2017 Preliminary Budget

Adopted

(with multi-year & capital plan)

Steady Long-Term Financial Plan

Meeting Future Needs

John Clarkson, Town Supervisor

Michael Cohen, Comptroller

October 26, 2016

2017 Budget Headline News

$41 million +$999K or +2.5%

- Spending well controlled, so we can afford wage growth and capital investment
- 2nd year of perfect score on Controller's fiscal stress index; best result in Albany County
- Budget up 2.5% for 2017, but since 2012 very low growth (annual average 0.4%)
- Over two-thirds of 2017 budgetary increase ($820K) is for capital outlay & equipment; we are planning for resources to cover long-term needs through our capital plan
- Staffing held constant this year (while down 10% since 2008), 2% COLA for employees
- Property tax revenues have been down since 2012, but this year will go positive:
    - Property Tax below Cap for sixth straight year; $1.2 million below Cap since 2012
    - Tax rate up 1.7%   (Decreases in preceding years: -0.3% in 2016 and -4.7% in 2015)
    - Impact on average home ($260K) affordable: $16 increase
- Multiyear budget projection supports $52.5 million Capital Plan including major water & sewer upgrades, sidewalks and public safety improvements
    - Plan continues moving regular annual expenditures away from debt
    - Rising capital needs and costs require commitment in long-term financial plan

2% COLA for 2017

(cost of living adjustment)

Year	General	Police	CPI index	CPI
2002	3.0%	5.0%	179.90	1.6%
2003	4.0%	5.0%	184.00	2.3%
2004	3.0%	5.0%	188.90	2.7%
2005	3.0%	5.0%	195.30	3.4%
2006	4.0%	5.0%	201.60	3.2%
2007	3.0%	5.0%	207.30	2.8%
2008	3.0%	0.0%	215.30	3.9%
2009	4.0%	0.0%	214.54	-0.4%
2010	1.0%	2.0%	218.06	1.6%
2011	1.0%	2.5%	224.94	3.2%
2012	0.0%	0.0%	229.59	2.1%
2013	0.0%	0.0%	232.96	1.5%
2014	2.0%	2.0%	236.74	1.6%
2015	2.0%	2.0%	237.01	0.1%
2016	2.0%	2.0%	239.27*	1.0%*
2017	2.0%	2.0%	244.78*	2.3%*

- Over last 5 years, CPI inflation averages 1.7% whereas the COLAs for both general employees and police average 1.2%
- Providing a 2% COLA in 2017 for all employees provides a 1.3% average over six years, versus inflation of 1.4%
- Staffing overall has been reduced from a high of 241 in 2008 to 217 in the 2017 budget, a reduction of 24, or 10%

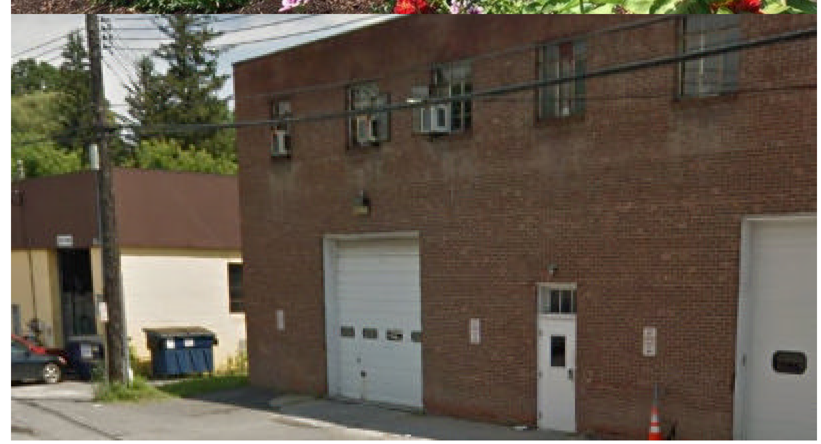
Town employees have been tasked with doing more with less and it is our responsibility to compensate them fairly.

*Partial year/full year estimate

Investing in Bethlehem

- Budget based on $52.5M Capital Plan 2017-21
- $33.5M for Water and Sewer (63% of total plan)
- $3.5M for community enhancements, including sidewalks, Delaware Avenue Enhancement)
- $5.2M for Public Safety: Renovation of Adams St garage for ambulance/EMS & DPW and alterations to Town Court/Police Station for security and other needs





Sidewalks – New Projects, Repairs & A Long-Term Approach

<u>New Projects</u>
- Krumkill Rd – Russell to Clifton Way ($35K, 2017)
- Glenmont Road – 9W to Vagele ($160K, 2018/19)

<u>Existing</u>
- Delmar Place/Fernbank Ave completing this year
- Delaware Ave Streetscape (2017) / more than a sidewalk

<u>Modified Plan for Feura Bush Road/Murray</u>
- Complete Elsmere to Murray Section
- Add section on Murray (to Bypass)

<u>Long-Term Approach</u>
- Increase Annual Repair Funding to $50K/$250K
- Regular Condition Assessment/ADA Plan
- Seeking Grant Funding for Additional Projects
  - Feura Bush to Elm Ave Park
  - Kenwood from Adams Street to Slingerlands
  - 9W to Glenmont School

$776,000 Efficiency Award (update)

Tax Relief, Efficiencies & Civic Improvements

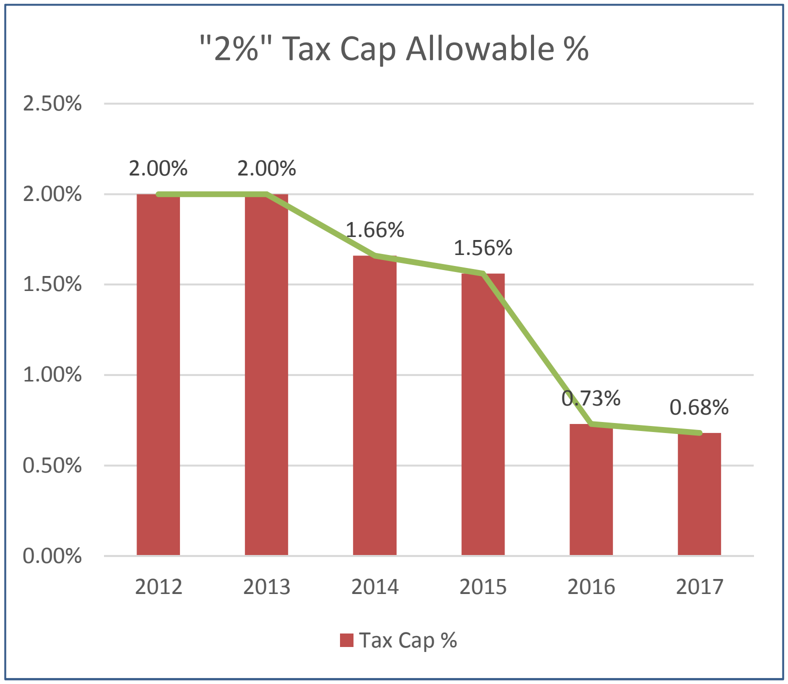
Two-thirds expended ($260K remaining)

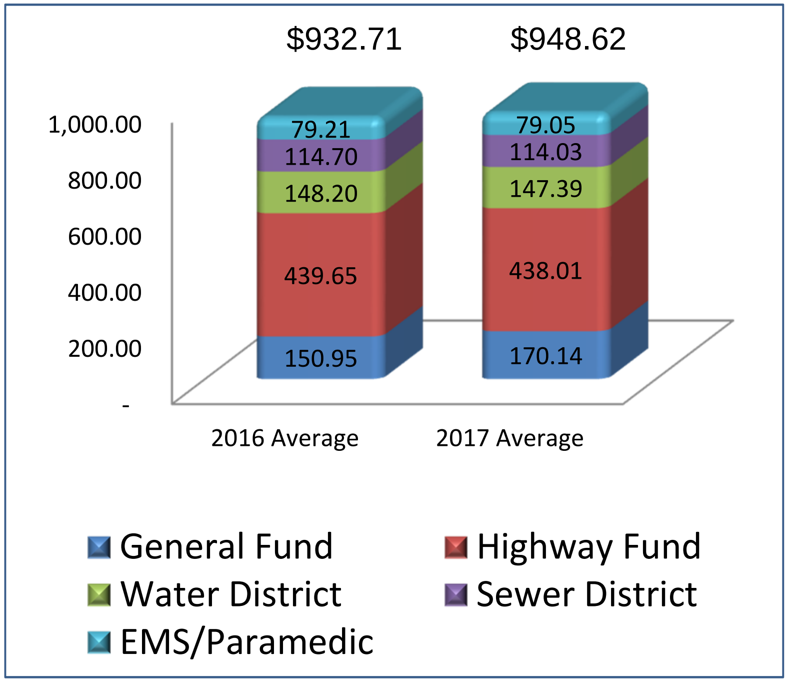
- $175,000 Frontloaded Tax Relief (2013)
- $250,000 Sidewalks/Del Ave
  - $116,000K spent on Delaware Avenue, Maple Avenue and Feura Bush Road/$134,000 to come
- $198,000 Efficiency Investments
  - Systems, Software, Security, GPS, etc.
- $30,000 Court Security/Police
  - Management Studies
- $50,000 Sustainability
  - $20,000 Food Scraps Composting **(NEW)**
  - $30,000 reserved for open space preservation and other sustainability investments
- $73,000 Community Enhancement
  - Parks Master Plan, Traffic Calming, Street Trees
  - $8,000 First Night Seed $ **(NEW)**

Sustainable Bethlehem

Taxpayer Impact

- Average Tax Rate: + 1.7%
- Under tax cap for 6th year
- Using growth factor & carryover this year (0.68% base rate); allows for levy increase of 2.8%
- Taxpayer impact:
  - $16 on average home ($260K)
    - Home value, water, sewer, front footage all affect bill
  - Bethlehem town tax rate among the lowest of capital region suburban towns
  - 3 year phase-out of front footage tax complete
    - Legacy charge for infrastructure; new infrastructure charged to entire town
    - Homes previously within a district will save an average of $12

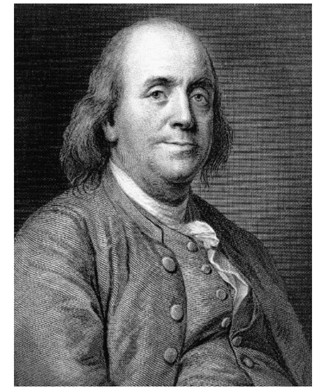




Fiscal Responsibility

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
- **2nd year of perfect score on Controller's fiscal stress index; best result in Albany County !!**
- **Moving away from Borrowing to Fund Regular Recurring Costs:**
  - **Annual Asphalt $**
  - **Water Main Replacement $**

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 and provide a sustainable plan without revenue or service shocks and allows for capital investments
- Multiyear projection shows rough structural balance; budget reserves maintained, aiming for 15% fund balance standard set as target by town policy
- Bethlehem is the only community in the Capital Region which prepares a multiyear plan, which provides a projection assuming no changes or budgetary adjustments
- The projections show manageable gaps for 2018 & 2019, similar to those closed in earlier years

	2016 Budget	2017 Budget	2018 Projection	2019 Projection
General Fund	$ -	$ -	($505,192)	($604,131)
Highway Fund	-	-	90,272	262,118
Water Fund	-	-	(104,330)	(150,877)
Sewer Fund	-	-	164,387	184,409
Surplus/(Use of Fund Balance)	$ -	$ -	$ (354,864)	$ (308,480)
Fund Balance Percentage*	19.3%	18.5%	17.2%	17.3%

Looking Ahead

Things to be aware of:

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

Opportunities

- Restructuring & Modernization
  - Staff Pooling
  - Shared Services
  - Technology
- Business Model Changes
- Energy Savings
- Other Shared Services

EMS Services – Facility need being addressed, costs may be offset by insurance changes, operational efficiencies or new service models
We thank BDEMS and Albany County for restraining budget growth this year

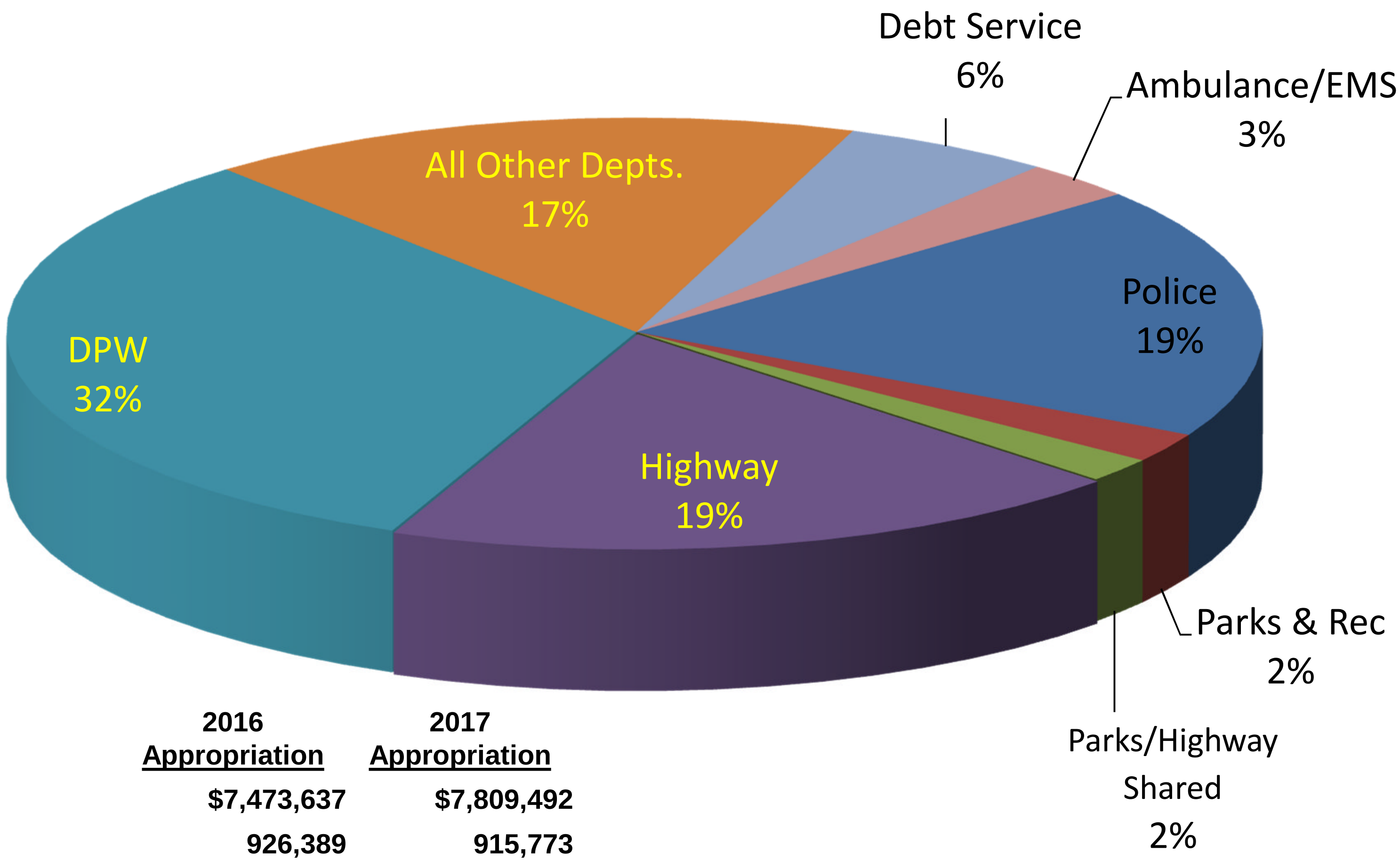

Technical Slides follow..
Fresh
POP CORN
SWEET and CRUNCHY!
Fresh
POP CORN
SWEET and CRUNCHY!

Budget Spending

	Adopted Budget						2012 - 2017 Change	
	2012	2013	2014	2015	2016	2017	$	%
General Fund	18,228,095	17,672,658	17,994,499	17,812,794	18,123,326	18,558,787	330,692	1.81%
Highway Fund	6,518,756	6,698,939	6,391,372	6,726,323	6,741,639	6,845,412	326,656	5.01%
Water Fund	9,333,090	9,230,783	9,550,449	9,491,129	9,607,733	9,946,764	613,674	6.58%
Sewer Fund	4,507,774	4,274,615	4,432,261	4,527,144	4,356,815	4,468,596	-39,178	-0.87%
Ambulance Fund	1,582,596	1,243,864	1,214,767	1,110,102	1,174,616	1,183,891	-398,705	-25.19%
Total	40,170,311	39,120,859	39,583,348	39,667,492	40,004,129	41,003,450	833,139	2.07%
Year over Year Change		-2.61%	1.18%	0.21%	0.85%	2.50%		

Overall average spending increase from 2012 of 0.4% per year

2017 Budgeted Expenditures By Department



Department	2016 Appropriation	2017 Appropriation
Police	$7,473,637	$7,809,492
Parks & Rec	926,389	915,773
Parks/Highway Shared	681,950	751,567
Highway	7,914,799	7,921,258
DPW	13,039,602	13,274,901
All Other Depts.	6,730,484	6,930,378
Debt Service	2,062,652	2,216,190
Ambulance/EMS	1,174,616	1,183,891
Total	$40,004,129	$41,003,450

2017 Budget compared to 2016

	Budget 2016	Budget 2017	Change	% Change
Revenues				
Real Property Taxes & PILOTS	$ 13,280,690	$ 13,669,387	$ 388,697	2.9%
Sales and Use Tax	11,691,997	11,536,066	(155,931)	-1.3%
Mortgage Taxes	950,000	1,199,000	249,000	26.2%
Interfund Transfers - Revenue	423,660	424,530	870	0.2%
Metered Water Charges	6,916,229	7,211,584	295,355	4.3%
Sewer Charges	2,639,250	2,753,848	114,598	4.3%
Charges for Services	1,757,485	1,750,675	(6,810)	-0.4%
Other Revenue	2,344,818	2,458,360	113,542	4.8%
Total Revenues and Other Sources	$ 40,004,129	$ 41,003,450	$ 999,321	2.5%
Expenditures				
Wages & OT	$ 15,799,039	$ 16,170,678	$ 371,639	2.4%
Fringe & Payroll Taxes	7,310,424	7,485,822	175,398	2.4%
Retiree Health Insurance	800,073	834,993	34,920	4.4%
Equipment & Other Capital	1,095,100	2,285,370	1,190,270	108.7%
Paving	597,000	697,000	100,000	16.8%
Contractual Costs	3,672,850	3,062,364	(610,486)	-16.6%
Interfund Transfers	391,660	394,530	2,870	0.7%
Debt Service (Principal and Interest)	2,062,652	2,216,190	153,538	7.4%
EMS/Albany County Paramedic	1,174,616	1,183,891	9,275	0.8%
Other Appropriations	7,100,715	6,672,612	(428,103)	-6.0%
Total Expenditures and Other Uses	$ 40,004,129	$ 41,003,450	$ 999,321	2.5%
Change in Fund Balance	$ -	$ -	$ -	

Staffing

			Full Time Personnel Counts											
			Final Check Run of the Year											
Fund	Dept Code	Department Name	Actual 2010	Actual 2011	Actual 2012	Actual 2013	Actual 2014	Actual 2015	Actual 2016 as of 9/2/16	Budget 2014	Budget 2015	Budget 2016	Budget 2017	Change in 2015 to 2016 Budget
110	**1110 Total**	**Justice**	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	-
110	**1220 Total**	**Supervisor**	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	-
110	**1315 Total**	**Comptroller**	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	-
110	**1330 Total**	**Tax Collection**	3.0	3.0	2.0	2.0	1.0	-	-	2.0	1.0	-	-	-
110	**1355 Total**	**Assessment**	4.0	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	-
110	**1410 Total**	**Town Clerk/Tax Receiver (Combined)**	3.0	3.0	3.0	3.0	3.0	4.0	4.0	3.0	3.0	4.0	4.0	-
110	**1420 Total**	**Legal**	-	-	-	-	-	-	-		-	-	-	-
110	**1430 Total**	**Human Resources**	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	-
110	**1620 Total**	**Shared Services**	4.5	4.7	3.2	3.2	4.7	4.8	4.8	5.2	5.2	5.0	5.0	-
110	**1680 Total**	**MIS**	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	-
110	**1685 Total**	**GIS**	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
110	**3110 Total**	**Telecommunications**	13.0	13.0	10.0	10.0	10.0	10.0	10.0	11.0	11.0	11.0	11.0	-
110	**3120 Total**	**Police - Sworn**	40.0	40.0	36.0	36.0	37.0	36.0	40.0	37.0	37.0	38.0	38.0	-
110	**3120 Total**	**Police - Civilian**	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	-
110	**3130 Total**	**Animal Control**	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	-
110	**3620 Total**	**Building**	6.5	6.5	6.5	6.5	5.5	5.5	5.5	6.5	5.5	5.5	5.5	-
110	**5010 Total**	**Hwy Admin**	3.7	3.5	3.5	2.6	3.0	3.5	3.5	3.5	2.5	3.5	3.5	-
111	**5015 Total**	**Community Beautification**	-	-	-	-	-	-	1.0	0.5	0.9	0.9	0.9	-
110	**5020 Total**	**Signs & Signals**	1.0	1.0	0.7	1.2	1.0	1.0	1.0	1.3	1.0	1.0	1.0	-
110	**5060 Total**	**Sanitation**	3.0	3.0	3.0	1.4	3.1	3.6	3.4	4.0	3.5	3.5	3.5	-
110	**6772 Total**	**Seniors**	6.0	6.0	6.0	6.0	6.0	7.0	6.0	6.0	6.0	6.0	6.0	-
110	**7110 Total**	**Parks Admin**	5.0	4.0	4.0	4.0	4.0	5.0	4.0	4.0	4.0	4.0	4.0	-
110	**7120 Total**	**Parks & Rec**	5.0	5.0	5.8	4.4	-	-	-	-	-	-	-	-
110	**7145 Total**	**Parks & Rec/Highway Maint**	-	-	-	-	5.0	5.0	6.5	5.3	5.5	5.0	5.0	-
110	**8020 Total**	**Planning**	4.5	4.5	4.5	4.5	5.5	5.5	5.5	4.5	4.5	5.5	5.5	-
110	**8590 Total**	**DPW Admin**	3.8	3.3	3.0	4.4	3.7	4.1	4.1	3.7	4.5	3.7	3.7	-
110	**8595 Total**	**Stormwater**	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.0	1.0	1.0	1.0	-
210	**5010 Total**	**Highway Admin**	-	-	-	-	-	2.8	2.4	-	-	3.0	3.0	-
210	**5011 Total**	**Roads**	53.0	51.0	51.5	52.0	48.4	42.6	40.0	45.8	46.9	43.9	43.9	-
220	**8510 Total**	**Water Admin**	5.0	4.7	4.2	2.9	3.3	3.1	2.6	4.1	3.7	3.5	4.0	0.5
220	**8530 Total**	**New Salem Purification**	10.1	10.4	10.6	8.9	8.9	8.7	9.1	10.5	10.5	10.5	10.2	(0.3)
220	**8535 Total**	**Clapper Purification**	4.9	3.6	4.4	5.1	5.1	5.3	5.0	4.5	4.5	4.5	4.5	-
220	**8540 Total**	**Transmission**	11.5	10.5	10.5	11.0	12.8	13.7	12.9	12.0	11.5	13.0	13.0	-
230	**8510 Total**	**Sewer Admin**	5.5	5.2	4.7	2.9	3.0	2.8	2.3	3.7	4.3	3.1	2.8	(0.2)
230	**8515 Total**	**Collection**	8.0	8.0	7.0	8.0	8.0	8.0	8.5	8.0	7.5	8.0	8.0	-
230	**8545 Total**	**Treatment**	6.0	7.0	7.0	7.0	6.0	6.0	6.0	7.0	7.0	6.0	6.0	-
	Grand Total		232.0	227.0	216.0	212.0	213.0	213.0	213.0	218.0	216.0	217.0	217.0	-

Property Tax Levies & Rates

District	2016		2017		Change in Levy		Change in Rate	
	Property Tax Levy	Tax Rate	Property Tax Levy	Tax Rate				
General Fund	2,101,400	0.58057	2,373,757	0.64905	272,357	13.0%	0.068	11.8%
Highway	6,120,535	1.69096	6,179,710	1.68971	59,175	1.0%	(0.001)	-0.1%
Water District	2,137,704	0.57001	2,146,180	0.56689	8,476	0.4%	(0.003)	-0.5%
Sewer District	1,423,905	0.44115	1,427,648	0.43859	3,743	0.3%	(0.003)	-0.6%
EMS	1,174,064	0.30464	1,183,891	0.30417	9,827	0.8%	(0.000)	-0.2%
PILOTs	323,582		346,447		22,865	7.1%	N/A	N/A
Vista Lighting District	12,311		12,395		84	0.7%	N/A	N/A
Tax Levy	13,293,501		13,670,028		376,527	**2.8%**		
Tax Rate		3.587		3.648			0.061	**1.7%**

Tax Levy – Total amount received by the Town
Tax Rate – Percentage of property value paid by taxpayers

Below Tax Cap for Sixth Straight Year

Year	Tax Cap %	Growth Factor	Pension Exclusion	Additional Cap Space*	Maximum Levy Increase Under Cap	Tax Levy Change	Tax Rate Change (Avg.)	CPI
2012	2.00%	0.51%	1.39%	0.00%	3.90%	1.79%	2.27%	2.10%
2013	2.00%	0.57%	0.40%	16.12%	19.09%	-3.38%	7.45%	1.50%
2014	1.66%	0.47%	0.00%	1.61%	3.74%	1.13%	3.04%	1.60%
2015	1.56%	0.75%	0.00%	2.02%	4.33%	1.76%	-4.73%	0.10%
2016	0.73%	0.20%	0.00%	1.48%	2.41%	0.63%	-0.20%	1.00%
2017	0.68%	0.85%	0.00%	1.40%	2.93%	2.83%	1.71%	2.30%

Since 2012, we have been under the cap by $1.2 million

* Relates to carryover from prior year and change in PILOT receivables