

**VILLAGE OF HASTINGS-ON-HUDSON, NEW YORK**  
**BOARD OF TRUSTEES**  
**SPECIAL MEETING**  
**APRIL 24, 2012**

A Special Meeting was held by the Board of Trustees on Tuesday, April 24, 2012 at 7:40 p.m. in the Meeting Room, Municipal Building, 7 Maple Avenue.

**PRESENT:** Mayor Peter Swiderski, Trustee Bruce Jennings, Trustee Marjorie Apel, Trustee Meg Walker, Trustee Nicola Armacost, Village Manager Francis A. Frobela, and Village Clerk Susan Maggiotto.

**CITIZENS:** Four (4).

**32:12 ADOPTION OF BUDGET AND TAX RATE – FISCAL YEAR 2012 – 2013**

**Mayor Swiderski:** Fran was asked, at the end of the last discussion, by Niki to see if you could do \$20,000 better. Why do you not step us through what happened.

**Village Manager Frobela:** I looked at each of the individual lines with special attention on those that Trustee Armacost had noted. We were able to adjust the budget by \$20,770. We highlighted those changes with a green code. We did add to one account. It was an error on my part. I added to the unemployment. I had eliminated that, forgetting that our crossing guards typically file for unemployment benefits during the school vacation week and often for the summer. So some payment, in likelihood, would have to be made for unemployment benefits to those employees if they choose to file, which they are entitled to.

We looked at personal services, fuel, looked again at all those accounts that were brought to our attention. They ranged from \$500 to \$7,500. It was a mixed bag of sizes, but it was more looking at programs and measuring them against what we've spent historically with an eye towards what we expect would happen over the next 12 months.

**Mayor Swiderski:** Using the language of Wall Street, you are betting long on a good winter. A number of your savings is in fuel and oil costs. That may be in line with what we experienced this last winter, and it may not be inappropriate. That's what contingency is for.

**Trustee Armacost:** If you look at the actual, consistently that line had been budgeted very conservatively, which was why I highlighted it. So I think that is reasonable.

**Mayor Swiderski:** The number I had an issue with and, again, contingency can go a great deal toward covering that, is under special counsel. Having spoken with Mr. Chertok, our environmental counsel, who is likely to be doing some work this year on the waterfront in updating the record of decision into the settlement we had originally, we are likely to incur a

five-digit bill. I am not sure if that was factored in. I certainly did not highlight that view, but it is my only concern. And again, maybe that is why we have contingency.

**Trustee Armacost:** That is a good point. If those costs come to bear, it just means that what goes into the reserve is less. We are building up the reserve. We have built it up very rapidly in a very short period of time. Last year, it ended up getting much more money than had been anticipated. So if a little more needs to be called this year, then so be it.

**Village Manager Frobels:** Trustee Apel had called me today on a host of questions. It was very helpful to me. Special counsel was one that Marge mentioned. I explained that often that is the line we go to if we are joining with a neighboring community to argue about the water rates or something the Town of Greenburgh is involved in. So they are unusual and they are specialized. Looking ahead, with the exception of the one you just mentioned, I am not aware of any issues that are pending. But that is an appropriate one to go to contingency if need be, and the Board views it as important that we get involved.

**Trustee Apel:** I called Fran, and I felt like I was nickel and dime'ing \$500 here, \$1,000 there. We discussed them, and surely if he wishes to cut another \$500 here or there he is welcome to do so. It is pretty tight from what I can see. I am not sure, if we took off \$5,000, the benefit of that.

**Trustee Armacost:** Fran, could you summarize what, in terms of the amounts you reduced and the amount that you increased, net, what is the result?

**Village Manager Frobels:** The \$20,770.

**Trustee Armacost:** So you, in fact, reduced more than that because you increased a couple of line items.

**Village Manager Frobels:** One item. I added \$2,000. I had zeroed out unemployment, and I now have \$2,000 in that line.

**Trustee Armacost:** So, in fact, you reduced it by \$22,000 at the end of the day.

**Village Manager Frobels:** Effectively, yes.

**Mayor Swiderski:** So the net is \$20,700.

**Village Manager Frobels:** Yes. It requires a tax rate of \$239.18, or a 1.56 percent tax increase.

**Trustee Armacost:** Which is lower than what you had originally proposed, which is 1.87 percent.

**Village Manager Frobel:** I think that is what it was in March, yes.

**Mayor Swiderski:** And then we had slipped into the high sixes, and this is down.

**Trustee Armacost:** We had it 1.87 percent, then we went up.

**Mayor Swiderski:** No.

**Village Manager Frobel:** We stayed level, pretty much.

**Mayor Swiderski:** We never went over with the 1.8 percent.

**Village Manager Frobel:** Oh, I see what you are saying.

**Mayor Swiderski:** Yes. In the last one you went back up again.

**Trustee Armacost:** In the last round we went up, and then we came down again. Exactly.

**Village Manager Frobel:** Oh, that is right.

**Trustee Armacost:** And to compensate for the going up, income went up, correct?

**Village Manager Frobel:** Yes, income went up. We are now anticipating a greater than anticipated grant from the county for our youth advocate program.

**Mayor Swiderski:** How firm is that?

**Village Manager Frobel:** The contract was authorized by the Trustees. So we are comfortable, in that it is a commitment. If we meet all our obligations we can expect to receive that amount of money unless state money is cut or county money is cut. So we have the higher number in the budget.

**Trustee Armacost:** If I can summarize, and correct me if I am not summarizing it in a way that you would agree with, our expenditures have not come down from the original budget that you proposed but our income went up. We had a budget, you increased it, and now you have reduced the expenditure to that same level because you had increased the income

projections. The numbers seem very similar to me; I am just trying to understand what happened in the math.

**Village Manager Frobels:** We did, over the past several weeks, look at revenues again. We have adjusted several of them, as you know.

**Mayor Swiderski:** Was the increased number on the narcotics council grant in the discussion budget we had last meeting?

**Village Manager Frobels:** Yes.

**Trustee Armacost:** Was that not the \$17,000?

**Village Manager Frobels:** Right, \$17,000.

**Trustee Armacost:** That was in the original discussion also. It was not in that budget. We were notified, in that discussion, that revenues would go up by that \$17,000 and by an additional figure, which was the assessments figure. Those were the two points where we had been a bit conservative perhaps.

**Village Manager Frobels:** We had gone with the assessor's first figure back in January. And then after the Board of Assessment review, we had a revised number.

**Trustee Walker:** I have a question about the street maintenance number that you reduced. Under "personal services and overtime," is this a reflection of a contract, or is it a reflection of what you have decided not to put or we would take out of contingency if we have a hard winter next year, or if there is additional street maintenance that might be an emergency?

**Village Manager Frobels:** No. Really, a combination of that, with the exception of winter maintenance. That is a separate line. One thing I try to take into consideration is whether or not we will have a full complement of staff. Right now, we have two employees out on Workers' Compensation, so you are going to see less charged to that account as we go through the year. With our new payroll system we are going to have to make some changes in our allocation. Often times, technically, when the men are not working on trash they should be charged to street maintenance. We are not that sophisticated right now, so we are going to be making some changes. But we believe that reflects an accurate number as to what we expect to spend in our street maintenance work.

Special emphasis has begun today on potholes. The police department and Chief Bloomer took the initiative and surveyed every street sign in the community and measured it against

our code to make sure they are in compliance. We have identified a couple of areas where we are remiss. They began that today, putting up signs and replacing signs. We have also found some changes in the code that are going to come before you soon for some cleaning. But you are going to see more of an emphasis on street maintenance over the next 12 months. That is going to be our focus.

**Trustee Walker:** I think our wayfinding signs are going to be completed very soon.

**Village Manager Frobel:** Beautiful. I am excited.

**Trustee Walker:** Right. I wonder if, while they are looking at the other signage, we should look at the placement of them. We do not want to have any conflicts.

**Village Manager Frobel:** No, they are going to be at your disposal. Whatever we can do to help.

**Trustee Walker:** At any rate, this was a realistic assessment not necessarily based on moving something into contingency.

**Trustee Jennings:** Could you identify the single-largest reduction in expenditures that you have made in this budget compared to a week ago. Is that the personal services street maintenance line?

**Village Manager Frobel:** Yes, it is.

**Trustee Jennings:** Does this reflect what the Mayor mentioned, which is if we have a hard winter or even a normal winter instead of a warm winter we may overshoot this and have to tap into contingency because of overtime expenses? Is that reflected here?

**Village Manager Frobel:** No. That is in your snow removal account.

**Trustee Jennings:** So why were you able to cut this one so much?

**Village Manager Frobel:** Looking at our manpower allocation, and the fact that if we had men out on Workers' Comp we are going to be doing with less bodies. We think we can make it work, and make do with the amount of money allocated for that.

**Trustee Jennings:** So you are not doing a gamble here. You are basing it on an estimate of what you believe your manpower will be.

**Village Manager Frobel:** Manpower needs over the next 12 months.

**Trustee Jennings:** We are looking at a budget which is balanced and which will necessitate a tax rate increase of approximately 1.5 percent. Could you give us the comparable figure in terms of the tax levied?

**Village Manager Frobel:** Raf, do we have 1.3 percent tonight?

**Deputy Village Treasurer Zaratzian:** One-point-three-one percent.

**Trustee Jennings:** I think the public is interested in those two numbers. The tax increase is 1.56 percent compared to previous years, where it was 4 percent, 5 percent, even 6 percent. We set ourselves a goal to stay under the 2 percent cap of the state law, and we have come in at 1.31 percent for the levy. Correct?

**Village Manager Frobel:** Yes.

**Trustee Armacost:** Again, it is very tricky with these actuals. But if you look at these actuals for some of the items which we thought would be much higher, like the gas and oil, some of the actuals are low compared to what was budgeted. I think we are going to find, at the end of this year, that there are quite a lot of savings already embedded in the budget at the end of the day. Just to give an example, on page six, this is fuel for heat, under central garage. I think you are budgeting exactly the right way when you look at past actuals. But if you look at the actuals as of 3-1-12, only \$295 had been spent. So it is possible bills have not come in yet.

**Village Manager Frobel:** Clearly.

**Trustee Armacost:** The point being, that if you look at that as an actual clearly it is very low and there is a lot embedded there. I do not know what we expect, at the end of the year, that item to be. But I think we are going to find this is a smart way to budget. It is looking at actuals much more than ever in the past; perhaps not 100 percent the way I would love it to be, but much more in that direction. There may be some line items that we find there are additional savings just because of the way the year went or fuel prices went.

**Village Manager Frobel:** What you have identified, obviously, is something that occurs in bookkeeping when the bills come in and when they are booked. We average fuel for heat, central garage, \$13,000, \$14,700, I am saying \$15,000. Next year, \$13,000. It is all a question of when bookkeeping charges it.

**Trustee Armacost:** Exactly. But it is possible that that ends up being a lower figure if it is a mild winter.

**Village Manager Frobel:** It would. Just what I was going to say.

**Trustee Armacost:** So it is quite possible that we get a number of other savings other than just in snow removal. Which is great because that means the contingency fund, and hence reserve fund, end up being that much higher at the end of the year.

**Village Manager Frobel:** And I am hoping for changes because the men have done things at the garage to make it more efficient, as well. They have added some additional heaters that will heat a spotted area rather than relying on one that works on the bigger area. So some things they are doing to hopefully save money long term.

**Trustee Jennings:** Which is in keeping with our green team policy?

**Trustee Walker:** Is most of our heat gas, or is it oil?

**Village Manager Frobel:** Gas.

**Trustee Walker:** So the price of gas is supposedly going down.

**Village Manager Frobel:** It is reasonable.

**Trustee Walker:** Are we capturing those?

**Village Manager Frobel:** This building can go either. It depends upon the temperature when it goes to oil.

**Trustee Walker:** But we are capturing those. I guess if you stay with some suppliers, the prices do not go down as low as when you switch to other suppliers. Are we allowed to do that? Do we have to buy gas through NYPA?

**Village Manager Frobel:** Gas comes from Con Ed.

**Trustee Walker:** I know as residential homeowners we have flexibility to shop around and find lower gas prices. Does a municipality have that possibility?

**Village Manager Frobel:** We are into a long-term contract with the New York Power Authority for the electric. I am not aware of the natural gas arrangement.

**Trustee Walker:** It would be interesting to know what the gas arrangement is.

**Village Manager Frobel:** Are you familiar what that arrangement is, Raf? I am not either. I will make a note of that.

**Mayor Swiderski:** Big item. It is worth looking at.

**Village Manager Frobel:** On Monday of this week we received our first half payment under the Youth Services grant. That was one that I indicated was a concern of mine. That came in its full half-year allocation, which was very positive. I had a conversation last Wednesday with the Town of Greenburgh. Francis Sheehan called. He is shepherding our Donald Park application through the council, and he is comfortable in the numbers and the data I had supplied him. The Donald Park payment is an important number to us.

**Trustee Armacost:** Where do you feel you stand at the end of this year in terms of the anticipated surplus, the money that would go into the reserve? I think you had said somewhere between \$280,000 and \$320,000?

**Village Manager Frobel:** We gave you the range. I do not want to change that. Let me stay right at that range. The Greenburgh money has not started yet.

**Mayor Swiderski:** That Greenburgh negotiation does not affect the payment of the fiscal year ending this May.

**Village Manager Frobel:** It does. That is the one we are in this year and next year.

**Mayor Swiderski:** So we are negotiating retroactively for that contract?

**Village Manager Frobel:** Yes. What I do is, we give them a three-year. We showed them our actual, our expenses we anticipate this year. And I give them the budget for next year.

Other than that, we have spent time with the Youth Services grant. I know there was some discussion with the last one. We are still very comfortable with the information we gave you a few weeks ago. Susan had a very fruitful conversation today with a county official. We have a better handle, I think, than ever before as to how that grant works and what our responsibilities and obligations are. We are comfortable with the budget we have put in here. Again, if something were to go wrong come March or April of 2013 we will be back to talk to you. But as of now, we are comfortable with what we have laid out for you.



**Trustee Armacost:** When we pass the budget, and we know the actuals for the end of the year, I would like to talk about clearing the library debt. That would make me feel as if we are in a healthy place. The team has done an excellent job on the pool debt, and it would mean that starting fiscal year 2012 – 2013 we will be in an amazing position. Hopefully others are open to having that discussion. I know that Sue Feir and the Library Board would be thrilled, since it was not their debt but was allocated to them, if we made that decision.

**Mayor Swiderski:** Wholeheartedly agree.

**Village Manager Frobel:** I had that in my analysis as to where we would be at year end, and that is about \$45,000, as I recall. That is one that I have on my pad to keep an eye on.

**Trustee Armacost:** Even your most conservative projection brings us up to a much higher level than had been anticipated last year in terms of the reserve fund. It seems to me a good use of that funding. And then anything beyond goes into the reserve fund, which has grown really fast, given the amount of internal debt that we had in a two-year period. I think we will be looking at a not perfect but a great financial position come September.

**Mayor Swiderski:** Well-improved, without a doubt.

**Village Manager Frobel:** Right. The library debt is \$42,917. I have that down as one to keep an eye on before we close out the books of the year we are in today.

**Trustee Armacost:** I would like to recommend it because even now we could do it. We could do it given the surplus that we have now. But I would like to recommend that we close that out.

**Trustee Walker:** You are recommending that we close it out now, or next fiscal year?

**Trustee Armacost:** What we decided was that we would wait until the end of this fiscal year to see where we stand. But it is looking as if we are going to have anywhere between \$280,000 and \$320,000 in surplus, which we did not know when we had these discussions in the beginning. Some of us perhaps anticipated that, but now we have clearer evidence that that is the case.

**Mayor Swiderski:** That would leave us largely debt-free in terms of these.

**Trustee Armacost:** Only internal debt. Plus we have that \$60,000, which is capital expenses, in the capital fund. That is extra income. It is restricted, but it is positive money.

**Trustee Apel:** Is it costing us anything to have that debt?

**Trustee Armacost:** No, it is not costing us anything. I think it is just not good.

**Mayor Swiderski:** It is on the books, and the library has treated it as a genuine liability and has sought to try to work it down. They do not exactly have the free resources. It essentially comes out of their book fund. It is not their obligation. We incurred that.

**Trustee Armacost:** It took me awhile to work it out, but it had to do with a building that had happened outside of the library.

**Mayor Swiderski:** The Fulton Park renovation was tacked on to the renovation of the whole library.

**Trustee Armacost:** So it is a bit annoying for them. You know what I mean?

**Trustee Walker:** It was not even their decision.

**Mayor Swiderski:** Well, it benefits the library. But we are all in accord.

I want to revisit something. Last year, when we heard about the change in the classification of the reserve funds there were up to three or four different flavors of reserve funds we could set up. Did we ever look at whether we would benefit from the creation of those different classifications, and whether it made sense for us as we talk about moving to the next year?

**Village Manager Frobel:** No. We heard from the auditors. They are going to help us through that process but basically, as noted, you are looking at the fund balance that is unrestricted as opposed to what the other auditors had done. They had put money in what was called a restricted fund. Remember, you had a reserve of \$388,000. They had set it aside as collateral against that internal debt. But once that internal debt was declared, it was released to be unreserved and available for any purpose.

**Trustee Armacost:** It was used to bring the debt down. We talked about having a true capital reserve. We have a bunch of capital projects, and theoretically we could do that. But then, of course, it is restricted. So maybe what we should do is not decide now. Let's build our reserve up, and then decide. We have some which is restricted. We have about \$60,000 that is in what will now be a real capital fund, which is exciting.

**Mayor Swiderski:** A restriction that is not particularly onerous. Those are activities we have to engage in anyway.

**Trustee Armacost:** Exactly. And then once we know where we stand, we can decide if we want, in the future, to put money aside for that.

**Village Manager Frobel:** But you are right. It is fund balance, unreserved, designated. And that is what you are talking about: setting up a designated capital reserve fund. But we will wait until this audit is complete, and see how much you would like to start to designate, if you would, reserve for specific purposes.

**Trustee Armacost:** Actually, we will have one, which is the pool. Any money that is made on the pool fund will be a designated pool fund.

**Village Manager Frobel:** It will stay in the pool fund. You have already got a pool fund, so that will just show positive for the first time in awhile.

**Mayor Swiderski:** It does not sound like there is any appetite to increase the 1.56, and it does not sound like there is a lot of detail left to twiddle with. I am assuming it is the Board's pleasure to move along in this process and pass this thing, right?

On MOTION of Trustee Armacost, SECONDED by Trustee Walker the following Resolution was duly adopted upon roll call vote:

**RESOLVED:** that the Mayor and Board of Trustees adopt the 2012 - 2013 Village Budget as follows:

**APPROPRIATIONS**

|              |               |
|--------------|---------------|
| General Fund | \$13,366,244  |
| Library Fund | 784,034       |
| Pool Fund    | 360,000       |
| Draper Fund  | <u>31,000</u> |
|              | \$14,541,278  |

**REVENUES**

|              |                  |
|--------------|------------------|
| Property Tax | \$ 9,914,061     |
| State Aid    | 439,790          |
| Sales Tax    | 1,050,000        |
| Other        | <u>3,137,427</u> |
|              | \$14,541,278     |

And be it further

**RESOLVED:** that the property tax rate be established at \$239.18 per thousand of assessed valuation.

| <b>ROLL CALL VOTE</b>   | <b>AYE</b> | <b>NAY</b> |
|-------------------------|------------|------------|
| Trustee Bruce Jennings  | X          |            |
| Trustee Marjorie Apel   | X          |            |
| Trustee Meg Walker      | X          |            |
| Trustee Nicola Armacost | X          |            |
| Mayor Peter Swiderski   | X          |            |

**Mayor Swiderski:** I want to say what a stark contrast it is to last year. The budget presented was tight. The feeling of transparency that the new auditors brought was a substantially greater sense of control over our finances. They were plain-spoken and direct. You never know when you hire somebody whether you have made the right decision, but we made a good one there. We all enjoyed our interactions with them, and they came at half the price of our previous auditor, which does not hurt either.

I second Niki's comments earlier. It feels as reasonably tight as a budget can be. We appreciate yours, Raf's and the department heads' efforts. We all recognize this is no fun, but you have delivered something that required less pain and deliberation up here as a result. I, for one, appreciate that.

**Mayor Swiderski:** Anyone else want to say anything?

**Trustee Walker:** I really appreciate this process this time around. It was transparent, and you gave us a budget that we did not have to bend over backwards to make changes to. I think we all voiced concerns last week about the 2 percent tax cap continuing over the next few years, while the pensions and health insurance continue to go up. And state mandates do not change. We are going to feel the pinch. I am encouraging us to join with other municipalities to put more pressure on the state because I do not think we have any other choice. We have got to reduce some of these requirements. That is one way we can deal with this 2 percent tax cap. Otherwise, it is going to get really difficult. It is good this year, but it is going to start to get harder in the next few years.

**Mayor Swiderski:** One of the reasons it is good this year is because the auditors, through their efforts and through the questions we were able to ask because their efforts made it

clearer, identified monies we were able to use to help hold down the taxes this time around. That is a direct benefit of our own self-education over the last few years to know how to ask those questions, and what the auditor has brought to the mix. As a result, we have kept things lower, in part, due to the \$140,000 that the auditor did find that did not get spent here. He won't have as much next year. So you are right. The pressure will be there. All the villages in Greenburgh meet monthly, and mandate relief is on the agenda every time. We have called in Senator Stewart-Cousins and Abinanti on a couple of occasions to talk about that. It still feels like they are playing small ball in Albany on this issue. And the real money, the real nuts, are the pension and insurance systems. They have played at the edges, they have not yet approached it in detail.

**Trustee Apel:** Believe it or not, I found this pleasurable, as in the past. I especially like the concept of looking at the actuals. I think that was very important. We have asked you to give us a lot of information. We talked about next year; we will have even more detail the way you spelled it out to make it even easier. I look forward to seeing how that works, and how this all plays out. This can only be better for all of us. We can see what we spent, and can budget more precisely. Nothing is perfect, but more precise. In the end, we give our citizens a fair and balanced and well thought out budget. Everyone will be looking over our shoulders for the next year to see where we come out. If we come out way ahead, fabulous, I am for that. Thank you very much, Fran. I know it has been hard, and everybody has been working hard. We really appreciate it.

**Trustee Jennings:** I, too, would like to thank the staff for the tremendous hard work and cooperation that they have given the Board. I would like to thank my colleagues on the Board, Trustee Armacost for her leadership and budget analysis, and for everybody's very thoughtful discussion and engagement. I am encouraged, as well as somewhat worried and nervous, about the future. I am more encouraged than nervous. That may change, but I do think we have some serious times ahead. We should take steps such as trying to work with Albany to mitigate the fiscal crisis of local government which we are seeing throughout the state.

In terms of what we can control here, one of the ideas that emerged from our discussion of the budget that I think is very important is how we can integrate planning into the budgetary process. We are getting much better in looking at actuals and being more transparent about the budget process. The next step of improvement might be to better integrate our planning and priority setting with the budgetary process itself, which is difficult to do but I think we can do it. We need always to strike the right balance between the constraints that our citizens have in their own lives. These are difficult economic times, even in a village like Hastings certainly. We have to balance those constraints with the needs that our constituents have for services, as well, because the services we render are not trivial and in many ways extremely

important. We cannot sacrifice them. So the balance has to be struck. We have struck it well this year. We have the capability as a village government to strike it well again next year, and we will work very hard to do that.

**Trustee Armacost:** I agree with everyone. Sincere thanks, Fran, to you and to your team. Also to all of you fellow Trustees for getting on board with looking at the budget in a more engaged way; understanding the expenditure side, the budget versus actual side, the revenue side; looking at the debt; thinking through both planning on a department level but also planning for the Village's longer-term expenditures and how do we find ways to replace equipment that is falling apart in a timely way. And then beginning to think, long term, about how we want to build our reserves. There is a huge difference between this year and last year and previous years. The auditors have been so very helpful in so many different ways. They present the information in a way that is very clear, and they are very straightforward, very down to earth, very honest. They are real advisors in the sense that an auditor ought to be.

I agree with you, Bruce. It is always a delicate balance to think about the needs of our constituencies, particularly when they are suffering. And they have been for many years. Marge and I know from the campaigning that we did, almost everyone talked to us about financial issues that they were dealing with, and the hope that the Village would behave in a way that acknowledged that. Which I feel like we are doing. And also balancing that against the needs of the Village, and making sure that we are not growing the reserve fund too fast for people to be able to contribute to.

For me, it feels very balanced. I am happy. I love it when people are thrifty, I love it when we find new places for people to give us grants or donations or contribute to the Village in some way. I am personally going to work towards helping you with that, Fran, so please feel free to use me as a resource for that. Congratulations, and thanks for all the hard work.

### **ADJOURNMENT**

On MOTION of Trustee Apel, SECONDED by Trustee Armacost with a voice vote of all in favor, Mayor Swiderski adjourned the Special Meeting at 8:20 p.m.