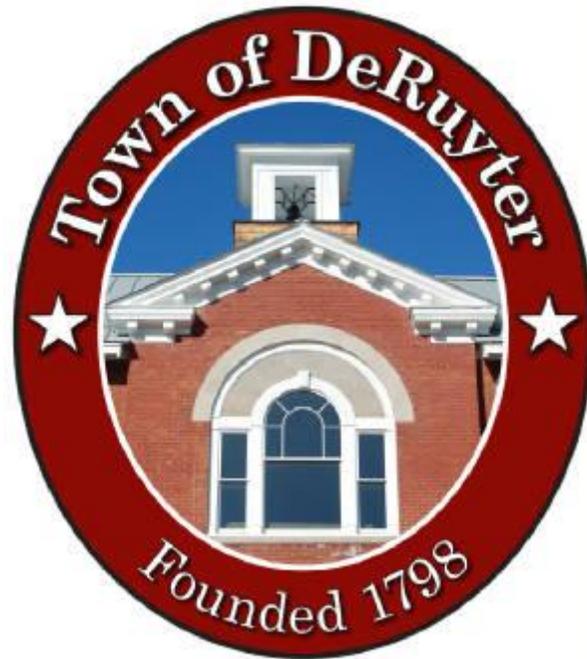


Town of DeRuyter

Property Tax Freeze Shared Service/Efficiency Plan



Dan Degear, Supervisor

March 13, 2015

Property Tax Freeze Shared Service/Efficiency Plan

Background.

The Property Tax Freeze Credit is a two-year tax relief program that reimburses New York State homeowners for increases in local property taxes on their primary residences. To qualify for the relief program, local taxing jurisdictions must comply with the New York State Property Tax Cap and must develop an efficiency plan.

The efficiency plan must be submitted by June 1, 2015 and must demonstrate savings equal to one percent (1%) of the 2014 property tax levy in the years 2017, 2018, and 2019. The efficiency plan may only include shared services or efficiencies implemented after January 1, 2012 with savings continuing in 2017, 2018, and 2019.

The Town of DeRuyter did not comply with the tax cap requirement for year 1 of the program (fiscal year 2015). To be eligible for year two of the program the Town of DeRuyter must be compliant with the tax cap in fiscal year 2016 along with the submission of this efficiency plan. The Town of DeRuyter efficiency plan highlights four efficiency programs put into effect since January 1, 2012. Each of the four efficiency programs reduce the need to raise property taxes for the Town of DeRuyter. It is important to note that projected savings are estimates. While the Town Board is comfortable publishing these projections, it is likely that the actual figures will not be exact as it is not possible to accurately project all future costs.

Target

The Town of DeRuyter levied property taxes in the amount of \$128,820.00 for town expense and \$88,000.00 for DeRuyter Fire Protection district expense totaling \$216,820.00 in fiscal year 2014. One percent (1%) of the 2014 tax levy is therefore \$2,168.20.



Program #1: Village/Town Agreement for Street and Sidewalk Maintenance

Beginning on January 1, 2014, the Village of DeRuyter contracts with the Town of DeRuyter to perform maintenance to Village streets, sidewalks, and fairgrounds. The Village of DeRuyter saves significant cost with the elimination of personnel services by contracting the work to the Town. This contract is for labor only – use of either Town or Village owned equipment is worked out in a long-standing shared service agreement.

In 2014, the Town of DeRuyter labor forces spent 810 hours completing work outlined in the Village contract. With an average cost per hour (includes wages and fringe) of \$21/hour and a \$5,000 cost of contract administration, this arrangement cost the Town of DeRuyter \$22,010. Revenues received from the Village of \$23,000 provided the Town with a net-gain of \$990.00 in 2014.

For 2015, the Town average cost per hour increased to \$21.72 and administration costs were established at \$6,305. The anticipated cost for 2015 is \$23,898.20 ($\$21.72 \times 810 \text{ hours} + \$6,305 \text{ admin}$). Our negotiated revenue for 2015 is \$25,500 producing a net-gain of \$1,601.80.

Future year estimation assumes an approximate 2% annual increase in labor costs and an approximate 2% annual increase in contract revenue to reach the following conclusion:

YEAR	PROJECTED COST	PROJECTED REVENUE	PROJECTED SAVINGS
2016	\$24,242	\$26,000	\$1,758
2017	\$24,590	\$26,500	\$1,910
2018	\$24,970	\$27,000	\$2,030
2019	\$25,343	\$27,500	\$2,157



Program #2: Phone System Shared Service with Madison County

Madison County, NY is implementing a VoIP phone system in March, 2015. With this project, the Town of DeRuyter will utilize the county's network and replace many phone lines for the town offices. The Town of DeRuyter will eliminate the need for three copper phone lines and the costs associated with these lines while producing a phone system that better meets the town's needs.

2014 Costs:

Number	Description	Vendor	Line Cost	Internet Cost	Monthly Total	Annual Cost
315.852.9650	Main Number	Time Warner	\$35	\$55	\$90	\$1,080
315.852.9701 315.852.6557	Fax / Elevator	Frontier	\$102	N/A	\$102	\$1,224
315.852.9562	Fire Panel	Frontier	\$65	N/A	\$65	\$780
315.852.9512	Courts	Frontier	\$65	N/A	\$65	\$780
315.852.6010	Assessor	Frontier	\$65	N/A	\$65	\$780
315.852.6272	Highway	Frontier	\$103	\$85	\$188	\$2,256
TOTALS			\$435	\$140	\$575	\$6,900

The VoIP system requires additional bandwidth from Time Warner increasing their cost. The town also negotiated reduced rates for remaining phone lines which includes the addition of back-up internet service to the town offices. Projected future costs are as follows:

Number	Description	Vendor	Line Cost	Internet Cost	Monthly Total	Annual Cost
	Internet	Time Warner	N/A	\$99	\$99	\$1,188
315.852.9701 315.852.6557	Fax / Elevator	Frontier	\$80	Included	\$80	\$960
315.852.6272	Highway	Frontier	\$110	Included	\$110	\$1,320
	County Service	Madison County	\$10	N/A	\$10	\$120
	Maintenance	FingerLakes	N/A	N/A	N/A	\$170
TOTALS			\$200	\$99	\$299	\$3,758

Projected Savings for this program are:

YEAR	SAVINGS
2015*	(\$1,468)
2016	\$3,142
2017	\$3,142
2018	\$3,142
2019	\$3,142

*Assumes a July 1, 2015 live date. Includes an estimated \$3,500 for VoIP equipment/set-up costs and negotiated rates for remaining phone lines during the first half of the year.



Program #3: Electricity Supply Contract

The DeRuyter Town Board is anticipating the build-out of a solar farm owned and operated by Madison County Public Utility. At that time, it is assumed that the Town of DeRuyter will have the opportunity to purchase electricity at a reduced rate. While the solar-purchasing program is in design and construction, the Town of DeRuyter negotiated a power-purchasing agreement with Blue Rock Energy reducing the cost of electricity for town-owned facilities. The charts below illustrates the electricity usage for town facilities, the rate paid in 2014, and the savings that would have been recognized if the Blue Rock contract had been in place:

New Garage:

MONTH	RATE	USAGE	COST	OTHER CHARGES	TOTAL	BLUE ROCK RATE	TOTAL	SAVINGS
JAN	0.07493	1529	114.57	10.05	124.62	0.068	103.72	
FEB	0.08236	2475	203.84	41.37	245.21	0.068	168.30	
MAR	0.06238	2031	126.69	12.07	138.76	0.068	138.11	
APR	0.06805	902	61.38	9.44	70.82	0.068	61.37	
MAY	0.07237	598	43.28	4.77	48.05	0.068	40.67	
JUN	0.08256	309	25.51	3.16	28.67	0.068	20.01	
JUL	0.06398	402	25.72	3.75	29.47	0.068	27.34	
AUG	0.05996	434	26.02	3.93	29.95	0.068	29.51	
SEP	0.05877	420	24.68	3.66	28.34	0.068	28.56	
OCT	0.05112	705	36.04	5.13	41.17	0.068	47.94	
NOV	0.06697	1523	102.00	13.03	115.03	0.068	103.56	
DEC	0.08010	1452	116.31	14.37	130.68	0.068	98.74	
TOTALS		12780	\$906.04	\$124.73	\$1,030.77		\$869.08	(\$161.73)

Old Garage:

MONTH	RATE	USAGE	COST	OTHER CHARGES	TOTAL	BLUE ROCK RATE	TOTAL	SAVINGS
JAN	0.09793	7	0.69	0.06	0.75	0.068	0.48	
FEB	0.10536	7	0.74	0.06	0.80	0.068	0.48	
MAR	0.08538	6	0.51	0.04	0.55	0.068	0.41	
APR	0.09455	7	0.66	0.05	0.71	0.068	0.48	
MAY	0.10087	6	0.61	0.05	0.66	0.068	0.41	
JUN	0.11106	6	0.67	0.05	0.72	0.068	0.41	
JUL	0.09248	7	0.65	0.04	0.70	0.068	0.48	
AUG	0.08646	6	0.52	0.04	0.56	0.068	0.41	
SEP	0.08507	7	0.60	0.05	0.65	0.068	0.48	
OCT	0.07762	6	0.47	0.04	0.51	0.068	0.41	
NOV	0.09347	7	0.65	0.05	0.70	0.068	0.48	
DEC	0.10660	7	0.75	0.06	0.81	0.068	0.48	
TOTALS			\$7.50	\$0.60	\$8.10		\$5.41	(\$2.69)

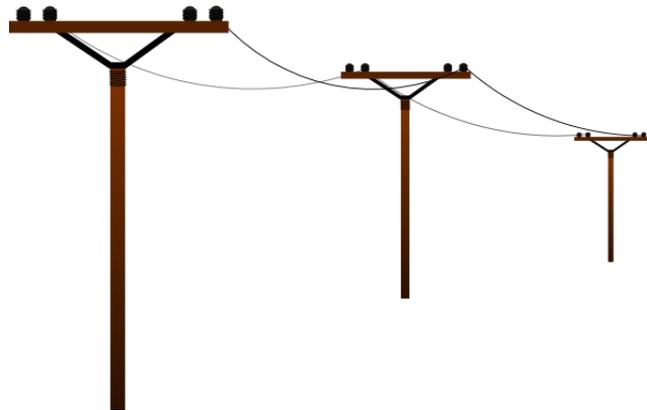
Town Hall:

MONTH	RATE	USAGE	COST	OTHER CHARGES	TOTAL	BLUE ROCK RATE	TOTAL	SAVINGS
JAN	0.09690	2680	259.69	21.24	280.93	0.068	182.24	
FEB	0.09690	2800	271.32	24.66	295.98	0.068	190.40	
MAR	0.10590	2440	258.40	23.49	281.81	0.068	162.92	
APR	0.09990	2680	267.73	24.33	292.06	0.068	182.24	
MAY	0.10590	2520	266.87	24.27	291.14	0.068	171.36	
JUN	0.11990	2760	330.92	30.08	361.00	0.068	187.68	
JUL	0.09990	3360	335.66	30.51	366.17	0.068	228.48	
AUG	0.09990	2720	271.73	24.70	296.43	0.068	184.96	
SEP	0.09990	2840	283.72	25.80	309.52	0.068	193.12	
OCT	0.09490	2600	246.74	22.43	269.17	0.068	176.80	
NOV	0.09490	3360	318.86	28.99	347.85	0.068	228.48	
DEC	0.09990	3200	319.68	29.06	348.74	0.068	217.60	
TOTALS		33960	\$3,431.32	\$309.56	\$3,740.88		\$2,309.28	(\$1,431.60)

With the Blue Rock contract, the Town of DeRuyter expects to save a net of \$1,596.02 in electricity supply charges in 2015. The DeRuyter Free Library pays for 1/3 of electric usage for the Town Hall (see project #4) reducing the actual savings to the town to \$1,118.82.

For future year projections, we assume the supply rate will increase annually resulting in an approximate annual reduction of 5% to our savings. The projected savings for this program are:

YEAR	SAVINGS
2015	\$1,119
2016	\$1,063
2017	\$1,010
2018	\$960
2019	\$910



Program #4: Shared Services – Library Lease Agreement

Beginning on January 1, 2013 the Town of DeRuyter and the DeRuyter Free Library entered into an agreement for the library to lease the second floor of the Genevieve D. Staley Civic Center (Town Hall). With this agreement, DeRuyter Free Library pays for 1/3 of electricity and natural gas, along with reimbursing the town for hours spent by the Town Hall Cleaner in the library's area.

In 2014 the DeRuyter Free Library reimbursed the Town of DeRuyter \$831.30 for cleaner expense. \$1,315.16 for natural gas, and \$2,120.05 for electricity. Assuming an approximate annual labor cost increase of 2% for the cleaner, an approximate annual natural gas increase of 5%, and an approximate annual electricity cost increase of 5% (accounting for the reduced price as outlined in Program #3), the proposed savings to the Town of DeRuyter resulting from this program are as follows:

YEAR	LABOR	NATURAL GAS	ELECTRICITY	TOTAL
2015	\$850	\$1,380	\$1,750	\$3,980
2016	\$865	\$1,450	\$1,840	\$4,155
2017	\$880	\$1,520	\$1,930	\$4,330
2018	\$900	\$1,600	\$2,025	\$4,525
2019	\$920	\$1,680	\$2,215	\$4,815



Efficiency Plan Totals

The total of the four programs outlined in this efficiency plan is as follows:

YEAR	2015	2016	2017	2018	2019
PROGRAM #1	\$1,602	\$1,758	\$1,910	\$2,030	\$2,157
PROGRAM #2	(\$1,468)	\$3,142	\$3,142	\$3,142	\$3,142
PROGRAM #3	\$1,119	\$1,063	\$1,010	\$960	\$910
PROGRAM #4	\$3,980	\$4,155	\$4,330	\$4,525	\$4,815
TOTALS	\$5,233	\$10,118	\$10,392	\$10,657	\$11,024

The Property Tax Freeze Credit requires a target of 1% of the 2014 tax levy, or \$2,168.20 in the years 2017, 2018, and 2019. The Town of DeRuyter projects to achieve a savings of 4.79% in 2017, 4.92% in 2018, and 5.08% in 2019.

Conclusion

Shared service agreements and efficiency programs are not new to the Town of DeRuyter. The Town of DeRuyter has many programs in place that pre-date the January 1, 2012 cut-off, such as:

- Town/Village Court consolidation
- Shared service agreements with neighboring towns
- Snow Plowing of NYS and Madison County roads
- Contracted for snow removal and lawn care of the Town Hall/cemeteries
- Shared fueling stations with the Village of DeRuyter, DeRuyter Fire Dept., and DeRuyter Central School
- Genevieve D. Staley Civic Center Renovation Project (with DeRuyter Free Library)
- Worker's Compensation Program: PERMA
- Drug Testing Program: IMA
- Town Insurance Program: NYMIR
- Town Health Insurance: high-deductible plan with a health savings account
- Supply Ordering: Madison County

The programs illustrated in this efficiency plan will comply with the New York State Tax Freeze Credit and our residents can be assured that the Town of DeRuyter will continue to seek out opportunities to reduce costs and increase efficiencies as we have demonstrated historically.