experts in municipal CPA accounting who were shocked when they watched our last meeting how we would air our public grievances like this at a meeting.

Mayor Yepsen stated she is hearing Commissioner Franck make a recommendation and she needs to hear a response from Commissioner Madigan.

Commissioner Madigan stated she is not moving from her recommendation.

Mayor Yepsen asked who handles the Article 7s?

Commissioner Madigan advised Commissioner Franck does.

Commissioner Franck stated he doesn't have the ability to budget this year. He asked if there are reserves or encumbrances for other departments such as sand.

Commissioner Madigan advised this isn't a legitimate reserve; they don't have a reserve for this in NYS; that's why they call it an assignment. They don't care in NYS what municipalities have set aside; it is legitimate for school districts.

Mayor Yepsen stated there were concerns and recommendations expressed and she hopes Commissioner Madigan takes them seriously.

Commissioner Mathiesen asked how this would affect his ability to pay within 30 days.

Commissioner Franck explained how they calculate the worst case scenario of the amount we would have to refund. You are supposed to pay interest because the person lost the value of their money because they have to pay their taxes while the grievance is going on. We have been able to have the interest waived on most cases because we have the money available to us. The interest is 6%. We try to model what the school district does. The amount put into this the last 3 years have been going down. We don't know when the cases are going to settle.

Commissioner Madigan stated the assignment is just as available as if it was in your budget.

Commissioner Franck stated the ability for him to budget year to year has been taken away. The line is gone.

Commissioner Mathiesen confirmed that Commissioner Franck would still have access to the funds.

Commissioner Franck advised for past funds only; not future funds. The line is being taken away.

Commissioner Madigan stated Commissioner Franck can ask to replenish it like in his budget.

Commissioner Franck stated the line is no longer in his budget; it has been removed from his budget. It is just like an ammo line or sand line in other budgets. You may not spend it all in one year.

Commissioner Madigan stated as Finance Commissioner she can take any money she wants out of anyone's budget.

Commissioner Franck stated you are giving the control to someone who is not an assessor and has never sat through an Article 7 or been personally sued on an Article 7. He doesn't have the expertise in others' departments and she doesn't have the expertise in his department.

Commissioner Mathiesen stated he would still have control of this money.

Commissioner Franck stated he doesn't know that. If it is going to be taken over, do it for every department and don't cherry pick. From now forward he has lost control of what he is trained and certified to do.

ADJOURNMENT

There being no further business, Mayor Yepsen adjourned the meeting at 7:27 p.m.

Respectfully submitted,

Lisa Ribis
Clerk

Approved:
Vote: