

## Donna Conkling

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**From:** Mayor  
**Sent:** Wednesday, April 15, 2020 9:12 PM  
**To:** Mayra Rodriguez Valladares, MRV Associates  
**Cc:** Trustee Lewis; Trustee Arest; Trustee Crandall; Trustee Waldman; Trustee Ross; Trustee Veron; Donna Conkling; Steve Pappalardo  
**Subject:** Re: April 14th BOT Meeting

Mayra,

Thank you for your email. I hope you, Brice and your children are well and are managing alright through this very trying time.

The Village Board has reviewed the VCP presentation and all of the emails sent to the Village as well as the non-partisan budget reports of the Scarsdale Forum and the Scarsdale League of Women Voters. The Village Board is also aware of the financial difficulties that many residents are facing. All of these inputs are central to the preparation and management of the Village budget.

As we mentioned last night, the Village has taken immediate action to address the potential fiscal threats that have been identified. The Village also benefits from having the flexibility to modify its budget throughout its fiscal year, unlike other governmental bodies. The Village Board has pledged to continue to focus on prudent and responsible fiscal management throughout this crisis and through the recovery. The Village's approach to budget cuts is to be data-driven and changes will be made, as necessary, when additional data is available.

With regard to our empathy and compassion, the well being of our friends and neighbors is always in the forefront of our minds. The Village Board strives to keep any potential increases to our tax levy as low as possible. This year, when we may be more reliant on our tax levy than ever, we still insisted that we find additional tax relief. As detailed last night, the Village has the necessary data to show that funds could be reduced in the library budget and this money will be applied as additional taxpayer relief. We clearly want to do what we can to help support residents during this trying time.

If your inference is that we as a Board are not caring enough for our constituents, I remind you of the countless volunteer hours spent trying to better the lives of Village residents. Even now, while juggling personal business and family matters, Scarsdale's Trustees understand our commitment and duty to their community. I also suggest you look to the volunteer work of many of the Board members and to the communications sent to the community. As only two examples of volunteerism by Board members, Trustee Waldman, a physician, answered Governor's Cuomo's call for medical professionals and is volunteering on the frontlines in White Plains Hospital and Trustee Veron is assisting local small businesses in receiving aid and adjusting their business models so they stand a fighting chance to survive this crisis. The work that both are doing is nothing short of incredible. If your comment about empathy is about management of the Village, then I offer that we look to the continuation of essential services, including Police, Fire, water and sanitation - these usually difficult tasks now require Herculean effort. As an example, the Department of Public Works has consolidated a number of its separate groups to work in sanitation to provide safe working environments and the continuation of the necessary health service of sanitation.

As has been mentioned many times, there are appropriate short, medium, and long term responses to this crisis. The Village has taken decisive and appropriate short term action and has pledged to diligently review and take appropriate medium and long term action - with public participation as an integral component of the process.

Be well.

Regards,

Marc

Sent from my iPad

On Apr 15, 2020, at 9:55 AM, Mayra Rodriguez Valladares, MRV Associates <mrassoc@yahoo.com> wrote:

**CAUTION:** External sender.

Good morning,

Thank you for holding last night's Budget Hearing. Thanks as well for allowing people to speak over five minutes. Such few residents speak at these meetings, that time limits of 2-3 minutes, as are sometimes arbitrarily imposed, are unnecessary and do not paint a picture of wanting residents to participate.

As I said last night, I strongly urge you to cut unnecessary items in the budget to help Scarsdale residents. If you want to help all residents, there should be no tax increase in this budget, especially since many proposed expenditures, such as those for Freightway, as well as for the attorney and HR departments, have not been justified to residents. I have reviewed the letters sent to you about the budget by residents, and unless I missed something, I did not see a single letter supporting the budget. Quite the contrary, residents are asking for budget and tax cuts.

I have spent three decades in finance in a role where I look for a wide range of country, economic, and financial risks and how they can impact solvency of individuals and companies. The COVID-19 crisis is the worst one that I have ever seen and experienced.

On March 31<sup>st</sup> I published a [piece](#) stating that the COVID-19 public health and economic crisis will be worse than the 2008-2009 crisis. I have also published many pieces in the last two months explaining how shocking levels of [jobless claims](#), rapidly rising [default rates](#) in [junk bonds](#) and [leveraged loans](#) taken out by very indebted companies, and banks' allocating significant levels of [loan loss reserves](#) all point to the fact that we are in a recession, and that a recovery will be very slow in coming. Even before COVID-19, the manufacturing, retail, agricultural, and energy sectors were either having sluggish rates of growth or in the case of manufacturing, were already in contraction.

In all the financial crises which have happened while I have been in the field of finance, i.e. the Mexican, Asian, Russian, tech meltdown, and the 2008-2009 financial crisis, we had lots of warning that the crises were coming because data, such as for the level of non-performing loans, was available months, and sometimes years, in advance. With COVID-19, the onslaught of late payments, defaults, and lay-offs happened in matters of weeks, and with little public warning that COVID-19 would lead to almost a complete shutdown of the global economy.

With the above said, I continue to be very concerned that I have not seen the documented economic assumptions being used by Village personnel and officials for the scenarios that you presented on March 31<sup>st</sup> or last night. Some of you have stated that stress tests were conducted. What stress tests are you using? If using the Federal Reserve stress tests as a benchmark, a stress test would include assumptions of 10% unemployment and declines of over 20% in residential and commercial real estate, as well as a decline of 8% in GDP and 50% in the stock market. Kindly explain what your definition of a stress test is and what macroeconomic assumptions you are using. Even the Federal Reserve is making changes to its

stress test scenarios, since the current reality, in many cases has already surpassed the most severe Fed stress test. The scenarios I saw last night at the BOT meeting do not tell us what stresses you are using.

I have not heard anything in the last two budget sessions where income levels of Scarsdale residents are being taken into consideration. In the working paper that Bob Berg, Sean Cohen, Bob Selvaggio and I sent you March 24<sup>th</sup> and to which we received no response, we included data showing that half of Scarsdale households make less than the \$250,000 median income. I enclose the working paper again, and respectfully request that you address our recommendations.

<image001.png>

As I said last night, I firmly believe that this median income figure is now old and that when the figure finally comes out, the median income will be a lot less. Many Scarsdale residents have lost their jobs, have taken voluntary or involuntary pay cuts, or are shutting down their businesses.

In the worst pandemic in over a century, how will you show empathy and compassion to Scarsdale residents?

I look forward to receiving a response to our working paper and to Bob Berg's budget analysis.

Best regards,  
Mayra Kirkendall-Rodriguez

Encl.

Managing Principal

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<WorkingPaperMarch24.pdf>