

2014 Adopted Budget

(including multiyear & capital plan)

Steady & Smooth Financial Path Investing in Bethlehem

John Clarkson, Town Supervisor

Michael Cohen, Town Comptroller

2014 Budget Schedule

- ✓ Capital Plan Presentation (Sept 11 Town Board Meeting)

- ✓ **2014 Tentative Budget Presentation**
Wednesday, September 25 @ 6pm (Town Board Meeting)
- ✓ **Workshop: Multiyear Plan, Revenue & Expenditure Estimates**
Thursday, September 26 @ 7pm
- ✓ **2014 Tentative Budget Update**
Wednesday, September 25 @ 6pm (Town Board Meeting)
- ✓ **Workshop - Program Budget Discussion**
Thursday, October 10 @ 6pm
- ✓ **Preliminary Budget Presentation & Public Hearing:**
Wed, Oct 23 6pm (Town Board Meeting)

Final Budget Adoption: Wed, Nov 13 Town Board Meeting 6pm

“Budget 2014” page on Town Website provides comprehensive information, continuously updated.

Good News Budget

Last year we made hard choices & instituted financial reforms, the result is a good news budget for 2014

- Property taxes below the cap and inflation, +1.23% levy, lower rate increase (+0.6%), with a +\$4.98 impact (avg. household \$250,000 home)
- Modest Expenditure Increases (1.0% overall), with Town benefitting from reduced pension costs and improved budgeting practices
- Multiyear Plan indicates smooth path in out-years, and supports Capital Plan incl. major Water & Sewer upgrades, Sidewalks and Delaware Ave
- Elimination of “Dispatch Fee” added in 2008
- EMS: Taxpayer Costs Down, ambulance districts consolidated, uniform tax rate and service standard
- \$776,000 Efficiency & Performance Award from NYS, portion used for tax relief (elimination of dispatch fee), remainder to be allocated to sidewalks, Delaware Ave, Sustainable Bethlehem and other needs



Two Year Overview

(big picture comparison to last year)



Last Year (2013 Budget adopted 11/12)

- **\$3.5 million Gap** solved roughly half with cuts and half with revenue
- **Spending Down** 1.8%, staffing down 7%, 16 positions
- Overall property tax revenues decline 3.33% (including Selkirk Cogen loss)
- Property Tax Rate Increase needed to partially offset Cogen loss -- 7.9% or \$67 for avg. household (250K home)
- Transfer Station & Compost facility preserved, with cutbacks
- EMS Billing Improvements Introduced
- Colonial Acres Golf Course privatized, turning annual loss into profit

This Year (2014 Budget TBA 11/13)

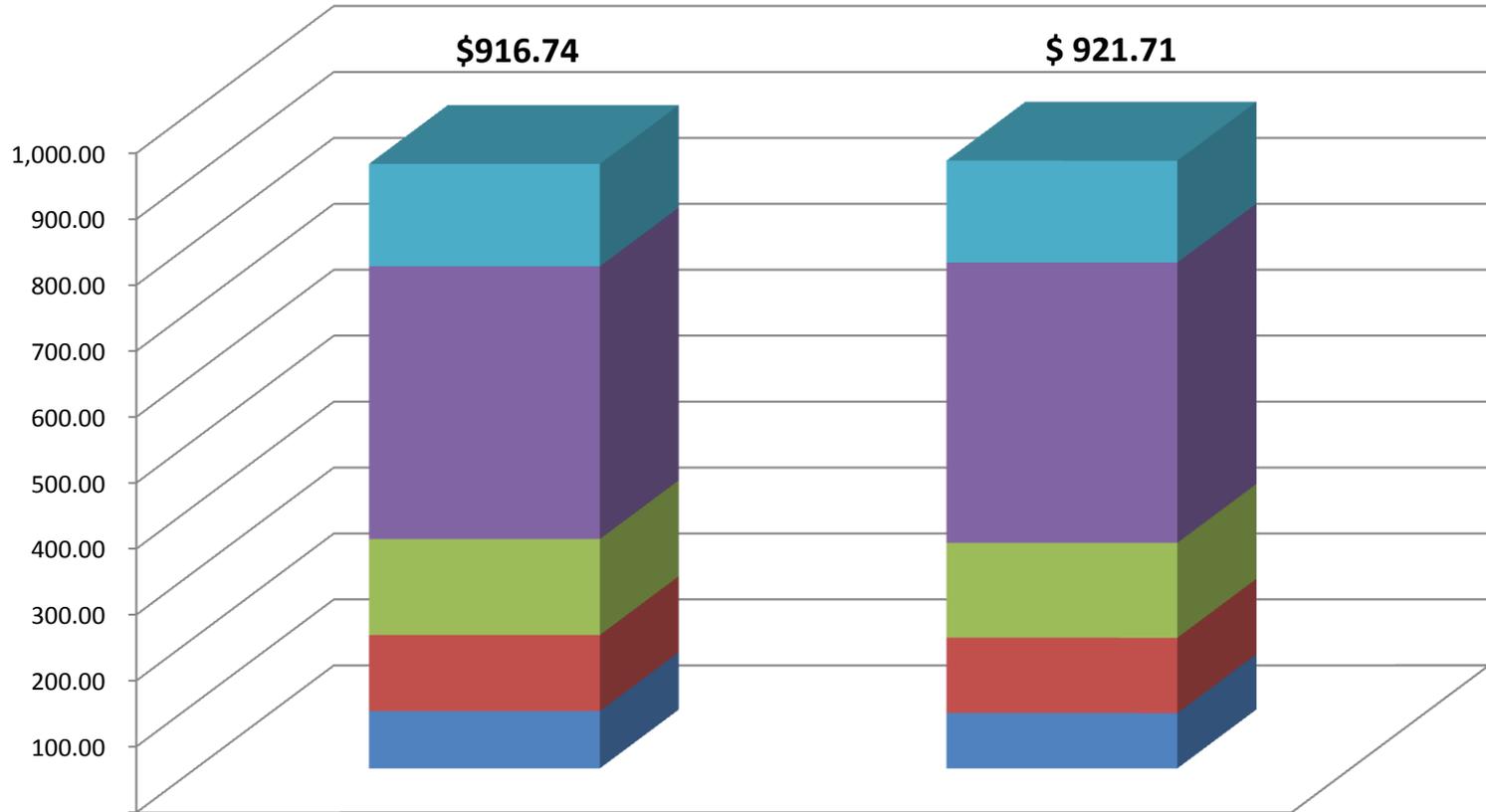
- **NO budget gap** for the first time in recent memory; owing to multiyear planning & other reforms
- **Modest spending increase** (1.0%), staffing down by 1 position
- Property tax revenues increase by 1.23% including PILOTs
- Property tax rate increases 0.6% or \$5 on average home (\$250K)
- Ambulance Service consolidation and elimination of “Dispatch Tax” lowers cost for EMS
- Compost Facility Reopened on Fall Saturdays

Property Tax Levy 2012 - 2014

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Property Tax Levy	11,219,932	12,491,392	12,644,628
PILOTs	<u>2,058,671</u>	<u>344,751</u>	<u>350,031</u>
Total Property Tax Revenues	<u>13,278,603</u>	<u>12,836,143</u>	<u>12,994,659</u>
\$ Change From Prior Year		<u>(442,460)</u>	<u>158,516</u>
% Change From Prior Year		-3.33%	1.23%
Average Impact (\$250,000 home)*		\$67	\$5

*Impact depends on ambulance district, value of your home, and whether you have any exemptions.

Average Tax Levy



	2013	2014
General	155.28	154.47
Highway	413.63	425.10
Water	145.56	143.93
Sewer District	115.35	114.29
EMS	86.93	83.92

...but nobody pays the average, Selkirk/Glenmont will see a small decrease (Based on Home with a \$250,000 Assessed Value)

District	Funds	2014 Town Taxes	Avg. \$ Change from 2013	Avg. % Change from 2013
Delmar, Elsmere, Slingerlands	General, Highway, Water, Sewer, EMS	894.77	11.54	1.31%
Delmar, Elsmere, Slingerlands	General, Highway, Water, Sewer ⁽¹⁾ , EMS	932.04	11.39	1.24%
Delmar, Elsmere, Slingerlands	General, Highway, Water, Sewer ⁽²⁾ , EMS	1,049.46	11.44	1.10%
Delmar, Elsmere, Slingerlands	General, Highway, Water, Sewer ⁽³⁾ , EMS	1,075.76	6.00	0.56%
Delmar, Elsmere, Slingerlands	General, Highway, Water, EMS	813.07	12.39	1.56%
Selkirk / Glenmont	General, Highway, Water, Sewer, EMS	894.77	(12.38)	-1.36%
Selkirk / Glenmont	General, Highway, Water, Sewer ⁽¹⁾ , EMS	932.04	(12.53)	-1.33%
Selkirk / Glenmont	General, Highway, Water, Sewer ⁽²⁾ , EMS	1,049.46	(12.49)	-1.18%
Selkirk / Glenmont	General, Highway, Water, Sewer ⁽³⁾ , EMS	1,075.76	(17.93)	-1.64%
Selkirk / Glenmont	General, Highway, Water, EMS	807.42	(11.53)	-1.41%
Selkirk / Glenmont	General, Highway, EMS	663.49	(9.91)	-1.47%
Elmwood / N. Bethlehem	General, Highway, Water, Sewer, EMS	894.77	19.67	2.25%
Elmwood / N. Bethlehem	General, Highway, Water, Sewer ⁽³⁾ , EMS	1,075.76	14.12	1.33%

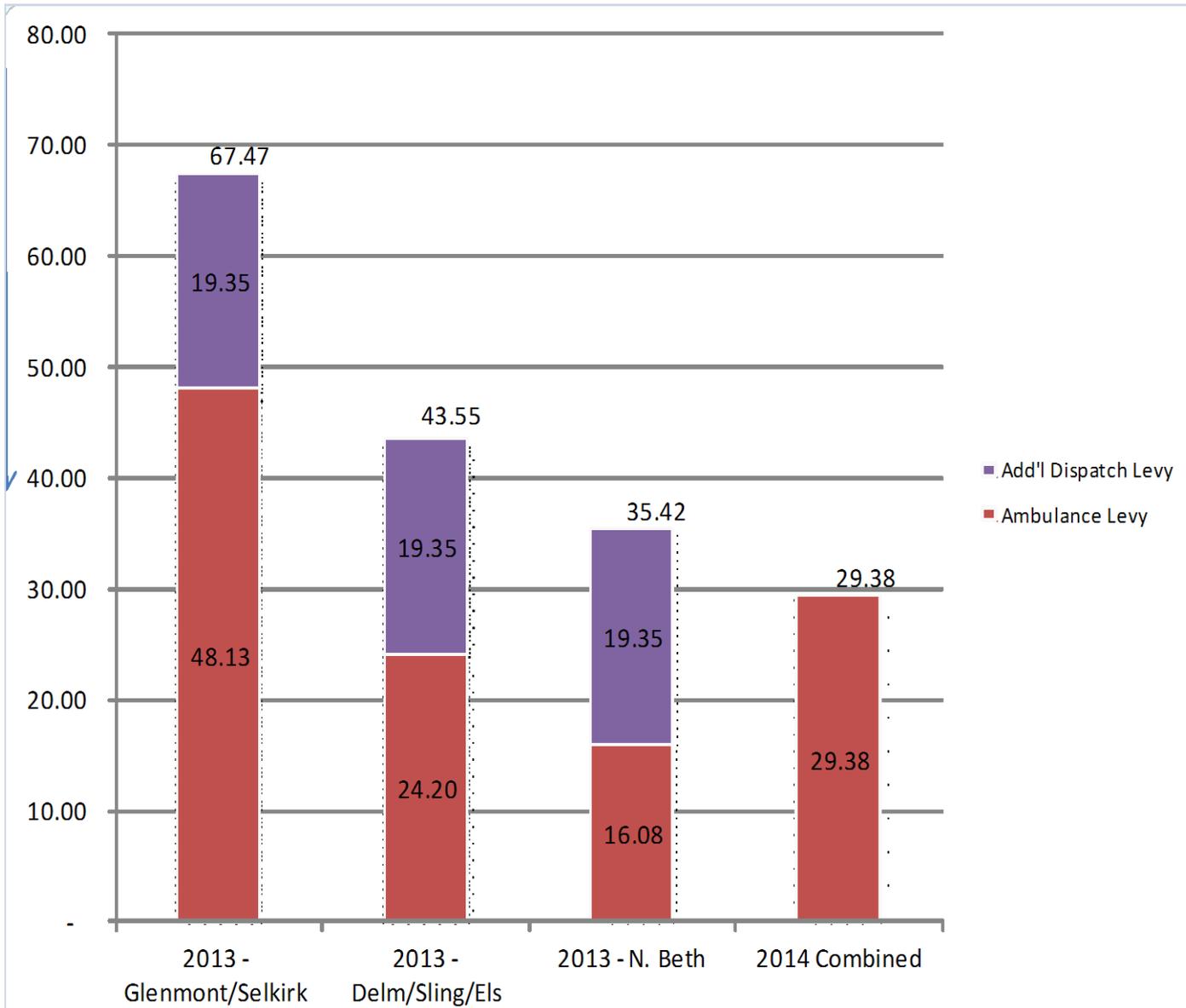
⁽¹⁾ Includes DESD front footage district with average linear footage of 83.87 feet per home.

⁽²⁾ Includes Bethlehem Sewer Ext. 8 front footage district with average linear footage of 104.29 feet per home.

⁽³⁾ Includes Bethlehem Sewer Ext. 14 front footage district with average linear footage of 104.22 feet per home.

BLS Tax Rates (2013 & 2014)

(for average value home - \$250,000)



With elimination of dispatch levy, BLS taxes lower in all 3 former districts

\$776,000 in Award Funds

Tax Relief, New Savings & Community Enhancement

(Local Government Performance & Efficiency Award; paid out over 3 years)

Proposed Uses



- \$175,000 for frontloaded tax relief, to be achieved on a continuing basis through EMS billing improvements and consolidation efficiencies
- \$50,000 reserved for Sustainable Bethlehem, to cover startup costs for Energy Savings Projects
- \$300,000 for Sidewalk/Community Enhancement (Feura Bush Rd, Delaware Ave, Maple Ave)
- \$251,000 reserved for contingencies/other projects

Investing in Bethlehem

- Budget based on Capital Plan projection for 2013-18 that includes \$49.4M of investment
- \$33.6M for Water and Sewer Projects
- \$2.3M Town Funds for 3 community enhancement projects (Feura Bush, Delaware, Maple)



Sustainable Bethlehem



- Town's commitment to become a more sustainable community:
 - Lead by example – reduce greenhouse gas emissions; improve energy efficiency; promote successes
 - Foster a prosperous business environment
 - Support a safe and accessible bicycle and pedestrian network
 - Conserve and protect open space and natural areas
 - Diverse, affordable, and energy efficient housing

• Achievements

- Town Sustainability Report & GHG inventory
- Town support of Regional Sustainability Plan
- Solar PV installation at Elm Ave. Park
- Lighting at Town Hall & Highway Garage
- Heating system at Clapper Road WTP
- Aeration improvements at WWTP
- Bike & Pedestrian projects
 - Orchard Street, Feura Bush Road, Elsmere Ave., Bike Route in Delmar a



• What's Next?

- Potential Solar PV installation at Town Clay Mine (*grant app. submitted*)

Sustainable Bethlehem

Options for Local Gov' t Award Startup Funding



• Projects Options

1. Energy Efficiency
 - a) Town Hall
 - b) Clapper WTP, DPW Garage & Elm Ave. Lighting
 - c) Facility maintenance efforts (caulk, insulate, etc.)
2. Interval electric meters at high demand facilities (est. \$10k)
3. GPS Town fleet (est. \$15k)
4. Initiate energy performance contract (est. \$10k)

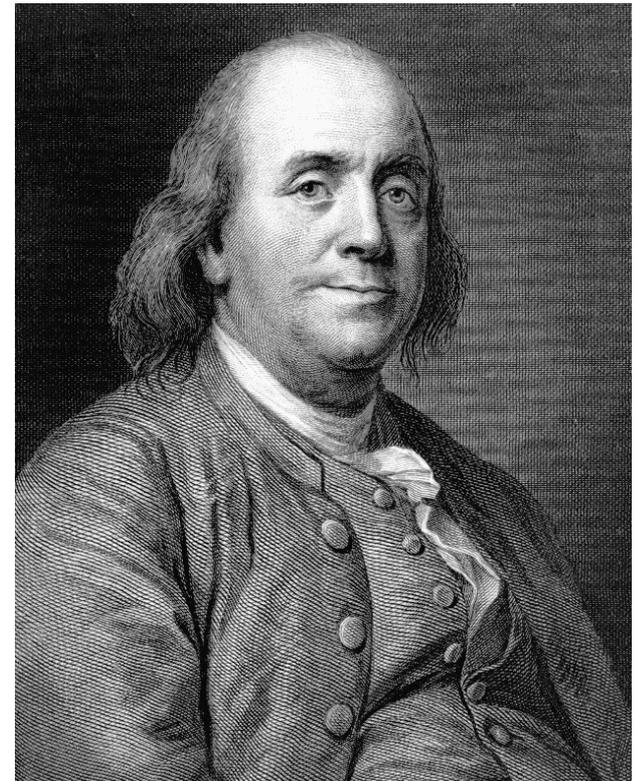


• Goals – Long-term/Recurring

1. Reduce electrical consumption and cost
2. Reduce electrical demand and cost
3. Reduce vehicle miles travelled, idling, fuel, costs
4. Public/private partnership to accelerate reductions in energy consumption

Fiscal Responsibility

- Balance the Budget in a manner which is both **responsible & sustainable**:
 - Today's plan must leave us in a good position tomorrow, and avoid budget actions that push problems into future years
 - Keep taxes and fees as low as responsibly possible
 - Use fund balances responsibly
 - Avoid use of one-time resources to support ongoing expenditures
- Last year's budgeting reforms help ensure a sustainable plan: Multiyear Planning, Fund Balance Policy, and comprehensive Capital Planning



INTERMISSION



- Technical Slides Follow

Long Term Financial View

Bethlehem's Second Year of Multiyear Planning

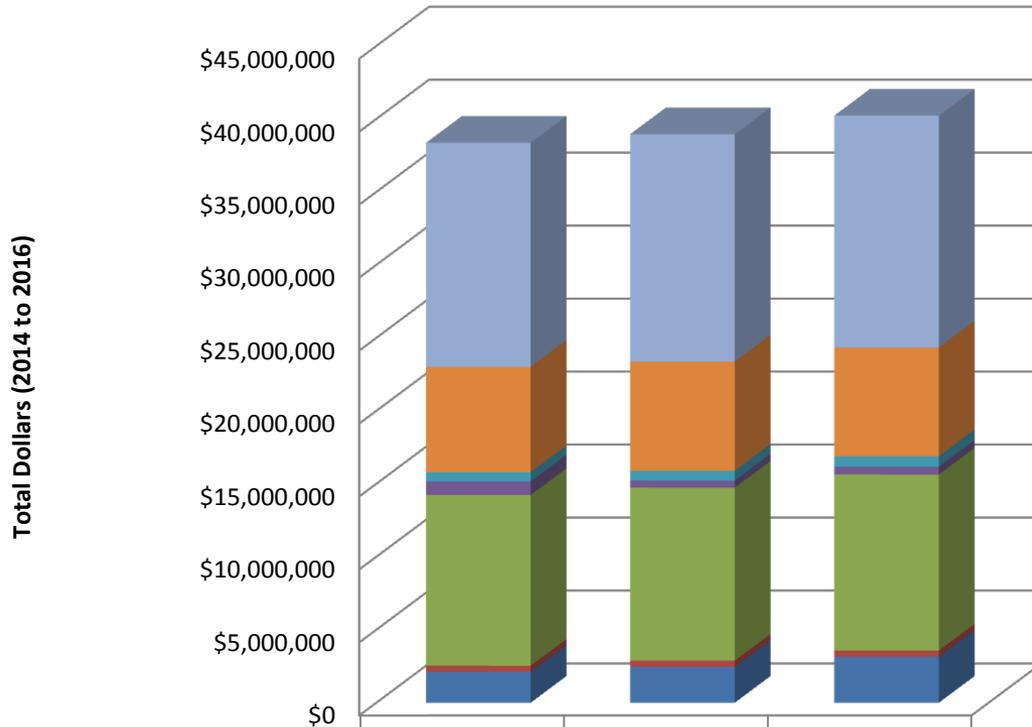
Why is the multiyear plan important?

- Because it ensures we:
 - 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 charts a future path that maintains services within the property tax cap without spikes in taxes or fees, and that allows for capital investments

	Actual	Projections			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund	\$1,172,827	(\$532,677)	\$44,997	\$79,314	(\$30,552)
Highway Fund	365,454	(44,144)	11,238	(165,393)	(382,778)
Water Fund	779,355	(220,595)	(41,208)	155,755	75,624
Sewer Fund	<u>745,519</u>	<u>(556,240)</u>	<u>(15,027)</u>	<u>120,956</u>	<u>(110,031)</u>
Surplus/(Use of Fund Balance)	\$3,063,155	(\$1,353,656)	\$0 *	\$190,632 *	(\$447,737)
Fund Balance Percentage	24.4%	17.1%	17.1%	17.0%	15.1%

* Includes use of retirement reserves and Albany water contract step reserve in the amount of \$123K in 2014 and \$175K in 2015. Also, \$175K from NYS Local Government Efficiency Award in 2014.

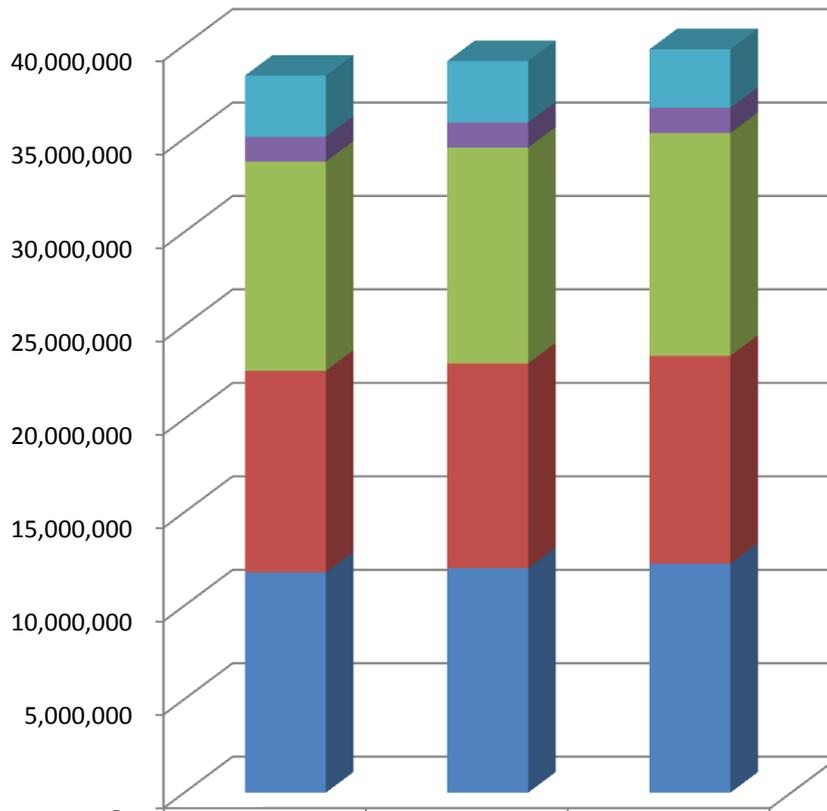
Multiyear projection overview - Expenditures



	2014	2015	2016
Personal Services	\$15,348,834	\$15,578,138	\$15,889,700
Fringe Benefits & Payroll Taxes	\$7,225,694	\$7,485,494	\$7,451,761
Retiree Health Insurance	\$633,191	\$671,182	\$711,453
Equipment and Capital Outlay	\$925,550	\$481,000	\$534,500
Contractual Costs	\$11,697,046	\$11,856,962	\$12,065,601
Interfund Transfers - Expenditures	\$421,622	\$425,608	\$429,634
Debt Service (Principal and Interest)	\$2,116,644	\$2,457,610	\$3,143,764

- Out-year Assumptions:
 - Pension: Reduction consistent with DOB projections
 - Paving: \$100K/year reduction of bonding in each year until annual paving costs are paid through operations
 - Debt Service and Equipment: From Capital Plan
 - Personnel: COLAs in out-years
 - Community College chargebacks are not passed down to local municipalities

Multiyear projection overview – Revenues



Total Dollars (2014 to 2016)

	2014	2015	2016
Other Revenues	3,270,217	3,287,174	3,132,861
Mortgage Taxes	1,324,880	1,338,129	1,351,510
Charges for Services	11,195,180	11,548,068	11,912,768
Sales and Use Tax	10,796,860	10,958,813	11,123,195
Real Property Taxes & PILOTS	11,781,444	12,014,443	12,258,345

- Out-year Assumptions:
 - Property Tax Levy: annual 2% increases
 - Sales tax: Increase of 1.5% per year and County doesn't change municipal share
 - Water and Sewer user fees: increased 3.5% per year to cover continued escalation of Albany Water Contract as well as infrastructure rehab & replacement

Better Budgeting – Encouraging Departmental Sharing

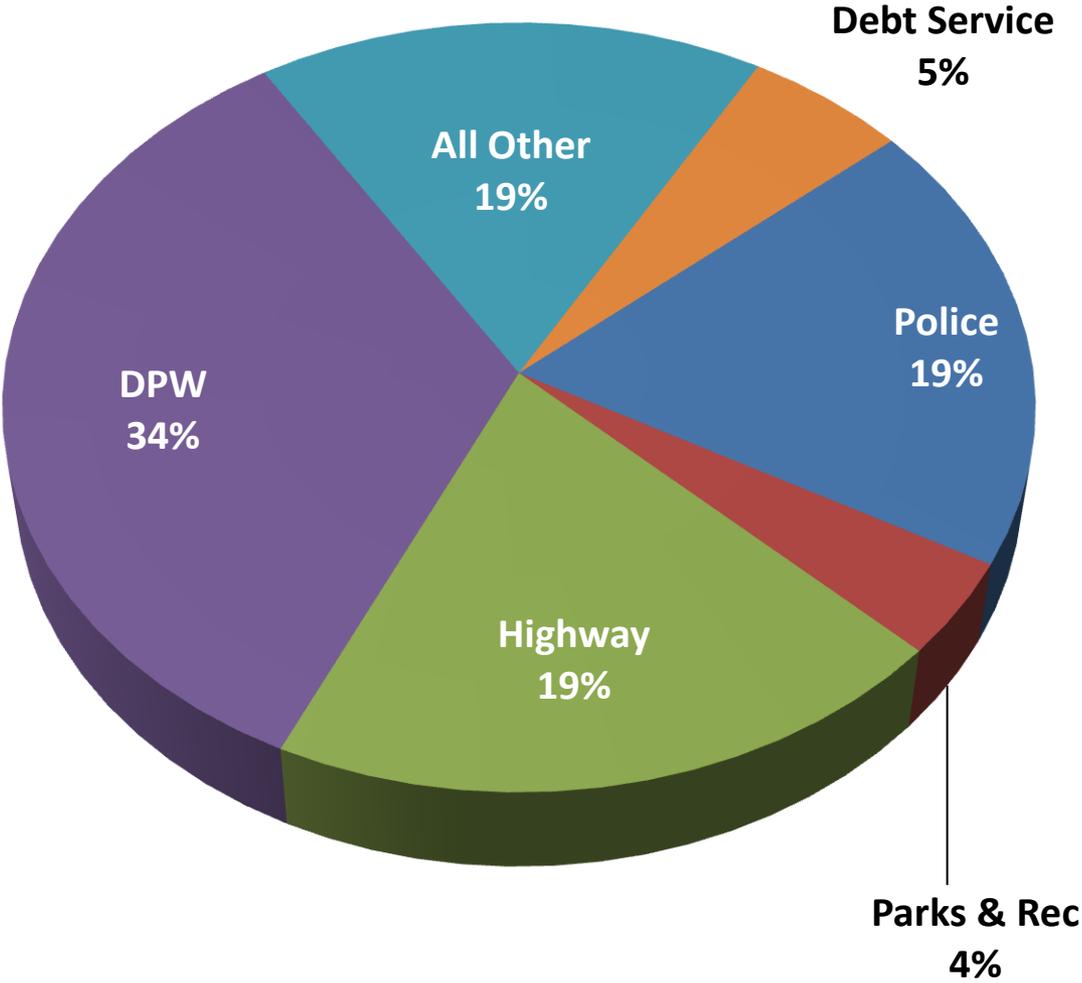
- Move away from interfund charging to encourage sharing of resources
- In the past, Highway employees and equipment have been charged to other funds through a miscellaneous account called “interfund”
 - Prior to 2014 – Employees personnel and fringe costs were charged directly to the Highway Fund and then “rented” to other funds; creating miscellaneous revenue on the Highway side and interfund expense in the receiving fund/department
 - 2014 and forward –
 - “Set it and Forget It” - Employees who provide regular, recurring services to other funds (ex. fleet maintenance) will have their personnel/fringe costs allocated directly to each fund based on the annual average time spent in the 12 months prior to budget preparation
 - “It’s a Wash” - Maintenance, both those charged directly to Highway and Park’s Maintenance (in the General Fund), will not be charged to the other fund in performing their regular work, but will have their time monitored to ensure equality in expenditure
 - “Direct Charge” - Other misc. sharing of services (ex. Town Hall repairs, DPW mowing, etc.) will be charged directly to the fund that utilizes the service
 - Equipment will no longer be rented from Highway to other funds, to prevent cost from being an impediment to sharing. The fund that predominantly requires the equipment will purchase and own the item, but will make it available without a usage charge when not in use
 - Parts and Materials will continue to be charged through the interfund as needed
- More accurately reports expenditures in consolidated financial reports
 - Employee labor costs, when working across funds, will no longer be counted twice (through both personnel/fringe AND contractual lines)
 - Future improvements under consideration include: building EMS costs into budget tables, improved distinctions among capital, debt service and interfund transfers and developing regular expenditure reports corresponding to major budget categories

2012 - 2014 Budgets

	Budget 2012	Budget 2013	Budget 2014	2012/2014 Change	2013/2014 Change
Revenues					
Real Property Taxes & PILOTS*	\$ 11,709,056	\$ 11,580,070	\$ 11,781,444	\$ 72,388	\$ 201,374
Sales and Use Tax	9,850,481	10,637,300	10,796,860	946,379	159,560
Mortgage Taxes	1,225,000	1,133,000	1,324,880	99,880	191,880
Interfund Transfers - Revenue	1,208,894	925,801	430,622	(778,272)	(495,179)
Metered Water Charges	6,425,000	6,725,000	6,890,000	465,000	165,000
Sewer Charges	2,320,500	2,410,000	2,510,000	189,500	100,000
Charges for Services	2,483,802	1,783,392	1,795,180	(688,622)	11,788
Retirement and Water Reserves	-	108,965	122,895	122,895	13,930
Other Revenue	2,396,197	2,910,680	2,660,466	264,269	(250,214)
Total Revenues and Other Sources	\$ 37,618,930	\$ 38,214,208	\$ 38,312,347	\$ 693,417	\$ 98,139
Expenditures					
Wages & OT	\$ 15,745,579	\$ 14,880,567	\$ 15,348,834	\$ (396,745)	\$ 468,267
Fringe & Payroll Taxes	6,964,868	7,119,212	7,225,694	260,826	106,482
Retiree Health Insurance	566,000	684,350	633,191	67,191	(51,159)
Equipment & Other Capital	655,120	889,565	925,550	270,430	35,985
Paving	103,073	230,000	397,000	293,927	167,000
Contractual Costs	9,003,260	8,811,660	8,728,175	(275,085)	(83,485)
Interfund Transfers	688,914	524,801	421,622	(267,292)	(103,179)
Debt Service (Principal and Interest)	2,087,533	2,017,536	2,116,644	29,111	99,108
Other Appropriations	2,773,368	2,719,304	2,515,637	(257,731)	(203,667)
Total Expenditures and Other Uses*	\$ 38,587,715	\$ 37,876,995	\$ 38,312,347	\$ (275,368)	\$ 435,352
Change in Fund Balance - Surplus/(Deficit)	\$ (968,785)	\$ 337,213	\$ -	\$ 968,785	\$ (337,213)

* Excludes Ambulance Fund

2014 Budgeted Expenditures By Department



<u>Department</u>	<u>Appropriation</u>
Police	\$7,301,815
Parks & Rec	\$1,530,057
Highway	\$7,196,451
DPW	\$12,984,157
All Other	\$7,183,223
Debt Service	\$2,116,644
Total	\$38,312,347

EMS Tax Levy

	2012 Budget	2013 Budget	2012/2013 Change	2014 Budget	2013/2014 Change	% Change
Town BLS	508,438	434,380	(74,058)	421,116	(13,264)	-3.1%
Dispatch Charge	275,000	275,000	-			
Combined Tax Levy	783,438	709,380	(74,058)	421,116		
County ALS Expense	813,143	849,281	36,138	884,261	34,980	4.1%
Enhanced Billings		(122,164) *		(100,000)		
Net Budget	813,143	727,117		784,261		
Total Tax Levy		1,235,681 **		1,205,377	(30,304)	-2.5%

* Estimate based on 2012 partial year collection as well as first quarter 2013.

** Use of ALS one time surplus to cover shortfall.

- \$150K - \$175K in additional billings and savings is expected to be generated through assessment fees and consolidation.
- This savings will offset the loss of dispatch fees to the General Fund by 2015.

Carefully Balanced Revenues & Expenditures

Summary of Changes: 2013 to 2014 Budgets

	General Fund	Highway Fund	Water Fund	Sewer Fund
	2014 Budget			
Estimated Revenue	\$17,994,499	\$6,391,372	\$9,509,241	\$4,417,234
Budgeted Appropriations	\$17,949,502	\$6,380,135	\$9,550,449	\$4,432,261
Fund Balance Surplus (Deficit)	\$44,997	\$11,237	(\$41,208)	(\$15,027)
	2013 Budget			
Estimated Revenue	\$17,969,937	\$6,505,949	\$9,345,563	\$4,392,759
Budgeted Appropriations	\$17,672,658	\$6,698,939	\$9,230,783	\$4,274,615
Increased (Use of) Fund Balance	\$297,279	(\$192,990)	\$114,780	\$118,144
	Change			
Estimated Revenue in \$	\$24,562	(\$114,577)	\$163,678	\$24,475
Budgeted Appropriations in \$	\$276,844	(\$318,804)	\$319,666	\$157,646
Estimated Revenue in %	0.14%	-1.76%	1.75%	0.56%
Budgeted Appropriations in %	1.57%	-4.76%	3.46%	3.69%

Property Tax Levies & Rates

District	2013		2014		Change in Levy		Change in Rate	
	Tax Levy	Tax Rate	Tax Levy	Tax Rate				
General	2,078,649	0.62111	2,078,649	0.61786	-	0.00%	(0.003)	-0.52%
Highway	5,537,080	1.65451	5,720,620	1.70040	183,540	3.31%	0.046	2.77%
Water District	2,012,748	0.58222	2,012,748	0.57573	-	0.00%	(0.006)	-1.11%
Sewer District	1,627,234	0.46140	1,627,234	0.45716	-	0.00%	(0.004)	-0.92%
EMS	1,235,681	0.34770	1,205,677	0.33577	(30,004)	-2.43%	(0.012)	-3.43%
Change in Tax Levy	12,491,392		12,644,928		153,536	1.23%		
Change in Rate		3.665		3.687			0.022	0.60%

Tax Levy Per \$250,000 Home

	2013	2014	Difference
General Fund Tax	155.28	154.47	(0.81)
Highway	413.63	425.10	11.47
Wtr Dist #1	145.56	143.93	(1.62)
Sewer District	115.35	114.29	(1.06)
EMS	86.93	83.94	(2.98)
	<u>916.74</u>	<u>921.73</u>	<u>5.00</u>

With growth in the tax base, the average increase will be **0.60%** or **\$4.98** on an average \$250,000 home

How is Tax LEVY different from Tax RATE?

Levy shows how much the Town gets; Rate shows how much the homeowner pays

Tax Levy - Factors only total dollars

Town B has one Resident with a \$10K assessment who pays \$2.00 per year.

\$2.00 is the tax levy.

\$10,000 is the total assessed value of the Town ($\$0.20/\$1,000$).



Tax Rate – Factors in growth of tax base

Year 2, Town B gets a new resident who builds a \$10K home. The Town raises their property tax levy to \$4.00 to be able to provide additional services.

\$4.00 is the new tax levy; an increase of 100% over year 1. However, the tax rate ($\$0.20/\$1,000$) increases 0%, because Resident 1 is still paying \$2.00.

Total assessed value of the Town is \$20,000.



How We Compare to Tax Cap

(Below Cap for Third Straight Year)

Tax Cap	2014
Taxes Levied - 2013	\$12,491,392
Growth Factor	<u>1.0047</u>
Adjusted Levy	\$12,550,101
2013 Pilot Revenue	<u>344,751</u>
Total TaxBase	\$12,894,852
1.66% Increase	<u>1.0166</u>
TaxBase Allowable	\$13,108,906
2014 Anticipated Pilot	<u>(350,031)</u>
	\$12,758,875
Available Carryover	199,750
Pension Exemption*	<u>-</u>
Allowable TaxLevy Per TaxCap	\$12,958,625
2014 Proposed TaxLevy	<u>12,644,628</u>
TaxLevy Over (Under) TaxCap - 2014	<u><u>(\$313,997)</u></u>
TaxLevy Over (Under) TaxCap - 2013	(\$870,647)
TaxLevy Over (Under) TaxCap - 2012	(\$195,690)

Town has been below the tax cap by over \$1,000,000 since enactment

Average municipal taxes 2009 – 2012
(\$250,000 Assessed Value)

<u>Municipality</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Guilderland	\$1,005	\$985	\$1,088	\$1,118
Bethlehem	1,013	1,040	1,093	1,133
Colonie	1,133	1,068	1,137	1,150
Glenville	1,243	1,240	1,395	1,425
North Greenbush	1,570	1,548	1,583	1,540
Rotterdam	1,390	1,383	1,538	1,590
Niskayuna	1,385	1,443	1,550	1,603
East Greenbush	1,733	1,755	1,810	1,870

Source: Equalized rates from State Comptroller's Office through See Through NY – Includes General and Highway Funds, and Special Districts

Changes from Tentative to Preliminary Budgets - Overhead

- Overhead charges from General Fund to Water and Sewer Funds.
 - Update to the calculation based on most recent budget in 5 departments on which OH is based – Comptroller, HR, MIS, GIS and Tax.
 - Increased revenue in GF from \$314,718 to \$398,622 (\$83,904); Increased expenditure in WF from \$174,980 to \$225,837 (\$50,857) and SF from \$139,738 to \$172,785 (\$33,047)

Net Change to Combined Budget - \$0.00

Eliminated Use of Fund Balance in 2014

- Reduction in budgeted expenses to “Membership Dues” in compliance with board policy.
 - Net Change to Combined Budget - \$2,886 
- Reduced engineering consulting costs in sewer fund.
 - Net Change to Combined Budget - \$7,121 

Total Net Change to Combined Budget - \$10,007