



2919 Delaware Avenue - Room 11 • Kenmore, New York 14217 • (716) 877-8804
Fax: (716) 877-1261

**TOWN OF TONAWANDA
2021 PRELIMINARY BUDGET MESSAGE**

JOSEPH H. EMMINGER, SUPERVISOR

As Supervisor and Chief Fiscal Officer of the Town, it was my responsibility, under state law to submit the 2021 town budget by September 30th to the Town Board for their review, which I did. During the month of October, the Town Board held two budget work sessions (on October 6th & 8th) with department heads to review the 2021 tentative budget.

The 2021 Town Budget is unlike any other budget that I or any other Supervisor in our Town's history has had to deal with, due to the financial impact and public health concerns of the Coronavirus Pandemic. Like everyone else, the Town has been trying to deal with the reality of what all of us have been facing the last 8-months. The Pandemic forced the Town to be more flexible and make changes on the fly, just like many of you had to make changes, to your daily lives. Many of the services the Town provides had to be modified or eliminated this year in order to comply with the Governor's Executive Orders and to try and limit the impact of the virus to our Town residents. Due to the hard work by our town employees and our department heads, over a number of years, as well as the work of the lady and gentlemen beside me, I'm proud to report that prior to this year, the Town was in a good financial position to weather any unforeseen event. Unfortunately, that unforeseen event came in the way of the Coronavirus during the first quarter of this year. But through the hard work and

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cooperation of many, I'm proud to report tonight that the Town finances remain strong.

There are parts of this budget that have been years in the making and at the outset, I want to this opportunity once again, to say thank you to all of our department heads and my colleagues on the Town Board, Deputy Supervisor John Bargnesi and Council members, Bill Conrad, Shannon Patch and Carl Szarek for their assistance in making this budget one that reflects our continuing goal of conservative and sound fiscal responsibility. Our town continues to face many challenges going forward, due in part, to the retirement of the NRG Huntley Power Station in 2016 and the subsequent reduction in State Aid as we transition out of being a coal power plant community. Yes, we are still dealing with the financial affects of its closing and 2021 marks the 5th year the Town will “tap” into the State Mitigation Fund to assist us in the transition from the loss of over \$2,000,000 in revenue from the NRG Huntley site. I know the Town Board is well aware of this fact but as a reminder to the public, the mitigation state funding sunsets in 2023.

Unfortunately, a deal to sell/transfer the Huntley site to a qualified buyer, fell through over the summer and the possibility of a prolonged vacancy at the property is possible. Six weeks ago I forwarded to NRG, (the owners of the site), the contact information of someone who is interested in acquiring the site. As the Town has stated over the past 4 years, we will continue to pass along information to NRG on any interested party that reaches out to us. I want to assure everyone that your town elected officials are exploring all of our options going forward to help ensure that the former Huntley site, first gets cleaned up and second, gets redeveloped as soon as possible and in a responsible manner.

As in past years, ongoing Federal and State regulations as well as unfunded and underfunded mandates and replacing aging infrastructure and recreational facilities 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.

Our challenge and responsibility, as elected officials, remains in finding the balance between cost of the service provided and the service, while continuing to provide the highest quality services at the lowest possible cost. We take this responsibility seriously, and it remains the goal of this Town Board!

In 2011, the New York State legislature approved a property tax cap of the lesser of the Consumer Price Index rate of inflation (better known as the CPI) or 2%, allowing for certain exclusions and adjustments. Based upon the current rate of inflation, the New York State property tax cap for 2021 has been established at 1.56%, below the max 2.00% property tax cap figure. In 2021, for the 10th consecutive year, I'm happy to report the Town will be under the Tax Cap Mandate.

Typically, the budget process begins in January with the start of the fiscal year, and then in July I review the budget issues and constraints with Town Board members, the Town Comptroller and Deputy Comptroller. Department heads are then requested to submit their initial budget requests.

Changes were made to the initial department requests in subsequent meetings held by myself with Town Board members, department heads, Town Comptroller and the Deputy Comptroller.

Due to the planning and work performed by these individuals, town residents in 2021 will see a nominal TAX INCREASE in their town taxes of \$0.01 per day. This differs slightly from my Tentative Budget Message that I devlivered on September 28th where I projected nominal tax decrease of \$0.01 per day. This slight change came about due to the change in the sewer rates, where previously I adjusted the sewer consumption totals based on estimates, rather than the actual totals, that are available now and that I am now using. The actual totals were not available at the time of my Tenative Budget Message.

The 2021 cost per day of town government for the typical homeowner will be \$3.73, up 1 cent per day or .27% from last year. Anyone who has followed real estate in the town over the past 5-6 years knows the real estate market in the Town is, and remains very strong. Based upon the change in the town's current equalization rate over the past 8-years from 47% in 2013 to the current 33%, a a typical town home assessed at \$50,000 in the town over the past 8 years has increased in market value from approximately \$106,383 in 2013 to \$151,515 in 2021. In other words, residential property owners have seen the market value of their home appreciate in value over \$45,000 over the past 8 years; and beginning in 2021 those same residents will be only paying only an additional \$.41 per day or \$150 annually in town taxes. 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!

The 2021 budget does include a tax INCREASE for the third time in five years for our commercial, non-homestead property owners. In 2021, the commercial, non-homestead property owners will see a 2.32% increase in their tax bills; however, if you include the tax decreases totaling over 13% for 3 of the 5 previous years, the total taxes for commercial, non-homestead properties has decreased 2.87% over the same time frame! The town continues to see real growth in our commercial and industrial base due to the presence of the North Youngmann Commerce Center, Riverview Solar Technology Park 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! Among the many new companies we welcomed to the Town in 2020 was Amazon, who opened up a new distribution warehouse in the Riverview Solar Technology Park at the end of June.

The 2021 tax levy, the amount of money needed to be raised by property taxes, stands at \$48,722,612, which is an increase of 0.45% from the 2020 tax levy of \$48,504,348. Which is well below the adjusted New York State property tax cap mandate of 3.16% that is arrived at by taking the 1.56% tax cap for 2021 and adding the carryover from last year that we were under by, or 1.6%.

The budget appropriations for 2021, excluding special assessments which only affect specific property owners, totals \$102,941,785, as compared to \$102,855,583 for 2020, an increase of \$86,202 or 0.1%.

The proposed budget includes over \$6.99 million in debt payments on various town projects, including the Parker/Fries Sewer Interceptor and other sewer projects as required by the New York State Department of Environmental Conservation. 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 2020 estimated non-property tax revenues total \$43,719,173 compared with \$46,351,235 for 2020, an DECREASE of \$2,632,062. The decrease in non-property tax revenues is primarily due to the financial impact Covid-19 has had on our town finances and the probability that our town and country will still be feeling the economic effect of the pandemic for most, if not all of 2021.

Some may be wondering how I am projecting only a \$0.01 per day tax increase for our residential property owners (excluding special district charges) for 2021 when our non-property tax revenues are projected to decrease over \$2.6 million? I'll start by saying what I've already stated earlier; the Town was in good financial shape prior to the Pandemic hitting. In addition it's also due in large part to the actions and steps that the Town Board took in the very early stages of the Pandemic and the implementation of those steps by our department heads and our employees. Due to our historical practice of conservative budgeting and the actions we took back in March and April of this year, the Town is projected to have a surplus in our in our operating budget at the end of 2020; a surplus in excess of \$2.5 million. For fiscal year 2021, I am proposing to use that surplus and apply it directly to next year's budget to help ease the financial strain and anxiety

levels that the Covid-19 Virus is having on our residents and business owners.

Every year, the Town allocates a large sum of money from our fund balance (that is, our accrued savings over the years). For the past 5 years, that amount has been \$8,000,000. I want to make it clear to everyone, that does not mean we deplete our fund balance/savings account every year by \$8,000,000! That has never happened and it won't happen as long as I am your Supervisor! What the allocated fund balance is used for is to cover our operating expenses during the first two months of the fiscal year, prior to the receipt of the February tax payments. In essence, we are loaning ourselves the money and putting it back once we receive the tax payments. Next year I am proposing increasing the amount of fund balance we allocate from \$8,000,000 to \$10,500,000; \$8,000,000 as I just stated will be retained at the end of the next fiscal year (2021) and \$2,500,000 from the savings on the 2020 budget will be used to continue to provide the many services our town provides to our residents and businesses. As our independent auditors told us in August, we have "healthy" fund balances in many of our accounts. Our "healthy" unrestricted fund balance that we have worked very hard over the years to accumulate, is often referred to as the town's "rainy day" fund. Ladies and gentlemen, if the economic impact of this Pandemic is not considered a rainy day, then I don't know what is? I fully expect that we may have to use additional fund balance over the \$8,000,000 for the 2022 budget as well, as the country and the town recover from the economic situation we all find ourselves in. However, I also fully expect that in the future, when we return to "more normal" times, the Town will recover the monies from these revenue shortfalls that we and other municipalities are now experiencing and when that happens, we will not have to rely on the additional fund balance for these revenue shortfalls.

There are no pay raises in my budget for any of the elected officials for 2021. Further, I want to mention, as I do every year, that the 4 councilmembers beside me, do not receive, as part of their compensation, paid health insurance from the Town. The elimination of health insurance alone for the councilmembers, has saved the town over \$600,000 since the Town Board that Deputy Supervisor Bargnesi and I were a part of, voted to eliminate it in 2006.

The overall town budget is actually comprised 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, road frontage, land 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.

Once again, I wish to extend my thanks to the Town Board, our Town Comptroller and Deputy Comptroller, and all of our Department Heads for their input, support and cooperation in this rigorous process. Their comments and suggestions were and are very beneficial to the financial health of our Town and have helped keep our taxes low and present a responsible budget during this very challenging times for all municipalities.

Finally, I once again believe that, during these times our times are on track to continue to meet these challenges head-on as we work for a brighter future and as we look for ways to maintain the town's fiscal condition and our tradition as the finest full-service residential community in Western New York.