



# TARRYTOWN-ON-HUDSON

One Depot Plaza, Tarrytown, New York 10591-3605

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DREW FIXELL  
Deputy Mayor  
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Trustees  
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March 19, 2011

Honorable Mayor Fixell and the Board of Trustees  
Village of Tarrytown  
One Depot Plaza  
Tarrytown, New York 10591

Re: 2011-2012 Village of Tarrytown Tentative Budget

Dear Mayor Fixell and Members of the Board of Trustees:

In my capacity as Budget Officer for the Village of Tarrytown, I hereby respectfully submit the tentative budget for Fiscal Year 2011-2012. This tentative budget was developed in partnership with James Hart, Village Treasurer. His dedicated work on this budget was invaluable in the development of the tentative budget. The Department Heads provided proposed budgets for their respective budget lines for inclusion in the tentative budget. The Department Heads were instructed not to increase any appropriations beyond those required by union contracts or for products and/or services that must be obtained and whose costs are beyond the control of the Village (electricity, natural gas, gasoline). Those budget proposals were modified based upon a review of both current and historic expenditures. Where appropriate, budget lines have been increased or decreased from the proposals from the Department Heads in order to assure consistent ongoing operations but to make sure that budget lines do not exceed what is necessary for operational purposes.

In my tentative budget message for the FY 2009-2010 budget, I noted that "I have never experienced an economic situation that has so negatively impacted upon a tentative budget as the current economy". In the FY 2010-2011 tentative budget message I noted "...the economy has created a financial environment that is much worse this year for Village budgetary purposes than last year". I believe that I am beginning to sound like a "broken record", but the development of the tentative budget for FY 2011-2012 had more significant financial issues impacting upon this budget than either of the past two fiscal years.

There were a number of major cost drivers that have impacted the development of the tentative budget. The drivers, the dollar cost and the impact upon the tax rate are listed below. Please note that number

provide in the category of tax rate increase only takes into account that particular increase or decrease and is provided strictly for purposes of evaluating the tentative budget document and the proposed tax rate increase.

- The loss of assessables for the current tentative budget totals \$3,415,243, or a loss of property tax revenue of \$850,259. This loss of property tax revenue from the current fiscal year to the upcoming fiscal year equates to a tax rate increase of 5.69% just to bring the Village back to the same level of property tax dollars to operate the Village government.
- The pension costs for Village employees, which is established by the State Comptroller, increased by \$400,279 (this does not include the increased pension costs associated with the Water Fund). Municipal employees are mandated by State law to participate in the NYS Retirement System and the Village has no voice in the decision making regarding pension rates. This increase in pension costs equates to a tax rate increase of 2.67%.
- The cost of health insurance increased by \$250,847 in the tentative budget. Pursuant to the language in the three union agreements, the Village offers the “Empire Plan” and the Village cannot change plans unless “...the benefits offered are comparable to the health insurance plan presently in existence.” (CSEA Agreement). The Village has worked with a health insurance consultant to seek comparable health insurance, however, the costs for comparable insurance has been more expensive than the current plan. The increase in health insurance costs equates to a tax rate increase of 1.67%.
- Salary increases negotiated with the three unions in the Village increases expenditures by \$299,787. This is the fourth year of four year contracts for each of the unions. The increase in salaries and associated salary related costs equates of a tax rate increase of 1.99%.

Absent other modifications to the budget, both to expenditures and revenues, there would be a proposed tax rate increase of 12.02% to address these four cost drivers of the tentative budget. Please note that I am not proposing a tax rate increase of this magnitude in this tentative budget document.

In the paragraphs that follow, there is a summary of the tentative budget proposals for the General Fund, the Water Fund and the Library Fund.

GENERAL FUND - The tentative budget for Fiscal Year 2011-2012 includes General Fund appropriations of \$20,379,951 and non-property tax revenues of \$6,007,887. Appropriations in the tentative budget for the General Fund have increased by \$212,022 or 1.05% from the approved budget for Fiscal Year 2010-2011. Non-property tax revenues increased by \$226,736 or 3.92% from the approved FY 10-11 budget and the major non-property tax changes, both positive and negative, are noted in Chart 1.

Chart 1 – Major Changes in Revenue

Sales Tax	+\$65,000
Unclassified Revenue (Misc. Income)	+\$36,000
Mortgage Tax	+\$30,000
Cable Franchise	+\$20,000
Business & Occupancy Licenses	+\$10,000
Fines and Bails	- \$20,000

There is no proposed increase in the appropriated fund balance in the tentative budget. The tentative budget provides for a decrease in the amount of appropriations to be raised by the real estate tax levy of \$14,714, or .102% from the current Fiscal Year; however, due to the decrease in the assessment role, the decrease in the amount of appropriations is levied against a lower tax base prompting an ultimate increase in the actual tax rate. Last year's tentative budget also included a decrease in the amount of appropriations to be generated from the property tax.

The following items were included in the General Fund tentative budget that positively impacted upon the proposed tax rate increase.

- The payment made by the Village to fund the Service Award program for the volunteer firefighters has been moved from January to June. The payment is due any time during the calendar year. This action eliminated the need to make a payment in FY 11-12, reducing appropriations by \$280,000. This is a one-time saving, due to the fact that the funds must be included in the FY 12-13 budget for payment between June 1 and December 31 of 2012.
- Reduction in the cost of debt service by \$412,455. This reduction is due to the refinancing that occurred in October 2010.
- Conversion of one of the Road Maintenance Foreman positions to Assistant General Foreman and elimination of the second Road Maintenance Foreman positions.
- Inclusion of \$40,000 in revenue from the payments to be received from the Village of Briarcliff Manor associated with the easement agreement for the property on Neperan Road where Briarcliff Manor is constructing a new water pump station. The Village should receive payments from Briarcliff Manor between \$375,000 and \$500,000 during FY 11-12, depending upon the completion date of the pump station. Thereafter, Briarcliff Manor must pay Tarrytown \$40,000 per year for 25 years, with a CPI escalator. Since the \$40,000 will be received in future fiscal years, inclusion will not be a one-time revenue used strictly to control the budget.
- Not filling one vacant laborer's position in the Department of Public Works.
- Reduction in donation payments to outside agencies by 15%.
- Increase in payment to fund Library of \$40,478 (see Library Fund below).

These numbers generate a proposed tax rate of \$264.32 per \$1,000 of assessed valuation, up from \$248.96. This proposed tax rate equates to a tax rate increase of 6.17%. Per the Village Assessor, the average single family home in the Village of Tarrytown is assessed at \$15,600 and utilizing this average assessment figure, the proposed tax rate would generate an increase in Village taxes of \$239.62.

**WATER FUND** - The tentative budget for the Water Fund provides for appropriations and revenues of \$3,207,294, an increase of \$57,522 (1.82%) from the budget for FY 10-11. The increase in the Water Fund budget is attributable to an increase in the cost to purchase water from the New York City Department of Environmental Protection. If you recall, the cost of water purchases increased by 24.7%. Absent the increase in the Village's costs to purchase water, the Water Fund would have experienced a decrease in appropriations of \$167,478.

**LIBRARY FUND** - The tentative budget for the Library Fund increased by \$111,610, which equates to a 7.21% increase from the budget for FY 10-11. Pension costs, health insurance costs and debt service were the major cost drivers impacting the Library budget. The pension costs for the Library increased by \$20,673; health insurance increased by \$53,342 due to one current employee moving from single

coverage to family coverage, the hiring of a new employee and the promotion of one staff member from part-time to full-time. However, based upon the contract for library services between Sleepy Hollow and Tarrytown, the amount of the tentative increase that is the responsibility of Tarrytown is \$40,478.

In addition to the Village, property taxes are the primary funding source for the operation of the Town of Greenburgh, Westchester County, the Union Free School District of the Tarrytowns and the Irvington Union Free School District. Although property taxes are commonly categorized together, it is important to distinguish the variety of taxing entities that receive property taxes for operational purposes and the level of property taxes received by those entities. Village taxpayers can then truly assess the taxes paid versus the services provided by each of those entities. The following charts provide information as to the tax dollars paid by a property owner assessed at the average assessed value in the Village and the proportionate share of the total tax obligation attributable to the various taxing entities that impact a Village property owner.

**COMPARISON – WHERE YOUR TAX DOLLARS GO**

Comparison of Tax Dollars

Average Village Assessment of \$15,600

	Union Free School District of the Tarrytowns	Irvington Union Free School District
Town	\$119.32	\$119.32
County	\$1,624.43	\$1,624.43
County Sewer	\$267.93	\$267.93
County Solid Waste	\$154.82	\$154.82
School District	\$9,742.74	\$8,922.42
Village	\$3,883.77	\$3,883.77

**COMPARISON – WHERE YOUR TAX DOLLARS GO**

Comparison of Taxes Paid Based Upon Percentage of Tax Bill

	Union Free School District of the Tarrytowns	Irvington Public Schools
Town	.82%	.83%
County	10.28%	10.84%
County Sewer	1.69%	1.78%
County Solid Waste	.98%	1.03%
School District	61.69%	59.59%
Village	24.59%	25.93%

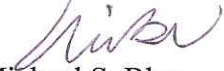
The Village Administrator, as Budget Officer, is responsible for the development of the tentative budget, which by New York State law must be submitted to the Village Clerk by March 20. The tentative budget is a collaborative document developed with the input and assistance from all Department Heads, and as noted previously, direct partnership with the Village Treasurer.

The tentative budget document can be modified based upon decisions made by you, the policy makers of the Village, with input from the public during the various hearings and/or meetings on the budget. Your Village staff is ready and willing to analyze any proposal that you believe should be considered during

this budget process.

I would like to take this opportunity to thank the Department Heads and especially the Village Treasurer for their invaluable assistance in the development of this tentative budget document.

Respectfully submitted,



Michael S. Blau  
Budget Officer - Village Administrator