

**Village of Suffern
Special Meeting of the Village Board of Trustees Minutes
April 11, 2018 – 7:00 P.M.**

A Special Board Meeting was held to continue the public hearing from April 11, 2018.

Present: **Edward Markunas, Mayor**
 Frank Hagen, Trustee
 Moira Hertzman, Trustee
 Dan Kraushaar, Village Attorney
 Virginia Menschner, Village Clerk
 Amy Paffenroth, Deputy Village Clerk
 Joseph Russo, Trustee

CALL TO ORDER:

Mayor Markunas called the meeting to order at 7:00 p.m., leading the Pledge of Allegiance and a moment of silence in honor of our service men and women.

CONTINUATION OF THE PUBLIC HEARING - TENTATIVE BUDGET FOR FISCAL YEAR 2018 – 2019

The Public Hearing that was held scheduled to be held on April 9, 2018 at 7:00 p.m. to consider the Tentative Budget for Fiscal Year Ending May 31, 2019 was to adjourn until 7:40 p.m. that evening in a motion made by Frank Hagen and seconded by Joseph Russo. A motion to continue the public hearing at 7:44 p.m. on April 9, 2018, was made by Joseph Russo and seconded by Moira Hertzman. A motion to continue the public hearing on April 11, 2018 at 7:00 p.m., to provide the public more time for review and consideration, was made by Moira Hertzman, seconded by Frank Hagen, and passed unanimously by the Board. The public hearing was continued on April 11, 2018 at 7:04 p.m. with a motion made by Frank Hagen, seconded by Moira Hertzman, and passed unanimously by the Board.

Overview of the 2018-2019 Tentative Budget:

An overview of the 2018-2019 Tentative Budget was presented by Michael Genito. The 2018-2019 Tentative Budget document for consideration at the public hearing included the tentative budgets for the General Fund, the Curbside Solid Waste District, the Container Solid Waste District, the Water Fund, the Sewer Fund and the Debt Service Fund, for the fiscal year ending May 31, 2019 (the 2018-2019 fiscal year). The tentative budget document also contained supporting schedules of salaries and wages, short-term debt and long-term debt, as well as a list of capital projects proposed for the 2018-2019 fiscal year. Continuous monitoring of expenditures and revenues is an extension of that process that allows us to adjust to significant variances from the spending plans we adopted. The Village is developing a multi-year capital improvement plan, so that it can acquire the necessary capital assets when needed and finance them in a manner that spreads the cost over time.

A public hearing on the tentative budget, a proposed local law to override the 2018-2019 real property tax levy limit ("tax cap"), the proposed 2018-2019 water rates, and the proposed 2018-2019 sewer rents was held at the Village Board meeting of April 9, 2018. As a result of those public hearings and at that same meeting, the Village Board adopted the 2018-2019 water rates, the 2018-2019 sewer rents, and a local law to override the 2018-2019 tax cap. The public hearing to discuss the Tentative Budget was continued at this meeting.

The Village began on a path to return the Village to fiscal stability in April 2015 with the adoption of the 2015-2016 fiscal year budget. Continuous monitoring of expenditures and revenues is an extension of that process that allows us to adjust to significant variances from the spending plans the Village Adopted adopted. The Village is developing a multi-year capital improvement plan, so that we can acquire the necessary capital assets when needed and finance them in a manner that spreads the cost over time.

Contingency - The General Fund, Water Fund, and Sewer Fund budgets include amounts for contingency. Because budgeting is not an exact science, the Village is authorized to include an amount in its budget for unforeseen circumstances. This amount is referred to as the contingency, or contingent account. Should the amount in the contingent account not be needed, the unused amount would simply add to fund balance at the close of the fiscal year. It is the position of the Village Board and Village Treasurer that these contingencies are appropriate and necessary to provide for both the unanticipated and as a means of rebuilding the fund balances to reasonable levels.

General Fund - The General Fund is the major operating fund of the Village and includes all accounts that would not otherwise be required to be kept in another fund. General Fund appropriations will increase \$439,111 (3.3%) from \$13.2 million to \$13.6 million and revenues other than property taxes will increase 70,500 (7.8%). As a result, the real property tax levy will increase \$368,611 (3.5%) from \$10.6 million to \$10.9 million. Together with a \$2.5 million (1.8%) reduction in taxable assessed valuation of real property (from \$136.4 million to \$134 million), the 2018-2019 real property tax rate will increase from \$78.06 to \$81.30 (4.15%) per \$1,000 taxable assessed valuation. The real property tax rate changes approximately one percent (1%) for every \$109,000 change in estimated revenue or appropriation and for every \$1.34 million change in taxable assessed valuation. The increase in Village taxes for the year on a single-family home with the median taxable assessed value of \$41,100 will be \$133. It should be noted that the taxable assessed value of Novartis was reduced by \$3 million. Had that reduction not taken place, our taxable assessed value would have increased approximately \$549,478 and the tax rate would have increased only 1.87%.

Solid Waste Districts - The Curbside Solid Waste District provides residential refuse and recycling services to residents of the Village, other than those living in condominiums and cooperative apartments ("co-ops"). Costs of operating the Curbside Solid Waste District increase \$78,197 and estimated revenues from the sale of recyclables remains the same at \$21,000. Together with a reduction in the number of units serviced from 1,923 to 1,908, the annual service charge per unit will increase \$46 from \$488 to \$534. The Container Solid Waste district provides residential refuse and recycling services to residents living in condominiums and co-ops. The 2018-2019

Adopted Budget of \$314,130 for services to 1,723 units results in an increase in the annual rate of four dollars per unit, from \$179 to \$183.

Water Fund - The Water Fund accounts for the activities of the Village's drinking water treatment and distribution system. Total costs of operating the Water Fund will increase \$36,612 (1.8%) and estimated revenues other than water rents will increase \$580.

Sewer Fund - The Sewer Fund accounts for the activities of the Village's sanitary sewer treatment plant and collection system. Total costs of operating the Sewer Fund will increase \$90,061 (4.2%) and total estimated revenues other than sewer rents will increase \$300.

Debt Service Fund - The Debt Service Fund is used to accumulate the resources (money) necessary to meet the required payments of principal and interest (debt service) on outstanding serial bonds. Debt service requirements for 2018-2019 will increase a nominal \$10,359 from \$1,177,409 to \$1,187,768. Debt service payments are funded by transfers in from the General, Water and Sewer funds.

Public Hearing Comment:

Paul Girard, 2 Cross Street, stated that he is pleased that the tax rate went down. But he wanted the Board to know that he believes keeping taxes low will help keep people stay in the Village. Mr. Girard stated that Mr. Genito spoke with Mr. Girard after the last Board Meeting. Mr. Girard still disagrees with the fund balance and contingency funds. Mr. Genito advised the Board that borrowing in advance as Mr. Girard suggested, rather than having necessary cash flow, would create an atmosphere of financial uncertainty and require the purchase of bond anticipation notes that would ultimately negatively impact the financial rating of the Village. A negative financial rating would result in the Village paying a higher cost to finance when it is necessary to do so. Borrowing against revenues is a negative practice the Village should avoid. We have a positive fund balance, but our cash balance is not at a level that the Village believes it should have, and thus, Mr. Genito suggested to the Board that it should be increased. Moody's looks at a fund balance of 20% as a minimum acceptable fund balance to achieve an A1 Bond Rating and a 30% fund balance is required for a Rating of AAA. It will take the Village several more years to achieve a 20% fund balance. Contingency funds are for the unexpected. It is expected that department heads will effectively manage their budgets; however, sometimes things are beyond their control and the Village must plan for these situations. Mr. Girard asked what a suspense account is. Mr. Genito stated it is a temporary account for the processing of financial transactions. Mr. Girard reviewed DPW equipment lists with Mr. Genito and discussed the differences between equipment and capital project expenses. Mayor Markunas stated the multi-purpose vehicle that is being purchased by the Village will be paid for by grant funds. Mr. Genito explained that Smartwatt project savings will be realized after approximately 10 months; therefore, the FYE 2019 budget does not reflect significant savings. Mr. Genito reviewed the waste water treatment plant upgrades and sanitary sewer projects as well as bonds and grant funding options that are available to the Village which will be used to finance these projects. Mr. Girard asked about the roadway improvements projects and CHIPs funds that are used to finance these projects and questioned the priority each street is getting as to when it will be paved. Mayor Markunas explained the cost sharing agreement that the Village is working on with Orange and Rockland will be used to repave the area around Boulevard.

James Giannettino, 2 Memorial Drive, asked for clarification of legal expenses, questioned what he believed to be salary increases noted in the budget, and highlighted police department overtime in the budget. Attorney Kraushaar noted that there were longevities included in the budget, but not salary increases. Mr. Giannettino stated that the fiscal health of the Village is better, it is digging itself out of whole, and acknowledged that the impact on Novartis was 2% added to the tax rate. However, he stated any tax increase is difficult. Mayor Markunas stated the Village is trying to help find use for the Novartis property and has recommended several possible options to the owners but that it is up to the current owners to move forward with these suggestions.

Amy Burke, 71 Washington Avenue, asked Mr. Genito for an overview of the Village of Suffern benefits program including the retirement program. She asked if there were different rates were paid by employees for benefits. Mr. Genito stated that a portion of benefits are paid by employees and portion are paid by the employee. The Mayor stated that the Village has increased the portion of the benefit costs that certain employees pay to the 18%.

A motion to close the public hearing at 7:54 p.m. was made by Moira Hertzman. seconded by Frank Hagen and passed unanimously by the Board.

ADJOURNMENT:

A motion to close the meeting was made by Trustee Russo, seconded by Trustee Hagen, and approved unanimously by the Board. The meeting adjourned at 7:56 p.m.