

APPROVED MINUTES of the Special
Meeting of the City Council of the City of Rye held in
City Hall on November 8, 2010 at 8:00 P.M.

PRESENT:

DOUGLAS FRENCH Mayor
RICHARD FILIPPI
PAULA J. GAMACHE
PETER JOVANOVIK
SUZANNA KEITH (Arrived at 8:06 p.m.)
CATHERINE F. PARKER (Arrived at 8:10 p.m.)
JOSEPH A. SACK
Councilmembers

ABSENT: None

Before starting the meeting, Mayor French asked for a moment of silence in honor of Police Officer Scott Antinozzi, who passed away last week after a long illness.

1. Pledge of Allegiance

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

2. Roll Call

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

3. Presentation of the FY 2011 Budget by the City Manager

Mayor French began by saying that the economic situation in the Country has affected everyone for the last year and a half. The public has spoken out about reducing spending and providing tax relief. This Council has looked at sustainability and structural changes that can be made for the long-term while making short-term decisions for the 2011 budget. The process was begun in March, when staff was asked to provide recommendations, which were presented in June. The Finance Committee and Boards and Commissions reviewed the suggestions and the Council provided feedback. The Council must now make decisions.

City Manager Scott Pickup said the 2011 budget continues a challenge that was not the City's choosing, but one that the City is up to. One of the key goals for the City is to build the right foundation to make sure the City has a stable future. The budget outlines how the City

proposes to get there. The 2010 budget was a difficult budget that reduced expenditures and kept the tax rate stable. The 2011 budget continues the process.

City Comptroller Jean Gribbins said that the proposed tax increase for 2011 is 2.16%. The median home in Rye with a market value of \$1,140,000 will see a City tax increase from \$3,069.44 to \$3,135.78 or \$66.34. For their tax dollars residents receive services that include: fire and police protection, parking enforcement, refuse removal, sewage collection and preventative repair; maintenance of streets, street lights and traffic signals, ambulance service, snow removal, parks and playgrounds, recreation programs, animal control, Rye TV, library services, City staff that administer the day to day functions of running the municipality and a City Council that adopts legislation and reviews the raising and appropriation of funds. Ms. Gribbins said that reducing appropriations means reducing the resources that provide these services. The proposed budget keeps the General Fund fund balance at 9.33%, which maintains the City's safety net at about \$1.3 million. The level of Fund Balance has been maintained in part because staff deferred expenses in 2010, but there is a limit to how long expenses can be deferred before service levels decline. It takes \$190,000 in additional revenue or reduced expenses to change the tax rate by 1%.

Ms. Gribbins then outlined areas of concern that have been under discussion since March. She provided the Council with a chart that compared a presentation made in June showing inherent cost increases and potential ways to bring the increases down to a 0% tax increase with what is proposed for the 2011 budget. In connection with increases that had been anticipated: (1) Health insurance was expected to increase \$948,000 from 2010, but through negotiations with the City's health insurance carriers the amount has been lowered to \$577,000, which is still an increase over last year; (2) the New York State Retirement expenses were estimated to increase by \$417,000 but is now estimated to increase by \$430,000; (3) the City's assessed valuation decreased by \$610,625, which reduced the City tax revenues by almost \$90,000; (4) Salary increases of \$172,000 are proposed for 2011; and (5) Debt refunding will save the City \$88,000 in 2011 but the debt service will increase by almost \$300,000 due to 2010 borrowing for a net increase of \$212,000. In order to offset the anticipated increases: (1) Increases in Recreation revenues and reductions in expenses offset budget increases by \$230,000; (2) Funding to the Rye Free Reading Room was reduced by \$100,000; (3) Increases in parking permit, parking meters and pay stations could generate an additional \$305,000 in revenue; (4) changes in solid waste collection will help save \$285,000; (5) satisfying the outstanding debt on 1037 Boston Post Road will save \$267,000 in interest expense; and (6) reorganization of uniformed services will help save \$150,000. Additionally, building revenues are expected to increase by about \$102,000 in 2011 and outsourcing the parking ticket collection process and leaving one position unfilled in the City Manager's Office will save another \$115,000. Increases noted on the chart include: (1) Risk Fund fund balance will not be used to reduce the tax rate for 2011 and, therefore, represents an increase of \$255,000; and (2) local retirement incentives of \$125,000 have been included. The combination of all these items results in the 2.16% proposed tax increase.

There is a very small Capital Plan for 2011 and most projects have been carried over from prior years. Many projects will be funded by grants and aid in order to keep the City in a positive cash position. The annual street resurfacing will be reduced by \$100,000. Sidewalk and curb replacement, sewer and drain work and vehicle replacement plans will remain at 2010 levels. \$250,000 of equipment purchases will be funded through fund balance.

Ms. Gribbins said that bringing costs down in the future will require outsourcing functions currently performed by City staff and increasing revenues will require increases in user fees. She said that projections for 2011 revenues for sales tax, occupancy tax, utilities gross receipts tax and mortgage tax were held at 2010 levels. State Aid is budgeted to come in \$27,000 less than 2010 which reflects a reduction of \$89,706. She added that even though the City is diligent in controlling expenses and generating non-tax revenues, if New York State decides to cut aid to municipalities or CHIPs funding the City will not be able to absorb the cuts.

Council comments included:

- Does the decrease in assessed value reflect tax certiorari settlements? (Yes. There is a designated reserve and the City is within the historical range with the reserve.)
- When will the change in solid waste collection start? (The process is underway but it will begin in January. The days of collection will remain the same, the times may change.)
- Could information be provided comparing last year's budget vs. this year's forecast?
- What happened to the \$95,000 additional contribution from the Golf Club? (It has not been included in the 2011 proposed budget. Due to the Club's use of Fund Balance and membership renewal issues the case was made that it would not give them the incentive to meet their target going forward.)
- Why was there no increase budgeted for mortgage tax? (Since there is no month to month trend in mortgage tax revenues, the conservative thing is to hold the projections at 2010 levels.)
- The economy is growing at a 1 -2% rate, will that translate into an increase in sales tax levels? (Sales tax revenues may go down based on new census numbers.)
- It would be helpful to get more details regarding health insurance. (Premiums are based on utilization and the City is currently over premium based on utilization, which means there may be substantial increases in premiums or major modifications. The City has obligations through labor contracts that make unilateral decisions in health insurance difficult.)
- If Recreation and the Library are taking hits, why has the increase for the Golf Club been eliminated? (The Golf operation returns more than debt service to the General Fund. There are other charges that are allocated back to the General Fund. They have a higher budget impact currently than any of the other changes proposed.)
- Will the Council be provided detail on increasing snow removal and parking fines? (The reason for increasing fines must be determined. If fines are increased to stop behavior, it will not increase revenue.)
- What can be cut from the 2011 budget to reach the same 1.56% increase as last year? (Staff took a hard look at what could be accommodated taking into account the service level expectations of the Council and community. Another \$100,000 reduction could impact public safety.)
- Since the budget discussion started in June this year, adjustments to the budget, which is normally the role performed by the City Council after the budget presentation, have already been made by the City Manager.
- If all the figures that were suggested increases outlined in June were added back in, it could equal a tax decrease.

- Give projected mortgage tax revenues a second look.
- What is the tipping point for fines and compliance? We might not lose as much as we anticipate by increasing fines.
- If the projected increase in building revenue is based on a volume increase, raising the rates would yield additional revenue.
- Did mortgage tax revenue trend down after the first time buyer credit expired? (There was not much impact.)
- This is the first time that employee cuts are anticipated. The Council must make the decision to reduce service levels or keep the tax rate where it is.
- The Council must keep staff recommendations in mind because they have provided their best estimate of how much can be cut.
- What is the proposed increase for merchant parking permits? (There is no increase budgeted for 2011.)

Members of the Finance Committee were also in attendance. Their questions included:

- Will service levels be maintained? (There are no service level decreases anticipated in this budget.)
- How many employees will be let go? (There are five positions targeted, which includes vacated positions.)
- When will the quarterly statement be available? (The Citizens Budget report must be completed first. There is also a budget forecast in the proposed budget of where the City anticipates being at the end of the year, which is more relevant than the results as of September.)
- Why are the proposed increases in healthcare costs lower than had been anticipated? (One of the two carriers came in with a better than anticipated rate.)
- How much is outstanding on the 1037 Boston Post Road property? (It has been paid in full.)

A brief discussion was held about what topics might be covered during budget workshops, including debt, fund balance issues, revenue assumptions and opportunities, the Citizens Budget Report, public safety, the Library, the Golf Club and Recreation.

4. Set public hearing on 2011 Budget for December 1, 2010

Councilman Sack made a motion, seconded by Councilman Filippi and unanimously carried, to adopt the following resolution to set a Public Hearing on the 2011 Preliminary Budget for December 1, 2010.

WHEREAS, it is now desired to call a public hearing on the proposed 2011 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 1, 2010 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 1st day of December, 2010 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, 2011 through December 31, 2011, 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	\$30,075,470
Rye Cable TV Special Revenue Fund	322,711
K.T. Woods Permanent Fund	-0-
Debt Service Fund	273,720
Capital Projects Fund	515,000
Boat Basin Enterprise Fund	662,223
Rye Golf Club Enterprise Fund	7,832,681
Risk Retention Internal Service Fund	694,069
Building and Vehicle Maintenance Internal Service Fund	<u>4,291,879</u>
TOTAL - All Funds	<u>\$44,667,753</u>

Dawn F. Nodarse
City Clerk
Dated: November 19, 2010

5. Adjournment.

There being no further business to discuss Councilman Jovanovich made a motion, seconded by Councilman Filippi and unanimously carried, to adjourn the meeting at 9:20 p.m.

Respectfully submitted,

Dawn F. Nodarse
City Clerk