

# Mahopac News



Vol.2 No. 48

Your Truly Local Paper Reaching Every Household & Business

Thursday, January 19, 2012

## Moody's says town's financial outlook is strong

### Supervisor Kenneth Schmitt sees Union Place proposal as a plus for town's finances

BY KATHLEEN MAFFETONE  
OF MAHOPAC NEWS

After an extensive review, the Town Board announced at its Jan. 10 work session that Moody's Investor Service had given it an Aa-1 bond rating.

The rating is the same as last year, and at a time when the town is struggling financially, council members were very pleased to maintain the status quo, town officials said.

"It was a very rigorous, comprehensive review," Supervisor Kenneth Schmitt said.

The Aa1 rating reflects the town's large \$4.9 billion tax base with above-average socio-economic indicators, and a manageable debt burden, quoted at \$31 million, according to the opinion issued by Moody's Investors Service dated Dec. 22, 2011. Ratings of Aa-1 are considered high quality and are subject to very low credit risk, according to Moody's long-term investment rating scale.

Challenges the town faces include a weakened financial position coupled with new limits on revenue raising ability due to the state-imposed property tax cap and the significant increases in pension contribution costs, according to the report.

Moody's believes that the growth of the town's \$4.9 billion tax base will remain stable in the near-term after two consecutive years of declines of 7.6 percent and 5.4 percent in 2010 and 2011, respectively. After several years of decreasing economic activity, the town has reported a recent slight increase in building permit activity. Also expected to bolster the local economy is the reoccupation of a former pharmaceutical manufacturing facility by Silarx Pharmaceuticals Inc., according to the report.

Though it wasn't mentioned in the report, the development of Union Place into a mixed-use site was discussed with the Moody's analyst, Schmitt said.

"Union Place, we did talk about that briefly — that that commercial development and mixed use was going to be coming to the community in the future," he said. "Economic growth was one of the variables Moody's considered in the bond rating."

Schmitt believes developer Paul Camarda's proposal for Union Place, a 300-acre site that would include commercial and residential development, is "very beautiful" and would be a great benefit to the town, he said.

"We really need that type of project," he said. "I think it's a project the community will embrace. It would definitely help the tax base and be a relief to the homeowners."

The developer is still before the town's Planning Board and going through the SEQRA or environmental review process and the project would require a zoning variance to proceed, he added. But the village setting, with New England-style buildings, café-style outdoor dining and a fountain would be an attractive addition that would help increase the commercial tax base of the town, he said, while recognizing it has been a controversial issue.

Critics have voiced concerns about traffic, economic feasibility of the project's success, fire safety, water use and the number of school-age children living in the proposed residential units.

The Moody's analyst had a positive reaction to the mixed-use proposal, Schmitt said.

Moody's listed the town's financial position as having deteriorated between 2008 and 2010. The combined operating fund bal-

ance (general, highway and special district funds) declined from \$11.8 million in 2008, a healthy 42.8 percent of revenues, down to \$6.8 million in 2010, a still solid 23.3 percent of operating revenues, according to the report.

Cost-cutting measures also helped its rating, including sharing services, reductions in staff, outsourcing town services and town officials' voluntary salary reductions.

The town lowered its budgeted use of reserves for 2012 to \$250,000, with an 8.8 percent increase in property taxes.

Though tough decisions were made during budget season, it was worth it to keep the money in the town's reserves, Councilwoman Suzanne McDonough said.

"It shows we made the right decision," she said.

Schmitt agreed, saying, "A lot of municipalities have depleted their reserves, which had a negative impact on their rating."

The rating could go up if the town significantly increases its reserve levels or experiences growth in the tax base; it could go down if they fail to achieve positive operations and structural balance and if there's further deterioration in liquidity and reserve levels.

Another feather in the town's cap was an award presented to the town's comptroller, Mary Ann Maxwell, by the Government Finance Association. Maxwell received a certificate of achievement for excellence in financial reporting, and will be receiving a plaque, Schmitt said.

Town Board members received additional good news: \$250,000 in funding for a Vacall truck with sweeper was approved by Putnam County, to be paid for by East of Hudson Funds, money set aside through an agreement made in 1997 with the New York City

Department of Environmental Protection for funds to protect the watershed.

Highway Superintendent Michael Simone credited Ed Barnett, the Putnam County Watershed Information Coordinator, for helping the town secure the funds for an expensive piece of equipment sorely needed by the town.

"I was on TV crying about how one of our trucks was broken and the other is on its last leg," Simone said. "Barnett saw the meeting and told me he had an idea."

The truck is used to vacuum and sweep debris from the streets, particularly catch basins which are frequently clogged, Simone said.

Several annual funding requests were also discussed at the work session.

James Gilchrist, the director of Recreation and Parks, asked permission from the Town Board to apply for funding for the New York State Office of Children and Family Services for family-friendly, free programs run by the town, such as mini-tumbling and moms and tots. The town usually receives between \$7,000 and \$8,000 from the state, and the programs are utilized by 305 children, Gilchrist said.

"The money is used to provide free programs for families who can't afford pre-school," he said.

Carmel Police Officer Frank Chibbaro, who serves at the town's DARE officer, requested permission to apply for funding from the same office for drug and awareness programs.

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