

APPROVED MINUTES of the Budget
Workshop of the City Council of the City of Rye held
in City Hall on November 30, 2011 at 8:00 P.M.

PRESENT:

DOUGLAS FRENCH Mayor
PAULA J. GAMACHE
PETER JOVANOVICH
SUZANNA KEITH
CATHERINE F. PARKER (Arrived at 8:14 p.m.)
JOSEPH A. SACK
Councilmembers

ABSENT: RICHARD FILIPPI, Councilman

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.

Mayor French said that the objective of the workshop was to walk away with a set of expense reduction and revenue increase ideas to discuss at the public hearing. He added that this is the first year of a five-year tax cap and the Council must look at doing things differently.

Prior to the listed agenda items, *Bernie Altoff* and *Carolina Johnson* addressed the Council about the fact that there are no flood mitigation projects in the proposed budget. Ms. Johnson said that maintenance for the area around the dam should be considered along with the City's other infrastructure needs. Mr. Altoff said that there are costs to the community in connection with flooding and suggested that if grant money to do a study on resizing the Upper Pond does not come through, the City should sell two-year short-term notes to fund it. He also suggested that if the City is considering a bond referendum for 2012, the resizing project for the Upper Pond should be included. City Manager Pickup said the City expects to hear about funding for the grants to do the study on the Upper Pond by December 2nd. There was a suggestion made of coming up with a bond referendum that would target public safety projects. City Comptroller Gribbins said that there was \$994,000 available for borrowing under the public safety exemption and said she would look into what type of projects would qualify.

3. Discussion of the FY 2012 Budget

- Debt Schedule

City Comptroller Gribbins said that the Council currently has limited borrowing options: \$200,000 subject to Council vote; \$1.9 million subject to a permissive referendum; and \$994,000 subject to the public safety exemption. The City's oldest debt is from 1998 (Golf Club) and will not drop off until 2018. General Fund debt will not start dropping off until 2020. Any debt incurred going forward will be added to the current expense base of the City. Ms. Gribbins said that if a bond resolution was presented at the November 2012 election, the Council would have until May 2012 to decide on what projects would be included in order to hold public hearings and adopt the necessary Resolutions. She added that as the money is paid back it will add to the expense base of the City and provided two scenarios of resulting tax rate increases for 2013 and 2014. This would not be exempt from the levy cap.

- Fund Balance Review

Ms. Gribbins provided the Council with a graph of the City's General Fund Unassigned Fund Balance showing a decrease from \$5 million in 2007 to a current level of \$2 million. The lowest level allowed by Charter is 5% of operating expenditures, or currently \$1.5 million. The amounts of Fund Balance budgeted for capital: 2007 - \$3.2 million of capital projects; 2008 - \$2.3 million in capital projects; 2009 - \$1.7 million in capital projects (\$140,000 was also used to lower the tax rate); 2010 - \$1.3 million in capital projects; 2011 - \$480,000 in capital projects; and in 2012 – no money is budgeted for capital projects. Ms. Gribbins ended this portion of her presentation by saying it was important for the City to begin replenishing its Fund Balance because it is something that the rating agencies will look at when the City goes out for debt. She said she would contact the City's bond counsel to determine how interest rates would be affected if the City lost its Aaa bond rating.

- Revenue Assumptions

Ms. Gribbins summarized the City's unallocated revenues, which are revenues that the City generates outside of fees and charges. She said that 80% of these revenues are from property taxes. Non property tax items that generate unallocated revenues include:

- Sales and use tax, occupancy tax, and utilities gross receipts tax, which have been budgeted flat for 2012 (Ms. Gribbins was asked to provide the Council with the numbers for sales tax receipts received for the first three quarters of the year.);
- Interest earnings, which is budgeted at \$50,000 for 2012, \$25,000 less than 2011;
- Miscellaneous – the budgeted amount is the Medicare Part D reimbursement;
- Interfund revenue is the surcharge to the Boat Basin and Golf Club that are passed through to the General Fund;
- Intergovernmental revenue is revenue sharing from the State and mortgage tax. Revenue sharing for 2012 was budgeted at 90% of what was received in 2010 and mortgage tax is kept at the 2011 level.

Ms. Gribbins said that all other revenue is generated through fees and charges and were compiled by City Departments to reflect what they forecast will come in next year.

Earlier in the meeting it was noted that there have been 42 cash sales on properties so far this year for a total of \$63.565 million. It was suggested that a 1% tax on the purchase price of these sales would have generated \$635,000 in additional revenue to the City. City Manager Pickup said he had spoken with Assemblyman George Latimer regarding the process of enacting this type of transfer tax, which would require State approval.

- Review of City Council Budget Questions

Comptroller Gribbins answered budget questions that had been submitted to her previously by Council members covering topics including: health insurance, labor contracts, loss of assessed value of properties, opportunities for consolidation of services, Rye Town Park operating losses, opportunities for increasing revenue, the implications of a 0.9% or 0% tax increase, overtime, workers compensation, Police Department staffing, parking violations, Fire Department equipment replacement, proposed building revenues, recreation programs, reducing all department budgets by 10%, garbage pickup, outsourcing departments, and the property at 1037 Boston Post Road. Ms. Gribbins said that all of the questions and answers would be posted on the City website.

City Manager Pickup said that he and Comptroller Gribbins have been working on proposed budget modifications to adjust the tax rate, which will be sent to the Council in their Friday packets.

4. Adjournment

There being no further business to discuss Councilwoman Gamache made a motion, seconded by Councilman Jovanovich and unanimously carried, to adjourn the meeting at 10:33 p.m.

Respectfully submitted,

Dawn F. Nodarse
City Clerk