

Budget Description Part 1

By Mayor Steve Gold

October 15, 2008

Dear Residents of Beacon, the Mayor's Budget for 2009 was presented on October 15th, 2008. The Council will be spending the next few weeks reviewing it and may at any regular meeting vote to amend it. If the Council cannot agree to any amendments by December 31st, it will default to the budget as presented on October 15th. The budget includes an 8.1% increase for homestead and -1.7 decrease for non-homestead (commercial). When City Administrator Meredith Robson and I first began the process weeks ago it was an unacceptable 25% increase.

A major factor affecting the budget is the economy. Revenue from sales tax sources and savings interest are down by \$760,000. That alone would represent a 10% increase in taxes. In addition a budget reform measure we are taking is to include up to \$250,000 in predictable expenses that was omitted from past budgets.

Another factor affecting the budget was that my office detected a discrepancy in the percentage of the city tax levy that is divided between homestead and non-homesteads. The percentage correctly calculated by the County and filed by the City to the State WAS NOT the percentage that was actually applied to the city's budget. Administrator Robson discovered this wrongful condition has been taking place for more than ten years. In all cases homeowners were paying less of the tax levy while non-homestead commercial properties were overpaying. This year homeowners are paying the correct amount which means they will be responsible for a larger piece of the tax levy than they have had to pay in the past. To be clear this was not a problem the City Council could have identified by due diligence as many factors of a budget are compiled by specialists such as an assessors or city administrator.

To bring the budget down from 25% to 8.1% it was necessary to make significant reductions in the department operating budgets, and other actions partially listed here:

Fees: We will be ending the free dump program and begin charging for bringing items to the recycle center. We are also increasing the rate for city permits in most areas.

Police/Fire/Ambulance: The Police Captain's will be not funded as well as two vacant Police Officer Positions and a detective clerical position, saving over \$300,000. One Fire Clerical personnel will be laid off. The Ambulance and Life Support contract will be renegotiated to provide the same service at a saving of over \$200,000.

Buildings: The City will no longer pay for the Memorial Building Gas/Elect \$19,398 in 2008. I am calling on the Veterans organization to pull together for the good of the community and fund their own utility bills.

Human Relations Commission will be reformed to share the resources of the County HR Commission and use City Hall to conduct their programs (\$8-16,000).

Recreation: Fireworks \$10,000 will be eliminated or reduced. Program Development \$15,000 will be eliminated. All non-city leagues and city recreation activities that are not self funded will not be budgeted. If the program cost the city money it will not be funded. This includes; Fishing Derby, Halloween, Junior Baseball, Junior Bowling, Junior Girls Softball, Karate, Over 35 softball, Pop Warner, Soccer Club, Woman's Softball. All of these programs together represent a \$70,000 reduction in expenses. I realize this runs counter to everything we want for our city. Beacon will continue to provide fields, electricity and non-financial assistance whenever possible including the Recreation Commission and Recreation Consultant. I hope the leagues that sponsor these programs will be able to absorb the loss and continue to operate in Beacon. It is important to remember that in many towns do not participate financially with private leagues. To name a few: The City of Poughkeepsie, The Town of Poughkeepsie, The City of Newburgh, The Town of East Fishkill, the City of Middletown, the Town of Pleasant Valley and the Town of Wappingers gives a slight stipend but charges for the field and electricity.

Organizations and programs: The Beacon Community Center fund will be reduced by \$3,673, Martin Luther King will be reduced by \$6,780. All adult recreation funding will be suspended: Christmas in Forrester, Senior Citizens Fine Art, Senior Citizens Bowling, Senior Citizens Drop-in Center, Senior Citizens Trips, totaling \$19,125. It is my hope that these organizations will be able to raise moneys to continue these needed activities.

If you would like to comment or make a suggestion, there will be a Council Town Hall Meeting in November to be announced. You may also speak at a City Council meeting. I am personally available to meet with anyone by appointment on Saturday mornings or evenings at City Hall. I believe we will be able to weather this storm. I believe that Beacon is well situated for economic development in spite of the energy crisis and the economic recession. But the City cannot continue to operate with a "business as usual" atmosphere. This is a time for personal sacrifice and we will all have to pull together to make it through.

Explanation Part 2

This section is to describe an even bigger concern and one that every Councilperson has firmly expressed. For the last several years there have been withdrawals from our General Fund (saving account) to pay for our budgetary deficiencies. Past fund balances were able to withstand this since monies were replenished by rising sales tax based revenues and an improved tax base. But worsening economic conditions that have affected the 2009 budget may have an even more dramatic impact to our city's future budgets for years to come. If we continue to withdraw from our Fund Balance it is estimated that it will be depleted in perhaps three years.

If that happens it will mean a forced reduction of services, no capital improvements (such as new roads) and a significant number of city workers will be reduced by either attrition or layoff. The only factors that will prevent such a condition from taking place will be a nationwide economic recovery, residential and commercial development in Beacon, Main Street economic vitality or a gradual reduction of city services.

As you consider how you are affected by the many cuts in the 2009 budget, please keep in mind the undercurrent problem will still be present. This entire Council is committed towards the eventual goal of a budget that does not rely on Fund Balance to match expenses. At home it's called "living within your means". Therefore unless conditions change for the better it is reasonable to assume the 2010 budget (or sooner) will contain a series of reductions even more significant than outlined for 2009.

The 2009 budget can be viewed at www.cityofbeacon.org. If you would like to discuss it with the Council we are holding a Town Hall meeting Wednesday November 12th 7:00PM at the Veterans Memorial Building. Of course you may make a statement at City Council Meetings held at 7:00PM on the 1st and 3rd Mondays of each month.

Thank you,

Steve Gold, Mayor