



**To: Mayor Robert J. Steves
Members of the Village Board of Trustees**

From: The League of Women Voters of Scarsdale

Re: 2014-2015 Tentative Village Budget

Date: April 8, 2014

The League of Women Voters of Scarsdale (the "League" or "LWVS") held a membership meeting on Monday, March 31, 2014 to evaluate the 2014-2015 Tentative Village Budget. We thank Village Manager Al Gatta, Deputy Village Manager Steve Pappalardo, Village Treasurer Mary Lou McClure and Trustee Stacey Brodsky 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 2014-15 budget. We commend the Village staff, Mayor Bob 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 League understands that it was necessary for the Board to vote to exceed the state-mandated tax levy limit (as calculated this year, 2.49%). The amount by which the proposed tax levy will exceed the tax levy limit is currently estimated to be \$517K.

The proposed tax rate increase is 3.33% or an increase of approximately \$199 for a homeowner with an average assessed value of \$23,900. The budget proposes a 4.05% increase (\$2.051M) in expenditures from the 2013-14 adopted budget. Highlights include:

- slight to no growth in non-property tax revenues, such as sales tax, mortgage tax, gross receipts taxes on utilities, and interest income;
- increases in noncontrollable costs, such as employee pension and health insurance, and contractual obligations (increases in pension, workers compensation and health insurance costs alone account for approximately \$509.9K);
- maintenance of number of positions following four years of reducing the number of positions;
- maintenance of services and programs at current levels.

Deferral of Capital Projects

We appreciate that the Village maintains a 5-year capital plan and aims to maintain debt service as level as possible. However, the League has concerns about the continued deferral of capital projects, including acquisition of equipment for use by the Department of Public Works, removal of the underground storage tank at Village Hall, renovation of the third floor in Village Hall, addressing security issues in Rutherford Hall, Freightway garage issues, and road resurfacing. We recognize that the decision to defer these projects is a result of the Board's efforts to minimize property tax increases in this current economic environment. However, the League believes the Village is walking a tight rope in continuing to forego these necessary projects and hopes that the Village will address these projects in the near future.

Sanitary Sewer Service Fee

The League commends the Village for instituting this fee as it provides a dedicated fund for repairing/maintaining and upgrading the sanitary sewer system. In addition, monies from this fund can be used to repair and maintain storm water facilities (e.g. drainage improvements, cleaning and TV inspection of pipes, pipe lining, catch basin cleaning) when impacted by the sewer system, ensuring that the Village adheres to storm water compliance programs.

Other budget items

The League also commends the Village in particular for:

- undertaking an analysis of health insurance options, and supports the Village's efforts in current and upcoming union contract negotiations to seek increased health insurance contributions from union members;
- continuing to maintain the same high level of services with a reduced staff, in part by increasing productivity and use of technology;
- looking at ways to reduce sick time, the only controllable component in connection with overtime in the Fire Department (represents 37% of the overtime costs). The League looks forward to learning the results of the new program rolled out on April 1st;
- settling three of the five expired union contracts that were unsettled at this time last year;
- applying unassigned and assigned fund balances (\$1.173M) to certain expenses to keep the tax rate low (resulting in a tax rate savings of approximately 3.43%).

Library Capital Plan

The League is pleased that the Village is reestablishing the approach of a public/private partnership to fund the capital improvements to the Library, as currently being contemplated, to bring the facility up-to-date.

We recommend that the Village explore the public/private partnership approach in other contexts as may be appropriate, such as in connection with maintaining athletic fields in the community.

Village at a Crossroads

Faced with a third year of the state mandated tax cap, the Village has been challenged to maintain services at current levels. Even with the meticulous budget planning process that the Village staff and Village Board have adhered to over the past several years, continued rising costs of which a significant portion is not controllable – and the prospect of increasing non-property tax revenues dim, we believe the Village has reached a crossroads. We must ask ourselves how the Village will be able to sustain the services the community has come to expect in the manner in which they have historically been delivered. As noted by the Village Manager, as a result of the tax cap law and the Governor's efforts to incentivize municipalities to merge or consolidate/share services, municipalities bear significant pressure to consolidate services and stay under the tax cap, unavoidably at the cost of sacrificing their independence and ability to self-govern.¹ The League recommends that the Village educate the community so they understand the pressures imposed on municipalities arising from policies set by the State and encourage the community to convey its concerns at the state level. In addition, the League suggests that the Village Board explore setting aside funds to study whether merger or consolidation of services with other municipalities makes sense for Scarsdale, its pros and cons.

¹ For example, if a municipality desires to retain its independence, it would likely be forced to rely primarily on property taxes to fund its expenditures. The municipality would then face the choice to stay under the tax cap, thereby requiring a reduction in expenses, likely resulting in a diminishment of services, or exceed the tax cap to maintain services.

The League continues to support engaging the community in dialogue to identify the services residents want and what they are willing to pay for. We understand the Village Board will be setting its agenda for the upcoming year this month. We hope that the agenda may include inviting public input on the provision and funding of specific services such as garbage collection (frequency, in light of what many believe is a decrease in garbage volume due to an assumed increase in recycling volume, and/or location) and leaf collection. In addition, the League suggests that the Board consider including on the agenda, the exploration of ways in which to increase non-property tax revenue, such as gross receipts tax on wireless phone service and installation of muni-meters, including on a phased-in basis, in the Village Center.

We thank you for the invaluable assistance and cooperation that was extended to us in our study of the proposed budget. We applaud the professionalism and dedication with which the Village Manager, Deputy Village Manager, Treasurer, Mayor Steves and the Trustees developed the budget. Thank you for considering our comments as you finalize the budget.

Sincerely,



Joan Taback Frankle
LWVS Village Budget Chair



Susie Rush
LWVS President