

2016 Adopted Budget

(with multiyear & capital plan)

Steady Financial Course

Continuing Focus on Efficiency & Sustainability

Supporting a Strong Workforce

John Clarkson, Town Supervisor

Michael Cohen, Comptroller

November 10, 2015

2016 Budget Schedule

Town Board Meetings at 6:00 pm in Town Hall Auditorium

- **Workshop/Program Discussion** August 19 (workshop)
- **Capital Plan** September 9 Town Board
- **Tentative Budget Presentation** September 30 Town Board
- **Continuing Budget Discussion** October 14 Town Board
- **Public Hearing/Preliminary Budget** October 28 Town Board
- **Final Budget Adoption** November 11 Town Board

“2016 Town Budget” link on website provides comprehensive information, continuously updated.

2016 Budget Headline News:

\$40 million +\$337,000 or +0.8%

- Spending well controlled, so we can afford wage growth and capital investment
- Budget up 0.8% for 2016, but down \$167,000 or -0.4% since 2012
- Staffing up 1 position (Police Department); overall down by 10% since 2008
- 2% COLA for Town Employees
- Mixed Revenue picture with sharp decline in Mortgage Recording Tax (-14%) and water meter charges (-2.4%), offset by growth in Sales Tax (+6.1%) and a modest property tax levy increase of 0.5%, +\$60K
- Property Tax Revenues (including PILOTS) down since 2012, more than \$1.2 million below cap
 - Property Tax Impact on average home negligible (\$0 to \$1)
 - NYS Tax Freeze Rebates for Taxpayers
 - Bethlehem has documented efficiency savings over \$2 million annually
 - Rebate for town tax will be immaterial, combined with school tax rebate this fall
- Ambulance – Albany County EMS increase of \$65,000 greater than total property tax levy increase; Volunteer-led Delmar-Bethlehem Ambulance \$0 increase
- Multiyear Plan supports Capital Plan including major Water & Sewer upgrades, Sidewalks and other Civic Improvements

2% COLA for 2016

(cost of living adjustment)

Year	General	Police	CPI
2000	3.00%	3.00%	3.40%
2001	3.00%	3.00%	2.80%
2002	3.00%	5.00%	1.60%
2003	4.00%	5.00%	2.30%
2004	3.00%	5.00%	2.70%
2005	3.00%	5.00%	3.40%
2006	4.00%	5.00%	3.20%
2007	3.00%	5.00%	2.80%
2008	3.00%	0.00%	3.90%
2009	4.00%	0.00%	-0.40%
2010	1.00%	2.00%	1.60%
2011	1.00%	2.50%	3.20%
2012	0.00%	0.00%	2.10%
2013	0.00%	0.00%	1.50%
2014	2.00%	2.00%	1.60%
2015	2.00%	N/A*	0.20%
2016	2.00%	N/A*	2.20%

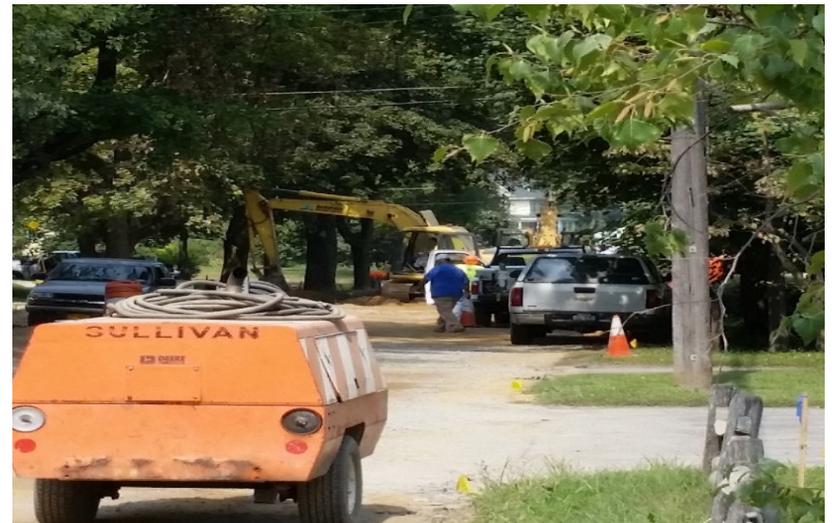
- Over 10 years, COLAs just below CPI inflation
- Over last 5 years, CPI inflation averages 1.7% whereas the COLAs for general employees average 1.0% and police 1.3%
- Providing a 2% COLA in 2016 for general Town employees* provides a 1.2% average over six years, versus inflation of 1.8%
- Staffing overall has been reduced from a high of 241 in 2008 to 217 in the 2016 budget, a reduction of 24, or 10%

Town employees have risen to the challenge of doing more with less and it is our responsibility to compensate them fairly.

*Town is currently in negotiations with police unions and accordingly cannot specify a COLA for 2016, but budget appropriations assume 2%

Investing in Bethlehem

- Budget based on \$45.8M Capital Plan 2016-20
- \$33.3M for Water and Sewer (72% of total plan)
- \$3.7M for community enhancements, including sidewalks, Delaware Avenue Enhancement)



\$776,000 Award (update)

Tax Relief, New Efficiencies & Civic Improvements

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



- \$175,000 Frontloaded Tax Relief
- \$250,000 Sidewalks/Streets
- \$50,000 Sustainability
- \$206,000 Efficiency Investments
(Systems, Software, etc.)



- \$65,000 Community Enhancement
(Parks Plan, Traffic Calming, Street Trees)
- \$30,000 **Court Security/Police (NEW)**
(Security improvement options/management studies)

Efficiency Investments

Systems & Software

Helping Town Employees Maintain Services

• Kronos Timekeeping/Scheduling System	\$97,000
• Town Clerk - Electronic Records	\$16,000
• Building Department Modernization	\$18,000
• Assessor's Office Modernization	\$30,000
• GPS Seed Funds (Highway)	\$12,000
• Security Cams/Recording	\$25,000
• Miscellaneous	\$ 8,000
	<hr/>
Total	\$206,000

Sustainable Bethlehem



Leading by example:

Commitment to a more sustainable community

Reduce greenhouse gas emissions; improve energy efficiency; improve pedestrian and bicycle access; conserve open space; and promote diverse, affordable and energy efficient housing.

Achievements include:

- Town Sustainability Report & GHG Inventory
- Support/involvement with Regional Sustainability Plan
- Solar panels at Elm Ave. Park
- Lighting efficiencies (Town Hall & Highway)
- Heating efficiencies at Clapper Road facility
- Aeration improvements at WWTP
- Bike & Pedestrian projects



GOING IN NOW!

Solar Installation at former Town Clay Mine site

- 4.6 million kWh of solar power generation
- No capital cost for Town
- Est. first year savings of \$150,000
- Est. total savings over 20 years of \$5 to \$7 million

Budget savings and continuous improvement are continuous tasks

2015:

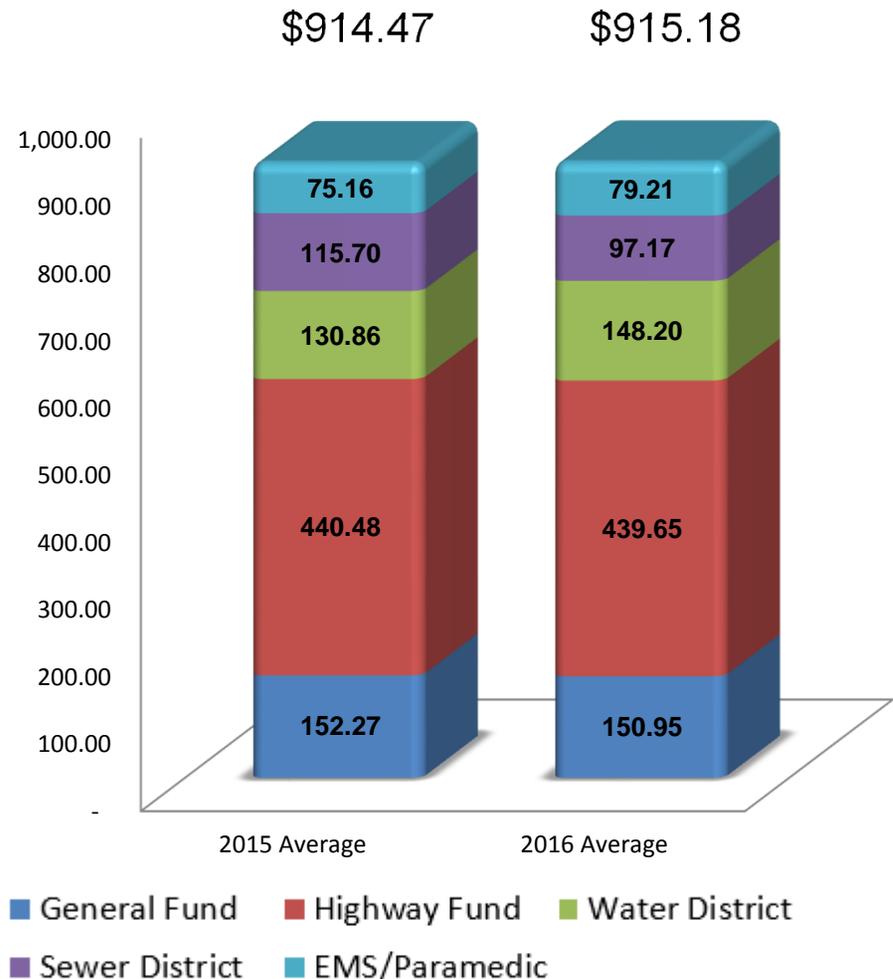
- ✓ Many efficiency measures being implemented: Kronos timekeeping system, new online tax bill system, imaging/records managements software, assessor's field data collection
- ✓ School tax collection now done by schools
- ✓ Better monitoring and control of employee overtime
- ✓ Debt Service controlled by relying more on hard dollar capital spending, using cash reserves rather than debt when appropriate, and in 2015 no short term notes (BANS) were needed
- ✓ Refinanced notes at 2.54% (1% less than expected)

2016 and Beyond:

- Technology & Public-Private Partnerships Provide Opportunities
- Emergency Dispatch Software sharing with Albany County will save money and greatly improve service/productivity
- Albany County Local Government Collaboration for Efficiency

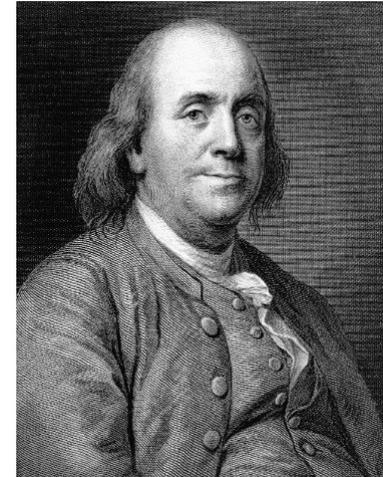
Taxpayer Impact Negligible

- Tax Levy: + 0.5% (one-half of 1%)
- Tax Rate: + 0.07%
(overall property value up, with new construction & PILOT phaseouts at Vista and elsewhere)
- Taxpayer impact negligible
 - +71 cents on \$260,000 average home, but home value, water sewer, front footage will all affect change
 - Will provide an update on taxpayer impact, including front footage phaseout, with final budget presentation
 - Last year more than three-quarters of homeowners were helped by reassessment, and 62% actually had lower tax bills



Fiscal Responsibility

Balance the Budget in a manner which is both
responsible & sustainable



- Today's plan must leave us in a good position tomorrow, we should not push problems into future years
- Keep taxes and fees as low as responsibly possible
- Avoid use of one-time resources to support ongoing expenditures
- Use fund balances responsibly
- Model budgeting practices:
 - multiyear budget projections/planning
 - fund balance policy
 - comprehensive capital plan

A screenshot of the 'Fiscal Stress Monitoring System' website. The header includes the New York State Comptroller Thomas P. DiNapoli's name and the Office of the State Comptroller. Below the header, there are navigation links for 'Local Officials', 'Public Researchers', 'Justice Courts', 'Fire Districts', 'Publications', and 'Contact LOSA'. The main content area features a video player with a 'Search Now' button and a list of resources categorized into 'Lists', 'Tools', 'Publications', and 'Help'. The footer contains the text 'More Local Government and School Accountability Information'.

Long Term Financial View

Bethlehem's Fourth Year of Multiyear Planning

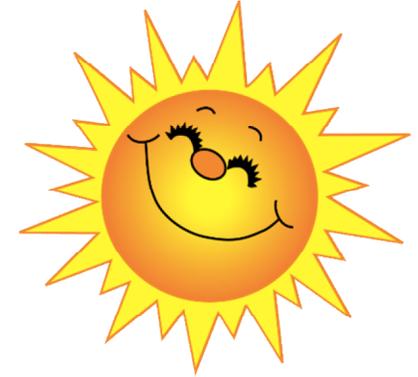
- Multiyear planning ensures we:
 - Balance the budget responsibly for next year and beyond
 - Avoid pushing financial problems into future years
 - Provide a sustainable plan without revenue or service shocks
- Multiyear projection shows rough structural balance; budget reserves maintained, aiming for 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

	2015 Budget	2016 Budget	2017 Projection	2018 Projection
General Fund	\$ -	\$ -	\$(151,997)	\$(513,386)
Highway Fund	-	-	(100,733)	(253,717)
Water Fund	-	-	80,890	169,324
Sewer Fund	<u>-</u>	<u>-</u>	<u>7,728</u>	<u>61,030</u>
Surplus/(Use of Fund Balance)	\$ -	\$ -	\$(164,112)	\$(536,749)
Fund Balance Percentage*	18.1%	17.1%	16.2%	14.7%

*Fund Balance Policy establishes a target of 15% of budget appropriations;



Looking Ahead



- Cost Drivers
 - Employee Wages, Benefits
- Fiscal Hits
 - Economic
 - Upstream Policy Changes (state/county/federal)
 - Natural Disasters
 - Unforeseen Infrastructure Failures/Needs

Many Opportunities
(Year-Round Task)

- Restructuring & Modernization
 - Staff Pooling
 - Shared Services
 - Technology
- Other Business Model Changes
- Energy Savings
- Dispatch Modernization
- Other Shared Services
(Albany County Local Government Collaboration for Efficiency)

EMS Services – Costs/Insurance Changes/New approaches/Facilities Needs

Technical Slides follow..



Budget Spending

	Adopted Budget					2012 - 2016 Change	
	2012	2013	2014	2015	2016	\$	%
General Fund	18,228,095	17,672,658	17,994,499	17,812,794	18,123,326	(104,769)	-0.57%
Highway Fund	6,518,756	6,698,939	6,391,372	6,726,323	6,741,639	222,883	3.42%
Water Fund	9,333,090	9,230,783	9,550,449	9,491,129	9,607,733	274,643	2.94%
Sewer Fund	4,507,774	4,274,615	4,432,261	4,527,144	4,356,815	(150,959)	-3.35%
Ambulance Fund	<u>1,582,596</u>	<u>1,243,864</u>	<u>1,214,767</u>	<u>1,110,102</u>	<u>1,174,616</u>	<u>(407,980)</u>	-25.78%
Total	40,170,311	39,120,859	39,583,348	39,667,492	40,004,129	(166,182)	-0.41%
Year over Year Change		-2.61%	1.18%	0.21%	0.85%		

2016 Budget compared to 2015

	<u>Budget 2015</u>	<u>Budget 2016</u>	<u>Change</u>	<u>% Change</u>
Revenues				
Real Property Taxes & PILOTS	\$ 13,213,389	\$ 13,280,690	\$ 67,301	0.5%
Sales and Use Tax	11,019,201	11,691,997	672,796	6.1%
Mortgage Taxes	1,100,000	950,000	(150,000)	-13.6%
Interfund Transfers - Revenue	457,895	423,660	(34,235)	-7.5%
Metered Water Charges	7,087,000	6,916,229	(170,771)	-2.4%
Sewer Charges	2,550,000	2,639,250	89,250	3.5%
Charges for Services	1,766,240	1,757,485	(8,755)	-0.5%
Other Revenue	<u>2,473,767</u>	<u>2,344,818</u>	<u>(128,949)</u>	<u>-5.2%</u>
Total Revenues and Other Sources	<u>\$ 39,667,492</u>	<u>\$ 40,004,129</u>	<u>\$ 336,637</u>	<u>0.8%</u>
Expenditures				
Wages & OT	\$ 15,477,194	\$ 15,799,039	\$ 321,845	2.1%
Fringe & Payroll Taxes	7,310,599	7,310,424	(175)	0.0%
Retiree Health Insurance	718,974	800,073	81,099	11.3%
Equipment & Other Capital	968,700	1,095,100	126,400	13.0%
Paving	497,000	597,000	100,000	20.1%
Contractual Costs	8,567,885	8,649,036	81,151	0.9%
Interfund Transfers	425,895	391,660	(34,235)	-8.0%
EMS/Albany County Paramedic	1,110,102	1,174,616	64,514	5.8%
Debt Service (Principal and Interest)	2,137,263	2,062,652	(74,611)	-3.5%
Other Appropriations	<u>2,453,880</u>	<u>2,124,529</u>	<u>(329,351)</u>	<u>-13.4%</u>
Total Expenditures and Other Uses	<u>\$ 39,667,492</u>	<u>\$ 40,004,129</u>	<u>\$ 336,637</u>	<u>0.8%</u>
Change in Fund Balance	\$ -	\$ -	\$ 0	

2014

Problem Area: Water Sales

- Metered Water Sales:

- Until September 2014, the Town had a 20 year “take or pay” water purchase agreement with a local utility company. It had been expected that this would be beneficial to the Town.
- Recently, the utility experienced a change in business model, creating a substantially lesser need for water
- Revenue to budget was down \$450k; the same amount as the year over year decrease in purchasing by the utility
 - We expect this pattern to continue

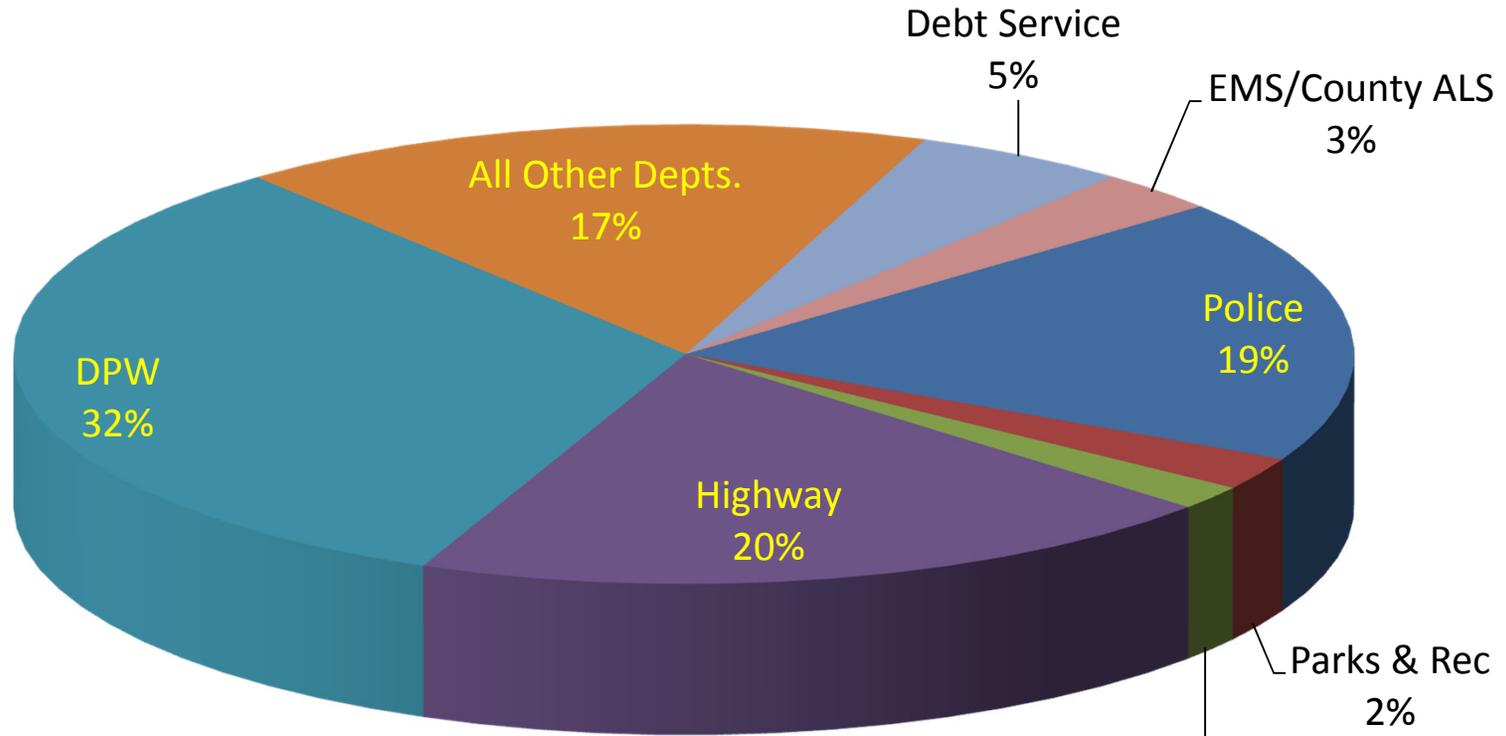
2016

Metered Water Sales

- In 2015, water utilization is down approximately 8.4% (1/12) due to industrial utilization
- 2016 Revenue is budgeted 2.4% lower than the 2015 budget with a 7.4% increase relating to the latest projection
- Assuming consistent water usage, the average monthly rate increases for residential and commercial water utilization are \$1.15 and \$14.25, respectively



2016 Budgeted Expenditures By Department



<u>Department</u>	<u>Appropriation</u>
Police	\$7,473,637
Parks & Rec	\$926,389
Parks/Highway Shared	\$681,950
Highway	\$7,914,799
DPW	\$13,039,602
All Other Depts.	\$6,730,484
Debt Service	\$2,062,652
EMS/County ALS	\$1,174,616
Total	\$40,004,129

Changes in Personnel

Full Time Personnel Counts

Final Check Run of the Year									Full Time Personnel Counts							
Fund	Dept Code	Department Name	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	YTD 2015 Thru PP 19	2010 Act - 2015 Act Change	Budget 2011	Budget 2012	Budget 2013	Budget 2014	Budget 2015	Budget 2016	Change in 2015 to 2016 Budget
110	1110	Total Justice	4.0	4.0	4.0	4.0	4.0	4.0	-	4.00	4.00	4.00	4.0	4.0	4.0	-
110	1220	Total Supervisor	2.0	2.0	2.0	2.0	2.0	2.0	-	2.00	2.00	2.00	2.0	2.0	2.0	-
110	1315	Total Comptroller	4.0	4.0	4.0	4.0	4.0	4.0	-	4.00	4.00	4.00	4.0	4.0	4.0	-
110	1330	Total Tax Collection	3.0	3.0	2.0	2.0	1.0	1.0	(2.0)	3.00	3.00	2.00	2.0	1.0	-	(1.00)
110	1355	Total Assessment	4.0	4.0	3.0	3.0	3.0	3.0	(1.0)	4.00	3.00	3.00	3.0	3.0	3.0	-
110	1410	Total Town Clerk	3.0	3.0	3.0	3.0	3.0	3.0	-	3.00	3.00	3.00	3.0	3.0	4.0	1.00
110	1420	Total Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	1430	Total Human Resources	3.0	3.0	3.0	3.0	3.0	3.0	-	3.00	3.00	3.00	3.0	3.0	3.0	-
110	1620	Total Shared Services	4.5	4.7	3.2	3.2	4.7	4.9	0.4	4.70	4.70	4.20	5.2	5.2	5.0	(0.20)
110	1680	Total MIS	3.0	3.0	3.0	3.0	3.0	3.0	-	3.00	3.00	3.00	3.0	3.0	3.0	-
110	1685	Total GIS	1.0	1.0	1.0	1.0	1.0	1.0	-	1.00	1.00	1.00	1.0	1.0	1.0	-
110	3110	Total Telecommunications	13.0	13.0	10.0	10.0	10.0	10.0	(3.0)	13.00	13.00	11.00	11.0	11.0	11.0	-
110	3120	Total Police - Sworn	40.0	40.0	36.0	36.0	37.0	37.0	(3.0)	41.00	40.00	37.00	37.0	37.0	38.0	1.00
110	3120	Total Police - Civilian	3.0	3.0	3.0	3.0	3.0	3.0	-	3.00	3.00	3.00	3.0	3.0	3.0	-
110	3130	Total Animal Control	1.0	1.0	1.0	1.0	1.0	1.0	-	1.00	1.00	1.00	1.0	1.0	1.0	-
110	3620	Total Building	6.5	6.5	6.5	6.5	5.5	5.5	(1.0)	6.50	6.50	6.50	6.5	5.5	5.5	-
110	5010	Total Hwy Admin	3.7	3.5	3.5	2.6	3.0	3.5	(0.2)	3.50	3.50	3.50	3.5	2.5	3.5	1.00
111	5015	Total Community Beautification	-	-	-	-	-	0.1	0.1	-	-	-	0.5	0.9	0.9	-
110	5020	Total Signs & Signals	1.0	1.0	0.7	1.2	1.0	1.3	0.3	1.00	1.00	1.00	1.3	1.0	1.0	-
110	5060	Total Sanitation	3.0	3.0	3.0	1.4	3.1	3.8	0.8	3.00	3.00	3.00	4.0	3.5	3.5	-
110	6772	Total Seniors	6.0	6.0	6.0	6.0	6.0	6.0	-	6.00	6.00	6.00	6.0	6.0	6.0	-
110	7110	Total Parks Admin	5.0	4.0	4.0	4.0	4.0	5.0	-	5.00	5.00	4.00	4.0	4.0	4.0	-
110	7120	Total Parks & Rec	5.0	5.0	5.8	4.4	-	-	(5.0)	5.00	5.00	5.00	-	-	-	-
110	7145	Total Parks & Rec/Highway Maint	-	-	-	-	5.0	6.3	6.3	-	-	-	5.3	5.5	5.0	(0.50)
110	8020	Total Planning	4.5	4.5	4.5	4.5	5.5	5.5	1.0	4.50	4.50	4.50	4.5	4.5	5.5	1.00
110	8590	Total DPW Admin	3.8	3.3	3.0	4.4	3.7	4.5	0.7	3.84	3.84	3.50	3.7	4.5	3.7	(0.80)
110	8595	Total Stormwater	1.0	1.0	1.0	1.0	1.0	1.0	-	1.00	1.00	1.00	1.0	1.0	1.0	-
210	5010	Total Highway Admin	-	-	-	-	-	1.2	1.2	-	-	-	-	-	3.0	3.00
210	5011	Total Roads	53.0	51.0	51.5	52.0	48.4	42.4	(10.6)	55.00	55.00	51.00	45.8	46.9	43.9	(3.00)
220	8510	Total Water Admin	5.0	4.7	4.2	2.9	3.3	3.0	(2.0)	4.98	4.98	3.40	4.1	3.7	3.5	(0.25)
220	8530	Total New Salem Purification	10.1	10.4	10.6	8.9	8.9	8.7	(1.4)	16.00	14.10	12.50	10.5	10.5	10.5	-
220	8535	Total Clapper Purification	4.9	3.6	4.4	5.1	5.1	5.3	0.4	-	1.90	2.50	4.5	4.5	4.5	-
220	8540	Total Transmission	11.5	10.5	10.5	11.0	12.8	13.3	1.8	11.50	11.50	12.00	12.0	11.5	13.0	1.50
230	8510	Total Sewer Admin	5.5	5.2	4.7	2.9	3.0	2.6	(2.9)	5.48	5.48	3.40	3.7	4.3	3.1	(1.25)
230	8515	Total Collection	8.0	8.0	7.0	8.0	8.0	7.2	(0.8)	9.00	8.00	8.00	8.0	7.5	8.0	0.50
230	8545	Total Treatment	6.0	7.0	7.0	7.0	6.0	6.0	-	7.00	7.00	7.00	7.0	7.0	6.0	(1.00)
Grand Total			232.0	227.0	216.0	212.0	213.0	212.0	(20.0)	238.0	235.0	219.0	218.0	216.0	217.0	1.00

Property Tax Levy 2012 – 2016

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Property Tax Levy	\$11,219,932	\$12,491,392	\$12,644,928	\$12,894,193	\$12,957,608
PILOTs	<u>2,066,409</u>	<u>345,330</u>	<u>336,707</u>	<u>319,197</u>	<u>323,082</u>
Total Property Tax Revenues	<u>\$13,286,341</u>	<u>\$12,836,722</u>	<u>\$12,981,635</u>	<u>\$13,213,390</u>	<u>\$13,280,690</u>
\$ Change From Prior Year		<u>(\$449,619)</u>	<u>\$144,913</u>	<u>\$231,755</u>	<u>\$67,300</u>
% Change from Prior Year		-3.40%	1.10%	1.80%	0.51%
Average Homeowner Impact*		\$67	\$5	\$0	\$0
Cumulative Change in Levy since 2012		(\$449,619)	(\$304,706)	(\$72,951)	(\$5,651)

*Average value of home in 2012 through 2014 - \$250K; raised to \$260K in 2015 to reflect reassessment; individual taxpayer impact depends on Water, Sewer, value of home and exemptions.

Property Tax Levies & Rates

District	2015		2016		Change in Levy		Change in Rate	
	Property Tax Levy	Tax Rate	Property Tax Levy	Tax Rate				
General Fund	2,111,291	0.58564	2,101,400	0.58057	(9,891)	-0.47%	(0.005)	-0.87%
Highway Fund	6,107,590	1.69416	6,120,535	1.69096	12,945	0.21%	(0.003)	-0.19%
Water District	1,879,829	0.50329	2,137,704	0.57001	257,875	13.72%	0.067	13.26%
Sewer District	1,689,144	0.44501	1,423,905	0.37374	(265,239)	-15.70%	(0.071)	-16.02%
EMS	1,109,553	0.28931	1,174,064	0.30464	64,511	5.81%	0.015	5.30%
PILOTs	315,982		323,064		7,082	2.24%	N/A	N/A
	13,213,389		13,280,672		67,283	0.51%		
		3.517		3.520			0.003	0.07%

Tax Levy – Total amount received by the Town

Tax Rate – Percentage of property value paid by taxpayers

How We Compare to Tax Cap

(Below Cap for Fifth Straight Year)

Tax Cap	2016
Taxes Levied - 2015	\$12,897,407
Growth Factor	1.0020
Adjusted Levy	\$12,923,202
2015 PILOT Revenue	313,511
Total Tax Base	\$13,236,713
2% Increase (Not Exactly)	1.0073
Tax Base Allowable	\$13,333,341
2016 Anticipated PILOT	(325,501)
Available Carryover	\$13,007,840
Pension Exemption	197,894
Allowable Tax Levy Per Tax Cap	-
2016 Proposed Tax Levy	\$13,205,734
Tax Levy Under (Over) Tax Cap - 2016	12,957,608
	<u><u>-\$248,126</u></u>
Tax Levy Over (Under) Tax Cap - 2015	-\$261,381
Tax Levy Over (Under) Tax Cap - 2014	-\$313,698
Tax Levy Over (Under) Tax Cap - 2013	-\$870,645
Tax Levy Over (Under) Tax Cap - 2012	-\$195,690

Town has been below the tax cap by over \$1.2M since enactment

2016 Budget Schedule

Town Board Meetings at 6:00 pm in Town Hall Auditorium

- **Workshop/Program Discussion** August 19 (workshop) ✓
- **Capital Plan** September 9 Town Board ✓
- **Tentative Budget Presentation** September 30 Town Board ✓
- **Continuing Budget Discussion** October 14 Town Board ✓
- **Public Hearing/Preliminary Budget** October 28 Town Board ✓
- **Final Budget Adoption** November 11 Town Board

“2016 Town Budget” link on website provides comprehensive information, continuously updated.