

VILLAGE OF BRIARCLIFF MANOR
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March 18, 2022

Honorable Mayor & Trustees
Village of Briarcliff Manor
1111 Pleasantville Road
Briarcliff Manor, NY 10510

Dear Mayor and Trustees,

Attached is the Tentative Budget for the Village of Briarcliff Manor for FY 22/23. This budget is presented to you for your consideration and review following 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 Briarcliff Manor Public Library, and on the Village's website.

This budget is the result of discussions and input from each of the Department Heads of the Village, and analysis and review by the Treasurer, Deputy Treasurer, and myself. The allowable tax cap increase for this year is 4.20%; the Tentative Budget requires the tax levy to exceed the tax cap by 2.32% for a total tax levy increase of 6.52% or \$814,391. It should be noted that \$175,000 in General Fund Balance and \$85,000 in Debt Service Balance has been applied as a tax relief measure (this will be further detailed below). For context as you review the budget, a 1.00% increase to the cap equates to roughly \$125,000. This is the 2nd time since the introduction of the tax cap that the Village has exceeded the cap and the 2nd year in a row such a move has been required/requested.

Some may ask why the need to pierce the cap for the 2nd year in a row. According to the Bureau of Labor Statistics, the Consumer Price Index for the Northeast was up 6.6% from a year ago as of February 2022. Some of the inflation factors that have directly impacted the budget are personnel salary and benefits, energy cost, and contractual obligations. Essentially, the same cost impacts residents are facing

directly (at the pump, at home, etc.) are reflected in this Village Budget. Accordingly, to adopt the Tentative Budget as presented, the Village will need to pass a Local Law exceeding the cap.

Revenues

The Village continues to see the return of and increase to non-property tax revenues. For FY 21/22 we are anticipating exceeding budgeted revenues by \$750,000 – \$1,200,000, which would fall to Fund Balance if not otherwise appropriated. That being said, not all of these revenues are projected to remain at current levels as they're variable and caution must be taken going into the FY 22/23 budget. For example, building permits have exceeded budgeted revenues due to unanticipated large commercial renovation projects, and an uptick in new single family home builds. Operationally, Recreation exceeded their expectations due to the Summer easing of COVID cases. These fees continue to be somewhat variable as we come out of the COVID era.

Some highlights relative to FY 22/23 revenue budget:

- Non-property tax revenue represents 34.4% or \$6,968,631 of the revenue budget.
- Sales tax continues to increase; we are estimating \$1,888,000 for FY 22/23.
- Building permit revenue continues to rise; we are estimating \$525,000.
- Numerous other building fees and DPW fees were previously approved for increases effective June 1, 2022, leading to an increase amongst those lines of approximately \$32,000.
- Summer Recreation programming is anticipated to return to pre-COVID levels and revenues are reflected as such in the budget.
- Summer Recreation fees for camp and some tennis programs were increased or restructured, leading to an approximate increase of \$28,000.
- We've recaptured parking revenues to the tune of 31.6% or \$113K.
 - o We also have budgeted an additional \$30,000 for the anticipated "daily parking" program.
- While the Village Justice Court's mission is to change behavior through corrective action and fines, their revenue is nevertheless slated to return to near pre-COVID levels of \$188,000.
- This budget recommends the transfer of \$415,076 in ARPA revenue (50% of expected Federal stimulus money) for the use of one-time Capital improvements to the Village's Water & Sewer Infrastructure

- (Recommended Project: Replacement of Transite (Asbestos) Water Main (the last of known asbestos pipe in the Village).

Relative to revenues, the Village has been reliant on Interfund Revenue (transfers from Water Fund and Debt Fund) to act as tax relief in the past. Since 2019, Interfund Revenues have decreased from approximately \$1.4M in 19/20 to \$437K in FY 22/23. Those Interfund Revenues are no longer available and the remaining revenue gap is instead partially being plugged by the “Fund Balance” tax relief noted above as well as the tax cap increase. This is a short-term strategy that the Village will need to smooth out the removal over the next 2-3 years.

Due to the positive year we experienced in revenues, we have recommended a one-time use of Fund Balance in this budget as "tax relief" to the levy for residents. We are using \$175,000 in General Fund Balance and an additional \$85,000 in Debt Service Fund Balance to provide this relief. The Village Manager and Village Treasurer intend to recommend to the Board at a later date additional use of General Fund Balance from FY 21/22 surplus to fund specific smaller Capital equipment and projects, avoiding the issuance of debt and recurring cost to taxpayers. This recommendation will come later this Summer once the FY closeout is completed and we have a full picture of the true surplus generated in FY 21/22.

Expenditures

Expenditures are on the rise for the Village, as previously noted above due to inflation and contracts noted above. Some highlights relative to expenditures are noted below:

- Return of 50% of overtime for Leaf Pick-Up program (complaint-driven).
- Return of all seasonal labor, which will improve service delivery, including leaf pick-up.
- Creation of Traffic Safety budget for traffic studies.
- Creation of Annual Tree Planting Plan for streets and parks.
- Return to near pre-pandemic programming for Recreation programs
 - Note that these expenses are covered, or exceeded by, increases to revenue concerning their programs.
- Pension estimates are conservatively slated for a \$46,500 reduction year over year.
- Gas and Diesel is projected at an 80.56% increase (\$84,150) year over year.

- Utilities (gas and electric) is projected to increase 22% or approximately \$52,030.
- Health Benefits are slated to increase 13.5% or 282,245.
- The Village's Debt Service payments are slated to increase 16.2% or \$352,601.
- Personnel Costs (People Power), due to contractual increases compounded over two years for Police, and one year for CSEA (DPW) and Non-Union (Administrative Staff) is slated to increase approximately 4.58% or \$319,491.

Water Fund

The Village's Water Fund is an enterprise fund and therefore is a "business-like" activity and must remain at worst break-even, but often attempts to contain a nominal surplus to grow Fund Balances for emergency repairs and small Capital projects. The Village's Water Fund saw a decrease in water consumption in FY 21/22. This, coupled with emergency work and rising energy costs, resulted in a net deficit to the Water Fund of \$70,000.

Given the above, we are recommending a new "ready to serve" fee, based on the size of the water meter. Essentially, this would be a fee water users would pay quarterly to remain connected to the system, "ready to serve" water at any time. This would provide a steady stream of revenue to the Village to cover expenses and a bit more certainty in cost to the consumer as opposed to an increase in usage rates which is variable.

Capital Projects and Capital Plan

Traditionally, the Village has completed its Capital planning post-budget process over the Summer. Originally, the Village Treasurer and I had indicated we'd like to adopt the Capital Budget/Plan at the same time as the Operating Budget. As stated above under "revenues", our proposed strategy is to use General Fund Balance to cover smaller Capital equipment and infrastructure projects. For that reason, we are recommending adopting the Village's Capital Plan Summer of 2022 once the FY closeout is completed.

Tax Assessment

There is one other major impact to property owner taxes, primarily the roughly 91% who reside within the Town of Ossining Assessment catchment area. The Town of Ossining Assessment (which is entirely out of the Village's control) decreased by approximately \$31,000,000. This has resulted in the redistribution of approximately \$183,000 in the tax levy. What does this mean to those who live in this area? Theoretically, even if the Village had a 0% tax levy increase, homeowners would and are already seeing a general tax increase (due to this redistribution) of roughly \$75-\$100 on an average tax bill. Staff is cognizant of this impact on the residents, and this is yet another reason why we have recommended Fund Balance transfers as a tax relief measure in 22/23. We are hopeful that this downward trend in loss of assessment value will cease, as further decreases will continue to put undue pressure on Briarcliff Manor homeowners irrespective of the Village Budget.

Conclusion

In conclusion, this was another difficult budget year, which continues to be hampered by the loss in revenue compared to pre-COVID years. This, coupled with inflation namely in the energy sector, contractual increases and contractual personnel increases, resulted in another tough increase for Village residents. I want to thank Village Department Heads for their hard work on the budget. I thank the Board of Trustees and the public for their patience while producing my first budget as Budget Officer for the Village of Briarcliff Manor. Lastly, special thanks to Village Treasurer Katie Nivins-Mack and Deputy Village Treasurer Robin Rizzo, without whom this budget would not have been possible to produce.

Respectfully Submitted,

Josh Ringel
Village Manager