



**To: Mayor Jonathan I. Mark  
Members of the Village Board of Trustees**

**Cc: Former Mayor Robert J. Steves**

**From: The League of Women Voters of Scarsdale**

**Re: 2015-2016 Tentative Village Budget**

**Date: April 14, 2015**

The League of Women Voters of Scarsdale (the “League” or “LWVS”) held a membership meeting on Monday, March 30, 2015 to evaluate the 2015-2016 Tentative Village Budget. We thank Village Manager Al Gatta, Deputy Village Manager Steve Pappalardo, Village Treasurer Mary Lou McClure, Trustee Deb Pekarek and then Mayor-Elect Jonathan Mark and Trustee-Elect Matthew Callaghan for attending the meeting and addressing our questions related to the proposed budget, as well as potential issues going forward.

The League supports the proposed FY 2015-2016 budget. We commend the Village staff, Mayor Steves, 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 the anticipated needs of the Village.

The proposed tax rate is 4.5124%<sup>1</sup>, which corresponds to a tax bill increase of approximately \$144 for a homeowner with an average assessed property value of \$1,398,818. The budget proposes a 3.33% increase (~\$1,766,600) in expenditures from the 2014-2015 adopted budget.<sup>2</sup> Other highlights of the proposed budget include:

- For the first time since enactment of the state tax cap law, the proposed tax levy increase of 2.59% is *below* the allowable cap (2.68%); this would be a tax rate increase of approximately 1.06% over the last fiscal year<sup>3</sup>;
- The number of positions, services and programs are maintained at current levels, with no increases absent new revenue to support added cost;
- Contracts with the unions representing employees of the Police Department, Fire Department, Public Works Department (Teamsters) and Public Works Department (Trades) were executed; contracts for the Civil Service Employees Association (CSEA) Village Hall employees, CSEA Library employees and the Crossing Guards remain to be settled; and

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<sup>1</sup> This equals approximately \$4.51 per \$1000 of assessed property value, applying the NYS Equalization Rate of 1.73%. Village of Scarsdale Tentative Budget Fiscal Year 2015-2016, submitted March 20, 2015, Introduction p. 1 (hereinafter, “2015-2016 Tentative Budget”).

<sup>2</sup> 2015-2016 Tentative Budget, Introduction p. 2.

<sup>3</sup> Applying the NYS Equalization Rate of 1.73%. 2015-2016 Tentative Budget, Introduction p. 1.

- Non-controllable costs, such as employee pension contributions<sup>4</sup>, health, liability and workers' compensation insurance premiums, and federal, state and county regulatory costs continue to remain high and/or increase.

### **Village Property Revaluation Projects**

The League commends the Village for completing the municipal-wide property value reassessment in 2014 (the "2014 Revaluation") and was encouraged to hear the Village Manager opine that the project greatly reduced inequities among property owners. Mr. Gatta stated that the project to update the 2014 Revaluation, approved by the Board this year and planned for 2016 (the "2016 Revaluation Update") is necessary to address the properties that are "outliers" and thereafter he hoped that the Board will conduct reassessments on a regular basis (*e.g.*, on a 5-year cycle). The League appreciates that the Board appears to be receptive to undertaking regular future revaluations, and strongly encourages the Board to continue to keep its residents apprised of the progress of the 2016 Revaluation Update.

### **Capital Projects**

The Board plans to go ahead with several new and continuing capital projects in FY 2015-2016, including:

- certain road resurfacing, curb replacement and tree planting;
- purchase of new or refurbishment of existing Public Works vehicles and other equipment;
- installation of an emergency backup generator for Village Hall;
- purchase of equipment for the Scarsdale cable TV studio;
- purchase of computer equipment and a backup system upgrade for the Village Hall and Public Safety buildings;
- water system maintenance and improvements;
- storm water drainage maintenance and improvements;
- sanitary sewer maintenance and improvements; and
- design and construction of a comfort station at the Middle School tennis courts.

There are other capital projects that the Board has decided to defer, some of which have been considered and deferred for several years now. Although the League appreciates that the Board maintains a 5-year capital plan and aims to maintain debt service as level as possible, the League remains concerned about the continued deferral of certain capital projects, including:

- more extensive road resurfacing and curb replacement;
- acquiring new equipment and vehicles for the Department of Public Works;
- renovating the third floor in Village Hall and addressing security issues in Rutherford Hall;
- addressing structural issues at the Freightway Garage, which the League recognizes are becoming especially pressing;<sup>5</sup>

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<sup>4</sup> It is noteworthy that although the state-mandated pension contribution for 2015-2016 decreased slightly (\$500,000) from FY2014-2015, **in the last six years (since FY 2010-2011) the Village's pension contribution has increased by 107%**. 2015-2016 Tentative Budget, Introduction pp. 2, 5.

<sup>5</sup> The League looks forward to hearing more in the coming year about the Village's plans for the Garage and adjacent parking lot, including the possibility of partnering with a private developer. The League hopes any

- upgrading/installing security cameras at the Christie Place and Freightway Garages; and
- removing the underground storage tank at Village Hall.

The League urges the Board to seriously consider the long-term economic implications of continuing to forego these necessary projects. We recognize that the decision to defer these projects is a result of the Board’s efforts to minimize property tax increases in the current economic environment and in light of the state tax cap law, and we appreciate the efforts the Village Manager and Department heads (“Village Management”) have made to find cost-effective ways to address certain short-term needs. However, the League believes that the continued deferral of certain repairs, renovations and improvements to village infrastructure since the economic downturn in 2008 (*e.g.*, the less than optimal funding for the annual road repaving program as well as inadequate funding for unexpected road and curb repairs caused by extreme weather conditions) may result in more complicated and costly problems in the future.

### **Village Staff**

The League was pleased to hear the Village Manager report that the new sick leave policy implemented within the Fire Department last year has resulted in materially lower average sick days and lost shifts for the remainder of last year compared to years past, and we look forward to further analysis of the policy’s implementation and effectiveness.<sup>6</sup>

We note the Village Manager stated that with the salary and benefit packages that Scarsdale currently offers in the Board’s continuing efforts to keep costs low, it is becoming more difficult to recruit quality employees to non-union department management positions, and we are concerned about the potential implications.

### **Educate and Engage the Community**

The League acknowledges that the Board and Village Management must consider many factors and make difficult decisions to create the annual budget; residents wish to preserve our independent “village in a park”, while the state government is exerting mounting pressure on municipalities like Scarsdale to merge or consolidate services, thus compromising the ability to self-govern. However, the League exhorts the Board to base its budgeting decisions—including whether to exceed the tax cap in future fiscal years-- primarily on the values of our community rather than external factors.

In our statements reviewing each proposed Village budget since 2008, the League has commended the Board and Village Management for continuing to provide services to the community at a level consistent with prior years while minimizing spending and keeping tax rate increases relatively low. We reiterate that commendation with regard to the 2015-2016 Tentative Budget and also recognize the remarkable job Village Management has done in seeking and securing county, state and national grants to fund several critical capital projects in Scarsdale. The League also has repeatedly acknowledged that striking this balance has become increasingly difficult in the face of the tax cap and tax freeze laws, ever-increasing state-mandated costs and pressure from the

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plans for that area will include adequate accommodation of the community’s parking needs during any renovation.

<sup>6</sup> The League is not commenting on the pending improper practice charge filed by the firefighters union with the Public Employees Relations Board against the Village related to the new sick leave policy.

Governor on municipalities to share services and/or consolidate, in part by not making grant monies available to municipalities who resist consolidation. This year the Village Manager and Treasurer have stated clearly that this balancing act is not sustainable:

*It is important to emphasize that the total General Fund Budget for 2015-2016 will represent an eight-year span (2008-2009 to 2015-2016) where the expenditures have only grown at an annual average of 3.75%, a condition that makes it difficult to provide the level of services [to] which residents are accustomed. The increases and high costs for pension benefits, healthcare, wages and debt service cannot be sustained without reasonable increases in the Village non-property tax revenues. **The only option is to tax ourselves at a greater rate, or to accept a reduction of current service levels.***<sup>7</sup> (emphasis added)

The League recommends that the Board and Village Management make a greater effort at the outset of the budget process to:

- (1) ascertain the overall sense in the community regarding the relative values residents attach to village-provided services and capital projects, including by proactively soliciting widespread community input on which services, projects and resources the community values and is willing to support with taxes, and which it would be willing to eliminate or scale back or, alternatively, pay for on a fee-for-service basis;
- (2) educate the community about the costs associated with village-provided services and capital projects,<sup>8</sup> and which services/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; and
- (3) solicit community feedback regarding the circumstances under which residents would be willing to exceed the state tax cap.<sup>9</sup>

The League is pleased to learn that Mayor Mark is looking to use the reinvigorated Scarsdale Public TV channel to update the community about relevant issues. The League encourages the Board and the Village Manager to do so on a regular basis (at least monthly), and to work with all willing community organizations to educate and solicit feedback from residents as outlined above.

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<sup>7</sup> 2015-2016 Tentative Budget, Introduction p. 2.

<sup>8</sup> As the League has stated previously, we strongly encourage Village Management to create and publish a matrix of Village-provided services and major capital projects and their associated costs.

<sup>9</sup> On this point, the League was pleased to hear Mayor Mark state that in next year's budget process he and the Board will consider whether it is prudent to exceed the tax cap for FY2016-2017.

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, Former Mayor Steves and the Trustees developed the 2015-2016 Tentative Budget. Thank you for considering our comments.

Sincerely,

Deb Morel  
LWVS Village Budget Chair

Susie Rush  
LWVS President