

# Town of Bethlehem 2013 Preliminary Budget



**PUBLIC HEARING  
OCTOBER 24, 2012**

**FISCAL RESPONSIBILITY  
MULTIYEAR PLAN  
STRUCTURAL BALANCE  
OPEN PROCESS**

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# Big Picture News



**Spending**

**-1.8%**

**-\$711,000**

**\$37.9 million  
Budget**

219 employees

**Staffing**

**-7%**

**-16 FTE**

- **Overall, property tax revenues decline 3.5%**
  - Including loss of \$1.7 million Selkirk Cogen Pilot
  - Below the property tax cap by more than \$500,000, including ambulance district savings
  - Majority of Selkirk Cogen PILOT loss replaced through property taxes paid by others, causing increase of \$67 for an average home (\$250K) – average tax rate hike of 8%
- **\$3.5 million Gap solved roughly half with cuts and half with revenue**
  - Other cuts, fee increases from Budget Advisory Team, including:
  - Transfer Station & Compost facility cutback, but preserved
  - Leaf & brush collection continued, no fee imposed
  - No town funding of Colonial Acres Golf Course; alternatives to be considered

# Fiscal Responsibility



- Balance the Budget in a **responsible & sustainable** manner:
  - Today's plan must leave us in a good position tomorrow, we must avoid budget actions that push problems into future years
  - Keep taxes and fees as low as responsibly possible, but this year that means they're higher than we would like
  - Use fund balances responsibly – avoid reliance on one-time resources to support ongoing expenditures
- New budgeting tools ensure a sustainable plan: Multiyear Planning, Fund Balance Policy, and a Capital Planning system that meets state guidelines
- Find ways to continue providing core services with fewer people over time, but support Town employees – our most vital asset.

# Property Tax Cap Math – How can an 8% tax rate increase be below the “2%” cap?



- The Tax Cap covers both regular property tax payments & special “PILOT” payments
- Bethlehem’s Selkirk Cogen loss (\$1.76M) can be made up by regular property tax.
- Budget makes up \$1.61 million of lost PILOT revenue with increased highway, water & sewer fund levies, which will be an increase to regular taxpayers
- EMS/Ambulance savings also reduce
- Overall the town receives \$462K (-3.5%) less in property tax revenues

	<u>2012</u>	<u>2013</u>	<u>Change</u>
Selkirk Cogen PILOT	\$1,760,000	- 0 -	\$(1,760,000)
Other PILOTs	298,494	324,359	25,865
Town Property Tax (4 funds)	9,645,711	11,255,711	1,610,000
Town EMS/Ambulance Districts*	<u>1,574,222</u>	<u>1,236,394</u>	<u>(337,828)</u>
<b>Total Property Tax Revenue</b>	<u><u>\$13,278,427</u></u>	<u><u>\$12,816,464</u></u>	<u><u>\$(461,963)</u></u>

- The average increase will be **8%** or **\$67** on an average \$250K home  
(Overall change in property tax rates varies among water, sewer and ambulance districts)



# EMS/Ambulance



	Tax Levy 2012	Tax Levy 2013	Change in Budget
County Advance Life Supp (ALS)*	\$ 761,079	\$ 526,301	\$ (234,778)
Beth Volunteer Ambulance	371,747	268,697	(103,050)
Western Turnpike	29,705	29,705	-
Del/Els/Slg Ambulance	411,691	411,691	-
	<u>\$ 1,574,222</u>	<u>\$ 1,236,394</u>	<u>\$ (337,828)</u>

- New contracts between T. Bethlehem, Albany County & emergency services providers will save as much as \$300,000 annually by allowing billing of third party insurers for Advanced Life Support (ALS) services, which is reimbursed at a higher rate than basic ambulance/life support services.
- In addition, Bethlehem's Board of Ambulance Commissioners has just recommended a townwide approach to EMS/ambulance services including consolidation of the ambulance districts. Significant savings are likely, though not accounted for, as they will likely further reduce the tax levy in 2014.

# Balancing the Budget



- May projection showed a **\$3.5 million budget gap** for 2013, which we have more than closed:
  - Attrition – reduced staffing & fringe costs\* \$ 1.6 million
  - Partial Replacement of Cogen PILOT 1.6
  - Sales tax collections improving 0.6
  - Other revenues declining (0.4)
  - Debt Service Reduced (refinancing, other changes) 0.2
  - Misc. Budget Advisory Cuts & Fees/Donations 0.2

\$ 3.8 million

\*Continuing effect of 2012 attrition, less 2 positions added

- Meanwhile, during 2012 expected deficits were converted to surpluses, producing **\$1.6 million in saving**.
- The 2012 savings are one-time, non-recurring revenues and should not be used to support ongoing operations. Doing so would create a gap in 2014.
- We propose putting those funds into a Retirement Contribution Reserve Fund to cover these cost increases for 3 years and an Albany Water Contract Reserve Fund to smooth the cost for the abrupt increase 2014. Other reserves will help improve assessments and provide for other contingencies.
- The 2013 budget cuts spending, maintains revenues, and responsibly uses fund balances, moving toward long-term structural balance – the out-years do not rely on fund balance excessively.

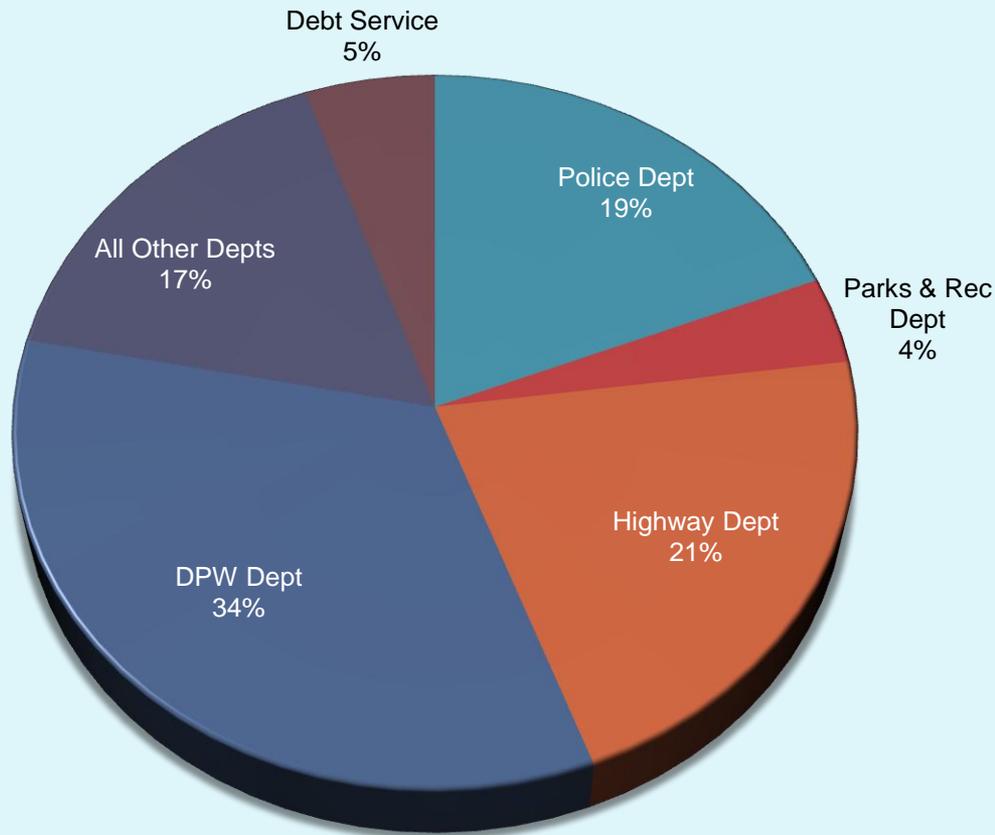
# Budget advisory team options chosen



- Reduce from 5 to 3 days at Transfer Station and Compost facility; shorten Compost season; minimally increase fees; explore options to enhance compost operation/revenues (**\$170K** savings)
- Remove town support for Colonial Acres Golf Course, including capital:
  - Ends annual revenue loss currently estimated to be **\$40K**; avoids **capital spending of \$150K** for sewer, bathrooms & clubhouse, **\$100K** for irrigation system, and **\$20K** for 9<sup>th</sup> hole footbridge
  - Options for continued use include outsourced operation or converting use to public green space, park, and/or community garden; Community Advisory Group could explore.
- Parks & Rec actions include eliminating night ranger, reduced pool staffing early and late seasons & increased field fees to offset maintenance costs (**\$20K**)
- Lockbox expanded to cover tax collections (allows staff sharing)
- Senior Services increased suggested donations for transportation (**\$22K**)
- Attrition in Police Department absorbed (exception - patrol officer replaced)
- Towing contract\* (**\$12K**); membership dues policy\* (**2K**); Planning Board\* reduced from 7 to 5 members (**12K** by 2014, 6K in 2013)

\* Most items are Budget Advisory Team suggestions, some with modifications, and the last three marked "\*" originated elsewhere .

# 2013 Spending By Department



<u>Department</u>	<u>Appropriation</u>
Police Dept	\$7,210,727
Parks & Rec Dept	1,476,738
Highway Dept	8,084,372
DPW Dept	12,791,397
All Other Depts	6,299,176
Debt Service	2,014,585
	<u>\$37,876,995</u>

# 2013 Budget compared to 2012

(includes General, Highway, Water and Sewer Funds; does not include Ambulance districts)



	Budget 2012	Budget 2013	Change	% Change
<b>Revenues</b>				
Property Taxes & PILOTS	\$ 11,709,056	\$ 11,580,070	\$ (128,986)	-1.1%
Sales Taxes	9,850,481	10,637,300	786,819	8.0%
Mortgage Taxes	1,225,000	1,133,000	(92,000)	-7.5%
Interfund Transfers	1,208,894	925,801	(283,093)	-23.4%
Water Meter Charges	6,425,000	6,725,000	300,000	4.7%
Sewer Charges	2,320,500	2,410,000	89,500	3.9%
Other Revenues	4,879,999	4,803,037	(76,962)	-1.6%
<b>Total Revenues and Other Sources</b>	<b>\$ 37,618,930</b>	<b>\$ 38,214,208</b>	<b>\$ 595,278</b>	<b>1.6%</b>
<b>Expenditures</b>				
Wages & OT	\$ 15,745,579	\$ 14,880,567	\$ (865,012)	-5.5%
Fringe & Payroll Taxes	6,964,868	7,119,212	154,344	2.2%
Retiree Health Insurance	566,000	684,350	118,350	20.9%
Equipment & Other Capital	655,120	895,950	240,830	36.8%
Contractual Costs	7,479,560	7,371,635	(107,925)	-1.4%
Paving	103,073	230,000	126,927	123.1%
Other Contract Services	988,200	1,203,800	215,600	21.8%
Interfund Transfers	688,914	524,801	(164,113)	-23.8%
Other Appropriations	5,396,401	4,966,680	(429,721)	-8.0%
<b>Total Expenditures and Other Uses</b>	<b>\$ 38,587,715</b>	<b>\$ 37,876,995</b>	<b>\$ (710,720)</b>	<b>-1.8%</b>
Change in Fund Balance	\$ (968,785)	\$ 337,213	\$ 1,305,998	-134.8%

# Bethlehem's first multiyear plan



Why is this important?

- With the fiscal challenges the Town faces, we must:
  - Balance the budget responsibly for next year and beyond
  - Avoid pushing financial problems into future years
  - Provide a sustainable plan without revenue or service shocks
- Multiyear projection shows rough structural balance; budget reserves maintained, aiming for 15% fund balance standard
- Plan provides a path to a more comfortable future, maintaining services within the property tax cap without spikes in taxes or fees

# Planning for the Future



- Multiyear projection shows path to structural balance
- Projected operating deficits while manageable show there is more work to come – particularly in Highway. We will need to keep looking at:
  - Highway/DPW efficiencies
  - Modernization and departmental sharing/consolidation
  - Sustainable Bethlehem: Energy Usage, Recycling and more
  - Shared Services (with County, School-Municipal, etc.)
  - Emergency Dispatch Consolidation
- **Budget Advisory Team will continue, focusing on these priorities**