

**Mayor & Board of Trustees**  
**Village Board Public Hearing on the 2018-2019 Budget**  
**April 10, 2018**

**PRESENT:**

Mayor Theresa Knickerbocker  
Trustees Richard A. Funchion, Duane M. Jackson, Cesare Pasquale and Nicolas Zachary,  
Village Administrator Kevin Hay  
Village Attorney Stephanie V. Porteus  
Village Board Secretary Susan F. Matthews

**1. PLEDGE OF ALLEGIANCE:**

Mayor Knickerbocker called the meeting to order at 7:30 PM. She led the Pledge of Allegiance and informed every one of the fire regulations. Mayor Knickerbocker announced that this meeting would be recorded. Also, there will be an Executive Session after the meeting.

Mayor Knickerbocker advised that the Board has reviewed and discussed this budget at a Workshop. A budget must be approved by May 1. If that is not done tonight another meeting will be scheduled prior to that date. The Mayor is not happy about where this budget ended up. A lot of factors contributed to that. She called on the Village Administrator to explain some of the big budget items and the problems that we are facing.

**2. ADMINISTRATOR'S SUMMARY OF THE BUDGET:**

Village Administrator Hay explained that a 1% percent increase is about \$19,000. He began with the expenses that brought the budget to the 9.94% where it is now.

This year our Special Franchises had a loss of \$174,948 of assessed value. In the budget that translates to \$49,898 or about 2.6%. Special Franchises are set by New York State Office of Real Properties each year. They are the fees that we get from the cable companies, Con Edison, Light Path and Algonquin Gas. So we started at a negative 2.6% added to the percentage increases already in the budget. Trustee Zachary wanted to know why those fees went down. The Administrator advised that the State determines that. In last year's budget, we were up significantly which really helps your budget out. It seems to him that we are in a cycle where it has been going up and down and the fluctuations have been pretty big. The Mayor commented that meant that this year we started out in a negative position.

The Administrator advised that other contributing factors include employee raises for all employees, the Teamsters and non-union, which added a \$40,000 increase in the budget. Trustee Funchion noted they are contractual. The Administrator noted that we have also been over-running the Engineer's line in recent years. We increased that line by \$15,000 in the budget. Last year, Contingency was \$100,000. The Administrator commented that is not a significant

padding for our budget because in a lot of years we run right to that. In the past few years we have been coming right down to the end and it has been very tight, so we added \$25,000 to it this year.

Police Equipment has been increased slightly so we can purchase the software and equipment to be able to issue tickets right from their vehicle. Mayor Knickerbocker asked what the status of that is. The Administrator will have the Police Chief give us an update at the next Board meeting. We also included money for the lease/purchases. We currently have two which will be paid off next year. There will be a couple of new cars in 2021. Trustee Zachary wanted to know if we have added to the budget for that. The Administrator advised that we added \$5,000 just to make sure that we have enough money to pay for all those items.

The Repair lines in Street Maintenance and Sanitation were increased because in the last budget year we had a tough year. Under Lent's Cove, we maintained the line at \$15,000. We have fencing and other work to do at the park. We took a beating in the storms this winter and need to do some repairs there. That line was increased by \$6,000. Trustee Funchion wanted to know if insurance pays for any of that. The Administrator advised that we are trying to get money from Entergy because some of the trees came from their property. They seem willing to work with us or have their tree company do the work. Some of the other fence work needed to be done in any case. We had been planning to do that because we had ripped out fences along the road.

We kept in the budget the money from last year to repair the pavilion steel. We did not get to do that last year. We want to keep the pavilion in good shape.

The Administrator noted that sludge removal at the Sewage Treatment Plant was up \$35,000 because we have been wasting more sludge and the cost has gone up with the process at the plant. If we make some improvements there we can eventually get that number down. In reply to Trustee Funchion, the Administrator confirmed that the sludge removal company is Cook. They give us their filtrates and they take our sludge. Trustee Funchion wanted to know if they are charging us more why we are not charging them more. Mayor Knickerbocker advised that it is a contract issue. It was a 20 year contract. The Administrator advised that there is a contractually set rate by which it increases.

Under Employee Benefits, the Police Pensions went up by \$8,000 and the Non-Police Pensions decreased by \$8,000. That is from the estimates we receive from the State each year, so the Administrator budgets a little more because when the actual numbers come in they may be higher. Health Care Benefits went up by \$50,000. Every year there is an increase in January. Last year, we were a little under-funded.

The Administrator noted that these were the large increases. Others in this budget are small ones.

Trustee Zachary noted that Sludge Removal was increased in the budget from \$150,000 to \$180,000. We actually expended \$222,000 and \$196,000 the year before. He questioned if we were budgeting enough. He commented that last year we had money budgeted that we did not use for its intended purpose, like the pavilion steel. It was subsequently used in budget transfers

to balance the budget. He commented that as much as he knows that we do not want to have a large increase, he questions if we are budgeting enough based on past actual expenses. Mayor Knickerbocker wanted to know what the Village Engineer is saying about whether the process can be improved or if there is an issue. She noted that we had been doing good and all of a sudden we are seeing a problem. The Administrator thinks that it ties to the technology that we have at the sewage treatment plant. If we had higher DO [*i.e. dissolved oxygen*] numbers more of that sludge would get eaten up by the bacteria and our sludge numbers would go down. The Mayor wanted to know if there is way to increase that, such as more bacteria. The Administrator advised that only a certain amount of bacteria can live on the amount of oxygen there. Trustee Zachary noted that the plant has been operating under the same technology for a long time. He questioned why it has only become a problem in the last two years and if the State regulations has become more strict. The Administrator advised that it is not a change in regulations. The type sludge that we are receiving from Entergy and some of our larger users have higher DOD levels. The Mayor commented that we have had situations where we have gotten a sudden rush that she thinks may have overwhelmed the plant. Trustee Zachary wanted to know if the sludge is just individual household sewage and wastewater or something else. The Administrator advised that it is mostly household waste but we also get it from commercial users. Trustee Zachary wanted to know if there is a problem with what we are allowing them to put in there. The Mayor said that we will bring in the Village Engineer to answer these questions. Trustee Zachary agreed. He noted that however we must determine a budget amount tonight and asked again if we are being too conservative with this line. The Administrator thinks we may be a little conservative. Hopefully the process will waste off as much water as possible. We have tried to change our process so that we are getting a thicker, heavier sludge and Cook is not carting off sludge that is very watery. The Mayor advised that next week she, the Village Engineer and Administrator have a meeting with the DEC. They will discuss some options.

There is still \$25,000 under Tax Stabilization. There is \$150,000 for a Paving budget to continue paving roads in the Village. We have still budgeted \$100,000 for the take down of the house on White Street. The Mayor believes that thanks to State Senator Murphy \$70,000 will be coming through for street repairs. She knows that Peekskill got \$300,000.

The Administrator reported that on the Revenue side of the budget, PILOT payment went up by the full 2% because this year is the first year on the property tax cap. Mortgage taxes have been increasing. Our Recreation Fees for the camp have increased. Sales Tax is on target with last year. The Mayor commented that she appreciates the Administrator being conservative with this because it is something that we cannot control. She sees in the budgets of other municipalities where they over-budget on that and then do not receive that amount.

The Administrator noted that the current average assessed value of a house in the Village is \$4,500. Current taxes would have been \$1,180.57. With this budget as it currently stands, if nothing else changes the new tax would be \$1,297.89, an increase of \$117 per year or \$9.78 per month. He gave representative examples of what the same increases would be for higher assessed values. In reply to Trustee Zachary, he advised that our current tax rate is \$262.35 per \$1,000 of assessed value. The new tax rate would be \$288.42. Trustee Zachary noted that these

numbers are for the average house in the Village which means that for half the houses the increases will be lower.

Mayor Knickerbocker noted that we maintained the \$50,000 that we usually do for a Vehicle Replacement Fund. She wanted to know if anyone from the Fire Department knows where we are with that dollar line. Bobby Wheeler advised that currently they have \$149,000 not counting the next payment.

### **3. PUBLIC HEARING ON BUDGET:**

At 7:52 PM a MOTION to Open a Public Hearing on the proposed budget was made by Trustee Funchion, seconded by Trustee Zachary with all in favor. The Board members will comment first. We will then take Comments From The Floor.

Trustee Funchion wanted to confirm that we will be getting money back from Workmen's Comp for the police officer currently on disability. The Administrator confirmed that is correct and it has been accounted for in the Revenue side of budget. The amount was \$23,000. That is a conservative estimate. Trustee Funchion noted that we paid his salary for 2 years and should be getting back a good portion of that. The Mayor advised that the Administrator is working with the officer's attorney. Trustee Funchion commented that the person's increase is around 9% and he does not think that we have to go that high. He thinks that we should reduce it to 7% because we will be getting money back from Workmen's Comp. Trustee Jackson commented that you are estimating what we think we will get back but we are talking about hard numbers with the budget so we should err on the side of the hard numbers. Trustee Funchion thinks that the case for Workmen's Comp is very positive so he thinks that we should count on it. He thinks that we should get back more than what is being estimated here because it should be 2 years' salary. He does not want to ask the residents for another 2% [increase] and instead we should be taking a chance on the revised estimate he proposed. Trustee Zachary does not think that we will get 2 years' salary back. Mayor Knickerbocker commented that Workers Comp are difficult people to deal with. The Board members discussed the reasons for and against changing this line. The Administrator advised that we currently have 2 other Workers Comp cases. They are not as long as the one being discussed. Trustee Jackson wanted to know if they will be settled in 2018 or will they carry over to the following year. The Administrator believes that we probably will not see a pay out until the next budget.

Trustee Zachary appreciates the care that the Administrator put into this budget trying to be conservative and not have an unnecessarily large increase. But Trustee Zachary sees money that was budgeted last year that we did not use for certain things that ended up being used for budget transfers to even out the budget. That means to him that we under-budgeted for the things that we did spend on and money that was budgeted for certain things like the pavilion roof repair and the demolition of the house on White Street did not get used yet was absorbed in the budget in budget transfers. He thinks that we are budgeting too conservatively and not realistically. He commented that he does not take any joy in a large tax increase but he thinks that our main objective here is to be realistic. He knows that we have had a lot of unexpected repairs on infrastructure in the last few years. He hopes that we are done with that but we do not know. He

thinks that there is a decent amount budgeted in Contingency which he applauds. He personally favors feeding the coffers on the Tax Stabilization Fund. He tries to view the budget as a plan for several years, not just an isolated 1 year plan. He commented that we know that there will other tax increases in a few years. Anything that we can put aside in that Tax Stabilization Fund can help to offset those increases. Last year he wanted \$100,000. We put \$25,000. That is in this proposed budget. He would like to see \$100,000 this year. He wants to look if we have any retiring employees with pay outs. He feels that there are things that we are not necessarily looking at if we want a complete picture. He commented that now more than ever we know that there are some things that are going to hit us in the next few years. He does not think that we should be so conservative now that we wind up with bigger increases then. The Mayor commented that we will still have increases. Trustee Zachary is looking to soften the blow 3 years from now even if it is a little bit more of a blow now. He commented that he does not want to be an ostrich with his head in the sand and wake up in 3 years in shocked surprise.

Mayor Knickerbocker commented that we are working on some things. As it goes forward she needs all hands on deck. She needs everyone's contribution on how we can save money and how we can increase our revenue. She advised that there will be an Executive Session tonight and there are some things that the Board needs to talk about. Trustee Zachary commented that the whole Board is on deck. They have discussed the various options that are still up in the air. But he thinks that with this budget we need to look at the big picture. He does not want to "nickel and dime" our budget so much that we erode the quality of life and erode our Fund Balance and have less money in reserve. The Mayor commented that over the last couple of years our Fund Balance has grown substantially. The Administrator noted that this year we have over \$1 million between the two funds. It had been on the decline but it is growing. Trustee Jackson thinks that in terms of the compensation that we may get back maybe another \$25,000 would be applicable to that. But he would not want to go any higher. Trustee Zachary commented that last year everyone said \$25,000 and he said \$100,000, so here we are again. He commented that he will say how he feels. It is a 5 member Board that gets the vote. Trustee Funchion commented that in general, it is nice to have the money in the Fund Balance but that money can come back to haunt you in many different ways. When you have to deal with certain pay outs in certain ways and you are going to court, the court will say that you obviously have the money to pay them. He commented that is when the roosters come home because you are going to have the money. He commented that he can go into it further later on but there are many instances where it can back to haunt you.

Trustee Funchion would like to see an attachment when the tax bill goes out. He noted that in the past the Administrator did a nice job showing [the budget breakdown] in a pie chart. The Administrator advised that he will be doing that again. Trustee Funchion thanked him for doing a good job in outlining it tonight. He commented that not everyone watches this Public Hearing and people are going to see a tax increase that is not nice. He suggested showing the major items in the budget - those between \$100,000-\$125,000 - with the amount and the percentage of the increase it represents. He thinks it will add transparency to how we are spending the money. It will also give people an idea of what we face in the future because most of these expenditures are things we have to do. He commented that if something happens to or in your house, you

have to fix or replace it. He commented that it is an average of \$117 for year which sounds minor to many people. But there are residents for whom that is not minor. The Mayor agreed that some of these expenses are not within our control. Trustee Zachary noted that you could account for a 10% increase based solely on things that are not in our control. He commented that is why he likes a dedicated fund because it can only be used for offsetting future tax increases as opposed to being part of the General Fund. Trustee Funchion commented that it can still be held against you in different courts. Trustee Zachary thinks that the Town of Cortlandt breaks down the tax bill similar to what we are requesting. Trustee Funchion commented that what the Administrator will do will take care of the percentage of increase. He feels that will dispel the image that many residents have about how their tax dollars are used and show that the Board is doing everything we can do and not spending their money in a willy-nilly way.

Trustee Pasquale commended the Administrator for what he did with this budget. He thought that the percentages were going to be higher this year but the Administrator kept it under 10%. Trustee Pasquale knows that will hit some people in the pocketbook a little bit. He would not be in favor of it going higher than that.

The Mayor asked for comments from the floor.

#### **4. COMMENTS FROM THE FLOOR:**

Walter Neurater, 182 Fourth Street, commented that for him 10% is \$165 and that will not break his bank personally. He agrees with Trustee Jackson on not over-estimating what we will get back because “the nuts and bolts are the nuts and bolts”. He is not in favor of Trustee Zachary’s proposal to take money and put it into special accounts because he feels that is money taken from him prematurely. He wanted to know if we reassess when we do building permits and they are closed. The Administrator advised that once each year he gets a list of the building permits, the work that is done and estimates of cost. We do look at increases for certain kinds of work. Mr. Neurater thinks that could help us out. He commented, noting that he knows it is unpopular, but contracts are coming up soon so maybe there should be a new tier. He does not like taking from what people already have. But maybe they could pay something small or nominal into their health insurance.

#### **5. MAYOR’S COMMENTS:**

Mayor Knickerbocker commented that she knows what Trustee Funchion is saying but she does not want to over-estimate on the Revenue side. Trustee Jackson commented that as Trustee Zachary said the mandates from the State that are out of our control puts us right at the top anyway. The Mayor commented that it is unusual for us to be at this number.

The Mayor asked the Board’s thoughts on putting \$100,000 more into the Tax Stabilization Fund. Trustee Zachary thinks that it is pretty clear that people do not want to do that.

Trustee Jackson wanted to know if we will again be bidding highway jobs with the Town of Cortlandt and if there is any savings in that. The Mayor advised that everything is on the table but we are not there with the numbers. She commented that as he surveys reflected, people like the services we have here. She does not know if there would be a savings – she thinks not - if we

went to the Town for the garbage collection. The Mayor does not favor that because she feels it would change our whole service situation. We still have the bid open from last year, which was a very good bid, that we can use for paving. That does not include curbs, only paving. The Mayor advised that we are going to run all the numbers so that everyone understands what they are when we get to 2 years from now with Entergy leaving. We are also going to have conversations with Entergy to try to renegotiate. She commented that unfortunately there is not much we can do with this year's budget.

Trustee Zachary commented that we have been doing this since 2010. Most of this Board has been here for a while. He commented that the first figures that he did this with, they eliminated anything deemed to be fluff. He thinks that for the last 5 years this has been a pretty lean budget. We went through every line and agonizingly squeezed \$500 here and \$1,000 there. That is why we are budgeted so tightly now when unexpected expenses come up. It is a guessing game. He commented that when he raises these points he does not mean to take away from the job that was done. He does not think that we are dealing with a budget with a lot of waste in it.

The Mayor asked the Board if this is the budget we should put forth. Trustees Jackson, Pasquale and Zachary agreed that it is. Trustee Funchion said that he is still up in the air. He is concerned about the Revenue coming in. The Mayor understands his concern.

**6. CLOSE PUBLIC HEARING:**

At 8:16 PM a MOTION to close the Public Hearing was made by Trustee Jackson, seconded by Trustee Pasquale with all in favor.

Mayor Knickerbocker asked the Board if they were ready to vote on the budget. The Administrator advised that we must adopt a budget by May 1. That is the date for our next Village Board meeting. The Mayor directed that we will have the resolution and vote on it at that time.

**7. EXECUTIVE SESSION:**

At 8:17 PM a MOTION to go into Executive Session to discuss personnel matters was made by Trustee Funchion, seconded by Trustee Zachary with all in favor. The Mayor advised that no moneys will be expended.

**8. ADJOURN THE MEETING:**

At 9:03 PM a MOTION to return from Executive Session and adjourn this meeting was made by Trustee Zachary, seconded by Trustee Jackson with all in favor.