

City of Poughkeepsie

2023 Budget Presentation to the Finance Committee



On behalf of Rob Rolison, Mayor:
City Administrator, Marc Nelson, MPA
Commissioner of Finance, Brian Martinez, PhD

Friday, November 4th, 2022

Agenda

- Year-over-Year Budget Changes & Tax Cap
- New Positions
- Rate Setting: Water/Sewer, Sanitation
- Building Fee Increases
- ARPA Update

Budget by Fund Year-Over-Year without ARPA

- Goals
 - Stay under Tax Cap
 - Stay focused on Deficit Reduction
 - Mitigate inflationary costs
 - Maintain high performing, high quality work force

Fund	2022	2023	% Change
General	\$66,146,281	\$69,483,406	5.05%
Water*	\$7,326,551	\$8,110,579	10.70%
Sewer	\$5,406,248	\$5,656,869	4.64%
Sanitation	\$3,575,915	\$3,560,115	-0.44%
Total Budget	\$103,941,213	\$109,449,937	5.30%

*Water includes the \$500k in appropriated fund balance for deficit reduction. Excluding that, the 2023 amount is \$7,610,579 (3.88% increase).

- Results
 - \$26.44 million property tax levy, representing a 10.94% homestead rate decrease.
 - Deficit reduction budgeted for \$500,000.
 - Modest YOY increases well under 8% inflation rate
 - 7 new positions

New Positions

Department	Position	Annual Salary Cost
Fire ¹	Firefighter	\$53,234
Fire ¹	Firefighter	\$53,234
Fire ¹	Firefighter	\$53,234
Fire ¹	Firefighter	\$53,234
Finance ²	Fiscal Officer	\$80,018
Human Resources ³	Equal Employment Opportunity Inclusion Officer	\$65,000
Development ⁴	Junior Planner	\$55,615

1: Bolsters public safety and enables potential retirements; addresses overtime costs.

2: Strengthens departmental focus on long-term fiscal strategies, e.g., capital improvements, fund balances, and debt management.

3: Develops and maintains a discrimination-free work environment through policies, procedures, and practices.

4: Creates succession planning opportunity by assisting with growing portfolio of city planning projects.

Rate Setting: Water/Sewer, Sanitation

Type	2022 Rate	2023 Proposed Rate	YOY % Change
Water	\$ 4.86/unit	\$ 5.10/unit	4.9%
Sewer	\$ 4.34/unit	\$ 4.55/unit	4.8%
Sanitation	\$ 120/quarter	\$ 120/quarter	0%

Benchmarking: Water/Sewer Median Annual Payment for Services

Type	Poughkeepsie 2023 Proposed	City of Kingston 2022	City of Newburgh 2022
Water	\$ 147.80	\$ 210.52	\$ 189.12
Sewer	\$ 127.40	\$ 104.16	\$ 146.83

-No change to sanitation, <5% increases to water and sewer rates.

-Average customer will experience a combined increase of approximately \$3.15 per quarter, or \$12.60 annually.

City utilities continue to offer tremendous value at below-market rates.

Fee Increases- Building

A variety of increases to alteration, construction, certificate of occupancy searches, sprinkler, fireplace/AC, and solar array fees. Notable increases include:

Building Fee Description	Current Fee	Proposed Fee	City of Middletown	City of Kingston	City of Newburgh
C/O Search Residential	\$ 100	\$ 150 ↑	\$ 100	\$ 100	\$ 100
C/O Search Commercial and Multi-purpose	\$ 250	\$ 300	\$ 100 ↓	\$ 150 ↓	\$ 300 →
Residential Alteration/Renovation	\$ 0.25 /sq.ft.	\$ 0.30 /sq.ft.	\$ 10 /\$1k of value ↑	\$ 0.30 /sq.ft. →	\$ 12.50 /\$1k of value ↑
Commercial Alteration/Renovation	\$ 0.45 /sq.ft.	\$ 0.55 /sq.ft.	\$ 10 /\$1k of value ↑	\$ 0.30 /sq.ft. ↓	\$ 12.50 /\$1k of value ↑
Residential New Construction	\$ 0.40 /sq.ft.	\$ 0.50 /sq.ft.	\$ 10 /\$1k of value ↑	\$ 0.50 /sq.ft. →	\$ 250 + \$0.25 /sq.ft. ↓
Commercial New Construction	\$ 0.65 /sq.ft.	\$ 0.75 /sq.ft.	\$ 10 /\$1k of value ↑	\$ 0.50 /sq.ft. ↓	\$ 350 + \$0.25 /sq.ft. ↓

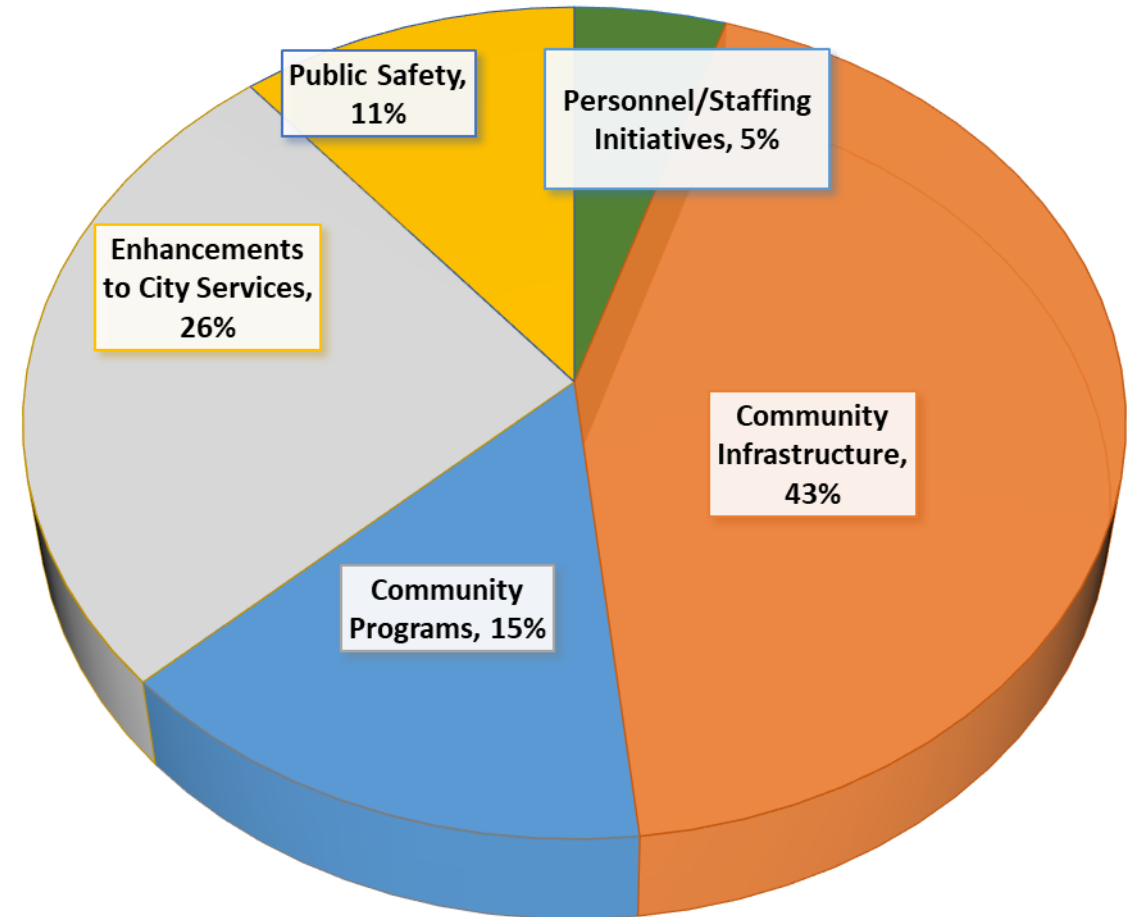
City of Poughkeepsie building fees with proposed increases still represent overall best value compared to our peers.

ARPA Update

<u>ARPA</u>	<u>\$ Millions</u>
US Treasury Award	\$ 20.86
Previously Appropriated	\$ (10.43)
2023 Proposed Budget	\$ (8.83)
Reserved for 2024	\$ 1.60

Category	2023 Proposed ARPA Budget \$M
Personnel/Staffing Initiatives	\$ 432,000
Community Infrastructure	\$ 3,832,500
Community Programs	\$ 1,308,000
Enhancements to City Services	\$ 2,291,290
Public Safety	\$ 968,101
Total Proposed 2023 Appropriation	\$ 8,831,891

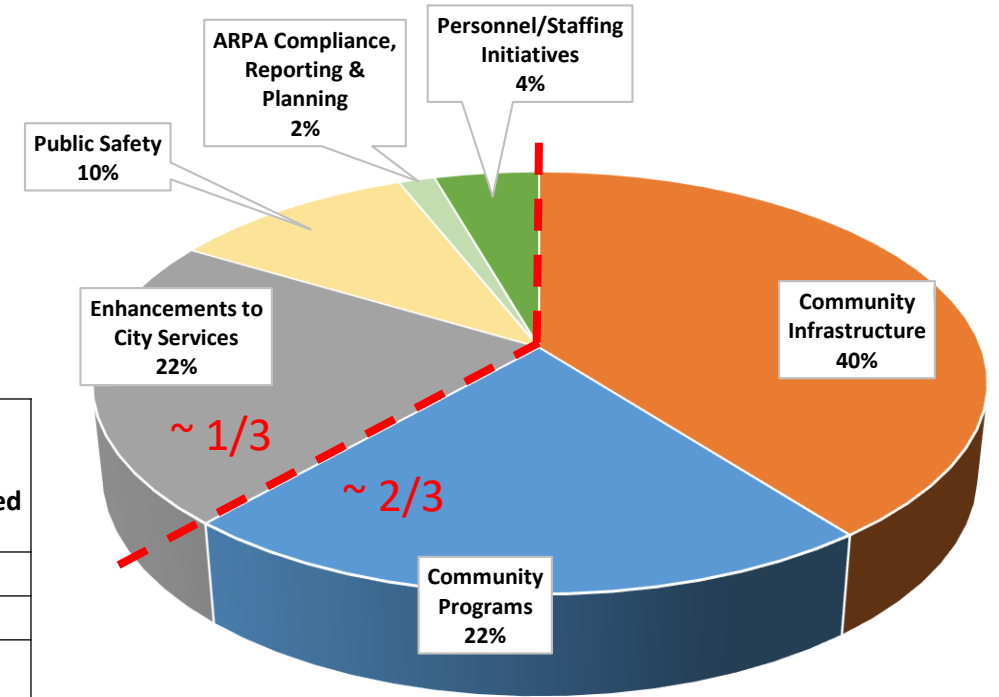
2023 PROPOSED ARPA BUDGET %



ARPA Totals (Previously Appropriated + New)

<u>ARPA</u>	<u>\$ Millions</u>
US Treasury Award	\$ 20.86
Previously Budgeted Revenue Replacement	\$ (3.00)
2022 Adopted ARPA Budget	\$ (7.43)
2023 Proposed ARPA Budget	\$ (8.83)
Reserved for 2024	\$ 1.60

2022 + 2023 Proposed ARPA BUDGET %



Category	2022 Adopted Budget	2023 Preliminary Budget	Total	% of Total Appropriated Amount
Community Infrastructure	\$ 2,600,000	\$ 3,832,500	\$ 6,432,500	39.6%
Community Programs	\$ 2,262,610	\$ 1,308,000	\$ 3,570,610	22.0%
Enhancements to City Services	\$ 1,301,781	\$ 2,291,290	\$ 3,593,071	22.1%
Public Safety	\$ 725,500	\$ 968,101	\$ 1,693,601	10.4%
ARPA Compliance, Reporting & Planning	\$ 250,000	\$ -	\$ 250,000	1.5%
Personnel/Staffing Initiatives	\$ 292,000	\$ 432,000	\$ 724,000	4.5%

ARPA Administration

- \$20.86M Award
- Must be:
 - Obligated by Dec 31, 2024
 - Expended by Dec 31, 2026
- Revenue Replacement: \$10M+ of \$20.86M award for gov't services
 - Designated by US Treasury as Coronavirus State & Local Fiscal Recovery Funds (CSLFRF)
 - Ex., government services- parks, local gov't operations, + many others
- City of Poughkeepsie ARPA website URL: <https://cityofpoughkeepsiearp.org/>

Summary

Results:

- ✔ Stay under Tax Cap: \$26.44 million property tax levy, 10.94% decrease in homestead and 6.04% decrease in non-homestead tax rates.
- ✔ Stay focused on Deficit Reduction - Deficit reduction budgeted for \$500,000.
- ✔ Mitigate inflationary costs – Modest avg. 5.30% YOY fund increases well under 8% inflation rate.
- ✔ Maintain high performing, high quality work force - 8 new positions.
- ✔ Maximize ARPA Uses IAW US Treasury Guidelines (\$8,831,891):
 - Community Programming \$1,308,000: Expands community based Youth Grants
 - Community Infrastructure \$3,832,500: Continue commitments to City parks & pools \$3,100,000
 - City Services \$2,291,290: Overcome high cost to maintain & low reliability of 20+ yr City heavy equipment
 - Public Safety \$968,101: Replace 15+ year old PD vehicles and phase II personal fire equipment