
OFFICE OF THE ALBANY CITY TREASURER

DATE: June 15, 2021

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Nick Blais

RE: 4th quarter YTD 2020 Performance

The following is a summary of the unaudited results for 2020 that show a mixed bag of good news and bad news. **Despite the up and downs from the pandemic and a reduction in expected revenues, overall fiscal performance was not as dire as we had feared a year ago and only slightly off (about 2.5%) of our overall budgetary expectations for 2020.** The major variations are increased expenditures related to overtime and decreased revenues for sales tax, fines, state aid and assorted other items. Fortunately, reduced costs due to strict spending controls, and the use of our entire debt reserve (restricted fund balance) made up for much of the lost revenue, leaving our unrestricted fund balance cut by only about \$4.4m. That being said, the City is feeling the financial effects of the pandemic as some of the lost revenues were un-recoupable reductions. Thankfully the Federal COVID relief funds will be able to make up for this gap.

Revenue for 2020 totaled almost \$174.4M 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 parking tickets and landfill revenue. Actual expenses totaled almost \$178.8M which was an increase of 2.9% or almost \$5.0M compared to 2019. The City finished the year with a loss on the fund balance of almost \$4.4M. We depleted most of our debt reserve funds (\$5.3M) to mitigate the impact of the overall loss of revenue. Without the use of the debt reserve money the City would have ended the year with a loss to the unassigned fund balance of approximately \$9.7M. The unrestricted fund balance at the end of 2020 stood at about \$10m.

REVENUE (Thousands)

REVENUE	DEC	DEC	Variance	% Change	DEC	Annual	Variance	%
	YTD 20	YTD 19			YTD 20	Budget		
PROPERTY TAX	58,608	58,313	295	1%	58,608	58,550	58	100%
SALES/USE TAX	34,099	36,637	(2,538)	-6.9%	34,099	36,546	(2,447)	93%
PILOTS/19-a	19,316	20,708	(1,392)	-7%	19,316	20,004	(688)	97%
OTHER LOCAL SOURCES	3,071	2,951	120	4%	3,071	3,133	(62)	98%
LANDFILL	5,594	7,170	(1,576)	-22%	5,594	6,170	(576)	91%
OTHER DEPARTMENTS	5,759	5,783	(24)	0%	5,759	6,442	(683)	89%
INTER GOVERNMENT	208	589	(381)	-65%	208	694	(486)	30%
FINES	4,449	5,013	(564)	-11%	4,449	5,475	(1,026)	81%
LICENSES AND PERMITS	5,353	4,299	1,054	25%	5,353	5,292	61	101%
STATE AID	26,512	29,005	(2,493)	-9%	26,512	31,675	(5,163)	84%
SALE P/COMP/LOSS	625	1,610	(985)	-61%	625	356	269	176%
MISCELLANEOUS	4,790	5,414	(624)	-12%	4,790	9,276	(4,486)	52%
OTHER	712	758	(46)	-6%	712	2,255	(1,543)	32%
DEBT RESERVE	5,300	1,000	4,300	100%	5,300	5,300	0	100%
TOTAL REVENUE	174,396	179,250	(4,854)	-3%	174,396	191,168	(16,772)	91%

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

1. **Property Tax revenue** increased by \$295K from last year and is at 100% of budget at the end of the year as a result of paying a small number of assessment reductions by the end of the year.
2. **Sales Tax revenue** was lower than last year by \$2.5M and under budget by \$2.4M (93% of budget) 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 almost 7% compared to last year. That being said, sales tax did rebound to more normal levels in 3Q and 4Q, and has maintained that performance in 1Q 2021.
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 assessment agreements aging out and less revenue billed and the item is under budget largely because most of the voluntary PILOTS were not realized.
4. **Other Local sources revenue** increased by \$120K from 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 (\$1.6M) or 22% compared to the same period last year. Coupon sales decreased by \$501K, tipping fees were down \$755K and sale of methane gas was down \$236K. Landfill revenue is slightly below budget for the year at 91% for the year, largely

due to reduced economic activity due to the pandemic resulting in less waste.

6. **Other Departmental revenue** was (\$24K) lower than last year and only 89% of budget for 2020. APD Event Security revenue decreased (\$742K) and was below budget by \$743K. While waste collection fees increased by \$848K.
7. **Inter-governmental revenue** decreased 65% (\$381K) from 2019. The decrease is related to less interest income earned on invested money due to the economic down turn from the pandemic.
8. **Fines and Forfeitures revenue** decreased 11% (\$564K) from last year and only 81% of budget at year end. Traffic court fines decreased \$343K, parking ticket revenue decreased \$68K and parking ticket surcharges decreased \$68K.
9. **Licenses and Permits revenue** increased 29% (\$1.0M) compared to 2019. Unfortunately, much of this was due to stabilization and demolition fees (increased by \$601K and which are budget neutral) and street openings revenue increased by \$542K. Safety inspection permits also saw an increase of \$104K. Plumbing permits decreased by \$167K and electrical permits decreased by \$7K. Many of the various permit fees had decreases for the year.
10. **State aid** – decreased 9% (\$2.5M) by the end of the year. The State per capita revenue sharing (AIM) decreased by \$630K, Capital City Funding decreased by \$1.2M and police court security revenue decreased by \$572K. That being said, the AIM money was paid in May 2021, and recoupment of the remaining CCF funding has been passed by both Houses. 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.
11. **Sale of property** – decreased 61% (\$985K) compared to 2019. However, the decrease is the result of selling the Coeymans land in 2019. The revenue exceeded the budget this year by 176% from the sales of used vehicles and equipment.
12. **Miscellaneous revenue** decreased 12% (\$624K) 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 decreased by \$311K and Special events revenue decreased by \$451K due the cancelation of scheduled events this year. The large variance to

budget is due to the funds that are included with the general fund for Housing & Community Development Reimbursement. This simply acts as a pass through account that does not impact the general fund, but was set up to comply with HUD grant disbursement regulations.

13. Other revenue decreased by \$46K compared to last year. Most of the 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	DEC	DEC	%	Annual	Budget	Variance	%
	YTD 20	YTD 19					
Personal Benefits	78,818,162	79,305,686	(487,524)	-0.6%	77,602,326	1,215,836	102%
Fringe Benefits	52,049,070	51,133,599	915,471	1.8%	51,406,095	642,975	101%
Non-Personal Service	<u>42,615,107</u>	<u>42,365,092</u>	<u>250,015</u>	<u>0.6%</u>	<u>56,859,134</u>	<u>(14,244,027)</u>	<u>75%</u>
Use of Debt Reserve	5,300,000	1,000,000	4,300,000	430.0%	<u>5,300,000</u>	0	100%
Total	178,782,339	173,804,377	4,977,963	2.9%	191,167,555	(12,385,216)	94%
Number of weeks in period	52	52	0		52		100%

Total disbursements increased by almost \$5.0M or 2.9% compared to last year. However, spending overall is well within 2020 budgetary expectations. Spending was slightly down in Personal Benefits, but higher in Fringe Benefits and Non-Personal Services compared to 2019.

- 1. Salary expense decreased by -0.6% compared to last year.** The Youth and Workforce Services for the Albany Plan salary expense decreased by almost \$1.1M. Overall most departments with a few exceptions had slight salary increases. This category includes overtime which increased by 6% (\$536K) from last year and was over-budget by 12% (\$1.2M) for 2020.
- 2. Benefits Expenses increased by 1.8% from 2019.** Most of the increase in this category was related to increases in retiree health insurance

expense which increased (\$900K) and retirement expenses from NYS which increased (\$500K). Medicare refunds decreased by \$157K along with other benefits like workers' compensation expenses had slight decreases which offset the total increase in this category.

3. Non-Personal Service spending increased by 0.6% or \$250K but well within budget at 75%. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. The increases in this category are related to the Albany Parking Authority contract \$1.3M which is an increase of \$800K, ppe supplies \$277K and equipment expense increased by \$400K. Election expenses totaled \$192K for 2020. These increases were offset by decreases in virtually every department, including large decreases in utilities (\$1.6M), debt service due to the use of debt reserve (\$5.3M), Community Development funds (\$3.5M) and other expenses

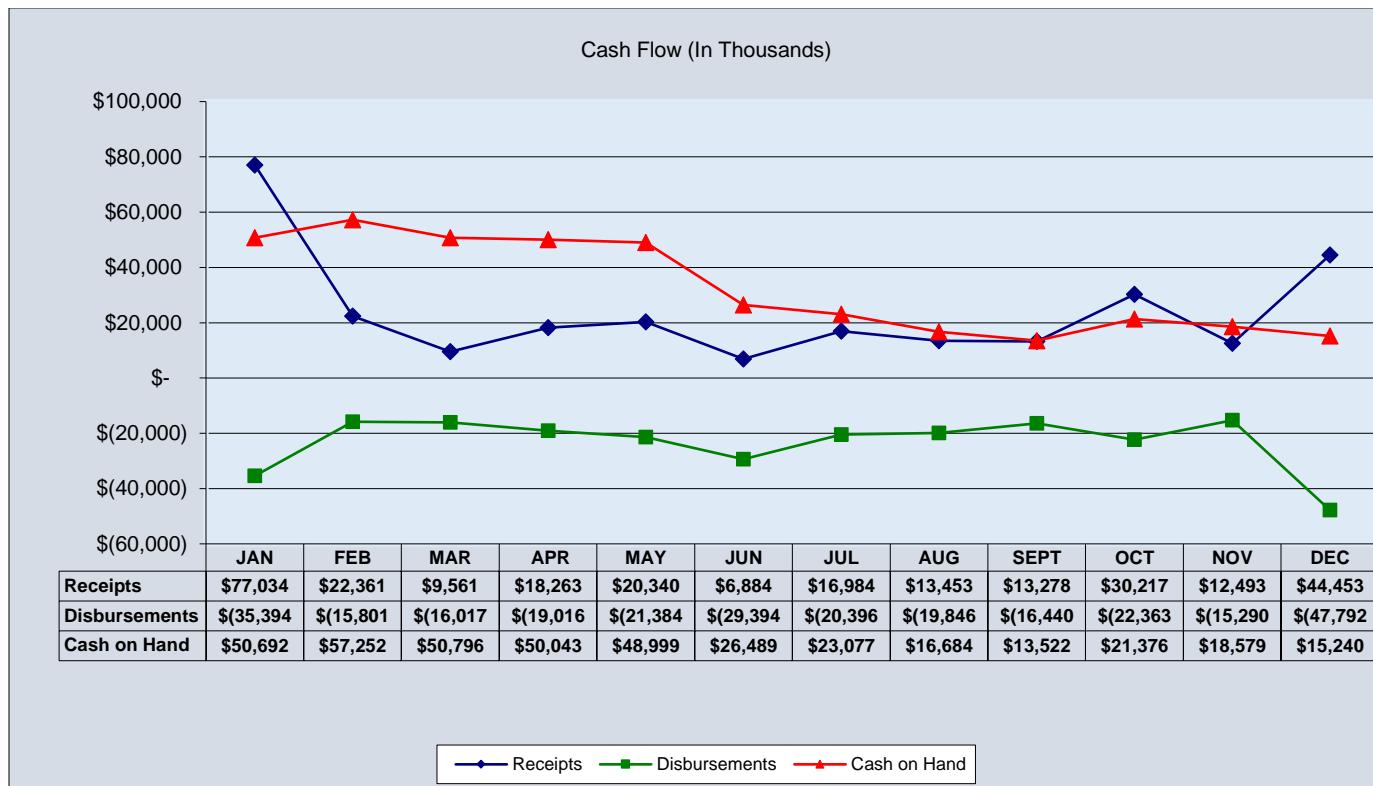
OVERTIME

Department	2020	2019	Change	%	2020	Budget	% of Budget
Police (non-reimbursable)	5,965,623	5,845,154	120,469	2%	5,965,623	5,998,095	99%
Fire	2,019,279	1,307,823	711,456	54%	2,019,279	475,000	425%
Communications	454,039	506,950	(52,911)	-10%	454,039	464,000	98%
Parks Maintenance	192,788	263,400	(70,612)	-27%	192,788	185,000	104%
Waste Collection	458,805	407,060	51,745	13%	458,805	225,000	204%
Landfill	150,476	154,839	(4,363)	-3%	150,476	150,000	100%
Central Maint.	42,476	52,956	(10,480)	-20%	42,476	70,000	61%
Street Maintenance	253,445	427,398	(173,953)	-41%	253,445	290,000	87%
Recreation	0	15,872	(15,872)	-100%	0	1,000	0%
Traffic Engineering	41,599	48,516	(6,917)	-14%	41,599	40,000	104%
Capital Hills	15,561	31,200	(15,639)	-50%	15,561	26,000	60%
Fleet Maintenance	41,112	44,785	(3,673)	-8%	41,112	25,000	164%
Bleeker / Facility Operations	2,135	125	2,010	1608%	2,135	14,000	15%
Buildings	159,702	141,935	17,767	13%	159,702	128,800	124%
DGS Administration	0	4,897	(4,897)	-100%	0	2,500	0%
Control of Animals	15,639	15,440	199	1%	15,639	16,000	98%
Cultural Affairs	29	8,002	(7,973)	-100%	29	12,000	0%
General Fund	9,812,708	9,276,352	536,356	6%	9,812,708	8,122,395	121%
Police (reimbursable)	907,818	1,518,745	(610,927)	-40%	907,818	1,213,514	75%
Fire (reimbursable)	0	0	0	0%	0	110,000	0%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	445,512	520,480	(74,968)	-14%	445,512	527,109	85%
Totals	11,166,038	11,315,577	(149,539)	-1%	11,166,038	9,973,018	112%

General Fund overtime was over budget (121%) for 2020. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense increased by 6% (\$536K) higher than 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 Fire Department had the largest increase which was 54% (\$711K) higher compared to last year largely due to increased workload due to COVID. A few of the other departments had increases while the majority of departments had lower overtime expenses for 2020.

CASH



The City's cash position was healthy with \$15.2M at the end of the year. The City was able to hold off issuing a revenue anticipation note (RAN) in December by delaying the Albany School District PILOT payment \$7.2M and the NYS Local Employee's Retirement invoice payment \$5.0M until January.

CONCLUSION

The City saw a decrease in overall revenue compared to 2019 which was due to the pandemic shut down. **However, spending adjustments and the use of reserve funds kept the revenue reductions from doing additional financial damage to the City. The passage of the ARP COVID Relief bill and the receipt of the first tranche of federal money will mitigate the damage that has been done and the financial damage that is not yet known.** But even with these monies, the City must continue to watch expenses closely and try to control them as much as possible, while continuing to push for permanent revenue increases where it can locally, and at the State level, where a permanent solution for the revenue gap caused by tax exempt properties remains to be found.