

TOWN BOARD SPECIAL MEETING
TOWN HALL, MAHOPAC, N.Y.

A Special Meeting of the Town Board of the Town of Carmel was called to order by Supervisor Kenneth Schmitt on Tuesday, the 15th day of November 2011 at 7:10 p.m. at Town Hall, 60 McAlpin Avenue, Mahopac, New York. Members of the Town Board present by roll call were: Councilman Ravallo, Councilman Lombardi, Councilwoman McDonough and Supervisor Schmitt.

The Pledge of Allegiance to the Flag was observed prior to the start of official business and a moment of silence was observed to honor those serving in the United States Armed Forces.

PUBLIC HEARING HELD - PROPOSED LOCAL LAW TO OVERRIDE THE LIMIT ON THE AMOUNT OF REAL PROPERTY TAXES THAT MAY BE LEVIED BY THE TOWN OF CARMEL, COUNTY OF PUTNAM PURSUANT TO GENERAL MUNICIPAL LAW § 3-C

Councilman Lombardi read the following Notice of Public Hearing as published in the Town's official newspaper:

LEGAL NOTICE

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN, that the Town Board of the Town of Carmel will conduct a Public Hearing at the Town Hall, 60 McAlpin Avenue, Mahopac, New York 10541 on Tuesday, November 15, 2011 at 7:00 p.m. or as soon thereafter that evening as possible to consider the adoption of a local law to override the limit on the amount of real property taxes that may be levied by the pursuant to General Municipal Law § 3-c; as follows:

Town of Carmel
Local Law No. ____ of the Year 2011

A local law to override the tax levy limit established in General Municipal Law 3-c

Section 1. Legislative Intent

It is the intent of this local law to override the limit on the amount of real property taxes that may be levied by the Town of Carmel, County of Putnam pursuant to General Municipal Law § 3-c, and to allow the Town of Carmel, County of Putnam to adopt a town budget for (a) town purposes (b) fire protection districts and (c) any other special or improvement district governed by the Town Board for the fiscal year 2012 that requires a real property tax levy in excess of the "tax levy limit" as defined by General Municipal Law § 3-c.

Section 2. Authority.

This local law is adopted pursuant to subdivision 5 of General Municipal Law § 3-c, which expressly authorizes the town board to override the tax levy limit by the adoption of a local law approved by a vote of sixty percent (60%) of the town board.

Section 3. Tax Levy Limit Override.

The Town Board of the Town of Carmel, County of Putnam is hereby authorized to adopt a budget for the fiscal year 2012 that requires a real property tax levy in excess of the limit specified in General Municipal Law § 3-c.

Section 4. Severability.

If any clause, sentence, paragraph, subdivision, or part of this Local Law or the application thereof to any person, firm or corporation, or circumstance, shall be adjusted by any court of competent jurisdiction to be invalid or unconstitutional, such order or judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, or part of this Local Law or in its application to the person, individual, firm or corporation or circumstance, directly involved in the controversy in which such judgment or order shall be rendered.

Section 5. Effective date.

This local law shall take effect immediately

At said Public Hearing, all interested persons shall be heard on the subject thereof. The Town Board will make every effort to assure that the Public Hearing is accessible to persons with disabilities. Anyone requiring special assistance and/or reasonable accommodations should contact the Town Clerk.

By Order of the Town Board
of the Town of Carmel
Ann Garriss, Town Clerk

With no one objecting to the public notice as read, Supervisor Schmitt opened the Public Hearing for public comment at 7:12 p.m. Twenty (20) people were in attendance.

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(Cont.)

Jerry Ravnitzky commented that New York State's recently enacted 2% tax cap on property tax levies was politically motivated. He said it may result in lower taxes for a year or two and then taxes will skyrocket until needed changes are made. Mr. Ravnitzky suggested the Town Board seek the advice of the two councilmen-elect as well as other financial experts in the community with regard to the Budget and that in the future establish a committee to prepare it.

John Rofrano said that Governor Cuomo's Web site states that of the nearly four hundred municipalities that have proposed their budgets, close to eighty-five percent have stayed within the cap. He expressed his frustration with the high taxes in Putnam County. Mr. Rofrano voiced his concern that of the five options being considered by the Town Board with regard to the 2012 Budget, only one stayed within the 2% tax cap. He suggested that there should be at least three options within the tax cap for consideration. He commented that there are many places that the Town Board can still reduce expenses and spoke about consolidating services with other agencies. Mr. Rofrano concluded that the Town Board owes it to the residents to stay within the 2% property tax cap.

Councilman Lombardi stated with regard to the suggestion made to engage financial experts to assist with the preparation of the Budget, that the Town Comptroller, Mary Ann Maxwell is the expert guiding the decisions of the Town Board.

Councilman Ravallo questioned the usefulness of the property tax cap when the Town of North Castle will experience a tax rate increase of over ten percent even though they complied with the 2% property tax cap.

Mary Ann Maxwell, Town Comptroller was called upon to explain the difference between the tax levy and the tax rate. She explained that the tax levy is the total amount of money to be raised by taxes to cover the cost of providing services to the public and is calculated by taking the Town's total annual expenditures less any revenues and/or appropriated fund balance. The tax rate is determined by dividing the total amount of the property tax levy by the total taxable assessed value of a town or special district.

John Malloy spoke about the impact that a large certiorari settlement is having on the Town of Somers' tax levy and inquired if the Town of Carmel had any last year.

Ms. Maxwell indicated that the Town of Carmel did not have any certiorari settlements of that magnitude last year.

Councilman Ravallo stated that the tax levy is not the real issue. It is the impact that the tax rate has on taxpayers. He noted that the Town of Somers' Tentative Budget complies with the 2% property tax cap while their projected tax rate increase is 11.4%. He commented that expenditures can be manipulated to meet the property tax cap at the expense of the special districts. Councilman Ravallo expressed his concern that the property tax cap would be a temporary solution that would result in higher taxes in years to follow and expressed his support of overriding it.

Ms. Maxwell spoke regarding the Town of Carmel's decreasing fund equity and mortgage tax revenue. She pointed out that the Town needs a healthy fund balance for unexpected expenses.

Ms. Maxwell went on to speak about the importance of protecting the Town of Carmel's bond rating, credit factors that local officials should consider and the benefits of long-term, multiyear planning.

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(Cont.)

Terry Rofrano commented that there are still places within the 2012 Budget where reductions can be made and a financial plan for the Town should have been established years ago.

Ms. Maxwell reported on the Town of Carmel’s General and Highway Funds Combined Equity History (Years 2007 - Forecast 2013). She noted that since 2008, the Town has used approximately \$3.3 million of the fund equity to balance the subsequent year’s budget. If \$690,000 of the reserves is appropriated to balance the 2012 budget, there will no longer be monies for future budgets. It will cause the total fund equity to fall below \$2 million by the year 2013 and based on the Town of Carmel Financial Management Policy adopted in 2010, the General Fund Undesignated Fund Equity Ratio will fall below the minimum recommended percentage of 5%.

Ms. Maxwell explained the following 2012 Preliminary Town-wide Budget Options and responded to questions. She strongly cautioned against Option 1 or Option 2 citing the Town’s decreasing fund equity and declining revenues. Ms. Maxwell recommended overriding the property tax cap not to increase spending but to provide for the financial stability of the Town.

2012 Preliminary Townwide Budget Options

Budget Item		Preliminary Budget	Option 1	Option 2	Option 3	Option 4	Option 5
Reed Mem Library		Amount					
	Exp	155,000	35,000	40,000	30,000	40,000	40,000
Mahopac Library	Exp	0	0	15,000	25,000	25,000	25,000
Video Taping	Exp	12,000	12,000	12,000	12,000	12,000	12,000
ARB Board	Exp	0	4,750	4,750	4,750	4,750	4,750
Contingency Line	Exp	30,000	0	10,000	15,000	20,000	20,000
Technology	Exp	3,000	5,000	5,000	5,000	5,000	5,000
Police Overtime	Exp	350,000	0	0	0	0	0
Total Increase In Expenditures			56,750	86,750	91,750	106,750	106,750
Build Permit Fee	Rev	310,000	15,000	15,000	15,000	15,000	15,000
Total Increase In Revenues			15,000	15,000	15,000	15,000	15,000
Carl Reserve	FB	100,000	0	0	75,000	75,000	100,000
Comp Absence Reserve	FB	490,000	0	100,000	140,000	190,000	190,000
Future Budget Reserve	FB	100,000	0	50,000	50,000	50,000	100,000
Snow Reserve	FB	0	0	0	50,000	50,000	50,000
Total Reserve Restoration			0	150,000	315,000	365,000	440,000
Total Increase In Levy			41,750	221,750	391,750	456,750	531,750
NYS Tax Levy Cap			Within	* Override *	* Override *	* Override *	* Override *
% under/over the 2% cap			1.97%	2.6%	3.3%	3.6%	3.8%
Tax Rate Increase			5.9%	6.9%	7.9%	8.3%	8.8%
Annual \$ Increase per avg home assessed at \$216,800			\$81.00	\$96.00	\$110.00	\$115.00	\$121.00
***monthly increase**			\$6.75	\$8.00	\$9.17	\$9.58	\$10.08
Annual \$ Increase per avg home assessed at \$400,000			\$150.00	\$177.00	\$203.00	\$212.60	\$224.00
***monthly increase**			\$12.50	\$14.75	\$16.92	\$17.72	\$18.67

Councilman Lombardi stated that early on, he wanted to stay within the 2% property tax cap. However based upon research and the recommendation of the Town Comptroller he would support overriding the tax cap not to tax and spend, but to tax and save. He cautioned that if the Town loses its credit rating, a double digit tax increase can be expected next year and an increase of \$3.00 per month for the average homeowner would protect the financial stability of the Town.

Ms. Maxwell recommended that the Town Board implement Option 5.

Councilman Lombardi pointed out that cuts were made to the Budget and that many of the increased expenses are beyond the control of the Town, such as increases in gas prices, insurance and retirement costs. He noted that many of the increases are a result of unfunded mandates imposed by the New York State and Federal government.

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Councilwoman McDonough expressed her concern for maintaining a good bond rating for borrowing to pay the cost of a Town-wide revaluation and the purchase of highway department trucks. In reply to an earlier comment made by a resident, she pointed out that the Town Board has looked into sharing services. Citing the lack of planning for technology improvements in the past, Councilwoman McDonough spoke regarding the importance of multi-year financial and capital planning. She commented that \$5,000.00 allocated in the 2012 Budget for computers is not enough.

Ms. Maxwell suggested it could be increased to \$10,000.00.

Councilwoman McDonough went on to propose that the Town Board publicly meet on a monthly basis with each department manager to go over their expenses and their revenue to hold them accountable. Discussion was held regarding the matter.

Michael Barile stated that he agreed with Ms. Maxwell's recommendation of Option 5 under great duress. He expressed support of the 2% property tax cap because it forces the Town Board to work harder. Mr. Barile spoke regarding the \$750,000.00 mortgage tax revenue projected in the 2012 Budget and commented that he projected revenues of between \$650,000.00 and \$675,000.00. He questioned if the Town will reach this year's projection of \$750,000.00.

Ms. Maxwell stated it would. As of the end of October, the actual mortgage tax revenue is \$683,000.00.

Mr. Barile expressed his frustration that the current 2012 Budget does not illustrate a multi-year plan. He inquired about the Town Board's plans for next year with regard to funding police vehicles, highway department trucks and overtime expenses.

Mr. Malloy expressed his support for overriding the property tax cap. He noted that the net effect of the increase to a taxpayer will be lower than stated because property taxes are tax deductible from the state and federal government. He stated that a \$3.00 per month increase to the average homeowner would equate to \$1.50 per month. Mr. Malloy spoke regarding the impact that the 2% property tax cap will have on the school's budget in addition to ways to increase the Town's revenues.

Jennifer Maher stated that she did not hear about the Public Hearing until three days ago. She commented that there are areas within the Town of Carmel that are not being maintained, citing the need for improvements to Sycamore Park. Ms. Maher expressed her frustration with regard to high property taxes and declining property values. She commented that the Town of Carmel needs to raise its leadership standards and hold its individuals accountable.

Carl Everly stated that he did not recall the Town of Carmel ever having zero percent tax increases. He inquired who provided the Town Board with the authority to override the property tax cap.

Supervisor Schmitt replied that it was a provision in the imposed legislation that the tax cap could be overridden by a 60% or 3/5 majority vote of the municipality. The provision does not apply to school districts which require 60% of the voters to override.

Mr. Everly inquired about the federal legislation requiring the replacement of street signs with all capital letters to signs with a combination of capital and lowercase letters.

Councilman Lombardi stated that the unfunded mandate was recently rescinded due to the efforts of Congresswoman Nan Hayworth. Discussion was held regarding the matter.

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Anita Olivier inquired about funding the Town's pending capital projects yet to be competed, citing a construction project to improve the water quality in Carmel Water District 8.

Supervisor Schmitt explained that the Town is moving forward with the improvements to Carmel Water District #8 which are currently in the design phase.

Councilman Ravallo explained that the 2% property tax cap would have an impact on the project. If the Town's reserves fall to such a low level that the Town's bond rating decreases, interest rates will increase. The residents in that district along with residents in any other special district in which the Town undertakes a capital project will have to pay more.

Ms. Olivier inquired about new highway department capital projects and discussion was held regarding the matter.

David Nichols commented that in the current economy, the Town Board should cut services and staff as a way to reduce taxes. He suggested that they consider closing parks as well as requiring the sponsoring organizations of parades and fairs to pay the cost of police overtime to cover the events. Mr. Nichols further suggested that if the Town cannot afford to purchase new trucks in the Highway Department, then private contractors should be brought back to supplement in storms until the Town's revenues increase.

Terry Rofrano inquired when the Town Board began taking monies from the reserve fund, what their plans were to replace it.

Councilman Ravallo explained that the Town Board started last year by reducing staff through attrition, noting that some of them were given incentives to leave.

Ms. Rofrano commented that other than in the newspaper, she did not see anything in the community to bring to the attention of the residents that this Public Hearing was being held to consider the property tax cap override. For that reason she stated that there is room for improvement with regard to the Town Board's communication to residents. She stated that the Town needs to consolidate services and went on to express her frustration with regard to rising taxes and the lack of the Town Board's planning for the future. Ms. Rofrano commented that she would be hesitant to support overriding the property tax cap because she was not sure where that would lead the Town.

Greg Ellner commented that the financial condition of the Town is a result of the lack of planning. He asked why the Town did not have a series of policies with regard to the replacement of equipment such as police cars and highway department trucks. He spoke against reducing the fund balance. Mr. Ellner suggested as a way to achieve significant savings on capital improvement contracts that the Town may benefit from applying for waivers with regard to the Wicks Law and hiring a general contractor instead of prime contractors. He expressed his support of maintaining the value of services by more efficient spending.

Councilman Ravallo pointed out with regard to capital projects that municipalities are required by law to go out for bids and there was certain flexibility with regard to the Wicks Law provided by New York State government. Discussion was held regarding the matter.

Supervisor Schmitt stated that that the Town Board must now decide if it is their intention to override the property tax cap, and if so, they must determine which of the five previously mentioned options to implement as the 2012 Budget must be adopted by November 21, 2011.

(Cont.)

With no one else present wishing to be heard on the subject of the Public Hearing, on motion by Councilman Ravallo, seconded by Councilwoman McDonough, with all members of the Town Board present and in agreement, the Public Hearing was closed at 8:52 p.m.

SEQR DETERMINATION MADE IN REGARD TO PROPOSED LOCAL LAW TO OVERRIDE THE TAX LEVY LIMIT ESTABLISHED IN GENERAL MUNICIPAL LAW 3-C - TYPE II ACTION

RESOLVED that the Town Board of the Town of Carmel hereby determines that, proposed Local Law #7 of 2011 concerning amendments to Town of Carmel Town Code Chapter 4 entitled “A Local Law to Override the Tax Levy Limit Established in General Municipal Law 3-c” is a Type II action under SEQR and no further review is necessary.

Resolution

Offered by: Councilman Lombardi
Seconded by: Councilman Ravallo

<u>Roll Call Vote</u>	<u>YES</u>	<u>NO</u>
Robert Ravallo	<u>X</u>	<u> </u>
Frank Lombardi	<u>X</u>	<u> </u>
Suzanne McDonough	<u>X</u>	<u> </u>
Kenneth Schmitt	<u>X</u>	<u> </u>

LOCAL LAW #7 OF THE YEAR 2011 - A LOCAL LAW TO OVERRIDE THE TAX LEVY LIMIT ESTABLISHED IN GENERAL MUNICIPAL LAW 3-C - ADOPTED AS PRE-FILED, NOTICED AND PUBLISHED

Town of Carmel
Local Law #7 of the Year 2011
A Local Law to Override the Tax Levy Limit Established in
General Municipal Law 3-c

Section 1. Legislative Intent

It is the intent of this local law to override the limit on the amount of real property taxes that may be levied by the Town of Carmel, County of Putnam pursuant to General Municipal Law § 3-c, and to allow the Town of Carmel, County of Putnam to adopt a town budget for (a) town purposes (b) fire protection districts and (c) any other special or improvement district governed by the Town Board for the fiscal year 2012 that requires a real property tax levy in excess of the “tax levy limit” as defined by General Municipal Law § 3-c.

Section 2. Authority.

This local law is adopted pursuant to subdivision 5 of General Municipal Law § 3-c, which expressly authorizes the town board to override the tax levy limit by the adoption of a local law approved by a vote of sixty percent (60%) of the town board.

Section 3. Tax Levy Limit Override.

The Town Board of the Town of Carmel, County of Putnam is hereby authorized to adopt a budget for the fiscal year 2012 that requires a real property tax levy in excess of the limit specified in General Municipal Law § 3-c.

(Cont.)

Section 4. Severability.

If any clause, sentence, paragraph, subdivision, or part of this Local Law or the application thereof to any person, firm or corporation, or circumstance, shall be adjusted by any court of competent jurisdiction to be invalid or unconstitutional, such order or judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, subdivision, or part of this Local Law or in its application to the person, individual, firm or corporation or circumstance, directly involved in the controversy in which such judgment or order shall be rendered.

Section 5. Effective date.

This local law shall take effect immediately

Offered by: Councilman Ravallo
Seconded by: Councilman Lombardi

<u>Roll Call Vote</u>	<u>YES</u>	<u>NO</u>
Robert Ravallo	<u>X</u>	<u> </u>
Frank Lombardi	<u>X</u>	<u> </u>
Suzanne McDonough	<u>X</u>	<u> </u>
Kenneth Schmitt	<u> </u>	<u>X</u>

Supervisor Schmitt commented that he had previously stated at public meetings that he would not support overriding the 2% property tax cap on the levy and that his 2012 Tentative Budget complied with it. Although changes need to be made to the legislation by New York State to provide greater unfunded mandate relief and implementing it for 2012 was shortsighted, he stated that he agreed with the spirit of the legislation because residents are looking for tax relief.

Councilman Ravallo stated that he approved with the concept of the legislation though the State should have given municipalities and schools more time to prepare for it. He expressed his appreciation to Councilwoman McDonough and Councilman Lombardi for having the courage to vote to override the tax cap.

Councilwoman McDonough stated the difficulty that she had in making her decision to vote in favor of overriding the property tax cap and that her decision was based on the advice of the Town Comptroller. Councilwoman McDonough expressed her concern that the sources of funding for Highway Department projects and a town-wide revaluation have yet to be identified. She too agreed with the concept of the legislation. However, she stated, it should have been accompanied with unfunded mandate relief. Councilwoman McDonough commented that the reason that improvements to Sycamore Park have not been made is because of the lack of funds and that the Town of Carmel is in need of quality commercial development.

Discussion was held regarding the five options presented by the Town Comptroller with regard to the 2012 Budget.

ADJOURNMENT

All agenda items having been addressed, on motion by Councilwoman McDonough, seconded by Councilman Lombardi, with all Town Board members present and in agreement, the meeting was adjourned at 9:27 p.m.

Respectfully submitted,

Ann Garris, Town Clerk