

**Citizen's Budget Review and Advisory Committee
Fiscal Year 2016/17
Budget Review and Recommendations
April 17, 2016**

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

2016 CBRAC Committee

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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”) and tasked with the objective of analyzing and evaluating the current fiscal year budget, and providing strategic and specific recommendations to the 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 consistent with prior years, including independent review and analysis of the budget packages and other supporting documentation. This review was supplemented with interviews with department management and, on occasion, other external, third party research. Additionally, CBRAC members participated in public work sessions held by the Village of Garden City and its Board of Trustees (“BOT”).

The complete list of 2016/2017 fiscal year budget recommendations, by department, follows the General Comments section.

GENERAL COMMENTS

The Incorporated Village of Garden City (the “Village” or “Garden City”) continues to operate in a challenging budget environment. The New York State mandated .12 % tax cap has resulted in flat or reduced budgets for all departments and the Library. At the same time, the Village faces significant capital expenditures resulting from an aging infrastructure and proposed new projects.

The 2016/2017 recommended budget reflects a more realistic view of the limitations of the tax cap. The Citizens Budget Review and Advisory committee recognizes the adoption of many of the recommendations from previous CBRAC reports, as well as the continued efforts on the part of the Board of Trustees, to foster greater fiscal prudence.

The Village has been able to achieve the 2016/2017 tax cap by tapping into over \$1 million of surplus funds (taxes collected, but not spent, in prior years). The reality is that, while meeting the tax cap may suggest that spending is flat, the Village will increase spending by well over \$1 million vs. the current forecast, next year. The Committee is concerned that: 1.) The taxes paid are not in line with the ongoing operating costs of the services provided by the Village and 2.) At some point, the Village will be unable to cover escalating costs with prior years’ surpluses. The spending of prior years’ surplus funds becomes less of a concern if it is shown that prior year surplus funds are budgeted to be spent on non-recurring items, and not ongoing operating costs. In this case, the CBRAC recommends that these non-recurring items be presented separately, outside of the operating budget.

CBRAC recommends that the BOT publish a list of capital projects, with each assigned a priority. For many years, essential projects including major repairs to or replacement of the water tower, as well as repairs and renovations to firehouses in the East and West, have been deferred or reduced in scope while more high profile projects, such as the Senior Center, are funded. By prioritizing projects, the BOT can not only ensure that these long-deferred projects are addressed through ongoing evaluation on the importance of the projects, but also provide Village taxpayers with an appreciation of the capital needs facing the Village.

Personnel costs continue to put pressure on the Village's ability to sustain facilities and services. While the Village has made progress in reducing personnel in almost all departments, the Administration, Building Department and Library have proposed adding new, or replacing retiring employees, at significant salaries. The CBRAC recommends that the departments look to improve processes and systems that may result in the need for fewer replacements for retiring employees, in addition to substantiating the need for these hires as necessary for succession planning.

For example, the Library proposes replacing a retiring senior librarian with a junior librarian. Although there would be some cost savings, a CBRAC analysis of staffing levels done two years ago concluded that the Library was overstaffed with professionals, so that a reduction in librarians was warranted. The Building Department proposes filling a long-vacant Deputy Superintendent slot, yet for many years, that department was able to provide a high level of service without a Deputy using a consultant, which provides the Village with far more financial flexibility.

In addition, some departments seem to be heavily staffed with supervisory personnel. For example, the Parks department has 7 supervisors among its 21 employees and Recreation has 4 supervisors and an assistant supervisor among its 21 positions. As this count includes the role of working supervisors, it is difficult to determine the span of control. The CBRAC recommends a reporting of roles and responsibilities, to foster greater understanding of responsibilities, costs, and titles of employees.

CBRAC recommends that the Village develop data-driven criteria to assess the need for all proposed new hires and rethink processes, procedures and structures that require additional personnel. For example, one justification for the Deputy Building Supervisor is the many boards and commissions that require departmental support and the presence of a department representative at their many evening meetings. The CBRAC recommends that the Building department look for opportunities to streamline, or consolidate the work of these committees, while maintaining the appropriate skillset and qualifications for the members of these boards and committees. Additionally, the current ability of both the Building Department and the Library as it relates to the collection of large amounts of data, makes them well-positioned to provide data driven support for additional staff members and other budget requests.

The following recommendations are applicable to the budget preparation of all departments of the Village. While the Committee would have preferred to have some of these

items considered for the 2016-17 fiscal year, it hopes they will be fully implemented into all subsequent years in the effort to adopt a “Best Practices” *modus operandi*:

- The Committee recognizes there are several items, particularly in the Payroll area, that are of a less flexible nature due to labor contracts, consultancies, civil service rules, and more. Nevertheless there are many other non-payroll expenses where each department, under the guidance and instructions from the Administration, could and should adopt a zero base strategy in preparing and in managing their individual budgets. The Committee notes that many line items in the proposed budget are estimated on the basis of historical expenditures. When adding new variations, anticipated for a new fiscal year, to an historical base, it will most likely result in overall incremental expenses. Zero Base budgeting incorporates a more realistic view of proposed expenses.
- The Village presentations and the published documents for the 2016-17 proposed budget are mostly compared to the 2015-16 Adopted Budget, ignoring the actual expenses incurred over the previous 6 months of operations. In fact, in some presentations and in the Budget Books, the 6 months actuals are totally eliminated from the budget presentation. The value of an adopted, yet unproven, budget constantly diminishes with each month of operation as incoming actual numbers replace forecasted estimates. The Committee understands that several expenses are subject to seasonality, as well as to the timing between invoicing and disbursement, however as the first draft of a new budget appears in the month of February, the majority of the timing issues through December should have been resolved. In any event, outstanding items can be identified as an addendum to the actual totals. The Committee recommends the use of the first 6 months actual numbers, coupled with a zero base approach, to realistically revise the forecast of the remaining 6 months. The result would be a more accurate current year-end forecast that should be utilized not only as the basis for next year’s budget preparation but also as the base for comparison year over year.
- In the interest of clarity and transparency, the CBRAC recommends that the present Audit and Finance Committee, comprised of three Trustees, be divided into two separate committees, with the Audit Committee being totally dedicated to auditing issues and with member Trustees having no other function.
- The CBRAC also recommends the expansion of responsibilities of the Village Auditor, who should report directly to the Village Administrator and to the Trustee Auditor Committee. The Village Auditor, among other duties, should control external bids for purchases and/or services, whether capital or operating expenses. It is recommended the Village Administration set a level of expense limit above which each Department Head would be required to have outgoing bids registered by the Village Auditor prior to going out. A procedure should be put in place whereby all replies from interested bidders should be addressed to the

Village Auditor, in sealed envelopes, to be properly scrutinized and registered prior to being forwarded to the requesting Department. If the selected winner is not the lowest bid on file, the requesting Department should justify the choice (better workmanship, better guarantees, etc.) to the Village Auditor and his/her superiors prior to issuing a confirmation to the winner.

- The committee supports the BOTs current search for a Human Resources head. The Committee understands there are difficulties posed by Nassau County in nominating an expert with the title of HR, however the Committee supports hiring an expert in both HR and labor negotiations, even if the position requires a different title. The HR person should keep track of vacation and sick time and any unexplained absence of all Village employees and be prepared to report this information in next year's budget presentation.
- The Committee supports the use of a Fleet Replacement Plan to schedule vehicle purchases up to 10 years in the future, to further enhance the Fleet Replacement Plan currently being utilized. The benefits from such planning are a more linear forecast of Capital requirements and lower maintenance costs. The Committee further recommends commissioning a study to correlate internal/external maintenance, and spare part costs, to the age of the vehicles throughout the course of Village ownership.
- The Committee recommends the inclusion of footnotes in the budget to explain significant variances (> 25%) between a line item budget number and prior year actual expense number.

ADMINISTRATION

The Committee recommends the creation of a Summary Report for expense items that are repetitive under various Cost Centers. For example, in the Administration budget, the expense of Printing, Postage & Stationary appears in eight different cost centers making it difficult to understand at a glance the total inclusive cost for the Department; Travel & Training has 6 items; Consultant Fees has 5 items (or 7 if you include the Court Reporter and Publicity), and so on. There is also a need for such report to be produced at a total level for the Village to reflect overall item costs with comparison to actual expenses for past budget year.

There seems to be some imbalances in the various Cost Centers' Overtime expenses, between the 6 months Actuals, the 6 months Forecast and the proposed budget. The Committee recommends that in addition to reporting overtime expense, the head of each department convert overtime expense into hours and, ultimately, into Headcount. The development of a monthly headcount reporting system reflecting Earned Heads (work hours forecasted and approved), Actual Headcount (hours worked) and Overtime Equivalent Heads (overtime hours worked) would assist in determining the need for new hires, particularly part-time, if it would reduce the overtime expense.

BUILDING DEPARTMENT

The Building Department is in the midst of significant changes. Its long-time head retired recently and was replaced by the current Superintendent, who brings years of experience heading Malverne's building department with him. Among his first initiatives has been the implementation of a multi-year plan to digitize all department files. This is a massive undertaking, and one that must be done with precision and attention to detail. While the department has proposed hiring interns to do some of the work, CBRAC agrees with a member of the BOT, who suggested that only individuals with experience in digitization projects be used to ensure high-quality work.

The department now requires the submission of a Freedom of Information Law (FOIL) request to obtain building records. Justification for the FOIL request is, in part, to increase efficiency and generate cost savings to the department. The Committee does not oppose the new procedures, provided that the department does not intend to delay access to records in accordance with response time provided under the Judiciary Law, which allows governmental entities as much as 30 days to produce requested documents. The Committee is concerned that FOIL procedures will cause significant delay in obtaining records, which were provided, in the past, at the time they were requested and without the need to complete the FOIL form. The Committee believes that the department is properly staffed to provide documents in response to FOIL requests within 48 hours of the request. If the response time consistently exceeds that time, the Committee recommends that new procedures be adopted by the department to respond to requests in a timely manner. Timely access to files is as important as the turn-around time of permit applications and other departmental services. It is the understanding of the CBRAC that part of the reason that the FOIA paperwork is being requested is because of manpower constraints (Building Department leadership claims to not have sufficient staffing to pull files on

a moment's notice). As this new procedure is seen as an opportunity to manage staffing costs, this new procedure should be communicated to the Village.

As in all departments, the CBRAC requests greater transparency in the reporting of expenses such health insurance, FICA & retirement expenses of employees in the proposed budget. At times, the committee had a difficult time determining where these costs were captured.

CBRAC understands that the department has not been charging some fees that are imposed by other towns and villages, and that some of its fees are less than those found elsewhere. Any decision to raise fees should be well-publicized long before they become effective, since they can add significant costs to construction and renovation projects.

FIRE DEPARTMENT

CBRAC recommended last year that the Board of Trustees request an annual Payment in Lieu of Taxes (PILOT) from Adelphi University, a not-for-profit entity that benefits from municipal services provided by the Village, but is exempt from paying local property taxes, and renews this recommendation this budget year. A PILOT is justified, in part, to defray the costs associated with fire protection provided to the University by the Village. For example, the Fire Department responded to over 100 emergency calls from Adelphi University during the current budget cycle. While we understand that the Village has had preliminary discussions with officials from Adelphi on this issue, we stress the need to resolve the amount, timing and duration of a PILOT payment in the 2016-2017 budget year. There is ample precedent for a PILOT payment, as there are other educational not-for-profit entities on Long Island that pay significant annual PILOT payments to local municipalities.

CBRAC renews its recommendation from last year that the Fire Department, if called upon to remove water from a residence flooded as a result of a burst pipe, bill the owner an amount that would be considered customary since, in most cases, this expense would potentially be reimbursed by homeowner's insurance.

In addition, the Committee recommends that the Fire Department look into gaining the appropriate certifications and expertise to bring the various inspection activities in-house, as an alternate to paying outside contractors for these services.

The Committee has been made aware informally of numerous grievances and lawsuits filed by the Fire Department's career firefighters, which may result in significant liability to the Village. While the Committee understands that such claims may be dismissed or substantially reduced in another forum, such as arbitration, we recommend that future budgets presented by the Fire Department include as a footnote the basic facts of the claims, (the current procedural posture of the claim and the anticipated date of resolution of the claim), which should not prejudice anyone's rights in the litigation. The Committee has concerns regarding the possible significant and negative impact of these claims on future budgets if reserves are not properly established. The committee requests that the BOT continue to maintain adequate reserves for any potential financial impact.

Due to budgetary restraints, the Fire Department plans to lay-off two career firefighters in the upcoming budget year. In addition, the Fire Department will need to spend nearly \$2 million for new equipment (fire trucks) within the next seven years, and significant capital is required to address fire stations 2 and 3 to accommodate new equipment and to address much needed structural and roof repairs. No reserves have been established to address the capital needs of the Fire Department. The Committee believes that staffing and the capital needs of the Fire Department should be the Board's highest priority in order to properly serve and protect the Village, and must be addressed now. Accordingly, the Committee recommends that the Board of Trustees establish a commission, which will include the Chief of the Fire Department, to establish a 20 year strategic plan (similar to the recent endeavor of the Recreation & Park Commission) to address the Village's future need of career firefighters, fire equipment needs, and the future configuration and use of fire station 2 and 3, and how the Village will pay for these needs.

LIBRARY

It is noted that while the Library receives its budget from the Village Board of Trustees, the management of this budget is under the control of the Library Board. Given this arrangement, the CBRAC requests that the Village Board of Trustees Liaison to the Library, along with the Library Board consider the following recommendations.

17,352 residents are members of the Garden City Library, demonstrating its importance to the community. Yet the Library has seen its budget cut in recent years, in part, because of its failure to adequately justify its staffing levels, hours of operations, and program offerings, and the use of its print collection, electronic resources and facility by members.

CBRAC again recommends that the Library use and disseminate the wealth of data available to it through its Integrated Library System (ILS) and put in place processes and procedures to collect additional information on all areas of operation to inform its decision-making and support its budget requests.

For example, CBRAC recommends that the library put in place a system to collect data on patron use of its facility. Many libraries take "head counts" several times a day, at the same times each day, in designated areas (reading room, children's area, computer lab, study rooms) to develop use patterns of how library space is being used, or not used. Given the Library's plan to propose significant renovations to its building, this information is essential. The Library might find, for example, that its computer lab is underutilized and some of its space can be repurposed, as well as a savings realized by having fewer computers to maintain and replace. It might conclude that there is a pressing need for more study rooms or a larger reading room, based on these counts. Without this type of data, library space could be redesigned in ways that do not meet the needs of users. Head counts also inform decisions on library hours of operation and lead to greater efficiency in the use of personnel.

Two years ago, the Library provided CBRAC with extensive data on various areas of operation, including professional staffing levels and scheduling. From that information, CBRAC concluded that the library was overstaffed with librarians and that a reduction in their number would not impact services adversely. For the first time in many years, a senior librarian is retiring, but the library proposes replacing her with a junior librarian without justifying the need

to do so. Although there would be some salary savings, CBRAC would prefer to see the slot remained unfilled and the full amount realized from this salary savings redirected to the long-underfunded materials budget. Focus groups conducted by the Library, as well as anecdotal information gathered by CBRAC members, clearly shows that many residents find the library's print collection to be old, incomplete and frustrating to use. Thousands of titles have to be borrowed by the Garden City Library from other libraries each year to meet patrons' needs.

When the library purchases what residents want, they use it: Circulation statistics show that when the library's collection of U.S. and international travel guides was replaced with current editions, circulation of those materials almost tripled. Under the proposed budget, only 11% of Library funds goes to materials. Given that the overwhelming majority of people who visit a library do so to use or borrow materials, this amount is insufficient to sustain and improve the collection.

If the Library goes forward with hiring a junior librarian, CBRAC recommends that the Board of Trustees restore the \$26,000 in salary savings that resulted from the retirement of a senior librarian to the Library's budget, *provided*, that the full amount is used for collection development.

CBRAC also recommends that the library prepare a formal, written Collection Development Policy, which are commonplace in all types of libraries. Their purpose is explain what the library buys, and does not buy, and why. Policies guide acquisition decisions and ensure that resources are spent in a consistent way to build a coherent collection that supports the needs of users. Without a written policy, acquisition decisions can be random and reflect the preferences of the librarians making those decisions. The lack of a policy can also lead to gaps in a collection or failure to update materials in a timely manner. Librarians, the Library BOT and even patrons should be involved in the creation of the Collection Development Policy.

CBRAC supports the Library's decision to change a long-standing policy and no longer automatically promote librarians to senior positions where such promotions are discretionary.

Finally, CBRAC supports the Library's decision to study how its space can be repurposed and renovated to improve its use and meet the needs of residents.

PARKS AND RECREATION

The committee remains concerned about the risk associated with the expenditures being made to upgrade various facilities (e.g. turf fields at Community Park), based on the assumption that the community will agree to fund these improvements by paying user fees over and above the taxes that are already being paid. We have seen in the past that additional user's fees for sports program participation has been met with opposition from the community. The committee recommends that the Parks and Recreation Department gain the commitment from the various athletic organizations impacted by these fees before moving forward with these projects. There exists a significant risk that the Village cannot afford these projects and remain compliant with tax cap restrictions in future years. Should the Village proceed to fund these projects, other essential capital projects may once again be deferred.

Phase I of the department's Strategic Plan requests a capital expenditure of \$1,946,717 to install artificial turf on the Community Park soccer field as well as \$558,082, in part, to artificially turf the Community Park ball field #2. The Committee believes that the Village should not proceed with these projects at this time due to their enormous cost and the challenges that the Village will face from the debt service in future years. This debt service will have a negative and lasting adverse effect on future budgets as the five year capital plan estimates that the Village's estimate debt service will increase nearly 100% over the next five years, from \$1.8 million to \$3.5 million.

Of further concern is the timing of the presentation and approval of the Recreation and Parks Department Strategic Plan. This approval is scheduled to occur prior to the approval of the overall budget. CBRAC recommends that the Board of Trustees refrain from moving forward with approving the plan, as this reduces the flexibility in the budget. In the event the plan is approved prior to the submission of this Report, it is requested that the approval of individual projects be delayed until a data driven analysis of each is performed. The CBRAC would like to reflect in this report that the BOT has committed to reviewing the revenue stream annually, along with the costs of future phases of the Parks and Recreation Strategic plan, prior to moving forward to any future phases.

CBRAC recommends that the Village continue to provide cost benefit analyses related to all upgrades at the community pool. Each upgrade should be self-funded via projected incremental membership and of add value to the pool experience so as to support increased fees to existing members.

The Parks Department is responsible for maintaining Village-owned parking lots. One labor-intensive aspect of parking lot maintenance is litter removal, which is made more time-consuming by the lack of any trash receptacles in most lots. The CBRAC committee recommends that the department install ample trash receptacles in all Village-owned parking lots beginning with those of Seventh Street. This should be approved and completed outside of any larger streetscape initiative, given the cost and simplicity of this recommendation. CBRAC strongly recommends that the receptacles installed be similar to those used in NYC and made of clear plastic to provide greater security to Village residents.

POLICE DEPARTMENT

Police Staffing

CBRAC supports the plan to add one officer per year to the proposed budget for the next three years in order to allow for the orderly replacement of retiring officers.

The Committee supports recruiting a balance of seasoned officers, whose addition may require reimbursing a pro-rated portion of academy fees, along with new recruits.

School Safety

The committee recommends that the Police Department continue to allocate funds in order to coordinate its efforts with the Garden City School system.

PUBLIC WORKS

The LED initiative appears to be a highly cost effective program. The Village should monitor the program over time to insure that electricity and contract servicing savings are realized.

The Department is down 2 full time positions (72 to 70) for the 2016-2017 budget and part time positions are steady at 14. The Department should explore broadening this effort and, where possible, identify other positions that could be efficiently handled by skilled, part time employees.

The Department should perform a study of the costs associated with maintaining the railroad parking lots to determine the adequacy of parking permit revenue in covering such costs.

CBRAC recommends that the BOT conduct a study on the cost-effectiveness of outsourcing commercial and residential garbage collection, weighed against the intangible value that the current operation provides the residents of the Village

The Department should conduct a study to determine the specific costs of maintaining the commercial parking lots. The Board should consider the appropriateness of having landlords cover a portion of this expenses. Do these expenses fall under the general commercial tax assessment?

WATER ENTERPRISE

The 6 months actuals of 2015-16 total expenses show a vast disparity with the December-May forecast. While part of the disparity is due to seasonality and timing, the forecasted 6 months reflects 136.5% (2.0 million) increase over the first 6 months of the year. This example reinforces the need to adopt the recommended methodology of a zero base budget and of utilizing the forecasted year-end, adjusted by the actuals, as the one and only base for future budget building and comparison.

The issue of the water tank has been the subject of much discussion and speculation on whether to rehabilitate or replace the tank. There are still many unanswered questions with regard to the costs involved in either hypothesis, although \$4.5 million have been budgeted in the 2016-17 Capital Plan for the tank rehabilitation. From recent budget meetings it appears that the existing location will remain as the choice for a future tank.

The Committee recommends the Board of Trustees conduct further due diligence and obtain multiple third-party bids on the cost to replace, as well as the cost to refurbish the water

tank before deciding the proper course of action. The gathering of these bids could be delayed until a point in time when the decision to replace the water tower will be made, but should be gathered prior to any refurbishment being funded, so that funds are spent on the most viable long term solution. Although the cost to replace the water tank may exceed the present cost to refurbish the tank, replacement may be the more cost-efficient option to pursue when considering the life and utility of a new water tank.

In order to accurately project the costs and expenses of the Water Department, the Committee recommends that future budget presentations to the Board eliminate non-cash expenses in the budget year, but include cost of capital expenses and future contingent liabilities. This will improve the Board of Trustees' ability to accurately set future water rates, achieve income and expense equilibrium and eliminate the need for annual subsidy from the Village.