

**Citizens Budget Advisory Committee
Westchester County Board of Legislators
800 Michaelian Office Building
148 Martine Avenue
White Plains NY 10601**

December 1, 2021

The Honorable Catherine Borgia, Chair
Budget and Appropriations Committee
Westchester County Board of Legislators
148 Martine Avenue
White Plains, NY 10601

**Subject: Report on the Westchester County 2022 Operating, Capital and
Special Districts Budgets**

Dear Chairwoman Borgia,

Thank you for the opportunity to present our observations and concerns on the Westchester County (the "County") 2022 Operating Budget, Capital Budget and Special District Budget (collectively, the "proposed 2022 Budgets").

The following report summarizes the key principles of the CBAC and the Committee's analysis of the proposed 2022 Budgets.

In 2021 CBAC focused on research on Special Districts, including site visits to several facilities and meeting with key operating staff and Commissioner Kopicki. The results were summarized in our letter dated October 20, 2021, shown in Appendix C. In addition, CBAC met with Mike Kaplowitz to discuss the ongoing project studying the potential consolidation of some Special Districts and met with IT to discuss expanded use of Project Management techniques for software and hardware for project implementation and planning.

CBAC is available to conduct additional special projects in the coming year, focusing on topics at the direction of the Budget and Appropriations Committee. Some topics of interest are addressed in the following report including continued work on Special Districts and the Capital Plan.

The Committee is at the disposal of the Budget and Appropriations Committee as well as the Board of Legislators to provide additional support for our report, detail our recommendations and answer questions.

Sincerely,

John McGarr – Co-Chair
Rodman Reef
L. William Kay III (Bill)
Judith Stern Rosen
Edward D. Van Dolsen
Al Gatta

Julie Stern – Co-Chair
Mark Lewis
Beth N Smayda
Jon Mark
Diana Quast

Report on the Westchester County 2022 Operating, Capital and Special Districts Budgets

Executive Summary

The CBAC comments address these major points:

- Discussion of Special Districts
- Use of Federal Recovery Funds
- Comments on the increase in the Capital Plan budget from \$4.6 billion to \$5.2 billion and implementation issues
- Other comments on the 2022 Operating Budget, such as Federal and State aid
- Head count planning and workflow optimization

CBAC Key Principles and Summary Comments

In previous years the CBAC has explicitly stated the key principles used to review the budget. These provide a framework for many of our comments and critiques of the proposed budget. Listed below are these key principles and comments on how the proposed 2022 Budget addresses, or falls short of addressing, these issues.

1. **Adopt a sustainable budget, with revenues based on reasonable assumptions.** The Committee notes, for the first time in many years, this General Fund budget does not use one-off, one time revenue contributions, any borrowing or any fund balance for the first time in many years to close the gap between revenues and expenses. The Committee supports this approach. As in past years, CBAC recommends the Budget Department adopt a three to five year budget projection to improve planning and help maintain financial stability.
2. **Pay current operating expenses from current revenues.** Due to County Administration and Legislators' actions and attention to expenses, overall the proposed 2022 Budget is balanced. Although suppressed during the height of the pandemic, the County is now benefiting from the recent increase in the sales tax rate from 3% to 4% which took effect in August 2019. This is an important recurring additional revenue that is performing well in this fiscal year and is reasonably expected to show modest growth in 2022. As the committee notes below however, a closer examination of the budgets for Special Districts reveals a less financially balanced situation.
3. **Special Districts should get more focus.** Special District funding has serious problems. It deserves more focus than it has had in the past. The budget proposes to raise 2022 property taxes in many of the lower and moderate income districts from more than 7% on the low side to almost 34% on the high side. It would be one thing if these increases were a one-time event. However, some of the districts experienced similar increases in 2021 and we project there will be similar, albeit slightly lower, increases for 2023. In 2022, almost 96% of the beginning of the year fund balance will be used to cover expenses not covered by property tax revenue. This will leave almost no contingency money for 2023 to pay operating expenses or pay for emergencies. Further, over the last five years, the Districts have consistently underspent their budgets by high single digit and low double digit amounts. This has caused property taxes to be higher than needed and has introduced a lack of transparency to the amount of money needed to operate the Districts.

4. **Limit borrowing to capital needs for long term assets.** The proposed 2022 Budgets have numerous capital items addressing deferred projects. The plan is addressed in detail later in the CBAC report.
5. **Preserve and enhance reserves.** The proposed 2022 Operating Budget will preserve the increased reserves that are accumulating in the current fiscal year, since in the General Fund at least, none of the fund balance is appropriated and the County has returned to conservative budgeting. The Budget Department is currently predicting a \$63.6 million increase in the County's General Fund Balance to \$284.1 million at the end of the 2021 fiscal year. This is a marked improvement from the past. This level of General Fund Balance equals approximately 13% of 2022 budgeted General Fund expenditures and exceeds the 8% to 10% of annual General Fund expenditures recommended by this Committee as the minimum acceptable level of reserves at this time last year. It is noted the rating agencies generally look for larger balances when revenues are economically sensitive. Due to the County's sales tax rate increase, sales tax now accounts for 37.5% of revenues in the 2022 budget versus less than 30% prior to 2020. While the 13% Unrestricted General Fund Balance as a percentage of expenditures is better than in the past, it is on the low side for the benchmarks for Aa and Aaa rated credits, which is 15% or greater and 30% or greater, respectively.
5. **Maintain low debt ratio.** The projected Debt Ratio is manageable given the current economic environment, but the goal should be to stabilize at a lower level over the next 3-5 years.
6. **Maintain access to capital markets at lowest interest rates.** The actions taken to date to stabilize the County's financial position have been recognized by the rating agencies as they have all removed their Negative Outlooks on the County's ratings and replaced them with Stable Outlooks¹. This recognition and underlying fiscal performance will continue to allow the County to access the capital markets at low rates.
7. **Address the need for continued focus on Government Efficiency Initiatives.** Given contracted raises and increasing costs of services provided, materials and other supplies, the County must continue to look for and implement ways to provide County services in the most efficient way possible. This includes accelerating the use of technology and reducing redundancies across the many operations of the County. The need for this focus is prompted by the expectation that future expenditure growth will exceed revenue growth. As Fitch Ratings observes, "The natural pace of expenditure growth will likely be marginally above that of revenues, given the state's contribution to mandated social service costs and expected spending on the County's work force." Given the importance of this point, this report reiterates the head count planning and workflow optimization outline provided in CBAC's report last year. See Appendix E.

As the comments above suggest, the County's financial position has improved and CBAC finds that the proposed 2022 Budget has generally adhered to the listed principles.

¹ S&P removed its negative outlook on December 3, 2019, Fitch on September 21, 2021 and Moody's on November 24, 2021.

Discussion

As mentioned above, while the proposed 2022 Budgets generally address the key principles listed above, there continue to be budget areas of concern deserving of heightened attention as noted below.

Special Districts

Depletion of Special Districts' Fund Balances

The table in Appendix A1 shows how the Special Districts' fund balances are being seriously depleted in the 2022 proposed Budget. The following observations can be drawn from the table.

- In most cases, the Special Sewer Districts' fund balances have been depleted to zero or near zero. The 2022 proposed budget and prior year budgets have utilized fund balances rather than implementing productivity improvements and expense reductions, modest increases in taxes, or finding other sources of revenue. While the absence of increases in tax levies of Special Sewer Districts may have been attractive in the years in which that occurred, the result in 2022 is a significant double digit property tax increase in most of the Special Districts.
- 2022 is the second year in a row with double digit increases in some of the districts and our projection shows similar increases, possibly at a slightly lower rate, will be required for 2023. See Appendix A2 for the Tax Levy in 2021 and Appendix A3 for the 2022 proposed Tax Levy. This will negatively impact the property owners in all of the sewer districts but especially the districts with a large population of low and moderate income taxpayers. The districts with a large proportion of low and moderate tax payers pay more than 50% of the overall sewer districts' budget. The proposed 2022 budget shows these districts will experience increases of a low of 7% to a high of 34% (Peekskill).
- Almost 9% of the Sewer Districts 2022 expenses will be paid from their fund balance in 2022. Depending upon the district, the amount varies from almost 3% to almost 16%.
- The Sewer Districts will be left with very little fund balance at the end of 2022. They will start 2023 with about 4% of what they started 2022. At the beginning of 2023, there will be very little or no fund balance remaining, in most of the districts to either pay for operations or emergencies.
- If 100% of the remaining fund balance is used in 2023, the Sewer district property taxes will need to increase almost 10%. If none of the remaining property taxes are used in 2023, property taxes will need to be increased a little more than 10%.
- With only 1.6% of expenses to be paid using fund balance, Water District #1 seems to be in reasonable shape.
- In Water District #3, which largely supplies the County facilities, almost 25% of the budget will be paid from the fund balance. There are no property taxes in this district.
- In Water District #4, which is supplied according to the Special District's budget book, by United Water of Westchester, there is a fund balance of \$328,316. This fund balance

has not been used for many years. The CE and the BOL should review the rules around this balance and determine if it can be returned to the taxpayers of this district, used to support the Special districts, in general or used in another way to benefit the taxpayers.

- In the Refuse District, almost 7% of the budget will be paid from the fund balance in 2022. If all of the remaining fund balance is used in 2023, property taxes will need to increase slightly less than 2%. If none of the remaining fund balance is used in 2023, property taxes will need to increase slightly more than 10%.\

While the use of Special Districts' general fund balances to avoid or mitigate property tax increases is a strategy worth considering and pursuing, to do so to the point of depleting these funds places too great an emphasis on short-term benefits and insufficient emphasis on longer term financial management. Efforts should be made to strike a better balance between these often competing considerations.

The CE and the BOL should review the Special Districts' fund balance situation and develop a three-year revenue strategy along with an expense reduction/productivity strategy.

Further observations with respect to the Special Districts were made in a letter addressed to the BOL Budget and Appropriations Committee dated October 20, 2021. Comments were based on CBAC members' tours of various County facilities and discussions with operating staff as well as Commissioner Kopicki. A copy of that letter is attached as Appendix C.

Special Districts' Budget Analysis

Notwithstanding the trend noted above with respect to depleting the Special Districts' fund balances, there has been a consistent tendency to over budget in the Special Districts. This resulted in a higher property tax burden than would have been necessary to fund Special Districts' operations. Appendix B summarizes and illustrates this tendency for the fiscal years 2016-2020. The following observations are drawn this table.

- The Sewer Districts underspent their budget each year for the last five years by amounts from almost 3% to more than 8%. In total during the period, the budget was underspent by almost 7%. In the private sector, these figures are typically closer to 2% to 3%.
- If the Sewer District budgets were closer to amount actually spent, taxpayers would have benefitted by having lower property taxes during this five year period.
- The Water Districts showed a similar pattern to the Sewer Districts in terms of underspending during the five year period. Here too, property taxes could have been lower had the Water Districts' budgets been closer to the amount actually spent.
- The Refuse District showed a similar pattern to the Sewer Districts in terms of underspending during the five year period. The underspending varied from slightly more than 4% to over 9%. Here too, property taxes could have been lower by more than 7% to over 15% had the Refuse District's budget been closer to the amount actually spent.

The CE and BOL should require the Department of Environmental Facilities ("DEF") to budget much closer to what they believe will be spent.

Strategy for Federal American Rescue Plan Act Funds, 2021 through 2024

The County will receive just under \$188 million under the American Rescue Plan Act (“ARPA”). In May 2021, the County received \$93,693,349 as the first of two payments; the second payment is expected to be received in May 2022. The County has until December 31, 2024 to allocate the ARPA funds it receives and until the end of 2026 to complete all funded projects.

Shortly after passage of ARPA in March 2021, the US Treasury released the Interim Final Rule providing guidance on State and Local Fiscal Recovery Fund. This outlines the five categories the funds are to be used to support as well as reporting requirements. Per the performance report issued in August 2021, the County has detailed the way it plans to use these funds.

Some of the uses planned for these funds include:

- Affordable housing and eviction prevention
- Small business and non-profit assistance and
- Grants to build stronger communities
- Infrastructure improvements focused on water, sewer and broadband

The CBAC is concerned that the ARPA funds will be used to fund programs and activities that will continue past 2026 and thus may require increases in the County’s operating expenses once the ARPA funds are fully expended.

While the CBAC understands that there is a strong need to fund community programs to promote recovery from the pandemic, it is concerned that those charged with managing the County’s finances may not take into account the fact that these funds are not a permanent source of funding for the longer term future. It therefore urges that this concern be taken into account as plans for expenditure of the ARPA funds are developed.

Options for planning and accounting: budget planners should take care to ensure that the ARPA funding does not become ingrained into the expense run rate of the County’s budget; this will create shortfalls once that source of funds is exhausted. One approach is to use a project funding method that defines the particular use of funds. Should County resources be required, the department or departments would be funded by a specifically identified “grant” from the ARPA fund that would have a funding expiration date. This technique would then create a paper trail allowing planners to keep a close watch on the finite period during which the ARPA funds are available.

Capital Plan

There are \$476.4M in new capital appropriations for 2022 as follows:

- \$291.9 million is for general County purposes
- \$152.4 million for sewer and water districts
- \$4.1 million for refuse districts
- \$28.0 million for the airport

The Proposed Capital Plan Total Estimated Cost (page 22 of Capital Budget) is rising from \$4.6 billion to \$5.2 billion with over 450 projects. A breakdown of these projects follows:

Status/Range of Cumulative Appropriations Current Projects	Number of Projects
Closed	18
<\$1M	57
\$1M- \$3M	188
\$4M - \$6M	62
\$6M - \$8M	33
\$8M - \$10M	32
\$10M+	62
\$100M+	1
Total	453

The committee recommends that the County provide periodic updates to the BOL and the CE with the status of all projects at least three times a year. These updates could be made part of the first, second and third quarter budget outlook reviews. To assist in making such updates feasible, the committee urges the County to put into place a workflow management system that will monitor the progress of all capital projects. This electronic progress reporting system would assist in tracking projects throughout all phases of the construction and make information readily available to the CE and provide prompt updates to the BOL. The CBAC offers to work on this topic as a 2022 CBAC project with your support. Appendix D illustrates what projects might be included in such updates.

In addition, the committee notes that the annual Capital Budget has grown by 20% over seven years, which among other things, has prompted County debt issuances to provide a portion of the funding for projects undertaken. The Capital Budget should therefore also include data reporting the annual run off of the current debt obligations of the County as well as a projection of future annual debt payments that the proposed Capital Budget would require should the budget's capital projects be fully implemented.

CBAC's Key Observations on the 2022 Operating Budget

Sales Tax.

The County has benefited from the increased sales tax beginning in the third quarter of 2019. The forecasted sales tax revenue for 2022 is expected to represent 37.5% of County revenue. The forecasted property tax for 2022 is expected to be 24.8% of County revenue. In comparison, the percentage County revenue represented by of sales tax in the 2016 budget was 29% and the percentage for property tax was 30%.

One result of this shift of percentage revenues toward sales tax is that the County will face higher revenue volatility should an economic downturn occur that would hit short term consumption before longer term durable and capital investments. Budget planners should remain sensitive to this possibility in allocating funds, especially for longer-term projects, in future budgets.

Tax Levy

The table illustrates the County's financial position with Special Districts.

Year	General Fund	Special Districts	Total Tax Levy
2021	\$568.6M	\$149.1M	\$717.7M
2022 Proposed	\$548.2M	\$162.5M	\$710.7M
Y/Y Change	(\$20.4M)	\$13.4M	(\$7.0M)

The overall property tax levy for 2022 will be a net reduction of \$7 million from the prior year. The net reduction results from a \$20.4 million year-to year reduction of the property tax levy for the General Fund, partially offset by a \$13.4 million increase in the property tax levy for Special Districts. The increase in the Special Districts' tax levy reflects increases in the property tax levies for 11 of the 13 sewer districts that range from 4% to 34%. Two sewer districts' property tax levies will not increase.

2022 Operating Programs with High Percentage of Aid

Certain County programs have significant amounts of aid from other levels of government (Federal and New York State) that comprise their budgets. While governmental aid may be largely out of the control of the County, CBAC suggests that trends in the amounts of aid received over time, as well as the financial condition of the aid-making governmental entity (specifically, New York State), be closely observed.

CBAC believes that the County should review the programs where governmental aid makes up significant portions of their budgets in the (hopefully unlikely) event that aid is either significantly reduced or is terminated for any length of time. In these cases, the County may have to undertake support of these programs to some degree and should develop plans to do so.

The table below shows County departments or programs where aid from the Federal and New York State governments, combined, comprises a significant part of their budgets. In some cases the amount of aid received is based on the use of County services. In other cases, specifically Planning, the amount of governmental aid to this department in previous years has been small,

but markedly increased in 2022 to comprise 21.56% of its budget. We should note that Net Expenditures (actual or budgeted) for the Planning Department increased from \$3.38 million in 2018 to \$12.45 million in the 2022 Proposed Operating Budget.

Last Update Date: Tuesday November 30, 2021

Programs with Significant Amounts of Aid from Federal and New York State Governments

Department		<u>Percent (%) of Operating Budget Comprised of Federal and New York State Aid</u>				
Receiving Aid		2018 Actual	2019 Actual	2020 Actual	2021 Approp.	2022 Prop. Budget
1	Community Mental Health	26.07%	26.77%	23.68%	21.35%	37.56%
2	Health Department: Public Health	17.94%	16.98%	18.25%	14.65%	16.31%
3	Health Dept: Services to Children w/ Special Needs	53.46%	52.88%	51.82%	43.93%	50.04%
4	Planning	1.29%	1.10%	3.01%	2.47%	21.56%
5	Probation	30.71%	36.06%	38.63%	38.48%	43.23%
6	Public Works & Transport Dept: Transportation	41.74%	43.94%	57.37%	35.79%	53.15%
7	Public Works & Transport Dept: Public Works	12.91%	12.77%	10.85%	9.27%	13.05%
8	Misc. Budget: Court Facilities Aid	11.78%	10.51%	13.80%	9.05%	12.21%
9	Misc. Budget: 18B Indigent Def Reimburse	37.17%	38.47%	56.57%	36.48%	9.15%
10	Total Aid as % of Operating Budgets of Above	35.41%	36.29%	34.73%	30.13%	34.02%

The table below shows County departments or programs where aid from New York State only comprises a significant part of their budgets. For some departments, or programs, the percentages that aid comprises their budget is the same as the previous table (total aid, not only from NYS) because these are New York State programs (which the County is mandated to provide) and receive no Federal aid. In other cases, aid from New York State makes up most of the total aid received by the County.

Last Update Date: Tuesday November 30, 2021						
<u>Programs with Significant Amounts of Aid from New York State Only</u>						
Department		<u>Percent (%) of Operating Budget Comprised of Aid from New York State</u>				
Receiving Aid		2018 Actual	2019 Actual	2020 Actual	2021 Approp.	2022 Prop. Budget
1	Community Mental Health	16.14%	16.47%	11.89%	12.63%	8.66%
2	Health Department: Public Health	17.94%	16.98%	18.25%	14.65%	16.31%
3	Health Department: Children with Special Needs	53.46%	52.88%	51.82%	43.93%	50.04%
4	Planning	1.29%	1.10%	0.64%	0.44%	19.59%
5	Probation	30.71%	36.06%	38.63%	38.48%	43.23%
6	Public Works & Transport Dept: Transportation	34.42%	35.86%	34.21%	28.39%	33.03%
7	Public Works & Transport Dept: Public Works	12.91%	12.77%	10.85%	9.27%	13.05%
8	Misc. Budget: Court Facilities Aid	11.78%	10.51%	13.80%	9.05%	12.21%
9	Misc.: 18B Indigent Defendant Reimbursement	37.17%	38.47%	56.57%	36.48%	9.15%
10	NY State Aid as % of Operating Budgets of Above	35.41%	36.29%	34.73%	30.13%	34.02%

Head Count Planning and Workflow Optimization

The County reports \$11.4 million in cost savings in the 2021 fiscal year and overall reduction in headcount of 200 FTEs over the last four years. A continuation of these efforts will be critical to maintaining future budgetary balance. We urge the County to continue to explore opportunities to reconfigure departmental organizations, consolidate functions and introduce additional technology while continuing to provide quality service delivery. This would further the County's efforts to right-size headcount and differentiate between vacancies critical to service delivery and vacancies that may be left unfilled, especially given the recent opportunities created by the County's successful implementation of its early retirement program.

An internal approach to reinventing service delivery could involve the Budget Director, Chief Operating Officer and others, together with County commissioners and department heads to evaluate specific departments. See Appendix E of this report for more detail on this approach.

An external approach would involve allocating funding for management audits of County departments by an outside consulting firm with expertise in this area. This project would involve extensive interviews of employees and stakeholders by department as well as benchmarking performance, identifying best practices and developing a plan to make the County's processes more efficient. Headcount reduction or combining department functions may be some results of either process.

APPENDIX A1

2022 Budget Special Districts Fund Balance Analysis

District	2022 Proposed Budget	2022 Proposed Property Taxes	2022 Beginning of year Fund Balance	Proposed Use of Fund Balance	Percent of Proposed 2022 Expenses Paid by Fund Balance	2022 End of Year Fund balance	2023 Property Tax Increase if Budget Constant and 100% of 2022 EoY Fund Balance Used	2023 Property Tax Increase if Budget Constant and None of 2022 EoY Fund Balance Used
DEF Level								
Environmental Facilities								
Sewer Districts								
Blind Brook	9,320,879	7,028,930	1,468,272	1,468,240	15.8%	32	20.9%	20.9%
Bronx Valley	25,572,054	22,913,454	2,666,179	2,640,470	10.3%	25,709	11.4%	11.5%
Central Yonkers	1,789,881	1,615,225	178,258	174,656	9.8%	3,602	10.6%	10.8%
Hutchinson Valley	7,384,870	6,623,329	681,023	680,408	9.2%	615	10.3%	10.3%
Mamaroneck Valley	19,198,945	16,797,409	1,677,554	1,344,835	7.0%	332,719	6.0%	8.0%
New Rochelle	20,561,873	16,749,833	999,759	967,693	4.7%	32,066	5.6%	5.8%
North Yonkers	5,095,647	4,482,917	611,701	599,730	11.8%	11,971	13.1%	13.4%
Saw Mill Valley	15,555,759	13,775,892	1,667,844	1,667,283	10.7%	561	12.1%	12.1%
South Yonkers	2,121,199	1,915,400	205,919	205,799	9.7%	120	10.7%	10.7%
Upper Bronx	1,413,590	1,230,869	188,094	182,721	12.9%	5,373	14.4%	14.8%
Ossining	4,492,544	3,863,037	404,755	382,427	8.5%	22,328	9.3%	9.9%
Peekskill	5,882,577	5,510,674	193,804	171,706	2.9%	22,098	2.7%	3.1%
Port Chester	3,842,553	3,227,619	221,363	219,659	5.7%	1,704	6.8%	6.8%
Total	122,232,371	105,734,588	11,164,525	10,705,627	8.8%	458,898	9.7%	10.1%
Water Districts								
County Water #1	22,477,400	4,098,623	952,483	358,777	1.6%	593,706	0.0%	0.0%
County Water #2 ¹	10,000	-	450	-	0.0%	450	0.0%	0.0%
County Water #3 ²	3,229,804	-	2,548,161	829,804	25.7%	1,718,357	-	-
County Water #4 ³	1,000	-	328,316	-	0.0%	328,316	-	-
Total	25,718,204	4,098,623	3,828,960	1,188,581	4.6%	2,640,379	0.0%	0.0%
Refuse District								
Refuse	76,671,349	52,645,376	9,768,032	5,319,014	6.9%	4,449,018	1.7%	10.1%
Total	76,671,349	52,645,376	9,768,032	5,319,014	6.9%	4,449,018	1.7%	10.1%
Special Districts								
Total	224,621,924	162,478,587	24,761,517	17,213,222	7.7%	7,548,295	5.9%	10.6%

¹This District is operated by the Northern Westchester Joint Water Works²There is no property tax. Water District #3 supplies only County property.³This District is supplied by United Water of Westchester

2021 ADOPTED

DISTRICT REAL PROPERTY TAX SUMMARY

District	2018 Tax Levy	2019 Tax Levy	2020 Tax Levy	2021 Tax Levy	Dollar Change	Percent Change
Blind Brook	8,679,362	8,458,499	7,980,448	6,752,861	(1,227,587)	-15.4%
Bronx Valley	20,450,007	21,564,624	22,049,231	21,444,541	(604,690)	-2.7%
Central Yonkers	1,202,042	1,154,170	962,398	1,251,087	288,689	30.0%
Hutchinson Valley	5,509,275	5,455,643	5,455,643	5,231,113	(224,530)	-4.1%
Mamaroneck Valley	15,715,494	16,089,472	16,797,409	16,797,409	-	0.0%
New Rochelle	17,866,279	17,528,886	18,473,772	16,747,222	(1,726,550)	-9.3%
North Yonkers	4,337,048	4,675,898	4,675,898	4,184,224	(491,674)	-10.5%
Saw Mill	12,126,044	13,333,865	13,333,865	12,246,305	(1,087,560)	-8.2%
South Yonkers	1,522,284	1,481,284	1,155,547	1,542,009	386,462	33.4%
Upper Bronx	1,389,158	1,329,583	1,155,480	1,040,263	(115,217)	-10.0%
Ossining	4,419,629	4,352,695	3,996,271	3,214,990	(781,281)	-19.6%
Peekskill	4,466,909	4,992,567	4,892,716	4,123,303	(769,413)	-15.7%
Port Chester	2,829,543	3,035,550	3,065,905	2,703,610	(362,295)	-11.8%
Water District #1	2,279,971	2,722,285	2,722,285	4,098,623	1,376,338	50.6%
Refuse Disposal District #1	43,380,793	42,920,793	42,378,946	47,718,254	5,339,308	12.6%
TOTAL	146,173,838	149,095,814	149,095,814	149,095,814	-	0.0%

APPENDIX A3

2022

SPECIAL DISTRICTS TAX LEVY SUMMARY

District	2020 Tax Levy	2021 Tax Levy	2022 Tax Levy	Dollar Change	Percent Change
Blind Brook	7,980,448	6,752,861	7,028,930	276,069	4.1%
Bronx Valley	22,049,231	21,444,541	22,913,454	1,468,913	6.8%
Central Yonkers	962,398	1,251,087	1,615,225	364,138	29.1%
Hutchinson Valley	5,455,643	5,231,113	6,623,329	1,392,216	26.6%
Mamaroneck Valley	16,797,409	16,797,409	16,797,409	-	0.0%
New Rochelle	18,473,772	16,747,222	16,749,833	2,611	0.0%
North Yonkers	4,675,898	4,184,224	4,482,917	298,693	7.1%
Saw Mill	13,333,865	12,246,305	13,775,892	1,529,587	12.5%
South Yonkers	1,155,547	1,542,009	1,915,400	373,391	24.2%
Upper Bronx	1,155,480	1,040,263	1,230,869	190,606	18.3%
Ossining	3,996,271	3,214,990	3,863,037	648,047	20.2%
Peekskill	4,892,716	4,123,303	5,510,674	1,387,371	33.6%
Port Chester	3,065,905	2,703,610	3,227,619	524,009	19.4%
Water District #1	2,722,285	4,098,623	4,098,623	-	0.0%
Refuse Disposal District #1	42,378,946	47,718,254	52,645,376	4,927,122	10.3%
TOTAL	149,095,814	149,095,814	162,478,587	13,382,773	9.0%

APPENDIX B

2021 DEF Budget Analysis

	Expense Budget	Amount Spent Below or (Above) Expense Budget	Percent Actual Below or (Above) Expense Budget	Property Taxes Collected	Percent Property Taxes Could Have Been Reduced with Better Expense Budgeting
Sewer Districts					
2020	132,967,117	11,069,695	8.3%	103,994,583	10.6%
2019	131,137,121	8,361,216	6.4%	103,452,736	8.1%
2018	129,084,138	3,523,219	2.7%	100,513,074	3.5%
2017	130,384,809	9,243,296	7.1%	100,405,391	9.2%
2016	130,321,388	10,913,625	8.4%	100,198,741	10.9%
Sewer 5 Year Total	653,894,573	43,111,051	6.6%	508,564,525	8.5%
Water Districts					
2020	24,307,080	1,615,336	6.6%	2,722,285	59.3%
2019	23,739,131	1,307,792	5.5%	2,722,285	48.0%
2018	23,346,448	2,957,273	12.7%	2,279,971	129.7%
2017	24,176,822	4,285,692	17.7%	2,212,184	193.7%
2016	23,866,116	3,687,750	15.5%	2,049,039	180.0%
Water 5 Year Total	119,435,597	13,853,843	11.6%	11,985,764	115.6%
Refuse Districts					
2020	75,034,707	4,355,569	5.8%	42,378,946	10.3%
2019	73,590,614	3,867,862	5.3%	42,920,793	9.0%
2018	72,922,972	3,154,914	4.3%	43,380,793	7.3%
2017	73,298,621	6,523,134	8.9%	43,556,263	15.0%
2016	72,712,777	6,782,444	9.3%	43,926,058	15.4%
Refuse 5 Year Total	367,559,691	24,683,923	6.7%	216,162,853	11.4%
DEF 5 year Total	1,140,889,861	81,648,817	7.2%	736,713,142	11.1%

APPENDIX C

**Citizens Budget Advisory Committee
Westchester County Board of Legislators
800 Michaelian Office Building
148 Martine Avenue
White Plains, NY 10601**

October 20, 2021

The Honorable Catherine Borgia, Chair
Committee on Budget and Appropriations
Westchester County Board of Legislators
148 Martine Avenue
White Plains, NY 10601

Subject: CBAC Special Districts subgroup comments on water resource recovery facilities tours, Summer 2021

The CBAC Special Districts subgroup visited the New Rochelle Water Resource Recovery Facility, the Crotonville Pump Station, the Yonkers Joint Water Resource Recovery Facility (“WRRF”) and the Hutchinson Pump Station

The following are our principal observations:

- The structural and operational vulnerabilities that led to damage of the Yonkers WRRF from Super Storm Sandy have not been fully addressed nine years after that storm. This is even more surprising given that funds for this purpose have been allocated as part of the capital budgets at least since 2012. These funds are for construction at the Yonkers facility to address issues revealed by the effects of that storm (see 2022 Proposed Capital Budget, page 594). Assuming everything goes smoothly, including the availability of funding and permits, we learned that it may take another five years to comprehensively address the relevant issues. The County Executive (“CE”) and Board of Legislators (“BoL”) should closely monitor this effort and work to tighten the time frame as much as possible. The urgency of remediation efforts was underscored by the negative impact of the remnants of Hurricane Ida in August 2021 that devastated the Sound Shore area and many other places in the County.
- Given the location of water resource recovery facilities next to large bodies of water (Long Island Sound and the Hudson River, depending on the facility), the CE and BoL should also ask the Department of Environmental Facilities (“DEF”) for plans to insulate the facilities from the effects of climate change, including the rising level of the ocean and its local impact. If either of the water recovery facilities we visited become flooded, due in large part to their proximity to adjacent bodies of water, the facilities would not be able to operate, perhaps for an extended period of time, which could be devastating for the County. We view this risk as a longer-term version of the impact of severe storms mentioned in the previous bullet.
- The CE and BoL should strengthen and enforce the laws and regulations governing water infiltration into the sanitary sewer pipes in the County. The current levels of infiltration causes, according to DEF managers we talked with, the treatment facilities to be 100% larger than they would need to be if they were just processing standard sanitary sewer flows. The County might consider giving municipal owners of sanitary lines a long multi-year period to comply, with strong incentives for early compliance. The County should encourage municipalities to cooperate in hiring consultants and contractors for the work, and participate in one or more intermunicipal agreements to minimize or eliminate infiltration.
- While there was a good deal of discussion about replacing aging equipment with more modern equipment, there was virtually no discussion about increasing the level of automation and reducing the unit cost of the operations. The CE and BoL should emphasize the need for reducing the unit cost of

operations as they exercise their respective management and oversight roles. The CE and BoL should discuss annual unit cost reduction targets with DEF.

- The CE and BoL should require an annually updated three-year strategic plan before approving capital budget requests for DEF. The strategic plan should include plans to: (1) replace aging equipment, (2) improve productivity, (3) reduce expenses, (4) improve the environment, (5) reduce infiltration issues, and (6) improve the resiliency of the water resource recovery facilities and the entire network. The CE and BoL should encourage DEF to hire a consultant to assist in the first two years of the strategic plan's preparation.
- Annual operating budget requests should be measured against the goals in the annually updated strategic plan. Focus should be placed on what DEF planned to do in the prior year, what in fact was accomplished, and what unfinished work will be rolled over to the next year.
- All of the water resource recovery facilities and pump stations throughout the County should be managed and operated as one unified system. Multi-year strategic plans can formulate how such a combination should be accomplished, in addition to the already combined administrative functions. The goal should be to improve productivity and reduce expenses.

We believe all of the foregoing are within the CE's management and operations roles and the BoL's oversight role. The water resource recovery system in the County accounts for approximately 40% of the proposed 2022 \$5.3 billion capital program and deserves attention commensurate with this level of spending.

In closing, CBAC wants to acknowledge the Commissioner and employees of DEF for their dedication to, and extensive knowledge and expertise about, these essential facilities and for conducting the tours during the summer of 2021. The CBAC is at the disposal of the BoL to further discuss observations made during our visits to County wastewater resource recovery facilities.

Sincerely,

John McGarr, Co-Chair

Julie Stern, Co-Chair

Rodman Reef

L. William Kay III

Jon Mark

Diana Quast

Alfred A. Gatta

Mark Lewis

Judith Stern Rosen

Beth Smayda

Edward D. Van Dolsen

Cc: Vincent F. Kopicki, P.E., Commissioner, Department of Environmental Facilities

APPENDIX D**2022 Capital Budget****Analysis of Significant Projects:**

There are 157 projects (designated with an * in the table below) that represent 77% of the Cumulative Appropriation. These 157 are 35% of the total number of projects.

Adding 33 projects (designated with a **) for a total 190 projects would represent 85% of the Cumulative Appropriations

Status and Range	Number	Average Appropriated (1)	Total Appropriated (1)	% Cumulative Appropriation
Closed	18			
<1M	57	\$ 0.7	\$ 39.9	1.2%
\$1M-\$3M	188	\$ 2.6	\$488.8	15.1%
\$4M-\$6M*	62	\$ 5.1	\$316.2	9.8%
\$6M-\$8M**	33	\$ 6.5	\$214.5	6.6%
\$8M-\$10M*	32	\$ 8.8	\$281.6	8.7%
\$10M+*	62	\$26.8	\$1,660.4	51.3%
\$100M+*	<u>1</u>	\$234.7	<u>\$234.7</u>	<u>7.3%</u>
Total	453	\$7.1	\$3,236.1	100.0%

(1: \$ in Millions)

APPENDIX E**Workflow Optimization: An Internal Approach**

Below is a process the County could utilize to determine expense savings. Note this is based upon the framework the CBAC has presented in prior years regarding increasing efficiency and reducing expenses.

Categorize Activities Related to the Mission of Individual Departments

Activities could be prioritized by the following criteria:

1. Federally mandated services - what is mandated? Where & how, including method of delivery.
2. State mandated services - what is mandated? Where & how are these services to be delivered?
3. Westchester County mandated services: What is mandated and what is the method of delivery?
4. Non-mandated services driven by Westchester County's citizens' needs and desires. These activities can be categorized as "nice to do". What are they? What is the method of delivery?
5. All other services: what are they and how are they delivered?

- **Establish a priority listing of the activities 1 through 5 above**
 - A – Top priority
 - B – High priority
 - C – Low priority
 - D – Discretionary
- Determine the Headcount, Expenses & Capital versus Revenues for all activities, prioritizing A to D;
- Identify all activities which are duplicative throughout the departments, reviewed for example administrative activities
- Develop workflow chart for selected activities; including potential use of technology, new practices or processes for these items.
- Evaluate the impact of new technology, new processes or outsourcing of work on each activity.

For example:

Decrease in expense - impact either positive or negative on service levels and quality.

Impediments to implementation – labor issues, potential lost revenue, potential funding loss from grants.

Space and Support Requirements before and after consolidation. How will the space and support required before consolidation be utilized after consolidation? Include space, support, equipment etc. that may not be needed after consolidation.

Develop new estimate of headcount, two year operating expenses and capital for each activity assuming the optimum application of technology.

Aggregate headcount, two year operating expense and capital to create two year pro forma Operating Budgets for Departments in the scope of the review.

Management System

- Identify a new mission statement based on consolidation.
- Define the management system to provide adequate County oversight for tasks or activities to be outsourced.

Map the skills required in the new organization to current skills in place.

- Develop the key management objectives and metrics in the new organization.
- Capital Projects - Evaluate, analyze and assess the impact of consolidation of capital projects on the planning phases, engineering phases and construction phases.

Consider completed projects, the outstanding debt on them and how will the projects they funded be utilized in consolidation.