

TOWN OF WEBSTER **2026 BUDGET MESSAGE**

The Town of Webster began the 2026 budget season in early May. It's a process that takes six months of the year to complete and it demands a considerable effort by the Town department heads, the Director of Finance and the Town Board. Each department head was instructed to put forth their best effort to minimize the tax levy for the citizens, while providing for the needs within their respective departments. The department heads presented their budgets during the live streamed budget workshops that were held on July 31st and August 7th. A public hearing on the 2026 Preliminary Budget will be held on October 16th.

Expenditures

The Town's budget provides funding for many services which include the court system, law enforcement, fire safety inspections, animal control, park maintenance, programs for senior citizens, the fitness facility, recreation programs, public works, drainage improvements, leaf pickup, snow plowing, maintenance of roads and bridges, Webster Public Library, the wastewater treatment plant, wastewater pump stations and the entire sewer collection system. The budget also includes special districts which cover the cost of capital improvements and maintenance for drainage, lighting, parks, sewer systems and water supply lines. The total expenditure budget for 2026 is \$53,272,314 which includes \$4,910,994 of interfund transfers. These interfund transfers effectively gross up the expenditures and revenue. The net estimated expenditures for 2025 equals \$48,361,320 which is broken down as follows:

Expenditure Category	Amount	Percentage
Employee Compensation	17,055,499	35.3%
Employee Benefits	7,475,500	15.5%
Retiree Employee Benefits	2,252,600	4.7%
Capital Purchases	3,095,045	6.4%
Contractual Costs	10,575,656	21.8%
Debt Service	7,507,020	15.5%
Transfer to Sewer Capital Reserve	400,000	.8%
Total	48,361,320	100.0%

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The Town's expenditures consist of five major categories which include employee compensation, employee benefits, contractual purchases of goods and services, capital expenditures and debt service. The year-to-year results for each category is as follows:

Employee Compensation – The Town employees fall into five groups which include the non-union administrators and part time workers, the blue-collar union (highway and sewer), the police union (police officers) and the white-collar union (office administration). There are three union contracts which cover approximately 125 full-time employees. Total employee compensation for 2026 is \$17,055,499 versus \$16,377,353 for 2025. This represents a \$678,146 (4.2%) increase. Two new positions were added, which include an assistant assessor and an engineering technician. The two positions have an aggregate compensation cost of \$130,883. However, the cost is partially offset by two part time positions that will not be funded within the 2026 budget.

- **Employee Benefits** – The employee benefits include contributions to the NYS retirement system, employers share of social security, worker's compensation insurance, medical and dental insurance, health savings account contributions and medical insurance paid on behalf of retired former employees. The budget for 2026 is \$9,728,100 versus \$8,407,000 for 2025. This represents a \$1,321,100 (15.8%) increase. The large increase is due mainly to a rise in base wages and escalated NYS Retirement System contribution rates as well as a sharp increase in retiree health insurance costs for Medicare supplemental health insurance.

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- **Contractual Purchases of Goods and Services** – Total contractual expenses for 2026 is \$10,575,656 versus \$9,437,503 for 2025. This represents a \$1,138,153 (12.1%) increase. The Town is planning for the following cost increases:
 - Assessing Revaluation \$264,000 (up \$219,000 or 486.7%)
 - CHIPS Road Materials \$450,000 (up \$200,000 or 80%)
 - Drainage System Materials \$315,000 (up \$100,000 or 46.5%)
 - Engineering Surveying \$100,000 (up \$95,000 or 1,900%)
 - Insurance Premium \$566,000 (up \$131,000 or 30.1%).
 - Town Attorney Consulting \$161,020 (up \$134,871 or 515.8%)
 - Vehicle Leases \$304,050 (up \$69,267 or 29.5%)
 - Utilities – Electric \$750,400 (up \$242,400 or 47.7%)
 - Utilities – Natural Gas \$278,400 (up \$142,075 or 104.2%)
- **Capital Expenditures** – Capital expenditures include fixed asset items such as buildings, equipment, furniture, and vehicles. Total capital expenses for 2026 is \$3,095,045 versus \$2,591,310 for 2025. This represents a \$503,735 (19.4%) increase. The following major items are included within the 2026 budget:
 - Highway equipment \$1,110,000 which includes one six-wheel chassis \$180,000, two ten-wheel chassis \$380,000, two ten-wheel bodies \$300,000 and a CAT excavator \$250,000 (up \$195,000 or 21.3%)
 - CHIPS equipment is \$145,000 which includes a six-wheel truck body (up \$20,000 or 16%)

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- Sewer collection system improvements \$660,000 which includes a camera van \$84,000, a Ford F-150 pickup truck \$57,000, replace electrical at Millcreek pump station \$138,000, control panels at five pump stations \$81,500, pump replacements at three pump stations \$71,000 and replacement of five discharge manholes \$200,000 (up \$190,900 or 40.7%)
- Wastewater treatment plant equipment \$181,500 which includes overhead cranes \$12,000, a loader forklift \$128,000, a vehicle maintenance lift \$19,000 and other small equipment items \$22,500 (up \$110,508 or 155.7%)

Debt Service – The 2026 budget includes a significant increase in debt service costs. In August of 2025 the Town renewed the 2024 bond anticipation note (BAN) and issued a serial bond. The borrowing totaled \$101,141,000 to fund the Highway Building project (\$24,250,000), Sandbar Park project (\$3,706,000), the Wastewater Treatment Plant Phase II project (\$66,400,000), the Vosburg Pump Station project (\$380,000) and a serial bond for the Tebor Road to Phillips Road Conveyance Pipe project (\$6,405,000). The BAN is a one-year loan which is based on projected cash flow requirements for each project.

The Town's debt sale was very competitive, which resulted in a \$1,276,292 premium paid to the Town and a net interest rate of 2.6662% on the BAN and 4.4529% on the bond. This is thanks to the Town's excellent Aa1 bond rating. When the BAN matures the premium will be recognized as revenue in 2026 which will partially offset the gross interest charge. The bond will be repaid in 9 years and will be reimbursed by Coca Cola fairlife at a rate of 96%. The Town's net debt service payments for 2026 will total \$6,230,728 versus \$5,271,174 for 2025. This represents a \$959,554 (18.2%) increase.

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NYS Tax Cap

The Town operates within the New York State tax cap guidelines which include all operating funds and special districts. It is driven by two factors which include the tax base growth factor (1.0091 for 2026) and the allowable levy growth factor (1.02 for 2026). According to the calculation, the Town's tax levy is limited to \$22,861,250 for 2026. The Preliminary Budget is \$22,855,143 which is \$6,107 below the cap. The year-to-year increase is \$645,202 which represents a 2.91% change. The tax levy for 2026 versus 2025 is as follows:

Operating Funds

Fund	2026 Tax Levy	2025 Tax Levy	Net Change
General – Town Wide	16,532,563	16,067,599	464,964
General - Part Town	0	0	0
Highway – Town Wide	1,303,639	1,169,498	134,141
Highway – Part Town	0	0	0
Total Operating Funds	17,836,202	17,237,097	599,105

Sewer Fund

Cost Center	2026 Tax Levy	2025 Tax Levy	Net Change
O&M Rent	2,536,444	3,224,144	-687,700
Capital Charge	1,486,549	679,167	807,382
Total Sewer Fund	4,022,993	3,903,311	119,682

Special Districts

Fund	2026 Tax Levy	2025 Tax Levy	Net Change
Drainage District	709,806	787,655	-77,849
Lighting Districts	78,200	35,400	42,800
Park Districts	113,865	120,279	-6,414
Sewer Districts	40,501	68,181	-27,680
Water Districts	53,576	58,018	-4,442
Total Special Districts	995,948	1,069,533	73,585

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Other Funds

There are three other funds which do not require a tax levy. The Debt Service Fund which is utilized to offset the cost of serial bonds, the Webster Public Library which is funded by the General Town Wide Fund and the Parkland Trust Fund which is financed by parks and recreation fees.

Grand Totals

Fund Category	2026 Tax Levy	2025 Tax Levy	Net Change
Operating Funds	17,836,202	17,237,097	599,105
Sewer Fund	4,022,993	3,903,311	119,682
Special Districts	995,948	1,069,533	-73,585
Grand Totals	22,855,143	22,209,941	645,202

Tax Rates

Since the Town contains the Village of Webster, there are two different tax rates that apply to the residents. A Village resident pays the tax rate derived from the tax levy within General Town Wide and Highway Town Wide Funds. These funds pay for services which benefit all Town and Village residents. A resident who lives outside of the Village pays the tax rate derived from all four operating funds. For 2026 and 2025 the Town utilized sales tax revenue and appropriated fund balance to lower the part town tax rate to zero. Therefore, the rates are the same for Village and outside the Village residents. The estimated tax rates for 2026 compared to 2025 are as follows:

Fund	2026 Tax Rate	2025 Tax Rate	Net Change
Village Property	5.52	5.39	.13
Town Outside of Village	5.52	5.39	.13

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Wastewater Treatment

The Sewer Fund provides wastewater collection and treatment services to the residents who live outside of the Village. There is an operation and maintenance (O&M) rate which is paid by the 15,429 residents who own a home that is connected to the Town's sewer system. This O&M rate covers the cost to run the collection system and the wastewater treatment plant.

There is also a capital charge which is paid by 15,809 residents who are connected to the system or have a collection line running in front of their home. The capital charge rate pays for capital reserve contributions, equipment, treatment plant upgrades and debt service from capital projects. The estimated sewer rates for 2026 compared to 2025 are as follows:

Sewer Charge	2026 Sewer Rate	2025 Sewer Rate	Net Change
O&M Rate	164.40	209.45	-45.05
Capital Charge	94.03	43.28	50.75
Total Sewer Charge	258.43	252.73	5.70

An average home outside the Village has a \$178,000 assessed value. If it is connected to the sewer system, the following amounts will be paid:

	2026	2025
Town Property Taxes	\$982.56	\$959.42
Sewer O&M and Capital Charge	258.43	252.73
Totals	\$1,240.99	\$1,212.15

So, the aggregate tax bill for an average home outside of the Village of Webster will go up \$28.84 or 2.4%.

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Revenue

The Town benefits from several significant revenue sources other than property taxes. The material revenue categories are as follows:

- Cablevision Fees \$450,000
- Recreation Programs, Fitness Memberships and Classes \$1,102,600
- Lodge Rentals \$130,000
- Mortgage Tax \$1,000,000
- Sales Tax \$6,700,000
- Building Permits \$120,000
- Consolidated Highway Improvement Program \$595,000
- NYS & Monroe County Contracts \$770,000
- Parkland Trust Fund - Park & Recreation Fees \$70,000
- Commercial Sewer Charges and Entrance Fees \$6,207,249

This budget includes increased wastewater treatment revenue from commercial sewer charges, debt reimbursement and fees for treating high strength organic waste. The three categories are up at an aggregate of \$1,968,827 (46.5%) year to year. Even though debt service cost has increased substantially within the Sewer Fund the revenue generated from the wastewater treatment business has outpaced the cost by \$2,429,261 (96%) during the past three years, as illustrated below:

DESCRIPTION	2024	2025	2026	3 YEAR DELTA
Debt Service Cost	\$1,734,478	\$2,836,043	\$4,266,060	\$2,531,582
Business Revenue	\$1,246,406	\$4,238,422	\$6,207,249	\$4,960,843

The Town is expecting debt service cost to stabilize and for revenue to continue to grow. Thanks to this trend, the Town has been able to budget for a \$400,000 contribution to the Sewer Capital Reserve in 2026.

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Interest Revenue

The Town invests its' excess cash in fully collateralized investments which include US Treasury Bills, US Treasury Notes and Certificates of Deposit. The amount of expected interest revenue has been increased across all funds. It's at \$575,232 for 2026 versus \$553,982 for 2025. Interest rates are expected to remain in the 3.80% to 4.00% range for year.

The Town is fortunate to have accumulated surplus from prior years, which is available to stabilize the tax rate. The 2026 budget includes appropriations from fund balance that total \$6,008,158. This includes \$4,583,500 from the operating funds and \$1,424,658 from the remaining funds and special districts. The Town has a fund balance policy which requires the major funds to keep fund balance within a range of 15% to 50% of operating expenses. At the end of 2024 the Town had two funds that exceeded the range. A long-term plan is being implemented to utilize the surplus to stabilize the tax rates and bring unappropriated fund balance back in line.

Overall, the 2026 budget is fiscally sound despite increased debt related to the various capital projects that are underway. A material amount of increased spending has been offset by revenue growth which is directly attributable to the wastewater treatment plant capital project. The Town officials are working together to project the Town's financial position into the future so that revenue and expenses can be effectively managed beyond the one-year window of the budget process. We are pleased to say that the Town has been able to stay under the New York State tax cap, while continuing to provide the same level of service to the citizens.

Thomas J. Flaherty

Town Supervisor

Paul S. Adams

Director of Finance