

**Citizen's Budget Review and Advisory Committee
Fiscal Year 2018/19
Budget Review and Recommendations
For the Budget Adopted April 12, 2018**

This report is presented to the Garden City Board of Trustees and
Joint Conference Committee
by the Citizens Budget Review & Advisory Committee

2018 CBRAC Committee

Danielle Kilkenny – Chairwoman
Joseph Caroselli
Patrick Corrigan
Rochelle Dincesen
Richard Vallely
Tom Walsh

METHODOLOGY AND REPORT CONTENTS

The Citizens Budget Review & Advisory Committee (“CBRAC” or the “Committee”) is a volunteer committee comprised of Garden City residents from each of the four Property Owners Associations (“POAs”). This Committee is appointed by the Joint Conference Committee (“JCC”), which consists of the Presidents and Vice Presidents from the POA’s, and tasked with the objective of analyzing and evaluating the current fiscal year budget, and providing strategic and specific recommendations to the Board of Trustees (“BOT”), as well as reporting its recommendations to the JCC.

Other than the inherent conflicts of interest associated with living in the Village of Garden City and making recommendations that may or may not affect each or some of the Committee members, it is assumed that the CBRAC operates with no conflicts of interest or financial gain to its members from its recommendations.

The process undertaken was generally consistent with prior years, including independent review and analysis of the budget packages and other supporting documentation. In the current year, the JCC directed the Committee to perform a detailed review of three departments that were selected by the JCC – Buildings, Parks & Recreation, and the Department of Public Works. This review was supplemented with interviews with department management and, on occasion, other external, third party research. The budgets for the remaining departments were reviewed by CBRAC for a general evaluation and to determine if there were material items of note. Additionally, CBRAC members participated in public work sessions held by the Village of Garden City and the BOT.

The complete list of 2018/2019 fiscal year budget recommendations, by department, follows the General Comments section.

ACKNOWLEDGEMENT

The members of the 2018 CBRAC would first like to express their appreciation for the high level of cooperation we received from the Irene Woo, the Village Treasurer, and the supervisors of the three departments who assisted in our detailed budget review: Joe DiFrancisco of the Department of Public Works; Ozzie Huertas of the Building Department; and, Kevin Ocker of the Parks and Recreation Department. Each department head was very forthcoming with information and the rationale for their budget items and willing to answer our questions. We thank them for their time and support in our efforts.

GENERAL COMMENTS

Following are general comments and recommendations from the Citizen Budget Review and Advisory Committee for consideration by the Board of Trustees, the Village of Garden City Administration and by individual Department Heads:

- While the Committee sees the use of prior years' surplus to potentially fund non-discretionary expenses (e.g., personnel) as a likely unsustainable and atypical practice, the use of these funds as an alternative to bonding discretionary expenses (e.g., capital projects), allows the Village to “borrow from ourselves”, and avoid the additional costs of debt financing. A “repayment” schedule should continue to be implemented to assure that the funds are repaid where the project is projected to yield cost savings.
- We understand the reference base used for the creation of the 2018/2019 Budget is the 2017/2018 Adopted Budget with consideration for actual results from June 1 through November 30, 2017 (although there are some December numbers) and estimated numbers from December 1, 2017 to May 31, 2018. CBRAC supports this methodology.
- As noted in the prior year report, Adelphi University, which includes over 1,000 faculty members and 7,500 full-time and part-time students, indisputably benefits from many services provided by the Village. The Fire and Police Department budgets are approximately \$13 million of the Village budget, of which Adelphi has historically used 10-12% of the services. In addition, the Department of Public Works provides plowing and salting of the roads around Adelphi, and the Village allows the school to use the pool parking lot for no fee. While CBRAC recognizes that Adelphi is not legally bound to pay for these services, and contributions made by such tax exempt entities to the Village are made voluntarily, CBRAC strongly urges the Village administration and the BOT to continue negotiations with Adelphi to increase future gifts, on a yearly basis, to partially reimburse the Village for the protection provided to our neighbor. The Committee suggests that the Village undertake a study to ascertain the level of expenses incurred for services provided to Adelphi to support the Village and BOT in their discussions and review other municipalities to see what types of arrangements they may have with universities.
- While the Committee recognizes that the Village has levied less taxes than allowed per the Tax Levy Law in the last four years, the Committee recommends that any anticipated favorability to the budget be captured in a manner that will benefit the taxpayers through further reduction of future tax levies, rather than increasing the surplus to an amount in excess of a prudent balance.
- The CBRAC recommends reducing the amount of the tax levy collected to support the Contingency budget. Unlike the private sector, where favorability falls to the bottom line, and benefits stakeholders, the favorability in the municipal budget historically has been held for future spending. It is recommended that any favorability should be applied as a reduction to the next year's tax levy. CBRAC has estimated that since the beginning of the 2017/2018 fiscal year the Village has utilized approximately \$1M of the contingency fund for operating expenses such as consulting fees.
- In light of recent changes to State and Local Tax laws and the uncertainty around deductibility to the taxpayers, CBRAC recommends the Village take a conservative

approach to the Contingency fund and consider holding down the level of funding in order to lower the tax levy and provide relief to Village taxpayers.

- In addition, as noted above, the Village contributes a significant amount of services to non-profit organizations, such as Adelphi University and several churches. The Village should consider calculating the amount of the services provided to these organizations, so that residents can apply the amount as a charitable deduction on their tax returns.
- For greater budget transparency, the CBRAC suggests that the budgets are provided in a format to represent revenues versus expenses of each department, and include shared expenses such as employee benefits, occupancy, depreciation of capital expenditures, and shared headcount.
- Significant overtime and part-time help expenses are noted in the budgets of several departments. The Committee recommends that such expenses be analyzed for control and authorization to ensure conservative use of resources.
- In order to evaluate outsourcing recommendations, CBRAC requests comparative data regarding the number FTE, OT, PTE, and equipment, and other savings, via a cost benefit analysis. In addition, the CBRAC suggests that consulting fees are aggregated across all departments in order to better track and review such expenditures.
- The Village Treasurer provides a monthly financial update via the Treasurers report. The CBRAC recommends that this report be made available at the Library, and on the Village web site.

ADMINISTRATION

CBRAC notes that salaries have increased \$150,000 year-over-year, and is the result of shifts in personnel from Finance Department to Administration.

BUILDING DEPARTMENT

The 2018/2019 budget includes revenue related to the anticipated 555 Stewart Avenue project. While Mr. Huertas discussed the amount of budgeted fees without the project, it is suggested that this information be included in the budget documents for additional clarity.

The department's capital request covers normal computer and technology upgrades and car replacements, which appears prudent and reasonable. In addition, the request includes funding for the digital scan project, which should reduce costs in other areas, such as storage and employee time spent filing and retrieving documents. CBRAC recommends that such capital projects are supported by a Return on Investment analysis to support such investments, and should include a conversion of any potential savings into monetary values.

Due to the requirements of processing the documents for the Digital Scan project, the Committee supports the addition of interns or part-time employees versus outsourcing, due to the large volume of documents requiring conversion to electronic format.

FIRE DEPARTMENT

The budget for the Fire Department is currently down 4%, primarily a result of salary decreases due to attrition. Going forward, the department is relying on the volunteer firefighters in the Village, and the Committee supports such a methodology.

LIBRARY

The CBRAC has reviewed the budget and has no comments. During the budget presentations, there was a discussion regarding security at the Library and the potential for significant improvements. The Trustees indicated that the capital projects around security could be moved up to ensure the safety of both residents and out-of-town visitors to the library. In addition, there was a suggestion to include additional headcount for security personnel. While the Committee understands that the Library Board is still in their “discovery” phase regarding security, and has not yet submitted any formal requests, the CBRAC agrees with the Trustees and strongly supports accelerating the security projects and providing security personnel, should the Library Board decide this is needed.

PARKS AND RECREATION

The presentation of the budget was modified in the current year with the consolidation of several salary-related line items rolling to one (i.e., Special Programs Services) which is a marked improvement. CBRAC supports this methodology and believes this will simplify the budget review process.

The current budget includes the reduction in headcount through re-organization and the increase in the greenspace being managed by the incumbent contractor from 90 to 110 acres at \$2,200/acre, which results in removing all of the cutting and maintenance of green spaces by Parks employees. This permanent reduction in force will help to flatten out cost structure by freeing up Parks employees to maintain the parks and mitigate overtime costs. This process should continue to be encouraged where available; however, the Committee again recommends that an analysis be completed before services are outsourced, to include a mechanism to track realized savings as a condition of approval to outsource activities.

It is noted that revenues are showing a decline due to the loss of several lacrosse tournaments at St. Paul’s field. CBRAC notes the amount the Village is charging has nearly doubled over the course of the last three years, which may have resulted in some organizations moving to more cost effective venues. CBRAC recommends an analysis of fees in comparison to competing locations to ascertain the appropriateness of the current fee structure. St. Paul’s Fieldhouse, with its renewal and improvements, continues to generate significant revenue through intramurals and third-party rentals. CBRAC encourages the department to market the Fieldhouse to adjacent villages. In addition, the intramural participation fee has provided a boon to revenue with a 50% increase over the past two years. While this should continue to be promoted, CBRAC advises

the department to be mindful of an inflection point when considering what percentage of fees should be paid by participants and what burden should be shouldered by the organizing body of an event.

The Tennis budget includes capital requests to refurbish or replace heating system and bubble. While a positive cash flow is anticipated in the 2018/2019 budget, consideration should be given to possibility of using long-term bonding to make these improvements and use the cash surplus for debt service.

In reviewing the Pool budget, it was noted that the forecast of family memberships remains flat, while other classes of membership, such as Family of Two and Senior Citizen Couple, exhibited substantial growth. As attempts to generate incremental revenue through different classifications have proven successful, the Committee encourages the Village to explore additional membership classifications. An additional area of exploration is Snack Bar Rental revenue, especially in light of the sale of higher-margin items such as wine and beer.

The ability to generate incremental revenue from rental of the parking lot in the off-season should be considered. However, this must be balanced with the additional maintenance expenses that might be incurred with such additional use.

With regards to cost, the age of the pool results in unforeseen maintenance issues and makes it difficult to accurately forecast expenses. The continued increase in the cost of maintenance, repairs, and utilities adds to the challenge of maintaining a profitable status. CBRAC supports the exploration of having a comprehensive mechanical engineering assessment done on the pump houses.

POLICE DEPARTMENT

CBRAC supports the Police Departments continued efforts to anticipate the retirements of veteran officers to ensure new officers are recruited and trained within an appropriate time-frame.

PUBLIC WORKS

The Department of Public Works 2018/2019 operating budget totals \$8.7 million. As explained, approximately 60% of the total amount relates to salaries and benefits, including health insurance and pensions; mandated expenditures that cannot be reduced.

Based upon in-depth discussions with the DPW Supervisor, careful consideration was given to the remaining \$3.5 million of non-personnel related expenditures in order to produce a budget closely in compliance with the mandate of a “flat” budget. The 2018/2019 budget presented to CBRAC members was 3% above the 2017/2018 adopted budget (inclusive of a Stores Clerk position from Finance - excluding this, the presented budget increase is only 2%). The increase is more than offset by budgeted water utility revenue increases.

It is CBRAC's understanding that construction of the new water tower will be partially funded by the Genesco settlement funds, which were provided to offset the costs of remediation for the wells over the last several years. The Committee agrees with the proposed bond issuance to fund the remainder of the project as the favorable rating of the Village would result in low rates, and a lower debt service fund.

CBRAC recommends:

- The Village explore less costly alternatives to a complete replacement of the Cedar Valley sewer building. We concur with the essentiality of a sound well-functioning facility. However, the \$4MM budgeted for a new building appears excessive.
- CBRAC again recommends the Village consider charging businesses for sidewalk repairs, using a methodology comparable to that applied in charging residents for repair work.
- The Village consider charging businesses for some portion of the cost of snow removal in the larger parking lots.
- Given the significant increase in cardboard discarded on rubbish pick up day over the past few years (mostly driven by the growing use of online shopping), the DPW should review its options and consider recycling cardboard. The village spends over \$1 million each year to dispose of rubbish and garbage at the Covanta facility, and it is likely that a material percentage of this cost is due to cardboard. The Omni facility, currently used for the Village recycling program, accepts cardboard and would save \$70 per ton versus discarding the cardboard at Covanta as rubbish.
- The DPW is proposing a \$356,000 investment in its IT systems in addition to an \$81,000 licensing fee. While the CBRAC members agree that this is a wise investment and will make the department more efficient, the DPW should more clearly explain the long-term cost benefits to the Village as a result of this investment.
- CBRAC renews the suggestion to determine the costs of maintaining commercial parking lots and to consider the feasibility of having landlords contribute to partially cover the costs.