

**March 28, 2022**

**THIS REPORT HAS BEEN PREPARED UNDER EXPEDITIOUS TREATMENT PROCEDURE OF THE SCARSDALE FORUM INC. BY THE COMMITTEE WHOSE MEMBERS' NAMES APPEAR BELOW. IT HAS BEEN APPROVED BY THE EXECUTIVE COMMITTEE OF THE FORUM AND AUTHORIZED FOR RELEASE TO THE PUBLIC, BUT IT HAS NOT YET BEEN SUBMITTED TO THE FORUM MEMBERS FOR THEIR APPROVAL.**

**SCARSDALE FORUM INC.**

**Report of the Scarsdale Fiscal Affairs Committee on  
The Village of Scarsdale 2022-2023 Tentative Budget**

The Committee proposes the following resolution for adoption by the Forum:

RESOLVED, that the Report of the Scarsdale Fiscal Affairs Committee on the Village of Scarsdale 2022-2023 Tentative Budget be approved.

**Preliminary Statement**

The Village's Tentative Budget for the fiscal year ending May 31, 2023 was filed with the Village Clerk on March 18, 2022. A hearing on the Tentative Budget is scheduled for April 5, 2022. The Board will vote on the budget on April 26, 2022.

**Summary of Comments and Recommendations**

The Board and staff committed to affording a more comprehensive, transparent and forward-looking budget process for 2022-23, transitioning to a "best-in-class approach."<sup>1</sup> The Mayor emphasized "goal driven decision-making and multi-year planning," and stated that "[d]ecisions will be based on facts, detailed scrutiny and informed judgement."<sup>2</sup> While this Committee found much to like about the process, it is concerned that long-standing fiscal policies that have served the Village well were abandoned and that important and large dollar issues did not get the robust consideration they deserved. Specific concerns are addressed in more detail below:

1. The Tentative Budget includes four new full-time employee positions, increasing compensation costs and worsening the Village's disadvantageous cost structure. Overall, general fund expenses increased more than 5% over the current year. The budget uses \$2.17 million in

---

<sup>1</sup> Mayor's Comments, Minutes of February 8, 2022 Board of Trustees Meeting, [https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/\\_02222022-993](https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/_02222022-993), PDF p.3.

<sup>2</sup> Mayor's Comments, Minutes of January 25, 2022 Board of Trustees Meeting, [https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/\\_02082022-988](https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/_02082022-988), PDF p.5.

fund balance reserves to close the budget gap in addition to a 3.7% levy increase, with no long-term plan to sustain this higher level of expenditure or replenish those reserves.

2. Substantial leaf collection cost savings were not pursued based on a “burden shift” assumption that was not supported by facts. A data-based financial analysis should be presented to the community for discussion and a decision made before fall 2022.

3. Doubling the Village debt, and vastly increasing capital spending generally, needs much more thoughtful consideration and public discussion of priorities and timing as the Village emerges from the pandemic and the transition to a re-engineered Village government continues. The Committee objects to increasing the property tax levy by 1% to pre-pay debt service on more than \$20 million that might be borrowed for projects that are yet to be planned and discussed with the community.

4. The pool complex must continue to be an enterprise fund. Repayment of debt service on a bond issued to renovate or rebuild the pool from pool revenues should be a condition of any pool project.

## Discussion

### *The 2022-23 Tentative Budget- Summary Information*<sup>3</sup>

#### Property Tax Increase

- The Tentative Budget increases the property tax levy by \$1.6 million or 3.7%, over the current fiscal year levy. In comparison, this year’s levy increased 2.99% over the prior year.
- Village taxes will increase by approximately \$217 for a homeowner with the average assessed property value of \$1.51 million.
- The maximum levy increase permitted under the New York State Tax Cap for the Village’s 2022-23 fiscal year is \$2.024 million<sup>4</sup> or 4.7% over the current year levy.

#### Revenues

- Tentative general fund budget revenues (before appropriation of fund balance) are \$61.1 million. Real property taxes account for \$44.7 million or 73.2%.
- Non-property tax revenue is \$16.4 million. For the current year, \$14.5 million was budgeted, however the year-end projection is \$18 million, \$3.5 million or 24% more.

---

<sup>3</sup> Village of Scarsdale 2022-2023 Tentative Budget, March 18, 2022.

<https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/170> (“Tentative Budget”).

<sup>4</sup> Memorandum from Village Treasurer to Village Manager, January 20, 2022,

<https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/161>, p. 16.

## Expenses

- The general fund transfer to the library of \$4.1 million was reduced by \$1 million to appropriate library fund balance in that amount as a general fund revenue source.<sup>5</sup>
- Tentative general fund budget expenses are \$63.3 million, including the full library budget, increasing \$3.2 million, or 5.2%, over the current year amended adopted budget, and \$2.8 million more than projected actual expenses for the current year.
- General fund operating expenses now include some vehicles, IT equipment and software, and fire department equipment that were previously classified as capital items in the Village's financial records.<sup>6</sup>
- Salaries (\$26.5 million) and employee benefits (\$16.9 million) account for 69% of general fund budgeted expenses.
  - Salaries of all non-union employees are increased by 2%<sup>7</sup>
  - Pension fund contributions decreased to \$4.4 million, from \$5.3 million in the current year adopted budget, or 16%.
  - Health insurance premiums increased to \$9.3 million from the current adopted budgeted amount of \$8.8 million or 5.4%.
  - \$4.7 million of the budgeted health insurance costs are benefits the Village provides to retired employees.<sup>8</sup>
  - Four new full-time employee (FTE) positions are included in the budget. The fully loaded costs of these positions are: Code Enforcement Officer: \$98,874; Tree Trimmer: \$91,823; Maintenance Mechanic (Parks and Pool): \$59,380; Naturalist: \$95,428, for a total of \$345,505.<sup>9</sup>
- The Tentative Budget includes transfers from the General Fund of \$6.74 million.
  - \$1.9 million is transferred to the central garage.
  - \$1.7 million is transferred to the capital fund for specific capital projects for paving (\$1.3 million) and a handful of smaller projects: storm drainage improvements, short-term repairs to the Freightway garage and the Village Hall parking lot, a Village Hall strategic plan and a wage and benefits study.<sup>10</sup>
  - The transfer to the library of \$4.1 was reduced by \$1 million to appropriate library fund balance in that amount.

---

<sup>5</sup> Tentative Budget, PDF p. 150; March 3, 2022 Budget Work Session, <https://scarsdaleny.swagit.com/play/03032022-675> (1:12:00-1:15:25).

<sup>6</sup> Memorandum from Village Treasurer to Village Manager, January 20, 2022, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/161>, p. 10-11.

<sup>7</sup> February 24, 2022, Presentation of Preliminary Budget, <https://scarsdaleny.swagit.com/play/02252022-567> at (1:32:48-1:33:04).

<sup>8</sup> Of the \$9.3 general fund health insurance expense (Tentative Budget PDF p.124), \$4.6 million is allocable to budgeted employees. (Tentative Budget PDF p. 182).

<sup>9</sup> Tentative Budget, Budget Brief, PDF p. 10.

<sup>10</sup> Tentative Budget, Capital Plan, PDF p.173-177.

## Use of Fund Balance

- Budgeted general fund expenditures inclusive of the library budget exceed revenues by \$2.17 million. \$2.17 million fund balance is applied as follows:
  - The Tentative Budget uses \$1.6 million in general fund balance and library fund balance of \$1 million is used as explained above.
  - The Tentative Budget establishes a reserve of \$430,000 to mitigate property tax increases due to potential substantial debt service payments in the 2023-24 and 2024-25 fiscal years.
- Ending total fund balance is \$19.3 million, 31% of actual general fund expenses. Ending unassigned fund balance is \$13.4 million, 21.5% of actual general fund expenses.
- The Board intends to amend the Village's unassigned fund balance policy, increasing the target range from 10-15% of budgeted expenditures to 15-20%.<sup>11</sup>

## Other 2022-23 Capital Projects and Funding Sources<sup>12</sup>

- American Rescue Act Funds (federal COVID relief); \$1.8 million to be spent on various one-time items.
- The Parkland Reserve Fund; \$410,000 will be used for eight pickleball courts; \$50,000 will be used to renovate the Greenacres playground.
- Issue \$19.2 million in bonds to pay for: Pool- \$15.2 million; Village Center design- \$1 million; vehicles- \$1.8 million; Catherine Road drainage project- \$1 million; library pond renovation- \$235,000.
- Total proposed capital spending, including the general fund transfer of \$1.7 million is \$24.9 million. Without the pool (a placeholder amount), the total is \$9.7 million.

## **Current Fiscal Year 2021-22 Results**

Projected non-property tax revenues for the current fiscal year are \$18 million, \$3.5 million more than the adopted budget. As a result, a surplus of \$643,688 is projected compared to a \$2.6 million deficit in the adopted budget. The positive variance was due principally to strong mortgage tax and building permit revenue; sales tax and parking fees also exceeded budgeted amounts. Projected fire department overtime is \$800,000, compared to \$467,000 budgeted. Projected ending total fund balance is \$20.5 million (34% of actual expenses); unassigned fund balance is \$13 million (21.5%)<sup>13</sup>

---

<sup>11</sup> March 3, 2022 Budget Work Session, <https://scarsdaleny.swagit.com/play/03032022-675> at (3:30-40).

<sup>12</sup> Tentative Budget, Capital Plan, PDF 169-178.

<sup>13</sup> Tentative Budget, PDF p. 29-30, 40, 107.

## Specific Comments and Recommendations

### *1. Four new FTEs.*

“No new FTEs” has been an important longstanding fiscal guardrail of Village budgeting and fiscal management. For at least ten years, the number of full-time positions has remained unchanged.<sup>14</sup> The policy is grounded in the Village’s inability to manage or even predict the costs of employees given the ever-increasing salaries under union contracts, unpredictable and uncontrollable pension contributions and spiraling health insurance premiums.<sup>15</sup> The computation of fully-loaded employee costs included in the Tentative Budget shows just how expensive FTEs are.<sup>16</sup> Moreover, even after employees retire, the Village pays health insurance premiums and Medicare premiums for them and their survivors. Those payments are budgeted at \$4.7 million for 2022-23.<sup>17</sup> The Village’s obligation to pay post-retirement benefits is an additional cost of FTEs that should be considered. The impact of the worst inflation in 40 years on salaries under our union contracts is unknown. Four union contracts are currently being negotiated.<sup>18</sup>

This Committee would be more receptive to multiple new FTEs if the Village were able and willing to control employee (and retiree) costs, or if the Village were to find a new revenue source that could be counted on to increase at the same rate as employee costs. Neither is happening this year nor anticipated for future years. In fact, fund balance will be used to cover the projected operating deficit, including a one-time \$1 million library fund balance. There is no long-term plan to replenish unassigned fund balance. The Committee would also be more receptive to new positions if the Village were to take advantage of opportunities to eliminate positions. For example, the Village has digitized and automated many functions, eliminating

---

<sup>14</sup> Annual Comprehensive Financial Report 2021, Village of Scarsdale , New York for the Year Ending May 31, 2021, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/157> FTE chart p. 122-23 [PDF p. 178-79].

<sup>15</sup> New York State Comptroller, Multiyear Financial Planning - Local Government Management Guide, p. 1 (2017) [PDF p.5], <https://www.osc.state.ny.us/files/local-government/publications/pdf/multiyear.pdf>, observing that “structural imbalances between revenues and expenditures” affect many local governments in New York state because local government costs “fueled by upward pressures caused by wages and salaries, healthcare costs and other employee benefits” have been growing faster than revenues.

<sup>16</sup> Tentative Budget, PDF p. 183, schedule allocating \$11 million of employee benefit costs to general fund salaries (\$26.8 million) to compute total employee compensation costs. Benefits increase salaries by 41% on average.

<sup>17</sup> Of the \$9.3 general fund health insurance expense (Tentative Budget PDF p.124), \$4.6 million is allocable to budgeted employees. (Tentative Budget PDF p. 182).

<sup>18</sup> February 24, 2022, Presentation of Preliminary Budget, <https://scarsdaleny.swagit.com/play/02252022-567> at (1:29:47-1:30-55).

paper, and enabling residents to get information and to transact online.<sup>19</sup> Can FTE positions be eliminated, or have they been eliminated, as a result of these efforts? Is there a plan? Switching from leaf vacuuming to bagged leaf pickup in the fall could lead to a reduction in FTEs in addition to substantial cost savings.<sup>20</sup>

Nonetheless, the Committee supports bringing on the currently part-time nature center naturalist as a full-time employee. This individual created and runs a new revenue-producing Forest Pre-School program that is popular and well-regarded by the community.<sup>21</sup> Regarding the other three positions, the Committee is not convinced that the same functions cannot be performed by part-time workers or outside contractors and also notes that they are not revenue-supported. While the Committee strongly supports code enforcement, and in particular the code amendments limiting gas leaf blowers, the Village police can and do handle code enforcement and committed in their budget presentation to increase their enforcement activity.<sup>22</sup> Other measures should be tried first, including registration of landscapers and better communication with them, and hiring more part-time code enforcers, including for weekend enforcement.<sup>23</sup> If code violations continue despite these measures, a FTE could be considered in next year's budget. The Committee questions bringing on a FTE for the pool given the uncertainty about future needs as the community considers the future of the pool complex.

Fire department overtime is another problem area in the Tentative Budget. \$467,000 was budgeted for fire department overtime in the current adopted budget but projected expenditures are \$800,000 by the end of the fiscal year.<sup>24</sup> The Tentative Budget includes \$530,000 for fire

---

<sup>19</sup> J. Wallenstein, "Trustee Randy Whitestone Looks Forward to Addressing Challenges in his Second Term" (Feb 21, 2022) (Trustee Whitestone explaining that Village government has been re-engineered to update operations for the 21st century by eliminating paper and is moving all systems online, which will allow them to both operate more efficiently and gather data and analytics that they can use to make smart decisions down the line.), <https://scarsdale10583.com/section-table/98-on-the-market/9436-trustee-randy-whitestone-looks-forward-to-addressing-challenges-in-his-second-term>.

<sup>20</sup> Michael Levine, "Comments Regarding Leaf Program Analysis" (Feb 15, 2022) (included in the March 8, 2022 BOT meeting agenda as correspondence), <https://nexus.scarsdale.com/sites/default/files/correspondence/Levine%2C%20Michael%20Comments%20re%20Leaf%20Program%20Analysis.pdf>.

<sup>21</sup> January 25, 2022 Budget Work Session Agenda, [https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/\\_01252022-979](https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/_01252022-979), PDF p. 350-53.

<sup>22</sup> January 31, 2022 Budget Work Session Materials, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/165>, PDF p. 59 (SPD presentation goal to "Maintain Quality of Life through Enforcement 10% Increase").

<sup>23</sup> Under New York City's Citizen's Air Complaint Program, citizens who submit a video of a truck idling for longer than three minutes can receive a cut of the fine imposed.

<https://www1.nyc.gov/site/dep/environment/idling-citizens-air-complaint-program.page?question=faq11>. The Village could consider a similar program for gas leaf blower violations or other Code violations.

<sup>24</sup> Tentative Budget, PDF p. 107.

department overtime.<sup>25</sup> The actual cost to the Village is even higher when the additional pension contributions and employment taxes on the overtime payments are taken into account.<sup>26</sup> This is a long-term high dollar problem<sup>27</sup> that to date has not been effectively addressed. Whether it is due to weak management or a more challenging structural problem, continuing these expenditures is not sustainable. Residents deserve an actual plan.<sup>28</sup>

## ***2. Leaf Collection Cost Savings.***

During budget discussions last year, the Board considered an opportunity to save an estimated \$307,000 by switching from vacuuming leaf piles to picking up bagged leaves in the fall. The Board determined that leaf collection could not be changed without a more public process. This Board adopted the tentative budget but promised to promptly begin studying leaf collection and not wait for the next budget season.<sup>29</sup>

The Board and staff made some progress on the issue. A Working Group<sup>30</sup> considered DPW equipment needed to transition to bagged leaf pick-up<sup>31</sup> and did some work to refine the computation of potential cost savings. Public discussion of the issue did not resume until February 16, 2022 when DPW Superintendent Coleman presented a new cost comparison in his departmental budget presentation.<sup>32</sup> His new computation shows annual cost savings to the Village of \$636,813 (\$341,017 plus \$295,796 in DPW labor costs that can be used for other work) by switching to bagged leaf pickup. He assumed a \$1 million “burden shift,” the aggregate increase in residents’ landscaping bills, based on a single estimate from an unidentified landscaper to bag or remove leaves for an “average” home. Following the February 16, 2022 budget discussion, the Board again committed to a public discussion and Board decision on this

---

<sup>25</sup> Id.

<sup>26</sup> February 24, 2022, Presentation of Preliminary Budget, <https://scarsdaleny.swagit.com/play/02252022-567>, (1:23:20-40; 1:28:00).

<sup>27</sup> Actual fire department overtime in 2019-2020 was \$552,692; actual overtime for 2020-21 was \$679,787. Tentative Budget, PDF p. 107.

<sup>28</sup> See Editorial, “Minimize overtime” (Scarsdale Inquirer, Feb 11, 2022), citing Trustee Jonathan Lewis, [https://www.scarsdalenews.com/opinion/editorials/minimize-overtime/article\\_d6981398-8b5c-11ec-b4d2-376f0ce98f58.html](https://www.scarsdalenews.com/opinion/editorials/minimize-overtime/article_d6981398-8b5c-11ec-b4d2-376f0ce98f58.html).

<sup>29</sup> Scarsdale Forum, Report of the Fiscal Affairs Scarsdale Committee on the Village of Scarsdale 2021-22 Tentative Budget, p. 8-11 (April 7, 2021), <https://www.scarsdaleforum.com/Reports/download/1090>.

<sup>30</sup> The Working Group consisted of three Trustees, the then Assistant Village Manager, and the DPW Superintendent.

<sup>31</sup> May 11, 2021 Work Session, item 2, Fall Leaf Collection Program, <https://scarsdaleny.swagit.com/play/05112021-1787> (1:41-7:30).

<sup>32</sup> February 16, 2022 Budget Work Session Materials, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/164>, February 7, 2022 memorandum and attachments, PDF p. 14-17, 29.

important issue after completion of the budget process.<sup>33</sup> Vacuuming costs are again included in the Tentative Budget.<sup>34</sup>

This Committee recommended switching to bagged leaf pickup as an alternative to leaf vacuuming in its report on the 2021-22 budget.<sup>35</sup> The case for switching is now even stronger. The DPW's Leaf Program Analysis shows even greater savings to the Village (\$636,813).<sup>36</sup> Resident opinion has continued to evolve. In March 2021, the Board voted to sharply limit the use of gas leaf blowers based on overwhelming community support.<sup>37</sup> The Mayor and Board members have observed during the current budget discussions that residents are increasingly concerned about noise, pollution, and other health, quality of life and sustainability issues. It is getting harder every year to call leaf vacuuming an essential service to residents and to justify the incremental costs that are now twice what was thought last year. The Mayor acknowledged that leaf vacuuming has "negative environmental impacts."<sup>38</sup> Leaf piles sit for up to a week on public land, often blocking sidewalks and pedestrian and cyclist access to roadways for 2 ½ months in the fall, a time of peak recreational use. Piled leaves blow around, block storm sewers, and form slippery mats on Village roads endangering motorists, bicyclists and pedestrians.<sup>39</sup>

While the full cost savings of \$636,813 would be realized only after a transition period during which equipment would be changed and employees reassigned or FTEs eliminated, the impact on the Village budget is substantial. The incremental cost of vacuuming leaf piles over bagged leaf pick-up is more than 1% of the tentative operating budget and 1.4% of the proposed property tax levy. The Committee urges prompt consideration of the issue, including opportunities for community input and discussion, well in advance of fall 2022 so there is time

---

<sup>33</sup> February 16, 2022, Budget Work Session, <https://scarsdaleny.swagit.com/play/02172022-702>, (2:48:00- 2:53:40).

<sup>34</sup> Tentative Budget, PDF p. 87-88.

<sup>35</sup> Scarsdale Forum, Report of the Fiscal Affairs Scarsdale Committee on the Village of Scarsdale 2021-22 Tentative Budget, p. 8-11 (April 7, 2021), <https://www.scarsdaleforum.com/Reports/download/1090>.

<sup>36</sup> See Michael Levine, "Comments Regarding Leaf Program Analysis" (Feb 15, 2022) (Included in March 8, 2022 BOT meeting agenda as correspondence), <https://nexus.scarsdale.com/sites/default/files/correspondence/Levine%2C%20Michael%20Comments%20re%20Leaf%20Program%20Analysis.pdf>.

<sup>37</sup> "Village Board Passes Limitations on the Use of Gas Leaf Blowers at Final Meeting," (March 25, 2021), Scarsdale10583.com. <https://scarsdale10583.com/section-table/101-village-voices/8867-village-board-passes-limitations-on-the-use-of-gas-leaf-blowers-at-final-meeting>.

<sup>38</sup> Mayor's Comments, May 11, 2021 Minutes of Board of Trustees Meeting, [https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/\\_05252021-895](https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/_05252021-895), PDF p. 5.

<sup>39</sup> The DPW page on the Village website, <https://www.scarsdale.com/424/Leaf-Mulch-Mowing>, identifies negative aspects of leaf collection including "localized flood risk resulting from clogged storm drains" and "traffic hazard caused by piles of leaves in roadway." See also Scarsdale Forum, Report of the Sustainability, Municipal Services, and Climate Resilience Committees On Gas Leaf Blowers, Leaf Vacuuming, and Leaf Mulching in the Village of Scarsdale" (April 22, 2021), <https://www.scarsdaleforum.com/Reports/download/1091>.



for transition planning and to redirect budgeted amounts elsewhere. The decision should be based on a cost comparison that includes a transition plan, and accurate information about the number of residents who already mulch-mow or compost their leaves and the number of additional residents who would be expected to do so if vacuuming is discontinued. Quality of life and sustainability “costs” and benefits for all residents must also be considered. If increased landscaping costs to homeowners are relevant, those amounts must be supported by market data showing the range of actual amounts charged by landscapers for leaf removal or bagging in neighboring towns where leaf vacuuming was discontinued.

### ***3. Capital Plan.***

a. The New Capital Planning Process. Last year, this Committee encouraged the Board to move away from its historic approach to fiscal management of levying property taxes based on “conservative” budgeting which typically generated substantial surpluses that were appropriated for unbudgeted capital projects at the fiscal year closeout.<sup>40</sup> Including expenditures for paving and other capital items historically funded by the old “cash-to-capital” strategy, and discussing these items as part of the budget process, is a significant improvement in the Village’s budget process. The Committee welcomes the increased transparency and the opportunity for public engagement about what projects would be funded by general fund transfer.

On the other hand, the Committee missed the five year capital planning schedule that identifies projects and phases of projects in meaningful groups, includes proposed amounts, funding sources, including potential grants, and the fiscal year of each expenditure going forward five fiscal years, and also notes prior year’s capital spending for listed projects.<sup>41</sup> This schedule has been a valuable and effective tool for all participants in Village capital budget discussions. The previous year’s schedule is the starting point and changes are tracked during the budget discussions as projects or parts of projects are added, scaled back or deferred to future fiscal years or other funding sources become available. The “Budget Drivers Worksheet”<sup>42</sup> used in the 2022-23 budget process was not an adequate substitute. In addition, reclassifying the cost of some capital items as operating expenses is also confusing and not transparent. In the Tentative Budget, while some vehicles are now operating expenses, others are in the capital plan and no clear standard for assigning expenditures to one category or another has been articulated.<sup>43</sup> The Committee urges the Board and staff to return to the former capital planning structure and

---

<sup>40</sup> Scarsdale Forum, Report of the Fiscal Affairs Scarsdale Committee on the Village of Scarsdale 2021-22 Tentative Budget, p. 4 (April 7, 2021), <https://www.scarsdaleforum.com/Reports/download/1090>.

<sup>41</sup> See 2021-2022 Adopted Budget at April 27, 2021, Capital Plan, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/156>, PDF p 213-234.

<sup>42</sup> E.g, March 3, 2022 Work Session Materials, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/168>, PDF p. 12-14.

<sup>43</sup> Memorandum from Village Treasurer to Village Manager, January 20, 2022, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/161>, p. 10-11.

documentation that not only facilitated orderly consideration of multi-year multi-phase projects but promoted transparency and continuity.

**b. Specific Projects.** The Committee observed last year that continuing to defer capital projects will put the Village at risk and urged the Board to formulate a long-term plan to resume appropriate capital spending.<sup>44</sup> While there was much discussion during the budget process about the need for capital spending to maintain and preserve infrastructure and the risks of continuing to defer this spending,<sup>45</sup> capital projects scheduled for 2022-23 in the Adopted Budget Capital Plan to preserve and upgrade Village buildings, including Village Hall,<sup>46</sup> the Freightway garage,<sup>47</sup> and the Weinberg Nature Center building<sup>48</sup> have been deferred again,<sup>49</sup> or, in the case of the Nature Center, simply disappeared.

Instead, the budget includes eight pickleball courts that will cost \$410,000. The process staff used to rank pickleball as a high priority, but the dog park that residents have been requesting for years<sup>50</sup> as a low priority that was ultimately dropped, was not transparent. Rather than leaving it to staff to decide how residents prioritize recreational amenities and other capital spending, the Committee believes a public process should be required. The Board decided for the second year in a row that changing to bagged leaf collection cannot be decided as a budget issue and rather requires a separate public process. That same rationale should dictate establishing recreational and other capital spending priorities after a separate public process that includes a presentation of all options and costs.

Because there was no public disclosure or discussion of these capital spending choices, the pickleball project should be deferred to allow for more public discussion of this project and alternative uses for parkland reserve funds that are unlikely to be replenished. And then, start with four pickleball courts on a less expensive asphalt surface and evaluate resident interest and permit revenue based on actual experience. If the courts are fully booked, additional courts can

---

<sup>44</sup> Scarsdale Forum, Report of the Fiscal Affairs Scarsdale Committee on the Village of Scarsdale 2021-22 Tentative Budget, p. 12 (April 7, 2021), <https://www.scarsdaleforum.com/Reports/download/1090>.

<sup>45</sup> E.g., Tentative Budget, Budget Message, PDF p. 4 (“this budget recognizes the deleterious effects of long-term deferral of investment needs;” the need to “refocus on achieving a good state of repair for our critical assets;” and to “keep pace with the need to renovate, upgrade or replace our equipment and infrastructure.”)

<sup>46</sup> 2021-2022 Adopted Budget at April 27, 2021,

<https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/156>,

p. 217, PDF p. 222- third floor renovation- 390,000, air handler- \$85,000, plaza design \$30,000 were deferred.

<sup>47</sup> Id. p. 220 PDF p. 225 renovation design and bid -\$61,368 and construction- \$562,540 were deferred.

<sup>48</sup> Id., p. 211 PDF p. 216 interior renovation project \$57,500 with no plan in the next five years in the Tentative Budget Capital Plan.

<sup>49</sup> Tentative Budget, Capital Plan, PDF p. 173-174.

<sup>50</sup> Scarsdale Forum, Initial Report of the Municipal Services Committee on the Feasibility of an Off-Leash Dog Park in Scarsdale, May 9, 2018, <https://www.scarsdaleforum.com/Reports/committee/5>.

be added.<sup>51</sup> By building four courts instead of eight, parkland reserve funds could be used for the library pond renovation as well, rather than borrowing. Alternatively, the Nature Center’s capital needs could be addressed, especially since the Village is hiring a FTE to run a revenue-producing pre-school and other popular programs at the site. The Village can build a dog park for less than half the cost of the eight pickleball courts.

The number of projects and the amount of capital spending in the Tentative Budget (\$24.9 million) is unprecedented. It seems precipitous to spend so much cash (including the entire ARPA windfall and half the parkland reserve, as well as fund balance) and also plan to double Village debt in what is only the first year of transforming the Village government. Is staff looking for grants to fund some of these projects? None of the projects in the Tentative Budget capital plan are funded by grants,<sup>52</sup> while the current adopted budget identifies many.<sup>53</sup> It may be prudent to delay some of this capital spending to ensure that grant opportunities have not been overlooked.<sup>54</sup> The Committee is also concerned that the number of new projects proposed to be funded in 2022-23 could well exceed staff’s ability to manage them on top of their operational duties. Staff “bandwidth” is an important limiting factor that must be considered in formulating a capital plan.

c. Debt. The Committee admired the process that staff and the Board undertook to identify and quantify the needed investments in the Village’s 100-year-old water infrastructure and then to carefully map out a water rate plan based on a professionally developed model to ensure that there would be sufficient revenue to pay debt service on the planned borrowing, cover operating expenses, and maintain appropriate reserves.<sup>55</sup> The Committee also commends the Board and staff for beginning the process of capital planning for the pool and the Village Center by hiring consultants, for initiating community outreach and engagement on these important issues, and also for studying bonding opportunities. However, the plan unveiled at the March 3 and March 8, 2022 budget meetings to double the Village’s debt by borrowing \$19.2 million in 2022-23 and another \$7 million in 2023-24 needs a lot more planning and consideration. Specific

---

<sup>51</sup> As a comparison, the Town of Greenburgh, with five times the population of Scarsdale, is starting by converting two tennis courts into 6 pickleball courts (\$30,000) and building four courts at another location (\$235,000). Scarsdale Inquirer, “Popularity Prompts Greenburgh to invest in pickleball courts,” March 3 2022, [https://www.scarsdaleneews.com/top\\_stories/popularity-prompts-greenburgh-to-invest-in-pickleball-courts/article\\_54f3e49c-98b4-11ec-8433-9f00a70e7cdb.html](https://www.scarsdaleneews.com/top_stories/popularity-prompts-greenburgh-to-invest-in-pickleball-courts/article_54f3e49c-98b4-11ec-8433-9f00a70e7cdb.html). The PRC should be tracking tennis and platform court usage. If courts are not fully booked, they can be repurposed for pickleball at a considerable cost savings.

<sup>52</sup> Tentative Budget, Capital Plan. PDF p. 172.

<sup>53</sup> Adopted Budget, Capital Fund, Funding Summary, PDF p. 214 .

<sup>54</sup> Is staff working with elected officials in the county, state and federal governments to obtain funds that may be available under the Infrastructure Investment and Jobs Act of 2021 or other funds?

<sup>55</sup> January 18, 2022 Budget Work Session Materials, Water Rate Study prepared by consulting firm Woodard & Curran, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/162>, PDF 11-31; March 3, 2022 Budget Work Session Materials, Continued Discussion on Water Rates, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/168>, PDF p. 3-9.

projects that are to be funded by debt are the pool complex: \$15.2 million; Village Center design: \$1 million in 2022-23 and \$7 million in 2023-24; vehicles: \$1.8 million; Catherine Road drainage project: \$1 million; and the library pond renovation: \$235,000.<sup>56</sup> The Tentative Budget establishes a reserve of \$430,000, increasing the levy 1% to mitigate steep property tax increases that might be necessary to cover potentially substantial debt service payments in the 2023-24 and 2024-25 fiscal years.<sup>57</sup> Even with the reserve, and appropriating assigned fund balance of \$1.4 million, the March 8, 2022 proforma projects a levy increase of 4.8% in 2023-24 and 6.79% in 2024-25.<sup>58</sup> Moreover, the Tentative Budget Capital Plan anticipates borrowing \$612,928 to pay for Freightway garage design and construction in 2023-24.<sup>59</sup> However, this project was not included in the pro formas or the debt service schedules presented during these March budget meetings.

The Committee opposes increasing the levy in 2022-23 to fund a reserve for debt service on projects that may or may not happen in unknown amounts, and that is based on last-minute unsupported assumptions about revenues and expenses in the later years.<sup>60</sup> Public discussion of bonding of specific capital projects and the impact on the general fund and the property tax levy did not begin until March 3, 2022 and ended five days later on March 8, 2022.<sup>61</sup> It seems rather late in the budget process to make a fully informed and considered decision about issuing bonds in these amounts for these projects and increasing the 2022-23 tax levy by 1% to fund a reserve for future years' debt service. The "last minute" pro forma is not an adequate basis. In the Committee's view, borrowing of the magnitude proposed needs a full public discussion of the projects, a full-blown estimate of the future tax levy impact, and possibly a permissive referendum. The two largest projects – the pool complex (discussed below) and the Village Center design and construction – are at the earliest stages of planning and not yet studied or vetted with the community. The consultant for the Village Center project, FHI Studio, was just hired last month<sup>62</sup> to do a Strategic Mobility and Placemaking Plan for the Village Center. The consultant began work with a perfunctory kickoff work session on March 15, 2022. Nothing has been studied or planned, discussed with the Board or the community, let alone approved. It is

---

<sup>56</sup> March 8, 2022 Budget Work Session Agenda,

<https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/169> PDF p. 10-12.

<sup>57</sup> March 3, 2022 Budget Work Session, <https://scarsdalenyswagit.com/play/03032022-675> (1:15:30-1:16:30).

<sup>58</sup> March 8, 2022 Budget Work Session Agenda, PDF p. 5.

<sup>59</sup> Tentative Budget, Capital Plan, PDF p. 174.

<sup>60</sup> The March 3, 2022 pro forma assumes costs will increase 2% annually, while non-tax revenues will increase 4%. March 3, 2022 Budget Work Session, <https://scarsdalenyswagit.com/play/03032022-675> (1:26:00-1:26:15); the March 8, 2022 revision assumed some additional revenue.

<sup>61</sup> At the March 3, 2022 budget work session the Treasurer described the pro forma as "a very quick last minute schedule that we put together today." (1:25:30). It was not shared with the public in advance. Nor was the March 8, 2022 revised pro forma.

<sup>62</sup> Minutes of February 8, 2022 Board of Trustees Meeting, [https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/\\_02222022-993](https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/_02222022-993). Board resolution at PDF 13-16; Cost: \$94,000.

unknown whether or when design work will be done and whether it will cost \$1 million or some other amount. The \$7 million construction cost to be bonded in 2023-24 is mere speculation<sup>63</sup> and grants that could “meaningfully impact” the cost of a project have not been ruled out.<sup>64</sup> In addition, borrowing to pay for vehicles and landscaping projects is a significant departure from the Village’s current practice to borrow only for buildings and other high dollar infrastructure projects,<sup>65</sup> and needs more consideration and justification. The claim that inflation will continue so that the Village will repay with “cheaper” dollars is speculative and unsupported by any financial analysis.

#### ***4. The Pool Complex.***

The Village’s Pool Complex was built in 1968. Membership has been declining for many years and it is operating at a deficit. The facility is in disrepair and does not meet current health and safety standards.<sup>66</sup> The Village retained Lothrop Associates LLP Architects (Lothrop) at the end of September 2021 to prepare a Marketing Study and a Condition report.<sup>67</sup> The Condition report concludes that rebuilding the existing complex to current standards would cost \$13.2

---

<sup>63</sup> March 8, 2022 Budget Work Session, <https://scarsdaleny.swagit.com/play/03092022-1010>, the Village Manager called it a “placeholder” and acknowledged that “we don’t know what that number really is” (15:10-15:21).

<sup>64</sup> *Id.* (16:30-16:44); March 15, 2022 Work Session, Village Center Strategic Mobility and Placemaking Plan, FHI Studio Presentation, <https://scarsdaleny.swagit.com/play/03162022-653> (25:43-29:28). The consultant indicated the Village could apply for grants under 8 to 12 programs at various levels of government.

The Forum’s Municipal Services Committee (MSC) has noted that previously the village hadn’t implemented several of a prior consultant’s major recommendations. The MSC’s 2020 “Update to Scarsdale Forum 2015 and 2018 Traffic Reports,” <https://www.scarsdaleforum.com/Reports/download/934>, cites the pertinent 2016 study by village traffic engineering consultant TSC, which also issued a report in 2005 (MSC 2020 Report, p. 8, fn 19. See TRC Engineers, Inc., Traffic and Pedestrian Summary Report, Popham Road/Chase Road/Overhill Road, Crane Road/Fox Meadow Road, West Quaker Ridge Area (July 2016), at <https://www.scarsdale.com/documentcenter/view/874>; and 2005 TRC Technical Memorandum, at <https://www.scarsdale.com/documentcenter/view/871>.

<sup>65</sup> Tentative Budget, Bond Summary, PDF p. 184.

<sup>66</sup> See generally Village website, Pool Complex Project, <https://www.scarsdale.com/888/Pool-Complex-Project>; Minutes of September 28, 2021 Board meeting, [https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/\\_10122021-943](https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/_10122021-943), PDF p. 13-14; Board Resolution approving hiring Lothrop Associates at a cost of \$114,000 paid from the general fund at <https://www.scarsdale.com/DocumentCenter/View/7903/20210928-Award-Resolution-for-Market-Study-and-Existing-Conditions-Report> states that “over the past ten years, the Complex has experienced declining permit sales and increased infrastructure repairs costs, and is entering the end of its useful life without a planned major renovation to bring the facility up to current code and standards.”

<sup>67</sup> The Village issued the RFP for the Marketing Study and Condition Report on June 30, 2021. Request for Proposals, Municipal Pool Complex Market Study And Existing Conditions Survey, <https://www.scarsdale.com/DocumentCenter/View/7905/20210630-Pool-Special-Assignment-RFP>.

million.<sup>68</sup> This estimate is intended to provide a baseline; the current complex will not be rebuilt as it is not economically viable.<sup>69</sup> An extensive process of community engagement, including surveys, is planned to determine the future of the pool complex. After completing the marketing study, Lothrop Associates will present three scenarios that will be supported by rigorous financial analysis.<sup>70</sup> The cost of the chosen scenario (or whether there will be one) is unknown and cannot be predicted at this time.

The Pool Complex has been an enterprise fund since it was built more than fifty years ago. Operating the pool as an enterprise fund is another long-standing fiscal guardrail that has served the Village well. Commenting on the budget last year, this Committee vigorously opposed any taxpayer subsidy for the pool. The Committee concluded that it would be a mistake to borrow for the pool, unless and until the Board and the community have seen enough facts and financial analysis, including conservative, credible forecasts of future revenues from increased memberships, to have a high degree of confidence that the pool will be independently viable in the years to come.<sup>71</sup>

The Marketing Study and Condition Report RFP assumes that the pool will continue to be an enterprise fund.<sup>72</sup> At a September 21, 2021 work session, the Deputy Mayor confirmed that the pool will continue to be funded as an enterprise fund.<sup>73</sup> At a March 8, 2022 work session, however, the Village Manager stated that debt service on a \$15.2 million pool bond, estimated at

---

<sup>68</sup> Lothrop, “Scarsdale Municipal Pool Complex, Existing Conditions Survey” (February 23, 2022), <https://www.scarsdale.com/DocumentCenter/View/7904/20220223-SMPC-Existing-Conditions-Survey>.

<sup>69</sup> Request for Proposals, Municipal Pool Complex Market Study And Existing Conditions Survey, <https://www.scarsdale.com/DocumentCenter/View/7905/20210630-Pool-Special-Assignment-RFP>: “The baseline estimate will primarily be used to inform discussion of the incremental costs associated with alternatives developed through the Market Study; because the facility is no longer competitive in the aquatics market, we do not envision entirely as-is reconstruction.” RFP p. 1.

<sup>70</sup> The RFP requires “a Market Study yielding three financially feasible reconstruction scenarios. Because membership has been in steady decline over the past decade, neither a “do nothing” scenario nor a baseline (as-is) reconstruction scenario is requested. Scenario development must be informed by sound fiscal analysis and robust public engagement, including a statistically valid survey, to identify community supported modifications or additions to the existing site design, physical amenities, programs, and/or services. The Market Study shall identify a community preferred alternative from amongst the three feasible scenarios presented, with the recommendation supported by defensible quantitative and qualitative analysis.” *Id.* p. 5.

<sup>71</sup> Scarsdale Forum, Report of the Fiscal Affairs Scarsdale Committee on the Village of Scarsdale 2021-22 Tentative Budget, p. 11-12 (April 7, 2021), <https://www.scarsdaleforum.com/Reports/download/1090>.

<sup>72</sup> The RFP states “Importantly, our Municipal Pool Complex is supported through an Enterprise Fund, which requires that revenues derived from facility operation are adequate to cover all related expenses without subsidy from the General Fund. Financial plans supporting all scenarios developed through the engagement must reflect this requirement.” p. 5.

<sup>73</sup> September 21, 2021 Work Session, <https://scarsdaleny.swagit.com/play/09222021-1129> (1:35:20).

\$775,748 annually for thirty years,<sup>74</sup> will be paid from the general fund.<sup>75</sup> While the pool's operating expenses will be covered by pool revenues, the Village Manager explained that the general fund will be repaid only if there are "excess" funds generated by the pool's operations. Repayment of the general fund debt service payments will not be a condition of the project. Apparently, the community will be asked if it wants to use property tax revenues to subsidize the pool as part of the Marketing Study.<sup>76</sup> This Committee objects to a pool project that will not repay the general fund for debt service payments. The Committee further objects to increasing the tax levy by 1% to fund a reserve largely for pool debt service. Even if the Board ultimately decides that some general fund subsidy for the pool is warranted, funding decisions should be made when the project is defined, after the Marketing Study is completed and the Board and community select a scenario, after the cost of the preferred scenario is determined, and after the financial analysis of pool revenue is completed. There is a wide range of possibilities, and potential funding needs. The complex could be scaled down in line with current public interest in an outdoor complex, or an indoor pool could be added to the site to serve the community and generate revenue year-round. Borrowing anywhere near \$15 million should be subject to a permissive referendum after full disclosure to the public of all financial projections and analyses.

### ***5. The Budget Process.***

The Committee appreciates the efforts of staff and the Board to improve the Village's budget process. There was a full schedule of public meetings that included opportunities for public questions and input and extensive documentation was prepared by staff and shared with the public, for the most part in advance. The Committee understands that reinventing the budget process is a work in progress and has the following comments at the end of the first year.

In the Committee's view, starting with an "Aspirational Budget"<sup>77</sup> may have diverted attention from cost savings opportunities and the rationale for strictly limiting FTEs. Including so many departmental needs and wants in the first pass budget<sup>78</sup> appeared to make it more challenging and time-consuming for staff to document them all and for the Board to discuss them all and set priorities. For next year, the Board might set some parameters and standards that the Village Manager could impose as a "gatekeeper" to enable the Board and the public to focus on

---

<sup>74</sup> March 8, 2022 Budget Work Session Agenda, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/169>, PDF p. 10-12; March 3, 2022 Budget Work Session, <https://scarsdaleny.swagit.com/play/03032022-675> 1:20:35 confirming 30 year bond for the pool.

<sup>75</sup> March 8, 2022 Work Session <https://scarsdaleny.swagit.com/play/03092022-1010> (1:41- 1:47).

<sup>76</sup> *Id.*

<sup>77</sup> Mayor's Comments, Minutes of February 8, 2022 Board of Trustees Meeting, [https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/\\_02222022-993](https://www.scarsdale.com/AgendaCenter/ViewFile/Agenda/_02222022-993), PDF p.3.

<sup>78</sup> The First Pass budget, included eight new FTEs and numerous "low priority" items. February 16, 2022 Budget Work Session Materials, <https://www.scarsdale.com/ArchiveCenter/ViewFile/Item/164>, PDF p. 47-49.

the best and most important projects and expenditures. While the possibility of additional borrowing was discussed throughout the process, specific amounts and projects were not proposed until March 3, 2022, far too late in this year's budget process to fully understand and properly consider items of this magnitude, but far too premature given the very early stage of planning for the pool and the Village Center projects.

The Committee supports the Village Treasurer's efforts to maximize the use of the New World/Logos financial software for budgeting and overall financial management. The Committee urges the Treasurer to use this software to promote greater financial transparency through public understanding and access to real-time financial data and analytics throughout the year. Specific uses the Committee recommends include high level views of the operating, staffing and capital budgets, with the ability to perform "what if" scenarios and drill downs, and a dashboard with key financial indicators used by the Board, Village administration and department heads for ongoing financial/budget oversight. The Committee appreciates the offer made by the Village Treasurer for a New World/Logos system demonstration at the conclusion of the current budget season.

### **Conclusion**

This Committee commends the Board and staff for the substantial time and effort they have spent during the pandemic not only on budget matters, but on so many important initiatives involving strategic and financial planning, quality of life, sustainability, Village Center revitalization, digitizing and automating Village functions and records, and key staff recruitments that are making Scarsdale an even better place to live.

The Committee hereby concludes that the recommendations set forth in this Report be adopted.

Respectfully submitted by the following members of the Scarsdale Fiscal Affairs Committee:

Anne Hintermeister, Chair  
Robert Berg  
Susan Douglass  
Madelaine Eppenstein  
Mary Beth Gose  
Bob Harrison  
Terri Harrison  
Michael Levine  
Mark Lewis  
Eli Mattioli  
Barry Meiselman  
James Pullman



Ken Rilander  
Jeffrey Steinberg  
James Wetmur