



**City of Saratoga Springs**

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**2022 BUDGET MESSAGE OF THE  
COMMISSIONER OF FINANCE**

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**Office of Finance**

**October 5, 2021**

## 2022 BUDGET MESSAGE OF THE COMMISSIONER OF FINANCE

To the Members of the Saratoga Springs City Council and the People of the City of Saratoga Springs:

Tonight, I present the 2022 Comprehensive Budget, the tenth and final budget that I am proud to have submitted to the City Council and the residents of our City. One of our most important policy documents, the budget is key to the City's continued economic restoration and visionary rebuild from pandemic economy of 2020-21.

2022 is a new year. We will have a new economy, new outlook, new ideas, and a new administration. Establishing the budget – the policy guide and financial plan - to shepherd the City forward can be an exciting process.

As Commissioner of Finance I have guided this City's finances through unprecedented good times as well as unprecedented difficult times. I will continue to do so as we work our way through the current economy.

For many years I began the Budget Message with the following words:

**“The City Budget documents our commitment to delivering:**

- **Excellent City Services**
- **Sustainable City Government”**

These words will still hold as we do our best to do the best for residents, taxpayers, and stakeholder. Working together as a cohesive City Council can only benefit all.

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### Revenues – General Fund

**The 2022 Comprehensive Budget is driven by an economic recovery the shows improvement as well as continued unpredictability.** Revenue resources are changing, municipal taxing authority is limited, and City fees must avoid discouraging participation in our many activities, events, and destinations.

2022 revenue projections at this time are \$54M, about \$7.8M more than amounts available at the time that we adopted the 2021 budget. The 2021 budget has since been revised upwards in the amount of about \$3.5M, bringing the change between 2022 and 2021 to about \$4.3M. The revised 2021 changes were largely based on the improvement in revenue collection and full restoration of VLT and STATE Aid. Our 2022 Main Revenue Sources are determined as follows:

#### ***MAIN REVENUE SOURCES***

The five revenue sources that have historically been considered the City's “main” revenue sources are further explained:

- **Sales Tax**
- **Mortgage Tax**

- **State Aid**
- **VLT Aid**
- **Real property Tax**

This year we also have the benefit of the second installment of the *Federal American Rescue Act*.

- **Sales Tax - \$14,900,000 Total. \$5.4M increase over 2021 adopted budget estimates.** YTD sales tax collection through the end of July 2021 was running about 27% higher 2020 and over 6% higher than YTD 2019. Based continued recovery and improvement, 2022 revenue is estimate at \$14.9M, or 35% higher than amounts collected in 2020. City destinations and downtown traffic recommends these figures, which will be reviewed for up to the 2022 budget vote.
- **Mortgage Tax – \$2,100,000 Total. \$550K increase over 2021 adopted budget estimates.** The City’s housing market continues to grow, enjoying the boom being experienced by many less-dense, non-hotspot areas. 2021 mortgage tax collection is running 46% higher than 2020 and is currently projected to reach \$2.25M. Based on these figures, and in consideration of a potential slow-down of the current real-estate frenzy, a more conservative \$2.1M has been estimated for 2022.
- **ALL State Aid -\$2,205,901 Total. \$500K increase over 2021 adopted budget estimates.** ‘State-Aid’ includes State Aid for Revenue Sharing, Court Facilities, Consolidated Local Street and Highway Improvement Program (CHIPS), and other several miscellaneous grants. The 2022 change is due to a revision in the 2022 budgeted amount for CHIPS. **State Aid Revenue sharing remains at \$1.65M, and amount that has not changed in about ten years.**

Note, the City’s total NYS Aid allocation has not changed since 2011.

- **VLT Aid - \$2,325,592 Total. \$1.16M increase.** VLT Aid was reduced in 2021 in anticipation of a reduction in state reimbursements. While the Governor’s executive budget reduced the Saratoga Springs allotment to \$0, the legislature replenished this to amounts imbedded in the current law. With new leadership pending, it is anticipated that these amounts will remain intact. Accordingly, amounts are returned to the sate allotment of \$2.325M for the 2022 budget.

*Note, under State Finance Law, the City receives a share of video lottery terminal revenue. Amounts received under this legislation are not actual VLT monies, but are state assistance based on a percent of what was received in the year 2008. The City is required to use its share to 1. Defray local costs of VLT’s, or 2. Minimize or reduce real property taxes. The City’s expenses (e.g., security, traffic safety, and infrastructure) remain largely the same regardless of whether visitors are allowed.*

- **Real Property Tax Levy –\$0K increase; 0% tax rate and tax levy increase:** Property tax will be discussed in detail. Suffice it to say that, alone, it does not support the cost of general operations of the City. Historically this revenue has covered about 33% of the City’s total expense costs, and this year is following that trend.

City taxpayers enjoyed a stable tax rate for an unprecedented 8 years of my tenure as Commissioner of Finance. Last year, for the first time since I was in office, I looked to City taxpayers to help the city work through the unprecedented experience of the pandemic of 2020. In 2022, my tenth and last year in office, there will be **no tax increase**.

### ***OTHER CHANGES***

The following items have **increased** since 2019, 2020, and 2021:

Ambulance Transport Charges	Summer Program
Sale of Real Property* incr '21; dcrsd '22	Planning Board Fees
County Dist Landfill Profit Share	Cops in School
Building Permits	Public Works Services
Donations DPS	Interest on Investments
Utilities Tax	Zoning Fees
Transfer Station Bags	Special Events Code Enforcement

The following items have **decreased** since 2019, 2020, and 2021:

Fire Inspection Fees	Fines & Forfeited Bail
Special Events OT Reimb Pd	Hotel Occupancy Tax
Special Events Reimb OT Fire	Parking Ticket Revenue
Rental Casino City Hall Drink	NYRA Admissions Tax

### ***FUND BALANCE***

There are five distinct categories of Fund Balance according to the 2009 Governmental Accounting Standards Board (GASB) Statement 54. Two of these are reflected in the 2022 Comprehensive Budget for the General Fund: Restricted and Unassigned. Together these total **\$1.2M, an increase from 2021 amounts**, a decrease from 2019 and 2020 amounts.

Taxpayers have benefited significantly from the use of fund balance – it has helped us retain services at levels reflecting former revenue estimates while minimizing amounts borrowed. It was significantly depleted in order to manage the 2020 and 2021 effects of the COVID-19 economy. We are now in the position of using in to balance the budget as well as replenish reserves and assignments.

- **Restricted Fund Balance - \$300,000 Total. \$300K increase from 2021.** The total Restricted Fund balance included in the 2021 Budget is **\$300K from the Retirement Reserve**.
- **Unassigned Fund Balance - \$899,085 Total. \$775K increase from 2021.** Unassigned fund balance is all fund balance remaining that is not classified or restricted and can be made available for any purpose.

Because of our careful stewardship, the City was able to rely on fund balance to bring us through the cash flow needs in 2020 and 2021.

Finance replenished several key reserves and assignments which will stabilize the City's financial health and our valuable bond rating.

Giving back to the taxpayer is also paramount, and a moderate amount has been included to balance the 2022 budget.

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## Expenses – General Fund

The City is required under its charter to submit a balanced budget (City Charter, Title 4, Section 4.4.6). Not only does our Charter dictate a balanced budget, but the State Comptroller's advises the same, as do our bond rating agencies. Current estimated revenue is approximately \$54M. Expenses must follow suit. The City cannot plan to expend more than our current best estimate of 2022 revenue that the City will collect.

**The 2022 Comprehensive Budget reflects one resounding theme from department budget requests - increased staffing. It is important to bear in mind that this staffing includes numerous replacements and replenishments that were cut or delayed due to the pandemic.**

**It is more important to understand that these changes are responsive to public demands for additional services in Building, Planning, Police and Fire departments. Information Technology is increased due to necessity; long term employee retirements, increased cyber security needs, and almost complete reliance of City government on the performance of the IT department render this one of the most essential City services that we support.**

Departments originally requested a total of forty-eight full-time and two part time employees. Including wages and benefits, this would be cost almost \$5M, plus additional expenses for equipment, training, uniforms, vehicles, supplies and service contracts that new employees produce. While 2021 revenues continue to improve and 2022 projections are very strong, an increase of these proportions is more than we can reasonably support in a single year.

**Based on discussions with each department, a strong plan has been compiled to sufficiently address the staffing needs in 2022, with an eye to the future as well.**

## Departments

### Mayor's Department

The Mayor's Department has made significant efforts to update the Building and Planning Departments so these can be satisfactorily responsive to public needs. These departments are among the most highly utilized in City government. The goal is to increase reduce response times, increase efficiency, protect and organize irreplaceable documents and serve the public. Some of this will be offset by increased revenue. **TOTAL Cost: \$293.7K.**

*\*Amounts include wages, social security, health and vision insurance, and retirement costs.*

Assistant Building Inspector	2	1 FT new hire; 1 replcmnt	\$ 215,784
Administrative Aid	2	1 FT 1/2 yr; 1PT 1/2 yr	\$ 77,932

### Finance Department

The Finance Department must ensure that the City-wide Data Network department (“IT”) is sufficiently staffed to ensure that the City is safe and functioning at all times, 24/7, 365 days of each and every year. If the IT department goes down, City government can be compromised. If the Police or Fire departments lose services, the City can be unprotected. If a cyber security attack occurs, the City is vulnerable to service black-outs, compromised confidential data, and massive costs (ultimately born by the taxpayer).

I don’t need to elaborate on the local, state, national, and international experiences with these occurrences. Its new hire requests are focused on filling this gap while preparing for the retirement of our original and long serving Director. **TOTAL cost: \$440.3K**

*\*Amounts include wages, social security, health and vision insurance, and retirement costs.*

Director of Info Tech	1 FT	1 new hire (start date late '21)	\$148,335
Asst. Director of Info Tech	1 FT	1 new hire (start date late '21)	\$107,988
Computer Support Tech	1 FT	1 new hire to replace former empl (start date late '21)	\$97,992
Finance Coordinator for IT assist.	1 FT	1 new hire to replace 2 former empl (start date late '21)	\$85,955

### Public Works Department

The Public Works Department is aiming to serve city engineering requirements in the face of increased Building and Planning requests as well as large, complicated projects that requiring significant amount of time and attention.

Public Works will also re-instate the “Trails” sub-department that was established in 2020, but was reduced in 2021 due to the pandemic. This sub-department serves to keep our large and growing trail expanse usable, as well as fulfilling numerous grant, state and federal requirements.

Three electricians were requested to be included as laborers. These are not included, as Finance recommended a 2021 Mid-Year budget amendment for a City Engineer to join City staff as an engineer, and is prepared to submit this request before year’s end. **TOTAL cost: \$534.3K**

*\*Amounts include wages, social security, health and vision insurance, and retirement costs.*

City Eng: Junior Engineer	1 FT	1 new hire	\$126,121
City Asst Engineer	½ FT	1 new hire starting mid-yr	\$73,813.
Trails - Labor	4 FT	Re-instate the ‘Trails’ sub-dept	\$334,402

## Public Safety Department

The Public Safety Department has one of the many demanding roles to satisfy City needs under reduced services. In the face of new developments, including available revenue, department attrition, substantial visitor increases, and a long awaited third Fire/AMS station about to come to fruition, it has presented carefully designed plans to address.

Finance has extensively discussed DPS needs, current plans, the likelihood for their revisions and revised plans, as well as the reality of City finances. Because of the unique challenge of coping with delayed start dates due to training requirements and the rapidly changing needs for analytics reporting, Finance has proposed to fund an Assignment that was depleted to cover COVID-19 cash needs. Otherwise, it has done its best to be response to DPS requests, amid all City-wide needs, as follows: **TOTAL cost: \$1.1M**

*\*Amounts include wages, social security, health and vision insurance, and retirement costs.*

PD: Police Officers	3 FT	3 new hires -training delays start dates	\$297,667
PD: Dispatcher	1 FT	1 new hire	\$88,319
PD: Clerk-Greeter	1 FT	1 new hire (start date late '21)	\$77,134
PD: Cleaner	1 FT	1 new hire	\$81,735
On Street Parking PEO	1 PT	1 new hire	\$18,322
FD: Firefighters	4 FT	4 new hires -training delays start date	\$358,933
FD: Senior Clerk	1 FT	1 new hire	\$77,768
Code Enforcement Tech	1 FT	1 new hire	\$97,700

## Accounts Department

The Accounts Department includes two new hires – one to assist the recently retired and long-serving Assistant City Assessor, a position that was included in the budget for many years until the great recession of 2008. It has includes an Insurance and Asset assistant for the Risk & Safety Department that will service DPW, DPS and Finance with assets management. This will improve insurance and audit results, as well as reduce burdens on departments that have not been addressed. **TOTAL cost: \$158.3K**

*\*Amounts include wages, social security, health and vision insurance, and retirement costs.*

Data Collections Clerk	1 FT	1 new hire	\$77,768
Fixed Asset & Inventory Coordinator	1 FT	1 new hire	\$80,546

## Recreation Department

The Recreation Department has experienced several years of re-grouping – the Fire of 2018 and the pandemic both fundamentally alter the way it could respond to City-wide needs. It rose to the occasion valiantly, has recently renovated the Recreation Facility after the substantial wear and tear in 2018-19, modified its business model after the pandemic cutback, and has jump started services for increased participation.

In 2020 an additional position was planned to disperse increased work share in response to substantial public demands. This title was not funded due to COVID-19 and is being included now. **TOTAL cost: \$109.2K**

*\*Amounts include wages, social security, health and vision insurance, and retirement costs.*

Assistant Administrative Director 1 FT	1 new hire	\$109,197
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## Other

Costs increased in each department increased for items such as service contracts-professional services and equipment, postage, office supplies, miscellaneous equipment, and various costs associated with new hires. Vehicle requests were minimal, limited to DPW and DPS, and have been accommodated.

The Mayor's Department has recommended a new program for funding the many invaluable non-profit organizations in the City. Aimed at establishing a more egalitarian process for funding more of the many, many City non-profits, it is based on the CDBG application process. While the 2022 budget currently includes non-profits as in years' past, we plan to introduce an Assignment funded to cover the new program, to be implemented in 2022.

In addition, I am pleased to include a new non-profit – RISE Healthy Housing and Support Systems. The services that RISE provides not only support our most vulnerable populations, but also provide Public safety and economic benefits to the City, its citizens, visitors and businesses.

**Last and perhaps most important, I am crafting an Assignment to fund the recommendations adopted by the City Council in response to the Police Reform Task Force to assist in the funding of a Civilian Review Board various other associated costs. These funds will be available to the 2022 Budget.**

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It is my City Charter responsibility as the Commissioner of Finance to present a balanced budget, one where estimated revenue equals estimated expense. The Comprehensive Budget presents a balanced budget that works within our best revenue projections at this time.

Like all budgets, the 2022 budget is a plan that can be amended if further revenue becomes available. It is my fiduciary duty to ensure that there are sufficient estimated revenues to cover approve expenses. I believe that this Comprehensive budget does this, while being responsive to department needs.

## Capital and Debt Service Budgets

### *CAPITAL BUDGET*

The Capital Budget process involves a thorough review and ranking of the City’s Capital needs over the next 6 years. The 2022 Comprehensive Budget includes **all projects** from the revised 2022 requested capital projects, as recommended by the Mayor’s Office and the Capital Committee and approved by the City Council, with one additional piece of equipment - a dual garbage/recycling truck.

**The total amount of the 2022 Capital Budget is \$ \$8,320,111. Twenty-eight (27) projects totaling \$6,754,611 require bonding supported by property tax, funded by way of the Debt Service Fund Budget; one (1) project-Recreation-will utilize the Subdivision Recreation Trust; one (1) project totaling \$1,393,500 is funded by way of the Water Fund budget. Projects are listed below.**

			TOTAL PROJECT BOND Requirements
1.	Loughberry Lake Dam Embankment & Spillway		\$1,275,000
2.	City Workplace SSFD Station Two		\$229,613
3.	Stormwater Improvements		\$250,000
4.	Fire Apparatus Replacement		\$630,000
5.	Electronic Records Management		\$200,000
6.	Traffic Signal Control System		\$150,000
7.	Traffic Signal Replacement		\$350,000
8.	Weed Harvester (Replace #179)		\$183,392
9.	Loader (Replace #90)		\$173,337
10	International Dump Truck (Replace #59)		\$177,466
11.	International Dump Truck (Replace #63)		\$177,466
12.	International Dump Truck (Replace #98)		\$177,466
13.	Ice Rink Rehabilitation		\$117,000
14.	Woodlawn Avenue Structural		\$160,000
15	Canfield Casino Restoration		\$510,000
.16.	Visitors Center		\$145,000
17.	Arts Council		\$255,000
18.	City Hall		\$373,450
19.	Garbage Truck (Replace #50)		\$ 78,600
20.	Loader (Replace #65)		\$173,337
21.	New Holland Mowing Tractor		\$109,059
22.	Playgrounds and Facilities	\$172,000	Paid via Reserve
23.	Recreation Facility - PA System		\$ 50,000
24.	Complete Streets - Design		\$100,000

25.	Saratoga Greenbelt Trail		\$275,000
26.	International Dump Truck w/plow (replace #70)		\$177,466
27.	International Flat Bed w/Crane		\$177,159
28.	Garbage/Recycling Truck		\$177,159

The following project is also bonded, but the principal and interest payments are included in the Water Fund budgets and is paid for by user fees, not property tax:

	PROJECT	TOTAL PROJECT COST
1.	Water Infrastructure Improvement	\$1,393,500

Next steps include a two-part process – 1. the bond resolution which gives the City the authority to bond (usually presented to Council Jan-Feb); and 2. the bond issue which is the public sale of bonds that generate the money from which we pay for these projects.

Finance will not present a bond resolution *or* go out to bond bid/issue unless it is clear that we are ready to expend funds for these projects and the market supports bonding at reasonable interest rates. The budget will carry these priority items, but there can be no expenditures unless and until these are expressly authorized.

Like the rest of the budget, the Capital Budget is amendable, always considering the urgency and City’s economic outlook.

### ***DEBT SERVICE BUDGET***

The Debt Service Budget reflects principal and interest payments on *all* the City’s outstanding bonds for capital projects except those included in the Water and Sewer Funds. The main revenue source supporting the bonding costs reflected in the debt service budget is property tax.

The total proposed 2022 Debt Service budget is \$4,953,867. Revenue includes property tax (\$4.25M), the Reserve for Bonded Indebtedness (\$343K), and various smaller resources (\$366K). Again, the reserves established by my administration prove to be a savings for taxpayers. Expenses include the principal and interest payments for all outstanding (prior) capital projects.

Under the City’s self-imposed 2% debt limit and after subtracting amounts already bonded and not excludable, the amount available to bond in 2022 is an estimated **\$40.25M**.

The City of Saratoga Springs retained one of its highest bond ratings to date in the spring of 2021. Standard & Poor’s Rating Services sustained the City’s rating of “AA+”. In light of the City’s response to the pandemic and an improved economic outlook wrought by the pandemic, it revised the City’s outlook from “negative” to “stable”.

This remains a high rating for a municipality and it has served the City well when our bond issue went out to bid. Due to our excellent fiscal stewardship, the City was in a better financial position than many local governments when the pandemic hit. We have been cautioned to replenish reserves and fund balance and have done so. I will leave the City in excellent financial health for future administrations to continue.

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## Real Property Tax

The total real property tax is as significant to the citizens of Saratoga Springs as the policy and programs that it supports. It is the first and last piece of the budget - considered at the outset of a budget plan and finalized at the conclusion of a budget plan.

The real property tax levy, tax rate, and amount of taxes paid are different but related items. The tax *levy* is the total amount of money raised by charging a tax on real property. The tax *rate* is the amount paid for every \$1,000 of assessed real property value. It is determined by the tax levy and the total assessed value of all taxable property. The tax *paid* is the tax rate as it is applied to an individual's property, and this is determined by the individual's assessed property value.

### ***PROPERTY TAX LEVY CAP***

The 2022 Budget year marks the eleventh year of the cap imposed by New York State on the property tax levy. This caps the growth of the year to year total tax levy at the lesser of 2% *or* the cost of living increase and provides the parameter for the City's tax rate. This year NYS Property Tax Cap is equal to cost of living at 2%.

I have publicly stated that there will be no increase in property tax in 2022, and remain true to my word. **There is NO INCREASE in the combined TAX LEVY or most City TAX RATES:**

### ***COMBINED TAX RATES***

The proposed tax levies and corresponding tax rates are shown below:

<b>2022 PROPOSED PROPERTY TAX RATE</b>	
Proposed General Fund Tax Levy:	\$ 17,067,470
Proposed Debt Service Fund Tax Levy:	\$4,224,747
Proposed Combined Tax Levy:	\$21,312,217
Proposed Debt Service Fund Tax Rate	\$1.2755
Proposed Inside District Tax Rate	\$5.1551
Proposed Outside District Tax Rate	\$5.0972
<b>Proposed Combined Inside Tax Rate:</b>	<b>\$6.4306</b>
<b>Proposed Combined Outside Tax Rate:</b>	<b>\$6.3727</b>

<b>Inside District-Percent Change</b>	<b>-0.04%</b>
<b>Outside District-Percent Change</b>	<b>0.02%</b>
<b>Average Percent Change:</b>	<b>-0.01%</b>

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## **Conclusion**

2022 is a new year and the 2022 Comprehensive Budget reflects this. I wish the best for our City, citizens, visitors and all the people who make Saratoga Springs the unparalleled home that it is.

I would like to thank my fellow Council members – Mayor Kelly, Commissioner Scirocco, Commissioner Dalton, and Commissioner Franck. Each Department has dealt with difficult limitations, used its creativity and resourcefulness to sustain the City throughout. The 2022 Comprehensive Budget provides both the vision and resources to readily provide essential services, as well as and the financial health to continue to do so. Together we can proudly move forward and, for many of us, “pass the baton”.