

Dear Honorable Supervisor Greenstein, Deputy Supervisor Katz and members of the Town Board:

It is my pleasure to present the 2015 tentative budget for your consideration. Once again, Comptroller Rob Deary has crafted a budget that balances the provision of essential municipal services with fiscal responsibility. Once again, New Castle will stay within the 2% tax cap – this time for the fourth straight year. This budget not only provides for spending on critical infrastructure projects which have suffered due to years of neglect during the recession, but allows the Town to strengthen its financial stature by maintaining fund balance, critical to maintain its Aaa bond rating. This budget proposes a mere 1.56 percent tax increase or just \$10 annually for the average homeowner. The average home value in New Castle has a market value of \$829,274 and an assessed value of \$171,411. Under the 2% tax cap, the Town of New Castle could have raised the tax levy by \$390,043. However, this budget reflects an increase of just \$39,617 to our tax levy, a mere .2%, while restoring critical infrastructure and holding fees for services at 2014 levels.

During the past year, the total assessed value of the Town rose just under \$5 million to \$1,069,389,349 from \$1,065,375,856, a .38% increase. The average Town and Special District Tax Bill which includes the general fund, highway fund, water, refuse, fire and ambulance districts will increase \$10 from \$3,621 in 2014 to \$3,631 in 2015.

[ That increase, does not reflect the governor's planned rebate checks to which New Castle residents will be entitled due to our compliance with the 2% tax cap ceiling. ]

This budget reflects the Town's aggressive negotiation of two major contracts: the Refuse and Recycling contract as well as our Workers Compensation insurance. Together these two new contracts represent a savings to the Town of over three quarters of a million dollars. The savings with the new refuse and recycling contract allowed the town to reduce the annual refuse charge to residents from \$485 to \$440. More importantly, it allows the Town to stop subsidizing the contract. In the past, between \$200,000 and \$300,000 of fund balance annually was being used to subsidize the refuse contract. These funds were necessary in order to artificially preserve the \$485 annual refuse fee and still meet the contract price.

The new contract provides the same level of excellent service with the same company, introduces single stream recycling and allows the Town to pass along real savings to homeowners without subsidizing the contract. Details of each of these major contracts are below. Even in those instances where the Town was not able to secure great savings when renegotiating a renewal, as in our general liability insurance contract, our increase was minimal: a 4% increase.

This budget reflects the Board's commitment to down town beautification. \$15,000 has been allocated to down town beautification- a \$14,500 increase- for plantings, and lighting even while the streetscape project is underway. The Pace public outreach findings were clear that the public wanted a revitalized down town hamlet and this Board

is putting funding in place to ensure that vision becomes a reality. These beautification efforts are in tandem with the WSP-Sels infrastructure project. We expect WSP-Sels to complete its preliminary engineering studies and then to present its vision for our improved downtown streetscape for public comment. We expect to break ground on this exciting revitalization project in 2015.

Repaving roads as well as an aggressive pot hole repair program have allowed the Town's DPW to gain the upper hand in road maintenance. This budget allows DPW to continue that battle. Through a 50% increase in the paving budget ( a \$200,000 increase resulting in a \$600,000 budget), the Town is committed to reclaiming its storm damaged roads through a comprehensive multi-year repaving schedule. An increase in staffing in the highway department will help support road projects and snow removal. Ongoing projects include critical drainage work on Old Roaring Brook Road.

This budget also reflects the Town's commitment to the timely and comprehensive completion of the master plan update. Funds have been allocated to the master plan process to ensure the resources are available to complete this project in 2015.

Funds have been identified for the construction of the long awaited basketball court in the Chappaqua Hamlet, as well as new playground equipment for Gedney Park and Town Hall.

#### Employee Benefits

This budget also reflects the decrease in three expenditure areas of employee benefits: Workers Compensation, the New York State Retirement System and Health Insurance.

Workers Compensation - A renegotiated contract resulted in drastically reduced premiums from 2014 (\$987,938) to 2015 (\$548,365); a \$439,573 savings. Most importantly, this sharply lower premium was obtained without any change to our Workers Comp coverage.

New York State Retirement System-After years of double digit percentage increases from 2009 through 2012 in our contributions to the New York State Retirement System, our contributions started leveling off in 2013. Last year's contributions saw a modest decline and we are pleased to report a continuation of that trend. The Town's retirement system contributions saw a decrease of over 7% for 2015 with that trend continuing in 2016. The 2015 retirement bill of \$2,484,625 represents a savings of \$187,070 over the 2014 bill of \$2,484,625.

Health Insurance- Almost twenty years ago, New Castle joined with other municipalities to form a consortium to help manage health care costs. That health care consortium, Municipal Employees Benefit Consortium (MEBCO), continues to provide quality health care coverage at reasonable rates for our employees. In 2015, the Town will see a

budgeted decrease of \$240,010 for our annual premium, from \$4,138,091 in 2014 to \$3,898,081 in 2015.

#### General Fund

The savings from the three major budget drivers listed above, will help offset a modest decrease in revenue to our general fund. The general fund expects to see decreases in revenues from tax penalties and camp enrollment with an increase in sales tax.

Tax Penalties- The general fund will continue to see a decrease in tax revenues due to a decrease in the number of delinquent properties. In years past, the town has carried a large number of liens on its books. As we are concluding the first in rem proceeding in over 15 years, we have collected over 1.25 million dollars in outstanding liens during 2014. As we have less delinquent properties, the projected revenue from penalties necessarily falls. We has adjusted the projected revenue from tax penalties down \$50,000 to \$350,000 in 2015 from \$400,000 in 2014.

Camps – The Town expects the downward trend of camp enrollment of the past several years to continue in 2015. As such we are anticipating a decrease of \$95,000 in revenue from camps from \$486,300 in 2014 to \$390,575 in 2015.

Sales Tax- Improving economic data supports an anticipated increase in the sales tax of \$125,000 from \$2,325,000 in 2014 to \$2,450,000 in 2015.

In addition, the Town has allocated monies from general fund for the following:

- Train station maintenance \$35,000, an increase of \$32,000 over 2014 for repainting the exterior of the train station and taxi stand.
- Master Plan consultant- \$50,000. The Town Board is committed to completing the master plan update in 2015. To that end, they have directed funds be allocated to hire support staff to assist in the completion of this project update.
- Downtown Beautification -\$15,000. an increase of \$14,500 for streetscape improvements in our downtown hamlets.
- Town Board/Boards and Commissions- \$10,000, an increase of \$9,900 for our Boards and commissions to allow for town projects as well as education and outreach efforts.
- Additional Hires of an Assistant Town Planner to assist in the multitude of projects pending in Town. The addition of an assistant town planner will reduce the number of outside consultants that the Town needs to hire to complete the review of pending projects.

#### Highway Fund

This budget also reflects the Town's commitment to rebuilding our critical infrastructure. The 2015 budget increases the paving budget by 50%, a \$200,000 increase from \$400,000 in 2014 to \$600,000 in 2015. The Town paved over 5 miles of road in 2014 and is committed to a comprehensive paving program and regular paving schedule. Our

Commissioner of Public Works Gerry Moerschell has prepared a five year paving plan which would increase the resurfacing schedule over that time to return us to where we should have been if regular road maintenance had not been abandoned in past years.

Severe staffing cuts over the past several years has resulted in a stretched and stressed work force and a decrease in critical services. Specifically, the reduction in Department of Public Works staff has resulted in reduced plowing efficiency throughout the Town. In short, we simply did not have enough staff to plow the roads in a timely and efficient manner. Over the past year, the Town has increased highway staff from 12 to 14 to support increased highway projects and snow removal duties. The \$183,696 increase in salaries in the Highway Department reflects that increase in staffing. (\$764,399 [2014] to \$948,095 [2015]).

#### Refuse Fund

The Refuse Fund expects to see a significant drop in revenue in 2015. Despite these numbers, the fund will see an overall increase as our expenditures will drop even more dramatically due to the terms of the new contract. This budget will include a \$45 per parcel reduction in refuse and recycling fees due to the new seven year contract signed earlier this year. This will result in a \$275,614 decrease in revenue from 2014 levels. The refuse fund will also see decreases in yard waste and compost revenue as we continue to scale back our operations in response to resident complaints. The combined revenue loss from these two operations will be \$85,000. In addition, the change over to single stream recycling will eliminate the \$55,000 annual revenue derived from newspaper and cardboard recycling. Moreover, the refuse fund will not receive an infusion of monies from fund balance this year. This will reduce revenue by \$208,752, the amount of fund balance used in 2014 to balance the refuse fund shortfall.

However, the expenses for the refuse fund will be slashed by \$812,000 as a result of the new contract. The town will spend \$80,000 to replace trash receptacles throughout town and an additional \$61,000 to install recycling bins throughout the hamlets.

#### Special Districts

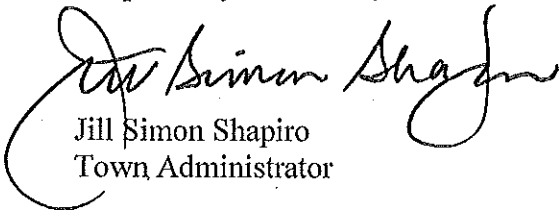
The Birch Drive Water District bond has matured so there will be no further expenses in this district. This represents a savings of \$5,240 to the district.

#### Conclusion

I believe this tentative budget sets forth a fiscally responsible roadmap for the town for 2015 and beyond. It anticipates and provides for contingencies with an eye to the bottom line and holding tax increases to the lowest levels in decades. It provides the services our residents expect and helps restores our infrastructure to conditions our residents deserve.

I would like to thank Rob Deary for his integrity and expertise throughout his budget process. I would also like to thank the entire staff, especially department heads for all of their assistance in preparing this budget- without them, this budget would never have been produced. It is my privilege to work among such professionals and the Town is fortunate to have such dedicate staff working tirelessly on their behalf.

Respectfully Submitted,



Jill Simon Shapiro  
Town Administrator

October 7, 2014