

To: Ancram Town Board
From: Art Bassin 
Date: June 13, 2010
Subject: Supervisor's Report – May 2010

Financial Situation

YTD May Results: Revenues through the end of May were \$1,047,000. We received \$18,000 in Mortgage tax revenues in May, and heard earlier this week that the State passed CHIPS (Consolidated Highway Improvement Program), which means we will be eligible for about \$105,000 of State highway aid. With this highway funding secure, it appears we are on track to achieve our full year revenue budget of \$1.3 million. Costs through the end of May totaled \$441,000, and continue to track under budget and under last year. Through the end of May, we are running \$134,000 under budget, with the highway department contributing \$102,000 of this total. Spending through May is also \$102,000 under last year's level of spending, with the Highway Department contributing \$63,000 of this savings. Unbudgeted spending so far this year increased by about \$4,000 in May, as we paid the first garage planning bills. Unbudgeted spending now totals \$59,000, including the \$21,000 for the Town Hall Solar project, \$33,500 for the new used grader, and this month's garage planning costs. Cash in the bank totaled \$1,299,000 at the end of May, down about \$61,000 from the end of April.

Full Year Estimates: Based on our average monthly spending rate of \$88,000 through May, we could spend an additional \$616,000 over the rest of the year, leaving us with about \$700,000 in cash on hand at year-end without any additional revenues. Given an expected additional \$140,000 in sales and mortgage tax revenues due by year end, it appears we could end the year with between \$700,000 and \$800,000 in the bank, depending on whether there are any major unexpected financial "issues" which pop up. The Town Board has suggested we maintain at least a \$300,000 cushion for emergencies and contingencies, so we may have \$400,000 to \$500,000 to allocate to capital projects like the new garage and new equipment.

Garage Project Status

Over the past month we have been working to document current conditions at the current site and develop plans for the new facility. We have developed a schedule which will allow us to get the garage done by the end of this year for under \$500,000, if we break ground and start work in September. The major next step is for the Garage Committee and the Highway Superintendent to finalize the building spec, which should happen next week. The architect should have the bid package done by the end of July, with bids back in August, and a decision to proceed made in September. Our current project cost estimates continue to suggest that renovating and expanding the current garage and converting the milk shed to a salt barn at the current site could cost \$150,000 less in total (\$450,000) than building a new garage (\$500,000) and new salt shed (\$100,000). But we will not know for sure what the costs will be, or if we will be able to get the job done by the end of the year, until we get

in bids which definitely lock in our costs and timetable, which should be by the August Town Board meeting. Given the Town Board has indicated it wants to maintain a cash cushion of over \$300,000 after the garage has been built, and given that the year-end financial projections for cash in the bank are not guaranteed, it appears prudent to start now to line up a possible loan of up to \$400,000 which could be used *if needed*, along with town funds, to complete this project. To line up this kind of financing by the end of August, we should plan to schedule a referendum on the garage project and loan before the end of July. It is important to recognize that this financing is a precaution, in case our year-end numbers do not allow us to self-fund the garage project and keep at least a \$300,000 reserve on hand. Having the proposed loan facility in place would permit us more financial flexibility, regardless of circumstances.

Project Updates

- 1. ATT Cell Tower** – We received some suggestions on how to modify the cell tower law from Nan Stolzenburg last week, which we will review and decide on at the Town Board meeting. We will have to decide how extensively to change the cell tower law, and how much to spend on this effort. One solution would be to make the minimum changes needed to facilitate an ATT tower. This would probably mean modifying the setbacks and the minimum lot size needed for a tower. The alternative would be to do a thorough revision of the law, which could take several months and cost several thousand dollars in legal and consulting fees. Councilman Chris Thomas has volunteered to work on this effort to bring it together as quickly as possible, for the least cost to the Town.
- 2. Ancramdale Polling Place** – We have received a second proposal for the ramp at Friendship Hall from a local carpenter -- \$6400, down from the \$8400 previous quote. But the Church has decided to look at putting in a new door by replacing a window at the right rear of Friendship hall. This solution would be permanent, and could cost considerably less than the \$6400 now on the table. Neighbors Helping Neighbors raised over \$2000 at its Memorial Day BBQ to help fund this ramp.
- 3. Revaluation Review** – GAR Associates, a revaluation and assessment consulting firm, presented their report on their review of the quality and consistency of our assessments to the Revaluation Review Committee on June 10. GAR's conclusion was that Ancram's property assessments were "equitable", and there was no reason to contemplate doing another revaluation any time soon. GAR noted that the aggregate value of all sales in Ancram during the period under review was within 1 to 3% of the aggregate assessed values of the properties sold. This suggests the aggregate assessed value of all properties in the data base were likely to also be very close (1-3%) to their aggregate market values. GAR did note that while our assessments were equitable overall, we should use the data they provided to examine apparent "outliers" -- properties which appeared to be valued either lower than or higher than other similar properties – to determine if the value variances from the "norm" were justified, or were the result of data or other errors. GAR also recommended we develop and implement a communications program to get property taxpayers more involved in how the process works, how to review their property cards for accuracy, and how to contest their assessment if they feel it is too high. The

Revaluation Review Committee will continue to review the detailed findings and data provided by GAR, and will determine next steps over the next month.

4. 2011 Budget Process – Budget forms will go out next month after we get June numbers, and preliminary departmental budgets will be due back by the end of July. The Town Board will get a first look at the preliminary 2011 budget requests from the departments in August. We will schedule budget workshops and hold a public hearing on the budget in September, and approve the 2011 Budget in October. The major issues the Town Board will need to deal with as we work through the 2011 Budget include:

- a) target tax rate – can we do what we need and hold the tax rate flat?
- b) YE 2011 level for reserves – is \$300,000 enough, or do we need more?
- c) capital plan & budget for equipment & facilities—how much?
- d) salaries & hours for all employees – raises, or no raises?
- e) areas we can cut back spending – what are they?
- f) areas we need to spend more on – what are they?
- g) repay any loan we take out to help with the garage – how long, how much?
- h) spending levels – can we cut general & highway costs 10% next year?
- i) what do we want to do about the Ancram Lighting District?

The Challenge: Reallocate spending to reflect new needs & priorities

The challenge for the rest of this year will be to get the garage built for under \$500,000, and, to do this with as little borrowing as possible. Any cost savings against budget this year will minimize the amount of garage debt we will need to incur. The challenge next year will be to reduce “business as usual” spending by 10%, so we will be able to pay off any garage debt sooner, and reallocate these savings to fund the capital plan, to replace equipment and facilities over time, without raising taxes. As our priorities and needs change, our spending has to change to reflect the new priorities. We have to decide what we are not going to do, so we can afford what we need to do. Next year’s budget will be the first opportunity we have to change how we spend our money to reflect our new needs priorities and needs.