

**Board of Trustee Public Hearing on Village Budgets  
April 13, 2010 at 7:00 PM**

The Board of Trustees of the Village of Cold Spring held a public hearing on the tentative budget for the 2010/2011 fiscal year at Village Hall, 85 Main Street, Cold Spring, NY at 7:00 PM.

Attending: Mayor Seth Gallagher and Trustees Bruce D. Campbell, Charles E. Hustis III, Airinhos Serradas and J. Ralph Falloon

Also: Ellen Mageean, Village Accountant and Gregory Phillips, Water Superintendent (arriving after the start of the meeting)

Members of the Public

Mayor Gallagher called the meeting to order followed by the Pledge of Allegiance.

The Mayor's budget message was read as follows:

**Office of the Budget Officer**  
Mayor Seth Gallagher  
**Budget Message 2010-2011**

**1. General Fund**

**3.14% Tax Increase**

This year's Tentative General Fund Budget tax increase was initially presented at 2.6%. Just last week the Village learned that the Philipstown Department of Assessors had agreed to lower the assessment of a number of waterfront condominiums by a total of \$1.7 million in assessed value. The change in assessed value results in a loss of approximately \$17,000 in tax revenue to the tentative tax levy, and the 2.62% tax increase became a 3.88% increase.

The Village Board immediately worked to reduce that increase by looking for areas to cut expenditures, and agreed to cutting \$10,000 from the budget in the areas of *Parks and Recreation – Repairs and Improvements (A-7110-4)* and *Engineer- Contractual (A-1440-4)*. Those cuts brought the Tentative General Fund Budget tax increase down to 3.14%. Although the increase is not as low as we would like it does represent the lowest General Fund tax increase in eight years.\* Of the 3.14% increase a full 1.2% is due to the reduction in taxable assessed value with the remaining 1.94% resulting from the increase in the amount to be raised by taxation. The 1.94% increase is well below current calculations of the rate of inflation.

**General Fund Balance**

The Village ended the 2008-2009 fiscal year with a fund balance of \$(473), a negative amount but a substantial improvement on the previous year's deficit of \$(95,895). On May 31st 2010, the end of the current fiscal year, the Village expects to have a positive fund balance of at least \$23,500. This would be the first positive fund balance for the general fund in five years, and put the Village well on the way of having a reserve that can be drawn on to either: *1. be applied as a revenue to the budget, thereby reducing the property tax increase, 2. used in emergencies to cover unexpected expenses, or 3. for special capital projects.*

**Revenues**

Expected revenue from the *Mortgage Tax (A-3005)* has been further reduced since last year to \$24,000. At the height of the real estate market this revenue brought in \$60,000. The current amount budgeted is believed to be the low point and can be expected to increase in coming years.

The Village will be receiving its second of three installments of a *Return of Capitalization* from its current provider of general liability insurance, the New York Municipal Insurance Reciprocal (NYMIR). This revenue is included as \$3000 in A-2770, *Miscellaneous Revenues*.

The estimated revenue from the *Cablevision franchise fee* (A-1170) has been increased by \$12,000 due to an increase in the percentage paid to the Village that the franchise fee is based on, and that was adopted in October of 2008 but is only taking effect now.

New York State's *per capita revenue sharing* (A-3001) was reduced by 5% for almost all municipalities across the State. For Cold Spring this decrease results in a reduction of roughly \$1000.

## **Expenditures**

The 2010-2011 Tentative Budget carries over expenditures and related revenue lines for the engineering portions of the Main Street *street lighting and sidewalk* and *street paving and drainage* infrastructure projects that were originally included in the current year's budget but likely to be spent in 2010. The 2010-2011 budget also adds new revenue and expenditure lines for the construction phase to the lighting and sidewalk project. Both projects are funded 80% by Federal Transportation Bill funds. The remaining 20% is split between 15% State contribution and 5% Village contribution for the engineering phase for the street lighting project. The Village is awaiting the allocation of the State portion, provided through a Marchiselli grant, for the engineering phase of the paving project and the construction phase of both projects.

Expenditure A-7110 of the 2010-2011 Tentative Budget, *Parks and Recreation- Repairs and Improvements*, has been increased to pay for painting the Bandstand (\$2000), repairing the Mayor's Park utility shed roof (\$2000), and upgrading the railing at the Main St. Dock to meeting current safety codes (\$10,000). The majority of the railing improvement expense is expected to be covered by the \$65,000 raised by Hudson Highlands Land Trust for the waterfront lighting project.

The expected cost for the Village's *general liability insurance* (A-1919-4) has been reduced by \$1700. This reduction follows last year's drop of over \$12,000 in the cost of this item that resulted in the Village changing its provider to the New York Municipal Insurance Reciprocal.

\* *The annual tax increase for budget years 2003-2004 through 2009-2010 were 7.49%, 8.97%, 4.92%, 4.8%, 5.56%, 6.18%, and 5.23% respectively.*

## **2. Water Fund**

The 2010-2011 Tentative Water Fund Budget includes a \$225,000 Fund Balance Transfer (under *Revenues*) to pay for two important capital expenses: \$200,000 for engineering, materials, and installation of a new master control panel (F-8330-21 and F-8330-41), and \$25,000 for rehabilitation of two, of three total, filter units.

F-8320 *Source of Supply- Dam Engineering* has been increased to \$45,000 to pay for an engineering study of the Village's three dams.

F-8311-400 *Buildings and Grounds* has been increased to \$18,000 to fund 1. a new roof for the old meter building (\$13,000), 2. the paving a vehicle turnaround area (\$3000), and 3. tree removal (\$2000).

## **3. Sewer Fund**

The 2010-2011 Tentative Sewer Fund Budget includes an increase in G-8120- 418 *Sanitary Sewer- Engineering* for I & I to fund the ongoing effort at reducing the amount of inflow and infiltration (I & I) into the sanitary sewer system. I & I due to storm water and ground water remains a top concern for the State Department of Environmental Conservation, the Village and the Sewer Department and is an area that will require additional funding into the future.

A summary of all tentative village budgets was reviewed.

The meeting was then opened up for questions and comments.

Michael Mell of the Putnam County News & Recorder pointed out that the board only found \$10,000 in savings against the \$17,000 that was lost by the reassessment of properties. Is the board considering using some of the \$23,000 anticipated increase in the general fund to make up \$7,000?

Mayor Gallagher responded no. The village couldn't count on these funds, as there is still time left in this year. Generally before applying money to the next year you want to have approximately \$100,000 and then you can start to apply money to the future year. Mr. Mell asked if the board has determined that there are no other places to find savings to make that up.

Mayor Gallagher responded that the board has two weeks.

Trustee Campbell inquired about a true estimate for costs associated with the repairs to the sewer system related to inflow and infiltration.

Mayor Gallagher commented that we are in the investigative phase and trying to figure out what those costs are. Greg Phillips will be attending the monthly meeting and recommended holding questions related to the water department until he arrives.

Michael Armstrong asked what was the goal for the reserve.

Ms. Mageean responded 10% of revenues, about \$160,000.

Mr. Armstrong asked what is the baseline. Ms. Mageean responded that 10% is just a guideline or about 10% of operating budget, should be in your general fund balance to provide some cushion for emergencies.

Mayor Gallagher pointed out that there were several grants that could be pulled out. We have a big grant for a \$1,000,000 that increases the budget value; one could base this on your normal operating budget.

Mr. Armstrong asked if one could extract grants from the operating budget. He also asked if other villages were hitting that 10%.

Ms. Mageean responded that grants could be excluded.

Michael Mell asked if the board was making a concerted effort to build the fund balance and how they planned to do this.

Mayor Gallagher responded that the board is hoping to have a fund surplus each year of approximately \$20,000 and within five years to have fund balance of \$100,000 or so.

Michael Mell asked if it was the tax increase in addition to the revenues, that needed to be made up to provide this cushion.

Mayor stated that in this budget because there isn't a surplus, we have \$15,000 in contingency and monies for attorney special charges. In the current year, the village has \$12,500 in our contingency and hopefully we will have that money at the end of the year. Susan Peehl thanked the board for what they have done so far.

Michael Armstrong asked if there is a change in sales tax and it reverts to municipalities how will the village handle this windfall.

Mayor Gallagher responded that the county will try to give the villages a heads up. The county has a different fiscal year and one of their goals is to let the municipalities know. The county will be able to give an indication but it will be tricky to budget with that.

Once we do this for a few years, we will be able to do it better. If there is a decent fund balance, then the danger is not so high. We constantly adjust the budget throughout the

year for expenditures and revenues. Mayor gave an example of adjustments made to the mortgage tax budget line.

With no other questions regarding the general fund budget, the board then moved on to the Fireman's Service Award.

Mayor Gallagher explained that the amount of the fireman's service award payment increased from last year due to credits earned by retired firefighters, a cash payout and also adjustments over time.

Michael Armstrong asked why there was an amount raised but not used.

It was explained that this was related to timing as the Town of Philipstown made a payment toward the Fireman's Service Award Program but they have a different fiscal year. In addition, there is a delay in payment- the village recently paid for 2008.

#### **Water Fund Budget – Schedule F1**

Mayor reviewed revenues, water fund balance and the fund transfer of \$225,000.

Michael Mell asked how the \$225,000 fits in the series of numbers on the page listing the fund balances. Mayor Gallagher stated that it would come under the projected fund balance as of 2010. The water fund balance would be approximately \$470,000. The water fund budget is \$833,400. The \$225,000 would be used for installing a new service panel and rehabilitation of filter units. F-8320 Source of supply has been increased to \$45,000 to pay for an engineering study of the Village's three dams. This is a priority of the water department and part of an effort to expand for downstream liability.

Michael Armstrong asked if not having downstream coverage raises the cost of borrowing money for the village.

A change was requested on page two of Schedule F. Transmission and distribution- Engineer should be listed as F00-8340.420 not F00-8340.400.

#### **Sewer Fund Budget- Schedule G**

The fund balance for the sewer fund was reviewed. As of May 31, 2010, the sewer fund balance is projected to be \$176, 637. However, with the sewer department emergency expenses can add up quickly. Revenues are listed at \$398,800. For budget line G8120.418 Engineering Inflow & Infiltration, we are currently in the investigation phase. We have performed smoke testing and video camera inspection of the system. It was discovered during the video exam that sections of pipe are missing and ground water was able to enter the sewer system, even on a fairly dry day. These are areas we are going to be investing money in, lining the sewer main.

Susan Peehl of Fair Street expressed concern about a caved in area in the pavement on Fair Street and she fears that some line is dipping/ caving in that is connected to each house.

She inquired about where payment for these problems would come from. Mayor Gallagher responded G1990.400 Contingent Account \$28,400. She asked if this is an ongoing thing that we will be planning for each year.

Mayor responded that we are currently investigating where the problems are and will be addressing them. He discussed the issue with unaccounted for water and spoke of a large repair that was recently completed.

Greg Phillips spoke of the schedule for repairs. The village will start in the areas that are taking in water and from there systematically look at the rest of the system.

Susan Peehl asked if restricting large trucks would help.

Greg Phillips pointed out that the majority of the lines are 16-17 feet deep and he doesn't know how much impact this would have. He added that the video inspection is very clear and the village will have a digital file to see what impact there is or breaks in the line.

Michael Armstrong asked how the contingency amount is set.

Mayor stated that this budget is different in that you determine what the revenues will be and work your budget within that amount. The contingency amount is that amount which is left over. In the case of the water fund, it wasn't enough this year and we drew on the fund balance.

A member of the public asked if the village was being fined by the DEC for events during heavy rains. Mayor Gallagher stated that we are not being fined but the DEC has let us know that they wanted us to fix the problem. Greg Phillips explained that he had been working at the sewer plant for five years and the problems only arise with torrential rains.

Susan Peehl asked if road work is under a different category.

Mayor Gallagher responded that this would also be under the water and sewer fund. In the water fund, it is pretty clear. However, in the sewer fund it might be a good idea to create a separate line for that.

Trustee Hustis asked about the purpose of budget line G00-8130.450. Greg Phillips explained that this line covers seasonal disinfection from May to October when the effluent is chlorinated. This money is used for purchase of chlorine and maintenance of the pumps.

Mayor Gallagher asked the Water Superintendent to speak about the water line repair at the corner of The Boulevard and Constitution Drive. Mr. Phillips stated that a circumference fracture, all around the outside of the main, was located in an area with 90-100 lbs of pressure and it turned out to be approximately 90,000 gallons of water loss per day. On the surface what was seen was a valve box with water seeping. Another recent repair on Fair Street accounted for approximately 20,000 gallons. These repairs occurred at the end of the quarter and changes will not be seen in the next report of "unaccounted for" water. However, in comparing last year's March flows, we are down 9%. This will save in electricity and chemicals- water that we don't have to process.

Mike Armstrong asked for a ball park figure on how much money we would be saving.

Mayor Gallagher added that we can figure that out once we have a quarter with the usage down.

Andrew Hall complimented the board on their progress so far. He is looking at the Police Department budget and has broken down the budget amount in different ways looking at the number of officers and the hours worked and he is trying to understand the budgeted amount.

Mayor Gallagher responded that there are shifts that more than one officer works, such as parades and certain holidays. The police salaries range from \$18 to \$26 per hour and one of the problems in trying to get a definite amount is that raises that are not step raises, cost of living raises, are being negotiated but they will be retroactive for two years.

Mr. Hall also asked about the health insurance costs and asked how the board planned on offsetting increases that occur with policy renewals such as not having prescription coverage or increasing co-payments.

Mayor Gallagher responded that last year the village looked at different insurance options. He personally views the employees' whole package and if you increase the co-

pay then you are decreasing the employees' salary. Within this budget, the board did authorize a three percent raise. The board will be looking at different options for saving. Trustee Serradas stated that Mr. Hall's points are very valid and that his goal is to address these issues without diminishing services, to bring in experts and see what can be trimmed.

Lastly, in the salary schedule he stated that the median salary is \$45,500 but the Highway Superintendent receives considerably more and he asked for a justification for this. It was pointed out that he is in charge of the department, has worked there for thirty years and is the main equipment operator.

Mayor Gallagher pointed out that the salary for the mayor has not increased but it is an important position with no benefits. It is more than part-time and can increase to 30-40 hours. Next year, the Mayor plans to raise by \$5,000. The board could lower this but it is time to raise the amount.

S. Peehl asked about the Building Department budget. Mayor Gallagher added that this covers salaries for the Building Inspector, Assistant Inspector and a clerk and the salary increased this year.

S. Peehl asked about Main Street Resurfacing budget line, which is lower than last year's budget. Mayor Gallagher stated that the original amount for the current year had been reduced during the year and some of that appropriation was put into other areas. He also stated that the amount for resurfacing was reduced in the tentative budget because the Village would be paving some streets through the Federal Transportation project and that the Village would be focusing more on sidewalks in the coming year; as a result the tentative budget had an increase in the sidewalk appropriations.

There was discussion about the possible purchase of another police vehicle. Trustee Serradas pointed out that law enforcement usually replaces a vehicle every three years and also to save in fuel.

Trustee Serradas moved to hold open the Public Hearing on the Tentative Budget until Tuesday, April 27, 2010 at 7:30 pm and seconded by Trustee Serradas and unanimously approved.

Respectfully submitted,

Mary Saari, Village Clerk