

MINUTES of the Special Meeting of the City
Council of the City of Rye held in City Hall on
November 9, 1998 at 8:00 P.M.

PRESENT:

STEVEN OTIS, Mayor
CAROLYN C. CUNNINGHAM
ROBERTA DOWNING
ROBERT H. HUTCHINGS
ROSAMOND LARR
ARTHUR STAMPLEMAN
KATHLEEN E. WALSH
Councilmen

ABSENT: None

1. Roll Call

City Manager Culross called the meeting to order; a quorum was present to conduct official City business.

2. Presentation by the City Manager and City Comptroller of the proposed 1999 budget

City Manager Culross explained that the purpose of the meeting was to present recommendations for the 1999 budget and answer questions from the Council. He explained that the proposed budget is consistent with the financial goals and policies established by the City Council.

Using Microsoft Powerpoint (a computer based slide presentation), City Manager Culross presented a summary of the City's nine individual funds and the financial highlights of all funds combined:

General Fund

The proposed 1999 General Fund Budget of \$16,721,400 is up 4.7% (\$752,893) over the current budget as originally adopted.

The proposed property tax rate of \$73.72 per \$1,000 of assessed valuation is unchanged since 1994. The property tax levy of \$9,604,156 equals 57.4% of General Fund appropriations. Modest adjustments in some user fees and charges are incorporated in this budget recommendation.

Programs and services to be provided are essentially unchanged from the current year. By mid-1999, green waste will be added to the curbside recycling program.

Personnel costs of \$10,511,454 would increase by \$278,176 (2.7%) over the current budget. Salaries and wages are up \$492,489 (6.4%) while employee benefits are down \$214,313 (-8.2%). The number of full-time authorized employees would increase by a net of one with the addition of one police officer and a computer network specialist. A vacant office assistant position is eliminated.

Provision for risk retention is up \$243,762.

Provision for outside legal fees for various pending matters and tax certiorari is up \$105,000.

The budget includes a reserve for Contingency of \$160,000.

Rye Community Television (RCTV) Special Revenue Fund

The 1999 budget proposes expenditures of \$150,932, up \$20,831 from the current budget. Over 65% of this increase (\$13,500) reflects an increase in expenditures for equipment. The budget also includes, for the first time, \$10,000 for seasonal salaries to enhance public access use which is to be funded through contributions from the Friends of RCTV.

Rye Nature Center Special Revenue Fund

The 1999 expenditures are estimated to be \$307,238, up \$14. A net deficit of \$30,977 is forecast for 1999. General Fund support remains fixed at \$130,225 for the seventh consecutive year.

Debt Service Fund

Expenditures of \$52,536, down \$1,628, are required in 1999.

Capital Projects Fund

Additional Capital Project expenditures of \$1,440,225 are proposed for 1999 as compared to \$1,053,000 for the current year. No debt and no transfer is proposed from the General Fund. This is a decrease of \$221,000.

Boat Basin Enterprise Fund

Revenues are forecast to be \$396,003 while expenses are budgeted at \$368,027. This includes a 1.5% increase in user fees recommended by the Boat Basin Commission.

Rye Golf Club Enterprise Fund

Revenues are forecast to be \$3,009,875, while expenses are budgeted at \$2,944,230. This reflects adjustments in user fees recommended by the Rye Golf Club Commission. Membership fees are increased, on the average, by 4%. A total of \$401,500 in capital improvements would be financed by 1999 revenues.

Risk Retention Internal Service Fund

Total expenses are forecast at \$460,000, down \$10,000. During 1998, the City utilized \$300,000 of retained earnings within this fund as recommended by our auditors. During 1999, the

budget proposes to utilize \$60,000 of retained earnings. As a consequence, the General Fund will be required to contribute \$305,292, up \$243,762, to this fund. This represents a 1.5% increase in the budget.

Building and Vehicle Maintenance Internal Service Fund

Expenses are budgeted at \$1,692,126, up \$67,668 (4.2%), with revenues forecast at \$1,754,713, up \$151,321 (9.4%). Building and vehicle capital projects of \$1,306,500, an increase of \$698,000, are proposed. The budget includes a transfer of \$316,500, down \$125,500, from the General Fund and proposes the issuance of \$630,000 in bonds. Bonds would be utilized to finance the design phase of fire station improvements (\$300,000), a salt storage building (\$130,000), and a sewer vacuum truck replacement (\$200,000).

Financial Policies

Current operating expenditures will be paid for from current operating revenues.

The General Fund's unreserved undesignated fund balance will be maintained at a level at least equal to 5% of the total General Fund.

A diversified and stable revenue base will be maintained while striving to reduce the reliance on the property tax and intergovernmental revenues for operating purposes.

Adequate maintenance of capital assets and equipment will be provided for in the annual budget.

The budget assumes no new revenue sources or material increase in user fees. It is believed that both the expenditure and revenue projections are prudent and consistent with past practice.

Allowances are included within the budget for employee wage and benefit adjustments.

All City departments, offices, and agencies were challenged to examine their operations and to seek alternatives to balance the demand for services with the willingness and ability of the community to pay for those services. Changes have been made to many requests for funding by the City Manager, the City Comptroller, and department managers.

Special Considerations

Revaluation

The last city-wide revaluation of property for assessment purposes was done in 1971. There has been significant discussion of the need for such a revaluation throughout Westchester County. The cost of such of revaluation in Rye is estimated to be \$400,000.

Police Staffing

To ensure "full strength" staffing 1999, it would be necessary to authorize the hiring of two police officers, in addition to the one included in the proposed budget. This would increase the budget by \$120,000.

Traffic Safety Improvements

The Capital Projects priority list submitted to the City Council on October 28, 1998 by the Traffic and Transportation Committee would require an additional \$169,600 to implement in 1999.

Tower Ladder Truck, Fireboat, and Firefighter

The Fire Department requests the replacement of its 1975 Seagrave Ladder Truck at a cost of \$650,000. It has been suggested that this unit could be incorporated in the bond issue for the Locust Avenue Fire Station renovation.

The Fire Department requests \$70,000 to replace the fire boat donated to the department in 1996.

It has been suggested to add one paid fire fighter, assigned to weekdays, to enhance the capacity of the Fire Department. The additional cost is estimated at \$40,000.

Code and Mandate Compliance

The addition of a code compliance inspector at a cost of approximately \$45,000 would significantly enhance the City's current needs.

Beautification/Cleanliness Crew

It is frequently suggested that it would be desirable to increase the level of effort provided to the general cleanliness and beautification of the community. To enhance this service, it would require the addition of two laborers at a total cost of approximately \$80,000.

Senior Recreation Leader

The Recreation Department has requested the addition of one person to its full-time staff of six at a cost of approximately \$38,000.

Rye Free Reading Room

The Rye Free Reading Room has requested an increase of 9.3% over the current contract and \$38,360 more than the proposed budget.

Rye Youth Council

The Rye Youth Council has requested an increase in its budget from \$10,000 to \$35,000. The proposed budget would continue funding at \$10,000.

Public Safety Master Plan

The Public Safety Master Plan anticipates extensive renovation to both fire stations, and construction of a new relocated police/court building at a combined estimated cost of \$12.8 million exclusive of site acquisition.

It is suggested that a bond referendum be scheduled during 1999 for authorization to proceed with renovation to the fire stations. The new police/court building would be subject to a separate bond resolution.

Year 2000 Issues

We have divided the issue into three phases: Phase One - Hardware compliance; Phase Two - Software compliance; and Phase Three - Chip controlled device compliance.

Phase One and Phase Two reviews have been completed and results are positive. Phase Three will address embedded chip related systems (elevators, pumps, automatic doors, etc.). A report detailing the results of Phase Three will be issued in the first quarter of 1999.

We will strive to raise community awareness and preparation for the millennium. As part of this effort, we will develop contingency plans and conduct an emergency response drill based upon those plans.

3. Questions

A question and answer period focused on the following:

- The scope of work for the additional tentative position in the MIS department, and whether only one more position is sufficient to support our MIS requirements. Discussion was held concerning the investment and maintenance of our computer systems and the expectations of our residents.
- The need to update and keep current our Internet Web Site (Ryebespace).
- Whether the 1999 tentative budget for GIS (Geographical Information Systems) of \$75,000 could be delayed to a future year. City Manager Culross pointed out that the \$75,000 meets the minimum requirements for us to proceed in the important area of information technology.
- The projects requested by departments which are not included in the budget, and what

impact those projects would have on the tax rate if they were included. City Manager Culross indicated that the increase in taxes would be at least ten percent.

- The need to consider revaluation of real property, which has not taken place since 1971. The estimated cost is \$400,000. A revaluation by the City of Rye, before others in the County do so, could be a disadvantage to the City as regards the proportionate share our residents would pay in County taxes.
- Whether the tentative addition of one police officer was sufficient to meet program needs. City Manager Culross responded that through all of 1998, there were five police officers absent on line of duty injury or illness, which represents 14% of the police force. Two of these officers retired within the last two weeks, and it is expected that at least one more will retire soon. This means that our police force should once again be near full strength, barring any new long term absences due to illness or injury. The cost of a new police officer is approximately \$60,000 per year, and after a few years the cost is closer to \$90,000 per year. Additional staffing to improve program performance is always a consideration, but it must be tempered with a concern for the cost to the taxpayer. Further, an argument made by the police unions in negotiations is that they can deliver the same service at no additional cost with a reduced work year. Hiring additional officers would give added weight to such arguments.
- Concern over the level of future borrowing tentative in the Capital Improvement Program and its effect on future tax rates. Questions were asked and answered concerning the structure of the borrowing for the fire stations (whether it be bonds or bond anticipation notes) and whether or not it was appropriate to borrow for the cost of developing design plans for the project. City Manager Culross responded that the cost of developing plans was appropriate for bonding, and City Comptroller Genito responded that the borrowing medium (bonds or BANs) would be determined at the time of borrowing.
- Discussion was held on the assumptions for the 1999 budget.
- Discussion was held on the tentative percent of fund balance to revenues (5.19%), and Councilwoman Cunningham asked how much was still available to bring the percentage retained to 5%. City Comptroller Genito responded that the amount that could still be withdrawn leaving 5% was approximately \$30,000.
- Councilman Stampleman requested proforma 12/31/98 and 12/31/99 balance sheets for all funds. City Comptroller Genito responded that it would be difficult to estimate properly the balances that may exist in various assets and liabilities at year end. He further stated that the estimated fund balance, which is the important balance sheet figure, does appear in the document. Councilwoman Cunningham asked what purpose a proforma balance sheet would serve in the budget process, and Councilman Stampleman responded that in his line of work they are used all the time. He further stated that one can estimate any asset or liability.

- City Comptroller Genito explained the Risk Retention Fund, its retained earnings balance, and how it operates, in response to several questions.
- City Comptroller Genito explained that Contractual Costs, called “Direct Costs” in previous budgets, represented charges associated with the internal service funds (Risk Retention and Building and Vehicle Maintenance), as well as contracts for professional services and service agencies. The name was changed from Direct Costs to avoid misinterpretation, as the term “direct cost” has a very specific and different meaning in accounting terminology.
- Discussion was held on building and alteration permit revenues, and how it is anticipated they will decline after 1999. In 1998 and 1999, the final phases of the Osborn Community development are taking place, increasing the revenues in this area for those years.
- The question was raised as to whether combining channels 14 and 16 would result in a cost savings, and City Manager Culross and Councilman Hutchings responded that there is no cost to the City for the use of these channels, and that the City is prohibited from selling time on them.
- Councilman Stampleman asked why employee benefits decreased in all areas except Police and building maintenance. City Comptroller Genito responded that favorable retirement system rates accounted for the greatest single decrease in employee benefits. The additional police officer position would account for the police department increase. As for building maintenance, Comptroller Genito noted that the Building and Maintenance Fund shows a decrease from the 1998 budget to the 1999 budget.
- Councilwoman Larr asked for details on the fireboats. City Manager Culross explained that the 1999 budget provides sufficient funding to outfit the boat which had been donated to the Fire Department as a fireboat. City Manager Culross explained that the Fire Department had requested an additional fireboat at a cost of \$70,000 but that this was not included in the 1999 tentative budget. City Manager Culross also indicated that the City should consider divesting itself of the original fireboat, which is no longer in working condition.
- Questions were raised as to the \$1.85 million in outstanding projects in the Capital Projects Fund, and whether these projects could be set aside and the funds used for other items requested but not included in the budget. City Comptroller Genito responded that \$900,000 of the \$1.85 million in question is related to the two sewer projects, 1995 Blind Brook and 1995 Mamaroneck Valley, which are being de-authorized and the funds used for 1999 projects. City Manager Culross noted that the City originally funded these two sewer projects from the proceeds of the sale of the Parson’s Estate, and now that the County has committed to operation and maintenance of the sewers, the City is no longer required to fund them. Of the \$950,000 remaining, the single greatest amount is \$337,000 related to the Boston Post Road Rock Slide project which is totally funded by Multi-Modal State Aid. All other projects of \$10,000 or more listed are for critical drainage, sewer and road projects. City Manager Culross added that the Building & Vehicle Committee meets monthly to discuss each project, and that none of these projects can be set aside.

- Councilwoman Larr asked if the rent could be reduced to the Rye Youth Council for the use of the McDonald Building. City Manager Culross and Councilwoman Cunningham both responded that there was a long history to this matter. The City agreed to renovate the building differently to suit the needs of the Rye Youth Council; the rent paid by the RYC is fair, and the RYC has substantial financial resources.
- Discussion was held concerning the budget for Rye Free Reading Room. The tentative budget provides for a 3% increase in funding over last year. The RFRR requested a 9% increase. City Manager Culross noted that he did not have any evidence of new or improved services from RFRR that would warrant a 9% increase. He also stated that if given a 9% increase, the RFRR would spend it wisely.

A discussion ensued on scheduling budget workshops. The following is the tentative calendar:

November 17, 1998	budget workshop
November 18, 1998	regular Council meeting (budget on the agenda)
November 24, 1998	budget workshop
November 30, 1998	Financial Advisory Committee meeting
December 1, 1998	special Council meeting - Executive Session
December 2, 1998	regular Council meeting public hearing scheduled
December 7, 1998	budget workshop
December 16, 1998	regular Council meeting- adoption of the 1999 budget

Mayor Otis and the City Council complimented City Manager Culross and City Comptroller Genito for their clear and graphic presentation of the 1999 budget.

City Manager Culross thanked all those involved in preparing the budget document and proposals. He expressed special appreciation to Mr. Christopher Bradbury, City Comptroller Michael Genito, Mrs. Carol Johnson, Mrs. Mary Lou McClure, Mrs. Carolyn Ottly, and Mr. Jeffrey Stonehill.

4. Adjournment

There being no further business to discuss, the meeting was adjourned at 10:05 P.M.

Respectfully submitted,

Alice K. Conrad
City Clerk