GOVERNANCE, STRATEGY & CITY OPERATIONS COMMITTEE
APRIL 2, 2020
CITY OF PLATTSBURGH COMMON COUNCIL CHAMBERS
MINUTES
4:30 PM

Roll Call: Councilor Barbell, Councilor DeDominicas, Mayor Read

Others Present: Councilors Kelly, Gibbs, McFarlin and Moore

Absent: **None**

****

1. **REPORTS FROM DEPARTMENT REPRESENTATIVES AND DISCUSSION WITH COUNCILORS:**

Councilor Barbell asked for updates on various items such as; Comprehensive Plan, Marina, etc.

Director of Community Development Matthew Miller and City Planner Malana Tamer answered questions and gave updates.

****

1. **AGENDA ITEMS BROUGHT FORWARD FROM DEPARTMENTS TO BE APPROVED BY COMMITTEE AND RECOMMENDED TO COUNCIL:**

1. Request from the City Chamberlain to revise capital project H5110.72, 2019 Green Street Demolition, by increasing the project total by $40,271.00 for a new total of $440,271.00. The additional funding will be transferred from the General Fund for 2020 capital project spending.

Councilor Kelly added Item #2 and gave presentation which will be made part of the minutes of the meeting:

2. Whereas, the City of Plattsburgh and its surrounding region have been afflicted with the worst global pandemic since the Spanish Flu of 1918 and 1919, and

Whereas, the City of Plattsburgh and its civic government have taken steps to help ensure the safety and health of City employees and citizens,

Whereas, the human costs locally and regionally will be tragic, so too will be the economic costs, and

Whereas, the State has ordered all non-essential workers to stay home, and

Whereas, the City must also ensure it has the resources to compensate its essential workers for the water and sewer, transportation and lighting, clerk and public safety functions, and the infrastructure necessary to maintain them, and

Whereas, the Common Council expects revenue to fall in the areas of sales tax, Aid and Incentives to Municipalities, utility and property taxes, reimbursements, recreation and parking fees, and revenue from various permits, and expenses to rise in the areas of COVID-19 preparation, first responder overtime, pension and health care contributions, bond interest, and employee assistance programs, and

Whereas, the City remains concerned about the financial well-being of all of its residents and must ensure that they are not burdened further, through fees or additional taxation, at this time of financial vulnerability; and

Whereas, initial analysis demonstrates that the City will need to reduce spending in the General Fund by at least $3,500,000 and in other funds by unspecified amounts; and

Whereas, the Council's 2020 budget will require significant amendments in order to address these mounting financial challenges and the Council requests that the Mayor explore a combination of general fund utilization, re-allocation of available unappropriated revenues, and most pointedly, a reduction of appropriations; and

Whereas, Charter Section C-6-6C describes the process to amend the budget after adoption:

Reduction of appropriations. If it appears to the Mayor that there is likely to be insufficient revenue or unappropriated funds to pay an appropriation, he or she shall promptly inform the Common Council of the amount of the estimated deficit and recommend a course of action. The Common Council may, by ordinance or resolution, reduce one or more unencumbered appropriations to eliminate such deficit.

Now, therefore, be it resolved that the Common Council of the City of Plattsburgh requests that the Mayor inform the Council of the amount of the estimated deficit then analyze and estimate general fund utilization options, re-allocation of available unappropriated revenues, and most pointedly, provide options to substantially reduce temporary and permanent appropriations and then recommend a course of action for the Council to implement by further resolution.

By Councilor DeDominicas; Seconded by Councilor Barbell
(RC) Roll call: Councilor Barbell, Councilor DeDominicas, Mayor Read
(All voted in the affirmative)
****

3. OLD BUSINESS: None
****

4. NEW BUSINESS: None
****

Motion to Adjourn by Councilor DeDominicas; Seconded by Councilor Barbell
(RC) Roll call: Councilor Barbell, Councilor DeDominicas, Mayor Read
(All voted in the affirmative)
MEETING ADJOURNED: 5:00 pm

DISCOVER | DÉCOUVREZ
Plattsburgh
NEW YORK

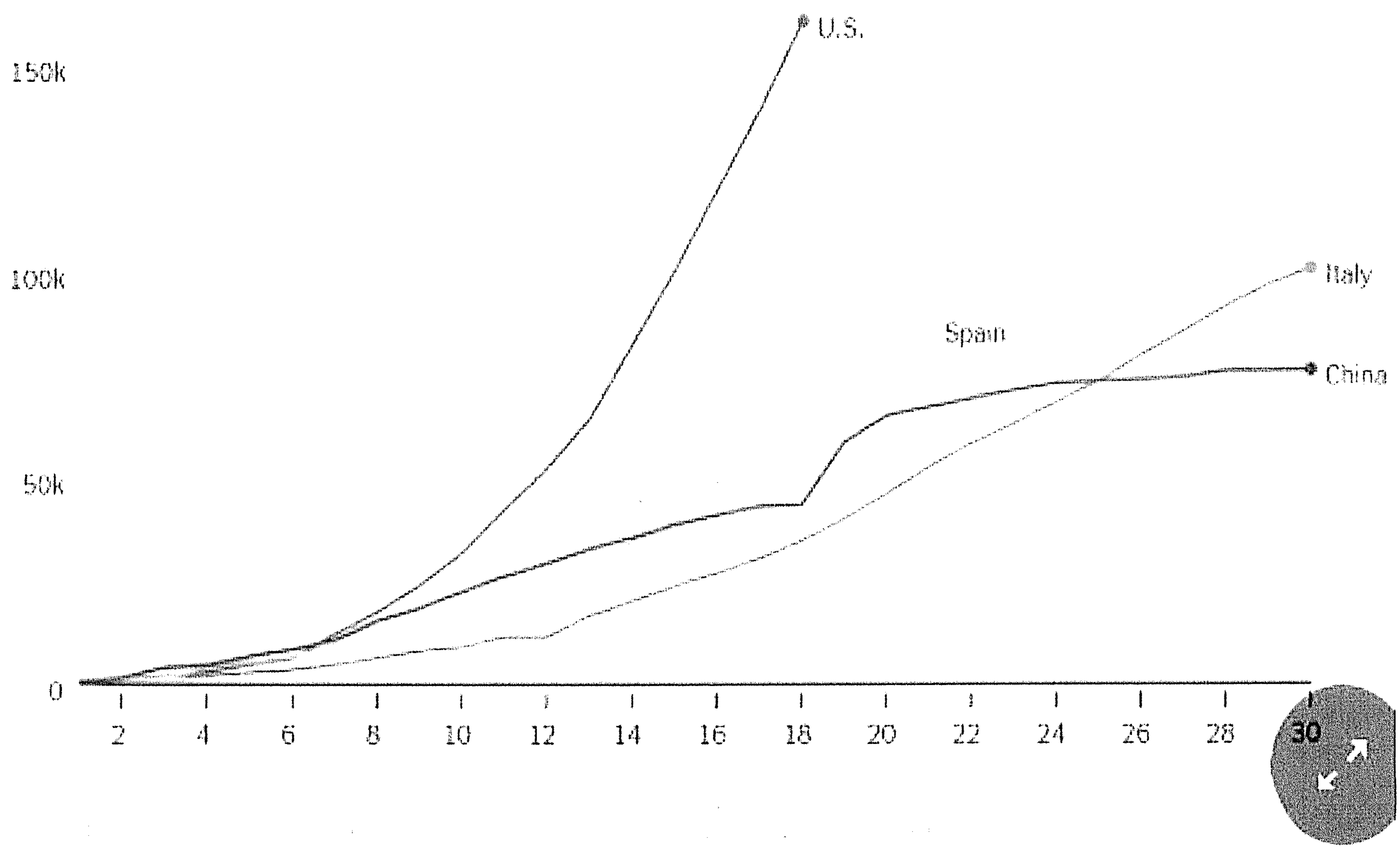
City of Plattsburgh

COVID-19
Economic Response
April 2, 2020

Assumptions from 5 Year Plan

- Cost and Value: We will deliver the best service for the lowest cost to our taxpayers
- Structural Balance: We will create balanced budgets
- Unassigned Fund Balance Growth: We will increase the unassigned fund balance steadily over the next few years
- Sustainability: We will create budgets that are sustainable for many years to come

Not Flattening



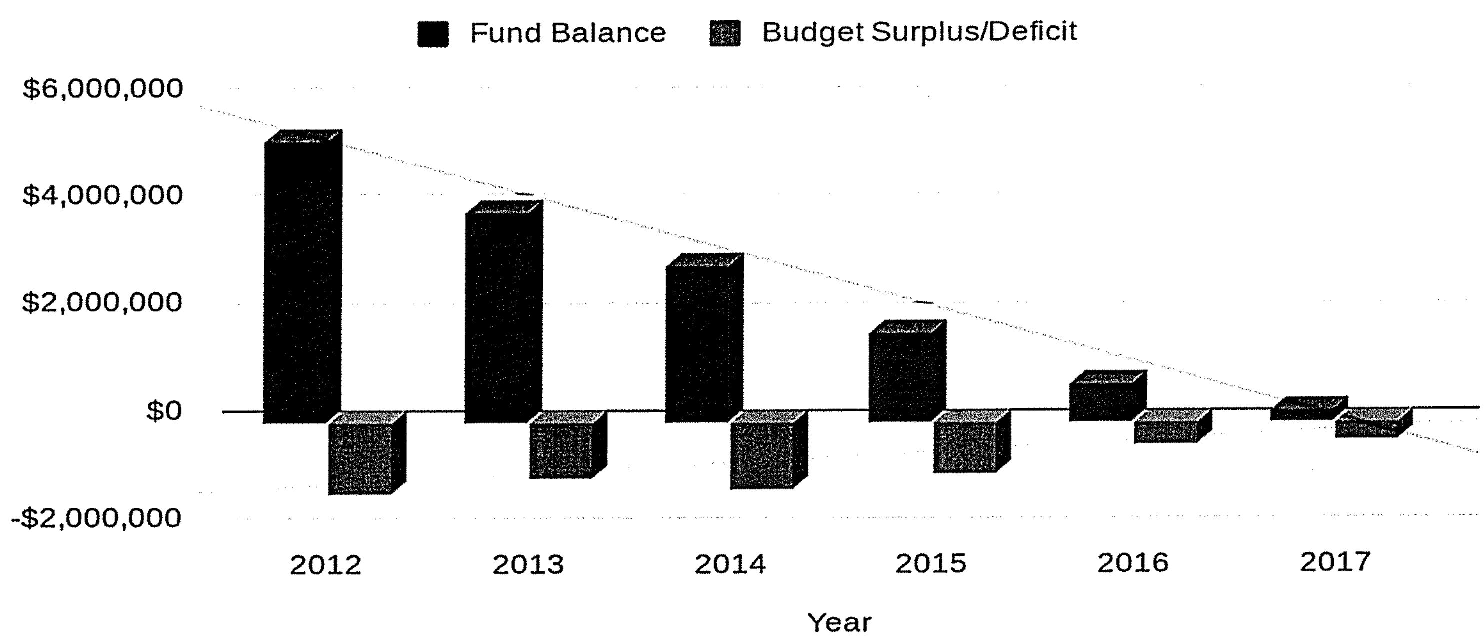
During the Great Recession taxes were raised to offset losses in revenue. Tax increases like those shown below would be unacceptable to taxpayers today, many of whom have been affected by COVID-19 measures.

Year	Property Tax Increase
2007	8.20%
2008	5.61%
2009	2.49%
2010	4.11%

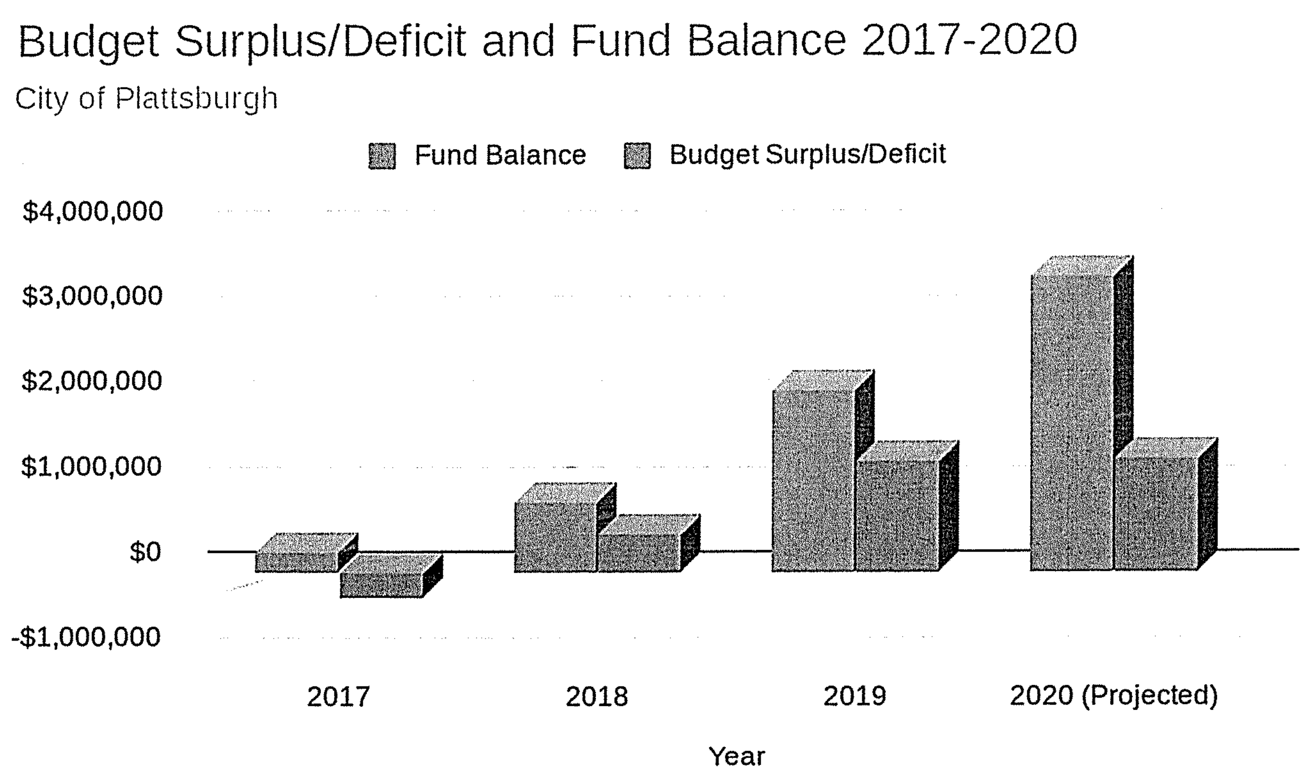
During the Great Recession the tax increases you just saw did not help the City's financial picture. A structural imbalance of approximately $1.2 million/year continued unabated.

Budget Surplus/Deficit and Fund Balance 2012-2017

City of Plattsburgh



By 2017 the fund balance was exhausted, so City government was restructured. Every City Council since 2017 has planned for balanced budgets and annual surpluses.



In 2020 our City faces an unprecedented challenge - the COVID-19 pandemic. Health and safety measures implemented at the federal, state and local levels are affecting the economy. As a result, we can expect:

- Lower sales tax revenue (-25%)
- Lower state aid (-8%)
- Lower parking enforcement revenue (90%)
- Property taxes 2020 and 2021 (7%)
- Miscellaneous reductions in revenue (5-80%)

On the expense side, we can expect:

- Increase in healthcare costs (10%)
- Increased pension contributions (61%)
- Increased PPE
- Increased IT expense to facilitate remote work

These additional expenses and reductions in revenue amount to exposure of:

$5.6 million or 24% of projected 2020 expenses.

But what if we're wrong about this? Let's cut this projection in half to be conservative. The new requirement to balance the budget is:

$2.8 million or 12% of projected 2020 expenses.

- Unfortunately, the City does not have a full year to deliver the requested savings to the taxpayers.

- We are already in the second quarter.

- Therefore, it is necessary to request an annualized savings of $3.7 million ($2.8 million x 133% = $3.7 million)

- Some might ask: Cutting $3.7 million out of a $23 million budget sounds harsh. Do we have to do this?

- We could raise property taxes in response to this crisis. Raising $3.7 million using a property tax increase would result in a 33% tax increase!

- This is not feasible in a time when families are struggling to keep their homes and keep food on the table.

- Others may ask: What if all this coronavirus stuff is overblown and it's all over in a month or two? Are we overreacting?

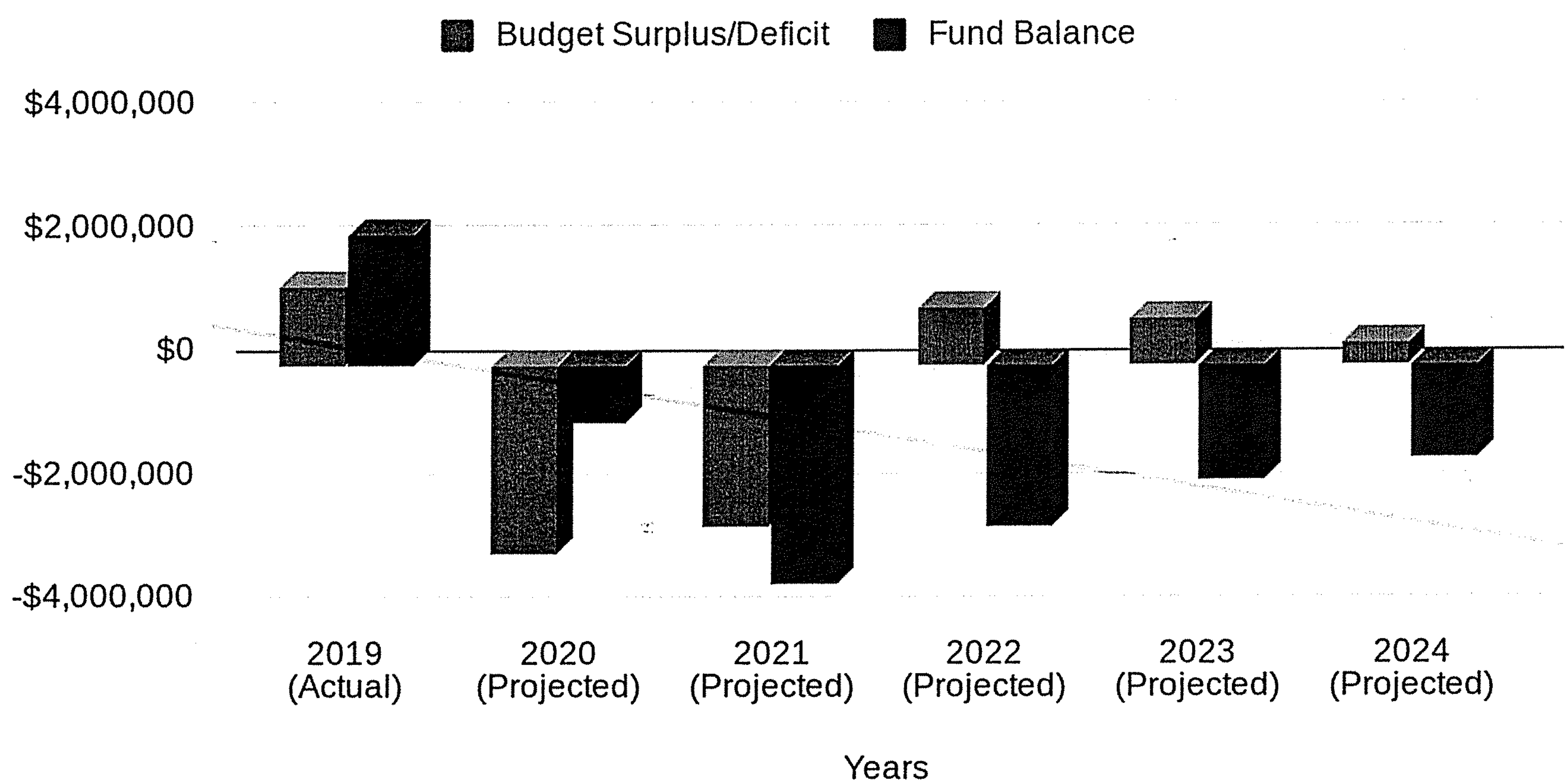
- The science suggests that we should be thinking about COVID-19 in terms of quarters and even years, not just weeks and months. The economic effects <u>will</u> last for years.

- The Council must insist on frequent reviews of the Mayor's plan. Are we doing too much, or too little?

- Another question might be:
- Why do anything? Can't we just wait and see how this plays out?
- The chart on the next page shows you what happens if we do nothing.

Budget Surplus/Deficit and Fund Balance (Projected)

Assumes 16% Reduction in Revenue 2020-2021



Conclusions

- Most likely COVID-19 will be with us for several more months
- The economic impact of COVID-19 may last for years
- Massive tax increases will not be feasible
- Expense reductions are required
- The City's plan to remain solvent must be reviewed frequently
- Hopefully COVID-19 will subside this year and lives and livelihoods will be saved

	Adjustment	base	change	
Pension Contributions	61%	$1,964,950	$1,198,620	
Aid and Incentives to Municipalities	8%	$2,976,680	$238,134	
Twice historical national 5.1% Healthcare Inflation	10%	$4,484,257	$457,394	
Sales Tax Reduction from portion of top sectors	25%	$4,275,000	$1,068,750	
Parking	90%	$120,000	$108,000	
Special Events	90%	$71,500	$64,350	
Permits and Fees	50%	$253,211	$126,606	
current taxes	2%	$11,533,602	$230,672	
next year taxes	5%	$11,533,602	$576,680	
MLD payments residential, commercial, not industr	5%	$14,460,000	$723,000	
Recreation Fees	80%	$952,892	$762,314	
	24%		$5,554,519	
	12%	cut in half	$2,777,260	
		2020 Expenses	$23,106,643	
Fiscal Year Savings spread over Three Quarters	133%	16%	$3,703,013	equivalent annual salary and expense decrease

New York State - Total Taxable Sales by Category, 2018-19

March 2018 to February 2019

Rank	Description	Taxable Sales	% of Total Taxables Sales	Cumulative % of TTS
1	Restaurants and Other Eating Places	$39,847,378,152	11.4%	11.4%
2	Automobile Dealers	$30,573,518,238	8.7%	20.1%
3	Building Material and Supplies Dealers	$14,308,759,370	4.1%	24.2%
4	Gen. Merch. Stores, incl. Warehouse Clubs and Supercenters	$12,968,850,660	3.7%	27.9%
5	Traveler Accommodation	$12,660,810,765	3.6%	31.5%
6	Gasoline Stations	$12,098,815,853	3.5%	34.9%