

VILLAGE OF TARRYTOWN



**TENTATIVE BUDGET
FISCAL YEAR 2020-2021**



VILLAGE OF TARRYTOWN

One Depot Plaza, Tarrytown, New York 10591-3605

www.tarrytowngov.com

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KAREN G. BROWN
ROBERT HOYT
REBECCA McGOVERN
PAUL RINALDI
DOUGLAS ZOLLO

VILLAGE ADMINISTRATOR
914-631-1785
VILLAGE TREASURER
914-631-7873
VILLAGE CLERK
914-631-1652
VILLAGE ENGINEER/BUILDING INSPECTOR
914-631-3668
DEPT. OF PUBLIC WORKS
914-631-0356

FAX NO. 914-909-1208

March 16, 2020

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

Re: Fiscal Year 2020-2021 Village of Tarrytown Tentative Budget

Honorable Mayor Fixell and Members of the Board of Trustees:

In my capacity as Budget Officer for the Village of Tarrytown, I respectfully submit the tentative budget for Fiscal Year 2020-2021 (FY 20-21). This proposed budget is the ninth tentative Village budget that is subject to the New York State tax levy cap, which became permanent state law with the adoption of the 2019-2020 NY State Budget in Spring of 2019. Working collaboratively with the Board of Trustees and the Department Heads, all of the budgets that have been adopted by the Board of Trustees since the implementation of the tax levy cap have been compliant with the cap. The proposed General Fund Budget for FY 20-21 is \$27,469,283, with a property tax levy of \$18,143,160.

It is important to note that the global spread of the COVID-19 novel coronavirus is a leading contributor to the negative forecasts for the global market and investments, with impacts in particular on the investments of the NY State Retirement System and may lead to a national and global recession. Such a recession could have severe impacts on our budget due to reduced revenues from sales taxes, building permits, mortgage taxes, among others, but these impacts are virtually impossible to quantify at this time.

Pursuant to the ongoing policy directive from the Board of Trustees, I am submitting a tentative budget that meets the requirements of the New York State tax levy cap. The tax levy cap is a percentage limit on the increase in the total tax levy, either the CPI, or 2%, whichever is lower. Based on the CPI published by the New York State Comptroller's Office, the levy limit for our budget this year is at 1.78%, and because Tarrytown is experiencing continued growth, we also have a growth factor this year of 1.0324. Since we don't want to lose any of our carryover from prior years, and we have fiscal needs in terms of capital expenses and judgments and claims (especially for certiorari), we are proposing to

use a portion of the prior year's carry-over, leaving a remaining carry-over to be used in future years in the amount of \$73,307, which is very close to the same carry over we had last year. The bottom line is that the Tentative 2020-2021 Village Budget is compliant with the NYS 2% tax cap.

It is important to note the state law does not cap the actual tax levy rate that will be established by the Village. Since we have transferred our Assessing function to the Town of Greenburgh, the Town is keeping the property values current at present day values, reflective of the market. This tentative budget marks the fourth year that the Village will be utilizing the Town of Greenburgh assessment roll for the Village. The Town completed a reassessment for the entire Town in 2016 and the Board of Trustees accepted the Town assessment roll as the assessment roll for the Village. The assessed full values established by the Town total \$2,153,947,713. Last year the total taxable assessed values were \$2,140,753,799, so total taxable values have increased by \$13,193,914, by a very small percentage of less than one percent, six-tenths of a percent, or .6163% to be more precise.

The tax rate per thousand this year is proposed at \$8.4232 per thousand dollars of value, compared to \$8.0641 last year, which means the tax rate for Fiscal Year 2020-21 is increasing by \$.3591 per thousand dollars of assessed value, or a percentage of 4.45%.

The tax levy cap calculation for Fiscal Year 2020–2021 is included in Exhibit A, which is contained in this budget message. The information included in the calculation is taken directly from the Property Tax Cap Form completed by the Village on the New York State Office of the State Comptroller website. Since the tax levy cap this year is 1.0178%, and Tarrytown has a “Tax Base Growth Factor” this year of 1.0324, plus a carry forward from FY 19-20 of \$76,223, the Village could increase our total tax levy by \$953,201, but we are increasing it by \$879,894, and carrying over \$73,307 to next year.

For comparison purposes, the chart below lists the amount that the tax levy could be increased and allow the Village to remain within the tax levy cap and the actual increase in the tax levy adopted by the Board of Trustees since the institution of the tax levy cap in 2012. As you may note, the tax levy was reduced in FY 15-16.

Fiscal Year	Tax Levy Allowable Increase	Actual Tax Levy Increase
FY 12-13	\$686,738	\$333,131
FY 13-14	\$1,081,435	\$322,860
FY 14-15	\$452,413	\$447,554
FY 15-16	\$464,800	(\$101,338)
FY 16-17	\$253,888	\$247,444
FY 17-18	\$454,989	\$424,474
FY 18-19	\$925,750	\$690,656
FY 19-20	\$900,823	\$824,600
	Allowed	Tentative/proposed
FY 20-21	\$953,201	\$879,894

The development of this tentative budget reflects the same framework as previous budgets – to maintain the services our residents have come to expect with the minimum tax increase to fund those services.

Economy:

As of the writing of this message, global stock markets suffered what has been termed Black Monday, 2020, noting that March 9, 2020 found that the main financial indices in the US, Europe and Asia dropped between 7% and 8%. “The Dow Jones Industrial Average sank by 7.8% or more than 2,000 points – the biggest points-drop in history and the largest decline in percentage terms since the financial crisis.” (Source: BBC News online, *Global shares plunge in worst day since financial crisis*, March 9, 2020.) A major cause for this drop is attributed to is the impact of the COVID-19 novel coronavirus, which was noted earlier in this budget message.

Year to Year changes in the Budget:

A number of cost drivers impacted the development of the tentative budget, which are listed below. The number provided in the category of tax rate increase only considers that particular increase or decrease and is strictly to evaluate the tentative budget document and the proposed tax rate increase.

Expenditures

- The Police Department personnel lines increased in total by \$301,638, or 7.4%, which reflects the conversion of a sergeant position into a 3rd lieutenant position, the creation of a new police officer position, and the conversion of a part time office assistant into a full time position, all of which are aimed at handling the burgeoning workload that has been generated for the Police Department by the State’s criminal justice reform and new discovery requirements.
- The two pension budget fund allocations increased jointly by \$67,178, or roughly a 4.1% increase. This could change based on the potential impacts of the market volatility on the investments of the New York State Retirement System.
- The Debt Service budget line was relatively flat year to year, but we increased the transfer to capital by \$300,000, in order to reduce our reliance on debt over the long term.
- The Judgments and Claims budget line increased by \$201,000, or 35.5%, to fund the Village’s ongoing exposure from tax certiorari cases, which require us to refund taxes when the cases are settled or subject to a judgement, to avoid funding these payments through borrowing.

Revenues

Overall, Revenues for the Village have been adjusted based on trends and actual experience in what we have received in terms of various revenues. Some of the 5 most important revenue streams we utilize, besides property taxes, are – Sales Taxes, Mortgage Taxes, Building Permit Fees, Hotel/Motel Occupancy Taxes, and Parking Revenues from both on-street meters and parking lots. These are projected in the Tentative Budget as follows:

Big Non-Tax Revenues	2016-17 actual	2017-18 actual	2018-19 actual	2019-20 estimated	2020-21 projected	5yr avg
Sales Tax (1120)	1659358	1765989	1838046	1800000	2100000	1832679
Mortgage Tax (3005)	246821	325234	218618	250000	250000	258135
Building Permits (2590)	746705	709497	1427310	600000	590000	814702
Hotel Tax (3006)	149208	511709	486579	575000	575000	459499
Parking (Lots) 1720	737678	813964	772366	825000	830000	795802
Parking (Street) 1740	824379	928874	1094091	980000	990000	963469
Parking net	1562057	1742838	1866457	1805000	1820000	1759270

In addition, this tentative budget includes an appropriation from the Water Fund, based on information provided by the Village Treasurer and decisions of the Board when you voted upon the last water rate increase. The Village has significantly reduced our regular and penalty payments for excess water consumption to the New York City Dept. of Environmental Protection (NYC DEP), and in the year ahead we will work with the NYC DEP to implement a Water Demand Management Plan to reduce our overall water consumption as a water district. This will allow us to continue to include the transfer from the Water Fund in the amount of \$500,000 without any difficulty.

Below, please find 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 2020-2021 includes General Fund appropriations of \$27,469,283 and non-property tax revenues and fund balance of \$9,326,123. The appropriations/expenditures in the tentative budget increased by \$1,196,894, a 4.56% increase in spending. Non-property tax revenues and use of surplus increased by \$317,000 in the tentative budget, an increase of 3.52%. The tentative budget provides for an increase in the amount of the real estate tax levy by \$879,894, an increase of 5.1% from FY 19-20, which is within the 2% cap because of our 3.24% tax base growth factor.

These numbers generate a proposed tax rate of \$8.4232 per \$1,000 of assessed valuation, which is a 4.45% increase by \$.3591 over last year's rate. As noted previously, the values in the tax assessment roll increased to \$2,153,947,713 for FY 20-21, from \$2,140,753,799. The percentage increase in the tax assessment values is .6163%, which notes virtually unchanged property values. The Expenditure Summary on pages 3 and 4 provides a breakdown of the expenditures (in general categories) in the tentative budget for the General Fund.

WATER FUND - The tentative budget for the Water Fund provides for appropriations and revenues of \$5,662,300, a small increase of \$39,956 over the budget for FY 19-20. This represents a .71% increase in appropriations in the Water Fund.

LIBRARY FUND - The tentative budget for the Library Fund increased by \$8,195, representing a .46% increase from the FY 19-20 adopted budget. Increases in the tentative budget were in salaries and related personnel costs, building maintenance and Debt Service.

Property taxes are the primary source of funding for the operation of municipal governments (Village, Town and County) and school districts in New York State. Although property taxes are commonly categorized together when residents refer to property taxes, 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 better identify the taxes paid and the services received by the taxpayer from each of those taxing 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 Taxes Paid Based Upon Percentage of Tax Bill

Taxing District	Union Free School District of the Tarrytowns	Irvington Public School District
Town/County/Sewer/Solid Waste	12.93%	13.74%
School District	62.53%	60.19%
Village	24.53%	26.07%

Please note that the tables above reflect tax bills and consolidated rates for Town/County/County Sewer and County Solid Waste taxes. All taxes reflect tax bills issued for the differing 2019 taxing years, retrieved from tax bills and information published by the Westchester County Tax Commission.

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 on or before March 20. The tentative budget is a collaborative document developed with the input and assistance from all Department Heads and in direct partnership with the Village Treasurer.

The tentative budget can be modified based upon decisions made by the Board of Trustees as the policy makers of the Village. The budget process provides an opportunity to solicit input from Village residents and other interested parties. The important dates associated with the adoption of a final budget are as follows:

- Public Hearing is scheduled for Monday, March 16, 2020, and may continue but must be adjourned on or before the budget adoption night, which is scheduled for Monday, April 20, 2020.
- Budget adoption by law must be on or before May 1 (Adoption is tentatively scheduled for April 20, 2020).

The Village Treasurer and I are available during this tentative budget review to analyze any proposal that you believe should be considered during this process of creating the new Village budget for Fiscal Year 2020-2021. I would like to take this opportunity to thank the Department Heads, the Village Treasurer and his staff for their invaluable assistance in the development of this tentative budget document, as well as the collaborative process we have in place working with you, the Mayor and Board of Trustees, as the policy making body for the Village of Tarrytown.

Respectfully submitted,



Richard Slingerland
Village Administrator - Budget Officer

EXHIBIT A

TAX LEVY CAP CALCULATION – FISCAL YEAR 2020-2021

Tax Levy Limit Before Adjustments and Exclusions

Tax Levy FYE 5/31/2020	\$17,263,266
Tax Cap Reserve Plus Interest from FYE 2019 Used to Reduce 2020	\$0
Total Tax Cap Reserve Amount (including interest earned) from FYE 2020	\$0
Tax Base Growth Factor	1.0324
PILOTS (Payments in lieu of taxes) receivable in FYE 5/31/2020	\$16,307
Tort Exclusion Amount Claimed in FYE 5/31/2020	\$0
Allowable tax levy growth factor	1.0178% *
PILOTS receivable in FYE 5/31/2021	\$16,307
Available Carryover from FYE 5/31/2020	\$76,223
Total Levy Limit Before Adjustments/Exclusions	\$18,216,467

Adjustments for Transfer of Local Government Functions

Costs Incurred from Transfer of Local Government Functions	\$0
Savings Realized from Transfer of Local Government Functions	\$0
Total Adjustments	\$0
Tax Levy Limit, Adjusted for Transfer of Local Government Functions	\$18,216,467

Exclusions

Tax Levy Necessary for Expenditures Resulting from Tort Orders/Judgments Over 5%	\$0 **
Teacher's Retirement System Exclusion	\$0
Employees Retirement System Exclusion	\$0 ***
Police and Firefighters Retirement System	\$0
Total Exclusions	\$0
Total Levy Limit, Adjusted for Transfers, Plus Exclusions	\$18,216,467
FYE 2019 Proposed Tax Levy, Net of Reserve	\$18,143,160
Difference between Tax Levy Limit and Proposed Levy (carryover to future years)	\$73,307

*The allowable tax levy growth factor can never exceed 2%; however, the growth factor can be more or less than 2% based upon the level of inflation. The tax levy cap percentage for the tentative budget, including the base tax levy increase, rollover and the growth factor is 5.10%.

**Tort orders/judgments over 5% of the tax levy may be excluded from the tax levy cap calculation.

***Increases in the percentage of salary charged by the NYS Retirement System that exceeds 2% may be excluded from the tax levy cap calculation.