

CITY OF COHOES

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Tonight we present the 2011 Budget for the City of Cohoes covering the General Fund, Water Fund and Sewer Fund. As we finish out the third year of a recession, the challenges we face are similar to those in previous years except revenues are more difficult to find and the expenses are more difficult to control – most of which are unfunded mandates passed on to local government. Due to careful long-term planning and logical and sensitive cuts, we are able to present a balanced budget that will continue to provide the services most desired by the community with minimal impact on the taxpayers.

The 2011 General Fund Budget has a proposed spending plan of \$17,513,363 with no proposed increase in property taxes. For the first time in eleven years we are proposing to utilize funds from the fund balance in order to produce a balanced budget without an increase in taxes. In the past, we proposed utilizing fund balance in a budget proposal in order to balance the budget, but it was not necessary due to the prosperous economy at that time. I do not feel that we will be as fortunate in 2011.

Highlights of the 2011 Budget include:

- A spending increase of 0.66% from the adjusted 2010 Budget;
- There is no attempt to amortize or borrow from the state retirement system as has been approved by the state legislature and in light of the fact that retirement costs have increased over \$425,000;
- We are projecting an increase of over \$215,000 in health care costs next year;
- The 2011 budget calls for a total workforce reduction of five positions, all of which are due to retirement and job elimination (Police (2), DPW, Clerical, Non Union);
- Spending across most, if not all, departments has decreased from the adjusted 2010 budget;
- Department Heads are not scheduled for a raise in 2011;
- For the second year in a row, elected officials are not scheduled for a raise in 2011;
- \$123,490 of Fund Balance is proposed to be utilized to balance the 2011 budget;
- There are no additional fee increases proposed in the 2011 budget.

The Water and Sewer Funds are proposed to remain steady in 2011 and therefore there will be no increase in the rates or the flat fees. The flat fees which were implemented in the 2010 Budget were intended to provide stability to the water and sewer funds and to also eliminate the annual subsidy from the general fund in order to support both respective funds. As a result of the fee implementation, the water fund and the sewer fund are at this time self sustaining funds.

Overall the 2011 budget contains no property tax increase, no water/sewer rate increase and no increase in the water/sewer flat fee. The average taxpayer in Cohoes with a home assessed at \$80,000 will continue to pay \$1,359/year in property taxes. Retirement costs and health care costs continue to escalate at an alarming rate and it is our goal to reduce the impacts of these costs to the taxpayer. With a majority of the city workforce contracts expiring, we plan to lower these costs through a variety of measures, most of which will have to be negotiated.

The Common Council, although they have taken part in the public Board of Managers budget review over the past month, now is responsible for approving the 2011 budget. I am very concerned that there is a temptation to exhaust the remaining fund balance and I am expressing significant caution to avoid that measure as the future is uncertain. The Common Council will schedule a public hearing to discuss the budget and it is expected that the 2011 Budget will be approved at the November 23 Common Council meeting but no later than November 30.

