

A Look at the Supervisor's Tentative Budget

By Susan Siegel

Note: The following comments do not reflect possible changes to the Supervisor's budget that have been discussed with the Town Board but which have not been agreed to by the Board.

When it comes to understanding the Town's budget and how it will impact you, there are several numbers, plus policy decisions, that should be looked at:

- The 2% tax cap levy
- Tax rates
- Your total tax bill
- Kicking the can down the road

2% tax levy cap

The 2% cap governs how much the Town can levy in taxes and has nothing to do with the tax rate. According to this year's tax levy calculation, when all the Town's budget funds are added together, the Town could spend \$1.4 million more and still be within the 2% levy cap. That's because significant one-time savings in the Refuse and Water District funds reduced the tax levy for those districts.

Tax Rates

Yorktown has 28 different taxing districts or funds, not counting the two fire districts. Each district has its own budget and its own tax rate.

Every taxpayer, residential and commercial, pays into three budget funds: the General, or "A" Fund, the Highway, or "D" Fund, and the Library, or "L" Fund. The total appropriations for these funds are combined into a single tax rate, referred to as the "ADL tax rate." Historically, it's the ADL rate increase that is used when referring to the Town budget. The ADL rate is also the tax rate that the media uses to compare rates from one year to another or from one town to another. Think of the ADL tax rate as the "basic" Town tax rate.

In Supervisor's 2013 budget, the ADL tax rate increase is 7.72%.

To put the 7.72% number in perspective, it's the largest ADL tax rate increase since 1995; since 1998, the tax rate increases have been between 2.10% and 3.95%. In 2012, the increase was 2.55%.

Your total tax bill

Your total town tax bill depends on how many special districts you're in.

The Supervisor's budget includes a sample calculation that combines the basic ADL tax rate with the special district taxes. The net result is that the 7.72% increase in the ADL tax rate is offset by decreases in the Refuse and Water taxes. For homeowners with a \$10,000 assessed value, the total tax rate then becomes a decrease of 0.5% if they have water and sewer, or an increase of 2.58% if they don't have water and sewer.

But the sample calculation doesn't tell the whole story. The calculation uses a fictitious "weighted" tax rate for sewers; a homeowner's actual sewer tax could be much lower or higher. For example, the sample calculation shows the weighted sewer tax as \$375.08, but the tax in the Hallocks Mill district, the largest district with about

4,000 parcels, is almost double, or \$708.98. And 11 of the other 12 sewer districts are part of the Peekskill Sanitary Sewer District and pay an additional sewer tax to the county.

Also, there's a second refuse tax that everyone in the Town's refuse district pays to Westchester County,

Kicking the can down the road

On the surface, the minus half of a percentage point or 2.58% increase in the Supervisor's budget is good news. It is -- for 2013. The problem is: what happens in 2014?

By combining the tax rates of multiple taxing districts to offset the 7.72% increase in the ADL rate, the Supervisor's budget mixes apples and oranges and masks long term fiscal problems in the \$30 million General Fund budget. It also relies too heavily on one-shot fixes in several funds.

One-shot revenues: The General Fund budget assumes an additional \$422,000 in revenue in planning and building fees, mainly from Costco, the Fieldhome expansion, Crompond Crossing and Croton Overlook. Assuming all these projects come to fruition in 2013 and 100% of the fees are collected, are there a sufficient number of "new" projects in the pipeline that will generate an equivalent amount of revenue in 2014? As a rule of thumb, keep in mind that every \$180,000 in lost revenue means a 1% increase in the tax rate.

Staff costs: Although the 2013 General Fund budget represents a \$1.1 million increase in total expenditures, salaries and benefits increase by a whopping \$1.4 million -- and will increase again in 2014 based on existing labor contracts and likely increases in medical benefits and pension payments, two expenses over which the Town has no control -- except to the extent that these costs are determined by the number of employees.

But despite the fact that staff costs make up more than 78% of the General Fund budget, the Supervisor appears not to have made any effort in his 2013 budget to control these costs. In fact, his budget actually ADDS to this expense by adding a full time laborer, at a total cost of \$50,000.

Keeping in mind the \$180,000=1% tax rate increase equation, and absent any infusion of new revenue, or a possible decrease in 2014 revenue from planning and building fees, any serious attempt to reduce the tax rate increase in 2014 will most likely require taking a hard look at staffing levels. Cutting non-staff budget lines like supplies, equipment, publications, etc. only saves pennies, not dollars. And it takes a lot of pennies to add up to \$180,000.

One-shot savings: As explained above, the basic 7.72% ADL tax rate increase is being offset by decreases in the Refuse and Water tax rates. But these reductions are one-shot savings. What happens to the total tax bill next year when the ADL rate continues to increase but there aren't any new savings in the special districts to offset the increase?

When looked at closely, the Supervisor's 2013 budget plants several problematical seeds for the 2014 budget.