

2022 PRELIMINARY BUDGET



Balancing Fiscal Turmoil *with* Fiscal Responsibility

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October 27, 2021

W/MULTIYEAR REVIEW

2021 BUDGET SCHEDULE (FOR 2022 BUDGET)

Town Board Meetings

Unless otherwise noted all meetings begin at 6:00 pm

Town Board Meetings will be Webcast & Archived

- **Capital Plan ✓** September 9 - Town Board
- **Tentative Budget Presentation ✓** September 22 - Town Board
- **Continuing Budget Discussion* ✓** October 13 - Town Board
- **Public Hearing & Preliminary Budget/Multiyear Review** October 27 - Town Board
- **Final Budget Adoption** November 10 - Town Board

**“2022 Town Budget” link on the Town website
provides comprehensive information
and is regularly updated**

*** If necessary**

TWO CHANGES

FROM TENTATIVE TO PRELIMINARY BUDGET



- Addition of 1 PILOT payment for \$3,710 with a corresponding decrease to property taxes.
 - Does not change the tax levy, because the net revenue doesn't change, however, it does have a slight impact the tax rate.
- Reduction of \$15K in IDA reimbursement for Town staff time due to IDA fund balance policy and multi-year forecast.
 - This change resulted in a corresponding increase to the sales tax projection.
 - This change to sales tax represents an increase of 0.12% of the original budget.

2022 BUDGET HEADLINES

\$46.9 MILLION +\$1.5 MILLION ↑3.3%



- Below property tax cap since its inception in 2012
- Tax rate increase is projected to be 2.0%
- Projected increase for Town Funds on average homeowner (\$260,000 assessed value) is \$20.88
- 0.6% of 3.3% spending growth (\$289K) from 2021 to 2022, is revenue neutral, as it relates to the change in the state funded portion of the paving program
- Annual average budgeted spending growth since 2015 is 2.4%
 - Primarily due to Wage growth and Overlapping Debt
- Only one more budget year for the Albany Water Contract!
- Just 13% of your total property tax bill goes towards Town services
- Project sales taxes up \$1.36M based on positive 2021; mortgage taxes projected up \$50K
- 31% of the annual growth relates to wages and benefits (\$458K), relating primarily to COLA and performance steps offset in part by employee turnover and a reduction in pension rates
- 35.3% of the annual growth is due to a reduction in 2021 expected spending on equipment and capital purchases through the operating budget
 - In 2022, there is less reliance on the capital reserve funds

FISCAL RESPONSIBILITY

- In the most recent review, April 2019, S&P (Standard & Poor's) stated that Bethlehem has: “Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology.” & “Strong budgetary performance”



- **BEST CREDIT RATING IN ALBANY COUNTY**

Our Budget Preparation Guidance:

- Adhere to provisions within Fund Balance policy
- Multiyear budget projections/planning
- Comprehensive multiyear capital plan
- Do not use one-time resources to support ongoing expenses

2022 Budget Compared to 2021

	Budget 2021	Budget 2022	Change	% Change
Revenues				
Real Property Taxes & PILOTS	\$15,456,852	\$15,951,392	\$494,540	3.2%
Sales and Use Tax	11,873,000	13,234,503	1,361,503	11.5%
Mortgage Taxes	1,150,000	1,200,000	50,000	4.3%
Interfund Transfers - Revenue	479,463	522,337	42,874	8.9%
Metered Water Charges	7,697,000	7,856,730	159,730	2.1%
Sewer Charges	2,899,000	2,958,000	59,000	2.0%
Charges for Services	1,891,226	1,922,115	30,889	1.6%
Use of Fund Balance	1,722,638	774,417	-948,221	-55.0%
Other Revenue	<u>2,209,655</u>	<u>2,449,902</u>	<u>240,247</u>	10.9%
Total Revenues and Other Sources	<u>\$45,378,834</u>	<u>\$46,869,396</u>	<u>\$1,490,562</u>	3.3%
Expenditures				
Wages & OT	\$17,647,546	\$18,185,412	\$537,866	3.0%
Fringe & Payroll Taxes	8,392,123	8,312,592	-79,531	-0.9%
Retiree Health Insurance	1,057,562	1,097,492	39,930	3.8%
Equipment & Other Capital	1,135,169	1,661,734	526,565	46.4%
Paving	710,000	924,813	214,813	30.3%
Contractual Costs	3,544,814	3,729,926	185,112	5.2%
Debt Service (Principal and Interest)	3,285,249	3,291,058	5,809	0.2%
Delmar Bethlehem EMS	161,560	170,560	9,000	5.6%
Albany County Paramedic	1,217,885	1,246,285	28,400	2.3%
Other Appropriations	<u>8,226,926</u>	<u>8,249,524</u>	<u>22,598</u>	0.3%
Total Expenditures and Other Uses	<u>\$45,378,834</u>	<u>\$46,869,396</u>	<u>\$1,490,562</u>	3.3%

INVESTING IN BETHLEHEM

2022-2026 Capital Plan currently totals \$67.1M over 5 years

- \$2.6M included in 2022 Operating Budget (\$0.6M offset by grant revenues)
- \$29.1M for Water and Sewer including:
 - \$11.0M in infrastructure upgrade projects
 - \$2.9M in Water Main and Looping
 - \$6.5M in pump station projects
 - \$1.6M in sewer lining and rehab



CLAPPER ROAD DEBT SERVICE



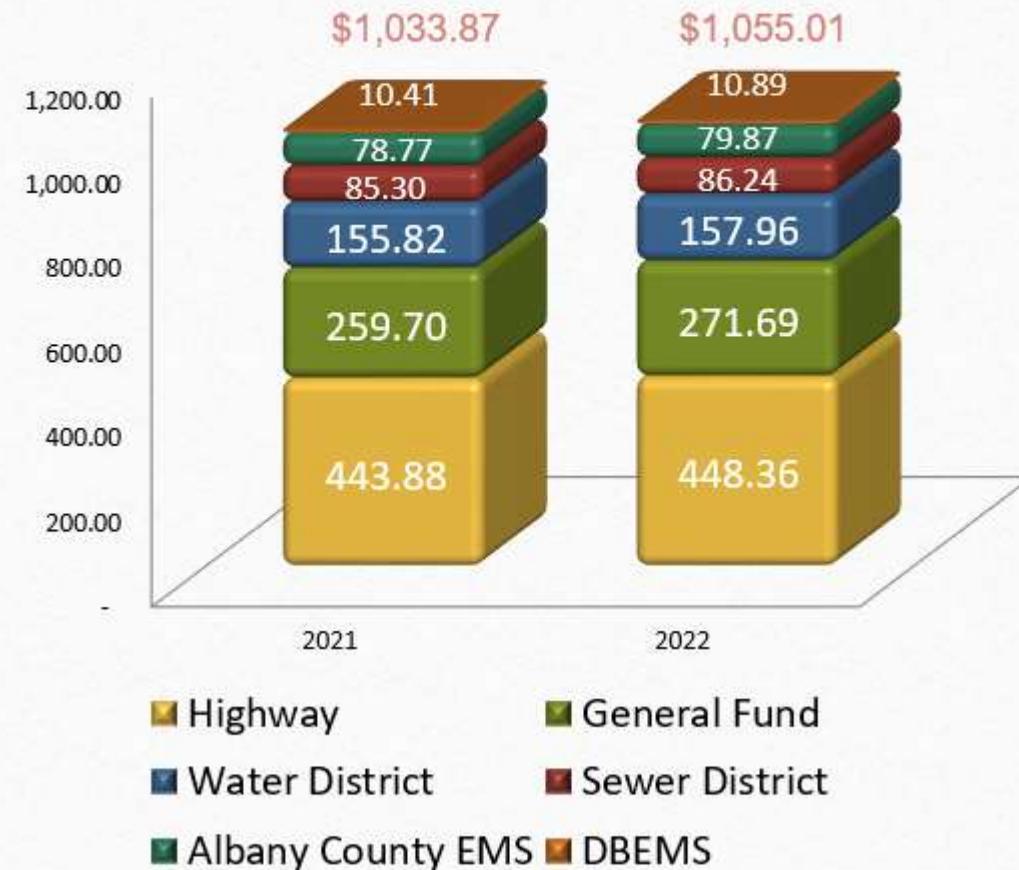
- For the 3rd year, the Town is budgeting to use fund balance for the payment of the principal and interest (debt service) to avoid a short-term tax rate spike.
- Our expectation is that the contingency fund balance will not fall below the minimum threshold per the Town's policy, and will be replenished with the maturity of the original Clapper Road WTP debt in 2022 and the expiration of the Albany Water Contract in 2023.

TAXPAYER IMPACT

Cost per dollar of assessment

- State Levy Growth Factor is at 2.0% for only 3rd time since 2013 (CPI=2.3%)
 - Cap also allows for an additional 1.23% for town growth
 - Under tax cap since inception
- Tax Rate: + 2.0%
- **About \$20.88 increase on average home (\$260K assessed value)**
 - For a home located in all taxing districts

Distribution of Property Tax Dollars for Average Homeowner (\$260,000 Assessed Value)



Property Tax Levies and Rates

HOW DOES 2.0% + 1.23% = 2.0%?

District	2021			2022			Change in Levy		Change in Rate	
	Property Tax Levy	Current Assessment Roll	Tax Rate	Property Tax Levy	Current Assessment Roll	Tax Rate				
General Fund	\$ 3,791,091	3,795,484,179	0.99884	\$ 4,008,391	3,837,270,724	1.04459	\$ 217,300	5.73%	0.046	4.58%
Highway	6,479,744	3,795,484,179	1.70722	6,614,929	3,837,270,724	1.72386	135,185	2.09%	0.017	0.97%
Water District	2,339,788	3,904,250,690	0.59929	2,394,263	3,940,891,185	0.60754	54,475	2.33%	0.008	1.38%
Sewer District	1,106,518	3,372,699,167	0.32808	1,130,969	3,409,755,709	0.33169	24,451	2.21%	0.004	1.10%
Albany County EMS	1,217,885	4,019,956,484	0.30296	1,246,285	4,057,057,247	0.30719	28,400	2.33%	0.004	1.40%
DBEMS	161,000	4,019,956,484	0.04005	170,000	4,057,057,247	0.04190	9,000	5.59%	0.002	4.62%
PILOTs	347,112			374,055			23,331	6.72%	N/A	N/A
Vista Lighting District	13,714			12,500			(1,214)	-8.85%	N/A	N/A
Tax Levy	15,456,852			15,951,392			494,540	3.2%		
Tax Rate			3.9764			4.0568			0.080	2.0%

Tax Levy – Total amount received by the Town

Tax Rate – Percentage of property value paid by taxpayers

Below Tax Cap, Again



Saved the taxpayers an estimated **\$12.8M** in property taxes since inception of the tax cap by not having taxed the maximum allowable levy

Year	Tax Cap %	Growth Factor	Max. Tax Levy Increase	Max Levy Increase Incl PILOT	Tax Levy Change Incl PILOT	Tax Rate Change (Average)
2013	2.00%	0.57%	19.09%	3.10%	-3.38%	7.45%
2014	1.66%	0.47%	3.74%	3.77%	1.13%	2.98%
2015	1.56%	0.75%	4.33%	3.94%	1.79%	-4.73%
2016	0.73%	0.20%	2.41%	2.53%	0.52%	-0.29%
2017	0.68%	0.85%	2.93%	3.03%	2.84%	1.74%
2018	1.84%	1.01%	3.18%	3.05%	2.88%	3.11%
2019	2.00%	1.03%	3.24%	3.18%	2.92%	1.62%
2020	2.00%	1.57%	4.02%	3.82%	3.68%	2.50%
2021	1.56%	0.85%	3.05%	3.14%	3.01%	1.45%
2022	2.00%	1.23%	3.17%	3.23%	3.20%	2.00%

TAXPAYER IMPACT

Where your tax dollar goes



School
\$0.67

County*
\$0.12

Fire Districts*
\$0.04

Library
\$0.04

Town
\$0.13



* Due to timing, the weighted fire districts and County tax rates for 2022 were projected based on historical data.

Long Term Financial View

Multiyear Planning



Benefits

- Assists in balancing the budget responsibly in future years
- Prepares for, and helps to prevent, revenue or service shocks
 - Avoid pushing problems into future years
 - Selkirk Cogen PILOT
- Important tool for maintaining a healthy NYS Fiscal Stress score
- S&P Global Ratings has identified this as one of the reasons for the Town's AA+ bond rating, which results in the ability to borrowing at some of the lowest available rates

Only community in the Capital Region that prepares a multiyear plan

Multiyear Review

- Projection shows surplus of \$72K and deficit of (\$776K) in 2023 & 2024, respectively
- Currently projecting around 15% to 17% fund balance for combined funds in 2023 & 2024
 - Fund Balance policy deems 15% unassigned, or contingency, fund balance optimal
- Primary Contributors to Projected 2023 and 2024 Results:
 - General Fund debt service costs for Olympic pool repair, Town Hall Upgrades, Highway Building and Highway Garage Repair
 - The original debt on the Clapper Road WTP matures in 2022. For 27 years, the Town expensed \$902K or more* in debt service cost. For 3 years, including 2022, the Town will have expensed that cost plus ~\$776K to rehab the plant. Beginning 2023, we will only have the debt from the plant rehab.
 - Sewer Fund debt service costs for Pump Station and Backup Bar Screen Replacements

	Unassigned/Contingency Fund Balance	
	<u>2023 Projection</u>	<u>2024 Projection</u>
General Fund	(\$120,817)	(\$518,624)
Highway Fund	\$115,907	(\$39,522)
Water Fund	\$187,064	\$96,524
Sewer Fund	(\$109,813)	(\$315,332)
Ambulance Fund - DBEMS	\$0	\$0
Ambulance Fund - County	\$0	\$0
Surplus/(Deficit)	\$72,341	(\$776,955)
Fund Balance Percentage	16.7%	14.9%

* This debt had been refinanced twice (2004 and 2012) to take advantage of favorable rates

Below Tax Cap, Again

- Under tax cap AGAIN
- 2022 tax rate change = 2.0%
Avg. homeowner up just \$20.88
- Majority of growth in 2022 comes from wages and benefits, capital equipment purchases, and grant funded portion of the paving program
- Only 13% of your property tax dollars go to the Town
- Town staffing down from 241 in 2008 to 219 in 2022



The Town doesn't deliver services, people do

www.townofbethlehem.org

LOOSE LEAF PICKUP FALL LOOSE LEAF PICKUP (Vacuum Trucks) will begin on October 18th
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A Modern Community Built on Tradition

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COVID-19

Public Notices

2022 Town Budget

Featured News

Due to the rainy forecast, the Trunk or Treat event has been RESCHEDULED for THURSDAY 10/28, 4-6 pm
Due to the rainy forecast, the Trunk or Treat event has been RESCHEDULED for THURSDAY 10/28, 4-6 pm at Elm Avenue Park.
[Read on...](#)

[Request for Proposal - Property and Casualty Insurance](#)

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Calendar

October 2021

S	M	T	W	T	F	S
26	27	28	29	30	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

Tue Oct. 26
[Senior Event - Transportation available to early voting at Bethlehem Lutheran Church, 10/26](#)

Wed Oct. 27
[Senior Event - Transportation available to early voting at Bethlehem Lutheran Church, 10/27](#)

Wed Oct. 27
[Town Board Meeting](#)

Thu Oct. 28
[Senior Event - Transportation](#)

Any Questions?