

2011-2012 Budget Narrative

VILLAGE OF LYONS

GENERAL FUND

The 2011-2012 Village Budget presents an increased tax rate of 1.7% (\$19.6218 to \$19.9649 per \$1000 assessed valuation). (\$.34 per \$1000 assessment). A property assessed at \$75,000 would see a \$25.50 increase in their tax bill for June 2011. It is necessary to raise an additional \$80,404.76 over last years budget.

There has been an approximate assessment loss of \$1,550,000 which equates to loss of \$31,000 in revenue. PILOT PROGRAM removed from revenue (\$76,746) with an assessment of \$3,800,000 and returned to tax roll. (\$105,711,488 – 2011 assessment minus \$103,462,047 – 2010 assessment for a difference of minus \$1,550,000 from various changes in assessments).

Major differences in the budget were a decrease in Police Department appropriations due to the decision to not fill two vacancies within the department for an approximate \$51,325 reduction. However there is an additional \$60,000 budgeted to fund contract requirements for three police personnel who retired in 2010 and 2011.

A joint decision between the Town of Lyons and Village to share a full time Code Enforcement Officer will cost an approximate \$83,000 for wages and benefits at an additional Village cost of \$40,000. The total cost (\$83,000) will be split approximately 80% Village and 20% Town.

Employee benefits have increased an estimated \$64,594. Unfunded mandates, such as pension costs, health insurance, contractual wage increases and NYS Workers compensation drive these costs higher each year.

WATER FUND

Since fiscal year 2007 water rents have decreased from \$703,809 to \$556,123 in 2010, with an estimated revenue of \$510,000 for fiscal year ending May 31, 2011. The main reason for the reduction in water rents has been the loss of major industrial water users in the Village and conservation measures by all residential users. In September 2009 the Wayne County Industrial Development Agency, in partnership with the Village, commissioned a water and sewer rate study which would provide an analysis to the Village whether it is feasible and cost effective to purchase our water needs from the Wayne County Water Authority or spend 2-3 million dollars on the renovation of the existing water plant, and continue absorbing escalation of personnel costs, production costs, and equipment needs.

The last time water rates were increased was in April 2006. And, as stated above our annual revenue has dropped from \$703,809 to approximately \$510,000. The loss of revenue has placed the Water Fund in deficit and the 2011-2012 includes a \$60,000 deficit reduction allocation.

The Village Board reviewed potential costs to operate and upgrade its water treatment plant and to adjust its water rate structure accordingly. Conclusion drawn from the review determined that the

Village would save costs by decommissioning its water treatment plant and purchasing water from the Wayne County Water and Sewer Authority. Once approvals from NYS Agencies are received the Water Plant will go out of service. Time frame should be within the next 3-4 months.

In order to bring the Water Fund back into balance and reduce annual deficit there will be a rate increase that will be in the range of 30%. To continue operation of the water plant the need to increase rates would be an additional \$1.00 per million dollars borrowed along with deficit reduction appropriations.

SEWER FUND

Reduction in sewer rent revenues ,for the same reasons as listed in the water fund, have also resulted in a deficit in the fund. Within the 2011-2012 budget is an appropriation for \$25,000 which will start reducing deficit and bring the fund into balance. There is also a new appropriation of \$14,857 for a reserve fund for equipment purchase. These two designations account for the majority of the \$34,000 increase in the sewer fund. In order to accomplish deficit reduction and keep pace with personnel and related costs, the fund assumes a rate increase of approximately 10%. The last rate increase was in April 2008.

The Village of Lyons 2011 – 2012 Budget Hearing is scheduled for Tuesday, April 5, 2011 at 6:00 P.M. at the Lyons Village Hall, 76 William Street, Lyons, N.Y.

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