

APPROVED MINUTES of the Special Meeting of the City Council of the City of Rye held in City Hall on November 9, 2009 at 7:00 P.M.

PRESENT:

STEVEN OTIS, Mayor
ANDREW C. BALL
MACK CUNNINGHAM
PAULA J. GAMACHE
CATHERINE F. PARKER
GEORGE S. PRATT (arrived at 7:10 p.m.)

Councilmembers

ABSENT: JOSEPH A. SACK

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. Presentation of the FY 2010 Budget by the City Manager

Mayor Otis said the purpose of this meeting was for the City Manager's presentation of the 2010 Tentative Budget. He said that at the beginning of this year it was known that this would be a difficult year and that the 2010 budget would be a challenge. A great deal of work by the City Manager, City Comptroller and Department Heads went into coming up with the budget proposal.

City Manager Culross said that as proposed, services and programs are unchanged from the current year. The major contract service providers (Rye Free Reading Room, Emergency Medical Services, Rye Youth Council) are receiving the same funding in 2010 as they did in 2009. The budget calls for a property tax increase of 1.56%, which for the average \$1.3 million home in Rye equals less than \$4 per month. There is a modest adjustment in some user fees. This is not a "business as usual" year and the budget has not been treated as a "business as usual" budget. Early in 2009 Department Heads were asked to serve on a Recession Task Force where financial trends were identified and behaviors modified accordingly. Expenditures have been deferred where possible and a hard job freeze has been enforced. The proposed 2010 General Fund Budget is \$29.8 million, which is 2.9% less than the current budget and 4.2% less than 2008 actual expenditures. The only category to increase from the current budget is Employee

Benefits and taxes, which includes the new MTA payroll tax. All other categories are less than the 2009 budget and except for contractual costs are less than the 2009 forecast. The proposed General Fund authorized work force is reduced by seven positions (4.5%) and the All Funds work force is down by ten positions (6%). Most of the positions are administrative support positions, one is a public works laborer, and two are police officers. With the exception of the nine CSEA Clerical employees who will receive a 4% increase effective January 1 under the terms of a multi-year contract that expires at the end of 2010, all other employee contracts will have expired by 12/31/09 and the proposed budget includes no salary or benefit increases for any other employees. Benefits and salaries are down altogether by over \$300,000 next year. 2010 will be a transitional year. The City depends on New York State for substantial revenues and the State has serious fiscal problems. The City is facing serious budget issues for the next two to three years. The 2010 proposed budget maintains service levels, while the work force becomes leaner, but going forward, expectations of service levels may have to be reexamined. We must evaluate what we do, why we do it and how we do it. The year-end Fund Balance in the proposed budget will remain at 8.2% of appropriations, which is about \$1 million above the policy goal of 5%, and allows flexibility for the City to react to events beyond our control.

City Comptroller Jean Gribbins provided an overview of the proposed 2010 budget. She began by saying the 2009 budget was unique with many challenges that increased throughout the year making 2010 another unique year. The 2010 Budget process began over the Summer with Department Heads inputting 2009 projections and 2010 budget data into the financial system. The City Manager, Comptroller and Deputy Comptroller then met with all Department Heads to review their budgets line by line in order to justify spending levels and support revenue projections. Due to the changing nature of the economy, each number was reviewed both independently, as a justifiable and reasonable amount of Revenue and Expense, as well as in comparison to prior and current year activity. The Budget presented reflects several months of work and preparation by City Staff and the efforts of the Recession Task Force. Ms. Gribbins summarized the proposed budget as follows:

- An increase of 1.56% over the fiscal 2009 tax rate is proposed. Expenditures are budgeted at \$29.8 Million and revenues at \$28.6 Million. \$1.2 Million of Fund Balance will be used for Capital items. The available fund balance at year end 2010 will equal 8.19% of expenditures. There is a contingency equal to 1% of operating expenditures.
- A 1.56% tax increase results in a tax rate of \$139.52 per \$1,000 of assessed valuation, which equates to a \$47.05 increase per year on the average home with an estimated market value of \$1,286,000.
- To change the tax rate increase by one percent would require a reduction in expenditures, increase in revenues or some combination of both by \$191,360.
- \$1.2 Million will be transferred from the General Fund for Capital purposes: \$434,320 for equipment and building and vehicle purchases and \$807,000 for capital projects. These items do not have an effect on the tax rate but reduce the Fund Balance.
- The total budgeted for capital projects is \$7,639,260 with only \$807,000 funded by the General Fund. \$5,660,260 is expected to be funded with Grants and Federal and State aid and \$1,172,000 by new debt, which can be approved by the City Council.
- The Cable TV, Golf and Boat Basin Funds continue to be self-supporting.

- The Debt Service Fund is designed to rely on annual transfers in from the General Fund for the payment of debt principal and interest. In 2010 the Debt Service Fund will use \$100,000 of its Fund Balance and the General Fund will transfer \$40,000 to the debt service fund to cover 2010 Debt Service payments of \$140,000.
- The Risk Retention Fund and the Building and Vehicle Maintenance Fund are designed as internal service funds, providing services to all other funds and charging all other funds a proportionate share of operating expenses.

Ms. Gribbins said there are several workshop meetings scheduled for the Council's review of the budget prior to the public hearing and final adoption that the City Charter requires by December 31. She thanked the departments for submitting reasonable and cost-conscious budgets and gave special thanks to Deputy Comptroller Joe Fazzino for his help.

The Council complimented the City Manager and Comptroller and staff for their hard work on the proposed budget. Other comment on the budget presentation included:

- The work of the Recession Task Force at the beginning of the year allowed the City to be prepared going into this budget process because staff was involved and spent the time to look carefully and assess what was needed or not needed.
- The document presented is a good one for the Council to work with.
- Almost 90% of the budget is for salaries, benefits and obligations mandated by the State. The City does not qualify for as much money in grants and aid as some other communities and, therefore, must fund capital projects.
- The City will be challenged going forward to find expenses that do not handicap our primary function of public safety and delivery of services to residents.
- The 1.56% proposed increase is testament to the good financial management of the City, especially when neighboring communities are looking at higher increases.
- Since there is no way of predicting how the State will honor their aid commitments this year, we must make contingency plans.
- 1.56% is a good starting point. The budget reflects the times. It is a good professional approach to let the community know that the elastic revenues will be difficult to predict.
- Be careful in managing the Undesignated Fund Balance because the only thing that creates a surplus is receipt of more elastic revenues than were budgeted for. The Fund Balance may be static or even decline before it begins to grow again.
- Thanks for putting the budget message in the simplistic terms of a "reset economy".
- It is important that no department is bearing the burden more than another.
- There are 14 fewer authorized salaried positions than two years ago. Since the jobs were necessary when they existed, it puts more pressure on those who remain.
- No other community in Westchester is receiving a better put together budget in these tough economic times.
- A 0% based assessment review of Building and Vehicles is a good idea.

Mayor-elect Douglas French said he felt the budget was a great first budget; that it reflects the times and sentiments of the people and that the number should be as low as possible.

4. Set public hearing on 2010 Budget for December 2, 2009

Mayor Otis made a motion, seconded by Councilman Ball and unanimously carried to adopt the following Resolution to set a Public Hearing on the 2010 Preliminary Budget for December 2, 2009.

WHEREAS, it is now desired to call a public hearing on the proposed 2010 budget, now, therefore, be it

RESOLVED, by the Council of the City of Rye as follows:

Section 1. Pursuant to Section 20 of the Municipal Home Rule law and the Charter of the City of Rye, New York, a public hearing will be held by the Council of said City on December 2, 2009 at 8:00 P.M. at City Hall, Boston Post Road, in said City, for the purpose of affording interested persons an opportunity to be heard concerning such budget.

Section 2. Such notice of public hearing shall be in substantially the following form:

**CITY OF RYE
PUBLIC NOTICE**

PLEASE TAKE NOTICE that a public hearing will be held by the Council of the City of Rye on Wednesday, the 2nd day of December, 2009 at 8:00 p.m. at City Hall, 1051 Boston Post Road, in said City, on the Proposed Budgets of the General Fund, Cable TV Special Revenue Fund, K.T. Woods Permanent Fund, Debt Service Fund, Capital Projects Fund, Boat Basin Enterprise Fund, Golf Club Enterprise Fund, Risk Retention Internal Service Fund, and Building and Vehicle Maintenance Internal Service Fund of the City of Rye for the ensuing fiscal year, January 1, 2010 through December 31, 2010, and at such time and place any person interested in said Proposed Budgets will be given an opportunity to provide written and oral comments on any and all of the aforementioned budgets.

CITY OF RYE SUMMARY OF PROPOSED BUDGETS

<u>Fund/Program</u>	<u>Proposed Budgets</u>
General Fund	\$29,790,216
Rye Cable TV Special Revenue Fund	299,033
K.T. Woods Permanent Fund	-0-
Debt Service Fund	139,987

Capital Projects Fund	7,639,260
Boat Basin Enterprise Fund	726,789
Rye Golf Club Enterprise Fund	7,679,398
Risk Retention Internal Service Fund	726,400
Building and Vehicle Maintenance Internal Service Fund	<u>5,058,697</u>
TOTAL - All Funds	<u>\$52,059,780</u>

Dawn F. Nodarse
City Clerk
Dated: November 18, 2009

5. Adjournment

There being no further business to discuss, Mayor Otis made a motion, seconded by Councilman Cunningham and unanimously carried, to adjourn the meeting at 7:40 p.m.

Respectfully submitted,

Dawn F. Nodarse
City Clerk