



LWW
SCARSDALE N.Y.

LEAGUE OF WOMEN VOTERS

PO Box 495 Scarsdale, NY 10583

To: Mayor Carolyn Stevens
Members of the Village Board of Trustees
From: The League of Women Voters of Scarsdale
Re: The 2010-2011 Village Budget
Date: April 13, 2010

The League of Women Voters of Scarsdale (the "League") held its annual membership meeting on April 5, 2010 to evaluate the proposed Scarsdale Village budget for 2010-2011. We thank Mayor Carolyn Stevens, Village Manager Al Gatta and Village Treasure Mary Lou McClure for participating in our meeting and for addressing our specific questions related to the development of the 2010-2011 budget. We also appreciate the presence of Trustee David Irwin and former Trustee Dan Hochvert at the meeting.

The League supports the proposed FY 2010-2011 budget and is pleased to note that the budget will not result in any service reductions. Given current economic conditions, the League recognizes the challenges faced by the Village to maintain basic services and infrastructure needs while controlling expenses and the overall tax levy. The League commends the Mayor, Village Manager and entire village staff for its continued fiscal acumen. Since September 2008, vigilant measures have been taken to evaluate and reduce all controllable departmental expenses. The League notes that non-union salaries have held steady, headcount has been reduced and many capital projects and equipment purchases have been deferred.

Nevertheless, revenue shortfalls continue to outpace cost cutting measures. Specifically, the following key revenues items are under pressure:

- **Mortgage Taxes** – projected to show only a slight increase due to continued weakness in the housing market;
- **Interest Income** – projected to be \$280,000 versus \$1.15 million in 2007-2008 due to historically low interest rates;
- **Sales Tax** – projected to improve only slightly in 2010-2011.

In FY 2010-2011, the Village will also incur nearly \$500,000 in additional salary expenses associated with pre-negotiated union contracts, \$500,000 in debt service, \$145,000 in health insurance increases and an \$843,234 New York State pension assessment that will be amortized over the next six years. These factors have all contributed to a proposed tax increase of 5.95 percent for the FY 2010-2011.

Due to the weak revenue outlook, it is unlikely that the Village will be in a position to fund large capital projects through its operating budget. The League fully supports the Village's plan to seek alternative sources of funding such as federal, state or county grants, bond issuances and possible cost sharing collaborations with the Scarsdale Board of Education, BOCES and other municipalities. Furthermore, the League notes that various Village union contracts are currently under negotiation. Considering nearly 70% of expenses are associated with salaries and benefits the settlement will have significant impact on future finances. The League urges the Village to maintain its firm stance during the upcoming contract negotiations.

The proposed budget utilizes \$800,000 of the general surplus fund balance to provide taxpayer relief. Given the challenges faced in this budget year, the League supports the Village's allocation of these funds. However, the drawdown leaves approximately \$5.1 million in the account balance or approximately 11 percent of the proposed budget. Historically the Village aims to maintain a capital fund balance of at least 10 percent of its operating budget in order to ensure adequate contingency dollars (for instance, the Village incurred \$400,000 in unexpected expenses associated with the recent storm) as well as to protect its AAA bond rating. Any downgrade would obviously have a significant negative impact on the Village's future interest and debt expenses and ultimately, its ability to fund capital projects. Therefore, the League notes that ongoing use of the fund balance, particularly of this magnitude, for the purpose of tax relief is a tenuous plan at best.

The Village continues to face a reduction in its total taxable assessed valuation and a spike in certiorari filings by homeowners challenging their property taxes. The League has a longstanding position supporting an equitable and uniform system of assessing real estate. We applaud the Village's prominence in advocating for a county-wide revaluation. We urge Scarsdale Village to continue its efforts in collaboration with other municipalities.

Going forward, the League is particularly concerned with the process by which the Village intends to inform its citizenry about future budget issues. In his presentation, Mr. Gatta stated that the "Village is at a crossroads." Mr. Gatta also referred to maintenance, repair and capital projects that have been deferred due to severe cutbacks. Based on his comments, it is our understanding that any further cuts in expenses without significant concomitant tax increases, would lead to reductions in Village services. The League would like to better understand the level of severity associated with various deferred infrastructure repairs and capital projects and under what circumstances the Village would be able to address these projects.

If, in fact, the Village is considering deep service cuts or complex issues such as how Scarsdale can maintain self governance or "Home Rule" as defined by New York State, or any other ways in which the Village might consolidate services with other municipalities, the Village board has an obligation to develop a formalized outreach program. Decisions of this nature would constitute major shifts in the way Scarsdale Village has functioned to date and therefore, community input and support are essential. Although the Village holds public briefing sessions for the budget review, these meetings do not take place until late February into early March. Furthermore, community groups are often invited to observe budget discussions, but these are rarely venues that encourage or seek feedback from the public. The League recommends that the Village reconsider its community outreach efforts and initiate open

dialogue with the entire Village as early as September 2010 to better educate the public and to create an environment where the entire Scarsdale community has an opportunity to learn, to voice priorities and to recommend alternatives.

The League appreciates the opportunity to comment on the proposed FY 2010-2011 budget. We thank all the Village officials and administrators for the help they have given the League this year in its study of the proposed Village budget. We trust that you will consider our recommendations as you continue to refine and finalize the budget and initiate planning for the next fiscal year.

Sincerely

Kim Meyers
LWVS Village Budget Chair

Jane Veron
LWVS President