

Clerk's Department

From: robertbergesq@aol.com
Sent: Monday, April 06, 2020 10:31 PM
To: Mayor; Clerk's Department; Manager's Department; Attorney's Office; Treasurer's Department
Subject: Letter from Robert J. Berg regarding Suggested Cuts to Tentative Village Budget for Fiscal 2020-2021
Attachments: Berg Letter Regarding Cuts to the Tentative Village Budget - Final .docx

CAUTION: External sender.

Dear Village Officials, I hope you and your families are safe and well. Thank you for your service to our community during these difficult times. I enclose a letter I have sent to certain residents addressing some cuts I suggest to the tentative Village Budget for Fiscal 2020-2021 and some concerns and questions I have following my analysis of the tentative budget. I would greatly appreciate your response, if possible, in advance of the public hearing on Tuesday, April 14, 2020. Best personal regards, Bob Berg.

SCNP Board of Trustees Should Cut At Least \$2 Million From The Tentative Budget

After participating in the last two Village Board meetings via Zoom, I strongly believe that the Village Administration, the Mayor, and the Board of Trustees, unfortunately, are doing a very poor job with their “wait and see” approach to the global COVID-19 economic collapse and their refusal to provide any taxpayer relief in the forthcoming Village Budget for Fiscal 2020/2021. My review of the tentative budget finds at least \$2 million dollars of easy expenditure reductions, so I am sure that there is a lot more fluff that could be cut out if the Scarsdale Citizens Non-Partisan Party (SCNP) Trustees had any desire to help our residents. Bottom line, the Mayor and Trustees, *allegedly vetted* by the Scarsdale Citizens Nominating Committee (CNC), have stuck their collective heads in the sand and won’t even make obvious cuts to the Fiscal 2020-2021 budget, no less ask our Village Staff to kick in and give us a break on our property taxes this year, while making it much easier to avoid layoffs in Village Staff.

Village officials and staff seemingly adhere to the view that every household in Scarsdale is wealthy enough to get through the current pandemic without financial hardship. Our Village personnel and officials don’t want to be put to the task of cutting the tentative budget -- even though the time left to do something to help our taxpayers is quickly ticking away. I also see no support coming for asking our well-compensated Village staff for any shared sacrifice (e.g., our Village staff could forgo raises this year to avoid layoffs, furloughs or temporary pay cuts, or anything else to ease the burden on taxpayers).

I, on the other hand, believe our Village Board has as its primary duty, the protection of our residents and taxpayers, including safeguarding their pocketbooks. I know of a number of local small business owners whose businesses have entirely dried up already, consultants who have lost all business for the foreseeable future, lawyers whose practices have been stopped in their tracks, and employees who have been fired. I do not know of any local businesses which have paid their April rent yet. While most Scarsdale residents have not had the horrible experience of living from paycheck to paycheck -- or worse, scrambling to get by with no paycheck at all -- those days have come for some and may be coming for many others.

I am convinced from studying the economy my entire professional career and from my academic background that our current economic meltdown cannot rebound quickly. Even, G-d willing, if we miraculously develop a successful anti-COVID-19 therapy in the next few months, the wreckage already inflicted will take a long time to repair. **Our residents need economic help now.** That means we have to tax them as gently as possible. *That does not mean raising our Village budget by nearly 2% for the fiscal year that begins June 1, 2020.* That does not mean preparing for summer rec activities, including the day camp, buying supplies, and hiring staff to support those activities where the probability of going forward is so small at this time. Just looking at the Pool budget for the next fiscal year, non-personnel operating costs are \$400k, fuel, light, and power are \$47k, and pool staff are \$548k. How much are we spending right now that won't be recoverable from fees if we don't open?

Review of Tentative Budget Shows Overly Sunny Revenue Projections and Plenty of Room for Budget Cuts

Two weeks ago, I reviewed the tentative budget and concluded in an article that I previously published that projected non-property tax revenue streams likely are overstated by at least \$5 million. This week, I perused the tentative budget for projected expenditures that seem suspicious, unnecessary, too high, or questionable. Right off the bat, substantial proposed expenditures that could easily be cut jumped off the page.

If you have never gone through the Village Budget, let me share with you what I did. You will find the Tentative Village Budget, dated March 20, 2020, on the Village website in the [Village Treasurer section](#). Click on [FY 2020-2021 Tentative Budget \(PDF\)](#). The proposed budget is set forth department by department and is pretty straightforward to read and interpret.

Village Court

So here are a number of items that really stood out to me. Let's start with the Village Court which begins on page 2. Notably, all our elected Village officials serve as unpaid volunteers, as do the more than one hundred fifty Village residents who serve our Village and Town Boards and Councils. There are only two exceptions: our elected Village Justice will be paid \$88,873 next year, and our Acting Village Justice, appointed by the Mayor for a one year term, receives \$7,000 in compensation for her service. Our elected Village Justice is a very wealthy and generous man whom we all know and like. No one denies that he is entitled to the compensation his office provides. But in this time of great economic turmoil, has anyone asked him if he would donate his salary, in whole or in part next year to the Village, thereby reducing the Village budget? The same thing holds for the Acting Village Justice.

Village Attorney

Next up is the Village Attorney which begins on page 22. In the Division Summary on page 24, I see an entry for "Supplemental Services Freightway," budgeted for \$100,000 in expenditures in Fiscal 2020-2021. That amount appears to me to be intended for the law firm that advised the Village so poorly with regard to the Freightway Redevelopment project, leading to those two widely vilified finalist proposals for up to 280 family apartment units in our Village Center. Do we really need to budget \$100k for legal fees in 2020-2021 for those same attorneys? Shouldn't the Freightway project be buried for next year? To add insult to injury, the tentative budget proposes to pay the Freightway consultants, who worked hand in hand with those lawyers, another \$100k in fees for more Freightway work. You can see that proposed expenditure in the Non-Departmental section which begins on page 72. The entry is buried on page 75 in the Division Summary section where it is listed as "Plan/Manage Freightway Dev" and is budgeted for \$100k. Why pay them next year either? The Village has already wasted \$300,000 on Freightway lawyers and consultants so far to get to two failed proposals that no one wants. Do we really need to blow another \$200,000 of our tax dollars in the year ahead? How can this be fiscally responsible budgeting in a time of unparalleled crisis?

Jumping back to the Village Attorney category, on page 24, I see a *strange* line item for "supplemental services" that was budgeted for 2019/2020 at \$225k. Somehow, during the

course of this fiscal year, it has surged to \$310k. And in Fiscal 2020-2021, the Village is proposing to spend \$370k. What's that all about? Is anyone interested in knowing the answer?

Again on page 24, the Village is budgeting \$29,000 in 2020-2021 for books and periodicals for the Village Attorney. That's a reduction from the \$33,200 to be spent this fiscal year. But wait. This year we've eliminated our in-house Village Attorney position for the first time in Village history. We've now hired an outside law firm to be our Village Attorney. I'm sure our outside law firm has plenty of its own books and periodicals. Since we no longer have an in-house Village Attorney, that \$29,000 expenditure is a complete waste of taxpayer money – or some slush fund. Professional business expenses, see page 24, are increasing from \$1,900 to \$3,500. *For whom?* Remember, we don't employ an in-house Village Attorney anymore.

Human Resources

Human Resources is a particularly troublesome point for me. When our long-standing Village Attorney retired in June 2018, he was replaced, at the recommendation of the Village Manager, with the existing Human Resources Director who, though she had graduated law school and passed the bar, had only practiced law for a couple of years before turning to Human Resources. I vigorously and publicly opposed her appointment as Village Attorney by the Mayor and Village Board because no public search had been conducted for a qualified replacement for the Village Attorney position and this person utterly lacked the experience for the job. Nonetheless, she was promoted to the position and provided a \$25,000 increase in her salary to \$175,000 per year, among other benefits. The Village hired a replacement as HR Director and paid him a salary of \$127,500 per year in 2019, as is shown on page 26. After a year in the job, it became obvious that the Village Attorney was in way over her head, as was her replacement HR Director. The HR Director was fired, the Village Attorney was allowed to resume her old job as HR Director, and the retired Village Attorney returned in a temporary role until the outside law firm was hired to fill the position. Besides costing the taxpayers a ton of money to deal with this complete fiasco, the HR Director has been allowed to keep her Village Attorney pay in her demoted role as HR Director (which actually has a market value of \$127,500 per year, the price needed to hire her replacement). *For Fiscal 2020-2021, the tentative budget proposes to pay our HR Director a salary of \$178,500 plus benefits, or about \$50,000 more than the position commands on the open market.* This is a true affront to Scarsdale taxpayers.

Public Works

In the large Public Works Department budget, beginning on page 36, it's difficult to pick out anomalies from the summary data provided. However, one outlier struck me. On page 42, under the Cost Center Summary for Shade Trees, the cost of "shade trees" has skyrocketed from \$167,295 actual cost in Fiscal 2018-2019 to \$261,825 for this fiscal year and to \$267,027 projected for Fiscal 2020-2021. Perhaps a few less shade trees in the new budget will give our taxpayers a sunnier disposition in the new fiscal year.

Police Department

Our Mayor touts how the Village has been preparing for the pandemic since February 2020. Why then did the Village Board on February 11, 2020 enter into a brand new five-year collective bargaining agreement with the police union which costs Village taxpayers \$500k in raises in Fiscal 2020-2021 plus increased benefits? Quite the timing on that one! You can see the Police Department budget for next year beginning on page 44. The incremental cost of that incredibly badly timed contract can be seen on page 46 in the departmental expenditures for “personal” [sic] (personnel) services. Why is it anathema to ask the Village employees such as our police officers or professional firefighters to skip salary increases this year to help out our beleaguered Village residents?

Fire Department

The Fire Department budget, see page 52, is a particular black hole in the Village budget. Our Fire Department is comprised of a professional firefighting force of 46 career staff assisted by 58 volunteer firefighters divided into three companies. In 2019, the Fire Department responded to 31 fires, or 1 fire on average every 12 days. 30 of our career firefighters will each receive base pay of \$105,005 this year. The Village is, as always, planning for prodigious amounts of excess pay for the career staff in Fiscal 2020-2021: \$429,003 in overtime pay for fire suppression activities and \$125,848 in overtime pay for training for career firefighters, along with \$305,982 in holiday pay and \$155,726 in personal leave pay. See page 53. Don't we have a well-trained Volunteer Fire Department which might fill in for the professionals to avoid over \$1 mm in budgeted overtime, holiday, and personal leave expenses?

Department of Parks, Recreation and Conservation

The proposed budget for the Department of Parks, Recreation and Conservation amounts to just under \$3mm for Fiscal 2020-2021, yet is subject to enormous uncertainty given the ongoing pandemic. Most of the departmental activities, of course, take place during the Spring, Summer, and Fall seasons, and they are personnel intensive. This year, the Spring activities certainly will be cancelled because of health risks, and with each passing day, Summer activities like the popular rec camp, the tennis program, and the sports camps become less likely to take place. Yet, the Rec Department is still hiring staff and preparing for its programs with the hope and expectation that they will go forward, while offering residents a 100% money-back guarantee if they are eventually cancelled due to COVID-19 related issues. If the programs do proceed, typically fees cover most, if not all, of the costs. For taxpayers, the dilemma is what non-recoverable costs are being incurred to prepare for these programs and how large are these costs? The Village Manager and the Village Treasurer have been asked those questions, but have not provided any answers. The risks are considerable. For instance, temporary workers to staff the tennis programs cost nearly \$200k. Temporary workers for the rec department are budgeted at \$75k, plus overtime of nearly \$10k. Recreational facilities overtime is budgeted at \$45k. Rec department temps, overtime, and unused vacation together are budgeted at \$39k. Weinberg Nature Center temps are budgeted at \$45k. See page 64. If these workers are hired for the summer by the Village and then do not work because of the pandemic, will the Village pay them? If so, how much? What about other unavoidable costs incurred by the Rec Department to ready its programs for the upcoming seasons should the activities not be held? How much are they? Taxpayers deserve the answers before the budget is approved.

The same problem affects the Pool Complex, Scarsdale's community treasure. Very substantial fixed costs must be incurred to prepare, staff, and operate the pool from the Memorial Day start until the post-Labor Day end of season. The Village right now is hiring staff and preparing the pool. What are the costs of doing so? What is the likelihood that the pandemic will have subsided and that social distancing will have ended so that public swimming pools can be safely operated? Right now, opening day for the pool is less than two months away. The Pool budget begins on page 82. Personnel costs for the Summer are projected to be about \$550k. Operational costs are projected to be about \$400k, including power, fuel, light, chemicals, water, general liability insurance, supplies, repairs, equipment, and a host of other items. See page 84. Normally, pool permit revenues and other fees cover the \$1mm or so in costs. But what irrecoverable costs will be incurred if the pool cannot open this Summer if the Rec department continues to move forward readying the facility?

Water Department

The Water Department is a challenging department to understand as is its large and complex budget and capital needs. The budget begins on page 87. One item that strikes me as odd is found on page 89. A single Water Pumping Operator position is budgeted at a salary of \$101,730. Overtime is budgeted at \$60,000. That's a phenomenal amount of budgeted overtime for a \$100k salary job. Instead of paying the operator \$60,000 in overtime, an additional operator should be hired on a part-time basis.

Capital Funds

The Capital Funds Projects budget begins on page 95. The Boniface Circle Park Improvement Design project, budgeted for \$15k, see page 110, certainly does not need to be funded in this year of crisis.

Internal Service Fund Central Maintenance Facility

The Internal Service Fund Central Maintenance Facility budget begins on page 128. This is another difficult departmental budget to assess as an outsider. But on page 129, the overtime line is budgeted for a generous \$100k. All too often in the tentative budget we see enormous largesse built in for overtime. Historically, the Village has had a serious problem with its lax overtime controls, which snowballs into inflated average end of career salaries that lead to dramatically increased pension obligations to retirees paid by Village taxpayers.

Municipal Bond Issuance

Finally, Village Treasurer Mary Lou McClure insisted at the March 31, 2020 meeting that the Village cannot issue bonds for anything other than dedicated projects such as capital projects for bridges, libraries, and the like. For some reason, she failed to address Section 29.00 of the New York Finance Law. Section 29.00, titled "Budget notes," provides in paragraph 1: "Any municipality or district corporation, other than a fire district, may issue budget notes during any fiscal year for any unforeseeable public emergency during such year such as *epidemic*,

conflagration, riot, storm, flood, earthquake or other unusual peril to the lives and property of the citizens of such unit of government in such amount as the finance board shall determine to be necessary, but no municipality may issue such notes for emergencies in behalf of any local improvement district..."

Section 29.00 sure suggests to me that the Village could issue COVID-19 *epidemic budget notes* to cover some operating expenses and use fund balance to provide property tax relief to residents.

Sadly, the COVID-19 pandemic led New York State Governor Andrew Cuomo to postpone our Village election to sometime in June 2020. Therefore, neither my VCP running mates, Bob Selvaggio and Sean Cohen, nor I will be on the Board of Trustees when this budget is adopted either on April 14 or 28, 2020. The Village, however, will hold a public hearing on April 14, 2020 at 8:00 p.m. via Zoom, and you will be able to tell the Mayor and Trustees for the last time that you want them to cut the Village budget and give us property tax relief. Please do not delay. [Write them](#) now. Thanks, and stay safe.

Bob Berg
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