

Supplemental Update

While I haven't a more comprehensive update on many of the issues since my last posting a few weeks ago, I do feel that there are two items that deserve special attention. The first is the 2024 budget; the second the recent lease agreement with the Tannery Pond Center.

2024 Budget. At the October 17th board meeting, we began with a Budget Workshop with a presentation of the budget, its process, and what to expect for 2024 and why. That presentation is attached here as a link. If this is re-posted and that link is not available, please visit the Town's website to access that document. Along with the slides, I have provided a brief narrative for each.

The one thing that will pop out to everyone is that we are going to break the 2% tax cap this year. There are several reasons though two in particular stand out: (i) the Town has not reflected recent inflationary rates in its budgets and has used its savings to ensure an increase at or below the 2% limit; and (ii) we are adding an investment in our EMS services that needs to be continued into the future.

Inflation for the last three years has been 4.7%, 8%, and 4%, respectively. Goods and services are outstripping our ability to pay for them when we only increase our buying power by 2% during those same periods. Rather than compensating for these increases through tax, we have been using our savings realized through a near-term increase in sales tax revenue to keep that impact from the taxpayer. That provides short-term relief; however, it is not a durable solution for two reasons: (i) since it makes no effort to gain lost ground from the inflationary years that exceeded 2%, it perpetually relies on the use of savings to maintain the budget; and (ii) the present levels of sales tax revenue are unreliable and are likely not sustainable thus decreasing the potential to realize any savings year-on-year. The inevitable result is that the Town will deplete its savings—likely in the next three years—and will need to levy a large increase in taxes on the order of 25% to 30% in a single year. All this is explained in more detail in the slide presentation.

One thing I'd like to make very crystal clear is that it serves no purpose for any of us to look back and play the blame game. If one needs to rant, or weep, or yell and scream, please go into the toilets and do so. When that's finished, come back here; the problem is still waiting. Those emotional outbursts will not add one tittle to a solution and are the figurative definition of unproductiveness. Moreover, it is my firm belief that our past elected officials have always had the best interests of the community in mind, have done what the circumstances of the time suggested and, in all things, have not acted maliciously.

We are in a position to wean ourselves off the use of savings as a means to offset a levy to cover our basic services. It'll take some time: I have anticipated about five years. During that time, we will need to break the tax cap although in decreasing amounts. That plan is also in the presentation. Whether or not the community feels this is the path they wish to go down, the elephant in the room remains and there needs to be a solution instituted inside of three years.

In attempt to provide relief to some of our elderly tax payers, I am proposing increasing their tax exemption limits at the next board meeting. Regrettably, I am not able to have this effective for the 2024 tax year, but it will be in place for 2025. It is an unfortunate product of the convoluted nature

of municipal government. Below is the present exemptions and limits along with the proposed new ones:

Senior Income Exemption Limits

Exemption (%)	Present		Proposed	
	Minimum	Maximum	Minimum	Maximum
50	0	24,000	0	31,500
45	24,000.01	24,999.99	31,500.01	32,499.99
40	25,000	25,999.99	32,500	33,499.99
35	26,000	26,999.99	33,500	34,499.99
30	27,000	27,899.99	34,500	35,399.99
25	27,900	28,799.99	35,400	36,299.99
20	28,800	29,699.99	36,300	37,199.99
15	29,700	30,599.99	37,200	38,099.99
10	30,600	31,499.99	38,100	38,999.99
5	31,500	32,399.99	39,000	40,799.99

A very important note: Taxpayers will need to apply for this exemption; it is not automatic. Once approved, the Town Assessor will be sending a notification out with respect to the application process. I encourage all those that qualify to please apply.

The remaining process and timeline for the 2024 budget are:

- *Monday, October 30.* Notice of Public Hearing for the Preliminary Budget. Copies of that budget are available at the Town Offices.
- *Thursday, November 9.* (i) Public Hearing on breaking the tax cap. (ii) Public Hearing on the Preliminary Budget. Changes to the preliminary budget can still be made until the time of adoption.
- *Monday, November 20.* Adoption of 2024 Budget.

These timelines conform to those mandated by the Office of the State Comptroller and the County of Warren.

Should anyone have any questions on the budget, please call the Town Offices and ask Joann to set a meeting up with me; I'll be happy to provide whatever information I can.

Tannery Pond Lease Agreement. When I walked onto this job in February, this agreement was in its final stages of negotiation. It was the result of a few years of work and the combined efforts of over a dozen people. I looked at it and, coming from the private sector where I do this for a living, found it to be very one-sided. My financial analysis did not match that of the main proponents of the deal.

One thing of concern, beyond the initial financials, was the cost of repairs needed to be performed in a truncated time frame. This served to only exacerbate a problem that has been endemic to almost all small townships in NYS: Deferred Maintenance. Maintenance is costly and can be a large line item on any budget. The Tannery Pond Center has been ground zero for deferred maintenance with estimates now north of \$200,000. Given the upfront financials of the deal combined with the five-

year cash requirements to fulfill our repair obligations under that agreement made this a non-starter for me.

Through the negotiating efforts of Councilman Gonyo, these fears have been allayed and a different maintenance schedule has been agreed. Moreover, to better ensure success of the project and to better protect the Town's investment, we have made the lease more collaborative *vis-à-vis* updates and progress of the TPC's business plan. His efforts and those of the TPC served as my conversion. I hope it serves in the same capacity to others as well.

This has been a very polarizing issue; people are firmly entrenched in being either *pro* or *con*. Much of this is based on emotion rather than logic, meaning that no amount of rationalization one way or another is going to move the needle. My point of view in almost anything is driven by numbers and circumstance. Numbers are comforting since they neither like nor dislike nor do they care about any outcome. Circumstance is how we apply those numbers in our best guess future. In this, we need to be as disconnected to emotion as are our numbers. "Want" has nothing to do with it; indeed, "want" is an eight-year-old word. We want a pony; we want ice cream; we want this and we want that. "Want" is grounded in a feeling that has no foresight but speaks to immediate gratification. "Hope" is the adult counterpart. Hope implies a future; something that lasts. In that, we hope for the best but prepare for the worst. If what we hope comes to pass, we need do nothing: It's the expectation. It's only when that hope does not flesh out as we had thought that action needs to be taken to realign ourselves in a fashion as to put us back on track to achieving that initial hope.

This lease agreement, as approved, provides for that re-alignment and best situates both parties to realize their individual and collective hopes.

As for the money: I initially thought to use a Net Present Value (NPV) analysis to ascertain whether or not this undertaking was feasible. Unfortunately, during that analysis, I realized that I cannot book savings as income/profit in the context of a tax levy and so abandoned that approach. Then one dark and rainy night (of which we've had so many this past summer) while sipping Scotch the long-ago words of my high school math teacher suddenly loomed large in my mind: *Entia non sunt multiplicanda praeter necessitatem*. Looking at the Tannery Pond line in future budgets that compared the *status quo* against the financials in the lease agreement and factoring in the ability to make adjustments on a frequency of less than five years, the conclusion was that the Town would enter the black in about year 15. This may seem like a long time but let's not forget that the Town has been around for about 200 years and will likely be here another 200. In that context, fifteen years does not even amount to a rounding error. It only becomes an issue when we expect history making events to occur in our lifetimes. Taking a bigger, more 10,000 ft view of the community can help cure us of this shortcoming. After all, none of our ancestors woke up thinking they'd make history, but they did wake up thinking to make a future.