



CITY OF ALBANY
OFFICE OF THE MAYOR
24 EAGLE STREET
ALBANY, NEW YORK 12207
TELEPHONE (518) 434-5100
WWW.ALBANYNY.ORG

KATHY SHEEHAN
MAYOR

November 23, 2016

Hon. Ronald Bailey
266 Elk St.
Albany, NY 12206

Hon. Frank Commisso, Jr.
67 Wellington Ave.
Albany, NY 12203

Hon. Judd Krasher
635 State St., Apt. #2
Albany, NY 12206

Hon. Mark Robinson
13 Lexington Ave.
Albany, NY 12206

Dear Common Council Members Bailey, Commisso, Krasher, and Robinson:

Thank you for your letter dated Sunday, November 20 which you described as addressing the proposed 2017 budget and other fiscal issues. As you know, my proposed 2017 budget reduces spending by 2%, the largest, and only the third, decrease in more than 15 years. It holds the line on property tax rates, contains no new fees or fines, and does not cut City services.

I want to start by addressing your statement that you did not expect a “good faith” review of the 2017 proposed budget to occur. Representatives from my administration have attended more than a dozen meetings of the Finance Committee to review the proposed budget. We have responded to dozens of requests for additional information and provided detailed responses to these requests. My budget office and other senior officials have spent more than 200 hours over the past several weeks meeting with the Finance Committee Chair and other Council Members, and creating reports in response to their requests. Our efforts, and the efforts of your Common Council colleagues, demonstrate that we are working in good faith to address concerns and develop consensus for a 2017 spending plan. I would note that Mr. Krasher and Mr. Commisso went on record before the proposed budget was even released as saying that they would vote against it, demonstrating their utter disregard for any “good faith” effort to work with my administration to address their budgetary concerns.

Since engaging in meaningful dialogue clearly is not your intent or desire, this letter simply corrects, for the record, the falsehoods and misrepresentations in your letter.

First, the City of Albany has been deficit spending since at least 2007, balancing the budget with one time revenues and fund balance transfers. The 2014 budget I inherited not only depleted the

fund balance by \$10 million (something Council Members Bailey and Commisso voted in favor of), but it contained numerous spending cuts with no corresponding plan to achieve those cuts. For example, the 2014 Budget included a more than \$2.3 million decrease (9%) in the Department of General Services, with no job eliminations and no change in services. I urged the Council not to make changes to the 2014 budget knowing that I would face challenges implementing it, but without knowing the true extent of those challenges until I took office.

In addition to the depletion of the fund balance that occurred as a result of the previous administration's budgets, the Office of the State Comptroller mandated changes in fund balance rules. These changes resulted in an additional \$3.2 million of our fund balance becoming restricted, therefore adding to the depletion of our unrestricted fund balance.

Your letter indicates that we have not settled any labor contracts during my term in office. This is incorrect. Over the last three years, we have settled contracts with the dispatcher's union and implemented pay increases awarded in interest arbitration to our Firefighters. In that interest arbitration, we won, for the first time, a clause that requires all firefighters to contribute to their healthcare costs. These contracts resulted in increases to our personnel costs, yet we still managed to hold growth at less than 2% in my first two budgets and decrease it by 2% in my proposed 2017 budget.

Your letter also states that property taxes have increased under my administration and that growth is "sluggish." Since taking office, our tax base has increased, and our non-homestead tax rate has **decreased** by **4%**. As we seek to move to one city-wide tax rate (as mandated by the Council), the slight increase in our homestead rate was accompanied by refund checks from New York State to cover the year over year increases.

Another misstatement in your letter is that we have drained funds from public authorities, placing them at financial risk. Albany Parking Authority revenue is the largest it has ever been, and reached positive equity for the first time in 2014, all while forming key partnerships with The Palace and pursuing innovative technology and urban art in Downtown Albany. The Port Authority recently won a multi-million dollar Federal TIGER Grant and continues to expand and create jobs. With respect to the Water Board, it is in its best financial condition in at least the last decade, doubling its capital improvement budget, growing its preventive maintenance program, undertaking significant flood mitigation projects and complying with a multi-million dollar consent order from the DEC – all without raising rates. Under my leadership, we have achieved efficiencies and fairness in how these authorities operate in the City. For example, prior to my administration, City taxpayers bore the burden of funding the entire cost of providing legal, payroll, human resource, workers compensation administration, and IT services to the Water Board. Sharing these services saves money and makes sense for our residents, but the proportional cost of these administrative expenses should be borne by water rate payers, which include the numerous not for profit institutions operating in this City. And I am pleased to note that through the excellent management of the Water Department under the leadership of Commissioner Coffey, there has been no impact to water rates. This is an example of intergovernmental cooperation resulting in efficiencies and savings for both taxpayers and ratepayers.

Your assertion that the red-light camera program has failed is also false. The purpose of the program was to enhance public safety. Our preliminary findings indicate that the program has been successful in this regard. While we had budgeted for revenue based on estimates provided by APD, we successfully reduced expenses when revenue failed to meet those expectations. Our streets are now safer at no additional cost to taxpayers. I would characterize this as success.

The remainder of your letter contains broad assertions and misinformation. As you well know, the future of trash collection in the City of Albany is an undertaking that we must address. There is no “silver bullet.” You speak of a “real” hiring freeze yielding \$1.4 million in “savings.” We have achieved significant savings with our current hiring freeze, however, open positions include firefighters, snowplow drivers, and code enforcement officers. These positions are critical to the safety of our City. Open positions in the Planning Department include individuals who are responsible for obtaining and administering millions of dollars in grant funding for the City. Failing to fill these positions would not only have negative financial impacts, it would be reckless.

You also assert that there is a shared service opportunity in recreation that I have “failed to embrace.” To date, Albany County has not made a single proposal to me regarding shared services, and, in fact, under the leadership of Majority Leader Frank Commisso, Sr., the County has been hostile to any attempts by the City to seek relief from the County through shared services.

The Lincoln Park Pool is not a “public safety risk.” It leaks, and it has been leaking since at least the 1980’s. This is not a problem that occurred in my administration, yet I have committed funds in the 2017 proposed budget to finally develop a solution. This is one of many infrastructure challenges I have taken on because we must continue to bring equity to how we spend our scarce and precious financial resources. From making the Lincoln Park “bowl” accessible for seniors and people with disabilities, to rebuilding Arbor Hill Park, to transforming the Tivoli Preserve in West Hill, we have partnered with the public and private sector to address neglect in our recreational facilities.

Finally, you continue to make the false assertion that I proposed to sell the Palace Theater for one dollar. My written statements to you and verbal communications with the Council make it crystal clear that I never made such a proposal.

The City of Albany continues to face very real challenges and our residents deserve representatives that will work together in good faith to find real solutions. As always, I stand ready and willing to work with all partners who have achievable ideas about how we build the bridge to a sustainable budget for our City.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kathy M. Sheehan', with a long horizontal flourish extending to the right.

Kathy M. Sheehan
Mayor, City of Albany