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## OFFICE OF THE ALBANY CITY TREASURER

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**DATE:** December 31, 2021

**TO:** Hon. Kathy M. Sheehan  
Members of the Common Council

**FROM:** Hon. Darius Shahinfar

**CC:** Rachel McEneny, Mike Wheeler

**RE:** 3rd quarter 2020 Performance

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The following is a summary of the unaudited results for the 3rd Quarter 2020. **Despite the up and downs from the pandemic, overall, fiscal performance was stable and largely within budgetary expectations for 2020 through 3Q,** with the exception of expenditures related to overtime and sales tax revenue to this point in time. However, the City is feeling the financial effects of the pandemic as some revenues have seen un-recoupable reductions, with more expected to come in the 4<sup>th</sup> Quarter. The City should expect to see a deficit, plugged by our fund balance by the end of the year.

Revenue in the third quarter of 2020 totaled almost \$140.5M million which was a decrease of 3.0% or almost \$4.9M from last year at this time. This year-to-year decrease is related to the shelter-in-place and the shutdown of many businesses and local governments by the State due to the pandemic, leaving the City with reduced revenue from sales tax as well as many other smaller items like traffic court fines and construction-related permits. Actual expenses totaled almost \$124.4M which was an increase of 3.0% or almost \$4.0M compared to 2019. (Total expenses increase to \$131.8M with an estimate for NYS Retirement included for the 3rd quarter.)

## REVENUE (Thousands)

	SEPT	SEPT		%	SEPT	Annual		%
REVENUE	YTD 20	YTD 19	Variance		YTD 20	Budget	Variance	Budget
PROPERTY TAX	58,828	58,496	332	1%	58,828	58,550	278	100%
SALES/USE TAX	24,916	27,357	(2,441)	-9%	24,916	36,546	(11,630)	68%
PILOTS/19-a	19,318	20,667	(1,349)	-7%	19,318	20,004	(686)	97%
OTHER LOCAL SOURCES	1,798	1,677	121	7%	1,798	3,133	(1,335)	57%
LANDFILL	4,441	5,898	(1,457)	-25%	4,441	6,170	(1,729)	72%
OTHER DEPARTMENTS	4,972	5,108	(136)	-3%	4,972	6,442	(1,470)	77%
INTER GOVERNMENT	185	506	(321)	-63%	185	694	(509)	27%
FINES	3,404	3,903	(499)	-13%	3,404	5,475	(2,071)	62%
LICENSES AND PERMITS	3,798	3,356	442	13%	3,798	4,841	(1,043)	78%
STATE AID	14,174	14,723	(549)	-4%	14,174	31,637	(17,463)	45%
SALE P/COMP/LOSS	325	1,160	(835)	-72%	325	356	(31)	91%
MISCELLANEOUS	4,057	2,421	1,636	68%	4,057	9,225	(5,168)	44%
OTHER	286	106	180	170%	286	2,255	(1,969)	13%
<b>TOTAL REVENUE</b>	<b>140,502</b>	<b>145,378</b>	<b>(4,876)</b>	<b>-3%</b>	<b>140,502</b>	<b>185,328</b>	<b>(44,826)</b>	<b>76%</b>

The chart above summarizes the City's sources of revenue through September 30, 2020.

1. **Property Tax revenue** increased by \$332K from last year and is over budget at the end of the quarter as a result of paying a small number of assessment reductions by the end of the quarter. This figure will be reduced as some reductions are paid by the end of the year.
2. **Sales Tax revenue** in the third quarter was lower than last year by \$2.4M and slightly under budget at 68% for the year. The governor's stay at home directive began in the middle of March and as a result of this sales tax revenues decreased by 9% compared to last year at this time. While Sales Tax did rebound to a roughly expected \$9.0M in the 3<sup>rd</sup> Quarter, we will see what happens in the 4<sup>th</sup> Quarter. It is also safe to assume that Sales Tax should end up under budget for the year.
3. **PILOTS/19-a revenue** was lower than the same period last year. Most of the year-to-year decrease is the result of the timing of billings from last year and this year.
4. **Other Local sources revenue** increased from the second quarter of 2019. The increase is related to slight increases in interest and penalties on property taxes and in utilities gross receipts tax compared to last year at this time.

5. **Landfill revenue** decreased almost (\$1.5M) or 25% compared to the same period last year. Coupon sales decreased by \$439K, tipping fees were down \$723K and sale of methane gas was down \$237K. Landfill revenue is slightly below budget for the year at 72%, but is expected at this time to be on budget for the year.
6. **Other Departmental revenue** was 3% (\$136K) lower than last year at this time. APD Event Security revenue decreased by almost \$392K, golf course revenues were down \$127K and other revenues like rental registry, EMS revenue and Vital Statistics all had decreases from last year at this time. Although waste collection fees increased by \$639K.
7. **Fines and Forfeitures revenue** decreased by 13% (\$499K) from last year. Most of the decrease is related to a decrease in traffic violations police court fines which decreased by \$353K from 2019.
8. **Licenses and Permits revenue** increased 13% (\$442K) compared to the same period last year. Stabilization and demolition fees increased by \$503K (which are budget neutral) and street openings revenue increased by \$320K. Safety inspection permits saw a decrease of \$150K, plumbing permits decreased by \$123K and electrical permits decreased by \$31K. Most of the various permit fees had decreases for the year.
9. **State aid** – decreased 4% (\$549K) by the end of the third quarter. The first payment of State per capita revenue sharing decreased by \$220K from this time last year. Most of the revenue in this category is derived from state grants and various state payments. The timing of these payments varies from year to year. This is the category where we expect to see a more dramatic drop in revenue by the end of the year, as the State cut 20% from the AIM payments paid to the City (although 20% was NOT cut from our 19-a payment, and only 10% was cut from our Capital City Funding thus far).
10. **Sale of property** – decreased 72% (\$835K) compared to 2019. However, the decrease is the result of selling the Coeymans land last year.
11. **Miscellaneous revenue** increased 68% (\$1.6M) compared to the same time last year. This category is made up of refund of prior year expenses, special events revenue and reimbursements from ACDA. Refund of prior year expenses are made up of fees and charges from last year that are included on the property tax bills. Refund of prior year expenses increased by \$956K and health insurance rebates were higher by \$761K from 2019. Special events revenue decreased by \$386K due the cancelation of scheduled events this year.

12. **Other revenue** increased by \$180K compared to the same period last year. The increase is related to a Police Department grant received from the DOJ Jag program. Most of this revenue in this category is derived from federal government grants (which are budget neutral) and the timing of these payments varies from one year to the next.

## DISBURSEMENTS

Category/Account	SEPT YTD 20	SEPT YTD 19	Variance	%	Annual Budget	Variance	% Budget
Personal Benefits	56,372,147	58,781,930	(2,409,783)	-4.1%	78,619,355	(22,247,208)	72%
Fringe Benefits	27,525,480	26,369,118	1,156,362	4.4%	36,143,195	(8,617,715)	76%
Retirement including est.	10,673,658	10,437,401	236,257	2.3%	14,409,685	(3,736,027)	74%
Total Benefits	38,199,138	36,806,519	1,392,619	3.8%	50,552,880	(12,353,742)	76%
Non-Personal Service	37,255,040	32,103,108	5,151,932	16.0%	56,155,219	(18,900,179)	66%
Total	131,826,325	127,691,557	4,134,768	3.2%	185,327,454	(53,501,129)	71%
Number of weeks in period	39	39	0		52		75%

**Total disbursements increased by \$4.1M or 3.2% compared to the same period last year. However, spending overall is well within 2020 budgetary expectations.** Spending was slightly up in Fringe Benefits and Non-Personal Services compared to 2019, but down in Personal Benefits. The year to year increase in Non-Personal Service was due to the timing of debt service payments from the street-light purchase.

1. **Salary expense decreased by 4.1%** compared to the same period last year. The Police Department salary and overtime expense decreased almost (\$1.7M) from 2019. The Recreation Department Albany Plan salary expense decreased by almost \$1.1M. There were some increases in the Fire Department (\$522K) and other departments that offset the overall decrease. This category includes overtime which decreased by 7% or almost (\$505K) from last year, but does remain over-budget for 2020.
2. **Benefits Expenses increased by 3.8%** from the second quarter of last year. Most of the increase in this category was related to increases in retiree health insurance expense which increased (\$1.0M), workers' compensation expenses which increased (\$362K) and retirement expenses from NYS which increased (\$108K).

- 3. Non-Personal Service spending increased by 16.0% or \$5.1M but well within budget at 66%.** This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. The increase in this category is related an increase in debt service expense which increased by \$3.5M primarily to making the first debt service payments for the street light project (\$2.1M) which is offset by a large decrease (\$2.1M) in utilities expenses most of this decrease is related to the street lights purchase. The required paydown and interest expense on the bond anticipation notes increased (\$2.4M). Stabilizations and demolitions expense increased (\$458K) and equipment expense increased (\$726K) from 2019.
- 4. Encumbrances (funds reserved for purchases) increased by almost \$511K** compared to the same period last year. Encumbrances total slightly more than \$4.6M at the end of the third quarter.

## OVERTIME

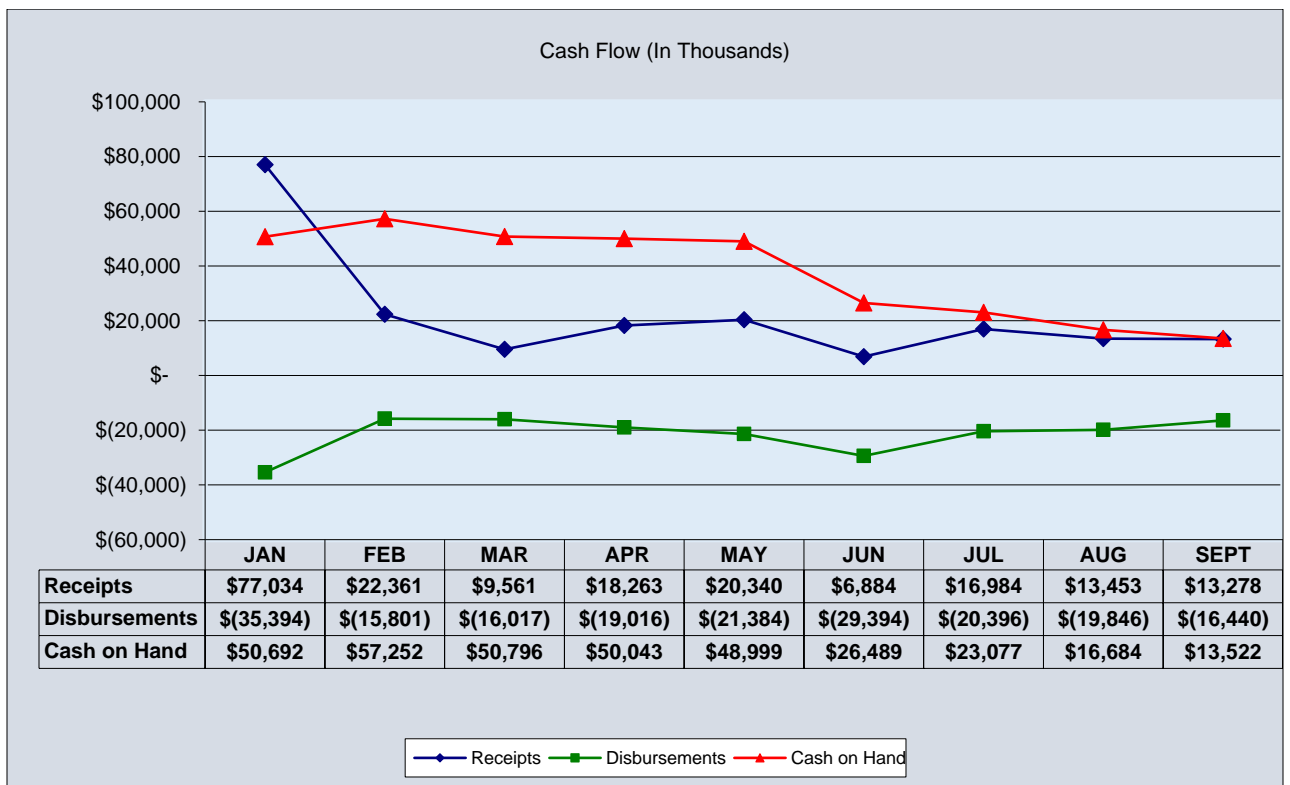
Department	2020	2019	Change	%	2020	Budget	% of Budget
Police (non-reimbursable)	3,933,633	4,100,486	(166,853)	-4%	3,933,633	4,282,500	92%
Fire	1,208,757	1,004,895	203,862	20%	1,208,757	475,000	254%
Communications	336,842	361,321	(24,479)	-7%	336,842	295,000	114%
Parks Maintenance	126,993	181,565	(54,572)	-30%	126,993	185,000	69%
Waste Collection	323,530	271,477	52,053	19%	323,530	225,000	144%
Landfill	103,454	92,230	11,224	12%	103,454	150,000	69%
Central Maint.	35,705	35,617	88	0%	35,705	70,000	51%
Street Maintenance	178,056	296,323	(118,267)	-40%	178,056	290,000	61%
Recreation	0	12,291	(12,291)	-100%	0	1,000	0%
Traffic Engineering	29,753	32,843	(3,090)	-9%	29,753	40,000	74%
Capital Hills	11,480	20,286	(8,806)	-43%	11,480	26,000	44%
Fleet Maintenance	27,140	23,322	3,818	16%	27,140	25,000	109%
Bleeker / Facility Operations	1,748	125	1,623	1298%	1,748	14,000	12%
Buildings	133,552	101,598	31,954	31%	133,552	128,800	104%
DGS Administration	0	2,747	(2,747)	-100%	0	2,500	0%
Control of Animals	10,636	10,769	(133)	-1%	10,636	12,000	89%
Cultural Affairs	29	7,123	(7,094)	-100%	29	12,000	0%
<b>General Fund</b>	<b>6,461,308</b>	<b>6,555,018</b>	<b>(93,710)</b>	<b>-1%</b>	<b>6,461,308</b>	<b>6,233,800</b>	<b>104%</b>
Police (reimbursable)	648,491	1,059,494	(411,003)	-39%	648,491	1,211,917	54%
Fire (reimbursable)	0	0	0	0%	0	110,000	0%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
<b>Water</b>	<b>345,315</b>	<b>373,788</b>	<b>(28,473)</b>	<b>-8%</b>	<b>345,315</b>	<b>527,109</b>	<b>66%</b>
<b>Totals</b>	<b>7,455,114</b>	<b>7,988,300</b>	<b>(533,186)</b>	<b>-7%</b>	<b>7,455,114</b>	<b>8,082,826</b>	<b>92%</b>

**General Fund overtime was over budget (104%) at the end of the second quarter.** Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was over budget at the end of

the quarter although it was 1% (\$93K) lower than the same period last year. OT is consistently the largest over-budget expense. That being said, over-budget OT expenditures are frequently offset by under-budget regular salary expenditures resulting from open positions.

The Police Department had the biggest decrease in overtime payments which were down by almost \$167K. The Fire Department increased by \$204K and a few other departments had increases while the majority of departments have lower overtime expenses this year than last year.

## CASH



**The City's cash position was 67% higher than forecasted but \$2.3M lower than the same period last year.** Albany Water Board expenses for the Long-Term Control Plan were lower than anticipated which kept cash at higher levels at the end of the quarter. There was also an increase in property tax collections during the year which has provided additional cash. That being said, the reduction in 2Q sales tax cash, and the uncertainty of the NYS revenue obligations to the City could quickly and negatively reflect on our cash position if significant reductions are made.

## CONCLUSION

The City saw a decrease in overall revenue in the third quarter compared to 2019 which was due to the pandemic shut down. **The reduction in revenue is expected to get worse over the course of the year with the health care crisis impacting particularly State and sales tax revenue.** Expenses were up in the third quarter of 2020 compared to last year at this time, mostly as the result of debt service payments, the paydown of the bond anticipation notes, increases in retirement costs, higher OT, but overall, were still largely within budget expectations and will even out by year end. The City must continue to watch expenses closely and try to control them as much as possible, while continuing to push for revenue increases where it can locally, and at the State level, where a permanent solution for the revenue gap caused by tax exempt properties must be found.