

**To: Mayor Dan Hochvert
Members of the Village Board of Trustees**

From: The League of Women Voters of Scarsdale

Re: 2017-2018 Tentative Village Budget

Date: April 12, 2017

The League of Women Voters of Scarsdale (the "League" or "LWVS") held a membership meeting on Monday, April 3, 2017 to evaluate the 2017-2018 Tentative Village Budget (the "Budget"). We thank Village Manager Steve Pappalardo, Deputy Village Manager Rob Cole, Village Treasurer Mary Lou McClure and Trustee and Liaison to the LWVS Deb Pekarek for attending the meeting and addressing our questions relating to the budget, as well as potential issues going forward.

The League supports the 2017-2018 Budget. We commend the Village staff, former Mayor Jonathan Mark, the Board of Trustees (the "Board") and its Finance Committee for conducting a well-managed, thoughtful process and proposing a budget that evidences careful planning, taking into consideration both the current and anticipated needs of the Village.

The League supports the budget of \$56,432,806, representing a year-to-year increase of 1.75% or \$968,267.

We will now address the details of our consensus opinion.

PROPERTY TAX LEVY

The proposed property tax levy increase is 2.19%, or \$861,543, which corresponds to a tax rate increase of 4.10% or approximately \$223 for a Village homeowner with an average assessed property value of \$1,505,000. This homeowner would pay roughly \$6,770 in Village taxes in 2017-2018, representing approximately 18.29% of the homeowner's total property tax bill.

The League understands it was necessary for the Board to vote to exceed the state-mandated cap on the tax levy increase (or "tax cap") of 1.37%, or \$516,436. We recognize that strict and consistent adherence to the state-imposed tax cap levy would make maintaining current services and facilities unsustainable. In addition, we appreciate the restrictive nature of the state's tax cap calculation for the Village. In particular: (1) the tax cap legislation does not provide municipalities with the same advantages afforded to school districts, specifically exemption of capital improvement projects and debt service payments; (2) the cap does not include state-mandated cost increases such as Health Care cost increases, which increased by over 12% this year; and (3) the cap is not a fixed 2% cap, but actually the lesser of 2% or the Consumer Price Index, which makes it unpredictable and therefore difficult for municipalities to budget effectively and responsibly, year-to-year, under the state Tax Levy law.

We understand that reforms to the current state property tax levy law are a "tough sell" in Albany. However, the League encourages the Village to continue to advocate for changes to

the law that would benefit municipalities. Reasonable reforms to the current law would include: calculating the tax levy limit based on a fixed 2% cap, as opposed to a fluctuating measure of inflation, so that municipalities can budget and plan from year-to-year and into the future; allowing the same exemptions for debt service and capital expenditures as currently allowed for school districts; and including an exemption for any increases in employee health care and other mandated costs in excess of 2%.

The League also recommends that the Village engage the community in Village advocacy by giving residents relevant information and specific action items to directly lobby the State government on these issues.

GENERAL FUND BALANCE

The League supports the rationale provided for the proposed budget's \$190,000 increase in the use of fund balance. Specifically, the following factors were considered in determining next year's fund balance: adequate reserves to deal with unplanned emergencies; maintenance of fund balance within 10-15% of prior year's budget; and mitigation of tax increases, especially considering this year's health insurance cost increases of 12%. We recognize and appreciate that rating agencies consider a fund balance within 10-15% of the prior budget a healthy range given the Village's active capital improvement policy, and that this is a critical factor in maintaining the Village's Aaa rating.

WATER RATE INCREASES

The proposed water rate increase adds \$105 to the proposed tax increase of \$233 for a total increase of \$348 for an average household assessed at \$1,505,000. There are additional water rate increases already planned for the next several years. Despite this year's increase, our water rates will still be among the lowest in Westchester county.

The League understands and supports the current need for the proposed water increase which reflects actual increases in the cost of water in addition to the need to replenish the Village's self-sustaining Water Enterprise Fund, which was used to finance the renovation of Scarsdale's two pumping stations (Ardsley Road and Reeves Newsom). We commend the Village on the effective use of the Water Enterprise Fund, without overburdening taxpayers, as evidenced by Scarsdale's favorable water rate in comparison to other Westchester communities.

We further commend the Village for communicating to the public via email and mailing a list of "tips" for how residents might conserve water and avoid higher water bills. We encourage the Village to continue to make this a part of ongoing communication with the community, and ask that this information be prominently highlighted on the Village website.

We also support the Village's continued efforts to investigate the most effective way to price water in our community to encourage conservation and cost management.

CAPITAL PROJECTS

The League supports the funding of capital projects in the amount of \$7,051,500 in the proposed budget.

The League also recognizes that the Village is always looking for government grants as sources of funding for the capital plan and we support and commend the Village's ongoing efforts and effectiveness in obtaining grants. However we appreciate that grants are by no means a reliable source of funding, and that available grants frequently are not responsive to our Village's capital project priorities.

We also support the Village's approach to prioritizing projects according to a "triage system," with those projects that *must* be addressed for safety reasons at the top of the list, followed by less pressing, but nonetheless needed projects, and then "wanted" projects at the bottom, including those that improve community aesthetics.

We recognize that each year for the last decade the Village Board and Administration have made difficult decisions to strike a balance between responsibly addressing capital needs and keeping tax increases at manageable levels for Scarsdale taxpayers. We further recognize that in each budget year, the choice of projects is the result of many considerations, including state mandates, operational necessity to maintain core services, and operational efficiency (spending now in order to save in the future).

As we have in the past, the League again recommends that the Board and Village Management make a greater effort at the outset of the budget process to educate the community about the list and associated costs of various proposed capital projects, and which projects would have to be deferred or downgraded in the upcoming fiscal year if the Board were to propose a budget that is at or under the tax cap.

While we acknowledge that community involvement in the selection of capital projects spending is neither feasible nor productive, the League appreciates the Village's use of *ad hoc* committees to engage broad community input, and thus help ensure broad community support, in the process of project planning and execution. The League recommends that the Village develop a more visible and accessible way to publicize the names of *ad hoc* capital project committees to the community, to gain even broader input.

ROAD REPAIR

The allocation for road repair in the proposed budget is approximately \$580,000 which, along with a \$95,000 grant from the "Pave New York" program, plus an anticipated \$500,000 in current year surplus, amounts to \$1,175,000 for road repair this year. This would represent an decrease of \$162,000, or 13.79%, relative to the 2016-2017 fiscal year's budget allocation for road repair of \$1.337 million.

We are pleased that the Village has applied for grants and that they are making use of budget surplus to address the condition of the roads. We also commend the Village for effectively negotiating with Con Edison to perform and pay for "curb-to-curb" road repairs following Con Edison's gas line work on village roads, and for adopting a local law to improve standards for Con Edison's responsibility in making such road repairs.

The League understands that 1 mile of road repair costs the Village approximately \$350,000, and that the current level of appropriation allows for the repair of only 3 - 4 miles of the 72

miles of Village roads per year. Although, it is the League's opinion that the rate at which the Village currently plans to address road repair is not sufficient, we do not support bonding or other borrowing as a way of paying for additional road repair. We agree with the Village Board and Administration that incurring debt for ongoing road repair would significantly add to the debt service costs in the operating budget and, considering that the useful "life" of the repaired roads would be no longer than the bond term, bonding road repair would be fiscally imprudent and irresponsible.

Given the recent attention voiced by members of the community regarding the pace of Village road repairs, we recommend that the Village consider using any additional surplus that might arise in order to increase the allocation for road repair in the proposed budget, keeping in mind the other less visible infrastructure needs that also must be addressed. The League further recommends that the Board and Village Management make a greater effort at the outset of the budget process to educate the community about the issues and trade-offs associated with maintaining our roads in the current fiscal environment.

The League acknowledges that some of the roads that are in the worst condition are state or county roads for which the Village has neither the responsibility nor the authority to repair. Further, we acknowledge that the Village Administration has repeatedly asked the state and the county to repair the sections of their roads that run through Scarsdale, to no avail. We recommend that the Village continue to press the state and county on their respective responsibility to maintain their roads, and to explore possible agreements with the state and county that would allow the Village to address repairs on those roads and be reimbursed by the state and county on reasonable terms. We further recommend that the Village inform the community about what individual residents might do to achieve improved county and state road conditions.

Finally, the League recommends that the Village publish and regularly update the list of Village roads for which planned surface repair is being delayed due to Con Edison or other repair schedules.

STAFFING

The proposed level of Village staffing is flat relative to the 2016-2017 fiscal year at 252 full-time equivalents, including Library personnel. This total level of personnel is approximately 10 FTEs lower than the level 30 years ago.

The League recognizes and commends the Village for maintaining the current level and quality of village services, even as staff numbers have decreased over time. However, we are concerned about the long-term viability of current levels of staffing, given the increasing need for individual staff members to perform multiple tasks and the increasing complexity of many of the Village staff responsibilities. Scarsdale, unlike many other municipalities, has a dedicated Capital Projects Manager, without whom the Village would be unable to efficiently and effectively address the annual list of capital projects. However, there are other areas for which the Village should but does not have designated managers, such as communications and environmental sustainability. The League recommends that the Village consider and plan for additional managerial staff for these and other critical areas in the near future.

We reiterate our previously expressed concern about the Village's ability to continue to attract and retain quality staff and departmental leadership in a competitive environment. We are particularly concerned given the fact that many current department heads are approaching retirement age and that younger hires are subject to higher state-mandated pension contribution rates that, together with rising health care contributions, negatively affect their overall compensation.

PROPERTY REVALUATION

The League commends the Village Manager's expressed intent to reintroduce the subject of a review of the revaluation process with the new Mayor and Board of Trustees and to address property owners' concerns that arose over the last two revaluation cycles. We support an independent expert review of each of Scarsdale's 2014 and 2016 property revaluations to move the community forward in developing a transparent process of regularly scheduled Village-wide property appraisal. The League recommends a process by which the Village conducts a village-wide property appraisal at least once every five years (as per the state-recommended guideline). Further, the League supports the Village Board's and Administration's goals of effectively balancing the issues of revaluation costs with those of quality and scope, while maintaining assessments at 100% market value and achieving equity and fairness in property taxation.

DOWNTOWN COMMERCIAL VITALITY AND DEVELOPMENT

The proposed budget does not address this issue, except as it pertains to parking revenue and enforcement. The League is concerned about the apparent decrease in downtown vitality and development and commends the Village for creating a working group to begin to engage the merchant community in discussions on how best to address topics collaboratively such as parking, empty storefronts, and the lack of diversity in commercial establishments. In addition, at the last Village Board meeting, the Trustees agreed to hire a planning and consulting firm to consider the development of the Freightway Garage and adjacent open lot in conjunction with a steering committee of local residents to further promote commercial development and revenue generation. This is a positive example of engaging community residents from the outset of a major community undertaking.

BUDGET DEVELOPMENT PROCESS

As in years past, the League commends the Village for engaging in a transparent budget development process. This year we applaud the following initiatives: videotaping and broadcasting more budget meetings on Scarsdale Public TV, both live and on-demand; improved communication and accessibility of budget-related information on the village website; and improved timing and release of the first and second drafts of the Village budget. We recommend taping and televising more budget-related Board meetings in the future, including the all budget-related Finance Committee meetings.

SHARED SERVICES

The League commends the Village on the shared services and cooperation between the Village and the School District, an excellent example of which is the newly-developed Food Recycling

program. We encourage the Village to continue to explore more ways to work together with the School District.

TEEN CENTER

We recognize the need to cut support for the Scarsdale Teen Center, given the withdrawal of support from the School District and the evolution of the needs of young people in our community. The League supports the Village's efforts to develop additional programming for teens within the Recreation Department.

In conclusion, we thank you for the invaluable assistance and cooperation that was extended to us in our study of the proposed budget. We commend the Board and Village Management on the timeliness and quality of the data and analysis provided during the budget process and applaud the professionalism and dedication with which the Village Manager, Deputy Village Manager, Village Treasurer, Mayor and Trustees developed the 2017-2018 Tentative Budget. Thank you for considering our comments.

Sincerely,

Janice Starr
LWVS Village Budget Chair

Deb Morel
LWVS President