

ABSTRACT
OF PROPOSITION NUMBER 2

A PROPOSAL ENTITLED
“REFERENDUM ON THE ESTABLISHMENT
OF A SERVICE AWARD PROGRAM FOR ACTIVE
VOLUNTEER FIREFIGHTER MEMBERS OF THE
CITY OF HUDSON DEPARTMENT OF FIRE”

A RESOLUTION APPROVED BY THE COMMON COUNCIL
OF THE CITY OF HUDSON

TO BE SUBMITTED TO THE ELECTORS OF THE CITY OF HUDSON
AT A REFERENDUM AT THE GENERAL ELECTION
ON NOVEMBER 8, 2016

The Common Council of the city of Hudson adopted a Resolution on September 20, 2016, authorizing a public referendum of eligible voters of the City of Hudson, in order to seek approval of the establishment of a defined contribution Service Award Program for active volunteer firefighter members of the City of Hudson Department of Fire.

The proposed service award for volunteer firefighters is authorized pursuant to article 11-a of the General Municipal law of the State of New York.

The Purpose of the proposed Service Award Program is to help recruit and retain active volunteer firefighters by financially rewarding them for the services they provide to their community. All active volunteer firefighter members of the City of Hudson Department of Fire who are at least 18 years old shall be eligible to become Service Award Program Participants.

The proposed Service Award Program will be a “defined contribution” program. Beginning with calendar year 2017, for each year that an enrolled active volunteer firefighter achieves specified levels of activity, participation, and performance, such firefighter will earn a “Service Credit” for such year and a “Service Award” of seven hundred dollars (\$700) will then be credited to the participating volunteer’s Service Award Program account. An active volunteer firefighter member earns a year of Service Credit by accumulating a minimum of 50 “points” during a calendar year, as mandated by New York State Law. Points are earned for completing training courses, attending drills, responding to calls, attending company meetings, completing a one-year term as an officer, and other specified activities and accomplishments.

These earned Service Award funds are then invested and the investment income earned will be added to the participating volunteer's account balance. A participating volunteer generally must earn five years of service credit to become vested in his/her Service Award Program account balance.

Service credit may also be earned retroactively for activities and duties performed by a participating volunteer over the past five years. An eligible firefighter can earn service credits for up to five years of active volunteer firefighter service prior to 2017, for calendar years 2012 to 2016. An additional \$700 contribution shall be credited to the accounts of eligible firefighters for each year, up to a maximum of five (5) years, for service credits earned for the calendar years from 2012 through 2016, inclusive.

A participating volunteer is, generally, eligible to be paid his or her Service Award Program account balance upon reaching the age of 62. The firefighter's payable service award consists of the awards contributed to the firefighter's account, with any investment income earned on such deposits, less administration costs. Such payment shall be made as a lump-sum payment or any other allowable equivalent form of payment.

Participating volunteer firefighters age 62 and older may opt to continue to earn service credit and be paid additional contributions.

In the event a participating firefighter dies prior to reaching the distribution age of 62, such volunteer's vested account balance will be paid from the program at such time. A firefighter who becomes totally and permanently disabled is entitled to his or her account balance at such time.

Based on current eligible personnel, and beginning in calendar year 2018, the initial estimated annual cost of the program, to be paid by the City of Hudson, shall be as much as \$93,000, including an annual administration fee of about \$3,500. Such estimated calendar year 2018 cost shall be about \$1,350 for each participating volunteer firefighter. These amounts include payments made for service awards earned from 2012 and 2016, inclusive.

Subsequent to 2018, the estimated annual cost of the program for current active volunteer firefighter members will decrease to about \$48,300 (\$700 for each participating volunteer firefighter) after five (5) years, when the cost of service credit earned for years prior to 2017 will be fully paid.

The proposed service award program would become effective January 1, 2017, and, will be administered by the New York State Office of the State Comptroller or its designee(s).