

VILLAGE OF HASTINGS-ON-HUDSON, NEW YORK
BOARD OF TRUSTEES
SPECIAL MEETING
FEBRUARY 26, 2002

A Special Meeting was held by the Board of Trustees on Tuesday, February 26, 2002 at 8:05 p.m. in the Meeting Room, Municipal Building, 7 Maple Avenue.

PRESENT: Mayor Wm. Lee Kinnally, Jr., Trustee Michael Holdstein (8:30 p.m.), Trustee David Walrath, Trustee Bruce Jennings, Trustee Marjorie Apel, Village Manager Neil P. Hess, and Village Clerk Susan Maggiotto.

CITIZENS: None

PRESENTATION – 2002-2003 VILLAGE BUDGET

Village Manager Hess: I am presenting my proposed 2002-2003 budget document to the Board of Trustees and the community.

The all fund budget is \$9,782,765, an increase of \$949,056 or 10.74%. The general fund has increased \$697,256, or 8.59%. The pool fund has increased \$97,550, or 42.7%. Library fund has increased \$154,250, a 33.4% increase. The Draper fund has no increase.

The proposed tax rate is \$130.16 per thousand of assessed value, an increase of \$10.28 per thousand or 8.57%.

There are alternatives to a tax increase of this magnitude. We could look at reduction or elimination of services. I do not feel that is a very good idea. We have a level of service that the community expects. To effectuate any reductions of the magnitude of the increase, approximately \$467,000, would require substantial decrease in services. The Board could look at eliminating capital expenditures. Capital expenditures are an investment in our community. To eliminate those in the long run would not be beneficial to the Village. Other methods could be adopted, such as eliminating exemptions or looking at additional fees. I have rejected those ideas, although I am recommending that we undertake a comprehensive fee study during this fiscal year. If it is determined that there shall be new fees, they will take effect in January, 2003. I have recommended appropriation of surplus in excess of \$600,000. To appropriate any surplus beyond that would not be in the long-term financial interests of the Village.

The Board may wish to have a comprehensive discussion of new capital projects and programs discussed over this past year to make a determination on when those projects should be done, or if they should be done.

There are several factors affecting the budget: the recessionary trend, the results of 9-11, a decrease in the growth of sales tax, decreasing investment rates, increasing costs in liability insurance, workers' compensation, and health insurance. Increases in liability insurance and workers compensation has been indicated to be a direct result of 9-11. Health insurance is estimated to go up over 14% in the coming year.

Some highlights in the general fund: a quarterly audit review to provide a review of our books and records on a one day quarterly basis; a part-time clerk in the Village Clerk's office; upgrades in our computer hardware and software; development of the GIS system; vehicle replacements for the police and fire chiefs; an electronic message sign; upgraded fire equipment; replacement garage doors at the public Works garage; completion of the LWRP; funding in the Youth Advocate's office to replace funding we are losing through the Invest In Kids program; additional day camp and sports camp staff; a new flag football program for youth this coming fall. Employee benefits are seeing a tremendous increase. There will be some increase in the state retirement system, although my budget projects a decrease from the current budget. But actual costs versus the current year will be up somewhat. Interfund transfers have been increased to account for transfers to the library fund.

Debt service: overall we have had a decrease and it represents about 7.1% of the operating budget and is within the financial policies established by the Board.

Pool fund: I am recommending a fee increase of approximately 50% to cover the funds for the architect and engineering for the renovation, and in future years that should cover the cost of the bond.

Library fund: it provides for staff salary increases and increased hours. We are looking at opening on Fridays. A majority of it is for the bond repayment for the addition and renovation project.

Draper Park fund: while there is no increase in that budget, there is a reallocation of projects. We are looking at improved grounds maintenance, especially near the exit roadway to Washington Avenue and around the grounds, and creation of a connection to the Aqueduct.

Capital fund: replacement of the police chief's vehicle: \$23,000, funds provided in the general fund. Street resurfacing: \$100,000, funds provided in the general fund. Twenty-five year sanitation truck replacement: \$140,000. Replacement of fire pumper: \$470,000. Fire chief's vehicle: \$38,000, funds in the general fund. Hook and ladder building repairs: \$34,000, funds in the general fund. Fire department equipment replacement: \$22,000, funds in the general fund. Scott air packs: \$32,000, funds in the general fund. Hazmat equipment

: \$121,000, grant funds to be requested. Pool renovation: I am estimating \$1.6 million, and that does not include the engineering costs, which funds are already provided for. Two-yard dump replacement, Parks: \$40,000. Development of Marinello Cove: \$250,000. Sugar Pond restoration: \$180,000. We have a grant in the state right now for that project. Community Center renovations: \$1.5 million, which is an estimate. Quarry Trail project: \$160,000. We have received partial grant funding on both the Community Center renovations and the Quarry Trail project. Pickup truck, Department of Public Works: \$21,000. Sprinkler system, Waterfront Park: \$4,000 to be allocated from the betterment fund. Municipal Building plaza, phase 2: \$75,000, to cover the steps in the front, and the east and north sides of the building. We had previously bonded that project, and the funds are still in the capital fund. The electronic message sign: \$16,000, in the general fund. Zinsser Bridge reconstruction: \$250,000. That represents our best guess at this point of the local share which is about 5% of the total cost. Quarry Landfill closure: \$2 million, estimated local share. I am estimating at this point that this project will be in the range of \$4 million. The state will provide 75% funding, up to the maximum of \$2 million. Bomanite replacement in the downtown: \$65,000, already bonded, and those funds are there. Boulanger Plaza renovation: \$50,000. The total of capital projects is \$7,191,000. We will review all 23 of these items during the fiscal year.

The proposed general fund budget is \$8,811,265. General fund expenditures by function: public safety represents 27.6% of the budget; general government 14.7%; Public Works 17.9%; interfund transfers, which are general fund monies that go to the library fund and capital fund, represents 7.9%; debt service 7.1% of the budget; employee benefits 14.8%. Parks and Recreation 6.2%; community services, which are youth advocate, celebrations, planning and zoning, 3.8%.

Our revenues: property taxes represent 64.1% of our revenue base. Surplus: \$649,071, 7.4%. Sales tax: \$780,000 projected, is 8.9%. Even though the \$780,000 is \$45,000 more than the current budget, under our normal growth patterns we would have been in the neighborhood of \$850,000 in the coming year. Recreation fees: \$86,500. State aid represents \$153,600.

Our assessments over the past 10 years, 92-93 were at \$44,596,000. Current projected, \$43,400,000. We had a large dip with the Anaconda settlement. In the 70's, the assessments were well over \$48 million, so we are still about \$5 million less than we were in the 1970's.

We have shown a fairly smooth incline in the property tax over ten years. For several years we had decreases. But we are well within the Consumer Price Index in its growth.

The CPI has averaged 4.12% since 1993. With the proposed tax rate increase this year, we would still be averaging 4.2% since 1993. We are still one of the lowest-taxing villages in Westchester County. The Village tax represents 19.1% of the total property tax bill between school, county, town, and village.

I tried to provide on an annual and monthly basis the tax cost of various Village services. General government: \$323.36 annually, or \$26.95 per month. Public safety, which covers police, fire, ambulance, safety inspection: \$609.32 a year, or \$50.78 cents a month. Public Works: \$393.75, or \$32.81 a month. Community services, \$83.59 per year, or \$697 a month. Parks and Recreation: \$136.38 a year, or \$11.37 a month. Employee benefits: \$323.36 a year, \$26.95 a month. Interfund transfers: for the library \$149.58 a year, or \$12.47 per month. Capital fund, which is street resurfacing: \$24.20 per year, or \$2.02 per month. Debt service: \$356.18 a year, or \$13.02 a month.

The Board has got a long road ahead over the next two months in reviewing this budget. There were a lot of legitimate requests that I did not fund. I urged department heads, when they come before you, to mention what those items are. This is the 20th budget that I have put together for Hastings, and this is probably the hardest. This one and my first one, '82-'83.

Trustee Jennings: How does our projected revenue compare with last year's?

Village Manager Hess: Less than the growth should have been. We got hurt in interest on investments. Although our sales tax was up \$45,000, it is shy about \$70,000 in terms of where it should be. Two years ago our sales tax brought in \$790,000, and I do not believe it is going to bring in close to that amount this year. We are down 30%, to \$171,000 from the same quarter last year, which was \$201,000, for July, August, and September; we received the payment in February.

Trustee Walrath: Typically, in those prior years, what came in was higher than what you budgeted. Do I understand that correctly?

Village Manager Hess: Yes. If the growth was following normal patterns, my projection would have been up to \$850,000 next year.

Trustee Walrath: So we should be cautious. Are we about in the same relation to where you think it may come out as we were as far as budgeted versus what you are hoping it might be? I think you budgeted less than it would be in other years.

Village Manager Hess: The year we brought in \$790,000, I had projected \$700,000. That year was an excellent year in growth of the sales tax. I tend to be conservative on the revenue side.

Trustee Jennings: Would you say that you have been more conservative for the next fiscal year's budget on the revenue side in your estimates than you have been in past years? One alternative to the tax increase is to adjust your revenue estimates upward. But if you have not been unusually conservative, it seems prudent to stay with what we have been doing.

Village Manager Hess: If you compare revenue projections in the budget versus actual in the last couple of audits, it is normally within 3%. I do not know if I am 3% wrong, or 97% right. Usually your expenditures are at 97% of what your budget is.

Trustee Apel: What percentage of surplus are you recommending to put into this budget?

Village Manager Hess: It was \$674,000, and that represents a little over 50% of what we have in surplus. To appropriate more than that would be a long term mistake. The overall surplus right now is about \$1.2, \$1.19 million. We appropriate it every year.

Mayor Kinnally: What is the percentage of what we have on hand that we generally appropriate?

Village Manager Hess: You like to keep 7-10% of your operating budget as surplus. Based on an \$8.8 million budget, that will leave us approximately 7-8%. So it is on the lower end of the surplus.

Mayor Kinnally: But if we are conservative on our revenue estimates, and there is a bump in the economy and we have additional sales tax receipts, that will build the surplus up.

Trustee Holdstein: If somebody comes in and says we need \$10,000 for a specific project, you would take it from, possibly, that fund.

Village Manager Hess: Here is an example of using surplus. When we acquired Draper Park in 1989, there were outstanding taxes due to the Town of Greenburgh of \$135,000. The Board appropriated surplus to pay off those taxes, so they did not have to borrow money for the acquisition. The surplus is used if you need a significant amount of money over and above what is in the contingency fund which is \$120 or \$125 thousand in this budget, which is fairly low.

Trustee Holdstein: If you had not been able to grant the large safety vehicle, might you have used \$30,000 for something like that?

Village Manager Hess: We funded the safety vehicle out of the capital fund in anticipation that we are going to get grant funds.

Trustee Holdstein: Why should you use capital versus surplus?

Village Manager Hess: Because we are identifying all expenditures in relation to 9-11 in the capital fund as one grouping; when we get the grant applications it will be much easier to seek reimbursement. But if somehow the federal government reneges on the whole thing, then I will come back to the Board and say either we are going to have to borrow the money or we should appropriate surplus.

Trustee Jennings: I am trying to get a kind of order of magnitude. Approximately how much money in expenditure represents 1% property tax increase? If we wanted to bring it down from your recommended 8 plus percent to 6, how much would we have to cut out of the expenditure, or find in the revenue side?

Village Manager Hess: About \$120,000. If you wanted to bring it down to 6, that would be a reduction of 2.5, which is about a quarter of the increase of about \$467,900.

Trustee Jennings: So the elimination of a \$15,000 item is not going to make a big dent.

Village Manager Hess: No. What you have to look at are major programs, or prioritizing between projects.

Mayor Kinnally: Personnel and capital are basically what you are talking about.

Village Manager Hess: Sixty-six percent of your budget is personnel.

Mayor Kinnally: And of those, probably 80% of that is fixed?

Village Manager Hess: Maybe a little bit more.

Trustee Apel: But those costs are fixed. So you can only look at the things that are not fixed.

Mayor Kinnally: It is tough in the big capital items. You are not saving anything. You are deferring it to another year, and you are building in an increase for inflation and maintenance.

Trustee Holdstein: The other big challenge is looking at all future capital plans, and making decisions planned out so that our debt service in next year's budget and the years after does not suddenly go sky-high.

Mayor Kinnally: Neil, thank you. We are spared the angst of going through the budget process. This was a very difficult one, and it is not just here in Hastings. When you read the newspaper over the next three or four weeks, you will see all the communities are struggling with this.

Village Manager Hess: Villages are not required to release the budget until March 20. I try to release it early to give the Board and the community ample time to review the document. You are making plans for not only the next fiscal year, but for future years, so it is fairest to the elected officials and to the public to provide as much time as possible to discuss issues.

EXECUTIVE SESSION

On MOTION of Trustee Walrath, SECONDED by Trustee Jennings with a voice vote of all in favor, the Board scheduled an Executive Session immediately following the Regular Meeting to discuss personnel.

ADJOURNMENT

On MOTION of Trustee Holdstein, SECONDED by Trustee Apel with a voice vote of all in favor, Mayor Kinnally adjourned the Regular Meeting at 8:55 p.m.