

# Town of Orangetown

Town Hall 26 West Orangeburg Road • Orangeburg, NY 10962

Telephone: (845) 359-5100 ext. 2261 • Fax: (845) 359-2623 e-mail:

[supervisor@orangetown.com](mailto:supervisor@orangetown.com)

website: [www.orangetown.com](http://www.orangetown.com)



**Chris Day**  
**Supervisor**

## **2019 Orangetown Supervisor's Budget Message**

*September 25<sup>th</sup>, 2018*

Having taken office in January, I am pleased to present to the Town Board the first proposed budget of my administration. I want to thank my Finance Director Jeff Bencik, my confidential assistant Amanda Hyland, all of the Department Heads and other employees who participated in this process, and the Town Board for their input at our previous Special Town Board Meeting for the budget.

As a factor of it being my first budget, my stated goal of restructuring government for the future through bottom-up analysis, and the intense budgetary pressure of two new employee contracts, the process to develop this budget was a long and arduous one, with far higher levels of detail required than in previous years. However, that level of detail is what allowed us to effectively analyze the Town's needs and how to fit them within the constraints of fiscal responsibility.

### **4 Years of Raises – Nearly \$2.3 million, or 9% – in a Single Year**

After years of working without a contract and ongoing negotiations, the Town and the CSEA came to terms on a new contract in December of 2017, and the Town and the PBA came to terms on a new contract in January of this year. These contracts provide for 2% and 2.5% per year annual pay raises, respectively. However, they were *retroactive* to the date the last contract ended in each case – 2017 for the CSEA and 2016 for the PBA. In all the interceding budgets, these anticipated raises were NOT budgeted for.

Though the likely liability was always noted per legal standards, no cash was ever allocated to pay for them and no changes were made in the structure or operations of the Town in order to create the budgetary space these raises would eat up in any of the previous budgets presented by the prior administration. As such, not only was over \$1.4 million paid out of fund balance in a onetime expense to pay those back raises, the 2019 budget faced an increase of 10.3% in police salaries and 6.6 % in other salaries over the 2018 budget – nearly \$2.3 million in total – a 9% increase in salaries when averaged across the organization. ***This 9% increase in salaries alone would have created a 4.3% tax hike in this year's budget if direct action was not taken to avoid it.***

### **New Technology, Restructuring & Streamlining, plus Reducing Overall Headcount without Layoffs**

Having been made aware of this reality in January, I realized that there would be no way to account for these raises without forcefully attacking the goal of governmental restructuring to save money and increase efficiency. We would have to do in a single year what otherwise could have been spread over many –and I would not do anything that would result in someone being laid off.

First, in February I wrote and implemented a policy memorandum that required all vacancies that might occur to receive approval from my office, or the Town Board as necessary, before filling them, with Department Heads providing detailed analysis of the duties of and need for the position. Previously, positions were automatically filled once they became vacant.

Next, I brought to the Town Board, and we unanimously passed, a retirement incentive program, which encouraged employees who were already eligible for retirement to take it by providing a cash payment based on the number of years they had in service.

The popular retirement incentive, which was taken by 12 long-serving employees, all of whom will be greatly missed, created space within which to operate when joined with the 8 vacancies created by the other policy going into this budget season.

With a focus on increasing individual productivity, the Town has implemented several key labor-saving technologies designed to allow our employees to emulate the modern private sector by doing more with less. The solution to problems was no longer going to be to throw more personnel at it.

From the finally-ready telematics to remotely monitor our sewer plant and other assets in that department, to the Verizon Fleet Telematics, which relays important vehicle diagnostics, to a growing and continued rollout of Laserfiche, a document management/digitization platform that has workflow and forms for almost everything our town government does, to new modern systems for violations, permits, and maintenance in our Building, Fire Prevention, Highway, Maintenance, and Environmental Management departments that will be implemented by the end of the year, we have shaved likely thousands of personnel-hours from our employees' collective workload.

Finally, we have looked at increasing shared services and positions between departments, allowing employees to do the same job where and when it's needed, as opposed to just being at the same desk regardless of workload. This budget includes sharing one less than full time employee among three departments, and I will continue to work with our CSEA leadership to build new and more flexible job descriptions to allow for such arrangements to increase in the future.

The end result of this forward-looking preparation and move towards modern technology and governmental structure is that of the 20 total vacancies, 14 were eliminated (or a lower position was eliminated with the vacant one being filled via promotion), which in turn allowed us to address and wipe out the impact of those multiple years of pay raises hitting at once. The remaining six, still being necessary at this time, were kept and will be filled. In order to allow departments to address a remaining workload that often was slightly more than their total number of full time employees remaining could handle, but not enough to justify more full time employees, many departments saw increases in their budgets for part time employees and overtime, which still resulted in substantial net savings to the taxpayer.

### **Non-Tax Revenue Growth & Other Trends**

Moving on, as we continued to analyze ways to improve the Town's fiscal health, I directed a full review of our banking in the town, as it appeared that our interest rates were extremely low. The result of this was that new banking agreements with new (local) banks drove an increase in interest earnings from \$275,000 in 2018 to a projected \$787,500 in the 2019 budget.

Further, we have continued to see increases in building permit fees as a growing economy has generated a massive increase in applicants, with a projected 2018 actual building permit revenue of \$3.8 million, as opposed to the original 2018 budgeted projections of \$1.45 million. As such, we are conservatively projecting 2019 building permit revenue to be \$2.3 million. A portion of this success, beyond an improved economy, was the reevaluation of our fee schedule conducted by the Building Department in the beginning of the year, which brought us more in line with our neighboring towns.

Additionally, film permitting revenue has jumped massively following a tapering off in recent years. With just \$75,000 projected in film revenue for 2018, we are on pace for \$340,000 in 2018, and our projections for 2019 reflect that. We expect there to be substantial upside to this number with the recently adopted changes in our Town Code for filming and hiring of an Economic Development & Tourism Coordinator.

Finally, we have seen what had been substantial year-over-year growth in workers' compensation, medical, and retirement costs finally drop to more reasonable levels in 2019, with our projected workers' compensation spend being more in line with reality after years of catching up (8% in 2019 vs. 20% in 2018), and the reductions in our total headcount and increased contributions to healthcare by employees stemming what had been a relentless tide of increased costs in those two areas over the past several years, with changes of 9% in healthcare and -3% in retirement in 2019 versus 10% and 2% in 2018, respectively.

## **Turning a Likely Major Hike into a Tax Cut – Largest Amount under Tax Cap Ever**

These combined efforts on the revenue and expense sides of the equation have, again despite what would have otherwise been a minimum 4.3% tax hike just to address the 9% increase in salaries alone, resulted in *a budget that actually reduces taxes* by .43% in total.

By way of comparison, the combined 2019 budget requests for all departments with prior staffing levels, if approved, would have been a 10.1% increase in taxes over 2018.

Importantly, this cut was not achieved via unrealistic budgeting or improper use of fund balance to spend down and offset ongoing operational expenses, which would simply kick the can of these pay increases down the road while spending our accounts dry.

In previous years we have seen the usage of fund balance range from \$1.2 million to \$3.5 million. On average, budgeted fund balance usage has been \$2.2 million per year. This year's budget, meanwhile, places fund balance usage at \$1.9 million, toward the lower end of that range. Importantly, in all of those prior years, only \$300,000 of fund balance was actually spent out of our accounts for budgeted operational expenses, with the remainder offset by spending that stayed below the allocated amount and increased revenues above projections.

At the per-resident level, this would translate into a 1.49% tax cut for a resident in a home with a \$200,000 assessed value before the mandated base proportion shift between classes of property, which then would net into a 1.24% cut when sewer user fees are added in. Efforts by the Town Board, our representatives in Albany, and I to lobby for and pass key legislation creating a limit on the shift between residential and commercial property tax allocations in any single year allowed us to, for the first time, reduce the impact of that base proportion shift on our homeowners once it is then overlaid onto our overall tax rate, with that shift still however pushing the impact to a 0.66% increase on that average homeowner.

*Finally, this budget puts us at \$1.8 million under the tax cap, by far the largest amount the Town has been under the tax cap since it was created.*

## **Looking Forward – Further Streamlining, Preparing for Capital Improvements, Growing Revenues**

This budget reflects the beginning of a multiyear plan. First, the process conducted this year identified a few other positions that are eligible to be reduced in the coming years as vacancies appear due to changes in workload and organizational structure. We will continue to expand the use of modern labor-saving technology in Town government in order to facilitate a leaner, less expensive workforce.

Second, as we enter a period of increased capital project spending, to include such projects as a community center, a dog park, sprinkle park/splash pad, and a needed new Town Hall, the intent of future budgets will be to further reduce operational fund balance allocation in favor of applying it towards those capital expenditures. This change will also allow us to further increase our credit rating, thereby reducing our borrowing costs when we will be likely to increase bonding for those same capital projects, and an eventual new Town Hall will in turn increase the ability to share services between departments by restructuring the actual floorplan to be less cellular and more interconnected.

Finally, as we are in the final year of a revenue-reducing PILOT on the IRG property, and starting an upward climb in revenue from the Chase data center property, we are locked in to see increases in revenue that is not derived from our homeowners and existing businesses, even without taking into account other efforts to bring new businesses into Town and to sell Town-owned land for appropriate business use.

I look forward to the public hearings on this budget and further input from the Town Board. This is one of those years of reckoning, in which government has to make hard choices to deal with decisions of the past, and when we will decide whether it is our focus to make Orangetown more affordable whenever we can or allow the simplistic practices of past supervisors to continue to grow our tax burden even when it need not be increased. I believe this budget does in fact accomplish both of those things in a responsible manner, and hope my fellow residents and Board members will agree.