

**Village of Mamaroneck Budget Advisory Committee  
Agenda Wednesday October 6, 2021**

- 1) Review revisions/incorporation of staff comments to "Capital Budget Planning" framework.
- 2) Review "Budget Process Suggestions" framework.
- 3) Budget Committee Next Steps

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**Village of Mamaroneck Budget Committee  
Capital Budget and Five-Year Capital Plan  
Planning Principles and Project Evaluation Criteria**

Like many localities, the Village of Mamaroneck requires significant investments in infrastructure, often as a result of having postponed such investments in prior years. However, the Board of Trustees and Village Manager have recently given more attention to investing in the roads, facilities, waterfront and equipment that make Mamaroneck an attractive place to live and work. In addition, the recent devastating flooding in the Village has brought a new urgency to flood mitigation and related work.

The Village has prepared a five-year Capital Plan totaling \$89 million. Since the investments requested by Village Departments or mandated by law or necessity are substantial, the Budget Committee is recommending Capital Planning Principles and Capital Budget Evaluation Criteria as the first steps in preparing and updating the multi-year capital plan and annual Capital Budget.

**Capital Planning Principles**

- The Board of Trustees will continue to endeavor not to exceed the property tax levy cap.
- The Village should proactively evaluate and determine an appropriate debt service as a percent of the General Budget. This percentage is important because of the inverse relationship between debt service and operating expenses--an increase in debt service as a share of the budget may require the Village to reduce other operating expenses. Budgets should account for any additional debt service associated with upcoming capital projects in the appropriate fiscal year, offset by potential new revenue from such projects.
- At current interest rates, the Village incurs approximately \$80,000 of annual principal and interest per \$1,000,000 in debt. With the Village currently retiring approximately \$640,000 in debt service per year, \$8 million new debt would add \$640,000 in P&I per year and enable the Village to maintain its current level of debt service.
- While limited, projects fully funded by State or Federal aid or other grants should proceed as long as they meet the Evaluation Criteria, below. The portion of projects not fully funded by aid or grants will be funded through the issuance of debt and counted against the debt service as a percent of the operating budget accordingly.
- The Village's reserve policy is, among other things, designed to maintain the Village's bond rating. Specific circumstances under which the use of reserves is appropriate for capital projects should also be identified in the policy.

- The Village must have the capacity to execute capital projects on time and on budget.
- The Army Corp of Engineers flood mitigation project is a top priority in light of the September 2<sup>nd</sup> flooding. Projected costs total \$82 million to be shared among the Federal, State and County governments; the Village's share is estimated at \$7.9 million. While the project has received Federal approval, State and County approvals are still required and Federal funding (to be followed by State and County funding) is not yet available. Although the timing of this project is uncertain, funding the Village share of the project will likely need to be included in the FY 2023 or 2024 Capital Budgets.

The Westchester Joint Water Works recently presented a \$126 million five-year capital plan to the Board of Trustees. The costs of this plan will be shared among Towns of Mamaroneck and Harrison and the Village. WJWW projects are not part of the Village's Capital Budget or financed as a general obligation of the Village. However, the Village's approximately one-third share of the plan will likely be financed by bonds paid by the water rates fixed by the Village and charged to, among others, Village residents. The impact of such investments on ratepayers over time should be considered.

### **Capital Budget Evaluation Criteria**

Capital budget requests from Village Departments often exceeds the ability of the Village to pay for and complete all projects that merit consideration. Therefore, the Village should set priorities among the list of potential investments. The following is a suggested list of evaluation criteria, ranked in the order of importance:

1. Necessary to maintain health and safety of Village employees, residents and visitors: For example, judgements must be made about whether or not existing vehicles, buildings or equipment can safely and successfully continue to be kept in service. Also: Must the action or need be addressed immediately or over time in phases.
2. Required by law, consent decree or existing violations—Village counsel is often involved in the interpretation and compliance with certain laws and consent decrees. Compliance with final agreements is necessary.
3. Operational impact—Based on a cost-benefit analysis, the project benefits multiple operations in the same Department or multiple Departments, demonstrably improves efficiency, reduces operating costs, and supports expansion of Village programs and other activities to increase revenue.
4. Maintains or improves quality of existing infrastructure—For example, the recent road repaving projects have improved the Village infrastructure and

welcomed by Village residents. The same is true for bridge repairs.

5. Vehicle and equipment replacement—Evaluated based on capital cost vs. maintenance cost tradeoffs, operational costs (efficiency and/or impact on # of employees) and asset sales, if any; demonstrated need in the context of existing inventory; and updates outdated or poor performing technology.

The analysis of proposed projects, vehicles and equipment can be simple or complex. Different approaches can and should be discussed among the Budget Committee and Village Manager. However, the goal must be to assist the Board of Trustees in making capital budget decisions based on specific requests from the Board to the Committee and to apply these Planning Principles and Guidelines so that the Trustees can more effectively communicate to the public their decisions on important quality of life and safety investments.

**Budget Advisory Committee  
 Suggestions for the 2022/23 Budget Process  
 September 28, 2021**

**Background**

Creating the annual operating budget and five-year capital plan is a very necessary process for the Village of Mamaroneck. Sound financial planning will help ensure the Village remains fiscally healthy, while maintaining services. Three critical factors influence the planning process:

- 1) The tax cap levy imposed by New York State: Although the Village has stayed within the cap for all but one year since the cap has been in place, it is becoming increasingly difficult. Rather than relying exclusively on expense reductions, the Village should continue to look for ways to increase non-property tax revenue or even consider exceeding the tax cap levy.
- 2) Investments in Village infrastructure: Many projects in the current five-year capital plan address the infrastructure, such as roads, bridges, sea walls, sewers, Village buildings, for example. Most of these projects have been deferred for years and emergency spending will likely increase increasing the amount spent on repairs and debt service in the operating budget.
- 3) Covid 19 and Flood Mitigation: The pandemic has changed where and how people work, affecting many things from retail space occupancy to train station parking to residential development. Recent flooding of large segments of the Village has increased the urgency to expedite some form of the Army Corps of Engineers flood mitigation project, which will require a contribution of at least \$8 million from the Village. The amount of federal and State funding to the Village to address the impact of these crises is also a key factor in FY 2023 budget planning.

Currently, the Board of Trustees sees a first cut of the budget in January. As a result, staff and the BOT spend several months working on, adjusting or reviewing the budget, but many large ticket items are not available until February or March. An estimate for pension is provided in February, with a final cost provided in March. Insurance premiums are not available until the end of February, early March. Health insurance costs are not available until February. The Power Authority provides costs in January/February. As these costs are provided, the budget is updated and provided to the BOT for further review.

In addition, based on the current year budget, the table below shows 82% of the budget is relatively fixed in the short run.

	<b>Personal Services</b>	<b>Total Utilities</b>	<b>Total Insurance</b>	<b>Emp Benefits</b>	<b>Debt Service</b>	<b>Total</b>
\$	\$ 16,401,569	\$ 623,100	\$ 7,971,181	\$ 4,980,370	\$ 2,435,392	\$ 32,411,612
% of Total Adopted Budget	41.52%	1.58%	20.18%	12.61%	6.17%	82.05%
Total Utilities = Water, Heat, Electric, Telephone						
Total Insurance = Unallocated Insurance, Workmen's Comp, Life, Unemployment, Hospital & Medical, Dental, Optical						
Debt Service excludes the Library bond since that is reimbursed 100%						

Approximately 70% is staff related. These expenses are affected by changes to the number and/or mix of staff or benefit changes which are determined by the Village's CBAs. (Although we understand, based on information from the State Controller, FY 2023 police and civilian pension costs will be lower than the

current year.) Certain insurance, utilities and debt service account for about 12%. Absent careful analysis and accounting for future capital investments, opportunities to reduce these expenses in the short run are also limited. Finally, the same is true for the remaining 18%, or about \$7 million, that helps keep the Village operating.

**Suggested Process Changes**

Village staff do a great deal of budget preparation work done over a 4 to 5 month timeframe, potentially taking them away from their day-to-day functions. To streamline the process and utilize time more effectively, the Budget Advisory Committee suggests the following changes:

- The Village Manager/Clerk-Treasurer prepare a high level operating budget and tax computation in February (not January as is the current practice) based on current expenditures and revenue along with assumptions applicable for fiscal year 2023
  - Provides an early snapshot of what the potential tax increase might be
  - Highlight key fiscal issues for the upcoming fiscal year
  - Since a large portion of the expense budget is not available until February/March, there is little benefit in analyzing major expenses before February.
- Early focus on non-property tax revenue and the five-year capital plan, beginning December/January
  - Currently, the analytical focus appears to be on expenses, with less time during the budget cycle focusing on revenues and capital expenditures
  - Look more closely at capital projects which will generate future revenue or reduce maintenance and emergency repair expenses
- Modify the format of the budget reviews with the Department Heads
  - The budget reviews with Department Heads should cover revenue, expense and the capital plan.
  - The BOT meetings with Department Heads should focus on key potential expense, revenue or capital issues and/or concerns. It is not necessary to review budgets on a detailed line item basis since that is the responsibility of the Village Manager.

**Suggested Budget Process Schedule**

<b>Timing</b>	<b>Activity</b>
December/January	Staff prepares detailed revenue plan and updates five-year capital budget
February	Village Manager/Clerk-Treasurer issues a first cut of the operating budget (high level) including the tax computation
February	BOT, Village Manager, Department Heads review the revenue projections and the capital plan; make any necessary revisions
End of February	Staff finalizes expenses for the operating budget
End of February/ March	BOT meets with Department Heads
March 1	Operating budget presented to BOT for review
March 2-15	BOT and staff make any necessary revisions
March 20	BOT receives tentative operating budget

March 21-April	Budget adjustments made if needed
April 30	BOT adopts final operating budget and capital plan

The five-year capital plan should be a refresh of the current five-year capital plan; items completed should be removed and new items added. Staff should update priorities and include the 1-6 ranking as recommended by New York State.

Department Heads should review current year revenue streams to use as a basis for the upcoming budget. Projections should be made based on current activity along with new revenue stream items.

The February high level FY 2023 operating budget prepared by the Village Manager/Clerk-Treasurer can follow sample format accompanied by a narrative identifying the key underlying assumptions (briefly describing, for example, the basis for specific non-property tax changes, CBA salary and benefit increases and other insurance, utility, or other expense changes). This high level budget would also be accompanied by a FY 2023 property tax computation in the format on page 57 of the 2021-22 Adopted Budget.

<b>Sample Format</b>			
<b>Category</b>	<b>Current Budget</b>	<b>Projected Budget</b>	<b>Assumptions</b>
Personal Services			
Employee Benefits excluding Pension			
Pension			
Insurance			
Utilities			
Debt Service			
All Other Expenses			
<b>Total Expenses</b>			
Sales Tax			
Mortgage Tax			
Licenses & Permits			
Fines & Forfeitures			
State Aid			
Rec Dept Revenue			
All Other Non-Property Tax Revenue			
<b>Total Non-Property Tax Revenue</b>			
<b>Difference (Exp minus non-prop tax Rev)</b>			
<b>Projected Property Tax (total to balance budget)</b>			
<b>Property Tax Computation</b>			

The Budget Advisory Committee recommends expenses and revenues be aligned by department where applicable. By doing this, it will be easy to see the net impact of expenses to the departmental bottom line. Following is a sample format:

<b>Culture &amp; Recreationf (\$ are for illustrative purposes only - not real)</b>					
	<b>2020 Actual</b>	<b>2021 Actual</b>	<b>2022 to Date</b>	<b>2022 Adopted Budget</b>	<b>2023 Requested Budget</b>
Expense	2,466,059	2,278,291	1,751,612	2,365,317	2,400,000
Revenue	857,627	1,003,391	724,965	1,440,300	1,500,000
<b>Net Impact</b>	<b>1,608,432</b>	<b>1,274,900</b>	<b>1,026,647</b>	<b>925,017</b>	<b>900,000</b>

For those cases where expenses and revenues cannot be aligned by department, this format could be used for the “remaining” expenses and revenues. Any significant changes would be explained at the time of submission.

This should enable the BOT and Staff to discuss specific items and any potential issues.

**Proposed Budget Advisory Committee Schedule/Actions**

The work of Budget Advisory Committee and timing of Committee meetings must be aligned with the new budget process schedule. Suggested agenda items for Committee meetings follow:

<b>Actions</b>	<b>Meeting Date</b>
<ul style="list-style-type: none"> <li>Meet with the Board of Trustees to review proposed process changes and discuss with the BOT a work plan for the Committee</li> </ul>	As soon as possible
<ul style="list-style-type: none"> <li>Discuss and approve the revised Capital Framework document</li> <li>Discuss the proposed budget process and schedule document</li> </ul>	10/6/21
<ul style="list-style-type: none"> <li>Approve a final proposed budget process and schedule document and share with BOT and Village Manager</li> <li>Review and discuss FY 2022 1Q financials; identify any potential issues which can impact the 2023 budget and current fiscal year; advise BOT if necessary</li> </ul>	11/3/21
<ul style="list-style-type: none"> <li>Review with the BOT suggested work plan and assign to Committee members</li> <li>Identify other analytical work to be performed by Committee</li> </ul>	No later than 12/1/2021
<ul style="list-style-type: none"> <li>Update status of progress on BOT work plan</li> <li>Discuss how to review future submissions</li> </ul>	1/5/22
<ul style="list-style-type: none"> <li>Review 1<sup>st</sup> cut of the operating budget</li> </ul>	2/2/22
<ul style="list-style-type: none"> <li>Attend Budget Work Sessions</li> <li>Complete BOT work plan and Committee initiated analytical work</li> </ul>	February/March 2022
<ul style="list-style-type: none"> <li>Discuss the budget presented on March 1</li> <li>Prepare and share with BOT thoughts and comments on the FY 2023 budget</li> <li>Schedule additional meetings for March and April, as necessary</li> </ul>	3/2/22 and future

**Village of Mamaroneck Budget Advisory Committee**  
**Meeting Minutes Wednesday August 4, 2021**

Present: Dan Natchez, Trustee Liaison; Charles Guadagnolo, Chair; Ellen Hauptman, Vice Chair; Ed Zagajeski, Glenn Tippet, Bill Spiro

The meeting was opened at 7:05pm and the minutes for the July 2021 meeting were approved.

Discussion began on the Capital Planning Principles and Criteria document:

- Ellen Hauptman informed the Committee that at the BOT Work Session on July 26<sup>th</sup> she volunteered the Committee would rewrite the document. The Board agreed and said to have staff review it before resubmitting it to the BOT.
- Based on the comments at the July 12<sup>th</sup> BOT Work Session, Charles Guadagnolo talked about how we need to change the Board's perception of the Committee and that we should submit our thoughts and suggestions.
- Charles Guadagnolo said that he would work on a new draft and ask Len Aubrey to work with him. Dan Natchez suggested we consider NYS recommendations as well as BOT and Staff comments/feedback. Once the document is "completed", it will be circulated with the Committee for approval to move forward; the next step is to submit to Staff for comment.

Capital Planning/Ranking:

- The Committee agreed that it is not our remit to make recommendations on which projects the BOT should move forward with.
- Dan Natchez asked the Committee to recommend that the Capital Projects spreadsheet be sorted by the 1-6 categorization with a column next to the categorization indicating the staff ranking. The Committee agreed that this sorting is logical.

Schedule of Events:

- Ellen Hauptman suggested that it might make more sense to ask the BOT, Village Manager and Clerk-Treasurer what we could do to help them, rather than us try to figure out what they need. She suggested that we invite them to the September meeting for 15 minutes to discuss this.
- Ellen Hauptman then referenced a meeting with the Clerk-Treasurer which prompted a discussion on future budget schedules.
- The Committee agreed (in theory) to the following suggestions:
  - The BOT review Capital Planning in January and February and decide what projects to move forward with in the next fiscal year.
  - At the same time, the BOT can review any current fiscal year issues that might have an impact on the next fiscal year's operating budget.
  - On March 1, the Village Manager will present bottom line (total expense, total revenue and net impact) figures by department to the BOT with explanations of significant variances.

Operating Budget Guidelines:

- Ellen Hauptman agreed to rework the existing document, incorporating an overall proposal for a new budget schedule.

- Once the Committee approves the document, it will be sent to Staff for comments/feedback prior to submitting to the BOT.

Communication Policy:

- Charles Guadagnolo proposed that going forward, Ellen Hauptman be designated to submit all Committee questions to staff.
- Both Ed Zagajski and Ellen Hauptman stated that all questions would stem from issues raised at the monthly Budget Committee meetings.
- There was some disagreement to this, mostly due to the practices of other Village Boards and Committees and the work performed by subcommittees.
- The Committee didn't come to a consensus but it was agreed that any question being asked as an individual would be from that person only – the email will not CC the Budget Committee.

The meeting was adjourned at 8:40pm.

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