



# This Week in New York

Covering New York State and City Government

A Publication of Pitta Bishop & Del Giorno LLC

April 17, 2020 Edition



## *In the News – State*



### Patience is Key to New York's Plan to Restart Economy

With eyes squarely focused on both restarting the State's economy and stemming the COVID-19 tide, Governor Andrew Cuomo directed New Yorkers to say "paused" until May 15<sup>th</sup> to give the State more time to ramp up testing, to give social distancing measures more time to decrease the infection rate, and to give officials more time to develop the plan to open New York's economic valve.

The May 15<sup>th</sup> extension was made in conjunction with a newly formed regional council of Eastern states, which, in addition to New York, includes New Jersey, Connecticut, Massachusetts, Rhode Island, Pennsylvania and Delaware.

A regional council task force - comprised of one health expert, one economic development expert, and the respective Chiefs of Staff of each state – began working this week to develop a integrated regional framework to gradually lift the states' stay at home orders while minimizing the risk of increased spread of the virus. The framework will use testing, contact tracing, treatment, and social distancing.

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"Unpausing New York and reopening our economy is going to be an ongoing process over the coming weeks that we're working through with other states, but we have to do it in a way that doesn't drive up the infection rate and create a second wave of the virus," Governor Cuomo explained. "We have shown that we can control the spread of the virus, but we can't now undo all the progress we've made. As we continue to work on a regional plan to get people back to work and get businesses back up and running in a safe and responsible way, we are extending all NYS on Pause functions until May 15th in coordination with other states in our multi-state council because although we can control the beast, we need to get that infection rate down even more and we are not there yet."

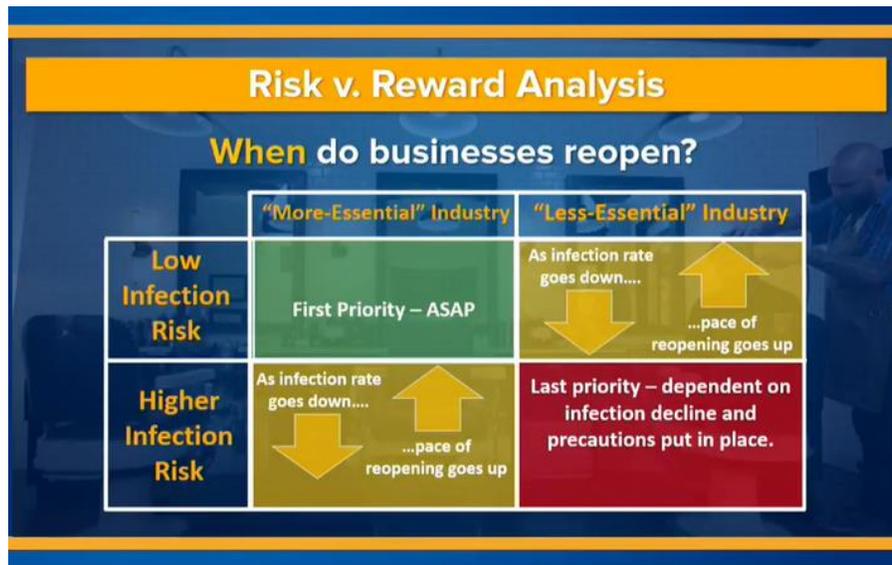
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**Governor Cuomo addresses press on COVID-19 start up plan.**

In addition to the regional council task force, New York has retained a group of consultants to develop a science-based plan, according to published reports. McKinsey & Company is producing models on testing and infections. Deloitte is also reported to be involved.

Last month, the Governor brought in former aides Bill Mulrow, an advisor at Blackstone Group; Steve Cohen, a CEO of MacAndrew & Forbes, Inc., and Larry Schwartz, a deputy Westchester County Executive to “Unpause” the State.



During yesterday’s daily press conference, Governor Cuomo previewed the early model of a reopening plan based upon a Risk v. Reward analysis. The analysis would weigh the opening of “More-Essential” and “Less-Essential” industries versus infection risks. First priority would be given to “More Essential” industries with low risk infection and last priority to “Less essential” industries with higher rates of infection.

In line with this model, Governor Cuomo announced the state will begin conducting antibody tests, prioritizing frontline health care workers, first responders and other essential workers, beginning this week. Using a new finger prick method, the state will test up to 2,000 New Yorkers per day. The state is also asking the FDA for expedited approval of a finger prick antibody test that could test up to 100,000 New Yorkers a day. Additionally, the state is continuing to work with other partners including hospital labs and private companies to bring mass antibody testing to scale statewide.

Today, Governor Cuomo announced he will issue an Executive Order directing all public and private labs in NY to coordinate with the State Department of Health to ensure prioritizing diagnostic testing for public health and restarting the economy. According to the Governor, the Executive Order will help ensure the 301 laboratories and hospitals in the state that are licensed to perform virology operate in a coordinated fashion.

On the social distancing front, Governor Cuomo issued an [Executive Order](#) (effective at 8 p.m.) requiring all people in New York to wear a mask or a face covering when out in public and in situations where social distancing cannot be maintained.

He built upon this order yesterday, directing all New Yorkers to wear masks or face coverings on public transportation systems and while taking private transportation or riding in for-hire vehicles. Additionally, all operators of public systems, private carriers and for-hire vehicles must wear a mask or face covering at all times while working. Municipalities are charged with enforcing the orders. Currently, there are no civil penalties for non-compliance. However, earlier social directives were later backed with fines for non-compliance.



STATE OF NEW YORK  
EXECUTIVE CHAMBER  
ALBANY 12224

## Executive Orders by the Governor

### **New York State Executive Order No.202.17**

Requires all people in New York to wear a mask or a face covering when out in public and in situations where social distancing cannot be maintained, effective Friday, April 17, 8 p.m.

### **New York State Executive Order No.202.16**

Mandates all essential businesses must provide employees face coverings when in direct contact with customers or members of the public, effective Wednesday, April 15, 8 p.m.

### **New York State Executive Order No.202.15**

Allows any voter in New York State to cast an absentee ballot for June 23 primary elections among numerous other provisions.

## *In the News – City*



## Mayor De Blasio Unveils \$89.3B Budget

*Looks to Federal Government for Assistance with  
COVID-19 Impacts*

Mayor Bill de Blasio this week released an \$89.3 billion Executive Budget for Fiscal Year 2021 (FY21), \$6 billion less than the preliminary budget he proposed in January. The Mayor called upon the federal government to help the City address its mounting losses due to COVID-19.

“Our top priorities are simple: we will keep people safe, protect their health, make sure there is a roof over their head and that food is on their table,” said Mayor Bill de Blasio. “There is no cost too great to keeping New Yorkers protected, but Washington must also step up. New Yorkers deserve nothing less than the full support of our federal government in this time of crisis.”



Mayor deBlasio

The \$89.3 billion Executive Budget is balanced and addresses a projected a \$7.4 billion tax revenue loss across FY20 and FY21.

To stop the spread of COVID-19, New York State and New York City implemented social distancing-based measures in mid-March which brought the Empire State to a pause. The slow down, which this week was extended to May 15<sup>th</sup>, brought the City’s losses.

In his budget documents, the Mayor illustrated the impact of the measures in the below chart detailing the Mobility, Transportation and Accommodation Indicators over the six-week period beginning February 29<sup>th</sup>.

Mobility, Transportation and Accommodation Indicators						
Indicator	29-Feb	7-Mar	14-Mar	21-Mar	28-Mar	4-Apr
NYC Subway ridership (Weekly)	28,641,053	27,909,644	23,387,423	9,845,366	4,052,009	2,803,258
Traffic speeds: Manhattan Major Highways & Arterials (Miles Per Hour)	24.4	25.1	27.1	32.3	35.6	34.4
NYC Hotel Occupancy Rate	77.10%	72.10%	48.80%	16.80%	15.20%	18.30%
NYC Restaurant Revenue (Year-Over-Year % Change)	7.30%	-0.70%	-38.20%	-84.60%	-89.20%	-88.90%
Broadway Attendance*	244,515	253,453	—	—	—	—

\* Broadway attendance data not reported after the week ending March 7, 2020. New York State mandated closure of theaters on March 12, 2020.

Sources: Subway data from Metropolitan Transportation Authority. "Turnstile Data." Last modified April 11, 2020. Traffic speed data from City of New York Department of Transportation. "DOT Traffic Speeds." Hotel occupancy from STR. "Press Releases." Last modified April 9, 2020. Restaurant data from Rally for Restaurants. "How COVID-19 is Affecting Restaurants." Last modified April 3, 2020. Broadway Attendance data is from The Broadway League. "Grosses – Broadway in NYC." Last modified March 8, 2020. Values from seasonally-adjusted quarterly estimates. Totals may not add up due to rounding.

The Executive Budget Forecast has reduced tax revenue by 3.5% in FY20, or \$2.2 billion, and 8.3% in FY21, or \$5.2 billion compared to the Preliminary January Plan Budget. Losses in both years, according to the Mayor, are primarily related to a decline in the Sales and Hotel Tax, Personal Income Tax, and Business Taxes, all due to the COVID-19 pandemic.

The Administration proposed savings of \$2.7 billion across FY20 and FY21. This includes Program to Eliminate the Gap (PEG) savings of \$2.1 billion (\$600 million recurring annually) and \$550 million in Citywide savings (\$220 million recurring annually).

According to the Mayor, the City drew down \$900 million from the General Reserve and \$250 million from the Capital Stabilization Fund. Total reserves for FY21 are now \$2.18 billion. The Retiree Health Benefits Trust fund drew down \$2.6 billion and has a balance of \$2.08 billion.

PEG savings over two years include:

### Education

- **Fair student funding:** Fair student funding reduction prioritizing schools that already have over 100% (DOE) - \$100M in FY21.
- **Operational:** Operational savings in training, overtime, and materials at schools, central and field due to school building closures (DOE) - \$100M in FY20.
- **Professional Development:** Professional Development reduction (DOE) - \$67M in FY21 and outyears.
- **Miscellaneous:** Scaling down contracts, technology curriculum and health education certification programming for teachers (DOE) - \$1.8M in FY21 and outyears.

### Health and Social Services

- **Summer Youth Employment Program:** Temporary suspension of Summer Youth Employment Program (DYCD) - \$124M over FY20- 21.
- **Fair Fares:** Fair Fares decline in ridership as a result of COVID-19 (DSS) - \$65.5M in FY20.
- **Summer Programming:** Suspend summer programming, including COMPASS, Beacons, and Cornerstones due to school closures (DYCD) - \$55M in FY21.
- **Behavioral Health Mobile Treatment:** Delayed ramp up on contracted mobile treatment teams due to State Medicaid cuts (Thrive/DOHMH) – \$10M over FY20-21.
- **Behavioral Health Crisis Response Teams:** Slow implementation of citywide crisis response teams – this need is covered in part by increasing mobile crisis teams and mobile treatment teams (Thrive/DOHMH) – \$10M over FY20-21.
- **Close to Home:** Re-estimate of number of Close to Home beds to underutilization (ACS) - \$3.7M in FY20 and \$4.5M in FY21 and outyears.

### Law Enforcement and Training

- **DOC Facilities:** Facility closures, post reductions at Horizons and OT reductions (DOC) - \$100M in FY21; \$144M FY22 and outyears.
- **NYPD Officers:** Delayed April NYPD Officer class until July due to training restrictions from COVID-19 (NYPD) - \$9.6M IN FY20.
- **NYPD Civilians:** Hiring delays of non-safety civilian titles (NYPD) - \$6.8M in FY20 and \$4M in FY21.
- **Traffic Enforcement:** Attrition of 100 traffic enforcement agent positions (non-moving violations only) dedicated to intersection control (NYPD) - \$4M in FY20.
- **FDNY Training:** Delay implementation of non-essential training (FDNY) - \$3.25M in FY20 and \$3.25M in FY21.
- **Procurement:** Procurement delays tied to operational challenges from COVID-19 (MOCJ) - \$420K in FY20 and \$2.7M in FY21.
- **Corrections Academy:** Redeployment of training academy staff as a result of declining population at Rikers (DOC) - \$400K in FY20 and \$2.6M in FY21.

### Infrastructure and Transportation

- **Water authority:** One-time Water Authority cash infusion to stabilize City budget in light of COVID-19 crisis (DEP) - \$128M in FY20.

- **Better Bus Initiative:** Delay in Rollout of Better Bus Initiative tied to COVID-19 operational restraints and traffic easing (DOT) - \$2.7M in FY20 and \$5.7M in FY21.
- **Vision Zero:** Reduce funding for Vision Zero public awareness campaign - \$1M in FY20 and \$2M in FY21.
- **Green Wave:** Delayed implementation of Green Wave plan - \$1.5M in FY20 and \$1.5M in FY21.
- **Staten Island Ferry:** Reduce overnight Staten Island ferry service because of reduced demand - \$600K in FY20 and \$4.9M in FY21.
- **Placard Enforcement:** Postpone Placard Abuse Enforcement Team (DOT) - \$400K in FY20 and \$800K in FY21 and outyears.

### **Housing and Economic Development**

- **Contracts:** Contract delays associated with waterfront and building codes - \$4.3M in FY21.
- **Anti-Graffiti Program:** Postpone City-funded portion of the Anti-Graffiti Program (EDC) - \$3M in FY21 and outyears.
- **Battery Park City Authority Housing Trust Fund:** Utilize Battery Park City Authority Housing Trust Fund proceeds for housing activities (HPD) - \$3M in FY20 and \$6M in FY21.

### **Sanitation**

- **Snow:** Snow Savings (DSNY) - \$52M in FY20.
- **Organics:** Temporary Suspension of Organics Program and Organics Processing (DSNY) - \$21M in FY21.
- **Composting:** Temporary suspension of community composting subsidy (DSNY) - \$3.5M in FY21.
- **E-Waste:** Suspend E-Waste Collection (manufacturers still mandated to collect) (DSNY) - \$3.4M in FY21 and outyears
- **Basket Service:** Reduce dedicated weekday basket truck service (DSNY) - \$2.5M in FY21 and outyears.
- **Recycling:** Reduction in funding for recycling outreach programs (DSNY) - \$2.9M in FY21 and outyears
- **Rat Zones:** Eliminate 4th Day Curbside Collection in Rat Zones - \$1.5M in FY21 and outyears.
- **Brooklyn North:** Reduce Brooklyn North Cleaning - \$1.2M in FY21 and outyears.
- **Sunday/Holiday Service:** Reduce Sunday and Holiday Basket Service – reduced usage currently \$1.7M in FY21 and outyears.
- **Highway Cleaning:** Reduce Highway Cleaning - **\$133K in FY20.**

### **Parks**

- Delays in seasonal spending – **\$5M in FY20 and \$6M in FY21.**
- **Pools:** Closing all outdoor pools for the 2020 season (late June to Labor Day) given COVID-19 - **\$12M in FY21**
- **Tree/Sidewalk Programs:** Reductions to tree and sidewalks programs given delays to non-essential work - **\$6M in FY21.**
- **Tree Pruning/Stump Removal:** Reduction in Tree Pruning – contract reduction (retaining in-house emergency capacity) \$3M in FY21 and reduction of Tree Stump Removal Program – contract reduction - \$1M in FY21.
- **Summer Camp:** Suspension of 1,000 summer camp slots run by Parks Department for the 2020 season- \$0.6M in FY21.

**Others/Administrative Agencies**

- **Hiring Freeze and Vacancy Reductions:** Across multiple agencies - **\$106M over FY20-21.**

The Mayor and City Council, led by Speaker Corey Johnson, have until June 30<sup>th</sup> to craft the City's budget.



## IBO Releases Preliminary Estimate of Job Losses & Tax Revenue Declines

The Covid-19 pandemic and the public health restrictions imposed to help limit the spread of infections have delivered a severe blow to the City's economy, leading to "very large and abrupt" job losses, according to a report by the Independent Budget Office (IBO). The IBO estimates the City will lose approximately 475,000 jobs over the 12 months spanning the second quarter of calendar year 2020 through the first quarter of 2021.

In addition, IBO estimates a combined shortfall of \$9.7 billion in tax revenue from the city's major tax sources for fiscal years 2020 and 2021, resulting in a difference from our prior forecast in expected revenue of \$2.9 billion (-4.6 percent) in 2020 and \$6.7 billion (-10.5 percent) in 2021. The shortfall in tax revenue, relative to IBO's baseline, continues into 2022 with a difference of \$4.4 billion.

<b>Estimated Tax Revenue Impacts for Major New York City Taxes</b>						
<i>Dollars in millions</i>						
<b>Tax</b>	<b>Differences from January Baseline</b>			<b>Percent Change from January</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
General Sales	(\$1,094)	(\$3,133)	(\$1,429)	-13.1%	-36.4%	-16.0%
Hotel Occupancy	(127)	(530)	(140)	-19.8%	-82.0%	-21.2%
Personal Income	(1,434)	(1,196)	(1,532)	-10.4%	-8.6%	-10.7%
General Corporation	(15)	(724)	(521)	-0.4%	-17.9%	-12.5%
Unincorporated Business	(9)	(406)	(292)	-0.4%	-19.6%	-13.5%
Real Property Transfer	(168)	(344)	(122)	-12.2%	-24.0%	-8.2%
Mortgage Recording	(69)	(112)	(87)	-6.5%	-10.7%	-8.4%
Commercial Rent	(7)	(61)	(55)	-0.8%	-6.7%	-5.9%
Property	0	(222)	(187)	0.0%	-0.7%	-0.6%
<b>Total, Major Taxes</b>	<b>(\$2,923)</b>	<b>(\$6,728)</b>	<b>(\$4,365)</b>	<b>-4.7%</b>	<b>-10.5%</b>	<b>-6.6%</b>

New York City Independent Budget Office

According to IBO, New York City was particularly impacted by COVID-19 because its economy relies heavily on industries that have been shut down in order to limit the spread of the coronavirus. These include the retail, transportation, tourism, leisure, and entertainment industries.

Under IBO's scenario, retail employment will fall by 100,000 starting in the second quarter of calendar year 2020 (a loss of 60,000 jobs is expected in this quarter alone), with losses continuing through the first quarter of 2021. Over the same period, IBO projects a loss of 86,000 jobs in hotels and restaurants along with a combined loss of 26,000 jobs in the arts, entertainment, and recreation industries. The remaining job losses will be spread across nearly all of the city's industries. The only major sector of the city economy likely to avoid job losses over the next year will be health care.

## *Briefs*

### **Comptroller DiNapoli: New York's March 31 Cash Standing Above Projections, but Faces Significant Shortfall in Weeks to Come**

New York closed out the state fiscal year on March 31 with cash-on-hand in the General Fund of \$8.9 billion, or \$2.4 billion above projections, according to a [report released this week](#) by State Comptroller Thomas DiNapoli. However, the state will face cash flow challenges as soon as next month due to billions in state aid payments for health and education, delayed state tax revenues, and additional spending to fight the coronavirus.

Comptroller DiNapoli's report also found:

- The General Fund cash-basis operating surplus for the fiscal year is \$1.7 billion. Of this amount, \$428 million was deposited to the Rainy Day Reserve Fund.
- Tax receipts through March totaled \$82.9 billion which was \$499.1 million above the Division of Budget's latest projections for state fiscal year 2019-20.
- Payments to Medicaid providers of \$2.3 billion (including federal funds) that were due to be paid the last week of fiscal year 2019-20 were delayed until April 2020.

### **New York Nurses Union to Sue State Health Department & Hospitals Over Equipment Shortages**

The New York State Nurses Association plans to file three lawsuits next week in State court over a lack of personal protective equipment and dangerous guidance issued by the State Department of Health (DOH) during the coronavirus pandemic, according to published reports.

Specifically, the Association asserts that the Montefiore Health System and Westchester Medical Center did not protect their nurses and provide them with adequate protective equipment — [following guidance](#) from the state health department to help health systems ration medical supplies. The guidance, "Options when Personal Protective Equipment (PPE) is in Short Supply or Not Available," was issued April 2<sup>nd</sup> by NYSDOH Bureau of Healthcare Associated Infections.

## **Senate to Investigate Event Ticketing Industry**

Senator James Skoufis (D-Hudson Valley), Chair of the Senate Investigations and Government Operations Committee, announced the committee has launched an investigation into live event ticketing which has taken on a new urgency in light of the COVID-19. The Senator sent a letter to Attorney General Letitia James seeking a formal inquiry into alleged impropriety by Ticketmaster which suddenly changed its reimbursement policy amidst the public health emergency.

According to Senator Skoufis, Ticketmaster previously offered reimbursements if an event was "postponed, rescheduled or canceled." The policy was changed, according to the Senator, and now refunds are now only offered if an event is canceled. If an event is indefinitely postponed, concerns are mounting that reimbursements will not be issued.

The Investigations Committee has requested information from the following primary and secondary ticket marketplaces: American Express, Anschutz Entertainment Group (owns AXS), Barclays Center & Brooklyn Nets, Buffalo Bills, Chase, Citibank, Jujamcyn Theatres, Live Nation Entertainment (owns Ticketmaster), Madison Square Garden & the New York Knicks. Nederlander Organization, New York Yankees, Saratoga Performing Arts Center, Seatgeek, Shubert Organization, StubHub, The John Gore Organization (Broadway.com), TicketNetwork, Tickets.com, Today Tix, and Vivid Seats.

## **MTA Asks for Additional \$3.9B to Offset COVID-19 Revenue Shortfall**

Metropolitan Transportation Authority (MTA) Chairman Patrick Foye said the MTA will need an additional \$3.9 billion in federal stimulus funding, on top of the \$4 billion already allocated for the agency, to offset the decline in fare and toll revenue.

"This is not something we can wait for. We need immediate action," said MTA Chairman Pat Foye in an online briefing. "We expect to see losses in fares and tolls of between \$4.7 billion and \$5.9 billion this year alone, and additional impacts in 2021."

The authority has seen a 90 percent drop in ridership across all of its transit agencies and a 62 percent drop in tolled crossings. The MTA also is expecting a loss of between \$1.6 billion and \$1.8 billion in state and local tax revenue from the downturn.

## **Rent Guidelines Board Reports Drop in Landlord Operating Income**

The net operating income of rent-stabilized landlords fell in 2018 for the first time in more than a decade, according to a report on the state of New York City's 1 million rent-regulated apartments released this week by the Rent Guidelines Board (RGB).

The board's analysis found during 2018 apartments in rent-stabilized buildings brought in an average of \$535 in net operating income per month. This reflected a drop of 0.6 percent from the previous year, or the first year-to-year decline since 2002 and 2003.

Last year's report on 2017 data found net operating income increased 0.4 percent. At that time, the RGB ultimately approved increases of 1.5 percent on one-year leases and 2.5 percent on two-year leases. In 2016, or the last time the board instituted a rent freeze, the net operating income of landlords rose by 3.5 percent.

However, the RGB noted that this year's study "does not reflect the current economic condition of the New York City rental market," given the economic downturn from the COVID-19 pandemic.

The RGB annual review process will take place virtually this year. The first meeting is scheduled for April 23.

## *Coming Up*

### *New York State*

*Senate in Recess at the Call of the Majority Leader*

*Assembly in Recess at the Call of the Speaker*

### *New York City*

*Thursday, April 22<sup>nd</sup>*

*City Council Stated Meeting*, Remote Meeting, 1:30 p.m.

*Committee of the Whole*, Remote Meeting, 2 p.m.

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