

May 11, 2010

Dear Fellow Residents:

In our letter to you last year, we indicated that the Village had encountered a “perfect storm” of adverse budget factors. In anticipation of the continued increased financial pressure, the Village has been working to reduce expenses without affecting service to residents, by consolidating staff positions and renegotiating contracts for goods and services. Unfortunately, despite reduced expenses, the impact of those factors continues and has resulted in an increase of just under 15% (14.94%) in our Village tax rate for the June 1, 2010 to May 31, 2011 Village fiscal year.

The primary reason our recent budgets have been thrown off course is the litigation and the resulting loss of revenue from the so-called BITI Project. As we reported last year, the developer of what was to have been a 79-unit residential condominium project, walked away from the transaction after approximately two (2) years of public hearings and negotiations, causing a \$250,000.00 shortfall in anticipated revenues for the 08/09 fiscal year. Instead of building the project, the developer sued the Village and the individual Trustees, seeking \$50,000,000.00 in damages. As a result, the Village suffered both a substantial loss of revenue and the continued burden of defending the Village and the individual trustees against the meritless claims.

Those events, combined with the continued financial pressure from the issues described below have led to the need for this year’s substantial tax increase:

- Short-term borrowings, due in large measure to the loss of revenue from BITI, were carried out in the 09/10 fiscal year and \$110,000.00 in principal amount of those borrowings are required to be repaid in the current fiscal year. Further, interest payments on these short-term borrowings, are included in the current years’ budget.
- Increased tax reduction proceedings have combined with lower assessed property values to substantially impact the budget. Given the economy, we expect the increase in tax reductions to continue and have budgeted \$180,000 to cover them. At the same time reduced total assessed property values results in a higher effective rate.
- As noted last year, the Village is indebted to Pall Corporation with regard to reimbursement for pre-paid sewer costs. The total sum is \$165,00.00 which is payable over three (3) years. Thus, \$55,000.00 has been accounted for in the current budget.
- Projected revenues of the Village from its normal operations are lower than the prior fiscal year as a result of an expected decrease in interest income and the loss of revenue from a lease of real property owned by the Village that was not renewed.

In sum, the issues resulting from the abandonment of the BITI Project combined with the negative economic factors that affect all of us, have resulted in the current pressure on our budget. We welcome your input and again invite any of you to call the Village Hall (516-621-1961) if you have questions or recommendations.

Sincerely,

John Durkin, Mayor
Marshall E. Bernstein, Deputy Mayor
Craig Westergard, Trustee
Marta Genovese, Trustee
Lisa Aberle, Trustee