

TO: Honorable Members of the Town Board
FROM: John J. Conway, Town Supervisor
RE: 2021 Tentative Budget Message
DATE: October 1, 2020

It is my privilege to present to you the Town of East Greenbush's Tentative Budget for 2021. I believe 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 calculated to ensure the continued delivery of essential services. The 2021 Tentative Budget contains no tax increase. The amount of total taxes to be levied is \$9,328,232. The tax levy has been reduced for the General Fund with modest increases in the Highway and Special District Funds and a 10.48% tax levy increase for the Best-Luther Fire Protection District. The tax levy in this budget is \$266,172 (or 2.77%) below the New York State Property Tax Cap.

Due to Covid-19's effects on sales tax, court fines, and Town activities we're projecting a decline of 4.38% in revenue in the General Fund in 2021. This is offset by increased revenue projections in the Consolidated General Water Fund (+7.6%), General Sewer Fund (+8.8%) and Third Avenue Sewer Fund (+4.8%). The increase in the Consolidated General Water District follows on the consolidation of water districts and new price structure. The increase in the General Sewer Fund reflects an increase in the fees charged to Schodack industrial, commercial and residential users. The increase in the Third Avenue Sewer Fund is due to an increase in the charges to industrial permit holders, particularly Garelick Farms.

The union contracts include 1.5% raises for union members and this budget includes a 1.5% increase in salary for non-Union members who make less than \$60,000 per annum.

The *highlights* of the 2021 Tentative Budget include:

- No increase in the tax levy;
- No reduction in essential services;
- One new full-time position to hire an additional Building Inspector;
- 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;
- Decrease in the tax levy for the General Fund and modest increases for all special district funds;
- Double digit increases in the contract amount for the Best-Luther Fire Protection districts;

- Separate funding and accounting for our Municipal Separate Storm Sewer Systems (MS4) program;
- A new page delineating funding for the Fire Protection districts (Best-Luther and Third Avenue);

The 2021 Tentative Budget includes *funding* for:

- Maintenance of the Empire State Trail;
- Consolidation of the four sewer districts (General, Hampton Manor, Couse and Third Avenue) into a single Consolidated Sewer District;
- The Hampton Lake Loop project;
- Research and development of a Veteran's Flag Program that will consider the best ways to honor our Veterans in public spaces, whether as banners on a flag pole or in innovative ways in other public spaces;
- The next phase of the update of the Town's Comprehensive Plan, Zoning Map and GEIS document;
- Road paving; \$478,500 has been allocated for paving projects;

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

- An increase in projections from the State Comptroller for the 2021 Town contributions to the retirement systems. In August we were given projections for 2021 of \$534,269 for the NYS and Local Retirement System (NYSLRS) and \$479,825 for the Police and Fire Retirement System (PFRS). At the end of September these projections were updated to \$590,373 for NYSLRS and \$619,416 for PFRS;
- The rising cost of medical insurance for retirees and current employees. We're projecting a 7.2% increase in medical insurance for employees, past and present;
- The rising cost of the Town's municipal insurance. We're projecting a 6.92% increase in the cost of municipal insurance;
- Covid-19 concerns about how to project costs and revenue for Summer Camp, park rentals and other community and recreation activities;
- During the last two years our budget was aided by bringing the last phase of the Wastewater Treatment Plant in under budget and receiving reductions of almost \$400,000 per year in debt service obligations. This year we have to pay the full debt service payment;
- The need for additional staff in several departments including Police and the Department of Public Works (especially Highway and Parks). These needs could not be addressed in this budget but will have to be faced in the short term;
- Increase in energy costs;
- The substantial long-term debt service obligations arising primarily from 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.

We have included copies of the individual department budget requests to facilitate your review and analysis of the Tentative Budget. This budget was prepared by a team consisting of the Town Supervisor, the Director of Finance and the Town Comptroller. Meaghan Hart and George Phillips worked extremely hard to assist in the preparation of the Tentative Budget. We're planning to do a Budget Workshop at the October 14th Pre-Board meeting.

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.