

**Citizen's Budget Review and Advisory Committee
Fiscal Year 2017/18
Budget Review and Recommendations
May 28, 2017**

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

2017 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 2017/2018 fiscal year budget recommendations, by department, follows the General Comments section.

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:

- The 2017/2018 Budget requires a level of spending in excess of tax levies and revenues from Village operations. This requires the use of the tax surplus from prior years to fund the current budget, as a method to balance the spending needs with the tax cap. The CBRAC sees this approach of spending more than the Village receives as unsustainable over the long run, and recommends a limited use of surplus, as there is no certainty that these funds will be available over the long term. We do not want to become dependent on a surplus that may not be available in the future.
- While the committee sees the use of prior years’ surplus to potentially fund non-discretionary expenses (e.g. personnel) as an unsustainable and potentially risky 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.
- The CBRAC supports using the proceeds from the Genesco settlement to fund the new Water Tower in order to avoid the cost of debt financing. This will also reduce the potential of the Genesco funds, a one-time payment, to be used to support routine operating costs.

- The 2017/2018 budget process has been characterized by several delays in providing information to the CBRAC as well as the Board of Trustees. For example, the budget books were provided to the CBRAC less than a week before the first work session, and at the March 23 meeting, the budget updates were communicated to the Board of Trustees and CBRAC for the first time at the budget work session. It is the understanding of the CBRAC that these delays resulted from one time events (i.e. a vacancy in the DPW that required Administration and Finance become thinly spread in order to assist in DPW budget activities), as well as changes in the budget process, making the budget process more iterative, and requiring greater lead time prior to production of the final budget books. An improved process is recommended to permit timely receipt and review of budget. Additionally, copies of the previous financial year results, in detailed form, should be distributed to the Committee as soon as possible after finalization.
- The CBRAC recommends that a preliminary budget book be published and distributed to the CBRAC in December, reflecting a draft of budget requests. While not final, this book will provide the information needed by the CBRAC to start the conversations with various department heads, and start their analysis, well in advance of the publication of the final budget book.
- To improve the budget process, the CBRAC recommends the Village engage an outside consultant, and expert in municipal budgets, to develop a budget process that drives more timely delivery of materials, and more effectively anticipates items of concern, thereby reducing the need for follow up after the work session.
- Earlier circulation of budget documents will also address the limitations experienced in Village personnel being unavailable to meet to discuss the budgets, as well as respond to questions and follow up items in a timely manner.
- The CBRAC appreciates the inclusion of several explanatory notes on this year's Budget, however much time is still spent during departmental reviews to clarify variances on line items. CBRAC recommends for the Administration & Finance to choose a reasonable level of variance that would trigger the need for an explanatory footnote on all documents. As an example 25% variance for line items of \$10,000 or more could be the chosen trigger. Any items not captured by the general criteria, can still be inquired about by the CBRAC. This was already suggested in last year's CBRAC report.
- We understand the reference base used for the creation of the 2017/2018 Budget is the 2016/2017 Forecast. Such Forecast comprises Actual results from June 1, 2016 to November 30, 2016 (although there are some December numbers) and estimated numbers from December 1, 2016 to May 31, 2017. CBRAC is pleased with this methodology and recommends a streamlining of the published documents where the columns of Adopted and Modified Budget are more clearly defined, in layman's terms (perhaps include a glossary for increase clarity). These columns, together with the base Forecast, will serve as comparison and as reference to the newly proposed budget.
- The CBRAC requests publication of the rules determining capitalization of costs for increased understanding of these rules. The 2017/2018 Budget, and all future budgets, should be provided in a monthly format. In the event that the departments are unable to

provide the monthly view, using a zero based method, historic actuals should be used as a basis until a more robust process is developed.

- The committee recommends that any anticipated favorability to the budget be captured in a manner that will benefit the taxpayers through reducing future tax levies, instead of contributing to the surplus.
- For greater budget transparency, the CBRAC recommends that all financial presentations show non-discretionary expenses (e.g. personnel, utilities, maintenance) separate from discretionary expenditures (e.g. capital projects, consulting engagements), as the management of each is different. Any state required format should be provided in addition to this recommended format.
- The CBRAC recommends reducing the amount of the tax levy collected to support the Contingency budget, as this line item typically goes under spent (the current forecast assumes a \$600k favorability). Unlike the private sector, where favorability falls to the bottom line, and benefits stakeholders, the favorability in the municipal budget is held for future spending. In the absence of an appetite to curtail this line item, the committee recommends detailed support for all contingency funds, and monthly reporting of what has been needed, and what represents favorability. Any favorability should be applied to the next year's tax levy, reducing the tax levy by the amount of the prior year's favorability.
- The cross utilization of personnel between cost centers and the related partial allocation of salaries makes it difficult to determine where the actual heads reside and how many are being loaned to other areas. CBRAC recommends the adoption of an Equivalent Headcount System to better reflect the distribution of costs related to cross utilization. CBRAC also recommends the compilation and distribution of an Organizational and a Functional Chart, by Department, and for the whole Village.
- The CBRAC continues to recommend the addition of a Village Human Resources administrator to effectively manage contract negotiations, track all employee sick time, vacation time and overtime, and provide transparency into organization charts and roles and responsibilities of Village employees. Further, the HR lead should provide leadership in the adoption of best practices regarding reporting relationships, and attracting and retaining employees with the necessary skill set.
- The CBRAC has taken notice of the actions taken by the Town of Hempstead Supervisor, Anthony J. Santino. According to distributed literature, in the course of one year, Mr. Santino has succeeded in lowering General Taxes by 49%, or \$30.7 million, through a series of actions encompassing payroll deductions and non-payroll savings. CBRAC recommends a team of Garden City representatives, including at least one Trustee, meet with Mr. Santino to explore the potential of applying some of his strategies to our Village cost structure and achieve similar results.
- The CBRAC recommends a Village wide cost analysis of overtime and part-time help, with the goal of improving controls, so that the Village Administrator receives not only the requests, but also the documentation related to the request.
- 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.

- 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

General comments:

Available work time was curtailed by the distribution of the budget books only days prior the first work session. There were further delays in receiving responses to inquiries made during the process. Additionally, notwithstanding repeated requests, a review meeting for this department was never granted. It is the understanding of the committee that the delayed response and lack of availability were driven by the challenges captured in the preceding section.

Implementation of recommended process changes, included in the General Comments section of this report, are anticipated to rectify these challenges for future budget reviews.

BUILDING DEPARTMENT

Digital Scanning Project:

Under the leadership of Superintendent Huertas, the Building Department will proceed with the proposed digital scanning project. The estimated time frame to complete the project is expected to be 18 months or less from the start date for all three phases of the project. When completed all historical hardcopy documents now stored in boxes should be available digitally for the benefit all village residents who seek information from the department.

FOIL:

Last year the Building Department instituted a new process which requires residents to submit a FOIL request to the department to access records. FOIL regulations require all FOIL requests be acknowledged within 5 days of receipt. The law requires that within 20 days from the acknowledgement by the village, the document must be produced unless otherwise more time is needed in the retrieval of the requested document. CBRAC has been told that the Building Department's response time is well within the FOIL rules, and averages 2-5 days turnaround from when documents are available. CBRAC supports the Building Department's proposal to digitizing FOIL request which should improve the turnaround time once the digital scan project is completed.

Fees:

The BOT approved a number of fee increases during the last budget cycle. The Building Department has represented to CBRAC that at the present time there are no scheduled fee changes or newly proposed fees for the 2017/2018 budget year. Any new or higher fees to be

imposed should be well-publicized long before the proposed fee becomes effective, since fees can add significant costs to construction and renovation projects.

Capital Expenses:

The department's capital request covers normal computer and technology upgrades and a car replacements every 4 years, which appears prudent and reasonable over the next 10 year business plan. The department does not anticipate any major capital projects at this time.

Employment Costs:

The 2017/2018 budget includes an increase in overtime of \$47,000. This increase is due to the Village contract negotiations for department staff to be paid overtime for actual worked hours instead of the past practice of accumulating comp time to be paid in a lump sum at a later time. This overtime item was not previously captured in the village budget. CBRAC agrees with the new accounting treatment to properly reflect employee overtime costs on an annual basis. The department is now fully staffed with the addition of the assistant superintendent. For the 2017/2018 budget cycle CBRAC recommends that the BOT and the committee be provided with a breakdown of overtime per department employee. Where a breakdown per department employee is not feasible, the CBRAC supports the reporting of overtime by department. It is the understanding of the committee that this information is currently captured and provided monthly in the Treasurers report.

Total salary expense for the department is budgeted at \$635,382. However, like all other departments, with the exception of the enterprise departments and library, the department's budget does not reflect employment benefits, such as health care and retirement costs. These costs are centralized, making it difficult to determine the all in employee costs. The committee has had a difficult time determining these costs at the department level. As in all departments, the CBRAC requests greater transparency in the reporting of expenses such as health insurance premiums, FICA and retirement expenses, at the department level. .

FIRE DEPARTMENT

For budget year 2017-2018, appropriations for public safety (police and fire) and public works (roads, snow removal) represents 41% of the Village's total operating expenditures, or \$24,462,000. While Adelphi University, which includes its 1,038 faculty members and 7,687 full time and part-time students, indisputably benefits from these services, it is not legally bound to pay for these services. CBRAC recognizes that contributions made by tax exempt entities to the Village are made voluntarily and acknowledges the BOT effort to obtain from Adelphi University an initial one time grant of \$25,000.

According to Fire Chief Castoro, the present volume of emergency calls from Adelphi remains constant, averaging 10-12 percent, or approximately 120 calls per year, of the total volume of emergency calls for the GC Fire Department. All emergency calls from Adelphi are treated with the same urgency and professionalism as any homeowner in the Village would expect, requiring a quick response and the utilization of specialized equipment and manpower.

Payment made in lieu of taxes (“PILOT”) permit not-for-profit organizations, such as colleges and universities, to help fund important municipal services such as police and fire protection by making a voluntary payment as a substitute for property taxes. In 2014 a study was performed by the Mayor of Ithaca (New York) regarding PILOT payments contributed by colleges and universities (“Myrick Study”). According to the Myrick Study, which focused on Ivy League colleges, the average annual PILOT payment made by a college was \$1.2 million, or \$285.30 per student. Similar studies have been conducted by the City of Boston. For example, in 2016, the City of Boston received the following PILOT payments from local colleges: Berklee College \$227,822; Boston College \$331,479; Boston University \$6,100,000; Emerson College \$141,592; Emmanuel College \$150,000; Harvard University \$3,223,466; Suffolk University \$438,950; Tufts University \$556,007 and Northeastern University \$1,100,000. The City of Boston collects PILOT contributions to help fund police and fire protection.

Adelphi’s undergraduate tuition (excluding room and board) is \$35,740 per full time student, which equates to annual tuition income to Adelphi of approximately \$274 million. The current one time gift made by Adelphi to the Village represents only .00091% of Adelphi’s annual tuition receipt, or \$3.25 per student, per academic year. Stated otherwise, Adelphi’s payment is \$282 per student less than the average payment made by colleges included in the Myrick Study, which paid annually \$285.30 per student. As such, Adelphi’s present gift is not reflective of the important municipal services provided by the Village. Accordingly, the Committee urges the Village administration and the BOT to continue negotiations with Adelphi to increase future gifts, on a yearly basis, to properly reimburse the Village for the protection provided to our neighbor, the 8,700 students and faculty of Adelphi.

The Committee commends the efforts of Fire Chief Castoro and his staff in attracting new volunteer members to our fire department, which currently exceeds 100 volunteer members. The Committee understands that the Village currently employs 15 paid firefighters, which will be further reduced in October 2017, due to a forthcoming retirement, bringing the total number of paid firefighters to 14. The Village’s use of paid firefighters is an anomaly on Long Island. Most municipalities on Long Island operate with only a volunteer fire department with no diminishment of service or safety, and we recommend a plan be prepared for future years to achieve a number of paid firefighters commensurate with the law and Village needs, and consistent with other Long Island communities.

Engine and Ladder vehicle sizes have increased in recent years requiring the Village to special order apparatus, at significant cost, to fit within the confines of our existing firehouses. We take note that the capital budget has included an expense item of \$50,000 for retaining an architect to evaluate the structural needs and utility of Fire Stations 2 and 3. For budget year 2018-2019 an additional capital item of \$500,000 has been requested to cover construction costs associated with Fire Stations 2 and 3. The Committee is concerned that capital expenses associated with Fire

Stations 2 and 3 will greatly exceed the estimated \$500,000. In addition, the Village faces significant costs associated with replacing existing fire apparatus: \$1.2 million Quint truck in 2017-2018; \$800,000 Engine truck in 2023; \$800,000 Engine truck in 2028; and \$1,500,000 Ladder truck in 2032. The Village has no existing apparatus fund. The Committee believes that the capital needs of the Fire Department should be the Board's highest priority in order to properly serve and protect the Village. Accordingly, the Committee recommends the adoption of a multi-year strategic plan to address the Village's future needs of personnel, fire equipment needs, and the future configuration and use of Fire Stations 2 and 3, and how the Village will pay for these needs in light of the imposed tax cap and finite resources.

The Department will be investing \$60,000 in training for the 2017/18 fiscal year, however a great part of the expense will be for the purchase of a propane fire simulator used for training purposes. CBRAC recommends the inclusion of the fire simulator in the Fire Department's Capital Budget.

The Committee recommends the continued use of a grant writer.

LIBRARY

The Library receives its budget from the Village Board of Trustees; however the management of this budget is under the control of the Library Board ("LB"). Given this arrangement, the CBRAC requests that the Village Board of Trustee Liaison to the Library, along with the LB consider the following recommendations:

Employment Costs:

The proposed Library budget for 2017-2018 is \$3,241,305. Of that, total employment expenses, including benefits, is \$2,549,925. Employment expenses represents 78.6 percent of the total library budget. Union employment, health care expenses, longevity payouts and pension costs for full time employees have placed enormous pressure on the LB to try to do more with less. Reckoning with the economic reality of the last 9 years needs to be addressed. If an agreement on staffing levels and employment costs can't be resolved in the near future through the collective bargaining process, these costs will continue to limit the LB's purchasing power to address systemic problems with circulation, which remains at \$310,000, or less than 10 percent of the total library budget. Improved technology must also be considered and implemented, which is unattainable under the proposed budget. The current level of employment costs and benefits are not only unaffordable but ruinous.

The committee understands that a study was completed to review staffing levels at the Library; however, the information was deemed too confidential to share. CBRAC wishes to receive additional information regarding the staffing report. While it is understood that certain information is confidential, some details about the findings of the report would help the committee understand the current and anticipated staffing levels of the library.

Library Circulation

This past year the Library purchase 9,486 new circulation materials. At the same time, the library reduced its collection by 14,866. CBRAC again recommends renewed emphasis on improving the Library's circulation materials. CBRAC also recommends the adoption of a formal, written Collection Development Policy, which has not yet been adopted despite our prior recommendation. As we stated last year, the purpose of such a written policy is to eliminate ad hoc and subjective acquisitions decisions that may lead to gaps in a collection or failure to update materials in a timely manner. As noted in the Library's presentation to the BOT, our residents are increasingly requesting circulation materials that are not within the Library's collection. Such request to borrow circulation materials from other libraries has resulted in the Garden City Public Library to borrow 20% more materials from other libraries than it lends to other libraries, which reflects a growing disconnect between what GC residents desire and the what the Library circulation provides.

Also regarding circulation materials, in absence of a formal policy, CBRAC suggests maintaining/providing more detailed information about the materials purchased and the materials removed from availability.

Other Operating Costs:

The CBRAC suggests the retention of a grant writer to capture additional needed funding.

Capital Expenses

The proposed need to spend \$157,000 for physical security (FY 2020/2021) for the Library requires further study. More immediate future capital needs of the Library to be addressed, which includes roof repair, HVAC and building masonry work

PARKS AND RECREATION

The CBRAC would like a greater commitment to personnel savings resulting from outsourcing services. Outsourcing should only be considered if it is expected to provide a financial benefit to the Village. For example, the Parks and Recreation Department outsourced the maintenance of 91 acres of green space at a cost to the Village of \$178,000. According to the department, the Village's approximate saving is only \$30,000, with a reduction in two open positions. The department may be using the remaining employees who formerly maintained the 91 acres for other duties. We recommend better accountability before more services are outsourced and a mechanism to track realized savings as a condition of approval to outsource activities.

The CBRAC recommends that the Dept. of Recreation report periodically on revenues received though the rental of the Senior Center to assure that we are getting the most value out of the facility, and are able to forecast revenues appropriately.

The CBRAC encourages the Dept. of Rec to continue the Pool Adult Nights. With additional Under the Stars scheduled for the upcoming season, we recommend a reporting at the BOT meeting following these events to highlight the success of these events, and discuss how to use this format to maximize value from the pool.

The CBRAC acknowledges that the tennis fees have been increased 5%, and encourage ongoing comparison to other communities to maintain the appropriate fee structure.

In order to understand and evaluate expenditures in this department, CBRAC requires an explanation of why the Rec Dept. performs leaf and snow removal, maintenance of parking lots, train stations and the Business District, when these functions are normally performed by DPW.

POLICE DEPARTMENT

Police Staffing:

CBRAC supports the level of Sworn Officers at the current level of 52, with additional added 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.

PUBLIC WORKS

Parking Permit Fees were increased at a Board meeting in February 2017; however 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.

In view of high salary and equipment costs, CBRAC recommends that the Board of Trustees begin data-driven comparative studies of the use of Village resources versus outsourcing in the areas of Commercial Garbage collection, Leaf collection and Snow Removal. It has been stated by the Department that such outsourcing will reduce overtime but will not necessarily produce manpower savings. CBRAC feels most of the OT savings will be voided by the cost of subcontracting. Real savings can only be achieved through reduction of manpower by reducing salaries, benefits and OT. Any evaluations for subcontracting opportunities should have these goals in mind.

As outsourcing is under consideration, CBRAC recommends scrutiny of vehicle and equipment purchasing in the proposed Capital Plan.

Savings have been achieved through the use of only salt versus a salt-sand mixture for snow removal operations. CBRAC recommends a study be commissioned to evaluate the impact of the increase in salt use on the contamination levels of our water table.

WATER ENTERPRISE

As of this writing there still are uncertainties as to the project of the Water Tank replacement such as the type of tank, costs, timing, available alternatives, ongoing maintenance costs, anticipated life expectancy of tank, and more. CBRAC renews its recommendations for a comprehensive replacement plan with as many options of manufacturers may exist in the market, both in the USA and abroad.