



# CITY OF AMSTERDAM, NEW YORK

Office of the Mayor

Mayor Michael Cinquanti

May 4, 2021

## MAYOR'S 2021-22 CITY OF AMSTERDAM BUDGET MESSAGE

The City of Amsterdam has thus far weathered the challenge of continuing all essential services throughout the COVID Pandemic. During the past 12-months, through portions of two fiscal years, we've physically and fiscally managed our way through the disruption and uncertainty of traditional funding streams, the forced modification to normal operating procedures caused by state mandated workplace protocols and the shortages and increased costs of basic materials and supplies essential to the delivery of municipal services. We've also distributed food to the hungry. Our City's EMT-trained firefighters have helped administer the vaccine and we relaxed payment deadlines for taxes and fees in an effort to relieve the fiscal hardships so many of our citizens experienced when the State mandated COVID "pause" pretty much froze our local economy last spring.

We also have used employee furloughing, a selective hiring freeze and a review of every single purchase in excess of \$400 to control City spending this past year. Our sale of the Clubhouse and Pavilion at the Municipal Golf Course permits us to utilize the insurance proceeds realized from the flooding of the Clubhouse to erase the significant debt which exists in the recreation fund. The installment plan we worked out with Montgomery County to repay old tax collections permits us to afford and rectify what had been a murky and longstanding debt hanging over our heads.

Having the New York State Comptroller's office examine our budgets and our quarterly performance has proved to be a huge benefit to our City. They serve as a highly skilled and independent budget committee, pointing out budgeting errors and inaccurate assumptions our City has been making and helping us correct them as we move forward. They've been stressing the importance of keeping a close and consistent eye on actual expenses and revenues on a quarterly basis. Their guidance and oversight has helped me as Mayor and our City Controller do a better job managing our City. During the next few months, they will help us with the effort of establishing a long-term financial plan for our City.

Attached is my proposed budget for the 21-22 fiscal year. I apologize for being three weeks late getting the Council a copy but I have been waiting on information and data that will have a significant impact on what we spend and how we spend it.

The initial version of the proposed budget included a \$0.03 increase in the property tax rate; a \$0.49 increase in the user fee for water; a \$31.55 increase in the user fee for sewer and a \$25.18 increase in the user fee for sanitation. Earlier this year, we increased the various fees for playing golf at the Amsterdam Municipal Golf Course by approximately 15%.

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The good news includes:

- We're slated to receive \$975,000 of COVID aid this fiscal year and the same amount in 21-22
- Our sales tax revenues did not drop precipitously this year as budgeted, which means we can again increase anticipated revenues from this source to pre-pandemic levels
- The State has indicated they will be restoring the levels of Aid to Municipalities they held back on during the pandemic.
- We can anticipate receiving more road repair aid from the State in the upcoming year
- After discussions with our City's financial advisor Municipal Solutions, the City Controller's office has determined we can repay \$1.6 million worth of the \$7.7 million debt restructuring bond this year. Their recommendation is that we take \$1.6 million of the City's available cash and then do a new bond issue for approximately \$6.1 million to pay off the \$7.7 million we borrowed last year. Furthermore, Municipal Solutions indicated during the phone call that our City's financial situation has improved dramatically enough that he expects the interest rate on the next bond issuance will be right around 1.6%. I actually proposed paying down more on the debt but Municipal Solutions advised against it. Our Controller's office also stated they "would not feel comfortable" doing so because of spikes in cash on hand needs that occur periodically.
- The closing on the Clubhouse deal greatly improves the financial condition of both the golf course fund and the city as a whole.
- We hope to finally have a completed capital projects plan to include with this budget.

There is some not-so-good news as well:

- The cost of powering the City's street lights could be as much as \$150,000 under budget this fiscal year and no adjustment has yet been made in the attached proposed budget as we continue to investigate cost-cutting measures.
- Though our health insurance claims costs are currently on budget, there have been unfortunate cases of severe accidents and illness recently, which may cause us to spike over budget in the next two months. We are spending \$5,000,000 a year to provide our employees and pensioners with health care coverage, which equates to one-seventh of our City's total budget. To put it another way, fourteen cents of every dollar City government spends is for employee health care. We have been and will be working with our bargaining units and vendors in an effort to develop better controls on these costs.
- Montgomery County's charges for handling our City's solid waste and recycling disposal have increased from \$520,000 when I assumed office in January to almost \$760,000 in this proposed budget for 21-22.
- COVID has been like a triple-edged sword when it comes to moving our City's major infrastructure projects forward and the third blade on that sword is just beginning to cause damage. The Pandemic initially froze the bond market, delaying our efforts to restructure the City's debt and bond for the monies needed to initiate major projects. Then the State froze paperwork and funding essential to initiating them. And finally, the Pandemic's economic impact on cost of materials and labor is significantly increasing the costs of these delayed projects.

Spending priorities of this budget include:

- Significantly decreasing the City's debt
- Maintaining public safety services at existing levels despite significant increases to salaries
- Expanding the blight remediation effort

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- Expanding street repair
- Expanding the vegetation control and snow removal programs for all city owned properties
- Funding the projected negotiation results with several bargaining units
- Providing each department with an equipment purchase line item
- Funding the administration costs and city portions of the City's priority capital projects including the commencement of DRI projects.
- Adding an IT professional to the City staff
- Providing each department with funds for capital expenditures such as new equipment and vehicles
- Continuing to make essential investments in the infrastructure of our water and wastewater systems.

For the past sixteen months I have put every ounce of effort I could muster into improving the operations and cost-efficiency of our City's Government. Fortunately, I have had the help of a lot of good people. Together, we have weathered the worst of a once-in-a-century health crisis, significantly reduced our City's deficit and initiated, salvaged and moved forward projects and opportunities that will strengthen Amsterdam's future as a good place to live, work and visit.

Our City's homes are selling as soon as they hit the market, at asking price. We have active and sincere interest in economic and community development projects in every section of our City. Our representatives in both Washington and Albany are doubling down on their efforts to bring new revenues and business to our City. The proof that the COVID vaccinations are working is documented. Every Amsterdam resident now has the ability to immunize themselves and their families from this horrid virus. Even through a year of stress and sickness, we have worked together to move so many important initiatives forward.

This proposed budget will permit this progress to continue.

Sincerely,



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Mayor, City of Amsterdam NY

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