

APPROVED MINUTES of the Special
Meeting of the City Council of the City of Rye held in
City Hall on November 9, 2011 at 8:00 P.M.

PRESENT:

DOUGLAS FRENCH Mayor
PAULA J. GAMACHE
PETER JOVANOVIK
SUZANNA KEITH
CATHERINE F. PARKER
JOSEPH A. SACK
Councilmembers

ABSENT: RICHARD FILIPPI, Councilman

The Council convened at 7:35 p.m. Mayor French made a motion, seconded by Councilman Jovanovich and unanimously carried, to immediately adjourn into executive session to discuss litigation and attorney/client matters. Councilman Sack arrived at 7:50 p.m. Councilman Jovanovich made a motion, seconded by Councilwoman Keith and unanimously carried, to adjourn the executive session at 8:07 p.m. The regular meeting convened at 8:10 p.m.

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 2012 Budget by the City Manager

City Manager Pickup said this is the first Budget prepared since the tax cap legislation was adopted. He said he believed it was a failed piece of legislation because nothing was enacted providing mandate relief. The proposed budget does not anticipate major changes in operations or major restructuring of the organization. Department Heads were asked to prepare their budget requests to keep the budget flat.

City Comptroller Jean Gribbins made presentations on the proposed 2012 budget and on the tax cap calculation.

Budget Presentation

The 2012 budget proposes a base levy increase of \$709,950 over the actual 2011 levy. A levy increase of \$709,950, combined with a \$944,959 decrease in assessed value translates to a 4.34% tax rate increase. Fund Balance at the end of the year is expected to be just over \$2 million or 6.68% of expenditures. The proposed budget would be about \$192,000 over the tax levy cap.

Ms. Gribbins said the City is a service organization and its main cost is personnel. Even though staff levels have been decreasing, some of the costs associated with staff have increased. New York State determines the amount the City is required to contribute to the Employee and Police and Fire Retirement Systems and contributions for both will increase for 2012. The Employee Retirement budget is \$136,000 higher than 2011 and the Police and Fire Retirement budget is \$227,000 higher. By moving retirees on the Aetna health plan to a new Medicare Part F Plan, the City was able to limit the increase in costs to \$26,000. The expense for the City's employee health insurance expense in 2012 will be \$178,000 higher. Other than these mandated increases none of the City's internal departments have asked for more funding in 2012. Costs of processing credit card transactions have gone up as the City provides more on-line payment options for residents. The City is also responsible for funding Rye Town Park. The 2011 operating deficit for the park is expected to be \$150,000, making the City's share \$75,000 or \$50,000 higher than what was adopted in the 2011 budget. Funding for the Rye Free Reading Room is \$1,080,000, the same level as 2011. There is no City funding for capital and building and vehicle for 2012. The only capital funding will be the NYS CHIPS money for street repaving.

The City is limited in how it can generate revenue. The primary way is through the tax levy. For the 2012 budget the levy is 67% of total revenues, 1% higher than in 2011. Ms. Gribbins pointed out that for 2011 the assessed value at the time of the budget adoption was higher than the assessed value of the final roll used to prepare the property tax levy, which resulted in the City being \$96,874 under budget. She said a similar difference can be expected for 2012 as more people challenge their tax bills. It is expected that the amount earned for interest will be \$25,000 less than the amount budgeted for in 2011. Sales Tax and Mortgage Tax revenues are budgeted flat to the 2011 Budget. Increasing the Utility Gross Receipts tax is an option open to the Council for increasing the City revenues outside the tax levy.

Calculation of Tax Levy Cap Presentation

Ms. Gribbins began this presentation by pointing out the difference between the tax levy and the tax rate. The 2% cap is on the levy, which is the dollar amount raised by taxation. The levy can increase by 2% and if assessed value goes down, the tax rate can increase more than 2% and stay within the 2% levy. The City established its 2011 levy amount and applies the 2% cap to that amount, calculates what amounts can be excluded from the cap and then compares that levy amount to the proposed levy amount. There are two components to the City's levy: the base amount applied to all parcels in the City covering the costs for City services, and special assessments applicable to certain parcels. These figures are added together to get the total 2011 levy. The total levy is then multiplied by a Tax Base Growth Factor determined by the State Department of Finance. The 2011 PILOT (Payment in Lieu of Taxes) is then added. The result is the Adjusted Levy Basis. The 2% cap is applied to that number. The estimated 2012 PILOT amount is then subtracted. Amounts that can be excluded from the tax levy cap include: Torts

and Judgments expenditures that exceed 5% of the total levy from the prior year and a Pension Exclusion equal to 0.6% of Employee's Salaries and 2.2% of Police and Fire Salaries based on a bill from the NYS Retirement system due in December 2012. Ms. Gribbins added that part of the reason the City needs to override the tax cap is to adjust for the Special Assessments, which are fully reimbursed by specific tax payers. She said that the City is not permitted to exclude the portion of the levy attributable to the funding of non-profits and also not allowed to exclude payments to Rye Town Park.

The tax cap calculations for this year's proposed budget are as follows:

Base Real Property Tax Levy for FYE 12/31/11 (Actual amount levied)	\$19,439,051
Add Special Assessments:	
Rockridge Sewer	12,991
Kirby Lane North Water/Sewer/Gas	101,521
Upper Dogwood Sewer	<u>0</u>
Total Property Tax Levy for FYE 12/31/11	\$19,553,563
Tax Base Growth Factor – determined by NYS Dept of Tax & Finance	1.0051
Subtotal – 2011 Levy x Growth Factor	19,653,286
PILOT 2011 – Actual PILOT billed	<u>94,834</u>
2011 Adjusted Levy Basis Subject to 2% Cap	\$19,748,120
Allowable Levy Growth Factor (2%) – determined by NYS OSC	2%
Subtotal – Levy + PILOTS x 2% cap	\$20,143,083
Less: 2012 PILOT (estimated)	
2011 PILOT	\$94,834
Tax Rate increase for 2012	<u>4.34%</u>
Less: Estimated 2012 PILOT	98,954 <u>(98,954)</u>
Subtotal – Preliminary Tax Levy Limit	\$20,044,129
Add: Tax Levy necessary for expenditures from court orders/ Judgments arising from Tort actions for any amount in excess Of 5% of the total taxes levied in the prior fiscal year – Amount in Excess of:	 <u>977,678</u> 0
Pension Exclusion Calculation	
Salary Base for bill to be paid in 2012 (determined by NYSRS)	
State and Local Employee Salary Base	6,755,133
Excludable Percentage: (determined by NYS OSC)	0.60%
Employee Pension Exclusion	<u>40,531</u>
Police and Fire Base	5,590,803
Excludable Percentage: (determined by NYS OSC)	2.20%
Police & Fire Pension Exclusion	<u>122,998</u>
Total Pension Exclusion	<u>163,528</u>
Tax Levy Limit without Override	\$20,207,657

Based Proposed Tax Levy	\$20,245,875
Special Assessments:	
Rockridge Sewer	12,991
Kirby Lane North Water/Sewer/Gas	120,528
Upper Dogwood Sewer (estimate)	<u>20,703</u>
Total Proposed Levy Subject to Levy Limit	<u>\$20,400,097</u>
 Amount Exceeding Levy Limit	 \$ 192,440

In response to a question about what it would take to achieve a 0% tax rate increase, Ms. Gribbins and Mr. Pickup said that \$800,000 would have to be cut from the budget and substantial operational changes would have to be made.

4. Set the Public Hearing on the 2012 Budget for December 7, 2011

Mayor French made a motion, seconded by Councilwoman Keith and unanimously carried, to adopt the following Resolution to set a public hearing on the 2012 Preliminary Budget for December 7, 2011:

WHEREAS, it is now desired to call a public hearing on the proposed 2012 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 7, 2011 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 7th day of December, 2011 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, 2012 through December 31, 2012, 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	\$30,067,271
Rye Cable TV Special Revenue Fund	396,784
K.T. Woods Permanent Fund	-0-
Debt Service Fund	403,348
Capital Projects Fund	285,000
Boat Basin Enterprise Fund	1,123,751
Rye Golf Club Enterprise Fund	7,305,049
Risk Retention Internal Service Fund	712,536
Building and Vehicle Maintenance Internal Service Fund	<u>4,280,894</u>
TOTAL - All Funds	<u>\$44,574,633</u>

Dawn F. Nodarse
City Clerk
Dated: November 25, 2011

5. Adjournment

There being no further business to discuss Councilman Jovanovich made a motion, seconded by Councilwoman Gamache and unanimously carried, to adjourn the meeting at 9:05 p.m.

Respectfully submitted,

Dawn F. Nodarse
City Clerk