

VILLAGE OF HASTINGS-ON-HUDSON, NEW YORK
BOARD OF TRUSTEES
PUBLIC HEARING
APRIL 9, 2013

A Public Hearing was held by the Board of Trustees on Tuesday, April 9, 2013 at 7:05 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: One (1).

Mayor Swiderski declared the Board in session for the purpose of conducting a Public Hearing in accordance with the legal notice that appeared in the March 29, 2013 issue of *The Rivertowns Enterprise* to consider the Proposed Budget for the Village of Hastings-on-Hudson, New York for the fiscal year beginning June 1, 2013 and ending on May 31, 2014

Village Manager Frobela: I would like to thank everyone for attending this public hearing on the proposed budget. Usually at this meeting I rely on a series of slides to present the budget. However, I have already used those slides in two previous work sessions. So building on what we have already presented, I wanted to offer a brief narrative as to where the budget rests as of now, and then turn to those in attendance to hear their comments.

The general fund, as proposed, rests at \$13,592,969. With the most current assessment information, it would require a tax rate of \$245.35. This represents an increase of 2.58 percent. Expenditures for next year reflect an increase of 1.7 percent. The cost increase is driven by greater than cost of living increases, pension contributions, health care premiums, and fire hydrant rentals.

All revenues have been examined and have increased accordingly. We believe our sales and mortgage tax is anticipated to remain level; our building fees have been increased; and some recreation fees and the Donald Park fire protection district fee has been increased, as well. The grand total of our assessed values currently is just above \$41 million. This represents a slight loss in values. With the budget as presented, if our assessed values had remained constant or at least had reflected what we had three years ago, we would have no tax increase at all this year.

The tax levy will increase by 2.53 percent. Under the law, the tax levy is permitted to increase beyond that amount than what we require, but at this time it is not needed. It is important to put into perspective as to what this budget would cost the average homeowner,

those that have an average assessed value at just under \$17 thousand. If the budget remains unchanged, and I know it will change because already we have some things that we can point out, it would require an increase of \$104 per homeowner, or about 29 cents a day.

The budget has not yet been adjusted by the Trustees, and we still have work sessions to be held in which we will be making some adjustments. I expect these adjustments to move our tax rate downward. We are already looking at increasing our cost for out of Village membership in our summer camp. We heard some good news recently that the state of New York is increasing our road improvement fund, and we have some suggestions of changes in our staff levels in our recreation office. So there is much work that remains to modify the budget. I expect these changes will cause that tax rate to drop even further.

Mayor Swiderski: Anyone who would like to comment on the budget?

Susan Cooper, 378 Warburton Avenue: The pie chart that I saw online indicates that 25.6 percent of the budget is going towards pension and health care costs for employees. That is correct?

Village Manager Frobel: I believe so. That sounds right.

Ms. Cooper: I am assuming that that is only set to increase in future years. I took it upon myself to look up some information about what Village employees are paying just for health care. Forget pension for now. I found a contract for the DPW and the Parks and Rec Department, which I guess are under the Teamsters Union. That said that as of 1998, due to the rising cost of health care, employees would be required to contribute \$1 per paycheck for individual coverage and \$2 per paycheck for individuals with dependents. I have no idea whether that still holds true. But in the interest of transparency, and also to allow the public to understand why these costs are taking up so much of the budget in lieu of other things, it would be helpful to let the public know what the various departments contribute to their health care, and perhaps, also, what of those might be negotiable at this time.

Mayor Swiderski: I do not think that is something we can comment on.

Village Manager Frobel: I can only indicate that we are in contract negotiations, or soon will be, with both the police union and the Teamsters. The Board has also considered increasing the contribution from the employees towards their health care. I am certain that will be a topic for our negotiations. The group is split now. Those that are hired after a certain date do contribute towards it, but the momentum seems to be to increase that amount over time.

Ms. Cooper: I want to emphasize that this is not personal. I realize I am in probably a semi-hostile environment, at times, when I speak. But it is not personal. I just want to look at the big picture in terms of what people who might be self-employed who are going without private insurance because it is completely unaffordable at this time. And it is scheduled to go up even further. I work in health care, so I have some sense of that. I work in a hospital. And also, people in the private sector who are paying dramatically increased costs. I think it is about the big picture and what property owners, taxpayers can afford if they are paying so much for their own family individual coverage. That is all.

Trustee Armacost: I am wondering whether the picture of the current situation is clear to people in the Village. Can it be explained now, or perhaps at a future budget meeting?

Village Manager Frobel: They dynamics of what is happening?

Trustee Armacost: The way in which the contributions work. I do not think it is very satisfying to people to hear they are paying something, but not to know exactly. You probably cannot do it in a specific way, but if you can package it in a more general way so that people understand. Maybe even percentage of employees are paying this much, or something that gives a better sense without revealing individual data.

Village Manager Frobel: I did not bring the contracts with me, but the group is split. Those that are hired after a certain date, and I would rather be certain on that than to quote that, do contribute. There is a shift in the industry. We are seeing arbitrators, and most recently a fact finder in a neighboring community, ruling that it is the burden of the public employee to begin to pay more towards health care. Now it is a very low percentage. I think it is one percent of the cost, but often it is tied either to the salary or to the cost of the program. The trend is happening state-wide, where the public sector employee is being asked to contribute greater and greater amounts towards the cost of health care coverage. With pensions a number of our employees contribute three percent. There are a number of tiers now. The new pension plans that are being offered to public sector employees are dramatically different than what we have even as recently as eight years ago, taking back some of those more generous plans that were provided to public sector employees.

Whether the cost of pensions will continue to rise, I do not know. It is a factor prepared by actuaries. They look at the census, they look at salaries, they look at host of items including rate of return. All that goes into a number which is provided to the municipality without any debate. We are not the holder of that policy; we are simply a vessel which receives the bill and pays it. But I expect in the changes that have occurred in the pension plan design there will be a relief for the taxpayer, long term. Short-term, I am not sure what will happen in terms of the investment community.

Trustee Armacost: There should be. Every day I get e-mails saying that the stock market has reached the highest level ever in the history of the universe. So you are wondering why this is not transferring itself into the pension fund issue.

Village Manager Frobel: Knowing a little bit about it, because in my career I have managed two privately-held pension plans for other communities, we were not part of the state system, it depends upon how conservative they are in their investments. I do not know how the comptroller's office invested. I am certain that is public information, but it depends on how aggressive they are. They may not be benefiting from this certain spike that we are experiencing right now. I just do not know enough about it.

Trustee Walker: And one other piece of the pie that we do not often talk about is the retirees' health insurance, which we continue to cover, even when they are on Medicare. Many of them are retired years before they go onto Medicare so that continues long after they retire. That is quite a burden. I have read that a lot of municipalities are looking at reducing that amount.

Village Manager Frobel: That has been a subject in the past, and I expect in the future, for our contract negotiations. I think, in fairness, at least that retirees should pay a large portion of continuing health care, if that is what they choose.

Trustee Walker: Some of them retire so young that they can go on to have a second career.

Mayor Swiderski: I can speak to the pension fund issue in New York. At least 80 percent has to be fixed income. When bonds are paying one or two percent, and actuarial calculations assume six percent returns annually, we are the ones who make up the difference. It is quite conservative. And appropriately. You do not want to suffer the dive when the markets dive. On the other hand, in a low interest rate environment like this it damages the calculations and we all have to pony up to cover that difference. So it is painful. And given that we can expect those interest rates to remain low for at least a year or two, we will continue to see those sort of increases that are problematic. Real pressure on the budget.

If there are no other public comments, then a motion to adjourn the public meeting?

CLOSE OF PUBLIC HEARING

On MOTION of Trustee Apel, SECONDED by Trustee Walker with a voice vote of all in favor, Mayor Swiderski closed the Public Hearing at 7:15 p.m.