

**APPROVED MINUTES** of the Special  
Meeting of the City Council of the City of Rye held in  
City Hall on November 14, 2012 at 8:00 P.M.

PRESENT:

DOUGLAS FRENCH Mayor  
RICHARD FILIPPI  
JULIE KILLIAN  
CATHERINE F. PARKER  
JOSEPH A. SACK  
Councilmembers

ABSENT: LAURA BRETT  
PETER JOVANOVIK  
Councilmembers

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 2013 Budget by the City Manager.

City Manager Pickup said that the budget being presented was a tight budget that, for the most part, contained good news. This is the second year of the five-year tax cap. He noted that although the County has indicated they will borrow to pay for pension costs, the City will pay its pension obligations with cash. Capital investment is continued and the City continues to be aggressive in pursuing grants to fund projects. There are constraints against the Enterprise Funds – the Boat Basin because of dredging costs and the Golf Club because of prior borrowing and improvements made to the golf course and Whitby Castle. The ranks of the organization have been cut to the point where many customer service areas are one person operations. There are also labor contract issues. The proposed budget is a stand still budget where no new sources of revenue are proposed. The City may need to look at alternative sources of revenue such as increasing the gross receipts tax or implementing a transfer tax or other types of taxes on property outside of the property tax. The Reserves have been increased but there are many issues the City will have to overcome because mandate relief does not seem to be on the horizon from the State.

Acting City Comptroller Joseph Fazzino's presentation on the proposed 2013 budget began with projections through the end of 2012. The City expects to have a profit of roughly \$1.4 million as a result of revenues performing better than budget. Sales tax revenue is expected to be \$1,975,000 - \$210,000

over budget. Mortgage Tax Revenues will be \$155,000 over the budgeted amount of \$1,280,000. Total building permit revenues are projected at \$1,324,000 - \$388,000 over budget. The City also received \$300,000 in FEMA reimbursement for Hurricane Irene, which will be recognized in the 2013 budget.

### 2013 Budget

The proposed budget proposes an increase in expenditures of \$1,558,910 over 2012. Even though staff numbers have been decreasing, some personnel costs, which cannot be controlled by the City, have increased and are the main cost drivers in 2013. New York State retirement expenses are 15% higher than 2012. Police and Fire Retirement expenses increase by 19% over 2012. New York State determines how much the City must contribute to these retirement systems. Employee health insurance expenses will be 7% higher than 2012. Due to a large Worker's Compensation Claim, the annual premium will be \$279,000 higher than 2012. 2013 budgeted salaries are up 4% over 2012 as a result of a combination of factors. Several positions were either not budgeted in 2012 or only partially budgeted, and the City has budgeted for some type of increase and retroactive pay for the expired union contracts.

There are three methods used to balance the budget:

Use of Unassigned Fund Balance - \$290,000 is allocated for equipment purchases and \$195,000 to fund capital project expenditures and purchases of a police and DPW vehicle. The projected 2013 Unassigned Fund Balance is 13.7% of 2013 budgeted appropriations – about \$4.3 million. \$310,000 will be used to offset some of the increase in the Worker's Compensation premium.

Revenue Increases – Revenue sources have been trending up over the last three years. Sales Tax is budgeted at \$1,950,000 – \$185,000 over 2012. Building permit revenues are budgeted at \$1,060,000 – \$125,000 over 2012. Mortgage Tax is budgeted at \$1.2 million - \$75,000 over 2012.

Increase the property tax levy – For 2013 the levy is 67% of total revenues - the same as in 2012. The 2013 property tax levy is \$20,628,240, an increase of \$657,730 over 2012. The tax rate increase is 3.03% - roughly \$97 to the average home in Rye. The 2013 total levy amount is about \$52,000 under the tax levy cap.

#### 4. Analysis of the Tax Cap.

Acting Comptroller Fazzino said that not much has changed regarding the rules for the tax cap since last year. Many of the numbers in the tax cap calculation are determined by New York State. The 2% cap is on the levy - the dollar amount raised by taxation. The tax rate can increase by more than 2%, even though the levy can only increase by 2%. There are two components that relate to the City. The first is the base levy, which is the assessment on all parcels based on assessed value and includes costs for City services such as Police, Fire, Sanitation, Snow Removal, Administration and Recreation. The second is three the special assessments that only affect certain parcels (Rockridge Sewer; Kirby Lane North Sewer and Upper Dogwood Sewer). The two components are added together to get the total property tax levy.

The starting point for the levy cap calculation is the total 2012 levy. The 2012 Base Levy was \$19,961,151; the Rockridge Sewer assessment was \$12,991; the Kirby Lane North Sewer assessment was \$120,528; and the Upper Dogwood Sewer assessment was 69,008. The numbers added together equal the total 2012 Property Tax Levy of \$20,163,678. The total levy is multiplied by the tax base growth factor. The City's tax base growth factor is 1.0093. The 2012 Levy times the growth factor is \$20,351,200. The City's 2012 Payment in Lieu of Taxes ("PILOT") is added to this number. The City's 2012 PILOT was \$88,474. The resulting number (\$20,484,468) is the 2012 Adjusted Levy Basis subject to the 2% cap. The 2% tax cap is applied against that number to generate a subtotal of \$20,848,468. The City must then subtract its estimated 2013 PILOT amount. This is calculated by multiplying the 2013 tax rate increase by the 2012 amount. The Preliminary Levy Limit without PILOTs is \$20,757,317. There are certain amounts that are excluded from the tax levy cap. Expenditures from Tort actions that exceed 5% of the total levy of the prior year (not applicable to the City) and the amount of Pension expense that is excludable. No portions of Employee's salaries are excludable from the levy limit and 1.10% of Police and Fire salaries are excluded. The total pension expense exclusion from the levy limit is \$61,845. This figure is added to the \$20,757,317 preliminary levy limit. The amount of tax levy allowable without Council override is \$20,819,161. The proposed levy subject to the limit is \$20,767,122. The City is under the levy limit by \$52,039.

*Bernie Altoff and Holly Kennedy* of the Flood Advisory Committee asked that their committee be given the opportunity to make a presentation at an upcoming Budget Workshop.

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Mayor French appointed Angela Sposato and Peter Marshall to the Temporary Committee to develop an RFP for the Operation of Whitby Castle.

Mayor French made a motion, seconded by Councilman Filippi and unanimously carried, to appoint Scott Florio to the Finance Committee to fill out a term expiring on January 1, 2015.

5. Adjournment.

There being no further business to discuss Councilman Filippi made a motion, seconded by Councilwoman Parker and unanimously carried, to adjourn into executive session to discuss a personnel matter and not return into regular session at 9:10 p.m.

Respectfully submitted,

Dawn F. Nodarse  
City Clerk

