

APPROVED MINUTES of the Budget
Workshop of the City Council of the City of Rye held
in City Hall on December 1, 2008 at 7:00 P.M.

PRESENT:

STEVEN OTIS, Mayor
ANDREW C. BALL
MACK CUNNINGHAM (arrived at 7:15 p.m.)
PAULA J. GAMACHE
CATHERINE F. PARKER
JOSEPH A. SACK
Councilmembers

ABSENT: GEORGE S. PRATT

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. Continuation of Budget Workshop

Mayor Otis welcomed everyone to the fifth workshop on the proposed 2009 budget and said the topics for this evening's discussion would be the Golf Club and comment on the budget by the Finance Committee.

Rye Golf Club Golf Club Manager Scott Yandrsevich gave a presentation on the past, present, and future of the Rye Golf Club that included the following highlights:

Whitby Castle

- In 2005 members and staff were disappointed with Restaurant Associates' (RA) operation of Whitby Castle and when they did not exercise their renewal option, two top priorities were set: to keep Whitby open to the public and to reconnect with the membership.
- In 2006 a decision was made to allow the club to operate the food and beverage operation and the necessary permits were obtained. It was a transitional year because the RA's remaining contracts were honored. There was a concentration of deferred maintenance including, new carpeting and painting, reinforcement and reconstruction of floors, relocation of the existing bar, addition of a walk-in freezer and ongoing and preventative structural and system maintenance.

- In 2007 there was increased sales from Castle operations, a major water leak in the turret was repaired, work was done to waterproof the existing stone foundation walls, non-consumable inventory such as china, stemware and chairs were purchased, member events were increased which included a 15% discount off regular dining,
- To date in 2008, maintenance on the castle continues, special events like Easter Sunday and Mother’s Day have been very successful, restaurant is more of a seasonal operation, there are plans for an outside deck and the “facility fee” model for catering was introduced.
- The outlook in 2009 is to continue promotions, special events and themed evenings to further increase restaurant and catering sales.

Club Operation

- In 2005 use of the pool for the summer camp program at Rye Recreation was provided at no charge; drainage and grading projects were done around the pool to increase usable space and provide more recreation areas, more chairs and umbrellas were added around the pool, the 4th, 6th, 10th and 14th tee complexes were renovated as well as the 4th, 10th, 11th and 13th bunker and greens complexes; new renewal applications were created to streamline operations and an underground fuel tank was removed and cleaned up.
- In 2006 a pool heater was installed in the main pool; a new interactive website was developed for increased member communication; renovations of the 2nd, 5th and 7th tee complexes and well as the 4th, 6th and 11th bunker and greens complexes were completed and the relationship with Rye Recreation continued, but severe storms resulted in the loss of over 40 trees, two fences, a pool awning and a lightning strike blew a hole in the irrigation main pipe and blew out part of the telephone system.
- In 2007 the 15th greens complex was renovated, a new lease was negotiated for golf carts and equipment; a new nomination and election procedure was proposed; a new junior golf program was implemented and a Social Membership category was developed; the relationship with Rye Recreation continued and a new relationship with the Rye Nature Center began, which provides for Fall clean-up, trail maintenance, leaf removal, clearing of brooks and drainage and snow removal in exchange for an apartment for the Golf Course Superintendent.
- To date in 2008, the relationships with Rye Recreation and the Rye Nature Center continue; the 15th and 17th tee complexes have been renovated and renovation of the 2nd, 9th and 11th greens complex and installation of new fairway bunkers is underway; over 70 native grasses have been planted, use of organic alternatives on the grounds have produced positive results; the new governance resolution was adopted by the City Council; and plans for capturing storm water runoff and a new irrigation pump station are in the works.
- The outlook for 2009 is to continue the relationships with Rye Recreation and the Rye Nature Center; to accept credit cards for dues, and completion of the 2003 golf course master plan.

Financial

- In 2005, the Club covered 100% of its cost, contributed \$1,060,492 back to the City and was net positive at the end of the year.

- In 2006, the Club covered 100% of its costs, contributed \$868,106 back to the City and was net positive at the end of the year.
- In 2007, nine of the 13 authorized full-time positions were filled; membership numbers increased by 3%; there was a 3% dues increase; the Club covered 100% of its cost, contributed \$872,617 back to the City and was net positive at the end of the year.
- To date in 2008, eight of the 13 authorized full-time positions are filled; membership numbers increased by 3%; there was a 4% dues increase; the new deck, irrigation pump station and a portion of a paving project will be funded from the 2008 budget; the Club will cover 100% of its cost, has contributed \$898,741 back to the City and will be net positive with excess revenue transferred to fund balance.
- The outlook for 2009 is to update and develop a master/strategic plan to incorporate the entire facility; to continue to reduce City full-time staff by attrition and to further develop contractual/temporary staffing solutions. Since October 97 non-residents and 39 residents have contacted the Club requesting membership for 2009. The Club expects to continue covering 100% of its costs and is budgeted to contribute \$956,917 back to the City.

Mr. Yandrasevich concluded his presentation by saying that the Rye Golf Club is a successful operation that meets its costs and contributes back to the City. There has been a change in the demographics in the membership who demand more services, which come at a cost.

Comments and questions from the Council included:

- Where are the 2009 bookings compared to 2008? (They are down a little bit but there is more concern for 2010 because many events are booked a year in advance.)
- Should restaurant hours be curtailed? (The restaurant is closed on Monday and Tuesday in the Winter and they are considering closing for two to three weeks in January in order to do maintenance but a public restaurant cannot close for months at a time like private clubs. In the Summer, dinner is busier than lunch but might consider closing on Mondays, which is the slowest day of the week even for the golf club.)
- Is the increase in costs associated with allowing members to use credit cards for dues payments justified and can the charge be passed along to the member. (It is believed up to 90% of members might charge their dues payments for next year. This may not increase membership but it might retain membership in certain categories. The City is not allowed to pass the cost of using credit cards along to the user.)
- Explain the pricing model for a party at the Castle and the facility fee? (Most facilities require a minimum number of people and charge a price per person for food. The facility fee sets a price that is necessary to cover the cost of the room being used, does not include minimum numbers for people or food, and allows the client to choose what best meets their needs in terms of food or beverage.)
- How is the Club's risk retention budget allocated? (It is based on how much money is in a department's accounts. More money in accounts equals more risk.)
- If expense items were reevaluated could that lower membership fees? (Projects are not funded from membership fees.)
- Could any of the costs charged back for services provided by the City such as garbage pickup be done better privately? (Some services covered by interfund service charges

could be done cheaper but it would not be fair to pick and choose because they are a cost of doing business as a municipal club.)

- How can the Club determine if it has reconnected with the membership? (Member usage is a key measure of success. They can monitor how much revenue comes from members who receive a 15% discount when they use their member charge. Member usage has increased.)
- How do you strike a balance between how nice the club should be made, which is municipally owned and not a country club? (Expenditures are going down. Improvements do not necessarily cost more because in-house staff does most work. Some of the major renovations have been cheaper than doing repairs. The new Master Plan will use input from a member survey. 30% of the members are non-residents who pay double the price. If the club did not maintain a certain level, it would lose this base.)
- Is there a minimum that members are required to spend at the restaurant? (The idea was put out to the membership, but probably will not go into effect.)
- Have changes in fuel and electricity costs been considered? (Expense revenues have been adjusted by the Finance Department.)
- Why is 2008 inventory excluded? (It is not counted until it is used.)
- Is off-site catering still being considered? (It will continue as a sideline for barbeques. They have done about six to eight jobs.)

Mayor Otis then turned the Golf Club discussion to the senior rates issue. He asked if a broader solution could be found since the Golf Club is a public facility and some people are being priced out of using it. Members of the Golf Commission in question asked for clarification of what is meant by affordability. Should it just be applied to seniors or to everyone by possibly using a means test? They requested input from the Council saying it should be a collaborative process and that providing a senior discount could unfairly tax other members. Mr. Yandrasevich pointed out that a significant portion of the membership is over 62 years. He said he believed that when the weekday membership was introduced it was considered a senior discount because more seniors play golf during the week but it, as well as the new Social Membership, is open to everyone. He added that there have not been many senior memberships lost over the years.

Public Comment and Questions Included:

- How much more revenue is projected for the rest of the year? (Approximately \$100,000.)
- 4 ½% increase in dues for 2009 is too high.
- Capital projects at the Golf Club should be deferred in order to keep rates down. The Club should just maintain and not expand. (Members of the Commission said they were willing to look at deferring capital projects and would look at a reduction in a dues increase but said they were opposed to using fund balance for operating costs.)

Finance Committee Report on Budget Finance Committee Chairman David Mullane said that he and Steve Myers, Arthur Stampleman and Laura Leach were here to present the Finance Committee's report on the 2009 Budget. He said the Committee tried to bring a different prospective to the Budget than that provided by the Council. He said that whenever there were

differences of opinion between Committee Members and City Staff, the staff position was considered the default position. The report reflects a general consensus of the Committee covering several topics.

- The Committee believes that the announced department “cuts” in the budget is confusing. People do not understand savings from unfilled positions or projects that are not funded. They want to know what is being spent today and will not be spent tomorrow.
- The Committee did not take a position on staffing or salary freezes but thinks that a pay freeze for the administrative pay group might be considered and that some times it is better to cut positions.
- A Recession Planning Taskforce should be set up that would include staff members who are in the best position to make suggestions for finding savings or determine what services could be cut. (Mayor Otis pointed out that staff had already done this prior to the budget being presented to the Council.)
- In the area of Retirement and Healthcare Benefits, the Committee noted that these benefits were increasing at a higher rate than wages with hospitalization/healthcare costs accounting for the biggest dollar increase. They suggested that the City encourage employees to participate in healthcare programs that will benefit both the City and employees in reducing and minimizing current and future costs and look to achieve additional cost savings consistent with the private sector when negotiating future contracts such as increased employee contributions.
- The Committee considers the Library an important asset to the City. The Library needs to exercise fiscal discipline during the current economic times but the Committee does not believe they should be compelled to pursue a direct taxing alternative. The Committee urged the City to work with the Library to reach an agreement.
- The majority of the Finance Committee is supportive of the City policy that prohibits use of fund balance to pay current operating expenses.
- The Finance Committee would be willing to assist with an audit of the Golf Club/Whitby Castle if that were deemed necessary.
- The Committee offered to take on the task of performing a Forensic Audit of the finances of Rye Town Park.
- The City’s Aaa rating is a real asset. In the current municipal, market rates are historically low for Aaa communities and this could be an opportunity for the City to seek financing to pay for 1037 Boston Post Road early at a lower rate of interest.

The members of the Council thanked the Finance Committee for their report.

There being no further business to discuss, Mayor Otis made a motion, seconded by Councilman Cunningham and unanimously carried, to adjourn the workshop at 10:34 p.m.

Respectfully submitted,

Dawn F. Nodarse
City Clerk