

2019 Budget Message May 15, 2018

District Board Members

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2019 Lake District Budget Message

- **NO INCREASE** in Lake District charges projected for 2019
- **Operations and Maintenance charges are STABLE FOR THIRD YEAR IN A ROW and LESS THAN** they were in 2014, 2015 and 2016
- **Capital charges for Dam Project expected to remain UNCHANGED** from 2018

Among the items on the agenda for the May 16th Lake District Board meeting will be finalizing the 2019 budget request that will be submitted to Orange County for approval. The budget request is developed by the District Board and represents the funds realistically needed to operate, maintain and improve the lake, the dam and other District owned facilities during the next calendar year for the benefit of our community. The annual Lake District Budget consists of the Operations and Maintenance (O&M) budget and the Capital budget.

Tax Impact – There will be **NO INCREASE** in Lake District tax charges for 2019 **provided that the County adopts the District Board’s budget recommendations without change.** The charges to Lake District taxpayers for both the O&M and Capital components of the budget are projected to remain the same as in 2018. **Only properties within the Lake District pay these taxes and only those properties within the District are entitled to use the lake and District facilities.** The tax assessment system used to apportion Lake District charges was adopted and approved by the Orange County Legislature when the District was formed in 1988.

- **The Operations and Maintenance Budget** pays for the day to day operations of the Lake District and is funded through a uniform unit charge system whereby each property in the Lake District pays an equal amount for operating and maintaining the lake and other Lake District facilities. A total of 17.6 percent of the O & M Budget comes from charges assessed collectively to Waterfront Properties and 82.4 percent comes from charges assessed to Non-Waterfront Properties. See next page for more details.
- **The Capital Budget** is primarily dedicated to the cost of rehabilitating our dam. It is funded through a graduated benefit zone assessment system whereby each property in the Lake District pays an amount based on proximity to the lake shore (i.e. benefit to property value due to the lake). This charge varies by location with higher amounts charged for properties with waterfront footage, lake view properties, multiple family homes and properties with subdivision potential. For example, “lake view” properties are charged 80% of what a water front property is charged. Most properties in the District are situated further from the lake and are charged 60% of what a waterfront property is charged. A total of 27.5 percent of the Capital Budget comes from charges assessed collectively to Waterfront Properties and 72.5 percent comes from charges assessed to Non-Waterfront Properties. Additional details are on the next page.

Budget Process -- Preparations for our 2019 budget request began in January of this year and the request is to be submitted to the County during May. The proposed budget is then reviewed by several county departments, legislative committees and the County Executive’s office with final adoption by the County Legislature in early December. The charges to fund the budget are then placed on the January property tax bill as “Bdl dist O&M”, “Bdl dist net capimpr” and (for waterfront only) “Bdl dist lkft surchg”. During the review process, our O&M budget request is usually adjusted slightly upward by the County to reflect changes in County administrative fees and other overhead charges. Our Capital budget request is usually adopted without change. Although unlikely, the Capital Budget proposed for 2019 could be adjusted by the County later this year depending on the progress with the dam project.

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Operations and Maintenance Budget – LESS THAN 2018. The O&M Budget proposed for 2019 is \$268,371 which is slightly **LESS** than the 2018 O&M budget of \$271,118 adopted by the County. A slight decrease of 31 cents in the **ANNUAL** O&M charge per home is being projected. This is the third year in a row that this rate has remained stable and is about **\$47 LESS** than the annual rates charged by the County in both **2015 and 2016** and about **\$12 LESS** than the rate charged in **2014**.

Beaver Dam Lake District - ANNUAL Operations and Maintenance Charge						
	2014	2015	2016	2017	2018	2019
BDL Board Request	273.50	284.52	299.81	269.72	269.48	269.12
OC Legislature Adopted	281.32	317.08	316.42	269.48	269.43	TBD

The O&M Budget represents the recurring costs of day to day operations of the Lake District and includes the cost of items such as DPW administrative expenses; property and school taxes (for District owned access properties, dam, lake bottom in Cornwall and New Windsor); lake treatments (algaecide and herbicide); area lighting on District owned access properties; utilities for the Community Building (electric, water, sewer and phone); building and grounds maintenance; repairs; labor expenses for our maintenance employee and lifeguards; beach operations; waste disposal; vandalism costs, etc.

Capital Budget and Dam Project -- NO INCREASE above 2018 budget. The Capital Budget proposed for 2019 remains at the 2018 level of \$350,000. \$325,000 of this amount is budgeted for the dam rehabilitation project which includes about \$18,000 for repayment of existing bond principal and interest and about \$307,000 for the dam project capital fund. The remaining \$25,000 is budgeted for general capital reserve.

Beaver Dam Lake District - ANNUAL Capital Charge for Benefit Zone 3 (60% rate) – Majority of District taxpayers						
	2014	2015	2016	2017	2018	2019
OC Legislature Adopted	75.00	149.40	223.80	293.77	342.73	342.73

Tax Impact of Dam Project – There will be little if any change in the BDL Capital charges that residents now pay -- provided there are no major surprises during construction. As previously reported, the overall cost of the Dam project is now estimated by Orange County to be a total of \$5 million. This amount is being offset by a NYS Environmental Grant of \$999,850 plus the use of \$900,000 of Lake District Capital Reserve funds as well as \$280,000 previously spent for engineering and construction plans. The amount to be borrowed has already been built into our current Lake District capital tax charges along with contingency amounts to address fluctuations in interest rates and construction costs. The existing BDL Capital tax rate is also more than sufficient to absorb the additional construction contingency “cushion” of \$120,000 contained in the latest project budget prepared by Orange County DPW.

Additional information and a comparison of Lake District budgets for 2014 thru 2018 as well as the proposed 2019 budget request can be found on the Beaver Dam Lake District web page at:
<https://www.orangecountygov.com/536/Budgets-Finance>

To view your current tax bill go to <http://propertydata.orangecountygov.com/search.aspx> click “Public Access”, enter your address and click the "Tax Info" tab. The dam project costs are included in the figure for "Bdl dist net capimpr" (plus "Bdl dist lkft surchg" if you own waterfront property). The "Bdl dist o&m" charge shown on the tax bill funds the annual expenses of operating and maintaining the lake and Lake District facilities. As with all taxes, these charges are subject to annual adjustment.

Lawrence Rossini, Chairman
 Beaver Dam Lake District Board