

**2008  
BUDGET NARRATIVE  
TOWN OF COLONIE**

The budget shall be in the format prescribed by the State Comptroller.

To the Taxpayers of the Town of Colonie:

As Chief Fiscal Officer, I present the 2008 budget for the review of Town Board members, residents and business owners in the Town of Colonie. The total budget for 2008 is \$82,922,621, which represents a 4.3% (\$3,451,487) increase over the 2007 budget of \$79,471,134. The 2008 budget includes personal service expenditures of \$36,770,506 which is an increase of \$1,573,800 (4.5%) over 2007. Included in this increase are raises for all town employees, averaging 3.25%, three new critical positions, one in the Latham Water District and two in the Department of Public Works for storm water management totaling \$150,000 and a \$295,000 increase in police overtime. Another significant increase from 2007 to 2008 is a \$440,000 (10.2%) increase in energy based items.

The total residential property tax rate from each fund listed below will be *\$2.75 per thousand, resulting in a \$0.10 or a 3.8% increase per thousand*. For an average home assessed with a value of \$200,000, the residential property tax will be will increased by \$20.00 per year.

**ESTIMATED TAX RATES PER 1,000**

	<b><u>2007</u></b>	<b><u>2008</u></b>
<b><u>General Fund:</u></b>		
Homestead	\$1.14	\$1.24
Non-Homestead	1.68	1.83
<b><u>Highway Fund:</u></b>		
Homestead	1.47	1.47
Non-Homestead	1.90	1.90
<b><u>Albany County Elections:</u></b>		
	0.04	0.04
<b><u>Combined Funds:</u></b>		
Homestead	2.65	2.75
Non-Homestead	3.46	3.63
Sewer Charge	170.19	173.49
Latham Water Debt Svc	.554122	.554122

It should be noted that property taxes only account for 25% of the Town's \$82,922,621 revenue budget. The remaining 75% mainly consists of departmental revenue and sales and mortgage taxes.

In 2008 the Highway Fund budget will only increase by \$121,200 (1.5%) resulting in *no tax increase*. However, the Town will still be required to comply, by 2008, with the New York State Department of Environmental Conservation's (NYSDEC) expanded Stormwater Management Program. This program is federally mandated through the United States Environmental Protection Agency in an effort to improve the quality of stormwater run-off and protective waterways and associated areas. Expenses for compliance with storm water management mandates are anticipated to be \$259,526.

Sewer charges will increase in 2008 by \$3.30 (.02%) and the ad valorem charges for the Latham Water Debt Service will remain steady. However, water rates will be increased by 5% (\$0.10) to \$2.20 per thousand gallons to adequately accommodate rising chemical, maintenance and energy costs for the District.

In 2008 the Town will continue an Albany County Voter Tax Levy with *no tax increase* over 2007. This tax will be identified as a separate line item on the tax bill. This tax levy is being generated to accommodate a non-budgeted fee of \$222,616 imposed by the Albany County Executive. According to the Albany County Executive this fee is a result of compliance with the Help America Vote Act or HAVA. The fee will generate an Albany County Voter Tax rate of \$0.04 per thousand. For an average home assessed with a value of \$200,000, the tax amount would be \$8 per year.

The Town of Colonie, like many other municipalities in New York State, is continually challenged on a fiscal level by the increase in unpredictable and mandated expenses that have extraordinary costs associated with them. Some of these items include retirement costs, fuel and energy costs, snow removal, storm sewer management and health and liability insurance premium increases. These costs have rapidly overtaken any non-taxing and taxing, offsetting revenue streams such as sales taxes, property taxes and other fee for services.

The overall goal for fiscal year 2008 is to maintain continuous service to the residents of the Town and, where possible, enhance services and keep any cost increases to a minimum. This budget with a 4.3% increase accomplishes that goal.

### ***Assumptions for the 2008 Tentative Budget***

- We have budgeted sales tax revenue with a 2% increase.
- We anticipate an additional \$900,000 in revenue generation from EMS fees for services.
- There will be no increase in golf fees or other recreational fees.
- The budget assumes that the increasing costs of energy and energy based products will continue to escalate in the near future. The 2008 budget has incorporated increases over the 2007 budget of \$439,000 for such expenses.
- This budget uses zero dollars in fund balance. To rebuild our equity balances it is important that we do not use our fund balances to meet budget deficits.
- The Town receives no Federal aid and only receives \$500,000 in State funding.
- The areas of equipment and capital outlay or property improvements continue to follow our long-range plan in the areas of Highway, EMS, Recreation, Sewer and Water.
- We have budgeted revenues of \$1,000,000, related to the recycling of methane gas to electricity at the Landfill. This is an increase of \$500,000 from 2007 budget.

### ***Highlights of the 2008 Budget***

- The Latham Water District Water Treatment Plant upgrades are completed and the \$24 million project has increased our daily drinking water output from a 10 million gallon limitation to a potential 30 million gallons per day. In 2006 and 2007 there were no water restrictions placed on the residents as a result of the new plant output capacity which reached over 21m gallons in one day in June of 2007. The Town is now in complete compliance with all Department of Health and the Department of Environmental Conservation regulations. The Town has also implemented a senior citizen discount of approximately 5% on water rates.
- The Colonie Youth Court, a nationally accredited program, was acquired by the Town and placed under the direction of our Police Department in 2005. In 2008, the program will receive \$40,000 in federal grant funding.

- It is anticipated that \$25,000 will need to be expended to implement new building codes and other recommendations for the Town's Comprehensive Plan
- Infrastructure costs associated with the Highway Department's road re-paving program will again have a budget of \$1.3 million

***Ongoing Budgetary Concerns***

- The Town is required to participate in the New York State Retirement System, a cost sharing, and multiple public employers' system. Due to the prolonged market turndown in prior years, the Town's pension contribution has drastically increased in the past few years with a minor decrease projected for 2008. This budget anticipates a \$4.3 million dollar contribution to the New York State Retirement System.
- Premium charges for liability and workers compensation insurance coverages have increased severely in the past few years. Premium costs are anticipated to reach \$2,245,000 in 2008.
- Health insurance premiums continue to increase each year due to market pressures and the increasing cost of health care. Premium charges for the Town's health insurance program are expected to reach \$5,000,000 in 2008. The Town has begun to aggressively share the health insurance premium cost with some of its employees by assessing them a co-payment. Beginning in 2006 non-bargaining employees contributed 5% of premium costs and will contribute 7.5% in 2007 and 10% 2008. In September of 2007 the Police began contributing 1% of their salary towards health insurance premiums . And the Town will be actively pursuing the similar arrangements with all other union bargaining units as their contracts expire.
- Increasing costs of energy and energy based products could cause a rise in costs for delivery of services.
- The Town will be required to comply, by 2008, with the New York State Department of Environmental Conservation's (NYSDEC) expanded Stormwater Program. This program is federally mandated through the United States Environmental Protection Agency to improve the quality of storm water run-off and protective waterways and associated areas. Continued compliance with this program is anticipated to cost approximately \$259,000 a year.

***Appropriated Expenditure Increases over 2008***

Salaries & Wages	\$1,573,800	Overall increase is 4.5%. The majority of this increase is due to bargaining unit contracts (3.25%). This budget also accounts for two
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		900,000 EMS
		100,000 Real Property Rentals
		200,000 Building Permits & Fire Inspections
		225,000 LWD water fee increases
Earning on Investments	110,000	Increases in interest rates
Government Rembrmt.	40,000	FEMA
Sewer Points	196,400	Increase O & M costs over 2007
<b>Total Increases</b>	<b>\$3,481,500</b>	

**Decreases over 2007**

Interest & Penalties	30,000	LWD Fees
<b>Total Decreases</b>	<b>\$30,000</b>	

**Net Change Revenues** **\$3,451,500**

***Capital Assets and Debt Administration***

- The Town's outstanding indebtedness for bonds and bond anticipation notes within governmental activities at December 31, 2006 was \$81,679,900, a increase of \$6,266,700, over the previous year. As of December 31, 2006 the total legal debt limit for the Town was as follows:

<b>Town's Legal Debt Limit</b>		<b>\$441,891,400</b>
Town's Indebtedness	87,679,900	
Less: Legal Exclusion	38,295,800	
<b>Net Indebtedness</b>	<b>49,384,100</b>	

**Deduct Net Indebtedness** 49,384,100

**Town's Unused Debt Limit** **\$392,507,300**

**Percent of Legal Indebtedness Used** **11.1%**

- Debt Paid** (as of December 31, 2006)

Principal	\$5,882,200
Interest	2,781,900
<b>Total</b>	<b>\$8,664,100</b>

- A summary of 2007's investments in capital assets are as follows:

**General Fund**

Roof Repairs Pruyne House	\$65,000
Various Recreation Equipment	65,000
New Ambulance & Re Chassis	260,000
Police – 800 MGH Radio System	3,000,000
MIS – System Upgrade	500,000

**Highway**

Various equipment	600,000
Storm Sewer Re-Hab Projects	300,000
Maxwell Rd. Extension	1,300,000

**Landfill**

Various Equipment & Projects	963,000
Land Purchase	1,800,000

**Pure Waters**

Plant Upgrades	4,000,000
Sewer Line Re-Hab Projects	250,000

**Latham Water District**

Various equipment	310,000
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**Total** **\$13,413,000**