

TO: Honorable Members of the Town Board
FROM: Jack Conway, Town Supervisor
RE: 2025 Tentative Budget Message
DATE: October 1, 2024

It is my privilege to present to you the Town of East Greenbush's Tentative Budget for 2025. It's a fair document that will allow us to effectively provide essential Town services while maintaining an approach that is fiscally prudent and safeguards the use of taxpayer funds. Revenue projections are conservative while expenditures are carefully budgeted to ensure the continued delivery of all essential services. **The 2025 Tentative Budget contains a 1.7% tax increase.** The amount of total taxes to be levied is \$9,567,436. The tax levy in this budget is \$118,041 (1.22%) below the New York State Property Tax Cap. It projects an 8.02% increase in expenditures and a 10.48% increase in revenue. A significant aspect of the revenue projection is the continuing growth of sales tax revenue due to the increasing pace of development in Rensselaer County.

Budget-specific challenges are identified below but it's important to consider this budget in light of larger economic issues. Rising inflation has affected prices in many industries, including basic necessities, and people are scrambling to afford the new cost of living. With the cost of basic necessities rising dramatically, there is a need to improve the salary structure of the Town's non-union employees. This budget continues the trend that began last year. Whereas the Town also faces many challenges due to inflation, this budget funds the things that need to be funded in a fiscally responsible way.

The *highlights* of the 2025 Tentative Budget include:

- Tax increase of 1.7%;
- No cuts in staff or programs;
- A budget that is smaller in size and easier to read than previous budgets. The size of the budget document reflects the streamlined administration of Town government;
- A Funds Balance Analysis page that accurately reflects the strong financial position of the Town and includes a detailed look at the role of GEIS funds in funding Town projects;
- Funding to continue all basic services currently provided by the Town;
- Funding for the renovation of the Upper Pavilion in the Town Park;
- Funding for park improvements in Eckman Park;
- Funding for a Systematic Update to the Town's Assessment Roll.

In addition, the 2025 Tentative Budget provides funding:

- To purchase and install new inter-departmental software that will be used by the Finance Office, Human Resources, Building Department, Planning and Zoning Department, Water and Sewer Billing and Community and Recreation;

- To continue funding for the Hometown Heroes banners program;
- To assist the Greenbush Cemetery and the East Greenbush Cemetery each in the amount of \$10,000;
- For the final phase of the update of the Town's Zoning Map and GEIS document;
- For repairs to the Highway Salt Shed.

A number of factors posed *challenges* in arriving at this budget, including:

- The substantial long-term debt service obligations arising primarily from \$30 million worth of borrowings from the Rensselaer County Water and Sewer Authority (RCWSA) and the Environmental Facilities Corporation (EFC) will hamper budgeting efforts in the near and long terms;
- Post-employment benefit obligations are significant. We have more than \$36 million in Post-Employment Benefit liability;
- Inflationary pressure on the economy and disruptions in supply chains have contributed to a significant increase in costs across the board;
- The rising cost of water purchased from Troy. Our contract includes an annual increase based on the consumer price index indicator for inflation. The increase for 2025 is expected to be 3% after a 6.4% increase last year;
- The rising cost of medical insurance for retirees and current employees. We're projecting a 13.6% increase in medical insurance for employees opting for CDPHP coverage and a 7.5% increase for those opting for MVP;
- The rising cost of the Town's municipal insurance. We're projecting a 7%-9% increase in the cost of municipal insurance in 2025;
- An internal review of the Town's wastewater facilities and transmission has identified the need for significant upgrades to five Pump Stations and the Wastewater Treatment Plant;
- Major increases in energy and recycling costs.

Another issue with the budget centers on our Water and Sewer Laws which permit the setting of the tax rate and consumption charges in the annual budget. The numbers in the budget for the Consolidated General Water Fund and the Consolidated General Sewer Fund reflect the new tax rate and consumption charges. We're drafting an Appendix for the Preliminary Budget that will have a rate sheet for each Fund. We'll circulate drafts to the Board before including them in the budget document.

In the past eighteen months, we have had more staff turnover than usual and one reason for this is a structural change in the relationship between labor and management. One result has been a significant increase in salaries in most industries, including ours. Our salary structure has been changing in a piecemeal fashion but this budget addresses the issue

directly. The planning numbers in this budget will allow the Town Board a range of options when it assigns the actual salaries for the Organizational Meeting in January. The salaries that must be settled in the budget are those of our elected officials. This budget proposes no salary increase for the Supervisor, Receiver of Taxes, and members of the Town Board but does include increases for the Town Justices and the Town Clerk.

This budget was prepared by a team consisting of the Town Supervisor, the Director of Finance and the Town Comptroller. Colleen Lallier and Amber Bleau-Green worked hard to assist in the preparation of the Tentative Budget. Mary Hendrick and Ellen Schwab provided excellent research and support as well. We are available to meet with individual Town Board members at your convenience to review and explain the assumptions and methodologies used to arrive at our final figures. I look forward to working with you on the Preliminary Budget.