

To: Mayor Marc Samwick
Members of the Village Board of Trustees
Village Manager Steve Pappalardo
Village Treasurer Mary Lou McClure

Cc: Former Mayor Dan Hochvert

From: The League of Women Voters of Scarsdale

Re: 2019-2020 Tentative Village Budget

Date: April 22, 2019

The League of Women Voters of Scarsdale (“the League”) held a membership meeting on Monday, April 8th, 2019 to evaluate the FY 2019-2020 Tentative Village Budget. We thank Village Manager Steve Pappalardo, Village Treasurer Mary Lou McClure, Mayor Marc Samwick, and Trustee Justin Arest for attending the meeting and addressing our questions related to the proposed budget, Board process, code amendments, as well as other issues going forward.

The League supports the proposed FY 2019-2020 budget and commends Village staff, former Mayor Dan Hochvert, and the Board of Trustees (the “Board”) for conducting a well-managed and thoughtful process and proposing a budget that evidences careful planning and balancing shrewd fiscal management with resident expectations of a high level of services provided (see financial overview pg. 6-7).

During his presentation, the Village Manager addressed the issue of the changes in tax laws regarding the cap on SALT deductions. He stated that the Board and Village administration’s approach to the budget has been one of caution since the market collapse in 2008-2009 and that this has continued to be the attitude of the Village for the past decade. The Village allowed homeowners to prepay their taxes in December 2017 and created a charitable gift reserve fund where allowed by law. The impact of this tax law change on the housing market is still unknown. Mr. Pappalardo also mentioned the significant loss in “Aid and Incentives for Municipalities” (AIM) funding to local municipalities for the last two decades and that the Village has sought ways to make up for this loss of funding.

Regarding debt service, as per Treasurer McClure, the FY 2018-2019 budget benefitted from a reduction in debt service of \$484,000 with the final payment on a Bank Anticipation Note (BAN) (\$330,000) and the scheduled retirement of the 2002 bonds (\$148,000). The Library Bond resolution was amended in February 2018 to permit pledges to be included in the Library Capital Campaign Committee’s commitment to raise \$7.5 million towards the cost of the Library addition and improvements. Based on this, the construction contracts for the Library were awarded in June of 2018. The May 31, 2018 Financial Statements were presented to the Board in September. Based on those events and the amendment to the bond resolution in February 2018, the Village borrowed \$9.9 million for the project in the bond market in October 2018. The budget for 2019-2020 includes the initial payments of principal and interest on the Library bond issue partially offset by the receipt of a premium in excess of \$447,000 on the issue. The net impact in 2019-2020 was an increase in the debt service of \$452,000. The 2019-2020 budget also includes the final payment on the Popham Road Bridge BAN, which will further soften the impact of the Library Debt issue in 2020-2021.

The main topics of discussion during the League’s consensus meeting were as follows:

- Deferral of Capital Maintenance Projects
- Investments in Technology
- Water Rates and Infrastructure
- Evaluation of the Food Scrap Program
- Increase in Staffing: Part-Time Code Enforcer
- Board Process and Communication
- Board of Trustees’ Conflicts of Interest

Deferral of Capital Maintenance Projects

We thank the Village for its capital planning to maintain debt service as level as possible and appreciate how Village administration has prioritized projects to ensure that critical Village services come first, such as water infrastructure, sewers, and emergency services. The League encourages the Board of Trustees and Village administration to begin a community conversation about long-range planning for capital projects to address the Village’s aging infrastructure and future needs. As an example, electrical, HVAC, and security maintenance and upgrades to Village Hall have been deferred continually over the years and are not being addressed in this budget either. As suggested by Village Manager Pappalardo during the League’s information session, the scope of work required at Village Hall is significant enough to consider the possibility of building a new Village Hall in the existing parking lot while keeping the old building open during construction; this would avoid the expense of relocating Village staff and government services, which occurred during the Popham firehouse renovation. The League recommends the Board and Village administration begin to engage in a thoughtful and comprehensive public dialogue about this work and other capital infrastructure needs, as well as to discuss the plan for financing such improvements and to publicize these long range plans.

Investments in Technology

Water:

The League supports the installation of new water meters with remote reads and the steps taken to move towards a paperless billing system. With regard to the decision to change from a quarterly to a monthly billing cycle, the League appreciates the benefits of real-time reads and the fact that more frequent billing will alert residents earlier to unusually high water usage and potential leaks, thereby helping residents to save money and conserve water. Because of the environmental and monetary expenses associated with printing and mailing water bills, the League recommends that the Village wait to implement the monthly billing program until it is able to employ online billing. The League encourages the Village administration to utilize multiple avenues to ensure effective communication of these plans to all Village residents.

Parking:

The League understands that the Village will be purchasing another License Plate Reader (LPR) to police merchants feeding the meters and parking in consumer spots in order to encourage merchants to park their cars in the allocated parking areas. The League recommends that proper policies and procedures be established to ensure that any personal information gathered with these devices will be used responsibly for the purpose for which it is collected, will be stored securely, and will be handled in a manner that safeguards individual privacy rights.

Sanitation:

For over a decade, Village staff has been trying to locate suitable replacements for the now obsolete Cushmans, the small vehicles that enable the sanitation department to provide side and rear property waste pick-up service. After scavenging for parts to maintain the existing Cushman fleet and supplementing with less efficient small pick-up trucks, the Department of Public Works (DPW) believes it has found a suitable replacement model similar to the Cushmans, made in Canada, and has budgeted for purchasing two more this coming year. The League commends staff members on their tenacity and persistence in identifying a means to preserve this level of sanitation service for Village residents.

Water Rates and Infrastructure

The League appreciates the Village's explanation and communication regarding the rise in water rates due to a long history of underfunding Scarsdale's water infrastructure. Now, the Village's rates are more in line with other nearby communities. Additionally, the League recognizes that in order to generate sufficient revenue to maintain infrastructure, water rates also need to increase to compensate for conservation efforts that have succeeded in reducing water consumption, particularly among users who are billed at the higher excess rate. The League commends our Village Manager and staff for continuing to advocate and negotiate with New York City on our fee structure, recognizing that suburban water usage differs significantly from urban usage.

Evaluation of the Food Scrap Program

The League looks forward to the assessment of the food scrap initiative started this past year and the presentation to the public of all relevant data collected by Village staff and all additional metrics by which the community may understand both the environmental and financial impact of this program.

Increase in Staffing: Part-Time Code Enforcer

The League appreciates the increase in staff dedicated to code enforcement and looks forward to updates on the efficacy of the newly added part-time code enforcement position, which will include Saturday hours.

Board Process and Communication

Village Board Working Sessions and Informal Opportunities for Public Input:

The League commends the Board of Trustees for its plan, as Mayor Samwick explained at the information session, to move to a new structure that employs working sessions of the full Board with published agendas and minutes or notes in place of the former committee structure that limits participation and voting rights to only the two or three trustees assigned to each committee. The League also commends the Mayor for his plan to provide more opportunities for informal input from the community, such as holding coffees with the Mayor and Board members, recognizing that speaking at public meetings can be intimidating for many residents. Furthermore, the League commends the Board for moving the opportunity for public comment to earlier in the Village Board meeting agenda, prior to liaison reports, as to emphasize that the key purpose of the trustees, as Mayor Samwick stated, "is to listen to the public."

The League values voter education and recommends that all meetings of the Village Board, including the new working sessions structure, be recorded and, whenever feasible, live-streamed for greater resident

participation and accessibility to Board discussions. To improve communication and transparency, the League also suggests that the public agendas contain more detail and be written in a more user-friendly and clear format.

Code Amendment Process, Public Hearings, and Hot Button Issues:

The League recommends the Board strive to be more consistent and transparent in how it approaches changes to the Village code and gathers community feedback, particularly on issues known to be of import to residents. The League encourages the Board to codify a process that would:

1. educate the public;
2. give residents and relevant boards, councils, and advisory committees sufficient opportunities and avenues for providing feedback on said changes;
3. allot time for the Village Board to process and reflect on community input and discuss the matter in an open session;
4. schedule voting on substantive changes for a subsequent meeting after all previously-discussed code changes have been incorporated into a properly noticed public hearing.

The League acknowledges that certain *pro forma* matters, such as taxi license renewals, do not require extensive outreach. However, the League observed that the process by which modifications were adopted to the tree code and to the law regarding solar panels did not provide sufficient informed and active participation by the public. Additionally, there was insufficient time allowed to understand and evaluate the newly suggested changes and their potential impact prior to their inclusion into the proposed code language before it was voted on at the same meeting in which the changes were suggested. The League agrees with the sentiment expressed by Mayor Samwick at the information session to the effect that “incrementalism is a very valid approach” to governance. Additionally, the League urges the Board and staff to focus on more proactive and creative outreach to the public by utilizing local media and other platforms, such as social media.

In regard to ongoing and persistent “hot button” issues, such as parking in the Village center, the League encourages better communication and allowing for public input when changes are being considered, even though such decisions ordinarily fall under the purview of administrative operations of Village staff. Because of the nature of balancing parking needs between merchants, commuters and shoppers, the League recommends that the Village employ a more methodical, thoughtful and open process that includes benchmarking, reviewing what has or has not worked in Scarsdale in the past, and looking at other communities’ practices when setting permit fees and re-allocating spots among the different users.

Board of Trustees’ Conflicts of Interest

The League encourages local volunteerism and appreciates the fact that trustees often have a history of active involvement in community-based organizations before they are elected to office. In keeping with the spirit of fostering the community engagement of all residents, and in accord with Trustee Arest’s comments at the information session that “the trustees are elected to represent the entire community,” the League commends the Board for self-regulating and adhering to the practice of discretionary recusal in the face of potential, real, or perceived conflicts of interest stemming from the activities of Board members’ spouses and immediate family members who engage in local advocacy and have volunteer roles in local organizations, boards, and councils.

The League likewise encourages members of the Board of Trustees to be more cognizant of the Board members' own current activities and affiliations, volunteer and otherwise, with regard to Board action and Board liaison assignments. The change from the Board's committee structure to full Board working groups may diffuse the impact of any single member's potential conflict of interest, real or perceived; however, just as the Board has addressed spousal or family issues by means of discretionary recusal, the League urges the trustees to consider whether their own current activities present a potential, real, or perceived conflict that should trigger recusal from particular issues that come before the Board.

Conclusion

We thank you for your invaluable assistance and cooperation that was extended to the League in our study of the proposed budget and Board of Trustees process. We commend the Board and Village management on the timeliness, quality of data, analysis, and transparency with which the Village Manager, Village Treasurer, Mayor and Trustees developed the 2019-2020 Village Budget. We applaud you for your professionalism and dedication to our Village. Thank you for taking our comments into consideration.

Sincerely,

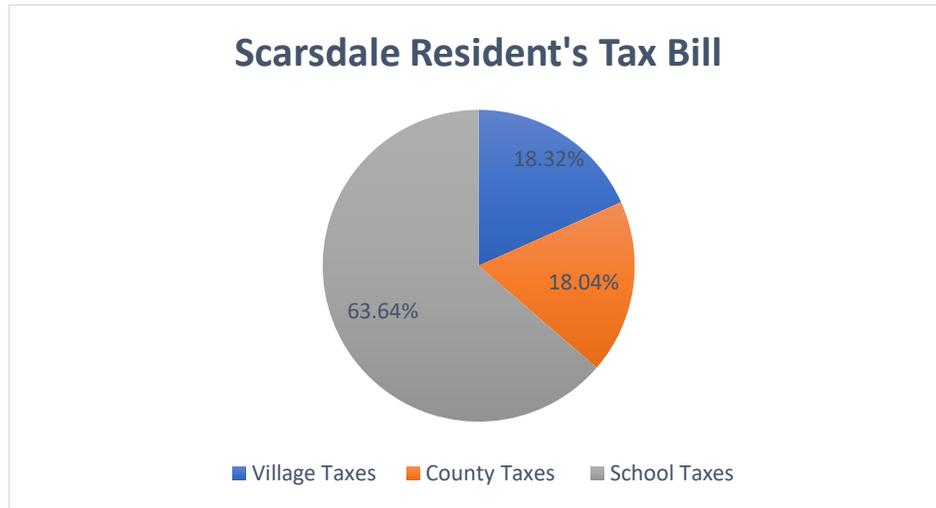
Dara Gruenberg
LWVS Village Budget Chair

Linda Doucette-Ashman
LWVS Co-President

Janice Starr
LWVS Co-President

Financial Overview

2019-20 Tentative Village Budget by Numbers



Proposed increase in tax levy:

\$1,166,747, or 2.91% over the current 2019-19 budget (1% increase in the tax levy generates \$400,524)

Budgeted expenditures:

\$58,025,449 (increasing of \$1,450,786, or 2.56%, over 2018-19 budget)

Non-Property Revenues:

Projected increase by \$295,701 or 1.91%.

Projected Mortgage Tax Revenue:

\$1,700,000 (unchanged from prior year)

Projected Interest Income:

\$375,000, reflecting increasing interest rates over current year.

Sales Tax Revenue:

\$2,625,000 (projected to increase by \$75,000) This reflects the state law increase in sales taxes.

Use of Fund Balance:

\$1,023,000 (covers budgeted expenditures as well as reduces increase in levy.)

Total Assessed Valuation:

\$8,884,761,016

Increase in tax rate:

2.71% over FY 2018-19

Property Tax Increase:

\$1.1226 per \$1000 of assessed valuation over FY 2018-19

Increase for Homeowner:

\$256 (with average assessed property value of \$1,515,000)

New York State Tax Cap for Village:

3.32% for 2019-20 fiscal year