

**TOWN OF TONAWANDA
2017 PRELIMINARY BUDGET MESSAGE**

JOSEPH H. EMMINGER, SUPERVISOR

As Supervisor and chief fiscal and budget officer of the Town of Tonawanda, it is my responsibility under state law to prepare the 2017 tentative budget by September 30th of each year for submission to the Town board for their review. During the month of October, the Town Board held two budget work sessions with department heads to review the 2017 tentative budget.

I want to thank all of my colleagues on the Town Board, my Deputy Supervisor John Bargnesi, along with Councilman Dan Crangle, Councilman Bill Conrad, Councilwoman Lisa Chimera, for their assistance in making this budget one that reflects our continuing goal of conservative fiscal responsibility. Our town continues to face many challenges going forward, perhaps more so than in prior years, due to the retirement/closing of the Huntley Power Station. Next year will be the first year the Town will “tap” into the State Mitigation Funds to assist us in the transition from the loss of over \$2,000,000 in revenue from the Huntley site. As in past years, ongoing Federal and State regulations as well as unfunded and underfunded mandates and increased costs related to personnel, and spiraling, out of control health care, fringe benefits and aging infrastructure also prove to be difficult challenges. Even with these challenges, the Town of Tonawanda, will continue to provide more

services to its residents that any other municipality in Erie County, and I believe this budget not only addresses the needs and concerns of our residents and business owners, but it also takes into consideration the many challenges we face together.

In 2015 and 2016 residents saw a slight increase in their tax bill, and as I indicated in my tentative budget message, in 2017 there will be another slight increase. The message that I and other members of the Town Board hear from our residents is clear; provide the highest quality of services at the lowest possible cost. We take this responsibility seriously, and it has been and remains our goal today.

Although the budget process begins in January with the start of our fiscal year, the official budget process began in July when I reviewed 2017 budget issues and constraints with Town Board Members and the Town Comptroller. Meetings were scheduled and held with each department prior to submission of their 2017 budget requests to review ideas for reducing budget expenses and to hear each department's budget challenges. Department Heads were again challenged to find additional ways to reduce spending, coordinate and share resources both within Town Departments and with other municipalities, and to seek new ways to provide services for 2017 and future budget years. The 2017 tentative budget was based upon departmental requests with these goals in mind. As previously stated, the Town Board held two budget work sessions with department heads during the month of October to review the 2017 tentative budget. Since no additional changes were made at the time, this

process has produced the 2017 preliminary budget which I am now presenting.

During 2011, the New York State legislature approved a property tax cap of the lesser of the Consumer Price Index (CPI) rate of inflation or 2%, allowing for certain exclusions and adjustments. I don't believe the Governor, nor any of the State Legislators, ever thought or imagined that the CPI would be flat for so long in time when they enacted this legislation. Based upon the current rate of inflation, the New York State property tax cap for 2017 has been established at .68% before exclusions and adjustments, which is even less than the .73% cap rate established last year. In 2017, due to the Huntley Plant closing and going off the Payment-in-Lieu-of-Tax (PILOT) payment and back on to the tax rolls, our tax levy for Tax Cap purposes increases by the \$2,053,000 former PILOT payment for the Huntley site and the standard tax cap exclusions; thereby increasing the New York State calculated Tax Cap figure this year for our Town to 6.4%.

Since the inception of this mandate, the Town's budget has always been under the New York State property tax cap mandated level. The 2017 tax levy, the amount of money needed to be raised by property taxes, stands at \$45,655,728, which is an increase of 1.55% from the 2016 tax levy of \$44,957,662. This is well below the adjusted New York State property tax cap mandate of 6.4% that I just stated and because of that, it will allow our residents to receive a New York

State property tax rebate that the Governor has made available to municipalities that do so.

The 2017 cost per day of town government for the average homeowner will be \$3.53, up 16 cents or 4.86% from last year, however when looking at a 5-year window the cost of the average homeowner is up only 21 cents from the \$3.26 per day cost in 2013; or an increase of 7.6% over 5 years or 1.50% annually. The total 2017 town tax for all funds and special districts for the average homeowner living in a home assessed at \$50,000 is \$1,288.72 compared with \$1,213.48 five years ago in 2013. This equates to the approximately \$.27 per day increase over the past 5-years with little or no change in services provided to our residents. Also, as I mentioned, because we are below the state mandated tax cap, this amount will be returned as a rebate in 2017.

Based upon the change in the town's current equalization rate over the past 5-years from 47% in 2013 to the current 40.50%, a home assessed at \$50,000 in the town over the past five years has increased in value from a market value of approximately \$108,383 in 2013 to \$123,457 in 2016. In other words, residential property owners would have seen the market value of their home appreciate in value \$15,074 over the past 5-years; and beginning in 2017 those same residents will be only paying an additional \$.27 per day in taxes starting next year for the same services they were receiving 5 years ago. By providing good fiscal stewardship over the town finances, the Town has been able to add value to our resident's largest and most important asset, their home, while providing high quality

services at the lowest possible cost! We have been able to accomplish this while health insurance costs alone have risen over \$1.9 million dollars in the last 2-years.

I am also pleased to be able to report that our 2017 budget will see a tax decrease for the second year in a row for our non-homestead, commercial property owners; in 2016 the commercial property owners saw a decrease of 6.09% and for 2017 they will see an 6.40% decrease in their town tax bill! Over the past several years, the town has seen real growth in our commercial and industrial base for the first time in decades due to the completion of the North Youngmann Commerce Center and other development and redevelopment projects and with these tax decreases we can continue to be an attractive destination for companies to relocate and expand in our community!

The budget appropriations for 2017, excluding special assessments which only affect specific property owners, totals \$100,806,221, as compared to \$99,536,202 for 2016, an increase of \$698,066 or 1.3%. The increase in operating appropriations is, once again this year, due primarily to the increased costs for town employees', retirees' and their families' hospital and medical insurance, wage increases for town employees, and other related fringe benefits including worker's compensation insurance, an increase in debt payments related to the Parker/Fries Sewer Interceptor project along with other major sewer and water capital projects which are mandated by New York State Department of

Environmental Conservation, and the road construction at the North Youngmann Commerce Center.

A significant increase in spending again this year is for the additional costs for hospital and medical insurance for employees', retirees' and their families'. This cost in 2017 alone will be increasing by approximately \$1,000,000. The proposed budget includes \$19.1 million for this benefit, which alone represents over 19% of the total budget appropriations. In addition, the Town will be making over \$2.3 million in debt payments on the Parker/Fries Sewer Interceptor and other sewer projects as required by the New York State Department of Environmental Conservation, and an additional \$215,000 for the NYCC project. These significant improvements are crucial in order for the Town to adequately provide these services and to attract young families and businesses to our community. The combined costs of just these three expenditures alone total more than \$3,500,000 or 7.6% of the total tax levy.

The 2017 estimated non-property tax revenues total \$47,150,493 compared with \$46,578,540, for 2016, an increase of \$571,953.

The 2017 preliminary budget also includes funds to purchase six new police vehicles.

The overall town budget is composed of nine separate budgets: the General Fund-Townwide, General Fund-Town Outside Village, Highway Fund-Town Outside Village, Lighting Districts, Water Acquisition and Storage District, Fire Protection Districts, Sewer

Consolidated District, Drainage Consolidated District and Refuse and Garbage Consolidated District. The cost to taxpayers for each of these functions is based upon assessed valuation, frontage, area, water and sewer usage or a combination of these factors.

The Town of Tonawanda has long been known as a premier full-service residential community by offering quality services that are unmatched and by running government in an efficient manner. I believe that this budget continues to provide the department heads with the resources they need to continue with this tradition without impacting the quality of service. With the cooperation of our department heads and employees, the town will continue to provide the highest quality of services at the lowest possible cost as we continue to look for additional ways to become more efficient and cost effective.

I wish to extend my thanks to the all of our Department Heads for their input on this budget which will serve to maintain the town's fiscal condition and our tradition as the finest full-service residential community in Western New York. I especially want to thank Town Comptroller Debbie Schwarz and Deputy Comptroller Jim Webster for their guidance and assistance with this, my first budget as Town Supervisor. I would also like to thank all our Town employees who work daily to ensure quality services for our Town. Thank you all.

I also want to thank our Town Board for their continued input, guidance, support and cooperation in a budget process that is more difficult every year. Their comments and suggestions are always of

immeasurable benefit during this process and allow the presentation of a responsible budget that keeps our taxes at the lowest possible level.

Finally, I believe that during these continued tough economic times, our Town is on track to continue to meet these challenges head-on as we work for a brighter future and as we continue to look for ways to cut costs, improve efficiency, strengthen the Town's fiscal conditions and keep the Town as one of the best full-service communities in Western New York.

TOWN OF TONAWANDA
2017 PRELIMINARY BUDGET FACT SHEET
Joseph H. Emminger, Supervisor

- **The 2017 cost per day of town government for the average homeowner will be \$3.53, up 16 cents or 4.86% from last year, however when looking at a 5-year window the cost of the average homeowner is up only 27 cents from the \$3.26 per day cost in 2013; or an increase of 7.6% over 5 years or 1.20% annually. The total 2017 town tax for all funds and special districts for the average homeowner living in a home assessed at \$50,000 will be \$1,288.72 compared with \$1,229.01 for 2016, an increase of \$59.71 or approximately \$.16 per day. At the town's current equalization rate of 40.5%, a home assessed at \$50,000 in the town generally has a market value of approximately \$123,457.**
- **The 2017 tax levy, the amount of money needed to be raised by property taxes, is \$45,655,728 as compared to \$44,957,662 for 2016 which is an increase of 1.55% (tax levy increase). By the Town staying under the State mandated tax cap, it will allow our residents to receive a New York State property tax rebate that the Governor has made available to municipalities that do so.**
- **The 2017 tentative budget appropriations total \$100,806,221 as compared to \$99,536,202 for 2016, an increase of 1.3%. The increase in the budget is, once again this year, due primarily to increased costs for town employees', retirees' and their families' hospital and medical insurance, wage increases for our employees and other related fringe benefits including worker's compensation insurance, aging infrastructure and an increase in debt payments related to several mandated sewer capitals projects.**
- **The most significant increase in spending again this year is for the additional costs for hospital and medical insurance for employees, retirees and their families. This will be increasing by \$1,000,000. The proposed budget provides \$19.1 million for this benefit, which represents over 19% of the total budget. We are also making debt payments of \$2.3 million on the Parker/Fries Sewer Interceptor and other sewer projects as required by the New York State Department of Environmental Conservation. The combined costs of these two expenditures alone total more than \$3,300,000 or 7.23% of the Town's total tax levy.**
- **Estimated revenues for 2017 are \$47,150,493, up \$571,953 over the 2016 budget of \$46,578,540 or 1.2%. The largest revenue items to increase are those for water/sewer rents which are required to help pay for increased water/sewer debt payments.**
- **The proposed 2017 town budget provides the department heads with the resources they need to continue to offer high quality services that are unmatched at the lowest possible cost as we continue to look for additional ways to become more efficient and cost effective.**

