
OFFICE OF THE ALBANY CITY TREASURER

DATE: July 6, 2020

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

FROM: Hon. Darius Shahinfar

CC: Rachel McEneny, Mike Wheeler

RE: 1st quarter 2020 Performance

The following is a summary of the unaudited results for the 1st Quarter 2020. **Overall, fiscal performance was stable and within budgetary expectations for 2020**, with the exception of expenditures related to overtime.

Revenue in the first quarter of 2020 totaled \$78.6 million which was a decrease of 8.0% or \$6.9M from last year at this time (most of this decrease is related to not billing NYS for the 19a funds until April this year compared to January last year). Expenses totaled almost \$36.3M which was an increase of 3.8% or \$1.3M compared to the first quarter of 2019.

REVENUE (Thousands)

	MAR	MAR		%	MAR	Annual		%
REVENUE	YTD 20	YTD 19	Variance		YTD 20	Budget	Variance	Budget
PROPERTY TAX	58,866	58,560	306	1%	58,866	58,550	316	101%
SALES/USE TAX	8,867	8,486	381	4%	8,867	36,546	(27,679)	24%
PILOTS/19-a	3,301	11,585	(8,284)	-72%	3,301	20,004	(16,703)	17%
OTHER LOCAL SOURCES	393	421	(28)	-7%	393	3,133	(2,740)	13%
LANDFILL	1,566	1,900	(334)	-18%	1,566	6,170	(4,604)	25%
OTHER DEPARTMENTS	723	638	85	13%	723	6,442	(5,719)	11%
INTER GOVERNMENT	116	130	(14)	-11%	116	694	(578)	17%
FINES	1,030	1,205	(175)	-15%	1,030	5,475	(4,445)	19%
LICENSES AND PERMITS	1,613	853	760	89%	1,613	3,859	(2,246)	42%
STATE AID	0	11	(11)	-100%	0	30,161	(30,161)	0%
SALE P/COMP/LOSS	26	877	(851)	-97%	26	356	(330)	7%
MISCELLANEOUS	2,116	847	1,269	150%	2,116	9,022	(6,906)	23%
OTHER	9	14	(5)	-36%	9	2,022	(2,013)	0%
TOTAL REVENUE	78,626	85,527	(6,901)	-8%	78,626	182,434	(103,808)	43%

The chart above summarizes the City's sources of revenue through March 31, 2020.

1. **Property Tax revenue** increased by \$306K from last year and is over budget at the end of the first quarter as a result of paying a small number of assessment reductions by the end of the quarter.
2. **Sales Tax revenue** the first quarter sales tax revenue was higher than last year and totaled almost \$8.9M and slightly under budget at 24% for the year in first quarter. While this was good news, the governor's stay at home directive began in the middle of March, so most of the retail activity was normal up to that time. The second quarter will most likely see a sharp decrease in sales tax revenue, early indications are of up to 30%.
3. **PILOTS/19-a revenue** was lower than the same period last year. Most of the year-to-year decrease is the result of billing the 19a properties to NYS in April this year compared to January last year.
4. **Other Local sources revenue** decreased from the first quarter of 2019. Penalties on property taxes decreased from receiving payments sooner, but is expected to rebound over the next 3 months.
5. **Landfill revenue** decreased 18% compared to the same period last year. Coupon sales decreased by \$373K which is the primary reason for the decrease although revenue is on budget for the year at 25%.
6. **Other Departmental revenue** was 13% (\$85K) higher than last year at this time. Most of the difference is the result of billing \$294K in waste collection late fees. DGS fees increased \$39K while APD Event Security revenue decreased by almost \$87K.
7. **Fines and Forfeitures revenue** decreased by 15% (\$175K) from last year. The decrease is due to traffic court fines which were lower by \$68K and parking violation fines which were lower by \$95K. Most of this decrease is a timing issue because the March parking revenue report was not available when this report was prepared.
8. **Licenses and Permits revenue** increased 89% (\$760K) compared to the same period last year. Stabilization and demolition fees increased by \$530K and street openings revenue increased by \$307K. Safety inspection permits saw a decrease of \$51K.
9. **State aid** – decreased \$11K by the end of the first quarter. Most of this revenue is derived from state grants and various state payments. The timing of these payments varies from year to year.
10. **Miscellaneous revenue** increased 150% (\$1.3M) 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. These charges can vary from year to year and adjustments for these charges can vary.

- Other revenue** decreased by \$5K compared to the same period last year. Most of this revenue is derived from federal government grants and the timing of these payments varies from one year to the next.

DISBURSEMENTS

	MAR	MAR		%	Annual		%
	YTD 20	YTD 19	Variance		Budget	Variance	Budget
Personal Benefits	19,183,097	19,147,253	35,844	0.2%	78,646,993	(59,463,896)	24%
Fringe Benefits	11,663,045	11,235,974	427,071	3.8%	51,031,677	(39,368,632)	23%
Non-Personal Service	5,447,766	4,082,643	1,365,123	33.4%	52,755,160	(47,307,394)	10%
Total	36,293,908	34,465,870	1,828,038	5.3%	182,433,830	(146,139,922)	20%
Number of weeks in period	13	13	0		52		25%

Total disbursements increased by over \$1.8M or 5.3% compared to the same period last year. Spending overall is well within 2020 budgetary expectations, but spending was up in all categories (Personal Benefits, Fringe Benefits and Non-Personal Services) compared to 1Q 2019.

- Salary expense increased by 0.2%** compared to the same period last year. Most departments are showing similar totals from last year at this time. This category includes overtime which is \$61K higher than 2019.
- Benefits Expenses increased by 3.8%** from the first quarter of last year but was below budget for the first quarter at 23%. Most of the increase in this category was related to increases in workers' compensation expenses which increased (\$155K) retirement expenses from NYS which increased (\$62K) and retiree health insurance increased (\$288K), an item that fluctuates year to year.
- Non-Personal Service spending increased by 33.4% or almost \$1.4M.** Not including encumbrances this category was only 10% of budget by the end of the first quarter. This category includes utilities, contracted

services, supplies, materials, small equipment, consulting fees and debt service. Most of the increase in this category is related to making the first debt service payments for the street light project (\$1.7M) which is offset by a large decrease in utilities expenses related to street lights which decreased (\$654K). Stabilizations and demolitions expense increased (\$179K) while snow removal in the first quarter decreased (\$507K) from the 2019.

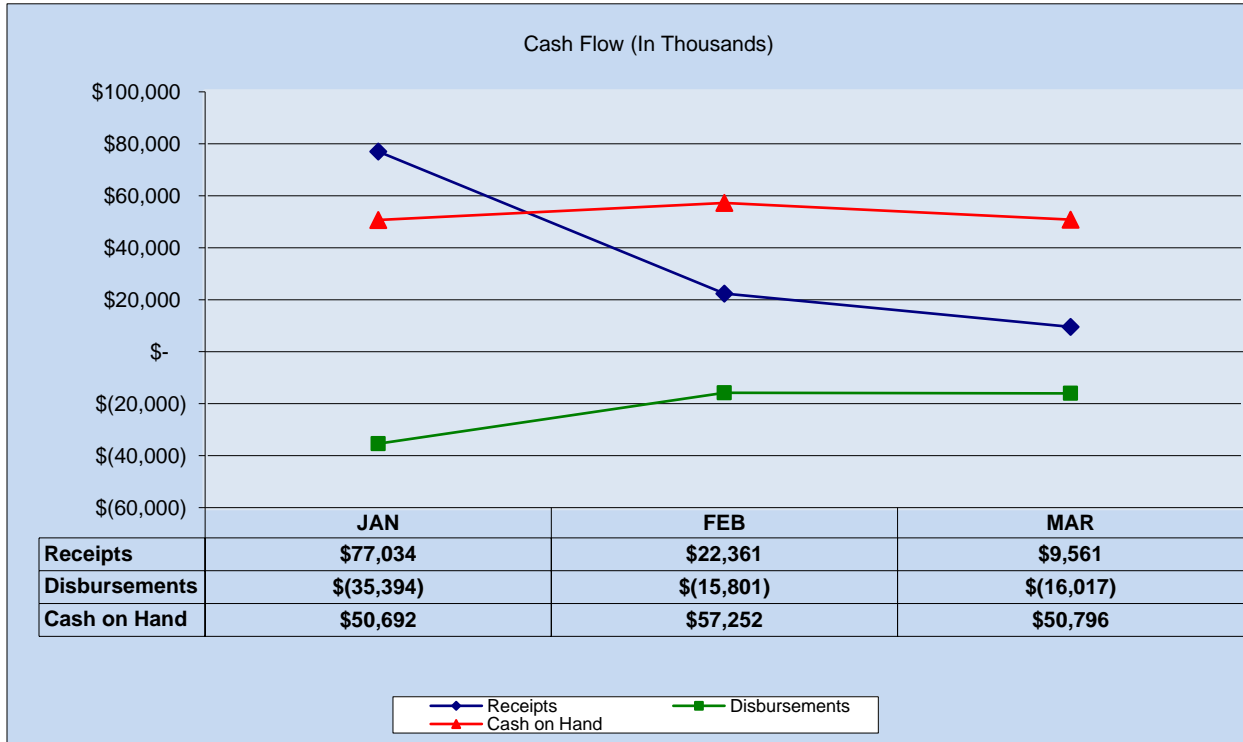
4. Encumbrances (funds reserved for purchases) increased by \$2.1M compared to the same period last year. Encumbrances total slightly more than \$7.0M at the end of the first quarter.

OVERTIME

Department	2020	2019	Change	%	2020	Budget	% of Budget
Police (non-reimbursable)	1,221,917	1,088,546	133,371	12%	1,221,917	4,195,090	29%
Fire	274,680	303,923	(29,243)	-10%	274,680	475,000	58%
Communications	113,241	90,684	22,557	25%	113,241	225,000	50%
Parks Maintenance	37,325	77,027	(39,702)	-52%	37,325	185,000	20%
Waste Collection	132,118	88,505	43,613	49%	132,118	225,000	59%
Landfill	52,853	45,612	7,241	16%	52,853	150,000	35%
Central Maint.	26,585	14,516	12,069	83%	26,585	70,000	38%
Street Maintenance	56,959	139,045	(82,086)	-59%	56,959	290,000	20%
Recreation	0	1,005	(1,005)	-100%	0	1,000	0%
Traffic Engineering	7,926	10,687	(2,761)	-26%	7,926	40,000	20%
Capital Hills	3,965	9,901	(5,936)	-60%	3,965	26,000	15%
Fleet Maintenance	10,522	15,063	(4,541)	-30%	10,522	25,000	42%
Bleeker / Facility Operations	0	125	(125)	-100%	0	14,000	0%
Buildings	37,450	27,951	9,499	34%	37,450	128,800	29%
DGS Administration	0	2,747	(2,747)	-100%	0	2,500	0%
Control of Animals	2,908	2,167	741	34%	2,908	12,000	24%
Cultural Affairs	0	205	(205)	-100%	0	12,000	0%
General Fund	1,978,449	1,917,709	60,740	3%	1,978,449	6,076,390	33%
Police (reimbursable)	322,364	258,746	63,618	25%	322,364	1,202,997	27%
Fire (reimbursable)	0	0	0	0%	0	110,000	0%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	140,605	158,738	(18,133)	-11%	140,605	527,109	27%
Totals	2,441,418	2,335,193	106,225	5%	2,441,418	7,916,496	31%

General Fund overtime was over budget (33%) at the end of the first quarter. Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 3% (\$64K) higher than the same period last year. OT is consistently the largest over-budget expense. The Police department had the biggest increase in overtime payments which were up by almost \$133K. The majority of departments have lower overtime expenses this year than last year.

CASH



The City's cash position was 20% higher than forecasted and \$1.0M higher than the same period last year. Most of the increase is related to an increase in cash transfers from the Albany Water Board related to paying the expenses for the Long-Term Control Plan. There was also an increase in property tax collections during the first quarter compared to last year.

CONCLUSION

Thus far, there are no major surprises in the first quarter for 2020, as the City was largely moving forward as expected financially. The City saw a decrease in overall revenue in the first quarter compared to 2019, but this was more an issue of timing. **However, the reduction in revenue is expected to get worse over the course of the year with the health care crisis impacting State and other revenue sources.** Expenses were up in the first quarter of 2020 compared to last year at this time, mostly as the result of debt service payments, increases in retirement costs, higher OT, and increases in retiree health insurance costs, but overall, were still largely within budget expectations. 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.