



**CITY OF RYE, NEW YORK
FINANCE COMMITTEE MINUTES
March 7, 2005 – 7:30 p.m. – Employees’ Lounge, City Hall**

Present: Michael Caponiti, Fred Dunn, David Mullane, George Pratt, Sal Samperi; City staff liaison Michael Genito.

Absent: Norm MacMaster, Jono Peters, and City Council liaison Franklin Chu.

Guests: Paul Shew, City Manager

Update on Proposed City Occupancy Tax

Michael Genito reported that the legislation for the proposed City occupancy tax had been sent to the State Legislature in 2004, too late for consideration in the 2004 legislative session, but would be re-introduced for the 2005 legislative session.

Update on Proposed Real Estate Transfer Tax

Michael Genito referred to the Corporation Counsel’s memo of February 17, 2005 that was written to provide guidance regarding the possible enactment of a City real estate transfer tax. The memo notes other local governments in New York State that have such a tax, and outlines a strategy to obtain the tax. The strategy includes 1) establish a purpose for the tax, and 2) gain the support of legislators to advocate for the tax. The memo concludes stating that once these steps are complete the drafting of the law would not be overly complex, and existing laws can be used as templates.

Michael Genito distributed a summary of the special legislation for real estate transfer taxes in the other local governments cited in the Corporation Counsel’s memo, noting that they serve specific purposes and each also have a “sunset” clause wherein the law will expire on a given date unless it is renewed.

The Committee agreed that the proceeds of a real estate transfer tax should be dedicated to long-term capital improvements having a useful life of at least 20 years, and requested that Michael Genito draft some language to that effect for further review and possible recommendation to the City Manager and City Council. One member of the Committee expressed opposition to a real estate transfer tax, and if such a tax were enacted, would like to see some exemption for a person selling one residence in the City of Rye for the purpose of buying another residence in the City of Rye. He noted that people who wanted to remain in Rye as their families grow and/or they are able to afford a larger home should not be required to pay such a tax. The Committee agreed that this was an issue that was worthy of further discussion.

The Committee agreed that this issue should be further discussed at the March 7, 2005 Finance Committee meeting.

Minimum Level of Undesignated Fund Balance

Continuing their discussion from the February 7, 2005 meeting concerning whether or not the financial policy of maintaining a minimum fund balance equal to at least 5% of expenditures should be amended, the Committee concluded that the current policy is sound, and does not prohibit the City Council from striving to maintain a level above the policy minimum. The Committee also noted that historically the level has been at least 10% for the past 10 years, and that the policy refers to “undesigned fund balance”, making it more conservative than addressing “unreserved fund balance”, which may include designated amounts. The Committee concluded that there was no need to change the current policy.

Developing a Popular Budget Report

David Mullane requested that discussion on this item be tabled until the next Finance Committee meeting, to allow the sub-committee (David Mullane, Michael Caponiti, and Norm MacMaster) time for further development of concepts and issues.

Financial Trends Report

The Committee agreed to review and consider changes to the Financial Trends Report at a future Committee meeting. The 2003 Financial Trends Report is available on the City's website <http://www.ryeny.gov/finance/Reports/finrpts.htm>.

Future Finance Committee Agenda Items

The following items will be included in 2005 Finance Committee agendas:

- ❖ Development of a policy on the use of variable rate debt.
- ❖ Philosophical discussion as to when debt should be issued.
- ❖ Recommendation of a change in New York State law to increase the maximum maturity of bond anticipation notes from five years to the probable period of usefulness (“PPU”) of the underlying assets.
- ❖ Discussion regarding annual budget calendar.

Next Finance Committee Meeting

The next regular meeting of the Finance Committee is scheduled for Monday, May 2, 2005 at 7:30 p.m. in the Employees' Lounge of City Hall.

Adjournment

Having no further business, the meeting adjourned at 9:00 p.m.

Respectfully submitted,

Michael A. Genito