

Village of Ballston Spa

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FY2025 Tentative Budget Executive Summary

I again want to highlight what I believe is a strong Tentative Budget for Fiscal Year 2024-2025 ("FY25"). First, I'll summarize some of the key features:

- It is a fully balanced budget that would raise taxes by an amount equal to the State's allowable Tax Cap for FY25;
- Most salaries and wages for Village staff members, except those for Trustees and the Mayor, reflect increases by at least 2%;
- Funding for business promotion, continued focus on arts and community events, continuation of building improvements, and revitalization of parks are centerpieces of this FY25 Tentative Budget;
- Water rates are scheduled for an increase of 3.25% -- however, the increase will likely be greater with the additional revenues over that 3.25% increase being placed in a reserve account to pay for the renovations of all three water towers and their maintenance over the next 30 years;
- Sewer funding is proposed to be increased through another 5% increase in sewer rates (or a level equal to the water rate increase) to continue to try to build a reasonable Sewer Fund Fund Balance moving forward (G-Fund);
- Several projects which were budgeted for but not completed in FY24 are again budgeted for in FY25, but an amount is being proposed to be transferred out of our General Fund's Fund Balance to avoid a double-taxation for these projects;
- Funding by the Village for both local youth and seniors' programs continues at levels not previously seen prior to my time as Mayor; and
- The Village remains committed to assisting the Ballston Spa Public Library as plans continue to progress for major renovations and fundraising over the next years.

TAX LEVY CHANGES

This year, the Village of Ballston Spa is permitted to increase its tax levy by about 5.33% to stay within the State's allowable tax cap because of: 1) continued assessment growth in both the Towns of Ballston and Milton in 2023; 2) the Village's robust Growth Factor that is allowed to be used to increase the tax levy beyond 2%; and 3) permitted tax-cap carryover from FY24. This means that Town of Ballston Village property owners would see their tax rates increase by 2.44% (compared to 2.27% in FY24), and Town of Milton Village property owners would see their tax rates increase by 3.66% (compared to 1.58% in FY24) based on required apportionment.

The property tax levy increase would be distributed between the General Fund (A-Fund) and our Library Fund (L-Fund). Specifically, the Library would receive about \$8,500 in additional taxpayer funding in FY25. I have voiced my commitment to members of the Library Board that the Village remains dedicated to assisting with additional expenses related to the major renovations planned for the Library's building over the next years.

OTHER REVENUE NOTES

Like in FY23, Saratoga County has continued to hit a sales tax homerun in FY24, with the projected final FY24 sales tax share to the Village exceeding expectations by about \$150,000. This more than offsets a dismal mortgage tax distribution in FY24, as property transfers slowed to a crawl for several areas. I have remained conservative in projections for sales tax in FY25 while factoring in some rebound in the mortgage tax distribution.

Fire Protection revenue is a wildcard currently, as contracts with both the Towns of Milton and Ballston are being negotiated still. I remain confident that FY25 will be resolved in a way that confirms the numbers budgeted. We are continuing our commitment to use every dollar received from the Towns for fire protection, with any excess being applied toward a reserve account for future firetruck purchases. The Department anticipates about \$3.15 million in truck purchases over the next three years, including a new ladder truck necessary to accommodate fire protection for some of the new developments in the towns we serve. While the Village will continue to provide building improvements for the two firehouses, the apron project at Union Fire Company No. 2 was not completed yet and will come in up to \$90,000 over budget. As a result, I worked with Chief Bashore of the Ballston Spa Fire Department to discuss the implications of the cost. I propose rolling the remainder of the \$54,000 budgeted this year back to the building improvements line while adding further funding to finally complete the project this Summer.

As a side note, I will be proposing that the Village separate on its tax bills Village property tax funding dedicated to the Ballston Spa Fire Department starting in 2025. In this category, I would propose guaranteeing a level of building improvements to be overseen by the Fire Department and providing funding toward a Length of Service Award Program ("LOSAP") – much like the LOSAP plans funded by most area fire departments. This separated funding would finally help the Village show the Towns we serve that Ballston Spa property owners provide funding toward their own fire department.

As stated above, water rates would increase by at least 3.25%, a rate that would be proposed annually to compensate for annual inflation. However, the increases would be augmented by the amount needed to help fund: 1) the costs to renovate the water towers at John St., Rowland St., and Colonial Hills, including the likely \$1.25 million in debt service related to those towers over the next two years; 2) the costs to maintain those towers after renovation; and 3) the reserve account funding needed to have funding available for long-term renovations once the first renovations begin to deteriorate. The Revenue Advisory Committee has been working with me to help determine the costs of such a 30-year plan without adversely affecting fund balances and to determine ways to gradually increase rates to begin to put the future of our water towers on "cruise control" after years of neglect. We will likely determine the final water rate increase after the date of our budget approval. However, any increase above 3.25% will be placed immediately into a reserve account to be created over the next month. I want to stress that the idea is to avoid the same mistakes made over the last six years that led to a pending unbudgeted huge outlay for such an important set of pieces of our water infrastructure.

Similarly, we need to continue to build up sewer funding in our G-Fund, as the fund balance in our Sewer Fund is woefully insufficient for long-term infrastructure needs. By raising sewer rates at the same rate as water rates, we should begin to finally build a proper fund balance to be able to address urgent needs in sewer infrastructure. However, the minimum annual sewer rate increase should be 5% for the next five years. With the cost of sewer fees being nearly half of water fees for mostly Village users, this increase will be much less noticeable but just as important to preserve our aging infrastructure system. As I stated last year, we are projected to need about \$18 million in water and sewer infrastructure projects over the next ten years – we must be prepared for that challenge.

State Highway Aid (C.H.I.P.S. and other programs) funding is still up in the air with the State's budget in flux. We saw an increase in funding that led to more linear feet of roadway being repaved last Fall, meaning even a minor increase in C.H.I.P.S. and similar funding would maintain our ability to repave a healthy number of streets later this year. If the State budget reduces these programs and our funding, the amount available would obviously drop, leading to less paving. The inverse would also be true if funding increases for FY25. This again means that our routine ADA sidewalk ramp

compliance (on streets we pave) will continue next year as a matter of course, and street conditions will continue to improve with this continued State funding.

SPENDING HIGHLIGHTS

As I said last year, special care was taken during Department Head meetings to flag and discuss the following issues in each line item: 1) over-spending or under-spending as of 1/31/2024; 2) extra funding needed to cover issues like inflation causing premature exhaustion of budget funds; and 3) potential one-time spending needs either still to come at the end of FY24 or planned for FY25. This is why projections do not always reflect just 50 percent more than the 1/31/2024 actual numbers; the Budget Officer and Treasurer worked to ensure the shortfalls already being experienced in some fund lines in FY24 are resolved now and moving forward.

I first want to highlight the largest challenges we are experiencing in spending this year and into the near future. We have seen an unbelievable increase in retirement benefit costs (due to much higher rates this year and next year), Workers Compensation rates (due to delayed claims effects), and State mandates (such as new stormwater management reporting and monitoring requirements). These three categories alone will add \$100,000 in expenses to our annual budget when compared to FY24 numbers. We are beginning to encounter some of these costs in FY25, with the remainder to be encountered in FY26 and beyond, Such increases amount to about 5% of our property taxes collected, meaning those costs are far outpacing the likely tax cap rates over the next few years. The Board needs to recognize that benefit expenses and unfunded mandates are creating huge hurdles for most New York municipalities, and Ballston Spa is not immune to these challenges.

We also are in the middle of negotiations with the Teamsters Union, representing most of our Department of Public Works ("DPW") employees. Budgeting for a large unknown payroll effect is a challenge. I am hopeful that we might have more clarity over the next few weeks about where these negotiations are heading, but obviously we may need to cut funding from certain programs or risk our General Fund's Fund Balance if we have larger exposure than what we can afford to spend.

Increased minimum wage effects created by State law continue to force us to make changes to many of our pay rates, but overall, all salaries and hourly wages were increased by at least 2%, with the exception of the Board of Trustees and the Mayor. The increases were larger for Court staff, Library staff, the Planning and Zoning Board members, our Building Department Clerk, our Crossing Guards, and a couple other isolated cases due to what department heads and I felt were improper rates when comparing the realities of job descriptions, comparable positions outside the Village, and/or minimum wage effects. Again, I am not proposing a pay raise for the Mayor or the Board of Trustees, as we need to sacrifice for members of other Boards this year to get their pay rates into the right position finally. If a Trustee objects to this policy again, they'll need to point to where we should cut funding to pay ourselves a higher amount.

The Village's Culture & Recreation budget section reflects a robust amount of growth as momentum continues for community and outdoor activities for youth, seniors, and everyone in between. We would maintain all current events and provide better funding for some, such as the 9/11 Memorial event, Breakfast with Santa, the Memorial Day Parade, and Family Fun Day. While the Birdhouse Program is suspended for now, our Events Task Force has a great new display program they are looking to introduce soon to take its place. Also, our Committee on the Arts has secured several Saratoga Arts grants for this calendar year, meaning more concerts and arts programs are forthcoming. All told, the Village of Ballston Spa would continue its commitment toward great celebrations and the embracing of the arts under my proposed Tentative Budget.

Parks will continue to receive the upgrades you expect. After we are done upgrading the asphalt area in Kelley Park, our full focus will be on getting Wiswall Park renovated over the next year. The work is likely to take place in Spring 2025, and funding will be made available from the pending sale of Woods Hollow Nature Preserve to the Town of Milton. In my Tentative Budget, the entire \$360,000 is slated to be reserved for Wiswall Park renovations until we know what the total costs will be. We are awaiting legislative action that will allow us to complete the sale later this year, meaning our plan to improve our in-Village parks is properly funded and timely.

Last, but not least, the biggest thing many people will notice is the huge increase in overall proposed spending in our General Fund, rising from \$6.23 million appropriated in FY24 to \$6.82 million in FY25. Several projects and programs were funded last year but were not started or completed in all cases, including: the well generator project (\$125,000 of ARPA federal funds), 66 Front Street retaining wall and vault project (\$185,000), well rehabilitation project for a second well (\$40,000), zoning law rewrite (\$26,500 unused), Brownfield Opportunity Area grant match funding (\$17,000), pool resurfacing work (\$10,000), building plans for a new DPW building (\$15,000), sidewalk reimbursements and other spending (\$30,000 – see more below), the aforementioned firehouse apron project (\$43,942 unused), Saratoga Arts grants that may be paid before May 31, 2024 (\$10,000), a replacement project for the Birdhouse Project (\$9,640 remaining), and Brush and Weeds funding for dead/dying tree removal (\$10,000 remaining). All of these amounts total \$522,082 and would become part of the General Fund's Fund Balance if not performed and paid for by the end of FY24. To ensure that residents are not double-taxed for these projects, there is a \$522,082 amount proposed to be budgeted from the Fund Balance to pay for these projects and programs in FY25. This still places the Village in better financial condition than expected after FY24 budget approval, as over \$300,000 was scheduled to be moved out of Fund Balance (but none was actually moved this year), and I project between \$300,000 to \$500,000 of Fund Balance increase once FY24 is completed even without that additional FY24 Fund Balance spending. That means over two years, we have done a good job weathering most challenges, including inflation, unfunded mandates, additional debt, and emergency projects – something I'm proud of as Mayor.

Sidewalks

Finally, a hot topic in FY24 remains sidewalk funding. Before we made changes to our reimbursement law for sidewalks in March 2024, only a small fraction of our sidewalk reimbursement allotment was tapped by property owners, meaning sidewalks were not installed, replaced, or repaired at a pace we would like to see. With a new reimbursement approach approved and the likely creation of a new loan pool and other incentives from a likely amendment of the entire Sidewalk Code, I placed a record \$100,000 in the Sidewalks funding line for FY25, including \$30,000 unused in FY24. We are looking to make enforcement of our Sidewalk Code a focus point over the next decade, meaning this level of funding will be important now and moving forward. There will be a lot more information forthcoming on this subject, but placing sufficient funding into the budget for sidewalks is the first step to ensuring we can afford the new approaches we have already approved and those we will approve in the near future.

CONCLUSION

Fiscal Year 2025 will again present several challenges for our Village fiscally, but we continue to have plans to address several of those challenges head-on and without exposing our residents and taxpayers to huge tax and usage fee increases. Not exceeding the tax cap in this environment is a "win" for Ballston Spa, as the speed of cost increases clearly has created fiscal stress for many New York municipalities. We will see much more spending and debt load over the next few years to address major issues, such as the eyesore DPW Garage, making it crucial that we manage finances in a cautious manner and ensure our Fund Balance is fortified for those forthcoming increases in debt payments. Yet, I'll repeat what I closed with last year since it remains true: "From embracing events and businesses, to supporting our youth and aging populations, to improving our wonderful parks, to ensuring planning for water, sewer, and sidewalk infrastructure improvements, this Tentative Budget embraces all of these important aspects of our current and future needs. If implemented, it will seize on the momentum the Village of Ballston Spa is experiencing economically, socially, and culturally while ensuring the Village's government can properly provide the services our residents and landowners expect and rely on each year." The fact that I can continue to say this means we are doing a great job for our "Village of Friends." Thank you.