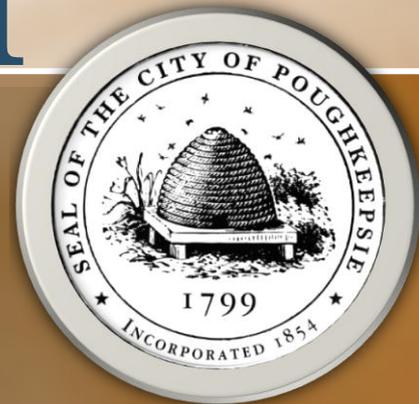


Strategic Fiscal

IMPROVEMENT PLAN



Prepared With The Assistance Of:



FUNDING PROVIDED THROUGH:

THE DUTCHESS COUNTY MUNICIPAL CONSOLIDATION
& SHARED SERVICES GRANT PROGRAM



CAPITAL MARKETS ADVISORS, LLC

- Independent Municipal Financial Advisors
- Servicing 400+ Municipal Jurisdictions Across New York State
- Representing the City of Poughkeepsie



THE CITY OF POUGHKEEPSIE

An aerial night photograph of Poughkeepsie, New York. The Poughkeepsie Bridge, a suspension bridge with two tall white towers, spans the Hudson River in the background. The city below is illuminated by streetlights and building lights, with a prominent bright light source on the right side of the frame. The sky is a deep blue, and the surrounding hills are visible in the distance.

- A Brief Yet Rich History ...

Once Upon A Time

THE CITY OF POUGHKEEPSIE



THE CITY OF POUGHKEEPSIE

An aerial night photograph of Poughkeepsie, New York. The Poughkeepsie Bridge is illuminated with warm lights and spans across the Hudson River. The city below is lit up, with streetlights and building lights creating a vibrant scene. The background shows rolling hills under a dark sky.

“Apo-Keep-Sinck”

THE CITY OF POUGHKEEPSIE

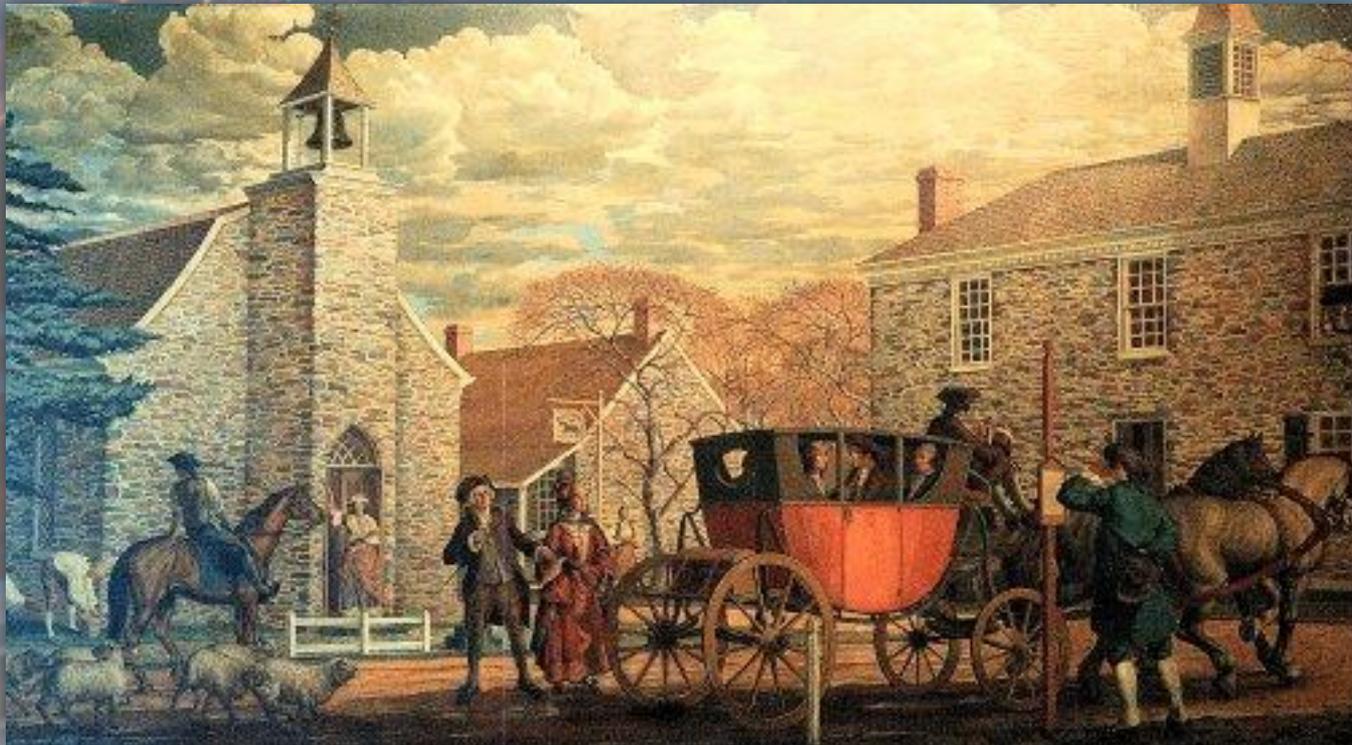
An aerial night photograph of Poughkeepsie, New York. The Poughkeepsie Bridge, a suspension bridge with two tall towers, is illuminated and spans across the Hudson River. Below the bridge, the city of Poughkeepsie is visible, with numerous multi-story brick buildings and streets. The city lights are reflected in the water. In the background, there are rolling hills under a dark blue twilight sky. The overall scene is a mix of urban architecture and natural landscape.

**Meaning:
"Safe Harbor"**

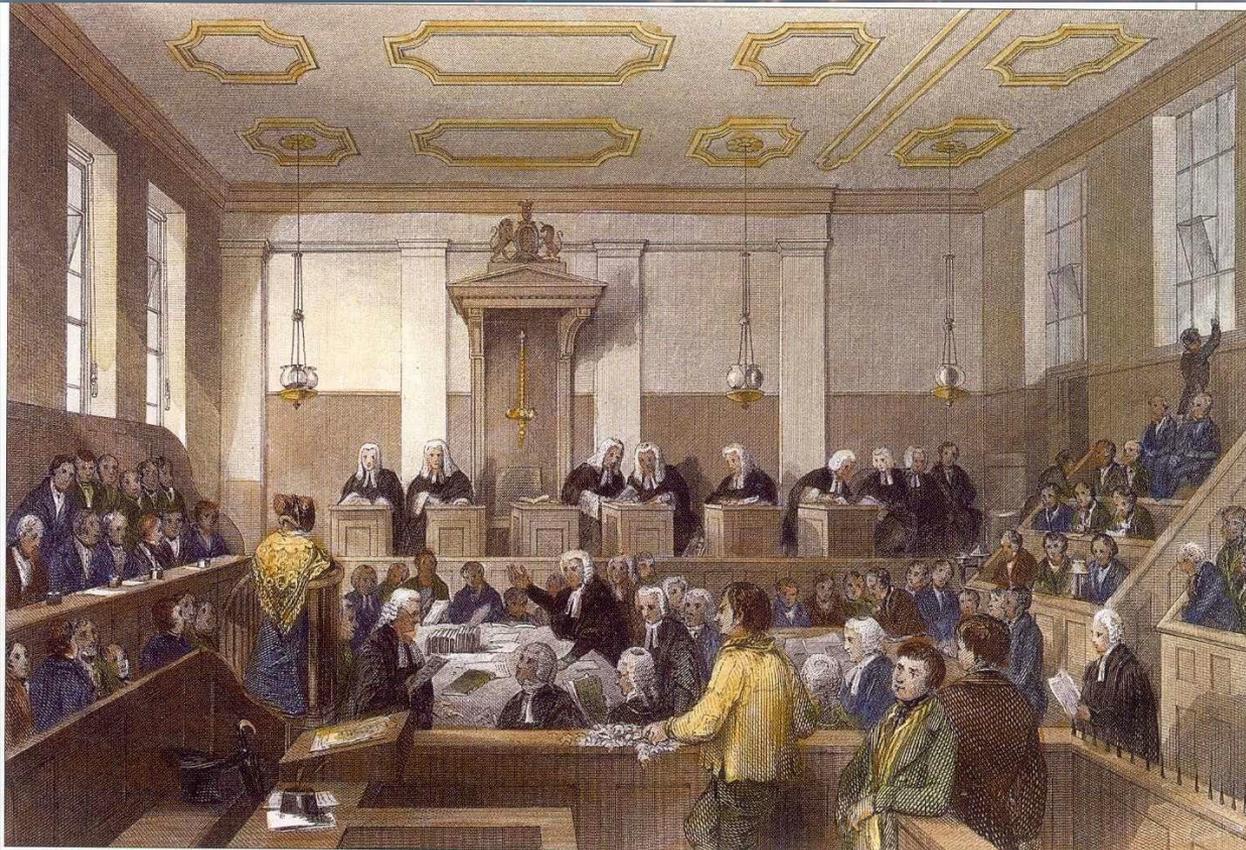
THE VILLAGE OF POUGHKEEPSIE



THE CITY OF POUGHKEEPSIE



THE CITY OF POUGHKEEPSIE



THE CITY OF POUGHKEEPSIE



Steamer New York, Day Line Landing

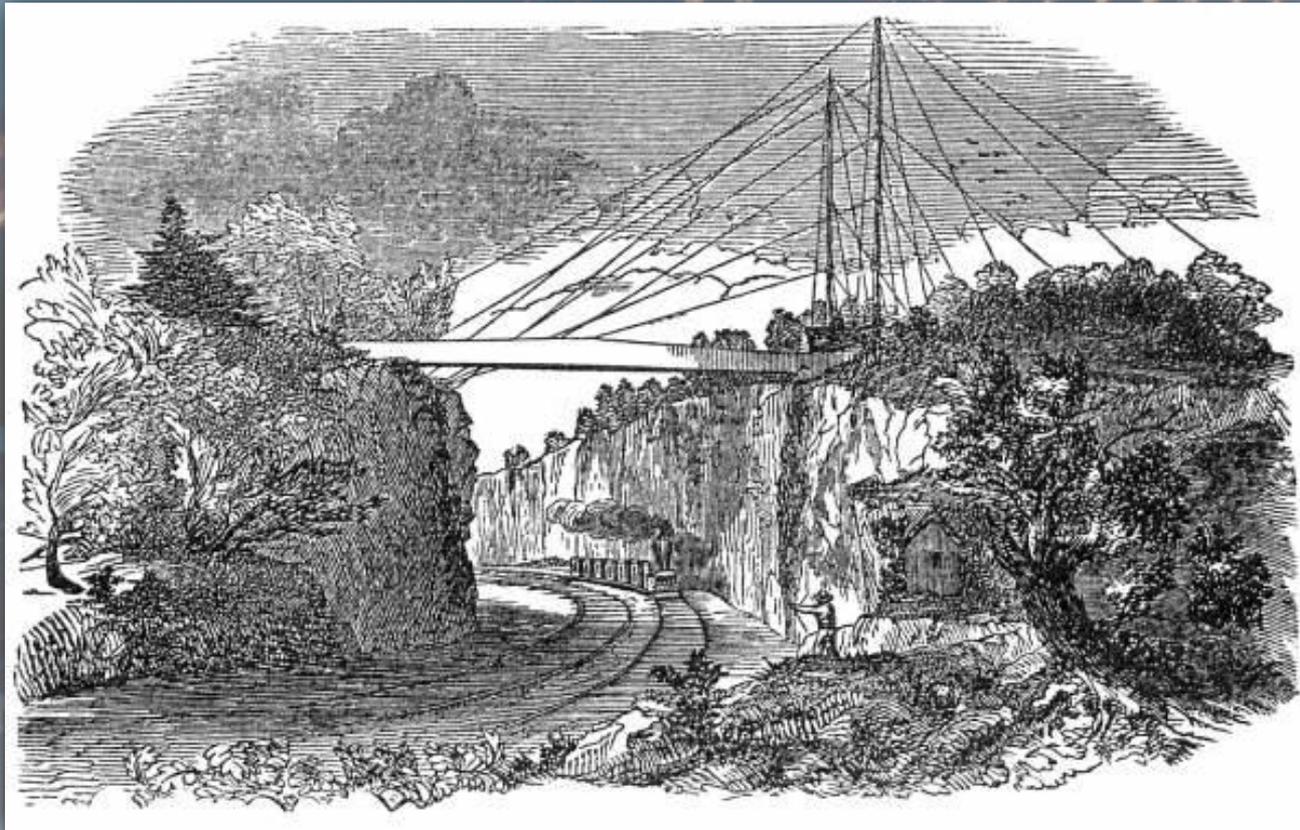
THE CITY OF POUGHKEEPSIE



THE CITY OF POUGHKEEPSIE



THE CITY OF POUGHKEEPSIE



THE CITY OF POUGHKEEPSIE



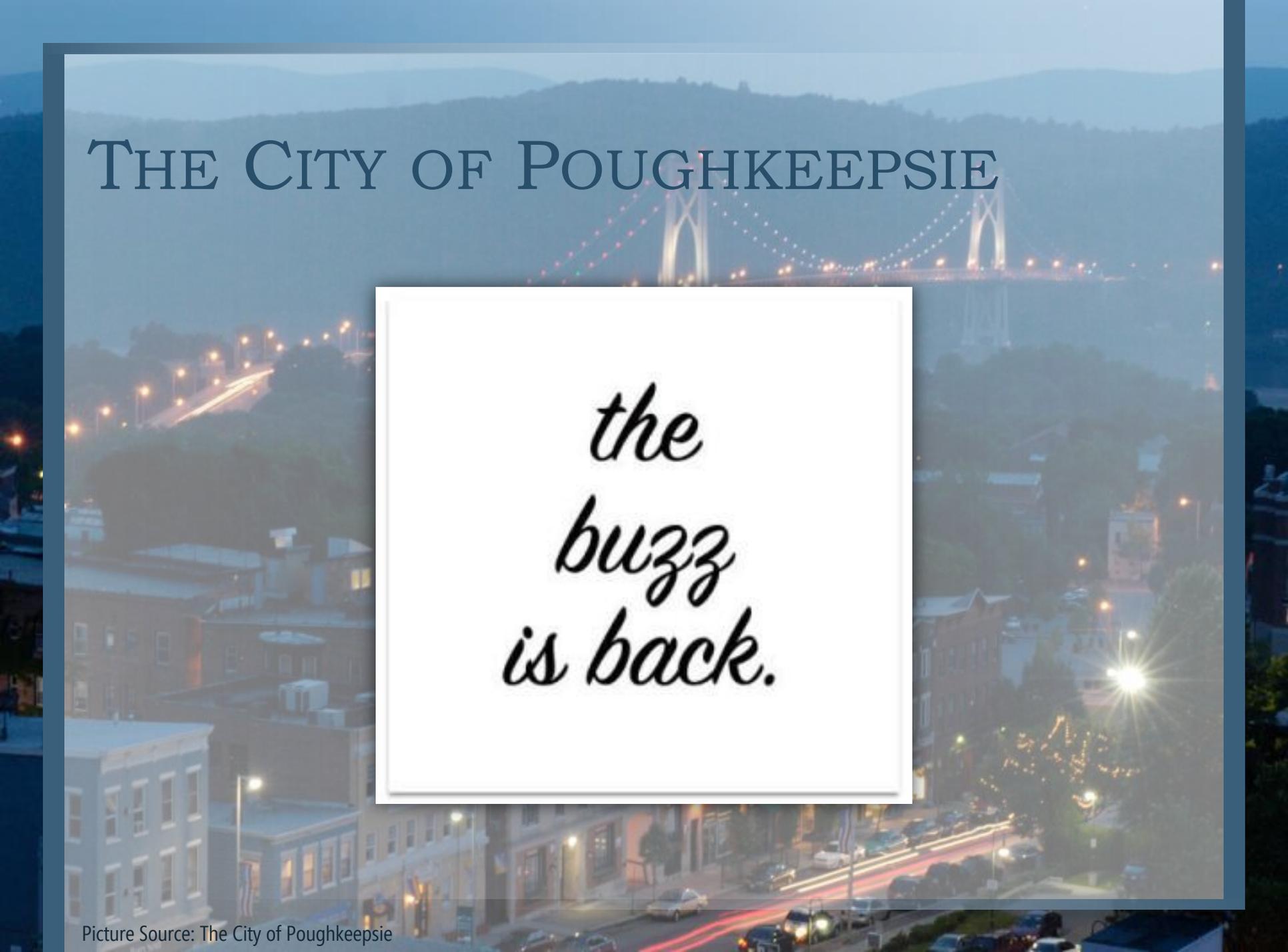
THE CITY OF POUGHKEEPSIE



THE CITY OF POUGHKEEPSIE



THE CITY OF POUGHKEEPSIE

An aerial night photograph of Poughkeepsie, New York. The Poughkeepsie Bridge is illuminated and spans across the background. The city below is lit up with streetlights and building lights, with a prominent bright light source on the right side creating a starburst effect. The overall scene is a vibrant night view of the city.

*the
buzz
is back.*

THE CURRENT STATE OF THE CITY

An aerial night photograph of a city. In the background, a large suspension bridge with two tall towers spans across a body of water. The city below is illuminated by streetlights and building lights, with a prominent bright light source on the right side creating a starburst effect. The sky is dark blue, and the overall scene is a mix of urban architecture and natural landscape.

- Trend of Recent Fiscal Challenges
- Impact of National Recession
- Decline of Credit Rating (Moody's)

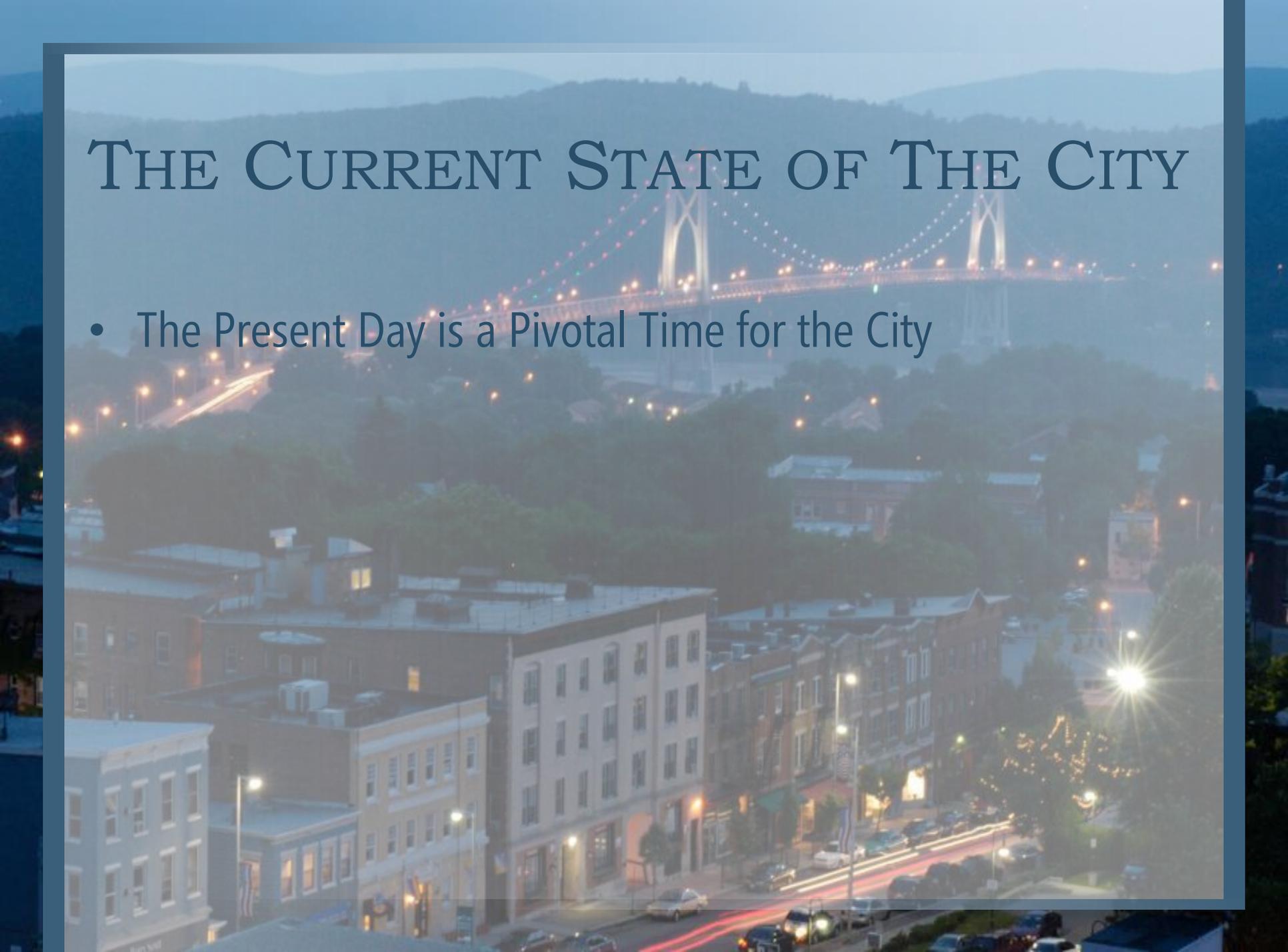
THE CURRENT STATE OF THE CITY

- General Fund Deficit Position
 - \$11.1 Million (Audited) at December 31, 2014
- New York State Fiscal Stress Determination
 - The Fiscal Stress Monitoring System

| Local Government Classifications of Fiscal Stress | |
|---|---------------------------------|
| Percentage of Total Points | Classification of Fiscal Stress |
| 65% – 100% | Significant Fiscal Stress |
| 55% – 64.9% | Moderate Fiscal Stress |
| 45% – 54.9% | Susceptible to Fiscal Stress |
| 0% – 44.9% | No Designation |



THE CURRENT STATE OF THE CITY

An aerial night photograph of a city. In the background, a large suspension bridge with two tall towers spans across a body of water. The bridge is illuminated with lights, and its reflection is visible in the water. The city below is densely packed with buildings, many of which have their lights on. In the foreground, a street is visible with several cars, and their headlights and taillights have created long, bright light trails. The overall scene is a vibrant depiction of a city at night.

- The Present Day is a Pivotal Time for the City

STRATEGIC PLAN

- What is a Strategic Plan
- What is the Benefit?
- Mission, Vision, & Goals



KEY SOURCES OF REVENUE

An aerial night photograph of a city, likely Pittsburgh, showing a large suspension bridge with illuminated towers and cables. The city below is lit up with streetlights and building lights, with light trails from traffic on a road in the foreground. In the background, there are rolling hills or mountains under a dark sky.

- 1. Real Property Taxes
 - Annually Accounts for Approximately 40% of General Fund Revenue
- 2. Sales Tax
 - Accounted for 23% of 2014 General Fund Revenue
- 3. State Aid (Various Forms)
 - Approximately 12% of 2014 General Fund Revenue

KEY EXPENDITURES

- 1. Wages & Employee Benefits
 - Annually Accounts for Approximately 40% of General Fund Revenue

| EXPENDITURE CATEGORY: | (Audited) 2010 | (Audited) 2011 | (Audited) 2012 | (Audited) 2013 | (Audited) 2014 | (Budget) 2015 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Government Support | \$5,820,497 | \$6,132,693 | \$5,614,562 | \$5,863,567 | \$6,146,511 | \$5,274,967 |
| Public Safety | 18,631,758 | 18,898,498 | 18,639,028 | 18,010,635 | 17,912,617 | 15,134,669 |
| Health | 49,528 | 51,396 | 165,166 | 173,501 | 52,064 | 0 |
| Transportation | 2,563,405 | 2,761,085 | 2,617,583 | 2,676,119 | 3,018,442 | 4,298,717 |
| Economic Assistance And Opportunity | 248,350 | 253,674 | 89,082 | 300 | 0 | 0 |
| Culture And Recreation | 678,425 | 626,646 | 559,687 | 491,558 | 533,196 | 826,619 |
| Home And Community Services | 2,444,170 | 2,330,875 | 2,021,984 | 367,691 | 302,242 | 800,000 |
| Employee Benefits | 8,569,921 | 9,399,904 | 10,103,364 | 10,026,800 | 10,435,232 | 13,730,333 |
| Total Expenditures | \$39,006,054 | \$40,454,771 | \$39,810,456 | \$37,610,171 | \$38,400,304 | \$40,065,305 |
| OTHER FINANCING USES: | | | | | | |
| Operating Transfers - Out | \$(5,446,296) | \$(5,512,894) | \$(5,422,500) | \$(4,924,934) | \$(5,115,214) | \$(5,501,786) |
| TOTAL EXPENDITURES & OTHER FINANCING USES | \$44,452,350 | \$45,967,665 | \$45,232,956 | \$42,535,105 | \$43,515,518 | \$45,567,091 |

DEFICITS & SURPLUSES



Surplus

Surplus:
Annual
Revenues
Exceed Annual
Expenses

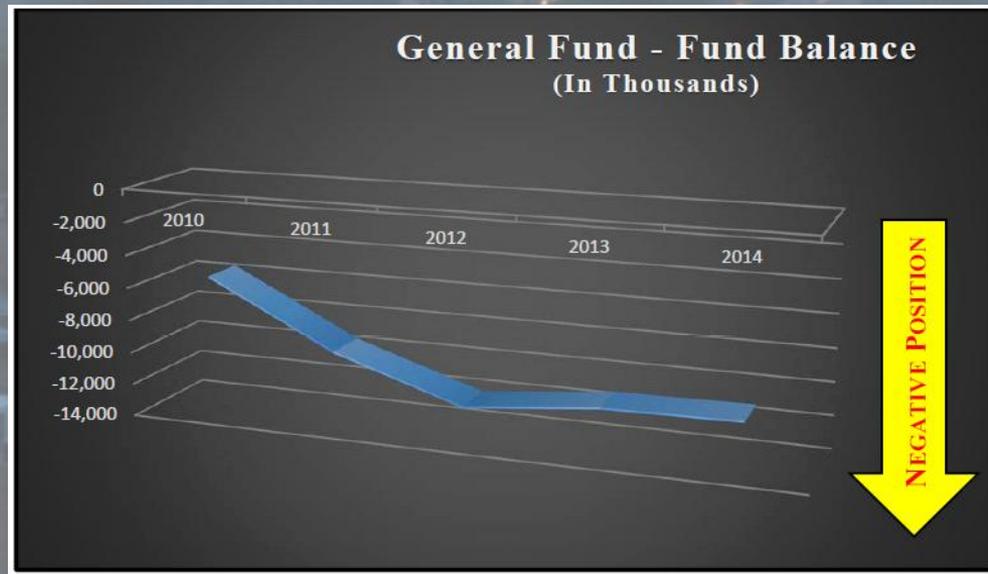
Deficit:
Annual
Expenses
Exceed Annual
Revenue



Deficit

RECENT FISCAL TRENDS

- 5 Year Trend of Fund Balance (General Fund)



RECENT FISCAL TRENDS

- 5 Year Trend of General Fund Reserves

| FISCAL YEAR: | | 2010 |
|-----------------------------------|----|--------------------|
| Reserved for: | | |
| Encumbrances | \$ | 51,309 |
| Snow and Roads | | -0- |
| Other | | -0- |
| Unreserved | | <u>(5,574,080)</u> |
| Fund Balance – End of Year | | (5,522,771) |

| FISCAL YEAR: | 2011 | 2012 | 2013 | 2014 |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Fund Equity: | | | | |
| Nonspendable | \$ -0- | \$ -0- | \$ -0- | \$ 100,101 |
| Restricted | 209,001 | 59,496 | -0- | -0- |
| Committed | -0- | -0- | -0- | 65,040 |
| Assigned | 1,500,000 | 1,500,000 | 1,683,302 | -0- |
| Unassigned | <u>(11,185,676)</u> | <u>(13,593,856)</u> | <u>(12,903,861)</u> | <u>(11,779,444)</u> |
| Fund Balance – End of Year | (9,476,675) | (12,034,360) | (11,220,559) | (11,114,300) |

MORE ON DEFICITS



Increase
Revenues

OR



Decrease
Expenditures

Finding Structural Balance

INCREASING REVENUE



1 Shots

- Good (Ex: Sale of Assets or Grant)

Recurring

- Best (Ex: Raising Taxes or Collecting New Forms of Fees)

DECREASING EXPENDITURES

An aerial night view of a city, likely Asheville, North Carolina, featuring a prominent suspension bridge with illuminated towers and cables. The city below is lit up, with light trails from cars on a street in the foreground. The background shows rolling hills under a twilight sky.

Service
Levels

- Do Cuts Impact Essential Services?
Services are Expensive

Affordability

- What is Affordable and What is Not?
Sometimes the Line is Fine

BUDGETARY EXPECTATIONS

Expected
Revenues

Expected
Expenses

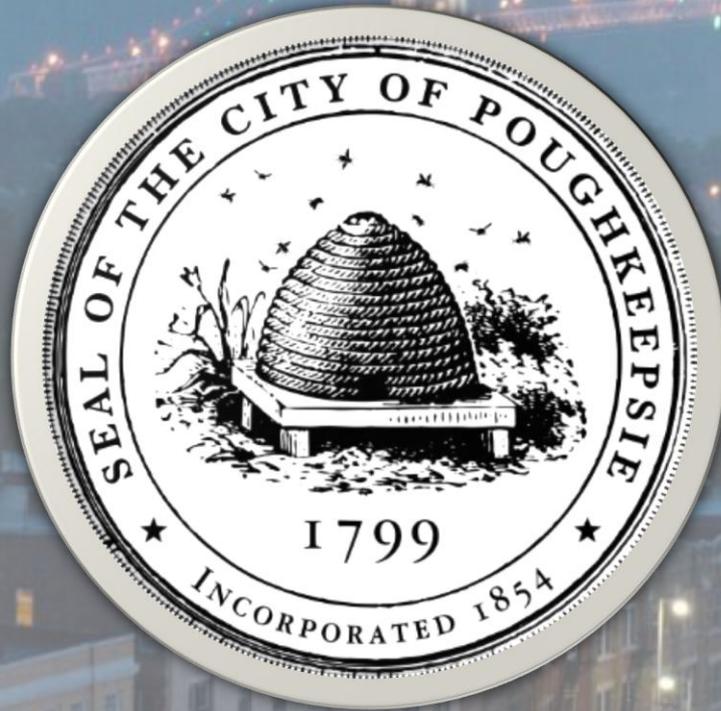
Must Be
Realistic
To Be
Structurally
Sound



ANNUAL OPERATING BUDGET

- One of the Most Important Planning Tools
 - Strict Adherence To The Budget Ensures That Expenditures Will Not Exceed Revenues





LONG – TERM PLANNING

An aerial night photograph of a city, likely Pittsburgh, featuring a prominent suspension bridge with illuminated towers and cables. The city below is lit up with streetlights and building lights, with light trails from traffic on a road in the foreground. In the background, there are rolling hills and mountains under a dark sky.

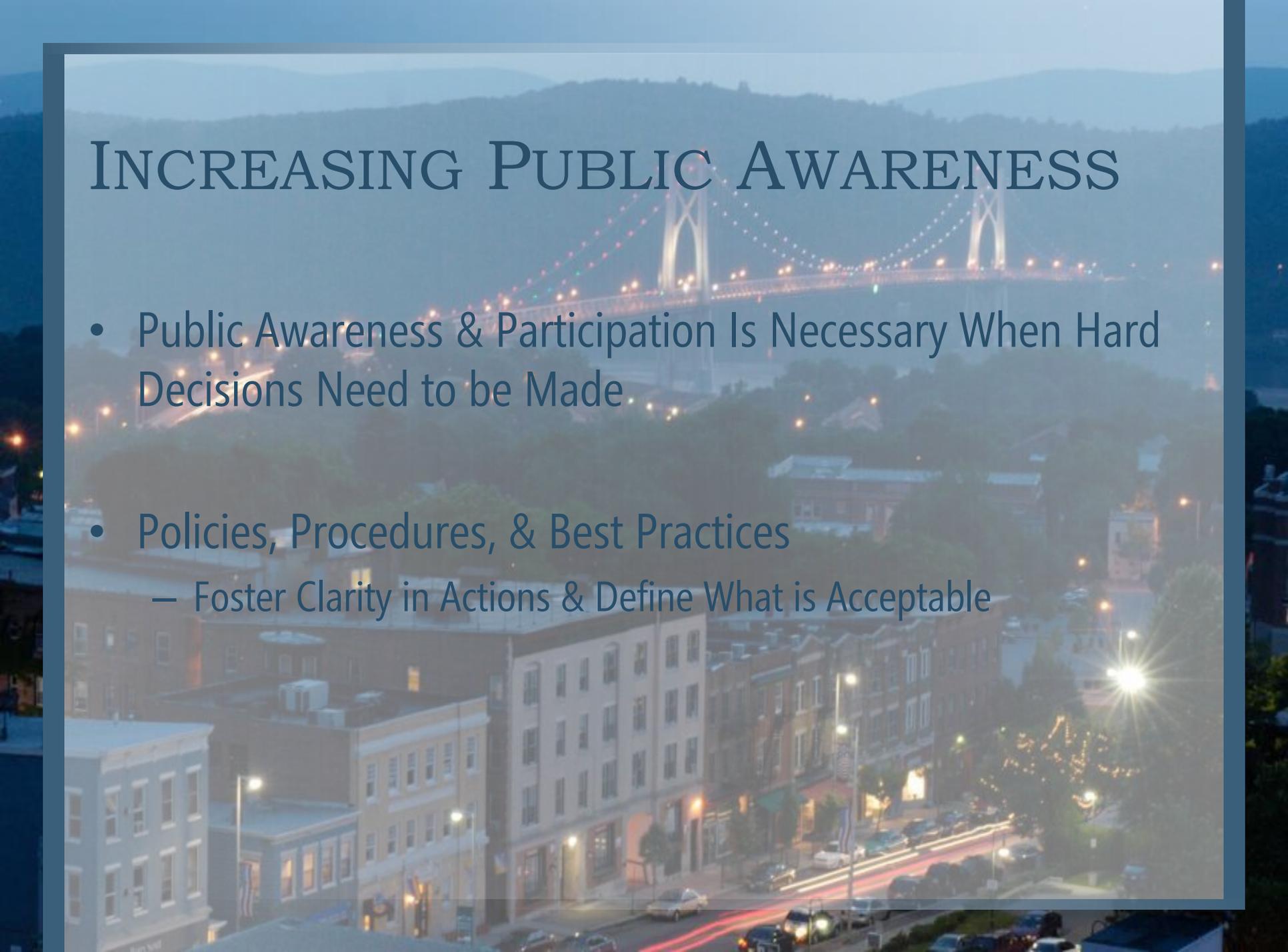
- 1 Year – Annual Budget
 - Keeps Finances in Check During the Fiscal Year
- 1+ Years – Long Term Planning
 - Achieve Future Goals & Achieve Future Sustainability

LONG – TERM PLANNING

An aerial night photograph of a city, likely Asheville, North Carolina. The image shows a suspension bridge with two large towers and a series of lights across a river. In the foreground, there are several multi-story brick buildings with lit windows. The background features rolling hills and mountains under a dark sky. Light trails from cars are visible on a road in the lower right.

- Development of Multi-Year Budget
- Development of Solid Capital Improvement Plan

INCREASING PUBLIC AWARENESS

An aerial night photograph of a city, likely Asheville, North Carolina, featuring the Biltmore Bridge illuminated with lights. The city buildings are lit up, and the background shows rolling mountains under a twilight sky.

- Public Awareness & Participation Is Necessary When Hard Decisions Need to be Made
- Policies, Procedures, & Best Practices
 - Foster Clarity in Actions & Define What is Acceptable

CONSIDERATIONS OUTSIDE OF REVENUES & EXPENDITURES

- Determining Appropriate Staffing Levels
 - In Whole & Departmental

| Rank | City: | Estimated Population | Estimated Employees | Employees To Population |
|------|--------------------------|----------------------|---------------------|-------------------------|
| 1. | New Rochelle | 78,800 | 568 | 138.73 |
| 2. | Middletown | 27,809 | 232 | 119.87 |
| 3. | Beacon ⁽¹⁾ | 14,389 | 121 | 118.92 |
| 4. | Port Jervis | 8,689 | 80 | 108.61 |
| 5. | Peekskill ⁽²⁾ | 23,908 | 229 | 104.40 |
| 6. | Mount Vernon | 68,071 | 674 | 101.00 |
| 7. | Newburgh ⁽²⁾ | 28,571 | 287 | 99.55 |
| 8. | Poughkeepsie | 30,554 | 328 | 93.15 |
| 9. | Kingston ⁽³⁾ | 23,665 | 283 | 83.62 |
| 10. | White Plains | 57,559 | 850 | 67.72 |

- (1) Includes a small number of part time positions
- (2) Includes part time positions
- (3) Data was unclear whether this number includes part time positions

CONSIDERATIONS OUTSIDE OF REVENUES & EXPENDITURES

- Determining Appropriate Staffing Levels
 - As a whole, Poughkeepsie has a moderate level of employees for its (estimated) population
- Not All Departments Are Created the Same
 - Further Analysis By Department Should Be Completed to Determine Appropriateness

CONSIDERATIONS OUTSIDE OF REVENUES & EXPENDITURES

- Economic & Demographic Profile
 - Wealth Levels

Per Capita Income

| Municipality: | 2014 |
|---------------|----------|
| City | \$23,923 |
| County | 33,962 |
| State | 32,829 |

CONSIDERATIONS OUTSIDE OF REVENUES & EXPENDITURES

- Economic & Demographic Profile
 - Employment & Unemployment Levels

Unemployment Statistics

| Year | City | County | State | United States |
|------|------|--------|-------|---------------|
| 2011 | 9.2% | 7.5% | 8.3% | 8.9% |
| 2012 | 9.2 | 7.8 | 8.5 | 8.1 |
| 2013 | 8.1 | 6.7 | 7.7 | 7.4 |
| 2014 | 6.6 | 5.3 | 6.3 | 6.2 |
| 2015 | 5.6 | 4.6 | 5.3 | 5.3 |

CONSIDERATIONS OUTSIDE OF REVENUES & EXPENDITURES

- Tax Base Considerations
 - Assessed Values

| | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Assessed Value | \$1,954,424,460 | \$1,767,245,854 | \$1,683,067,222 | \$1,647,863,975 | \$1,571,809,604 |

CONSIDERATIONS OUTSIDE OF REVENUES & EXPENDITURES

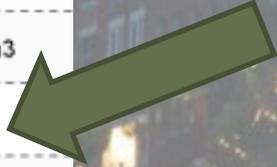
An aerial night photograph of a city. In the background, a large suspension bridge with two tall towers spans across a body of water. The bridge is illuminated with lights, and its reflection is visible in the water. The city below is lit up with streetlights and building lights. In the foreground, there are several multi-story brick buildings. A road in the lower right shows light trails from cars, indicating long-exposure photography. The overall scene is a mix of urban architecture and natural landscape under a dark sky.

- Debt Considerations
 - Outstanding Debt & Forms of Debt
 - Capital Needs
 - Decline of Credit Rating (Below Investment Grade)

CONSIDERATIONS OUTSIDE OF REVENUES & EXPENDITURES

- Debt Considerations
 - Impact of Below Investment Grade Credit Rating

| Sortable Table Key | Moody's |
|--------------------------------|------------------------|
| Highest grade credit | Aaa |
| Very high grade credit | Aa1, Aa2, Aa3 |
| High grade credit | A1, A2, A3 |
| Good credit grade | Baa1, Baa2, Baa3, Baa4 |
| Speculative grade credit | Ba1, Ba2, Ba3 |
| Very speculative credit | B1, B2, B3 |
| Substantial risks - In default | Caa1, Caa2, Caa3, Ca |



2016 YEAR TO DATE

An aerial night photograph of a city, likely Albany, New York. In the background, a large suspension bridge with two prominent towers is illuminated and spans across a body of water. The city below is lit up with streetlights and building lights, creating a warm glow. Light trails from cars are visible on the roads in the foreground. The overall scene is a mix of urban architecture and natural landscape under a dark sky.

- Development Fiscal Advisory Group
 - Assist With The Development And Evaluation Of Short And Long-term Strategic Solutions
 - Participants: Individuals From The City's Management Team, Representatives From Dutchess County, External Professionals, And A Member Of The City Counsel
- Financial Restructuring Board
 - Completion of Strategic Plan
 - Financial Restructuring Board Comprehensive Review

MOVING FORWARD

An aerial night photograph of a city. In the foreground, there are several multi-story brick buildings with lit windows. A street with cars and light trails runs through the middle ground. In the background, a large suspension bridge with two towers and many lights spans across a body of water. Beyond the bridge, there are rolling hills or mountains under a dark, twilight sky.

- Increase Stakeholder Awareness
 - Important When Tough Decisions Are Needed
 - Development of Policies, Procedures, & Best Practices
- Examine Short-Term Strategies
 - Stop the Bleeding
 - Deficit Financing, Sale of Asset, Other

MOVING FORWARD

An aerial night photograph of a city, likely Pittsburgh, featuring a prominent suspension bridge with illuminated towers and cables. The city below is lit up with streetlights and building lights, and the background shows hazy mountains under a twilight sky.

- Develop Long-Term Planning Initiative
 - Once the Bleeding Stops, the Healing Can Begin
 - Proper Management is the Key & Long-Term Planning Strategies Will Be Essential
- Restore Credit Rating
 - Short-Term (1 Yr): Removal of Negative Outlook
 - Long-Term (1+ Yrs): Investment Grade Rating

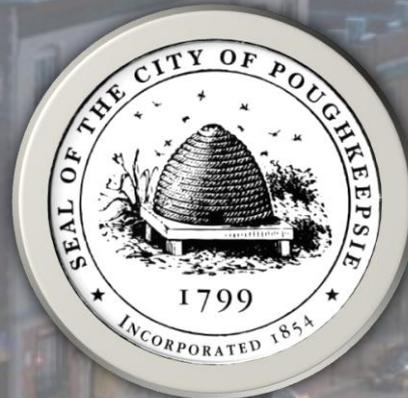
MOVING FORWARD

An aerial night photograph of a city, likely Pittsburgh, featuring a prominent suspension bridge with illuminated towers and cables. The city below is lit up with streetlights and building lights, with mountains visible in the background under a dark sky.

- Increase Efficiency Levels
 - Workforce Alignment
 - Investigations into Shared Services
- Take Advantage of Key Partnerships
 - Municipal Partners
 - Private Partnerships
 - State Resources & Grants

MOVING FORWARD

- City Council Responsibility
 - Any and All Initiatives Will Require Council Approval
 - Tough Decisions
 - Hard Work, Determination, and Council Involvement Will Ensure The Buzz is Here & Here to Stay



QUESTIONS

