



Mayor
Brian Pugh

Trustees
Ann Gallelli
Sherry Horowitz
Nora Moriarty Nicholson
Len Simon

Village Manager
Bryan T. Healy

Village Treasurer
Daniel Tucker

Village Clerk
Pauline DiSanto

March 20, 2023

Mayor Brian Pugh and Board of Trustees
Village of Croton-on-Hudson
1 Van Wyck Street
Croton-on-Hudson, New York 10520

Dear Mayor Pugh and Trustees:

Attached is the tentative budget for the Village of Croton-on-Hudson for the fiscal year 2023-2024. 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.

Tax Rate, Tax Cap, and the Allowable Levy

My tentative budget complies with the Property Tax Cap legislation, which this year has applied a tax base growth factor of 0.16% and an allowable levy growth factor of 2%. Unlike in recent years, the Village Board has not adopted a local law this year to override the property tax cap law. There is \$5,007 available in carryover from the previous fiscal year and there are no exclusions from the calculation. This year's allowable levy limit is \$12,934,598, an increase of \$273,771 over last year's levy. I am proposing a tax levy of \$12,842,150, which is \$92,448 under the allowable limit and an increase of \$186,330 from the prior year.

The tentative budget proposes that the tax rate per \$1,000 of assessed valuation remains flat from the previous rate. The proposed tax rate for the tentative budget is \$278.435. The proposed budget for 2023-2024 reflects an increase in the Village's assessments of 669,201. This represents a significant increase in terms of assessed valuation, which allows for the tax rate to remain flat, even though the tax levy has increased.

Since the tax levy cap law was instituted in 2012, the Village has remained under the tax cap for 10 of the 11 years. In the 2014-15 fiscal year, the Village did override the tax cap law and the levy was \$28,634 over the allowable limit. Overall, however, Village taxpayers have paid \$1,168,272 less in taxes compared to what the allowable levies were through the 2022-2023 fiscal year. Tax increases from the prior four years have been 0.46%, 1.98%, 2.73% and 2.38%.

Revenue and expenditure variances from the previous year:

Revenues:

- Non-tax revenues represent 34.43% of total appropriations. Projections for these revenues have been set at \$7,138,315. This represents an increase of \$979,261 over the last fiscal year.
- Parking revenues (a portion of the non-tax revenue listed above) are estimated at \$2,120,000. This is an increase of \$310,000 over the previous fiscal year. For reference, in 2019-2020, the parking revenue was estimated at \$3,735,000. Year-to-date (through March 14, 2023), the Village has earned approximately \$2.2 million in revenue from the parking lot, which includes the sale of all four permit quarters and the daily parking at the train station.
- I am forecasting an increase in sales tax revenue of \$175,000 over the prior year's budgeted amount. This is based upon the actual year-to-date revenue we have received.
- The interest and earnings received by the Village are forecast to increase by \$78,000 over the prior year's budgeted amount. The Village has begun investing in the New York Cooperative Liquid Assets Securities System (NYCLASS), which provides a great return on investment for the Village while interest rates remain elevated. This forecasted revenue was put together by the Village Treasurer after assessing market trends and anticipating future rate increases and decreases.
- Court fines and forfeited bail are projected to increase in the amount of \$100,000 as the court calendar returns to pre-pandemic normality.
- I am forecasting an \$88,000 increase in ambulance billables due to the increased reimbursement rates being charged to insurance companies, as well as new billing practices being put into place that allow the Village to capture some costs related to advance life support (ALS) services.

Expenditures

Unfortunately, the impacts of inflation have not exempted the Village of Croton-on-Hudson. In the General Fund, the total estimated appropriations of \$20,730,455 represent an increase of \$1,508,408 from the previous year. The following list details the significant variances from the prior year.

Significant decreases in expenditures:

- The account for refunds on real property has been decreased by \$30,000, after the Village Board established a tax stabilization reserve fund earlier this year.
- The contingency account has been decreased by \$93,000, following the ratification of the Teamsters contract in May 2022.
- The Village's workers compensation premium has decreased by \$12,914, reflecting the Village's continued efforts to reduce workplace injuries.
- Debt service has been reduced by \$189,122 due to the Village Board assigning surplus fund balance to the final parking lot installment payment due in 2024.

Significant increases in expenditures:

- The budget creates one new full-time position, DPW Laborer, at a starting salary of \$54,994.
- A total allocation of \$45,000 has been included for the 125th Anniversary events.
- The funding for charter buses for senior trips has been reinstituted at a cost of \$7,400.
- A total allocation of \$3,000 has been included for programs for the Diversity & Inclusion Committee.
- The contribution to the New York State Police & Fire Retirees System has increased by \$77,694, based on the estimate provided by the system. This system only covers the police department in the Village as the fire department is all-volunteer.
- The Village's health insurance contribution has increased by \$386,124 due to increased premiums from the New York State Health Insurance Program (NYSHIP). The Village is actively looking into ways to manage our health insurance costs more sustainably in the future.
- The costs for vehicle repairs and vehicle maintenance supplies have increased by \$58,285 as inflation and supply/demand have raised prices substantially.
- The cost for our tree service contractor has increased by \$20,000 due to increased labor costs and the need for preventative maintenance in our parks.
- The contractual cost for providing a 24/7 EMT and paramedic fly car from Ossining VAC has increased by \$148,118, as the hourly rate of pay increased substantially from last year.
- The general overtime line of the police department has increased by \$60,000, to reflect more accurate costs and to cover anticipated overtime needed to obtain accreditation for the department.
- The fire department budget includes \$19,100 for the cleaning of the air ducts in all three firehouses.
- The MTA payroll tax has increased by \$17,056, based on the proposal included in the governor's tentative budget. If this proposal is not adopted in the final budget, this cost can be decreased.
- The food scrap program has been funded at a total cost of \$7,700, following the completion of our grant-funded trial program.

Water Fund

I am recommending a 4% increase in the water rates. In the fiscal year ending May 31, 2022, the water fund had a surplus of \$331,938. However, water consumption continues to decrease due to high-efficiency fixtures, more rapid repair of leaks and general conservation efforts by Village residents. While the Village did see an increase in water usage in 2022, this increase can be attributed to the abnormally dry conditions we experienced during the summer and is not believed to be indicative of a trend upward in usage. A surplus in the fund is necessary in order to help cover the cost of improvements to the water infrastructure (thus limiting the need to go out to bond for this fund) and make any necessary emergency repairs. This is why an increase in the rates continues to be justified.

Sewer Fund

As of May 31, 2022, the sewer fund had a fund balance of \$648,415. I am proposing no increase in the sewer rates for the 2023-2024 fiscal year due to the healthy fund balance that presently exists.

Capital Program

The tentative budget includes a capital plan for the current year and seven subsequent years. The capital budget for 2023-2024 proposes spending in the amount of \$6,114,385. This amount will be funded through long-term debt (discussed below), as well as utilizing \$375,000 from CHIPS funding, \$725,930 in grant proceeds and \$2,295,000 from fund balance.

Long Term Debt

I am recommending that the Village issue a bond in the amount of \$2,718,455 in the 2023-2024 fiscal year. This will result in a modest decrease in the total indebtedness of the Village. While the General Fund debt will increase by \$168,504, the Water Fund debt will decrease by \$216,283 and the Sewer Fund debt will decrease by \$81,226. This results in a total decrease in the Village's overall debt of \$129,005. Reducing overall debt year over year is a goal of the Village's adopted Debt Policy. The Village also remains well below the 16% maximum threshold indicated in the Debt Policy for interest and principal payments in the General Fund; the payments totaled 12.8% in fiscal year 2022-2023 and are projected to decrease to 10.9% in fiscal year 2023-2024.

Fund Balance

I am recommending utilizing \$750,000 in unassigned fund balance to balance the operating budget. Additionally, I am recommending that \$2,000,000 in General Fund unassigned fund balance be used for the capital program in 2023-2024. The unassigned fund balance, as stated in the 2021-2022 final audit, was \$5,862,360. The unassigned fund balance was increased by \$2,000,000 in December 2022 when the purchase of the property located at 41-51 Maple Street was finalized. The Village Board has also recently decided to assign some of the fund balance to various purposes (retirement reserve, tax stabilization, parking lot installment payment).

In sum, the present unassigned fund balance will be lowered to \$4,230,123, which is 20.4% of the proposed appropriations for 2023-2024. This allows the Village to remain within the guidelines of its Fund Balance Policy, which calls for a range between 17% to 22%.

The following is the list of meetings we have scheduled in order to review and adopt the budget.

I recommend that the Board review the department accounts prior to each meeting so that the staff can answer any questions the Board may have regarding each of the accounts.

Monday, March 27 – 7 p.m. - Public Hearing on the Tentative Budget

Thursday, March 30 – 7 p.m. - Review of the Department of Public Works Budget
General Fund Account #s A: 1620, 1640, 3310, 3510, 5010, 5110, 5140, 5142,
5182, 7110, 7550, 8090, 8140, 8160, 8170, 8510, 8560
Water Fund Account #s F: 8310, 8320, 8340
Sewer Fund Account #s G: 8120

Monday, April 3 – 7 p.m. - Review of the EMS, Police & Fire Department Budgets
General Fund Account #s A: 3120, 3189, 3410, 4540

Thursday, April 13 – 7 p.m. - Review of the Recreation & Administration Budgets
General Fund Account #s A: 1010, 1110, 1210, 1230, 1320, 1325, 1355, 1362,
1410, 1420, 1440, 1650, 1680, 1910-1980, 1990, 4020, 5650, 6410, 7020,
7140, 7180, 7310, 7510, 7610, 8010, 8020, 8710, 8790, 9010-9060

There will also be a review of the proposed master fee schedule on this evening.

Monday, April 17 – 7 p.m. - Review of Proposed Capital Budget & Budget Recap

Monday, April 24 – 7 p.m. – Regular Meeting & Budget Adoption

Sincerely,

A handwritten signature in dark ink, appearing to read 'B. Healy', with a stylized, flowing script.

Bryan T. Healy
Village Manager