

**Village of Buchanan
Mayor & Board of Trustees
Special Meeting
March 24, 2020**

PRESENT:

Interim Village Administrator Marcus Serrano
Village Clerk/Treasurer Cynthia Kempter
Village Board Secretary Susan F. Matthews

ATTENDING VIA ZOOM:

Mayor Theresa Knickerbocker
Trustees Richard A. Funchion, Duane Jackson, Cesare Pasquale and Nicolas Zachary

1. PLEDGE OF ALLEGIANCE:

Mayor Knickerbocker called the meeting to order to 7:40 PM. She explained that we need to complete a budget but because of the current pandemic and the need to maintain social distancing this meeting was being conducted using Zoom [tele-conferencing application]. The Mayor and Trustees were connected from their respective homes. The Interim Village Administrator, Village Clerk/Treasurer and Village Board Secretary were present at Village Hall. The Mayor led the Pledge of Allegiance.

2. NEW BUSINESS:

a. 20-12 RESOLUTION EXEMPTING THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT

Village Clerk/Treasurer Kempter read the Resolution (*copy attached*). The Mayor advised that this must be voted on before April 1.

A MOTION to adopt this Resolution as presented was made by Trustee Funchion, seconded by Trustee Pasquale with all in favor.

3. PRESENTATION OF 2020/2021 TENTATIVE BUDGET

Mayor Knickerbocker commented that the purpose of this Workshop is to focus on the budget. This will be our first budget following the closing of one of the plants at Indian Point. The Administrator has spent a lot of time working on this difficult budget. There will be a Public Hearing on April 9.

Village Administrator Serrano thanked the Village Board, Village office staff and department heads for all they do. He also thanked the residents. It is a very difficult budget year. He commented that he has been doing this for 39 years and this is one of the highest rate increases he has ever seen. He did not think that it would be as bad as it is.

The Administrator presented two detailed PowerPoint presentations (*copies attached*). They are posted on the Village web site. Residents can get copies at the Village Hall. At the end of this evening's presentation, residents were able to call in with questions. Residents can also call or e-mail him with their questions anytime during the week and again following the Public Hearing on April 9. The internet link was not working this evening but residents can go to Facebook or to Minervideo on YouTube.

FINANCIAL POSITION:

The Administrator wanted to give some background of our financial position by important items. There is a slight increase, 0.478%, in the assessment value. The bad news is that there are a number of certioraris that might lower the value. The Administrator noted that his presentation breaks up all major increases and decreases of expenses of \$4,000 or more. There were a lot of departments that were missing. A lot of things were bulked together in past budgets. He has separated them out, so this budget may show substantial increases and decreases in certain departments because of a reallocation of expenses to a more detailed explanation. One example was the Clerk/Treasurer's department. That is the same person so he separated out the expenses into the Clerk and the Treasurer. A lot of expenses and revenues were either over or under estimated. The Administrator wanted to bring it more in line with what we expect to receive or spend in the future. He summarized it by functions as done by the New York State Uniform System of Accounts so we can see the increases and decreases. Expenses increased by \$318,902. He did the same on the revenue page on taxes. The biggest impact is the PILOT decrease. This is the first year of the 8 year decrease of the PILOT. We are looking at a substantial increase in taxes. Expenses went up by \$318,000. Revenues went down substantially. We are looking at an increase of \$459.16 per thousand. That means an average increase to the average taxpayer of \$594.00, or \$49.47 per month.

CORONAVIRUS PANDEMIC:

The Administrator commented that the Coronavirus pandemic is one of the unknowns that we do not know the impact of over time. It could affect our sales taxes on the sale of houses and mortgage tax. On the expense side, the retirement bill is based on the stock market. He hopes this budget will help us get through the coming year and we can then focus on that impact as it becomes clearer.

CAPITAL PROJECTS:

We have substantial sanitary projects with the sewer that we must do. We can discuss borrowing money for that.

WATER AND SEWER FUNDS:

The Administrator commented that we have not kept up with the pace of the increases in our water purchases from Montrose and Peekskill. We will hold off discussion about a Sewer Fund until we get our budget in line.

BUDGET OVERVIEW:

The Administrator referred to his PowerPoint graph. He is trying to keep the tax increase as low as possible but there are a lot of uncontrollable expenses. The tax rate increase is 43.16% or \$138.64 per thousand. The increase to the average tax payer is \$594.00 or \$49.47 per month. There was a small tax value increase but not enough to have a positive impact. Total expenses increased by 4.53%. Revenue decreased by 9.71%. The PILOT loss averaged out to 8%. The water rate increase was 24.39%. The Administrator noted that we have a substantial reliance on the Water Fund to supplement the General Fund which we have to get away from doing.

He explained that as the taxable assessed value goes down, normally the taxes go up. Starting in 2013 there was a substantial increase due to Special Franchise taxes. We are a small village and do not have a lot of commercial base. We also had decreases due to tax certioraris. After 3 years they can re-file and we are beginning to see that now. So this revenue may drop in the coming years.

As for changes in actual taxable value, in 2003-2004 Entergy was removed from the tax rolls and began the PILOT payment. The change in taxable value went up and down. That affects the tax rate. The tax rate increased over 100% in 2006-2007. After that it dropped substantially. In 2015-2016 there was a 0% tax increase. It has been going up since that year. Expenses increased by \$322,156 over last year. There was a big increase in Contingency. The Administrator is recommending this because currently we have almost no fund balance in the General Fund. In case of emergency, there is no money to cover those expenses. Our reliance on the Water Fund is very large. If the Water Fund cannot transfer money to the General Fund, we would not have money to pay our bills. So we need to build up the General Fund.

LEGAL FEES:

There is an increase to the Village Attorney line. We have a prosecutor. We never budgeted that number. We also have a labor attorney. As of this point we have not settled with the police union. We need that attorney in case we go to arbitration. We can save money.

ENGINEER:

We had an increase of \$29,000 in Engineering. \$20,000 is for our Village Engineer based on historical expenses. That number has been grossly under-budgeted in the past. There is \$9,000 to cover the cost of the proposed overlay district. We approved a planner but it was not included in this year's budget.

SALARIES:

There are increases in police salaries primarily due to hiring new officers and staff increases. The Administrator reiterated that we have not settled our contract with the police. It is 3 years without a contract. This budget amount is just to cover the actual expenses. There is no money to cover increases. That would have to transfer from the Contingency or another line in the future.

STREET LIGHTING:

There is an increase in street lights due to replacing street lights that were damaged or destroyed and replacing some with LEDs. This is a quality of life issue that the public has been asking for.

SEWER:

The big increase is sewer maintenance and repairs, \$80,000. The Administrator noted that we have been spending around this amount for the last couple of years but it has been underestimated. Our sewage treatment plant is aging. The Administrator commented that this is the tip of the iceberg.

NEW YORK STATE RETIREMENT CONTRIBUTIONS:

We get a bill from New York State retirement system which we have to pay for our employees.

DEBT SERVICE:

This is due to the sewer pump station and Fourth Street sewer main expenditures.

GENERAL GOVERNMENT SUPPORT:

This is the court, administrative fees, the Mayor's salary, the Clerk/Treasurer's expenses, audit services, buildings, elections and other related items.

PUBLIC SAFETY:

The Police, Fire and Building Departments are considered public safety.

HEALTH CARE:

This is the nurse who comes to the Buchanan Seniors weekly meeting to monitor their blood pressure. It is a negligible amount.

TRANSPORTATION:

This covers street maintenance, snow removal, salt, street lighting, sidewalks and employment in that department.

ECONOMIC ASSISTANCE:

This includes the Newsletter. It is a small number.

CULTURE AND RECREATION:

This includes our parks, the Recreation Department, the pool, the Seniors and the summer camp.

HOME AND COMMUNITY SERVICES:

This includes the Planning and Zoning Boards, sewers and sewage treatment plant, Sanitation, street cleaning and recycling collection.

EMPLOYEE BENEFITS:

This includes the MTA tax, police and employee retirement, Social Security, Medicare, Workers Comp, life & medical insurance, unemployment insurance, eyeglasses and dental.

DEBT:

This includes the debt service. In addition to the Fourth Street pump station, we have an old debt.

TRANSFERS:

This is for paving and tax stabilization.

The Administrator noted that the biggest part of the budget is personnel and benefits. Expenditures by function include Benefits 27%, Home/com 15%, Recreation & Culture 5%, Transportation 9%, Health, Public Safety, General Government 18% Transfers 4% and Debt 2%. He explained that we provide services so that is the largest part of our Expenses. That includes salaries. He noted that there is little to no flexibility in the contractual. That also includes general liability insurance which is over \$100,000.

MAINTENANCE:

This covers all the buildings, electricity for the street lights, gas and oil for vehicles, elevator maintenance, the lease of the vehicles, the Fire Department, phones, maintenance of the computer systems and security software, Special Counsel, engineering, pool expenses and buses for the Seniors. There is very little if any flexibility.

PUBLIC SAFETY:

Police is 69%, Fire is 17% and Building is 14%. The police expenses are broken up between salaries and benefits, 91.6%. There is contractual and gas, and oil for the vehicles. There is not much flexibility. The Police Department is 18.74% of the total budget.

MAJOR EXPENSES:

Medical insurance has been going up substantially. For the last 3 years, it has been pretty level. We are on the NYS Empire Plan. They recently increased the deductible and co-payment. They know that this was impacting everybody's budget. There are 1.2 million employees in the New York State medical plan. They are trying to keep control on how expenditures go until that levels off.

RETIREMENT CONTRIBUTIONS:

There was an increase of \$97,000 in Retirement Contributions. They also changed the plan and hopefully it will level off. It had come down from the high in the 1980s but is starting to go back up. It is an expense that we do not control but our taxpayers must pay for.

PROFIT OR LOSS (EXPENDITURES VS. REVENUES) ANALYSIS:

The Administrator commented that this concerns him. We had a substantial Fund Balance that has been eroding away. There was a big increase in 2015-2016 due to the sale of the easement for the gas line. He commented that he would have recommended putting that into the Capital Fund to keep it level. It was put into the General Fund. The next year it decreased because expenses were much higher than revenue. In 2016-2017 the Village lost \$500,000 which impacted the Fund Balance.

There was a reduction in revenues of \$727,000. The majority was from tax revenue. We lost over \$367,000 from Entergy. There were decreases in engineering and planning fees. This is the first year of a decrease in revenue from Indian Point for infrastructure. They also pay a sewer fee to the Village based on water usage which also decreases by over \$57,000.

ENTERGY AND THE PILOT AGREEMENT:

The PILOT has been a major increase in revenue. It went up in 2015-2016. That year the taxes went down to almost zero. It continued to go up because of the 2% escalator but in 2020-21 we see start of the decrease of that revenue. That loss will continue coming down. There is not enough other revenue to make up the loss. We can only make it up by taxes, increases and possibly increased development.

TRANSFER OF WATER TO GENERAL FUND:

There has been a dependence on the Water Fund to help the General Fund. Every year money has been taken out of the Water Fund to keep the taxes down in the General Fund. The Administrator advised that we need to plan to reduce this to make both funds more self-sufficient. To support this, he has put \$90,000 in Contingency. He advised that water fees and taxes are collected at different times which make it difficult to pay our bills and meet our capital requirements.

TAX DISTRIBUTION:

The Administrator showed a chart giving the percentage distribution of the average tax bill with the proposed increase in the Village tax and current for the others: School District = 59%, Village = 26%, County = 12% and Town = 3%. He noted that our Village tax is still within the same proportionate range as other municipalities despite our unavoidable increase. He showed a related breakdown with the same percentages but in actual dollars spent based on an average tax bill of \$7,591.

GENERAL FUND – FUND BALANCE:

The Administrator showed a chart tracing the Total Fund Balance vs. the Unassigned, which means available for emergency purposes. It also showed the level that the rating agencies recommend for the Unassigned Fund Balance and what most municipalities try to meet. In 2010-11 we had over \$1.2 million available in the Unassigned Fund Balance. In 2012-13 we dropped below the recommended line and by 2014-15 it had decreased to less than \$200,000. There was a brief increase the following year from one time revenue but by 2018-19 we were

still well below the recommended level. Because our Fund Balance went down it meant that our available cash went down. That created a reliance on the Water Fund. The Administrator advised that we need to build our Fund Balance. At the same time it means that because we have a very limited Fund Balance it means limited cash.

WATER FUND:

Indian Point usage will reduce over time. We buy the water and sell it back to Entergy so hopefully that will balance out over time. We will know more next year because Indian Point 2 will be closing in April 2020. The Water Fund has no Fund Balance. It also subsidizes the General Fund. The Administrator reiterated that if there is an adversity in the Water Fund and it cannot transfer money to the General Fund, then we will not have cash to pay our obligations.

FUND BALANCE:

We are at a zero Fund Balance in the Water Fund. We need to determine how we are going to deal with the expenses and increase the General and Water Funds.

QUESTIONS FROM THE BOARD MEMBERS:

Trustee Zachary commented that over the last several years we moved \$600,000 per year from the Water Fund to General Fund. That led him to believe that we were using the excess money to offset the budget. He wanted to know why there is a 24% increase in water rates to build up the Water Fund. The Administrator advised that if you look, we had substantial increases in expenses in the Water Fund. There was a fund balance to make up the increase in rates from Montrose and Peekskill. Now there is no available fund balance to pay the bills. We have to transfer the money from the General Fund. Then the General Fund will not have enough money. So both funds have to go up in order to rebuild them. Trustee Zachary wanted to confirm that the water rates we pay have gone up. The Administrator advised that they have. Montrose has gone up 10% over the past 2 -3 years. Our water rates did not keep up with those increases in our purchase rates. Trustee Zachary wanted to know if the 24% increase was just for this year to restore a fund balance or would it be on-going. The Administrator advised that it will get us in line with the water we are currently purchasing. In addition, if we buy too much water from them, Montrose charges us a surcharge. With Indian Point closing, not only will the water usage come down but that surcharge will go away. The Administrator advised that next year we will be better able to reevaluate our water usage and rates.

Trustee Zachary noted that our payments to the New York State Retirement Pension program are dictated by how the pension fund investments are doing. He wanted to know if the increase we are seeing in this budget is for the increase for the upcoming budget year or the current one. The Administrator advised that we pay in December. What we are seeing is the current rate we pay then plus a small escalator the Administrator put in based on the current history of the retirement bill. He noted that if the stock market continues in its current

direction, this might be a substantial increase. Trustee Zachary thinks that in recent years we have done well with the New York State Retirement payments because the stock market has been doing so well. Generally the pension funds are conservatively invested. The Administrator advised that they actually invest a pretty good amount of the portfolio in the stock market. Normally there is a 5 year lag but if they see a substantial loss in one year, they might not wait for 5 years.

Trustee Zachary noted that generally over the years we have not budgeted for employee pay outs. When an employee retires they have accumulated unused sick time which becomes a large expense that we had not budgeted for. He wanted to know if that has been budgeted for this year. The Administrator advised that we have no one planning to retire this year. Next year, we might. His recommendations are for a substantial increase in next year's budget for the year after, when they retire.

Trustee Zachary commented that we had talked with Siemens about various energy upgrades, including a very old boiler and the a/c in the Highway Department garage and, the LED light conversion. Some had an initial expense then a payback within 5 years followed by savings. He wanted to know if the LED decorative lights are only things that we are doing from the Siemens proposal. The Administrator feels that Siemens' estimates on the boiler and the HVAC in the Highway Department garage are extremely high. We received lower prices from other vendors. Over the year we will have discussions on capital projects to be spread out over time. We could either BAN it or bond it.

Trustee Zachary noted that last year's budget allocated \$20,000 or \$25,000 for Village Hall renovations. He wanted to know if that is being carried over into this budget because they were not done. The Administrator advised that those funds are in the current year's budget. He has been working on this with the Village Treasurer. We will look at where we stand at the end of the year. At this point we are holding back on any flexible, non-emergency expenses. At the end of the year if there are funds available and there is a Fund Balance, we can discuss what we want to transfer to our Capital Fund.

Trustee Zachary commented that in the past tax certioraris have not made a significant impact. He noted that the Administrator has noted them this year. He wanted to know if the Administrator is concerned that they may have a significant impact. The Administrator advised that some are substantial ones that were frozen for 3 years and that time is now up. The statute of limitations on when they can be re-filed has terminated and they have already filed. It is hard to determine the impact. Their request is very high. We may have to go into litigation and refund them at that point by either a cash payout or by borrowing over 5 years. He does not want to guess. He does not want to over-tax people.

Ref. Page 18 of the budget, Street Lighting: Trustee Zachary wanted to know if that was for the LED lighting work. The Administrator confirmed that is correct. He e-mailed the Board with a separate breakdown of the details.

Ref. Page 28, Adult Recreation: Trustee Zachary noted that last year we budgeted \$22,000 but actually expended \$40,000. To his recollection, the Seniors have always kept within

their budget. He wanted to know what caused that unexpected increase. The Administrator will get the details.

Ref. Page 30: Trustee Zachary commented that a lot of what he sees is reclassification from one department to another. The Administrator advised that the biggest change is the Zoning Board of Appeals line which was decreased. The Building Inspector had been put under the Zoning Department. He is currently under the Building Department - Safety Inspection. There is no increase in expenses. It is just switching to a different line.

Ref. Page 46: Trustee Zachary wanted to know when the Gross Utility Tax gets paid to us. The Administrator advised that it gets paid in February and August. Because the second payment is paid in August, the amount is for the prior year and the budget is adjusted at that point.

Ref. Page 52: Trustee Zachary noted that there are 4 Trustee positions, not 5. It will be amended.

Trustee Jackson wanted to confirm that after the increase the estimate on the Fund Balance is \$90,000. The Administrator advised that it depends on how we end up this year because we have substantial expenses in the Sewer Fund.

SEWER LINE PROBLEM:

The Administrator advised the public that there is a major problem with clogged pipes. People have to stop plugging up their toilets with paper towels, un-flushable Clorox wipes and other wipes; even those that say “flushable”. Nothing but toilet paper should go into the toilet. It all goes into the sewer and clogs the lines. This creates problems and major expense for the Village, and you could also have raw sewage going into your house. We had a major pump issue over the weekend because of paper wipes that were being flushed down the toilet. People should not throw anything into the lake. The Village Clerk advised that this warning is already in the Newsletter.

QUESTIONS FROM THE BOARD MEMBERS (cont.):

The Administrator noted that currently our Fund Balance is \$269,000 as of the prior year. Depending how we finish this year, we can break even and not have to use that money. If we do what this budget produces, hopefully that \$90,000 will help us increase our Fund Balance.

Trustee Jackson wanted to know with the nuclear power plant Indian Point closing in April, is there any estimate the Administrator can make in terms of what this fund might look like. The Administrator advised not at this point. Their estimate is perhaps a one-third reduction in their water usage. That is why he has reduced the Sewer Fund because it is a basic part of the agreement with Entergy. They pay a certain percentage of expenses for the sewage treatment plant based on their water usage. The Administrator commented that because everything right now is a guess, we can revisit this in October with actual numbers. We can then determine if there is an increase in 2021-2022. At this point he is trying to balance out

the budget and the under-estimated expenses and over-estimated revenue, and take care of the PILOT loss. This budget brings us in line to where we should be.

Trustee Jackson wanted to know if the water rate increase will bring us in line with what we are being charged by Montrose and Peekskill. The Administrator advised that it would. He noted that in 2018-2019 we spent \$2.7 million in water purchases but only budgeted \$2.5 million. Peekskill bills us quarterly and Montrose monthly. There was a 10% increase in the water rate from Montrose which was not accounted for. He hopes his estimate in this budget is the right amount to carry us over to next year. Trustee Jackson wanted to know if those purchase rate increases are done yearly. The Village Treasurer advised that they are. The Administrator advised that Montrose has averaged 10% increases and Peekskill 5%-6%.

Trustee Funchion commented that the Administrator had discussed this at length with the Board prior to this meeting. Trustee Funchion thanked him very much for the great job he has done. The Administrator appreciated the kind words and wished he had better news.

Mayor Knickerbocker commented that she and the Administrator have been repeatedly going over this budget and no one is happy. It is disappointing that our previous budget officer did not increase the water bill as we were getting increases over the years. If we are getting charged more, we cannot absorb it. We must pass that on to the consumer. She has no answer for why that did not happen. This was a difficult budget. She commented that the Administrator really broke it down into minutiae so that it is more understandable. We have never had a budget like this.

Trustee Zachary commented that the Board does their best but we rely on the advice of the professionals. He thinks in retrospect that we could have used more aggressive advice from our previous budget maker. We are now catching up with this budget which unfortunately falls at the same time as the loss of Entergy. He offered feedback on the effectiveness and clarity of this method of doing a remote presentation. The Administrator advised that everything will be on the Village web site.

Trustee Jackson knows that Mayor Knickerbocker is looking into County, State and Federal aid and will continue to look to those avenues for help. The County Executive mentioned at our Saint Patrick's Day Parade about some things he has in the works.

4. COMMENTS FROM THE FLOOR:

The Administrator announced that the phone line (914-293-8397) was open for anyone who had a question. There were no questions by phone from the public.

In response to a question from Trustee Zachary, the Administrator advised that the Governor has directed that the Board should continue to conduct these meetings this way for as long as possible. Alternatively, the Board could meet at Village Hall but without the public and maintaining "social distancing". Trustees Zachary, Jackson and the Administrator discussed ways of possibly improving the technical needs of this remote meeting process for subsequent meetings.

Mayor Knickerbocker thanked everyone. She announced that the Budget Hearing will be on April 9 where there will still be time to speak.

5. ADJOURNMENT:

At 9:00 PM a MOTION to adjourn this Special meeting was made by Trustee Jackson, seconded by Trustee Zachary with all in favor (via Zoom).