There should be a preamble about the budget, what it is, what it represents and how it reflects a community's values. It will provide context to the whole process. The recommendations should tie back to that preamble/mission statement.

The Village property tax rate will not exceed the 2% cap, unless otherwise determined by the Board of Trustees.

The setting of the tax rate is a prerogative of the Board of Trustees. As such, the term "will" which is mandatory in nature, should be replaced by a different word such as "endeavor". Additionally, it may be better to refer to it as the "property tax levy cap" as the mechanics of it result in some years the cap being less than 2% and in other years greater than 2%. Below is the tax levy cap for the last five (5) years.

2022	2.97
2021	2.40
2020	2.47
2019	2.58
2018	1.89

As an aside, in the 10 or so years since the tax levy cap was enacted, the Village only exceeded it one time.

Generally, the Village should maintain debt service at 7.5% of the operating budget. An increase in the debt service share of the budget would 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.

The Village has significant infrastructure needs it must meet in the coming years. Establishing any debt service limit, whether it be 7.5% or some other number is not recommended by staff as it would hamper the Village's ability to meet said needs, while at the same time providing vital municipal services. Per the below, the Village's current debt service as a percentage of the general fund, is 6.17% and total funds of 10.43%. To lower the rate from 10.43% to 7.50 would require operating expense reduction and revenue enhancements of roughly $1,125,000. Additionally, some projects which may require bonding could produce revenue to offset said bonding (e.g. Improvements to the Hunter Parking Deck).

The budget adoption is a purview of the Village Board and they, as the elected leaders of the Village, are entrusted with establishing priorities, and making policy decisions which effectuate those priorities.

Total All Funds	General Fund
4,119,664.00	2,435,392.00

39,502,575.00	39,502,575.00
10.43%	6.17%

The language should be also changed From "operating budget" to "General Budget." Funding of additions debt service payments should be considered as part of a 5-year plan. Absorbing current cost in the current year that was not anticipated would require an appropriation of Fund balance. Revenue generation weight should be added to the criteria and should be a source of funding.

If there is an occasion where the necessary debt service for existing and new bonds falls below the 7.5% target (of the operating budget), the plan should maintain the 7.5% level and build a capital project reserve fund; this will help mitigate potential overages in future years.

As noted, staff disagrees with the setting of a 7.5% level.

In order to maintain the level of 7.5% to fund reserves of future projects. None expenditure amounts would have to be budgeted in order to have this surplus. The offset will either be the appropriation of fund balance, the discontinuance of programs or a new revenue source of funding.

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 is counted against the debt service cap

Projects funded 100% by grants are limited. State and Federal aid grants should proceed as awarded as these amounts or not commonly received. The unfunded portion should be funded through the issuance of debt or fund balance.

In general, reserves will not be used to fund capital projects. However, the Village should develop a reserve policy designed to maintain the Village's bond rating and identify specific circumstances under which the use of reserves is appropriate.

The first and second sentences seem to contradict each other. Additionally, this seems to also contradict the third bullet point. Also, this seems to contradict the Village's Fund Balance policy which aims to keep a healthy fund balance of 30%. If the Village exceeds the 30%, what is the mechanism for using those funds if "in general, reserved will not be used to fund capital projects"?

Currently, the cash management of capital projects is funded through use of Fund balance. The discontinuance of this practice would cause annual expenses for the issuance of debt to increase from the 70k to as much as 420K. Ironically, the bonding rating agency have cited that not exceeding the tax cap is a factor that prevents the Village from receiving a bond rating upgrade.

<u>The Village must have the capacity to execute capital projects on time and on budget.</u>

Agreed. This requires a commitment of resources in terms of finances and personnel to effectuate.

<u>The Army Corp of Engineers flood mitigation project totals $82 million with costs to be shared among the federal, State and County governments, and the Village share is $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. Since the timing of this project is uncertain, the project should be removed from the Capital Plan until such time as a reliable schedule for obtaining final approvals and funding is established.</u>

This document is a capital budget and plan. From a planning perspective, this should somehow be noted as a potential project. The Army Corps of Engineers project is possibly the most important capital project that could occur in the history of the Village of Mamaroneck. Not citing the project in a capital budget and plan could be viewed as a lack of commitment by the Village to mitigate flooding. The Board of Trustees also adopted a resolution on December 10, 2018 signifying its support for and commitment to fully fund the Village's share of the project.

<u>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 2 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.</u>

Agreed and it is.