



"History's Hometown"

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City Manager

To: Mayor and City Council

From: Douglas A. Selby, City Manager

Date: June 13, 2014

RE: 2014/2015 BUDGET SUMMARY

The Final 2014/2015 Budget for the City of Auburn has a number of elements that have evolved since my first budget was introduced to the City Council on May 1, 2014. Input from the City Council, citizens and our own internal refinements have all been considered in structuring the final budget proposal. In this memo I summarize some of the key elements of the budget that will be voted on during the June 19 city council meeting:

### PROPERTY TAXES

#### TAX FACTS

- Property taxes for Auburn residents are made up of city, county and school taxes. The city property tax is 31% of the total.
- Property taxes remain one of the most important sources of revenue to pay for a wide range of city services, including police, fire, public works, parks, community programs and administrative functions of the city.
- About 33% of the property value in the city is exempted from property taxes.

#### TAX CALCULATIONS

Property tax calculations can be confusing because they are a function of total taxable value of property in the city and the amount that the city levies as part the city annual budget process. The city levies a certain amount of money through property taxes each year which is subject to a state mandated cap, but the actual tax rate for a property in Auburn is determined by spreading this levy over all taxable property in the city. In simplest terms:

$$\text{TAX RATE} = \text{TAX LEVY} / \text{TAXABLE VALUE}$$

#### Tax levy is going up with the new budget

2013 Levy through property taxes	\$11,808,877
2014 Levy through property taxes	\$12,183,593
Increase in levy amount	\$ 374,716

#### Taxable value is up

The total assessed taxable value of the city has increased by \$44 million since the previous budget. This increase represents investment in new and existing buildings and property selling for higher prices within the city limits - both signs of economic growth.

### 2014/2015 BUDGET TAX RATE CALCULATION

$\$12,183,593$  (levy)  $\div$   $\$982,540,264$  (taxable assessed value) = 0.01240 or  **$\$12.40/\$1000$**

The increased assessed value in the city since last budget year means that the **tax rate** for everyone goes down, but not necessarily the tax bill.

For example

#### If your assessed value didn't change:

	Assessed Value	Tax Rate	What you Pay
2014	\$ 100,000.00	\$ 12.40	\$ 1,240.00
2013	\$ 100,000.00	\$ 12.58	\$ 1,258.00
			<u>\$ (18.00) Decrease</u>

#### If your assessed value went up \$5,000:

	Assessed Value	Tax Rate	What you Pay
2014	\$ 105,000.00	\$ 12.40	\$ 1,302.00
2013	\$ 100,000.00	\$ 12.58	\$ 1,258.00
			<u>\$ 44.00 Increase</u>

#### If your assessed value went down \$5,000:

	Assessed Value	Tax Rate	What you Pay
2014	\$ 95,000.00	\$ 12.40	\$ 1,178.00
2013	\$ 100,000.00	\$ 12.58	\$ 1,258.00
			<u>\$ (80.00) Decrease</u>

**Property Tax credits will be available** –Effective for local government fiscal years beginning in 2015, the Adopted New York State Budget includes a proposal to effectively “freeze” property taxes for two years on the primary residences of homeowners with annual incomes at or below \$500,000 in local governments and school districts that stay within the tax cap. The credit, which will be distributed to each eligible homeowner in the form of a check, will be equal to the greater of: a) the amount by which the individual’s property tax bill increased from year to year or b) the amount of the individual’s prior year tax bill multiplied by the allowable levy growth factor (the cap amount) for the subsequent year.

Because the proposed budget tax levy is within the tax cap qualified properties will receive a credit on their tax increase.

## REFUSE COLLECTION (TRASH) FEE

A new element of this year’s budget is a fee for refuse (trash) collection for multiunit residential and commercial properties. This fee helps to offset the increasing cost of trash collection without levying additional property taxes and begins to address the inequity in the amount of trash put out by a multiunit property compared to a single unit property.

**Who will pay the new fee?** Owners of multiunit, commercial and tax-exempt properties will pay the new fee. Single unit homes will continue to receive service without an additional charge.

**What is the fee?**

**Residential property:** There is no trash fee for the first unit of every residential parcel in the City. Fee schedule is as follows:

<i># of Units</i>	<i>First Unit Fee</i>	<i>Additional Units Fee</i>
One unit	First Unit Trash fee = 0	n/a
Two units	First Unit Trash fee = 0	Second unit fee is \$115./yr
Three units	First Unit Trash fee = 0	Combined second and third unit fee is \$219./yr
Four units	First Unit Trash fee = 0	Combined second-fourth unit fee is \$312./yr
Five units	First Unit Trash fee = 0	Combined second-fifth unit fee is \$396./yr
Six units	First Unit Trash fee = 0	Combined second-sixth unit fee is \$472./yr

**Commercial and tax-exempt property:**

Less than 10,000 square feet	\$186/yr
Over 10,000 square feet	\$295/yr

**How will the fee be billed?** The refuse collection fee will be included on the annual tax bill for the property.

**Will all multifamily properties be included?** No.

- A property which is using an outside hauler may continue to do so, but must file an exemption request each year and verify that they have retained a hauler for this service.
- If a unit within a multiunit complex can be demonstrated to be unoccupied for the year the owner will not have to pay a fee for that unit.

**OTHER CITY FEES**

There are no fee increases in the proposed budget except for the new multiunit refuse collection fee.

**WATER RATES**

There is no increase in water rates in the proposed budget.

**SEWER RATES**

There is no increase in sewer rates in the proposed budget.

**OTHER MAJOR REVENUE SOURCES**

State Aid	No change from last year	\$4.9 million
Sales tax	Increase of \$250,000 from last year to	\$8.35 million

## **FUND BALANCE**

This is the first year in three consecutive budgets that the city will not use its fund balance to fill a budget gap. The total general fund balance going into the new budget year will be approximately \$3.9 million in total and about \$2.4 million in unrestricted funds.

## **WORKFORCE**

The proposed budget includes the following:

- Increase in hourly wages for seasonal workers to the state minimum wage of \$8.00/hr.
- Filling of all vacant positions, including two police positions that were proposed to be unfunded in the May 1 budget proposal.
- Restores a keyboard specialist to the Codes office which will restore service for walk in customers back to five days per week from the current two day per week schedule.
- Restores three school crossing guards.
- Provides a one-time step increase and longevity payment to non-represented management employees who had their pay frozen three years ago and base wages cut by 4% two years ago.
- Provides for payment of all obligations under current collective bargaining agreements related to grade increases, longevity and other contractual benefits.
- Uses the state approved pension leveling program to amortize a portion of the payment obligation due next year.

## **QUALITY OF LIFE**

The proposed budget

- Maintains funding for the Human Rights Commission, Auburn Beautification Commission and Historic Sites Commission at the same level as last year.
- Maintains park and recreation programs at the same level as last year.
- Maintains special events, including movies and concerts in city parks at the same level as last year.