

## **MAYOR MARVIN'S COLUMN**

Last Tuesday, after months of work, a public hearing and four budget workshops, the Trustees approved an operating budget for the 2011/2012 fiscal year. Despite keeping all operating expenditures flat as compared with last year's budget, we initially started with a tax increase of 13.27%. This was the result of two factors; the exponential explosion in pension costs and health care payments as well as having exhausted our non-recurring "one shot" revenue sources in the past two years' budgets which helped us achieve our two back-to-back 0% tax increases.

The one shot revenues included items such as the penalty payment for non-performance from the Kensington Road project developer, as well as a close out of capital projects that were deemed stale or non-essential.

An increase of 13.27% was clearly untenable so we began the process to whittle this number to manageable proportions. Adding to our difficulty was the fact that fuel costs are projected to increase by 30% and electricity by 10% and our interest income has dropped a staggering 90% in just four years. In addition, the variables we cannot touch – current health care and pension obligations - now amount to a staggering 34.4% of our tax levy. Knowing that our projected revenues from sales tax and mortgage tax and particularly interest income were going to be stagnant, we had to find the savings in day-to-day operations. In our staffing, which is very lean already, we had to look for cuts in personnel costs. We acted and removed a mechanic's position and unfunded a laborer's position in the Department of Public Works, left a police officer slot unfilled, and eliminated full-time positions in the parking office and the main administrative office, with the idea of having the work accomplished with part-time help to alleviate budget costs associated with full-time positions. It was extremely painful to deliver this kind of news, but we have to try to give you, the taxpayer, the same level of services with a smaller full-time staff. It is frankly an experiment to see if we can maintain our quality operation with even leaner staffing. As background, in the last four years, we have trimmed the Village workforce by 15%.

Another challenge in our budget planning was to ensure a healthy fund balance or reserve. A strong fund balance directly affects our bond rating which in turn determines the interest costs on future capital projects.

Since the Village relies heavily on non-property tax revenues to reduce the property tax burden, we looked at individual fees that could be increased to move to market level. Unfortunately, most fees were already at a competitive/price sensitive level. Two areas were below marketing pricing so we will be increasing fees for paddle tennis permits as well as the cost of monthly reserved parking fees in the Village owned lots.

Calculating all the adjustments resulting from personnel reductions and fee increases, we adopted a budget with a 3.56% tax levy increase. This number is ironically almost identical to the increase to our budget from the new pension obligation billing from the State of New York. The Governor has recently proposed a 2% tax cap that has yet to become law. However, despite adopting a budget with an actual spending decrease from last year in operating costs, we could never have met the Governor's proposed goal of a 2% tax cap because the State essentially sent us a bill equating to a 3.5% tax increase.

Unless tax caps are tied to reducing unfunded State mandates, the concept though politically popular, is not workable.

Net-net, next year we will operate the Village with a budget of \$13,602,087 - \$7,912,956 of which will come from property taxes. Due to the continued real estate market downturn, the Village also lost 3.14% in assessed valuation or \$89,899.131, translating into a tax rate increase of 6.92%.

To translate into the real dollars, a taxpayer last year with a \$30,000 Village tax bill paid \$5,000.87 to the Village and \$24,998.13 to the Bronxville School. Under the new adopted budget, the same taxpayer will pay the Village \$5,364.93 or a \$346.06 increase, still only approximately 15% of one's overall Village tax bill.

The Trustees and I work extremely hard to operate the Village on what is a very small percentage of your overall tax bill, but unless our State politicians have the political will to begin real reform on benefit package issues and unfunded mandates, the only recourse left will be to trim services, clearly an undesired last resort.