

APPROVED MINUTES of the Budget Workshop of the City Council of the City of Rye held in City Hall on November 26, 2001 at 8:00 P.M.

PRESENT:

STEVEN OTIS, Mayor
CAROLYN CUNNINGHAM
ROBERTA DOWNING
ROBERT H. HUTCHINGS
ROSAMOND LARR
DOUGLAS MCKEAN
ARTHUR STAMPLEMAN
Councilmen

ABSENT:

None

ALSO PRESENT:

FRANKLIN CHU
ROBERT CYPHER
Councilmen-elect

1. Pledge of Allegiance

Mayor Otis called the meeting to order and invited the Council to join in the Pledge of Allegiance.

2. Roll Call

Mayor Otis asked the City Clerk to call the roll; a quorum was present to conduct official city business.

3. Discussion of 2002 Budget

Mayor Otis reported that the Council has a diversity of opinion about the proposed property tax increase and said this evening they would continue a discussion concerning expenses, revenues, hiring, etc. He said that no decisions had been made, but that his personal goal is to reduce the proposed increase. He said, in his opinion, the problem is the economy that has led to decreased revenues and the need to examine core services first.

Councilman Stampleman said he had revised his proposal from last week so that the combination of increased revenues and decreased expenses for both the 2001 forecast and the 2002 proposal nets \$850,000, reducing the required property tax increase to 9.96%. He agreed that his plan would increase the operating deficit to \$1.84 million, but left the undesignated fund balance untouched.

Councilman Hutchings said he thought the revenue recommendations looked good as he believes the key is to increase revenue without hurting homeowners. City Manager Novak said she has reservations about being too aggressive with revenue assumptions and feels if the Council accepts all the recommendations, 2003 will be far worse, perhaps requiring as much as a 34% increase. She said she was in agreement with two of Councilman Stampleman's increased revenue assumptions: Property Tax Penalties and Fines and Forfeitures). Mayor Otis said the Council had, in prior years, used the surplus undesignated fund balance to keep the taxes low.

Manager Novak said that the policy, as established by the Council, is to 1) keep the undesignated fund balance no lower than 5%; 2) that any excess in the fund balance should be used for capital projects which would improve the infrastructure and 3) that the operating budget should be balanced.

Councilwoman Downing presented an alternative plan which would 1) decrease the operating deficit by half to about \$650,000; 2) use \$500,000 of fund balance rather than issue debt; 3) increase the budget by \$397,937 (outside agencies requests [\$152,277]), fund the Nature Center [\$42,660]; EFC first payment [\$150,000]; and police request [\$35,000]); 4) reduce the budget by \$102,000 (Building study [\$50,000] and Fire Truck [\$52,000]) and 5) increase revenue assumptions by \$160,000 (Penalties [\$32,000] and Fines [\$128,000]). She said her proposal would require a 25.98% increase in the City's tax rate which translates to a 4.15% overall increase, or \$415 on a \$10,000 tax bill. Under this scenario, the City's undesignated Fund Balance in 2001 would be approximately \$1.2 Million, or 7.02% and for 2002 6.3%. Her plan would allow vacant positions to be filled.

Duncan Hennes, representing the Citizens Committee for Fiscal Responsibility, said if expenses go up, the City has to pay; that the City used up all its resources in good times and needs to address the situation or it will get worse. John Gray said everyone assumed things were fine, but now it comes out that the City has not balanced the budget for 6-7 years and he feels duped. He said we were warned by the financial trends and he supports the City Manager's budget. Ted Downing pointed out that Rye's tax rate is the 5th lowest in Westchester County and those other four communities charge additional fees for refuse collection.

The Mayor said that he likes Councilman Stampleman's approach and feels if the taxes are too high people will not vote for the Recreation Bond Issue, disagreeing with Michael Klemens, Chairman of the Planning Commission, that the budget and bond issue should not be considered together. The Mayor wants to examine what else can be

deferred and what fees can be increased and suggested staff prepare a list of minor items to cut further.

Councilwoman Cunningham said it will not be possible to support the outside agencies to the extent she would like and that it is a year to look at personnel and consider deferring such positions as the police computer position. The Council agreed that all positions are not filled on day one, so it might be possible to save \$50,000 by the end of the year just with deferred hiring.

Councilman Stampleman said he would like to see his proposal reflected in the figures the public will review at the public hearing. The Mayor agreed. Councilwoman Larr said she thought it would be better to have an additional workshop before voting for the proposals, adding that while she agreed with some proposals (i.e. the fire truck), she would favor retaining more in the Fund Balance (the auditors would prefer 8% rather than 5%) and explore further ways of increasing revenues, even if they were small (i.e. increasing fees for Nature Center tours). Chief Wickham said we could order the truck now and pay for it later. Mr. Klemens made a plea to restore the Planning Position and some of the consultation budget. Betty Teoman, Library Director, said they had cut their request, but still needed a 6.5% increase and would like \$275,000 for the capital campaign to be reinstated. Councilman-elect Chu said that he would like to take another look at expenses, saying in the last three years they had increased by 27%. The Mayor said some of this was more police, more traffic safety, a natural increase in salaries and voter-approved increased debt.

Councilman Stampleman made a motion, seconded by Councilwoman Cunningham, to adopt the following resolution:

RESOLVED, to adopt the following amendments to the proposed 2002 General Fund budget:

Increase Property Tax Penalties estimated revenues \$32,000

Increase Sales and Use Tax revenues \$37,000

Increase Utility Gross Receipts Tax estimated revenues \$46,000

Increase Fines and Forfeiture estimated revenue \$66,000

Increase Mortgage Tax estimated revenue \$31,000

Increase Building Permit estimated revenue \$62,000

Decrease Clerk's Office Automation Project \$43,000

Decrease transfers out to Capital Projects by \$222,000 and, instead, deprogram DPW Fuel Management System (\$45,000); deprogram railroad station parking lot resurfacing (a Capital Projects Fund project) (\$30,000); and issue \$147,000 in debt.

Eliminate the Police Pistol Range refurbishment

Decrease salaries (deferred hiring and/or salary increases) \$50,000

Decrease building maintenance consultant \$50,000

Decrease lease of fire truck \$52,000

Increase support of Rye Nature Center \$42,000

Increase support of Rye Historical Society \$20,000

Increase support of Rye Youth Council \$5,000

ROLL CALL

AYES: Mayor Otis, Councilmen Cunningham, McKean and Stampleman

NAYS: Councilmen Downing, Hutchings and Larr

ABSENT: None

The resolution passed by a vote of 4 to 3.

As there was no further discussion concerning the budget, Mayor Otis made a motion, seconded by Councilwoman Cunningham and unanimously carried, to adjourn to executive session to discuss a land acquisition matter at 10.15 P.M..

The Council reconvened at 10:20 P.M.

4. Adjournment

There being no further business to consider, Councilwoman Cunningham made a motion, seconded by Councilman McKean and unanimously carried, to adjourn the meeting at 10:21 P.M.

Respectfully submitted,

Susan Morison
City Clerk