

The Board Meeting of the Board of Trustees met in the Municipal Building, 14 Baker Street, Patchogue, New York on April 18, 2011.

The meeting was called to order at 5:30 p.m. by Mayor Pontieri with Deputy Mayor McGiff, Trustees Crean, Devlin, Hilton, Keyes, Krieger, Village Attorney Egan, Village Treasurer Krawczyk, Deputy Treasurer Anne Marie Monte and Village Clerk Seal present.

The flag salute was made. Mayor Pontieri read the safety message.

Village Treasurer Krawczyk stated: I want to start by saying that budgeting is very complicated, especially in this economy. We have a lot of expenses that we really have no control over. So, we try to do as best we can to keep our cost down for our residents. I think we have a pretty good budget this year; we did a lot of work on it. But, there are a couple of facts that everyone should realize. Of the couple of major expenses that we have no control of is, number one is medical expenses. Those medical expenses are at \$1,266,000 and those are hard numbers we have. Last year the cost is \$1,068,000. That is an increase of \$198,000, that is 19%, and that we have no control over. The biggest jump is in our retirement costs. Our retirement cost this year, we were at \$373,000. Coming up they are going to be at \$507,000; that is \$134,000 increase. With those two items alone, we are about \$571,000 in increase, compared to where we are this year. So, we try to live with that and cut expenses so you don't have an increase in taxes. A couple of other items, if you look at the revenue side. Back in 2007, we were making about \$240,000-\$244,000 a year in interest; we are down to \$23,000 a year in interest. That is a loss of about \$220,000. If you look at our mortgage stats income, we were at \$383,000 in 2007. This year we brought in \$111,000; a \$272,000 loss. If you look at those numbers together, you are looking at \$818,000 less than we were in 2007. We are coming in with a 5.55% increase for this coming year. If you take out those uncontrollable costs, you would have a tax rate of \$11.37; last year's tax rate was \$11.35. That is less than two tenths of one per cent increase than where we were last year if you take out those uncontrollable costs. So we are looking at a 5.55% increase in the budget; a tax rate of \$11.98 which equates to approximately \$78.75 per household on average. And an \$8,00 increase in our refuse per year per household, that is on average. All of the Department heads are very aware of what is going on, everyone tried to sharpen their pencils, everyone is trying to keep costs down. We had some costs that we were trying to make, but what we did instead we had a couple of major projects going on in the Village which, fortunately for us, will bring in some revenues. One is Clare Rose property and the other one is the Tritec project. We were able to move approximately \$180,000 more into revenues because of those two projects in building permits and what have you. So, that helped a lot. Those are conservative numbers and we don't want to play games. As for our salaries we have no control over; they went up to 3.75%--that is union. We come up for contract next year, May, and will start talking with everybody. I am very happy with the numbers. I am very concerned about our surplus. Anne and I are concerned about our bonding agencies. We promised them that we would keep a 15% surplus and we managed to keep a 20% surplus which is good. It is very important for us because when we go out to borrow we would be looked upon favorably and to keep that surplus is very important.

Mayor Pontieri stated: When you look at those uncontrollable costs, like health insurance, 19%. If you took health insurance and pension, which both of those are controlled by the State, not us. And you took what they are talking about, the 2% tax cap, and you rolled that into our budget 2% for those two costs, our total tax increase would be one half of one per cent. So, we have managed to run the budget basically even. In fact, on the Village General Fund is \$10,565,289 projected. Last year was \$10,365,289. Basically, a \$200,000 increase and we have managed to absorb those other costs. We have also managed to absorb fuel costs that come in about probably \$2.50 per gallon last year; and now we are paying anywhere from \$3.50 to \$4.00 per gallon. We have managed to manage our costs very well. The only costs that we can't manage are those that are put upon us by the State. I understand the government's position on the 2% tax cap; if it comes through we will be able to manage it. We cannot manage what we cannot control; and we can't manage the health and the pension costs. Those are the two things right now that are out of our control. I think we have done the things that we can do. I think the budget is as tight as it could get without wholesale slashing from recreation programs, street paving & sidewalk programs that we have in place, we are under mandate with stormwater—something we never had to really do before. It is up to \$50,000 a year that we need to put into that budget line. There are some things that are not under our control.

Village Treasurer Krawczyk stated: Just to mention, last year our increase was, I think, 8.6%. We were at, I think, 60% of that. In this economy, things are not much better than they were last year and the year before. I think we have done a lot to keep costs down and I think everyone has chipped in in the various departments to do the right thing. I think it is a good budget.

Comments from the Board

Trustee Crean stated: We would all love to sit up here and say there is a zero per cent tax increase. And, we all realize the difficulties that everybody is having; we are all living in the same environment that all of our residents are. I applaud the Mayor and Village Treasurer who worked to pare down the expenses of this budget. I reviewed this budget and looked at it from several different angles. You don't want to handcuff yourself where you are going to regret any sort of dipping into the surplus which may affect your bond rating. We have worked hard to try and get our credit rating to a point where it has been improved several notches on the ladder of Standard and Poors. I think as the Mayor said, the mandated expenses just put us into a position that, unfortunately, we are sitting at a 5.5% tax increase. I want to thank Trustee Hilton, Keyes, Devlin and Deputy Mayor McGiff in reviewing their departments. As Village Treasurer Krawczyk said, just sharpening their pencils and thinning out their expenditures. I just wish we were in a different situation.

Mayor Pontieri stated: A couple of weeks back when Deputy Treasurer Anne Marie Monte brought the budget in, and everybody had a wish list, it came in at 12%, almost 13%. We sat down and started to trim away and pare it away, we brought it down to 7.3% about a week and a half ago. On Friday after Gerry, Ron, Steve and myself sat down and pared it down again. Then this weekend, I sat down with Assemblyman Murray and learned that the 2% tax cap is about cast in stone. My sense from him was it is going to be a hard cap. If it becomes a hard cap, we are going to have to figure out a way—because I understand the health care projection will be 17% for next year and the for retirement for the next three to four years we can expect higher numbers. Given that, we are going to have to look next year on how to pare out \$300,000 because we will have to stay under the 2%. I wish there was another way to frame this thing, but it is about as ugly as it gets. But, I think the mere fact that we only have to up one half per cent on the expense side says something about the work that was done.

Comments From the Public:

Mr. Bogack stated: *Newsday* quoted it is 7%.

Mayor Pontieri stated: When I spoke to them last week, that was where it was at 7%, but we worked on it and brought it down to 5.5%.

Mr. Bogack stated: I have two small suggestions to make for revenue. The Board has actually done some progress in this direction which is the Commercial Noise License Fee. The budget projected revenue looks like to be \$1,000. (Trustee Devlin stated: that is not the total amount). I know a couple of years ago, the license could be gotten for \$25. Today I did get the license from the Off-Key Tiki bar; they are paying \$300 for next year based on their occupancy. The various owners of the different bars are making enormous amounts of money in the Village. To manage the issues of sound, noise and congestion is a tax on the Village—code enforcement has to go out, legal actions have to take place, one of these institutions is suing the Village thereby increasing the legal expenses to the Village. I believe that the amount of revenue that the Village is getting from these licenses at the present rate is far outweighed by the costs. And this situation is only going to get worse. It is like the parking issue. Is it good to have all these institutions—absolutely. We have a number of discos, restaurants, music—it creates a environment that people want to come to and it is good for the Village. It is like the parking issue; it is an issue that has to be managed. And the Village, I feel, is under a lot of pressure to manage this and it does cost the Village enough already. As an example, the owners of the Off-Key Tiki bar are paying less than \$1,00 a day for the Commercial Noise License, and I think that rings wrong. I think the Village Board should charge \$5,000 for those allowances because these businesses have resources to pay those fee and if they have to pay that fee they would respect it. I think that is an area that the Village should look into.

Mr. Bogack stated: As a Village resident I would be willing to pay something to park at the LIRR. I think that money should be dedicated to either public safety or beautification. It is a

revenue stream; and I think the people who come on the weekends should pay, too. The Village could benefit from the revenue. Let's say, to ask me to pay \$12.00 a year, I would be willing to do that and think other residents would too.

Bruce Borjes, 42 Maiden Lane, Patchogue, asked: Have all the departments either eliminated one job or take two people and make them part time so they both could have a part time job. I think every department should eliminate one full time position. I think the Trustees should consider taking a pay cut to help out. I think every other light on North Ocean Avenue the bulb should be removed—take the poles down and put it storage. (Mayor Pontieri stated: we don't pay for that; we pay a flat rate to LIPA based upon the number of poles.) On that flat rate payment thing, there were lights in the pool parking lot that were out almost the entire summer and someone told me whether they are on or off, you pay that fee. I think you should thin out the staff. I know that takes place where I worked. You take a mandated week off, period; if you don't like it you get a new job. If they don't like the week, tell them to take two weeks off. I think everybody that works in this place should take a pay cut.

Pamela Barr, 177 Cedar Avenue, Patchogue, stated: I am in total agreement with Bruce. One other thing I would like to see under consideration, if we can bring our recyclables out to the curb once a week, we can bring out trash cans out to the curb which will allow our DPW to have a reduction in the number of employees. On my street alone, on Monday I counted fifteen garbage cans that were already out at the curb because people bring them there. The issue was the convenience of having your garbage in your backyard; I don't have that convenience. I bring my garbage half way out to the corner of my porch because my yard is fenced in and often my dog is out and I would never expect a Village employee to come through a gate with an animal in the yard. Many times you see those cans out there and if beautification is the issue, you can derive some revenue by issuing summons—give them a warning and after that you get summoned for leaving your cans out. So, what is the issue—is the issue convenience or is the issue beautification? These are hard decisions that need to be made and these are long-standing perks that we enjoyed as Village residents. I am on a fixed income and I really don't know how much deeper I am going to be able to dig. My neighbor's next to me are putting up a "for sale" sign; they were good neighbors and I hate to see them go. If we are bringing people in for rental units who don't have a vested interest in setting down roots in this community because in two years down the road they will go for the cheaper apartment down the road when the lease is up. We are doing this Village a disservice by not encouraging good families to stay. What is the bonded indebtedness currently that the Village has? How much are we paying in debt service in this budget? (Deputy Treasurer Monte stated: The debt service this year is one million fifty three which includes principle and interest. The next bond to be retired is in about five years, about \$350,000—about a third of it.) (Village Treasurer Krawczyk stated: We do a Constitutional Tax Unit reported every year to the State. We are allowed, based on our Village, to bond fifty to fifty five million dollars and I think we are only at ten million.) Ms. Barr asked: Is this proposed budget on line? (Deputy Treasurer Monte stated: It has never been on line---Village Clerk Seal stated: copies are available at no cost).

Village Treasurer Krawczyk stated: I hear what everybody is saying, but everybody has to understand we are restricted because of unions of what we can do. If the Board would like, we can look into staff levels again. That is something that every department is conscious us and we can do that in the near future, but for now this budget is sound and the numbers are good and I recommend it be approved. I basically said, that we review staff levels constantly. All the department heads are very conscious of who works for them. We will look into it again, if the residents would like and make a report to the Trustees. I think at this point, this is a very solid budget and think it should be approved.

Upon a motion made by Trustee Hilton, seconded by Trustee Devlin, and unanimously carried, the 2012 budget was accepted as proposed.

Upon a motion made by Trustee Crean, seconded by Deputy Mayor McGiff, and unanimously carried, the meeting was adjourned at 6:00 p.m.

Signed _____
Patricia M. Seal, Village Clerk

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