



INCORPORATED VILLAGE OF
Plandome Heights

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July 17, 2022

Residents:

Last Monday I was pleased to report 2 things to the Trustees: (1) my Financial Report for our fiscal year end May 31, 2022, and (2) my Preliminary Feasibility analysis of “buy vs lease.” These are consequential matters at a unique and consequential time in our history. These reports are posted on our website at www.plandomeheights-ny.com/finance .

The key takeaways of the Financial Report for the fiscal year are:

- Extraordinary success of our Capital Plan – We completed nearly \$500,000 of capital improvements largely with grant and other available funds. This results from extraordinary management of costs and aggressive follow up on all available sources of funding and is explained in my report.
- Non-recurring revenues result in a surplus year – Despite challenges on several fronts, non-recurring building fees, FEMA reimbursement for Storm Isais and other items offset challenges in costs so we added surplus to our reserve funds for the 13th year.
- Reserve funds set aside – With our roadwork needs met for the coming period, and our occupancy needs presenting challenges for us, we reallocated our reserve funds to be available to support a solution including a possible purchase of a Village Hall.

In the Preliminary Feasibility analysis of buy vs. lease, the Village Hall opportunity comes into focus vs our alternatives. Market rents approximate \$1.1 million for the next 15 years. If we borrow \$750,000 in a 30-year bond (and use \$500,000 of reserve funds set aside for a down payment) our debt service (instead of rent) over 15 years would be approximately \$600,000. That’s an opportunity to save \$500,000 which you would see in reduced taxes over that period. The particularly stunning part is how the rent escalates over time while the debt service stays constant. To illustrate this, I put an excerpt of the Preliminary Feasibility analysis on the reverse side of this letter so you can clearly see the savings.

And remember, the Village pays no property tax and borrows at municipal rates.

We are fortunate to have ample reserve funds to use to reduce our occupancy costs for years to come. I am sharing this so you are informed in real time so we can continue the community dialog on this important matter. Let me know your thoughts, many have advised, all are welcome.

Sincerely,
Incorporated Village of Plandome Heights

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Kenneth C. Riscica
Mayor

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Clerk -Treasurer

Susan Martinez
Deputy Clerk

Katherine Hannon
Deputy Clerk - Court

Cye E. Ross, Esq.
Village Justice

Mary Breen Corrigan
Prosecutor

Edward P. Butt, AIA
Building Inspector
Stormwater Mgmt.
Officer

David Lisner
Emergency Mgmt.
Coordinator

Maryann Grieco
Architectoral Review
Board, Chair

Eugene O'Connor
Zoning and Appeals
Board, Chair

Trey Harragan
Technology Advisory
Board, Chair

Village of Plandome Heights
Lease analysis

Year	<u>Borrow \$750k; \$1.25 Mill project</u>			<u>Borrow \$1 mill; \$1.5 mill project</u>		
	Landlord Proposal 700 sf (a)	Est. Debt service on \$750k bond	(More)/Less to own	Market Rate for 1,500 sf (b)	Est. Debt service on \$1 mill bond	(More)/Less to own
Total	1,000,000	585,000	415,000	1,110,000	780,000	330,000
1	45,600	39,000	6,600	60,000	52,000	8,000
2	48,000	39,000	9,000	62,000	52,000	10,000
3	50,400	39,000	11,400	64,000	52,000	12,000
4	53,000	39,000	14,000	66,000	52,000	14,000
5	56,000	39,000	17,000	68,000	52,000	16,000
6	59,000	39,000	20,000	70,000	52,000	18,000
7	62,000	39,000	23,000	72,000	52,000	20,000
8	65,000	39,000	26,000	74,000	52,000	22,000
9	68,000	39,000	29,000	76,000	52,000	24,000
10	72,000	39,000	33,000	78,000	52,000	26,000
11	76,000	39,000	37,000	80,000	52,000	28,000
12	80,000	39,000	41,000	82,000	52,000	30,000
13	84,000	39,000	45,000	84,000	52,000	32,000
14	88,000	39,000	49,000	86,000	52,000	34,000
15	93,000	39,000	54,000	88,000	52,000	36,000

(a) Uses 5.2% escalations (rate in first 3 years projected to the whole period)
(b) Uses 2% escalations.