

VILLAGE OF HASTINGS-ON-HUDSON, NEW YORK
BOARD OF TRUSTEES
PUBLIC HEARING
APRIL 14, 2009

A Public Hearing was held by the Board of Trustees on Tuesday, April 14, 2009 at 8:10 p.m. in the Meeting Room, Municipal Building, 7 Maple Avenue.

PRESENT: Mayor Peter Swiderski., Trustee Peter Jennings, Trustee Jeremiah Quinlan, Trustee Diggitt McLaughlin, Trustee Meg Walker, Village Manager Francis A. Frobel, and Village Clerk Susan Maggiotto.

CITIZENS: Thirteen (13).

Mayor Swiderski declared the Board in session for the purpose of conducting a Public Hearing in accordance with the legal notice that appeared in the March 27, 2009 issue of *The Rivertowns Enterprise* to consider the Proposed Budget for the Village of Hastings-on-Hudson, New York for the fiscal year beginning June 1, 2009 and ending on May 31, 2010.

Village Manager Frobel: I would like to walk through the budget and show you some of the key changes and significant modifications from last year's budget to this year's.

The first slide is our general fund. These are all our operating budget accounts. It is a steady incline over the past several years, reflective of demands of the community for certain services. Next year our budget will reach \$12,757,872. In the general fund budget, because it is balanced with revenues and expenditures, I want to point out that the expenditure increase is \$349,182. To my way of thinking an increase of 2.8% is not too bad given that some of the items that municipalities purchase are unique. They are different than the private sector, and certainly different than a homeowner or businessman. A 2.8% increase, in my opinion, would be at least a good jumping-off point. Unfortunately, you will see on the revenue side there is a dramatic increase in the amount of money we need to raise from property taxes. We experienced last year an increase of 3.9%; previously, 6.2%, 6.1%. So an increase of 2.9%, looking at Hastings-on-Hudson historically, is in line or a little favorable.

The next slide shows you where our dollars go in the traditional pie chart. Most of the divvying up of the budget has not changed dramatically. Public safety is one of the largest parts of the pie, consuming about 25%; public works, 17%; employee benefits, 20%; debt service, 8.6%.

The next slide shows you that there is no major policy shift here. You are not seeing any dramatic change in how we take your tax dollar and divide it up among the various operating budgets.

General fund revenues: the other side of the equation, as I call it. Where do we get the money? Not surprising, and not different from other municipalities, the lion's share of it is generated by the property tax: about 75% next year, slightly over \$9.5 million. Other revenues: miscellaneous, intergovernmental monies, money we receive for our Donald Park fire services, state aid, fees we generate from recreation, sales tax; most of those have not changed significantly, except for one. The shift here is in the property tax. Next year we are looking at a reliance on the property tax of almost 75%, while in the current year it was 71.3%. What is missing from the allocation for next year is our reliance upon our fund balance. Later on tonight I will talk about what that means, but that is essentially accounting for the shift, an increased reliance upon property tax and the elimination of reliance upon fund balance.

This is one slide that is a disappointment to all of us: the steady decline in our assessments. Perhaps unique to New York, not unique to the Village, what you are seeing is the values declining. You are seeing loss in our assessed values. Last year we were optimistic. We went up. I was hoping that was the beginning of a trend. Not so. Next year we have witnessed another decrease. That is the engine that drives our ability to raise taxes. If the values we can place a property tax on are declining, then we are going to see that continue. And it has an adverse impact on our ability to raise money without raising taxes.

Another disappointing slide: property tax information. Not surprisingly, when you see a decline in your assessed values, if you are intent upon keeping the same level of services or expanding your programs and you are not seeing an increase in state aid or you are not getting federal revenue sharing money or there are not other sources of money, then your dependence continues to rely on the property tax. Next year's budget, if adopted unaltered, would require a 6.7% increase in the rate. Last year it was 8.5%, before that 5.6%, 6.7%.

When we recommended a budget to the Board last year, we looked at a two-year budget. Last year we indicated that we needed two years of an increase in our tax rate to keep the same level of services and get off our dependence on the fund balance. Here we plotted and tried to pick the slope between both of these occurrences, the property tax on the upward climb and the assessment with a steep drop in 1999 into the year 2000, bouncing back a little but then continuing to decline. Last year a slight uptick, but this year another decline.

If you had an average assessment of \$17,500 your taxes this year to the Village are \$3,692. With this budget, those taxes on that home would increase about \$248 to just under \$4,000, or about \$21 a month. For illustrative purposes, the tax to the school under their proposed budget, on that same home, would be \$13,100. It is a dramatic difference. We are here tonight to talk about the Village tax, but in perspective we need to realize what you get for the dollar that we are asking to be raised.

Year-to-year budget changes. I have tried to show where those individual increases are occurring. The general fund, I have talked about that. The library is looking at a 2.5% increase. The library is nearly wholly supported by the Village. The pool, a little over \$11,000 increase. Overall, there is a 2.5% increase which, as I said at the beginning, if that was the only part of the budget we were concerned with, expenditures, I do not think we would have as difficult a time convincing the community of the value. But given the taxes we need, then that becomes almost a secondary matter.

Here we have shown you where our revenue shifts have occurred. We expect state aid to be down somewhat. We have taken into account the mortgage tax and the effect that homes are not selling as dramatically. If people were to refinance their homes, the Village does receive a percentage of that so there becomes margin of error in that number. We could take a closer look at whether or not, with favorable interest rates, people may be refinancing.

Sales tax we have left level. Though we saw fears of some decline in the last quarter, they appear to be on target. Traditionally, we have looked to increase that amount, thinking the economy was staying strong. Knowing it is very flat, we are going to be very cautious on that and recommend no change. On the appropriated surplus, the \$6,000 you see there is just a bookkeeping transfer. It has to do with one of our funds. But we are not looking to take anything from our approved surplus in the general fund.

Personnel costs not very telling. But it does indicate that nearly 63% of the budget goes to people. Aside from the products we buy and the material we use in the carrying out of our responsibilities, a heavy percentage of the budget goes to salaries and wages and fringe benefits.

General fund. What I have shown here are some of the changes by account. Most of them, with the exception of public works that I will talk about later, are within the anticipated range. No real surprises here, to me. We knew our employee benefits would go up. We have anticipated an \$85,000 increase there. That includes medical insurance, pension costs, and associated costs related to the employee. I am not recommending any increase in the utility gross receipts tax. State aid, which is the mortgage tax, I am recommending we rely on that about \$75,000 less. Again, the appropriated surplus going from a \$200,000 contribution current year to zero next year.

Fund balance. The auditors on May 31 when they finished their work, placed our fund balance at \$516,807. That is the amount of money that is not allocated or committed to other expenses. It is your savings. For the budget we are operating under today, the Board agreed with our recommendation that we rely on that to the tune of \$200,000. Unless revenues

come in higher and expenditures lower, we expect our fund balance on May 31 to be about \$317,000. Our budget total, all funds, is just under \$14 million. When I went to school the recommended percent for fund balance was 5%. Through a couple of bond issuances here in Hastings, they are pushing for a higher number. But if we assume the 5%, you can see that we are short of our goal. Having said that, we know that we are going out to the bond markets soon to finance a fire truck and some matching monies we need for some of our grants. I would like to see us in a better position than \$317,000. I know that is not possible, but I would like to see us continue to try to reach that goal. I think it is going to become increasingly important that cities and towns reach that industry standard. It is a different bond market out there today. There is a different scrutiny, if you will. Hastings is an A-prime community: we have one of the highest ratings entirely on our own. That is not counting any insurance that some cities buy. So we are very strong, but we are compared with other communities and compared with the nation as a whole. To meet the standard that is set by these rating agencies is going to become increasingly important. Our recommendation is that we not rely on the fund balance to balance this budget.

To say we are managing in difficult times is probably an understatement. But since we put this budget together in February and since we began it in September of last year, we have continued to think of ways we can reduce expenditures. A few weeks ago I asked department heads to look at the budgets they had presented to me, in light of, say, a 5% reduction. That is not going to be a recommendation because, quite frankly, you could not get 5% out of some budgets. It would be almost impossible out of building inspections or some of the very small departments. That is not really a meaningful measure anyway. But we are prepared to look at expenditure reductions and we are going to have to look at what we can do to bring this budget in at a smaller tax increase than what is being recommended, and that may include personnel.

One thing the staff has been looking at is whether we can make do with less people for at least the short term. I think Hastings is a very lean organization. When you look at the manpower allocated to our public works, police department and administrative staff it is very low. We get a lot of productivity out of people but in times like these we may have to tighten the belt further. We may have to look at our part-time people. I may even consider recommending to the Board contracting out some services. Some on the professional level may need to be looked at. Program modifications are always a possibility.

Are there things we can look at? Probably. Shorter hours of some operations, and look at what the savings that may result in. This budget includes an increase in the DPW for the materials we use for catchbasin repairs and rebuilding and some pipe installation work. There is money in there for additional products used during winter operations. There are things we need to address. Is this the year we can tackle them? I do not know, but I would

hate to do without it because I think we are at a point where we can begin doing some of this work in-house. The budget also includes a second-half contribution for the comprehensive plan work, certainly a project we are already committed to, but perhaps some modification can be looked at there.

Reanalysis of revenues. The Board approved a contract with a telecommunication carrier for rental on our roof. Last week that building permit was taken out. That will generate some additional revenue. Can we count on it? Probably. Raf and I closely monitor information we get from the county on mortgages and sales tax. We can look at that if you feel more confident on that. To change the budget 1%, you are talking about a change of \$90,000. A combination of revenue or expenditure of \$90,000 will reflect a 1% change in that tax rate, so we are dealing with larger numbers. Closing the library two hours early on a Saturday will not get you there. We need something of more substance, but we can look at that.

Debt service fund. We have a reserve for debt service upwards of \$70,000. We have been hesitant to turn to that to help pay debt. I would like to build that up to a more meaningful number, but that can be looked at.

Finally, and these recommendations are in order, fund reserve. I would really advise the community to avoid going to that reserve, but I have it on the list because everything is on the table.

Closing comments: revenues. We have been very conservative in looking at our revenues. I had indicated to the Board before that I think Hastings is in the shape it is in today because we were not overaggressive on how we predict our revenues. We look at historic trends, we keep our ear to the rail like everyone else has to, we do not get overaggressive in anticipating money that might not materialize.

Expenditures. The budget you see here tonight has already been reduced, by me, from what the department heads submitted, by \$223,000. I tell department heads, tell me what you need and we will see what we can afford, and that is the result. Department heads know they have an obligation to be advocates for their operation, and I know I have a job to put a budget to the Board that can be adopted and can be afforded. Fund balance: not recommended. Capital needs: we know there is some additional debt that we intend to be taking on in the near term. We have tried to structure that so it does not impact our budget next year, but we need to keep that in the back of our mind as we look at the following year.

Fiscal year 2011 needs to be looked at, and that is how we budget. We do look long-term. That leads me into future growth. We need to expand our taxables. Again, I do not think that is news to anyone. We need something to help our economy locally turn around. We

are not unlike other communities. But we have an opportunity with the waterfront, in the long term, to begin to expand that tax base. Otherwise, I am fearful that we will continue to see the decline in our assessed values. Until the economy turns around, and we see more sales tax or some mortgage tax money, that is our principal resource to provide the services that we expect.

Work sessions with Trustees. This evening, after the public hearing, we are going to have a work session with the Parks and Rec Department and the Police Department. I anticipate over the next couple of weeks we will have a few more work sessions. We will set that schedule this evening, all leading up to the budget adoption which, by law, must be adopted before May 1st. So we have a lot of work ahead of us. I think we knew that going into it. I think you've got a good foundation to build upon. I think a lot of thought and care went into the budget. It is unfortunate, obviously, at a time when we need our reserve, our fund balance, perhaps more than ever that it is not there to turn to. But long term, I think we need to build that up, again, given what I told you about the need to go to the bond market and what that can mean.

I think next year we are going to be in a better position. We will be weaned off the fund balance; we will have the second year of a tax increase larger than we would have liked; we will be able to expand some of our public works services that are very important. By next year at this time the economy should be stronger. We will see some sales tax revenue come in, as we have anticipated in the past, and we should be in better shape. But this year is probably going to be the more difficult time to put together a budget that is affordable.

Mayor Swiderski: Thank you, Fran. It was very useful and professional. Now we will have public comments.

Elisa Zazzara, 68 Southside Avenue: Garbage is a place where we can save lots of money. This year it said we threw out 4,000 tons of refuse and 1,614 tons of recyclables, or we expect to throw that out. That number is consistent from year to year to year. From that, disappointingly, I assume the crackdown in January did nothing to increase our recycling.

Village Manager Frobel: Those numbers we get from the county. That is assuming we were deficient going into it. I did not go in with the assumption that we were not living up to the standards the county sets in terms of recycling. You assume we are. Maybe we have reached the maximum level in terms of how much we can ask our residents to recycle, or they are recycling the most they can.

Ms. Zazzara: Which, according to these numbers, is about 30%. The EPA averages the nation on recycling at 33%, so I think we can recycle more. I have witnessed lots of

recycling going into garbage on Saturdays. If we could increase, a 5% reduction would be 200 tons moving from garbage to recycling. I think that can be done. That would take out \$5,000 in tipping fees if it is \$25 a ton. So there is lots of money to be saved, tens of thousands of dollars if we can really enforce it. Again, happy to help get the message out. Then I took a look at raises. It is great to get raises. Do they get them automatically? Is there a review process?

Village Manager Frobel: The rank and file, policemen and highway workers, are all represented by a union and they will collectively bargain for their raises. The raises of the non-unionized employees, which are chiefly the professional staff, are dependent upon a review by myself and a recommendation to the Board of Trustees.

Ms. Zazzara: I noticed that none of you guys get raises and I know you do lots of work. Our Village Acting Justice is not getting a raise, our police matron is not, and the Village Planner is not getting a raise. Everyone else is getting a 4% raise, except the Cable TV Director is getting a 16% raise and the Assessor is getting a 20% raise and the maintenance man is getting a 12% raise.

Village Manager Frobel: If I could, none of those positions that you just listed are scheduled for an increase. It has not been arrived at yet. What you are looking at is what they are earning today. I do not know what you are working from.

Ms. Zazzara: I took the numbers in the proposed budget, subtracted the numbers from the adopted budget last year of their salaries, subtracted them from the proposed budget, and I figured that was what their raise was.

Village Manager Frobel: No. The pay plan was adopted last year in July or August. Usually it is after the budget is adopted, then the Board considers it. You were working on numbers from the year before.

Ms. Zazzara: So the numbers in the proposed budget are what the people are making this year.

Village Manager Frobel: Correct.

Ms. Zazzara: So there are no raises in it.

Village Manager Frobel: Except you mentioned an MEO. The highway workers are in the fifth and final year of their contract, so theirs should reflect what they are getting on June 1. Everyone else is flat: exactly what they are earning today.

Ms. Zazzara: So this was a raise they received last year, then.

Village Manager Frobel: It is one they negotiated, actually, five years ago.

Ms. Zazzara: But generally speaking, all the other raises that I have looked at.

Village Manager Frobel: Yes, that is what they received.

Ms. Zazzara: So we have to look at several months from now, when salaries are looked at and negotiated.

Village Manager Frobel: Yes. I will bring it to the Board typically mid- to late summer. It will be a resolution, and discussed at this table.

Ms. Zazzara: Because all told it was over \$110,000. But if there is nothing to be done about it, that is what they are getting. I do not begrudge people raises. But you hear people all the time in larger firms saying no. If I were a Village employee, and I knew my taxes were going to go up and my raise was just going to go to pay my tax, I would rather not get a raise. Back to garbage, I cannot stress enough: tens of thousands of dollars in recycling, and if we just enforced the rules we have now I think that would do it.

Susan Lewenz, 578 Warburton Avenue: I own Axiom Web Solutions on Warburton. I am a business owner and a member of the Chamber. This is my first time attending a meeting here. As a business owner, we know pretty well how bad it is in the economy right now. We laid off three people this year. There is not a question of raises. People in this economy are looking to keep their jobs, and are happy if they just keep their jobs. I appreciated the whole budget presentation. But as a citizen of Hastings and a business owner in Hastings, I would like to hear what cuts are planned, not the words that we are willing to look at cuts. There have to be service cuts and payroll cuts just like any of the businesses are doing right now. You are in a time where we have got to tighten belts and not expand budgets, and certainly not raise taxes.

Tim Downey, 520 Farragut Parkway: I will leave with you two very good web sites discussing something that is greatly missed in the mathematics of running businesses. It is called *The Exponential Function*. There are two gentleman who take a great deal of time explaining how it applies to budgets, whether they be federal, state, or county budgets. There is some very informative material in this.

When looking through the audit from last year I was struck by this comment on page 10 under Government Funds. It says the following: The focus of a Village government's fund is to provide information on near-term inflows, outflows, and balance of spendable resources. That struck me as being fairly dangerous because of the comment near-term instead of looking long-term at the larger picture. I do not know what their definition of near-term is. Are we just playing the cards from year-to-year. Two years out? I am in private business as well. Without question, this year I think is one of those considerations where we have to look at service capping cuts and salary caps for the time being as an emergency consideration. What concerned me when I read this audit is deficit spending, where we are going to the bond market in future years to finance what we may be faced with in the coming years, capital or infrastructure-type expenditures. When we live in this constant world of debt financing versus cash financing or savings financing, it is a very dangerous road. You said a 1% savings is equal to about \$100,000. Was that right?

Village Manager Frobels: Ninety-thousand, yes.

Mr. Downey: Ninety-thousand dollars I round off to 100. As we had discussed in March, I believe we can find 1% similar to what the woman before me spoke about, the recycling. I am looking at it in a little different angle in terms of the organic material. I am still waiting for that number for what we actually spend on disposal. It is not so much an enforcement of laws. It is a retraining of the mindset of people and how they do things, and not producing so much refuse and trash has to be disposed of. We have to minimize the amount of material being put down there in the first place, whether it is organic material or recycled material or trash. That is behavior modification. We have to do some work to educate the community. We just cannot do it with a whip. We have to have people start thinking differently. I saw in the budget a tree and shade budget. I am assuming that has to do with new tree plantings in the street. Probably a larger percentage are actually storm tree takedowns or aged tree takedowns and the like. It was about a \$100,000 item. Is that what it is budgeted?

Village Manager Frobels: That is mostly trimming trees that are storm damaged or diseased.

Mr. Downey: So some of that is cyclical. Some of that, we may be in a period where we have a harvest. We have to harvest things in.

Village Manager Frobels: We might.

Mr. Downey: So perhaps a careful look at that. Again, this goes to the organic issue. But also a careful look at are there things we can put off, or are there things that we are doing out of renewal that we do not necessarily address in a fiscally tight year. I am not as optimistic

as you. We are not out of the woods. I hope I am wrong, because it is very frightening. But we are not out of the woods by any stretch of the imagination. The end of 2009 and 2010 are going to be big problems, from the people I read. Again, I would not have such a rosy, optimistic view going down the road. I am very frightened about that prospect.

Is there something in the budget currently for the quarry project?

Village Manager Frobel: No. We are trying to find other ways to fund that project, separate from the tax rate.

Mr. Downey: Great. Because I just cannot see spending a dime on that. We have enough parks and places to bounce around and fun and frolic right now.

There is a gentleman, Mr. Kanor, who is brought up numerous times in *The Enterprise*. I support his ideas. Sometimes he is a little strong in his tone, but I can understand the frustration. Long-term, we are living on the harvest of those before us who built these roads, built the sidewalks, built the curbing. We are in woeful shape in many areas. Irvington just did extensive curb reconstruction over the past two years. They had it in their vision to start initiating some work along these lines. Because if we are not setting aside a fund, or building a fund of our own, and we are going to go through the debt market to finance this, we are always playing catch-up. You are playing with tomorrow's dollars. This concept of playing with debt financing is destructive. It relies upon growth. As you said earlier in your comments, you are hoping for growth, you are hoping we will have something on 9-A. That hope is not going to work in a mathematical equation. If you rely upon growth to fund an ever-expanding budget, eventually you are going to get pinned to the mat and it is game over.

John Gonder, 153 James Street: Years ago I did not know what the word "certiorari" meant. I guess that is why your revenues are going down. I know on the school board we got hit with two, and it was fantastic. That was in the late '60s, early '70s. So I know what you are up against. But you have also got to consider some of us seniors that are on fixed incomes. We got hit pretty hard by the state legislature recently. Utility bills are going to be taxed, the gas we use for heating our homes, and our electricity again. They took away the Star program and a few other things that are going to cost the seniors a lot more.

I would like to see sidewalks. For 40 years or so we have been trying to get sidewalks: Broadway, Ravensdale Road, you put some blacktop down. That is ridiculous. High Street does not have a sidewalk. We do not have a sidewalk on James Street between Tompkins and High Street. And it is just bombarded by cars because a bridge came down 20 years on Saw Mill River Parkway. Certain areas, you do have some sidewalks, on Villard, but they do

not have the traffic like James Street and High Street have. Ravensdale Road has three times as much traffic that we had 40 years ago and you do not have sidewalk. No wonder we have obese people. As a parent I would not want children to walk on roads without sidewalks, especially with the cars and the speeds that they go today.

So you have to consider certain things that are very important. We can build a community center. Redo a parking lot, Boulanger, and maybe you could have spent that money on other places. I know some of the Board has recently suggested going green, which is a great idea, and signage for the business district. But you also have to consider other parts of the Village. I hope you can sharpen your pencils and do the best for the seniors.

Hearing no further comments, Mayor Swiderski asked for a motion to close the Public Hearing.

CLOSE OF PUBLIC HEARING

On MOTION of Trustee McLaughlin, SECONDED by Trustee Walker with a voice vote of all in favor, Mayor Swiderski closed the Public Hearing at 8:50 p.m.