

MAYOR'S COLUMN

During these very difficult economic times, the Village is keeping a watchful eye on State government. As a Village, we are in good financial shape due to conservative spending and realistic revenue projections. But, we are concerned about unforeseen obligations imposed by State lawmakers especially in the form of unfunded mandates.

Typically, a mandate can require a local government to deliver a service without providing the necessary funding. Other mandates, just as costly, place restrictions or impose requirements on the way a municipality operates or how a service is delivered, often limiting flexibility and efficiency.

For example, the State mandated procedure for purchase and public works contracts is costly and burdensome. We must purchase commodities and services from "Preferred Source Vendors" even if their price exceeds market price by as much as 15%.

The State also mandates that the State retirement pension fund stay at a certain level and communities may be required to make up any shortfall with local monies. The State and its local governments operate under what is known as a defined benefit plan where employees are guaranteed a certain level of benefits financed primarily by State and local employer contributions to the retirement system. Over the years, these benefits have become increasingly more difficult to sustain. In fact, villages and cities (outside NYC) experienced a tenfold increase in pension costs between 2003 and 2005.

One particular State mandate illustrates how State law can cause unnecessary expense for local governments. Dating back to 1912, the "Wick Laws" has become one of the most onerous mandates for Bronxville, affecting the debt burden of the Village and the School.

Up until July of this year, the State required separate plumbing, heating/ventilation/air conditioning and electrical contracts for any construction project over \$50,000. Last year the law was amended to \$1.5 million in project cost, still an unrealistic number for major renovations and new construction.

This multiple bidding requirement has the effect of increasing costs, delaying projects and, in some cases, preventing projects from going forward at all. Previous studies estimate that the Wicks Law adds anywhere from 8% to 30% to project expenses.

The fundamental problem with the Wicks Law stems from the fact that the responsibility for coordinating the various subcontractors and the overall construction process lies not with a general contractor, but with the public entity which typically has little expertise in this specialized area. These coordination issues often lead to costly delays and lawsuits.

Additionally, there are increased administrative expenses associated with preparing, bidding and awarding separate contracts, as well as the added costs resulting from contractors who automatically increase initial bids for projects subject to the Wicks Law, to compensate for the anticipated delays and other problems common among Wicks Law projects.

Other smaller but still costly mandates imposed on local governments are found in the myriad of State tort laws. Their impact amplifies the financial exposure local governments face from lawsuits and increases the incentive to commence frivolous lawsuits against municipalities. Under current State law, while private defendants are allowed to offset the amount of any damage awards by the amount a plaintiff receives from collateral sources such as insurance, municipal defendants do not receive the same

benefit. Additionally, the compensation which local governments must pay frequently exceeds defendants' actual damages, pain, and suffering.

Also, local governments are required to pay interest on judgments at a rate of 9%. This is much higher than the current prevailing rate.

Another costly State mandate is the way New York's Freedom of Information Law (FOIL) is structured. The FOIL mandate imposes substantial requirements on local governments to provide copies of government records, with some requests requiring tens, even hundreds, of hours of staff time for retrieval. Yet municipalities can charge nothing for staff time and only 25¢ per page for copying, regardless of the size of the document request.

These State mandates listed above are but a few of the many currently funded by local property taxation. Basically, the State makes the law and the local government pays the cost.

As there is a direct relationship between State mandates and Village property taxes, we have joined with other communities to support legislation prohibiting the enactment of further mandates which impose a fiscal burden on local governments unless an estimate of the fiscal responsibility is computed and sufficient State appropriations are made to the local entities.

We have placed on our Village website information from the New York State Conference of Mayors and Municipal Officials (NYCOM) that explains the local property tax impact of decisions made in Albany. The information in this article is just a snapshot of what the

site offers by way of explaining the current and potential tax shifts from State government to local property owners.

I encourage you to log on the Village website, www.villageofbronxville.com, and go under “Current Announcements” to familiarize yourself with the issues. Please reach out to us and your State lawmakers with concerns and suggestions. We must keep our voices heard.

Governor Paterson has reported that the State government is facing current and future deficits in the billions of dollars.

We must make sure that local property tax payers are not called upon to provide for State debt.