

Town Board Budget Discussions: Part II

November 21, 2013

In a unanimous vote, the Board adopted a 2014 Preliminary Budget that carries with it a 1.75% increase in the town tax rate.

In a separate vote, the Board increased the 2014 salary for the highway superintendent to \$107,000. Councilman Patel voted against the motion and Councilman Paganelli abstained.

And in a third vote, the Board changed the date of the public hearing on the 2014 to Tuesday, December 10 at 6pm. The original date, set in January, was December 11.

Below is a discussion, by topic.

Additions to the budget

Without discussion, the Board approved a list of additions based on its earlier discussions. The only addition mentioned was that of the additional police officer.

Based on those additions, taking \$75,000 from the library fund balance, and reducing the general fund fund balance revenue to \$1 million from \$1.2 million, the tentative tax rate change would have been a 1.28% increase.

In response to questions from Councilman Bianco, the comptroller said that the \$96,000 revenue shown as county aid was a reimbursement for election expenses.

Highway superintendent salary

In defense of the higher salary, Councilman Paganelli stated that it was tradition that the incoming superintendent was paid the same as the outgoing person.

Special district fee

Supervisor Grace said again that a letter from the state comptroller's office showed that the way the town was charging the special districts was correct. If anything, he said, we're undercharging the districts, adding that he thought the fee should be 10% instead of 6% (It was increased from 5% in 2013.) Councilman Bianco said he didn't read the comptroller's letter that way, adding that it wasn't clear exactly what question the comptroller's letter was addressing. He said the letter was not the answer to what the special districts should be charged.

Supervisor Grace said the issue was one of equity and that the general fund should not be subsidizing the special districts. Stating that the special districts account for 17% of the town's total \$54.3 million budget, he said the town could shed 17% of its budget if it got rid of the special districts. He equated the need for certain staff paid for from the general fund to the retainers he receives from clients in his private law practice: the retainer is paid so that his services will be available if and when needed. If we didn't have the special districts, he said, we wouldn't need some of the general fund staff.

Town comptroller Caporale said that if the fee was dropped to 5% of the districts' budgets, the revenue to the general fund would drop by about \$90,000.

Town Clerk Roker said that the 5% fee dates back to about 1990 and Councilman Murphy said the 5% fee was "ambiguous" and was not based on any formula. Councilman Paganelli didn't think 6% was "onerous."

When Councilman Bianco said it was difficult to calculate exactly what administrative services were being provided to the districts by the general fund, Supervisor Grace acknowledged that it was difficult but that he's still working it out. Ms. Roker suggested (possibly in jest), that staff would have to wear meters so that they could account for their time.

The budget, as adopted, keeps the special district administrative fee at 6%/

Fund Balance

Yorktown sewer district. Councilman Bianco questioned taking \$300,000 from this district's fund balance noting that four of the town's 16 pump stations need to be replaced, at an estimated cost of \$1 million each. In response, Supervisor Grace said that in the absence of any specific plans for the replacement, the money should be given back to the taxpayers and that if and when the project/s proceeded they could be bonded, so that the people who benefited from them would be paying for them. Councilman Patel philosophically disagreed, arguing that as a society we sometimes pay for a future benefit that we don't directly receive.

Alternately, Councilman Bianco suggested that the projects could be funded by using a combination of the remaining fund balance and bonding.

Comptroller Caporale said that the \$300,000 from fund balance in the 2014 budget was being used to pay for planned purchases such as pump station maintenance that she considered capital projects and not operating expenses.

Water district

It was explained that the reason for the large fund balance in the district dates back to the time Nancy Elliott was supervisor. At the time, the town thought it would have to build a filtration plant so it increased the tax rate to put some money away for it. The plan never came to fruition, however, when the town decided to become part of the Northern Westchester Joint Water Works.

General Fund

In general, Councilman Bianco said that the budget was unbalanced as spending was increasing faster than revenue and that the Board needed to wean itself off using fund balance to arrive at an acceptable tax rate. The forecast for future tax rates, prepared by the comptroller at his request, forecast a spike of 9.17% in the 2015 tax rate. Supervisor Grace said that he wasn't concerned about 2015 because for the following year he anticipated a decrease in expenses and the availability of \$400,000+ in the Housing Trust Fund that he said could be used for the general fund. He said that money budgeted for 2014 but not spent would roll over into the fund balance.

The Board agreed to include the four year projection in the budget book.

Councilman Bianco suggested that if the Board used only \$500,000 fund balance for 2014, the tax rate would be an increase of 4.01% but that it would lower the projected 2015 tax rate to 3.72%.

Supervisor Grace and Councilman Paganelli stated that they wanted to see a zero increase in the tax rate. The Supervisor said he gets a call at least once a week from a taxpayer who says he can't afford to live in Yorktown any more and the Councilman called the taxes "onerous."

After Supervisor Grace and Councilman Murphy huddled with the comptroller, plugging in various combinations of fund balance to arrive at possible tax rates, the Board agreed to take \$800,000 from the general fund fund balance instead of \$1.2 million, but increase the drawdown of the library's fund balance to \$225,000 from \$75,000, resulting in a 1.75% tax increase.

For the typical homeowner with utilities, the total tax bill would show a 0.35% reduction. However, Councilman Bianco, noted that the “weighted average sewer tax” number that was part of the total tax calculation was not accurate as it did not reflect all the sewer taxes for the 60% of sewerers taxpayers who, like him, are in the Peekskill Sanitary Sewer District.

Other budget issues

Councilman Patel questioned the budget line item of \$64,700 for a movie projector for the YCCC theater. In response, Supervisor Grace said that the town would have to work out a framework for the projector’s use, adding that showing free movies on the weekend would help showcase the town’s restaurants. Councilman Murphy added that the movies would help keep kids off the street.

Supervisor Grace said that there is a commitment from the Chamber of Commerce to help offset the cost of the projector, which Supervisor Grace would be something like a blu-ray system.

Councilman Patel withdrew his initial objection to including the item in the budget when he received assurance that a connection from the theater to the senior nutrition center could be installed so that an overflow audience could view the movie and after Supervisor Grace said that he could still vote against the purchase once the town was ready to put the purchase out to bid.

Change in budget public hearing

Without explaining why, the Board voted to change the date for the public hearing that had been set in January. Instead of holding the hearing on a separate day, the hearing will be held as part of the regularly scheduled work session on Tuesday, December 10. It also agreed to schedule the meeting at 6pm, noting that last year only 3 people attended the hearing.

Supervisor Grace indicated that after the public hearing, the Board would likely continue in work session mode to discuss the State Land rezoning application.