

March 18, 2016

Honorable Mayor and Trustees
Village of Croton-on-Hudson
1 Van Wyck Street
Croton-on-Hudson, NY 10520

Dear Mayor and Trustees:

Attached is the tentative budget for the Village of Croton-on-Hudson for the fiscal year 2016-2017. This budget is presented to you for your consideration and review in accordance with the provisions of Article 5 of New York State Village Law. The proposed budget has also been filed with the Village Clerk's office and will be made available to the public at the Croton Free Library, the Municipal Building (room 24), and on the Village website.

This budget is a result of submissions from and discussions with each Department Head, and analysis and review by the Treasurer and myself. The tentative budget complies with the Property Tax Cap legislation; which this year has applied a tax base growth factor of .033%, an allowable levy growth factor of .012% and available carryover from FYE May 31, 2016 of \$19,145. This allows the Village to raise its tax levy limit to \$11,314,045 which is an increase of \$69,789. The proposed tax rate for the tentative budget is \$255.240 per \$1,000 of assessed valuation. This represents an increase of \$1.161 per \$1,000 of assessed valuation resulting in a 0.46% increase in the tax rate. The proposed budget for 2016/2017 reflects an increase in Village Assessments of \$68,262.

There are a variety of factors which have enabled the Village to remain below the tax levy limit for the fiscal year 2016-17.

Revenues:

- Non-tax revenues represent 37% of the overall revenue sources in 2016/2017. Projections for these revenues have been set at \$7,018,720; an increase of \$156,524 over the prior fiscal year.
- I am recommending a \$500,000 appropriation from the undesignated general fund which is consistent with the Village's practice over the last several years.
- Parking Revenues have increased due to prior permit fee increases as well as the projected increase in the daily parking fee. The Village has also been successful in reducing its credit card processing fees. These factors allow us to confidently estimate an increase in parking revenues of \$200,000.
- Cable TV franchise fees are also expected to increase by approximately \$50,000 as a result of the new Franchise Agreement which authorizes an increase from 3% to 5% to the Village for the gross receipts collected by Cablevision.

- All other revenues are expected to remain flat or go down resulting in a reduction of income by \$93,000.

Expenditures

Every effort has been made to either lower or maintain the level of discretionary expenditures. The total estimated appropriations of \$18,831,765 represents an increase of \$219,122 from the previous year. The following represents the significant variances from the prior year.

Significant Decreases in expenditures:

- Pension costs in the general fund are estimated to decrease by \$230,000. The estimates are provided to the Village by the New York Retirement System. If the actual bills are higher, funding could be appropriated from the assigned fund balance which has a designation for future retirement expenditures.
- The administrative departments which consist of Board of Trustees, Justice, Mayor, Manager, Auditor, Treasurer, Assessment, Clerk, Law, Engineer, Records Management, Central Communications, Central Data Processing, Off-Street Parking, Publicity, Zoning and Planning have been reduced in total by \$82,000. This is largely a result of the replacement of an Assistant Manager position with the position of Secretary to the Manager.
- Interest and principal payments on the Bond Anticipation Notes will be \$29,000 less than the prior fiscal year.

Significant Increases in expenditures:

- The debt service expenses are estimated to increase by \$253,000.
- I estimate that the cost to PERMA, our workers compensation carrier will increase their premiums to the Village by approximately \$86,000.
- The Fire Department's budget has increased by \$63,000, largely as a result of moving the cost of the upgrades to the firefighting uniforms from the capital budget to the operating budget
- Police Department – this budget has increased by \$48,000, due to the salary increases mandated in the recent police contract.
- I estimate an increase in our insurance liability premiums of \$35,000.
- Contingency – I am recommending an increase to the contingency account in the amount of \$42,000 to \$175,000. This will protect the Village in the event of a severe winter or other emergency. In addition, there are a number of new contracts, such as the cleaning contract and tree cutting that have not yet been finalized and may result in an increase not budgeted.
- All other expenses are estimated to remain flat or go up resulting in an estimated increase of \$33,000. This was achieved by changing the estimate for compensated absences from

2 weeks to 1.5 weeks resulting in a cost savings of \$69,000 that is spread among every department.

Teamsters: the Village will be beginning negotiations with the Teamsters over the next few weeks. The current contract expires on May 31, 2016. Therefore no salary increases other than required Steps, longevity, or increases due to promotions have been budgeted.

Water Fund – Proposed recommendations for water rates are based on the Fund’s need for the coming year. The projected operating costs for fiscal year 2016/2017 of 2,880,477 is an increase of \$320,143. This is a result of the increased debt service costs from the prior year’s bond. I am recommending an increase in water rates of 2% from \$7.53 per 100 cubic feet of consumption to \$7.68 per 100 cubic of consumption to cover the increased expenses. This is the rate for Tier 2 which is the most common rate among water customers. I am also recommending a 2% increase for all tiers.

Sewer Fund – As of May 31, 2015 the sewer fund had a deficit of \$226,440. Although the rates were increased by 39% in the 2015-16 fiscal year, I do not expect that this higher rate will reduce the deficit significantly. In order to alleviate this deficit, I have reduced the sewer fund expenses by a small amount by eliminating some of the allocations that had previously been charged to the sewer fund. I am also proposing an additional rate increase of 20% for the 2016-17 fiscal year. The proposed rate will increase from \$0.8905 per 100 cubic feet of water consumption to \$1.0686 per 100 cubic feet of water.

Capital Program – The Proposed Budget includes a capital plan for the current year and nine subsequent years. The capital budget for 2016/2017 proposes borrowing \$1,507,600 which is largely equipment requests.

The following is the list the meetings we have scheduled in order to review and adopt the budget. All meetings below will begin at 7:30 pm.

March 28, 2016	Review of Police Department, Fire Department, and EMS Budgets
March 30, 2016	Review of Department of Public Works Budget, and Water Fund
April 6, 2016	Review of Administration Accounts Budgets and proposed fees
April 11, 2016	Public Hearing on the Budget and review of Recreation Department Budget
April 13, 2016	Review of Capital Plan
April 18, 2016	Budget Adoption, Regular Meeting to follow

Sincerely yours,

Janine King
Village Manager and Budget Officer