

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

From: The League of Women Voters of Scarsdale

Re: 2018-2019 Tentative Village Budget

Date: April 24, 2018

The League of Women Voters of Scarsdale (the "League") held a membership meeting on Monday, March 26, 2018 to evaluate the 2018-2019 Tentative Village Budget (the "Budget"). We thank Village Manager Steve Pappalardo, Village Treasurer Mary Lou McClure, Mayor Dan Hochvert and Trustee and Liaison to the League 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 Budget of \$56,574,713, representing a year-to-year increase of 1.921% or \$754,921. We commend the Village staff, Mayor Dan Hochvert, the Board of Trustees (the "Board") and its Finance Committee for again conducting a budget development process that was accessible to all residents, fully transparent and clearly presented. We also commend them for their nimble and responsive actions in allowing Scarsdale taxpayers to prepay the Village portion of their property taxes in light of the uncertainty caused by recent changes to the federal tax law affecting the deductibility of local property taxes. Finally, the League commends the Village Board and Staff for continued careful planning and prudent financial practices that allows the Village to maintain -- and in some cases, improve -- the services that are important to the community while keeping tax increases well below the state-imposed tax cap, especially in light of recent federal tax law changes. That being said, the relatively low tax increase in the proposed budget is the result, in large part, of deferring spending on some projects. While we understand and appreciate the Board's sensitivity to keeping tax increases low, we encourage the Board to work with the community to develop a new comprehensive plan and begin to build up resources in order to invest in enhancements to the Village.

1. Property Tax Levy

The proposed property tax levy increase is 1.921%, or \$754,921, which corresponds to a tax rate increase of approximately \$128 for a Village homeowner with an average assessed property value of \$1,499,000. This homeowner would pay roughly \$6,773 in Village taxes in 2018-2019, representing approximately 18.19% of the homeowner's total property tax bill. We note that the proposed Budget is well below the New York State property tax levy cap, representing a year-to-year increase of only 0.25%. We commend you for not using the tax cap as a guiding principle for the Budget. We do appreciate the restrictive nature of the state's tax cap calculation for the Village. 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 for lobbying to the State government.

2. 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: maintenance of adequate reserves to deal with unplanned emergencies; maintenance of fund balance within 10-15% of prior year's budget; and mitigation of tax increases. We commend the Village for its successful strategy that has maintained our Aaa bond rating, specifically by using some of our surplus for capital improvements. However, this tight budgeting may be at the expense of longer range investments in Village services and facilities desired by the community. We would encourage the village to allocate some of the surplus or increase borrowing for this purpose before borrowing rates go up. This also suggests a need for an updated comprehensive plan that incorporates a longer range view of needs and goals of the community in order to ascertain community priorities from a more holistic perspective, recognizing that the comprehensive plan has not been updated since 1994.

3. Capital Projects

The League supports the funding of capital projects in the amount of \$11,145,025, a 58% increase in capital expenditures compared to last year's budget. We commend the Village for addressing many capital projects that have been deferred in the past. However, we are concerned that some important projects continue to be deferred, most notably, improvements to Village Hall, as well as some infrastructure projects. Also, we note that the proposed capital budget includes many projects that will not be undertaken unless grants are obtained. The League supports the Village's ongoing efforts and effectiveness in obtaining grants as a source of funding. However we recognize that grants are not a reliable source of funding, and that available grants frequently do not align with our Village's capital project priorities. We also support the Village's approach to prioritization 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

