# ANNUAL BUDGET MESSAGE:

Presented March 21, 2011 at the regular meeting
Of the Ardsley Village Board of Trustees

Tonight's 2011-2012 annual tentative budget message is dedicated to the earthquake victims of New Zealand and Japan, the Libyan rebels, and my besieged colleagues in the Wisconsin public sector. I wish to stress that the few opinions which lace my budget message are strictly my own, and not necessarily that of anyone else in the room, particularly those sitting on the dais of the Village Board of Trustees.

<u>PROPOSED BUDGET AT A GLANCE:</u>

Appropriations (Spending): $10, 022, 265 up $590,351 or up 6.3%
Est. Revenues: $2,172,515 up $279,921 or up 14.8%
Appropriated Surplus –0-
Tax Levy: $7,849,750 up $310,430 or up 4.1%
Tax Base or Assessment Roll: $31,171,887 down $454,938 (14.4%)
Proposed Tax Rate: $251.82/ $1000 or 5.63% Increase

**The estimated unreserved surplus as of 5/31/10 for the General Fund is $983,346. The estimated reserved surplus as of 5/31/10 is $352,229. The fiscal year 2011-12 Tentative Budget proposes to compensate the governing board of the Village of Ardsley as follows: Mayor $4,800.00 and Members of the Board of Trustees $2,400.00 each. The preceding information which has not always been an integral part of the Manager's budget message in the past was brought to my attention last year that it is required by NYS law. This requirement must be a component not only of the Village Manager's budget message but the notice of public hearing on the budget in the media.**

The Village of Ardsley's property tax rate would rise 5.63% under the proposed budget released this afternoon in comparison with the 3.76% increase adopted last year (2010-2011), the 1.74% increase adopted for fiscal year 2009-2010, the 2.74% increase adopted for fiscal year 2008-2009, and the 3.06% increase adopted in 2007-2008. The upward tic in the tax increase for this and last year has been in part due to an incredibly shrinking assessment roll which has been buffeted by increasingly successful residential property tax grievances, commercial certioraris, and overly generous assessed value reductions bestowed upon utility companies by the State's Public Service Commission. This is the fourth straight year the Village is experiencing a drop in its assessment roll after many years of growth, with this year being the worst so far with an almost 15% drop over the prior year. Unless this hemorrhaging is stemmed, and the trajectory of the plunging Residential Assessment Ratio is not reversed, this community and others like it will be in very serious trouble in the years to come.

This year's proposed budget is basically a maintenance budget. The proposed budget ensures that most services are maintained. However, no new services are being created and no services are being enhanced. No large capital projects are proposed. I have taken a request for a $35,000 Police cruiser and the $25,000 appropriation known as the Reserve for Road Paving out of the General Fund and am proposing that the Village Board approve a bond anticipation note for these items. In fact, I am proposing that the Board contemplate borrowing far more than the $25,000 paving reserve to address many of the roads that were battered this past winter. For those keeping track, the usual $85,000 appropriation remains in the General Fund for road resurfacing, as it should be, because it is refunded almost in its entirety by CHIPs, the consolidated highway improvement fund, a form of state revenue sharing.

Many of the department operating budgets are at last year's spending levels or less. Specifically, spending for the Board of Trustees, the Mayor, the Village Manager, the Village Clerk, Law, Building, Central Garage, Traffic Control, Street Maintenance, Snow Removal, Community Center, Village Historian, Celebrations, CATV Committee, Zoning, Planning, Environmental Control, Community Beautification, Refuse & Garbage, Shade Trees, and Debt Interest, are proposed to be less than last year's levels. It is important to note that the Refuse and Garbage department's appropriations are reduced this year because I have chosen to leave vacant and defer for one year the hiring of a $49,145 "Laborer I" employee along with the ancillary benefits.

New funding includes a new annual debt service payment of $177,205 towards our recent purchase of an $830,000 fire truck that is being financed by a five year bond anticipation note. Also appearing on our debt service schedule is a new annual debt service payment of $39,497.50 towards our recent purchase of a $185,000 sanitation truck. It should be noted that on the revenue side, our Fire Chief, Vincent Coulehan, predicts we should hope for $50,000 on the sale of the old fire truck known as a Quint. As everyone knows our Fire Department takes excellent care of its fleet, and thus we have been very successful in selling our last two trucks at a nice price, respectively, to the British Overseas Territory of Montserrat in the Caribbean, and the Hartsdale Fire District. Additionally, our new DPW Foreman, Rick Thompson, feels we should clear about $8,000 for the old sanitation truck, and perhaps $2,000 for an old pickup truck, all three of which will be placed out for bid sometime during the summer months. On a minutely smaller scale several dollars have been added to expand a few hours for the part-time staff in the Front office, and the Justice Court so that the work flow backlog is somewhat relieved for our Court Clerk, Patricia Basini, during her scheduled and highly rare, unscheduled absences.

In "rounding up the usual suspects" to borrow a phrase from Casablanca's Captain Louie Renault, the major items driving this year's tax rate increase are State Pension costs, Medical Insurance premiums, Workers Compensation, Hydrant fees, and my least favorite of all, the onerous MTA payroll tax.

According to AARP and other publications, the New York State Retirement System is the strongest and most well funded public pension system in the country. Yet, the bill for the annual retirement costs for non-union and Teamster employees has been increased by $79,108 or almost 34%. Projected Police retirement costs will also increase by $77,677 or 18.5%. There is a major disconnect here. The establishment of a new Tier 5 and a discussion about a new Tier 6 are steps in the right direction. However, tangible results of these actions will only materialize years from now. The State Comptroller and the State Legislator need to analyze what is wrong with the current system, and make corrections that will have an impact in the near future.

A joint telephone call by Village Treasurer Marion DeMaio and I to the NYS Department of Civil Service this past week yielded little in the way of tangible explanation as to why Empire Plan premiums are being increased this year by $140,751 or nearly 16%. The response was a mishmash of blaming the rising cost of prescription drug plans, the addition of young adults between the ages of 21 and 26 to family plans as per the edict of the federal government, and the failure of formulas meeting anticipated projections, <u>whatever that was supposed to mean</u>. No mention was made of efforts to cap medical malpractice premiums, tort claims, or determining why drugs were escalating so rapidly in the first place.

The misfortune of several workers compensation cases, particularly in the DPW, has impacted our experience rating thus increasing that appropriation line item by $40,000 or almost 30%. In response to that increase I have already been in touch with PERMA, the Public Employers Risk Management Association, to arrange a meeting with the DPW management team to work on improving safety standards, and exploring light duty or transition rules to bring injured men back to work faster.

Thanks once again to our so-called friends at the NYS Public Service Commission, the cost of using our 147 hydrants which are rented from United Water has seen an increase of $43,715 or 67%. It should be noted that due to the efforts of the nine member municipal United Water Consortium which includes Ardsley, a bill has been introduced in Albany sponsored by Assemblypersons Amy Paulin and George Latimer to have hydrant costs removed from the municipal tax bill and rightfully placed on water usage bills which would force entities like schools, colleges, cemeteries, hospitals, nursing homes, group homes, houses of worship, railroads, charities, and other tax exempt organizations to pay their fair share of the cost of operating hydrants effectively lowering the cost borne by residential and commercial property owners.

I save my harshest words for the relatively new MTA payroll tax which in and of itself is a modest $18,000 to the tax burden but a tax nevertheless. This is a tax which never should have been created, a tax which actually taxes a tax exempt entity such as ourselves, and while it also taxes the Ardsley School District, refunds their contributions but unfairly not ours, and all for a bloated entity which ravenously continues to raise commuter rail fees anyway. What were our elected state representatives thinking when they should have been focusing on imposing the needed sugar tax on unhealthy soft drink products to help balance our State budget rather than kowtowing to the interests of the Coca Cola lobby . I call upon our state legislators to repeal the MTA law, and reconsider the imposition of the soft drink tax.

Salary increases for the DPW Teamster Union members were negotiated four years ago, and are slated to increase 3.6% on June 1, 2011. Their five year old labor agreement expires on May 31, 2012. The PBA, which represents the police rank and file from Patrolmen to Lieutenants, has been without a contract since it expired on May 31, 2010, and remains unsettled. Thus, the PBA membership will be entering a second fiscal year without a salary increase except for the few officers who have not yet achieved the rank of First Grade Patrolman. An extremely modest salary increase has been proposed for the remaining 11 full time non-union employees, and the several part-time employees but is subject to the discretion of the Village Board.

This year’s spending plan has been developed along with a close eye on the health of the local economy. Signs of economic distress are evident everywhere though there are some reassuring bright spots. The Rite Aid store in the Towne Plaza shopping center, almost a casualty last year, is slated to re-open soon, and a new Radiology business is re-opening in the Ardsley Mall replacing the one abandoned some time ago. We have a new Italian restaurant, La Catena; a new Indian restaurant, Calcutta Wrap & Roll; a new liquor store, Captain’s Wines and Spirits; and we have a new pizzeria, Stagioni. I wish them all much success! Encouraging progress of sorts has been made with the development of 22 affordable housing units on the site of the former Water Wheel restaurant, as well as with a proposed 12 single family home development between Cross Road and Ashford Avenue, and a proposed 5 single family home development at the end of Fairmont Avenue South. Sales tax revenues are increasing faster than expected, mortgage tax revenues are increasing at a slower rate but increasing nevertheless, and building permit fee estimates have already exceeded their annual expectations three quarters of the way into the fiscal year. Even interest earnings have edged up slightly. Soberly, all of these reassurances could be blown out of the water should the events in the Middle East and North Africa spin out of control driving the cost of gasoline to new record heights.

I have opted not to appropriate any monies from the Fund Balance for the proposed budget. The Fund Balance, also known as the Rainy Day Fund, generally should only be used to address large unforeseen expenditures during the course of a fiscal year or to offset unrealized revenue estimates. Later in fiscal year 2011-2012 I fully expect the Village Board to make a $30,000 transfer from the Fund Balance for the first of two equal payments to the New York State Attorney General's Office in settlement of the nefarious oil spill that originated beneath our Library back in November 1996. Thanks to the skill and persistence of our Village Attorney Robert Ponzini over 14 years, <u>and without going into too much detail</u>, the Village's exposure was reduced from an original high of nearly $330,000 to a more digestible $60,000 payable over two years.

The proposed General Fund spending plan would add $215.04 to the annual Village tax bill of the owner of a typical home assessed at $16,000. The typical Village tax bill would be $4,029.12. For a home assessed at $20,000 the tax bill would increase by $268 to $5,036.80.

So, what is the typical homeowner getting for his or her money?

For $11.04 a day that typical homeowner is enjoying round the clock police protection. This 20 man force with 21 weekly shifts, three shifts daily comprised of two men on the road and one at the desk, responds in mere minutes to every call.

For $11.04 a day, the typical homeowner is enjoying round the clock fire protection comprised of 54 volunteer fighters who also respond in mere minutes to every call. You might ask "Well, if they're volunteers why is there a cost?" Fair question. The answer is these volunteers cannot do their job properly or safely without their fire house, their fire engines, and their fire gear all of which have become very expensive in recent years.

For $11.04 a day, the typical homeowner enjoys the services of the Department of Public Works. This department of only 14 men picks up his/her trash twice a week, collects the recyclables once a week, snow plows the streets in the dead of winter nights so he/she can get to work in the morning, collect the leaves in the autumn and the grass clippings in the summer, and in between all that maintain all the village's fleet of vehicles, unclog the catch basins, rebuild the collapsed sanitary sewer and storm sewer lines, replace the light bulbs in the street lights and traffic lights, restore the broken curbs and everyone's favorite, fill in the potholes.

For $11.04, the typical homeowner enjoys a modern Public Library which operates with only two full time employees and an assortment of part-timers, pages, and volunteers making available volumes and volumes of books, magazines, CDs, DVDs, and audio-books, as well as providing public computer work stations enabling anyone the opportunity to perform research on the Internet. Lastly, it is a quiet pleasant place to relax and escape from the demands of the day.

I could, time permitting, detail all our one man operations such as –

- the Village Clerk, Barbara Berardi, who graciously handles requests for death certificates and issues various permits;

- the Court Clerk, Patricia Basini, who juggles parking tickets and court sessions;

- the Building Inspector, Larry Tomasso, who beyond issuing permits handles plumbing, electrical, and code enforcement issues;

- and the Parks Supervisor, Trish Lacy, who manages the Community Center, our two major parks, and various recreational activities for both young and old. They, too, are all included in the $11.04 a day that the typical homeowner pays.

There are perhaps a number in this community who feel that $11.04 a day is just too much and are contemplating moving to points north. Bear in mind, however, that many communities in points north do not have round the clock police and fire protection, do not have their trash and recyclables collected, do not have piped in running water but must rely on ground water, do not have sanitary sewer lines and must rely on septic tanks, do not have street lights on every road, do not even have curbs to control drainage, nor to they have a Village Treasurer who, as tax deadlines approach, telephones in reminders so penalties can be avoided, or a full-time Village Manager, if they have one at all, who runs interference with utility companies, neighboring communities, the MTA, the county, the state or the feds on their behalf. In my humble estimation, the residents of this community are receiving a pretty big bang for their $11.04 a day!

Statutorily, the public hearing on the 2011-12 Tentative Village Budget needs to take place on or before April 15. The public hearing has been scheduled for Monday, April 4 during the regularly scheduled Village Board meeting when residents customarily attend. Also statutorily, the Board must adopt a budget in its final form on or before May 1. Since May 1 falls on a Sunday which is not customarily a business day, the Village Board will have the opportunity to vote on the 2011-12 Village Budget on Monday, May 2nd at 8:00 pm which is its regular first meeting of the month. Public work sessions to review the budget are to be scheduled for Wednesday, March 30, Wednesday, April 6, Wednesday, April 13, Monday, April 25, and Wednesday, April 27, if this last date is necessary at all.

Tax bills will be in mailboxes by Friday, May 27, 2011. The first installment will be payable without penalty until the end of the business day on Thursday, June 30. The second installment will become payable on December 1, and due without penalty until the end of the business day on Tuesday, January 3, 2012.

Copies of the proposed budget will be available in the Office of the Village Clerk later this week. A special thank you to those department heads who held the line in their operating budgets, cut spending, or deferred purchasing of large items to next year and beyond. A big thank you particularly to Village Treasurer Marion DeMaio who devoted countless hours in assisting the Village Manager in crafting this proposed budget, a big thank you to Dipika Patel who ran off numerous expenditure reports, and a big thank you to our Village Clerk Barbara Berardi who had the privilege of entering all the data into the Excel sheets many times over. Her patience, perseverance, and tolerance of the Village Manager's quirks, rantings, and badgering is most appreciated!

In closing, I appeal to Governor Cuomo not to rush into this tax cap business, as presently worded, in his zeal to incorporate it into his proposed April 1st state budget, and if he doesn't get his way with the Legislature, impose it in his Emergency Spending bill. Of course, everyone loves the concept of a property tax cap, so do I! However, few actually know what it means and how it will adversely impact our small communities. Thus, I say, with all due respect, the governor is going about this all wrong.

One cannot achieve a real tax cap unless he gets his own house in order by eliminating the State's unfunded mandates on local municipalities. Yes, I have read that he has made assurances that he will address this matter once the tax cap is in place. However, assurances like promises and engagements are often broken. Mandate relief first, then we talk tax caps. For months Mayors across the state and the New York Conference for Mayors has been telling him: "You can't cap what you can't control."

Next, he is capping the wrong variable in the tax formula. For those of you not familiar with the formula let me assure you the math is quite simple: Spending minus Non-Property Tax Revenues equals the Tax Levy which when divided by the Taxable Assessment Roll yields a Tax Rate / $1000. The prior year's Tax Rate subtracted from the proposed Tax Rate then divided by the prior year's Tax Rate yields the Tax Rate Percentage Increase.

The Governor should not cap the tax levy at 2%. Cap the tax rate increase at 2%. John Q. Public does not care how much communities are spending. John Q. Public cares how hard the tax bill hits his pocket. It's a nuance, but a very important nuance nevertheless. It would be criminal if our ratables were to grow exponentially owing to subdivision development and generating a stable tax rate, while we were prevented to commensurately increase spending to provide expanded or enhanced services because the levy was capped. That would be akin to winning the New York Lottery and being forced to remain living in a trailer park. It just doesn't make sense.

Moreover, what would be the incentive for our Village, Planning, and Zoning Boards to continue working diligently for the greater good of the community if all their effort to expand the assessment roll were for naught? Does the state really expect us to rely on our non-property tax revenues? Or will our residents be hit with a bevy of new and hated user fees to make up the difference in a desperate attempt to stay within the 2% tax levy cap? Do we really want to be like Connecticut which slaps its residents with a litany of user fees and luxury taxes? Do we want to be like New Hampshire which provides its indigent and others in need of social services one way bus tickets to Boston? In other states with tax caps debt service payments are excluded from such restrictions. In our own State Constitution it reads that the ability of a local community shall not be impaired to service its debt. Yet, our newly elected Governor is brashly ignoring the State Constitution. Word has also reached my ears that the City of New York and the other four largest cities in the state will be exempted from this legislation. Could it be because the legislation he spearheaded a few years ago while still Attorney General to consolidate towns and villages failed miserably one referendum after another that this is his new backdoor approach to accomplishing that task? Why else would the big cities be exempted from the proposed cap legislation? It hasn't gone unnoticed about State Assemblyman Sheldon Silver, perhaps the most powerful man in Albany, that his constituency, the City of New York, goes unscathed.

I have been advised by the executive director of the New York Conference of Mayors that our elected state representatives are aware of the flaws in the proposed legislation, but no one as of yet has taken the lead in having it amended. According to my managerial colleagues around the state, this legislation as it is currently worded, has the potential to bring all capital projects to a halt, the eventual dismissal of many public sector workers, and ultimately the demise of many private sector vendors who rely on public sector business which will have ripple effects far and wide throughout our towns and villages, in the midst of a depressed economy no less! Our communities will be stripped of their functions to far less than we now enjoy, and we just cannot allow that to happen. To all those of you out there clamoring for a tax cap, please, wake up and smell the coffee. What you wish for may not in the end be what you want at all.

Respectfully,

*George F. Calvi*

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*Village Manager*