

**PUBLIC HEARING HELD BY THE VILLAGE BOARD
OF TRUSTEES APRIL 2, 2012 AT THE VILLAGE HALL
TO CONSIDER THE TENTATIVE BUDGET OF
THE VILLAGE OF MARCELLUS FOR THE COMING
FISCAL YEAR 2012-2013**

PRESENT: John P. Curtin, Mayor
Patrick W. Cox, Trustee
Sally Tallman, Trustee
Antonino J. Provvidenti, Treasurer

ABSENT: None

Trustee Cox made a motion to open the public hearing, seconded by Trustee Tallman. Mayor Curtin called for a vote. All board members voted aye, and the public hearing was opened. The meeting was called to order at 7:19 p.m.

The Village Clerk read the affidavit of publication.

Mayor Curtin began the public hearing by explaining that the purpose of the meeting was to consider the tentative budget for the fiscal year, June 1, 2012 – May 31, 2013. Mayor Curtin asked Village Treasurer Nino Provvidenti comment on the tentative budget.

Comments by Village Treasurer:

Treasurer Provvidenti made the following comments on the budget:

GENERAL FUND:

The Village is faced with continued cuts in financial aid from Onondaga County in the form of reduced sales tax revenue payments. In January, village residents received their county and town tax bill and that bill reflected a county tax reduction for village residents, on average about \$25 for a house valued at \$100,000 in the village. The County, similar to last year, was able to provide this tax reduction by slashing, by more than half, the amount of sales tax revenue it previously gave to the Village of Marcellus. To try to quantify this: the village has lost over \$300,000 in sales tax revenue from the county. This loss in sales tax revenue immediately necessitated cuts in department expenditures, some of which were substantial over the last two years. This year, there have been savings in the village's highway department as a result of our mild winter, in the form of a reduction in overtime for snow plowing and in salt usage. The board has also eliminated a full time position in the highway department in favor of a part-time laborer. Furthermore, the police department has seen a decrease of 10% in this year's budget, despite an increase in one police shift a week. Despite these cuts in departmental expenditures, it should be viewed as virtually impossible to make up for the amount of lost sales tax revenue in a single budget year. This problem is further compounded by the simultaneous ever-increasing cost to the village of the unfunded state mandates, with no apparent relief in sight despite the promises from Albany. These are items with a cost for which the village has no control. These include the village's costs for retirement, health insurance, unemployment insurance, and workers compensation insurance, whose cost alone has increased 15% over last year. Another example of the cost of unfunded mandates is the recently completed project at Coon's Pond, which, because of MS4 regulations requiring that sediment-laden discharge be prevented from reaching Nine Mile Creek, there was a cost to the village taxpayers of over \$30,000. This has also meant that the village must, on a regular basis, remove silt from the pond and allow the water to run freely to the catch basins on South Street on its way to Nine Mile Creek, and at the village's own expense. The village's debt service decreased somewhat this year, thanks to the sale of old library property, which now is back on the village tax rolls. However, debt service remains the single largest item in the general fund budget, accounting for 22% of this year's total. Three years ago debt service was approximately \$60,000. In this budget, debt service totals over \$273,000. It is also likely that it will remain high, since the infrastructure work on Reed Street, Reed Parkway, and Highland Drive falls under a long-term serial bond which will not be paid off until the year 2031. Also included in this tentative general fund budget is a 2% increase in salaries for most employees, full-time and part-time, except for the mayor and trustees. The village's employees did not receive a raise for the last two years. I might also mention that the benefits package, in particular health insurance, remains the same, with the village funding 90% of the cost of coverage, and the employees paying for 10% and that the cost of this employee share has also risen. It has become abundantly clear to the village board that the village can no longer financially afford to continue dipping into its unappropriated general fund balance each time it comes up short while preparing its annual budget. Given the cumulative effect of the loss of county sales tax revenue, the increasing cost of unfunded state mandates, and the cost of village debt service, simply "dipping into the unappropriated fund balance" can no longer be viewed as an option. Therefore, the village board acknowledges that it must take immediate steps in order to begin building up its unappropriated general fund balance by way of requiring a balanced budget. Painful as this approach will be, it is the unfortunate reality of the economic situation that faces the village of Marcellus for the foreseeable future. Consequently, an increase in the village tax rate is proposed: from \$6 per \$1,000 of assessed valuation to

\$6.25 per \$1,000 of assessed valuation. Instead of a \$600 tax bill on a \$100,000 home, the assessment will now be \$625, which represents no increase to the village taxpayer when county and town taxes are considered in the total mix. This translates into an increase in village property tax revenue from \$506,000 to \$533,000 for the fiscal year ending may 31, 2013, and represents 52% of the total revenue budgeted for the village's general fund.

SEWER FUND:

The current status of the village's sewer fund is very similar to that of the general fund, meaning that, the village can also no longer afford to continue dipping into its unappropriated sewer fund balance each time it comes up short while preparing its annual budget. The sewer fund no longer has a large unappropriated fund balance, as most of this fund balance was spent for the construction of the village's new composting facility at the wastewater treatment plant, and which mayor curtin will explain in more detail. As was the case with the village's general fund, the village board acknowledges that for the sewer fund, the board must take immediate steps in order to begin building up the unappropriated sewer fund balance by way of a balanced budget. In some respects, the potential financial repercussions to the village for not replenishing its unappropriated sewer fund balance could be even more severe, for in the event of a mechanical failure of the wastewater treatment plant's equipment, for example, its pumps, the replacement cost to the village would be substantial. As was the case with the general fund, obtaining a balanced budget in the village's sewer fund necessitated numerous cuts in wastewater treatment plant operating expenditures, again, this serves as another example of the reality of the economic situation that faces the village for the foreseeable future.

WATER FUND:

As the result of stiffer requirements from federal and state authorities, the village reservoir on rockwell road was deemed unsuitable as a supply for public water. Following completion of the limeledge water project, and the village having leased its water works infrastructure to the Onondaga County Water Authority, the village's water fund has essentially outlived its original purpose, and will eventually be dissolved. The unappropriated fund balance in the village's water fund has helped pay for the cost of a new water main on reed street – part of an OCWA requirement that the village must provide financial support. In addition, this fund balance has been used to pay for the village's share of the lime ledge project, as well as paying for the maintenance of village fire hydrants, which is another requirement mandated by OCWA. The rockwell reservoir, having been decommissioned, was declared by the village board to be surplus village property, and was sold in 2011. The proceeds from the sale of the reservoir will be used to fund the village's expenses relative to the dredging of coon's pond.

Comments by Mayor:

Mayor Curtin also wanted to make some comments on the tentative budget. Mayor Curtin made the following comments on the budget:

- **Loss of sales tax revenue** – continues to affect the Village budget. The Village has received infrastructure monies from the County, which have helped to offset this revenue loss, but it by no means has made up what the Village once received.
- **An increase in the tax rate is proposed** – from \$6/1000 of assessed valuation to \$6.25/1000 of assessed valuation. Instead of a \$600 tax bill on a \$100,000 home, the assessment will now be \$625, which represents no increase when County and Town taxes are considered in the total mix.
- **Property tax revenue will increase** – from \$506,000 to \$533,000, which represents approximately 52% of the total revenue received by the Village. Other sources of revenue can be noted by referring to the pie chart.
- **A 2% increase in salaries** – for all employees, full and part-time, is included in this budget. Our employees have not received a raise in 2 years and it is only fair, in this economy, to provide a raise. As was mentioned, the benefits package remains the same, and the Village provides 90% of coverage, although the 10% employee cost has risen.
- **Employee Benefits** – some of these, including retirement, health insurance, unemployment insurance, and workers compensation continue to remain beyond Village control.
- **Debt Service** – this single largest item in the budget cannot be overemphasized. It is the gorilla in the room and one that would not go away even if there was complete dissolution of the Village – residents would still pay this debt
- **State Regulations and Unfunded State Mandates** – continue to compound budget problems for the Village, items over which there is, again, no control by the Village. Coon's Pond, as was mentioned, is a recent example, and an even more recent example is the requirement from NYSDEC which has ordered the removal of phosphorus down to a 1.0 mg/L level so as to stop the pollution of Onondaga Lake. This is of major concern to the Village and our plant operators because of the high cost to implement this unfunded mandate. What is even more disturbing is that while the Onondaga County Department of Water and Environmental Protection has received \$102,036,218 in NYS Grants and Federal EPA Grants just to implement Ammonia and Phosphorus removal, the Marcellus WWTP is not eligible for any funding – and our WWTP is the only one other than METRO that comes under this directive.

- **Department Cuts** – there have been savings in each department, but we are hopeful that these cuts will not affect service too severely. We do hope to set aside monies to make road repairs to First Street, Maple Street Extension and the Village Parking Lot, as well as some sidewalk repair that was put off from last year.
- **Eliminate Police Department** – some have argued that if there is a need to cut services, the Marcellus Police Department should be eliminated. Our Board is unanimous in its decision that our Village needs a police force, and I would like to address that issue once again. Often, after a period of relative peace and quiet, or in association with the issue of budgets and/or consolidation, the issue of keeping a police force is frequently discussed. As a matter of record, it should be noted that in 1992, this question was put to a vote. Out of 556 ballots cast, 455 yes votes (or 82%) confirmed the fact that residents overwhelmingly wanted to keep the department and were willing to pay for the service. After that vote, contentment set in. In 1999, the Village was rocked with some significant incidents of vandalism and crime, alarming so many residents that a Neighborhood Watch Group was organized. The efforts of this group in helping the Village police respond to and contain unlawful activity were very effective. For the last ten years, incidents of crime and vandalism have diminished significantly and this seems to have again given rise to some complacency as well as questioning the need for a police force. Residents might be cautioned, however, to consider the past as well as be reminded as to why so little crime, compared to larger and more urban communities, occurs in our village. One reason is the mere presence of a police force, which acts a major deterrent to crime and causes the criminal element to move on to other communities – ones that would provide less scrutiny and not hinder illegal activity as much. The criminal element prefers to be as inconspicuous as possible. Some claim that our police department could be easily absorbed into a larger police entity (e.g. the County Sheriff's Department) without losing the level of protection that the community currently enjoys. While the Sheriff's Department provides much assistance to our village, including use of its many resources, it is doubtful that the Department could answer 300-400 extra calls a month adequately, since it would not be able to dedicate a car to the Village on a regular basis. The Sheriff's Department, like all policies agencies, is stretched to the limit with its own budgetary concerns. Our village would be safe, but quality of life issues (a hard-to-define concept made more conspicuous by its absence), ones that are important to village residents, would be seriously compromised. Some point to the 2009 merger of the Clay Police Department into the County Sheriff's Department as an example of police consolidation – a merger that promised to save millions of dollars. However the taxpayers in the Town of Clay are still waiting for the savings to begin. In addition, the Town of Clay is not an urban center like a village. It is a community made up of neighborhoods that are bisected by a number of highways. Therefore, merging a highway patrol, such as the Clay PD, into the Sheriff's Department was not as difficult as it would have been, had the community been an urban, settled community where people live much closer together, where businesses are more concentrated and issues are more challenging than highway street patrol. Each village is, of course, different and each should address the issue of police protection in light of its own particular circumstances. Whether or not a village needs a police force should, of course, be decided by those who pay the taxes, not by those who live outside the village. On occasion, there are some who live on the fringe of the village and benefit from the security of a police force without paying for that service, who have been the loudest proponents of getting rid of our police force. For now, our Board is committed to maintaining a police presence in the Village of Marcellus – a force that has become increasingly professional in recent years and a model for others in the county.
- **Clerk and Treasurer** – the salaries and benefits of the Village Clerk and Village Treasurer are divided between two funds – the General Fund and the Sewer Fund – for several reasons, chief among them being the fact that the duties and work activity of both employees is often equally divided between these two funds.
- **The Village Attorney** – is no longer considered an employee of the Village, but a contractor, hired by the Village, and those costs have been reduced somewhat in this budget.
- **Code, Fire, Zoning Inspections** – there has been a slight increase for the cost of the code, fire and zoning inspection contract, reflecting the 2% salary increase. Our Code Officer, Bill Reagan, has been very instrumental organizing the files in the Village Office and also with the development of a new Code.
- **Culture and Recreation** – parts of the budget include some monies, in the form of contract agreements, for the Health-Loan Closet and the Marcellus Historical Society, since these organizations provide a service to the Village and its residents.
- **The Water Fund** – is gradually being eliminated, as was mentioned by Treasurer Providenti.
- **The Sewer Fund** – there is no longer a large un-appropriated fund balance, most of that spent for construction of the composting facility at the WWTP. However, it is important to build up that fund balance so as to plan for unexpected emergencies, particularly the purchase of new, very expensive pumps.
- **The Compost Project** – is another consideration regarding the Sewer Fund. The Village's Water Pollution Control Plant has begun composting its first pile of bio-solids/wood chips on-site. There is still some work to be completed by the general contractor, but the public is welcome and encouraged to view the new facilities. To educate the community about the composting process, an official open house is being planned for May 19th, from 9 to Noon, at which time compost will also be ready for pick-up by residents. The Village flower boxes will also be planted with the new compost as a demonstration of its value as a soil enhancer. Please refer to the enclosed brochure and join us in the spring and replace your petroleum-

based fertilizer needs with a green, healthy and FREE alternative for your lawns, tree plantings and flowerbeds. It is expected that the pay-back time for the composting facility will be 10-12 years – not a very long wait for a long term solution to a problem that confronts all Waste Water Treatment Plants and one which we expect will probably be adopted by other plants in the near future.

- **Tree Nursery** – I would also like to mention another project begun by our WWTP operators and that is the start of a tree nursery at the plant. A number of seedlings have been purchased and planted, ones that are compatible as street trees for our Village. In the long view of things, it is hoped that this project will enable the Village to grow its own street trees rather than purchasing them from nursery vendors. This is another innovative project initiated by our WWTP operators and we would again extend our thanks to them.
- **Sewer Consolidation Grant** – the Village Board recently made application for a NYS Local Government Consolidation Grant so as to improve the Village sewage collection system. Supported by the Town and the School District, the Village will request funding of \$600,000 to make repairs to those portions of the collection system that are jointly used by the Village, the Town and the School District, effectively addressing the inflow and infiltration of storm water into the treatment plant, as well as address the new DEC requirement for phosphorus removal at the plant. Eventually, it is expected that the operation, maintenance, repair and billing of the entire sewage system will lead to a consolidated arrangement, under the sole ownership and responsibility of the Village.

Comments from Trustees

Mayor Curtin asked if there were any comments from the other members of the Board.

Trustee Cox wanted to publically thank former Trustee Mary Jo Paul for her efforts in helping to balance the proposed budget.

Comments/Questions from the Public

Mayor Curtin then opened up the floor and asked for comments from the public. The following concerns were brought up:

Jesse Faulkner, of Paul Street, asked how the phosphorus was making its way to Onondaga Lake. Mayor Curtin explained that it comes from the treatment of the sludge that empties into Nine Mile Creek. Mayor Curtin mentioned that this is another unfunded mandate and the Board is meeting with the NYSDEC to discuss how the Village will get funding for the mandate. Mayor Curtin has also asked for support from local elected representatives on the issue. Former Trustee Mary Jo Paul wanted to stress that the Village Police Department is an entirely part-time agency, which means a significant cost savings to the Village for benefits as opposed to full time employees. Carrie Haney, of Paul Street, wanted to let the Board know that just because her County tax bill was reduced, does not justify the Village raising taxes. She wanted to Board to know that her paycheck is not increasing, while village taxes are increasing. Mayor Curtin explained that the village budget has been cut to its limit. Jesse Faulker asked, with the debt service being so high, would future road repairs be affected. Mayor Curtin advised Jesse that the debt service from the Reed Parkway, Reed Street and Highland Drive Project, approved by the previous administration – even though it has a forty year life expectancy – has definitely set limits on how much future road work can be done in the Village. Mayor Curtin said that the current Board will do “patch work” on streets in the village to keep the taxes down and not additionally increase the debt service. The subject of the Village obtaining grants was also brought up. Mayor Curtin advised the public that the Board has applied for Onondaga County Community Development funding but there are regulations that only allow for certain areas of the village to receive funding and that there is a maximum award of \$50,000, of which the Village would have to contribute 25%. Mayor Curtin also mentioned that, due to the economic times, many of the available grants funding sources have dried up. He also mentioned that the current board has dedicated themselves to desperately needed sewer repairs and maintenance, which are a top priority.

Vote on the Tentative Budget for 2012 – 2013

Mayor Curtin asked if there were any additional comments or questions from the audience. Hearing none, Trustee Cox made a motion to approve the Tentative Budget for the Village of Marcellus, for 2012-2013, along with a motion to approve an increase in the property tax levy from \$6/1000 of assessed valuation to \$6.25/1000 of assessed valuation. The motion was seconded by Trustee Tallman. Mayor Curtin called for a vote. All board members voted aye and the motion carried.

Motion to Adjourn

Trustee Tallman made a motion to adjourn the tentative budget hearing. The motion was seconded by Trustee Cox. Mayor Curtin called for a vote. All board members voted aye and the meeting was adjourned at 8:01 p.m.