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**CITY OF RYE**  
**Office of the City Manager**

**Inter-Office Memorandum**

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**To:** Mayor Cohn and Rye City Council

**From:** Greg Usry, City Manager

**Date:** August 4, 2023

**Re:** 2023 City of Rye Capital Improvement Program

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**INTRODUCTION**

Section C21-8 of the City Charter requires the Manager to annually submit to the Council a listing of proposed capital improvements, with appropriate supporting information and cost. This must be completed within 90 days prior to the submission of the Manager's Annual Budget. In past years, this requirement was met by way of the five-year Capital Improvement Program (CIP) presentation each August. This memo, with incorporated documents and presentation materials, meets the requirements for the 2023 CIP submission. It further serves as background for the City Council presentation on August 9 and details the status of various City Council directed projects. Finally, it highlights the financial implications of the CIP and the comprehensive plans underway to fund the projects. ***There is no action required by the City Council related to the CIP at this time. Rather, this is a planning document for the 2024 Proposed Budget, and beyond. The budget presented in November will include certain budget recommendations that are informed by this document.***

Since 2019, this Mayor and City Council, with the assistance of senior City staff, has identified priority projects for the City. As directed, staff along with our consultants have undertaken significant design and project development. This list includes projects that have been ordered by a court, regulatory or oversight body, as well as those necessary to assure the community of continued essential services.

In furtherance of the CIP, the Council established certain financial goals and policies which led to significant accumulated financial resources. In addition, our aggressive pursuit of grants and the increased level of State and Federal assistance have resulted in significant additional financial assistance and the ability to fund an even larger group of projects.

For the first time since 2019, we are returning to the five-year CIP. In the following pages, I will highlight six categories of capital program needs and a potential approach to funding. The format and approach reflect a concise and focused look both in terms of projects and potential funding opportunities. As in the past, we are including the City's vehicle fleet. With almost 150 vehicles, ranging from administrative cars to Fire Department and DPW vehicles, the City must continue to make a significant investment in its fleet.

The CIP is a multi-year plan, not a multi-year budget. It is not a commitment to fund all requested projects, but rather a schedule of necessary and/or desired improvements and possible funding sources. In reviewing this CIP, it is important to focus on the cost and possible funding, priority, importance, and the impact of undertaking or not undertaking the projects. The existence and condition of infrastructure, City vehicles/equipment, and major capital assets have a direct bearing on the City's ability to provide services and facilities needed or desired by the community, and the perception of the community on its quality of life.

The CIP is the culmination of a process that seeks the input of City Departments to identify what projects are needed to maintain a level of service expected by the community. The process includes establishing priorities, developing cost estimates, and determining possible funding sources. ***As with any plan, especially one covering a multi-year period, the projects, their requirements, and resources, and even the need for the projects may change substantially over time.*** These changes are the impetus to update and redevelop the CIP on an annual basis. The 2023 Comprehensive list of projects, estimated cost and potential funding options are attached. The following is the total cost summary by category.

<b>2023 Five Year CIP</b>	
Building Projects	\$ 20,700,000
Transportation Projects	30,160,000
Sewer Projects	16,050,000
Drainage Projects	3,100,000
Recreation Projects	7,525,000
Vehicles and Equipment	<u>9,050,000</u>
Total - Excluding RGC and Boat Basin	86,585,000
Rye Golf Club	6,640,000
Boat Basin	<u>5,615,000</u>
<b>Total</b>	<b><u>\$ 98,840,000</u></b>

**CIP PRIORITY PROJECTS**

The City's priority CIP totals an estimated \$44 million and is the result of staff recommendations and City Council direction. This total cost is based upon the best available and current information, but in some cases reflects dated designs and will need further update and refinement (e.g., Police/Court Facilities). A number of these projects will be underway over the next 12 months. It is important to note that the Channel dredge was completed in Fall of 2022 (with some minor refinements to take place this fall). Furthermore, work is underway on the Salt Shed and DPW Building 7. The street resurfacing total included here includes the \$1.5 million cost in 2023 and an estimated annual expense of \$1.2 million through 2028.

<b>Priority Project Expenses</b>	
<b><i>Department of Public Works</i></b>	
Building 7	\$ 400,000
Salt Shed	2,200,000
Building 5	7,000,000
Fuel Depot	<u>350,000</u>
	9,950,000
<b><i>Miscellaneous Projects</i></b>	
City Hall HVAC	2,400,000
Forest Avenue Sidewalks	2,800,000
Police/Court Facilities	3,700,000
T. Fremd Wall	2,010,000
STS Annual+EBP	900,000
RTP-City Contribution	<u>100,000</u>
	11,910,000
Sanitary Sewer Improvements	14,400,000
Street Resurfacing (6 years)	<u>7,750,000</u>
<b>Total Project Expenses</b>	<b><u><u>\$ 44,010,000</u></u></b>

## **2023 NEW PRIORITY PROJECTS**

Building upon the work in 2019, and the resulting planning and design for the Priority Projects, City staff has further refined an estimated \$14.4 million of additional needs. The projects highlighted below, largely reflect City fleet, transportation, sewer, and stormwater needs. Departing from past CIP plans, several aspects of these priorities reflect annual costs spread over the next 4-6 years (annual drainage improvements, flood resiliency, Sluice Gate monitoring). More impactful is the inclusion of expected fleet costs. As noted in the 2022 and 2023 budget presentations, our City fleet requires approximately \$1.2-1.5 million of annual investment based upon our fleet management program. This includes annual expenses such as Police vehicles, as well as the funding of depreciating large assets such as fire trucks, garbage trucks etc. There is currently \$400k annually included in the property tax rate, leaving a significant annual shortfall. The \$8.25 million noted below highlights those vehicles which are in likely need of funding/replacement over the next five years.

Projects in the CIP, but not reflected in this priority list, are critical but require further refinement and work. In some cases, this relates to potential funding sources. In no way does this diminish the importance. Included in this list are several projects for Rye Rec. In some cases, there is Recreation fund balance and donor opportunities to fund a portion of these costs. Please note that the Rye Rec Courts 7/8 rebuild is being funded from FEMA Ida reimbursement.

## 2023 New Priority Projects (2024-28)

### City Buildings

Building/Facility Assessment	\$	100,000	
Building Upgrades		1,350,000	
			1,450,000

### Transportation

Purchase/Fremd/Purdy		350,000	
Purchase/Highland/Cedar		250,000	
Thistle/BPR Crosswalk		100,000	
McCullough Place Parking Lot		200,000	
			900,000

### Sewer System

Styuvesant Ave Pump Station		250,000	
Kirby Land North Pump Station		250,000	
Peck Ave Pump Station		250,000	
			750,000

### Stormwater System

Annual Drainage Improvements		1,000,000	
Milton Cemetary Streambank Restoration		100,000	
			1,100,000

### Recreation

Rye Rec Courts 7/8		550,000	
Rye Rec Pickeball		150,000	
			700,000

### City Fleet (2024-28)

Annual PD Vehicles		1,500,000	
FD Ladder		1,750,000	
FD Engine		900,000	
FD Misc		600,000	
DPW Sewer Vacuum Truck		550,000	
Annual DPW Vehicles		2,950,000	
			8,250,000

### Flood Resiliency

Annual		875,000	
Sluice Gate Monitoring		375,000	
			1,250,000

**\$ 14,400,000**

## ENTERPRISE FUNDS

The CIP includes projects for the Rye Golf Club and Boat Basin. These operations are enterprise funds that pay for their operating expenses from user fee revenues. Generally, enterprise funds pay for their capital needs; however, larger projects may exceed their available revenue and reserves. In those cases, there may be requests to use the City's general fund or the City's bonding authority to fund capital projects. Following the dredge of the Channel in 2022, there will be a dredge of the Basin this fall. This cost is being borne by the accumulated fund balance of the Boat Basin enterprise fund. The 2024-28 Boat Basin CIP includes an annual investment for future Basin dredges. A similar annual expense is being assumed for City's obligation to dredge the Channel.

Included in the CIP is an engineering assessment and review of the RGC pool and Whitby Castle. We reasonably expect that the 2024 CIP will include projects related to Whitby Castle. It is also likely that the RGC and City will need to begin significant planning related to the pool and its likely replacement.

<b>Enterprise Fund Projects</b>	
<b>Rye Golf Club</b>	
Irrigation	\$ 4,000,000
Bunkers	1,750,000
Parking Lot Paving	300,000
Drainage	500,000
Hitting Cage	40,000
Whitby Castle Assessment	25,000
Pool Assessment	25,000
	<u>\$ 6,640,000</u>
<b>Boat Basin</b>	
Basin Dredge (2023)	\$ 3,300,000
Future Dredge	1,500,000
Dock Replacement	500,000
Wifi/Security Cameras	15,000
Parking Lot Repaving	200,000
Facility Upgrades	50,000
Dock Entrance/Walkway	50,000
	<u>\$ 5,615,000</u>

## FLOOD MITIGATION AND RESILIENCY

As you are aware, significant time and focus has been spent since Ida on projects to mitigate the impacts of the Blind Brook watershed. Through the engagement of engineering firms and consultants, we have identified potential projects. In all of these cases, the costs far exceed the financial resources of the City. We continue to work with our State and Federal delegations, and with the assistance of consultants, to seek funding. For this CIP, we have included flood projects in a separate section and have not included those costs in our CIP. However, we have included local stormwater projects, and significantly increased our assumed annual funding.

## CIP FUNDING

Funding for the existing Priority Projects and five-year CIP come from a variety of funding sources. At present, we have accumulated or reasonably expect to receive an estimated \$62 million for our five-year CIP. This has been achieved through prudent policies and financial management, aggressive pursuit of grants and a significant increase in State and Federal aid.

<b>Funding Resources</b>	
2022 Bond Proceeds	\$ 13,550,000
2028 Bonds (TBD)	5,000,000
Capex Reserve (August 1, 2023)	7,820,000
FEMA Reimbursement (Courts 7/8)	700,000
Annual Tax Rate (2024-28) (Vehicles, Flooding, Roads, Sewer)	7,500,000
Annual State Budget (Current balance through 2028)	14,204,000
Grants	<u>18,516,000</u>
	<u><b>\$ 67,290,000</b></u>

## **Bonds**

In February of 2022, the City issued \$13.55 million of general obligation bonds at an interest cost of 2.1%. These proceeds are being used to fund costs related to Disbrow DPW buildings, City Hall HVAC, and certain sanitary sewer projects. Under the City Charter, the Council can authorize debt totaling 30% of the City's annual operating expenses. As debt matures, the Council can authorize additional borrowings. More importantly, maturing debt provides the financial capacity to borrow for the CIP without impacting the annual City Budget (debt service) or raising taxes. Over the next five years, outstanding City debt will mature, therefore allowing the City Council at the time to authorize approximately \$5 million of additional debt for capital projects (without an increase in taxes-replacement debt). For the 2023 CIP, I have assumed this is used for the unfunded amount of the Locust Avenue bridge replacement.

In addition to the outstanding debt, the Council can authorize \$4.27 million for Public Safety and Disaster Rebuilding Purposes. These amounts are not included in the CIP funding analysis.

## **Capex Reserve**

In 2019, the City Council set a policy that all annual surplus monies (assuming the General Fund Reserve is funded at 10% of total expenditures) are reserved for the CIP. Currently the Capex Reserve totals \$7.82 million. This amount does not reflect any 2023 budget surplus. Similarly, the CIP does not assume any future City surpluses.

## **Annual Tax Rate**

Through City Council action in recent budgets, certain capital costs are annually funded through the tax rate. These include:

*Street Resurfacing: \$600,000 (plus \$100,000 street opening permit revenue)*

*Flooding: \$250,000*

*Sanitary Sewer: \$150,000*

*Vehicles: \$400,000*

The CIP financial plan assumes \$7.5 million is available over the next five years.

## **Annual State Budget**

In recent years, the State budget has significantly increased its funding of local road projects. Historically, this was limited to the Consolidated Local Street and Highway Improvements Program (CHIPS). Beginning with the 2021 budget, the State created several additional budget appropriations for local government road infrastructure. The most significant for Rye is the State Touring Routes (STR), which provides monies to offset the cost of maintaining State roads (Bost Post Road). CHIPS, STR and two other programs now provide the City with approximately \$1.7 million annually. The

accumulated balance of State allocated monies plus an assumed continuation of these programs contributes over \$14 million to our CIP expenses.

## **Grants**

Over the last five years, the City has aggressively pursued grants in support of our identified CIP priorities. This approach, combined with the significant support of our State legislative delegation has resulted in over \$18.5 million in grant awards:

Sanitary Sewer *\$10mm*

Locust Avenue Bridge *\$5mm*

Forest Avenue Sidewalks *\$2.1mm*

Stormwater System *\$500k*

T. Fremd Wall *\$515k*

Salt Shed *\$400k*

## **CONCLUSION**

The Capital Improvement Plan provides the City Council, City Management, and the entire community with an opportunity to prioritize and plan for the longer-term needs of the City, while accurately anticipating the near-term budget(s) impact. These plans should be reviewed in the context of an ongoing dynamic process, with each year being an update and refinement. Needs and priorities will change and evolve, along with possible funding sources. The 2023 CIP will be presented at the August 9, 2023, City Council meeting and will be posted to the City website. Comments, questions, and suggestions are welcome as we continue to identify and modify projects to best meet the needs of the entire community.

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### Attachments:

2023 Capital Improvement Plan Spreadsheet  
2022 CIP Finance Plan  
August 9, 2023 City Council Power Point Presentation

## City of Rye, New York

### Capital Improvement Program

*Estimated Funding Requirements and Anticipated Funding Sources - Current through 2028*

Capital Project Name	Current CIP (CapEx) Program	Future CIP Program (2024- 2028)	Total Cost Current through 2028	Source of Funds				Total Sources of Funds	Unfunded Amount	Project Description/Comments/Notes	
				General Revenue (1)	Debt (2)	State Aid(3)	Grants(4)				
<b>Building Projects</b>											
DPW Disbrow Projects	\$ 9,950,000	-	\$ 9,950,000	\$ 1,000,000	\$ 8,550,000		\$ 400,000	\$ 9,950,000	-	Includes Bldg 5, Salt Shed, Bldg 7, Fuel Tank Replacement City Hall HVAC replacement Building renovation per OCA mandate and construction of temporary court (cost estimates to be updated) Study to identify future capital needs of all City buildings Upgrades/Rehab of City Buildings (\$50k each for PD, FD, CH, Rec, DPW) Replace existing 20+ windows Resurface roof Demo abandoned facility	
City Hall HVAC	\$ 2,400,000	-	\$ 2,400,000	\$ 1,600,000	\$ 800,000			\$ 2,400,000	-		
Police/Court Facility	\$ 3,700,000	-	\$ 3,700,000	\$ 3,700,000	-			\$ 3,700,000	-		
Building/Facilities Assessment	-	\$ 100,000	\$ 100,000	\$ 100,000	-			\$ 100,000	-		
Annual Building Upgrades	\$ 100,000	\$ 1,250,000	\$ 1,350,000	\$ 700,000				\$ 700,000	\$ (650,000)		
Police/Court Window Replacement	-	\$ 500,000	\$ 500,000	-	-			-	\$ (500,000)		
Police/Court Roof	-	\$ 200,000	\$ 200,000	-	-			-	\$ (200,000)		
DPW Incinerator Demolition	-	\$ 2,200,000	\$ 2,200,000	-	-			-	\$ (2,200,000)		
PD Impound/ Storage @ Disbrow	-	\$ 300,000	\$ 300,000	-	-			-	\$ (300,000)		
<b>Sub-Total Building</b>	<b>\$ 16,150,000</b>	<b>\$ 4,550,000</b>	<b>\$ 20,700,000</b>	<b>\$ 7,100,000</b>	<b>\$ 9,350,000</b>	<b>\$ -</b>	<b>\$ 400,000</b>	<b>\$ 16,850,000</b>	<b>\$ (3,850,000)</b>		
<b>Transportation Projects</b>											
Annual Street Resurfacing	\$ 1,500,000	\$ 6,250,000	\$ 7,750,000	-	-	\$ 7,750,000		\$ 7,750,000	-	Assumes \$1.5mm for '23 and \$1.2 annually for '24-28 Replace flood-damaged retaining wall adjacent to Blind Brook  Install new sidewalks on Forest/Manursing between Apawamis and Davis; funding via DOT and annual State road budget Replace signal and implement pedestrian improvements; annual State aid Vehicle and pedestrian improvements; annual State aid  Bridge Replacement ( NYS DOT grant) Repave deteriorated parking lot within vicinity of McCullough Pl.; State aid Repairs to City sidewalks and pedestrian safety improvements; annual State aid Repairs and upgrades to City Traffic Signals; annual State aid Repave deteriorated parking lots and related improvements New access road on BPR, eliminating existing bridge access on BPR	
Theodore Fremd Wall Replacement	\$ 2,010,000	-	\$ 2,010,000			\$ 1,494,000	\$ 516,000	\$ 2,010,000	-		
Forest Avenue Sidewalks	\$ 2,800,000	-	\$ 2,800,000		-	\$ 700,000	\$ 2,100,000	\$ 2,800,000	-		
Purchase/Fremd/Purdy Intersection	-	\$ 350,000	\$ 350,000	-	-	\$ 350,000		\$ 350,000	-		
Purchase/Highland/Cedar Intersection	-	\$ 250,000	\$ 250,000	-	-	\$ 250,000		\$ 250,000	-		
Thistle/BPR Crosswalk	-	\$ 100,000	\$ 100,000			\$ 100,000		\$ 100,000	-		
Locust Bridge Replacement (5)	-	\$ 10,000,000	\$ 10,000,000	-	\$ 5,000,000		\$ 5,000,000	\$ 10,000,000	-		
McCullough Place Parking Lot	-	\$ 200,000	\$ 200,000	-	-	\$ 200,000		\$ 200,000	-		
Annual Pedestrian Improvements	\$ 100,000	\$ 500,000	\$ 600,000	-	-	\$ 600,000		\$ 600,000	-		
Annual Traffic Signal Improvements	\$ 100,000	\$ 500,000	\$ 600,000	-	-	\$ 600,000		\$ 600,000	-		
CBD Carpark Improvements	-	\$ 2,000,000	\$ 2,000,000	-	-	-	-	-	\$ (2,000,000)		
Nature Center Road	-	\$ 2,500,000	\$ 2,500,000	-	-	-	-	-	\$ (2,500,000)		
Future Channel Dredge	-	\$ 1,000,000	\$ 1,000,000	-	-	-	-	-	\$ (1,000,000)		
<b>Sub-Total Transportation</b>	<b>\$ 6,510,000</b>	<b>\$ 23,650,000</b>	<b>\$ 30,160,000</b>	<b>-</b>	<b>\$ 5,000,000</b>	<b>\$ 12,044,000</b>	<b>\$ 7,616,000</b>	<b>\$ 24,660,000</b>	<b>\$ (5,500,000)</b>		
<b>Sewer Projects</b>											
Sanitary Improvement Projects	\$ 14,400,000	-	\$ 14,400,000	\$ 200,000	\$ 4,200,000		\$ 10,000,000	\$ 14,400,000	-		Central Ave Pump Station, Sewer lining, Brevoort force main, Misc. Save the Sound Settlement - project in Carpark 1 and \$200K/year Pump and automation upgrades Generator, relocation of critical components above flood elevations Pump and automation upgrades
STS Benefit Project/Settlement Obligati	\$ 150,000	\$ 750,000	\$ 900,000	\$ 900,000	-		-	\$ 900,000	-		
Stuyvesant Avenue Pump Station	-	\$ 250,000	\$ 250,000	\$ 250,000	-			\$ 250,000	-		
Kirby Lane North Pump Station	-	\$ 250,000	\$ 250,000	\$ 250,000	-			\$ 250,000	-		
Peck Avenue Pump Station	-	\$ 250,000	\$ 250,000	\$ 250,000	-			\$ 250,000	-		
<b>Sub-Total Sewer</b>	<b>\$ 14,550,000</b>	<b>\$ 1,500,000</b>	<b>\$ 16,050,000</b>	<b>\$ 1,850,000</b>	<b>\$ 4,200,000</b>		<b>\$ 10,000,000</b>	<b>\$ 16,050,000</b>	<b>-</b>		
<b>Drainage Projects</b>											
Annual Drainage Improvements	-	\$ 1,000,000	\$ 1,000,000	-	-	\$ 1,000,000		\$ 1,000,000	-	Miscellaneous drainage repairs and improvements \$150k/ year Remove invasives and restore streambank within Milton Rd Cemetery	
Milton Cemetery Streambank Restorati	-	\$ 100,000	\$ 100,000	\$ 100,000	-	-		\$ 100,000	-		
Hix Park Drainage Improvement	-	\$ 2,000,000	\$ 2,000,000	-	-		\$ 500,000	\$ 500,000	\$ (1,500,000)		
<b>Sub-Total Drainage</b>	<b>-</b>	<b>\$ 3,100,000</b>	<b>\$ 3,100,000</b>	<b>\$ 100,000</b>	<b>-</b>	<b>\$ 1,000,000</b>	<b>\$ 500,000</b>	<b>\$ 1,600,000</b>	<b>\$ (1,500,000)</b>		

Capital Project Name	Current CIP (CapEx) Program	Future CIP Program (2024-2028)	Total Cost Current through 2028	Source of Funds				Total Sources of Funds	Unfunded Amount	Project Description/Comments/Notes
				General Revenue (1)	Debt (2)	State Aid(3)	Grants(4)			

**Recreation Projects**

Rye Rec Courts 7/8	\$ 550,000		\$ 550,000				\$ 550,000	\$ 550,000	\$ -	FEMA funding for Courts rebuild, pickleball court preparations
Pickleball Soundproofing	\$ -	\$ 150,000	\$ 150,000				\$ 150,000	\$ 150,000	\$ -	FEMA Funding
Rye Town Park	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -		\$ -	\$ 100,000	\$ -	City Contribution for Rye Town Park Capital Improvements-Bath House retaining wall (2024)
Tennis Court Lighting Replacement	\$ 100,000		\$ 100,000	\$ 100,000			\$ -	\$ 100,000	\$ -	Upgraded LED lights and controls at Rec Park
Nursery Field	\$ 3,000,000		\$ 3,000,000				\$ 3,000,000	\$ 3,000,000	\$ -	Subject to Council advancement and donor funding
Amphitheater Roof Structure		\$ 400,000	\$ 400,000					\$ -	\$ (400,000)	Stage Covering
Rec Park Field House	\$ -	\$ 500,000	\$ 500,000					\$ -	\$ (500,000)	Indoor Recreation Flex Space in place of outdoor basketball court
Gagliardo Park Improvements	\$ -	\$ 1,500,000	\$ 1,500,000				\$ -	\$ -	\$ (1,500,000)	Potential grant for new playground; user group contributions
Dragon Playground/ Splash Pad	\$ -	\$ 750,000	\$ 750,000					\$ -	\$ (750,000)	Rec Park Playground Improvements
Bleacher Compliance Upgrades	\$ -	\$ 75,000	\$ 75,000					\$ -	\$ (75,000)	Bleacher upgrades at Disbrow
Maintenance Garage Expansion	\$ -	\$ 300,000	\$ 300,000					\$ -	\$ (300,000)	Rec Park
Storage Shed Camp/ Sports		\$ 100,000	\$ 100,000					\$ -	\$ (100,000)	Replace Shipping Containers-Rec Park
<b>Sub-Total Recreation</b>	<b>\$ 3,750,000</b>	<b>\$ 3,775,000</b>	<b>\$ 7,525,000</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,700,000</b>	<b>\$ 3,900,000</b>	<b>\$ (3,625,000)</b>	

**Rye Golf Projects**

Irrigation	\$ -	\$ 4,000,000	\$ 4,000,000	\$ 4,000,000				\$ 4,000,000	\$ -	Course wide irrigation upgrade
Bunker Project	\$ 750,000	\$ 1,000,000	\$ 1,750,000	\$ 1,750,000				\$ 1,750,000	\$ -	Ongoing maintenance and rebuild of select bunkers
Parking Lot Repaving	\$ -	\$ 300,000	\$ 300,000	\$ 300,000				\$ 300,000	\$ -	
Drainage	\$ -	\$ 500,000	\$ 500,000	\$ 500,000				\$ 500,000	\$ -	Continuation of course wide drainage improvements
Hitting Cage	\$ 40,000		\$ 40,000	\$ 40,000				\$ 40,000	\$ -	
Whitby Castle Assessment	\$ 25,000		\$ 25,000	\$ 25,000				\$ 25,000	\$ -	Review of Whitby Castle major systems and building
RGC Pool Assessment	\$ 25,000		\$ 25,000	\$ 25,000				\$ 25,000	\$ -	Review of pool complex and long term planning options
<b>Sub-Total Rye Golf</b>	<b>\$ 840,000</b>	<b>\$ 5,800,000</b>	<b>\$ 6,640,000</b>	<b>\$ 6,640,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,640,000</b>	<b>\$ -</b>	

**Boat Basin Projects**

Dock Replacement	\$ -	\$ 500,000	\$ 500,000	\$ 500,000				\$ 500,000	\$ -	Annual review/replacement of docks
Dock Entrance/Walkway	\$ -	\$ 50,000	\$ 50,000	\$ 50,000				\$ 50,000	\$ -	Entryway to docks (gazebo)
Wifi/Security Cameras	\$ 15,000		\$ 15,000	\$ 15,000				\$ 15,000	\$ -	
Parking Lot Repaving	\$ -	\$ 200,000	\$ 200,000	\$ 200,000				\$ 200,000	\$ -	Back parking lots
Facility Upgrades		\$ 50,000	\$ 50,000	\$ 50,000				\$ 50,000	\$ -	
Future Dredge		\$ 1,500,000	\$ 1,500,000	\$ 1,500,000				\$ 1,500,000	\$ -	
2023 Dredge	\$ 3,300,000		\$ 3,300,000	\$ 3,300,000				\$ 3,300,000	\$ -	
<b>Sub-Total Boat Basin</b>	<b>\$ 3,315,000</b>	<b>\$ 2,300,000</b>	<b>\$ 5,615,000</b>	<b>\$ 5,615,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,615,000</b>	<b>\$ -</b>	

**Vehicles and Equipment**

Annual PD Fleet	\$ 250,000	\$ 1,250,000	\$ 1,500,000	\$ 1,500,000				\$ 1,500,000	\$ -	Three PD cars/year
FD Ladder	\$ -	\$ 1,750,000	\$ 1,750,000	\$ 500,000				\$ 500,000	\$ (1,250,000)	2028-30 Replacement
FD Engine	\$ -	\$ 900,000	\$ 900,000	\$ 500,000				\$ 500,000	\$ (400,000)	2025 Replacement for Engine 192 (2006)
FD Misc	\$ -	\$ 600,000	\$ 600,000	\$ 500,000				\$ 500,000	\$ (100,000)	SCBA Fill station; swift water equipment; Utility 39 (1989)
DPW Sewer Vacuum Truck	\$ 550,000		\$ 550,000	\$ 550,000				\$ 550,000	\$ -	Funded via current BVM fund balance
Annual DPW Fleet	\$ 450,000	\$ 2,500,000	\$ 2,950,000	\$ 1,500,000				\$ 1,500,000	\$ (1,450,000)	
PD Marine Boat	\$ -	\$ 650,000	\$ 650,000					\$ -	\$ (650,000)	
Staff Vehicles	\$ -	\$ 150,000	\$ 150,000					\$ -	\$ (150,000)	
<b>Sub-Total Vehicles and Equipment</b>	<b>\$ 1,250,000</b>	<b>\$ 7,800,000</b>	<b>\$ 9,050,000</b>	<b>\$ 5,050,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,050,000</b>	<b>\$ (4,000,000)</b>	

**Total All Projects**

Capital Project Name	Current CIP (CapEx) Program	Future CIP Program (2024-2028)	Total Cost Current through 2028	Source of Funds				Total Sources of Funds	Unfunded Amount
				General Revenue (1)	Debt (2)	State Aid(3)	Grants(4)		
Sub-Total Building	\$ 16,150,000	\$ 4,550,000	\$ 20,700,000	\$ 7,100,000	\$ 9,350,000	-	\$ 400,000	\$ 16,850,000	\$ (3,850,000)
Sub-Total Transportation	\$ 6,510,000	\$ 23,650,000	\$ 30,160,000	-	\$ 5,000,000	\$ 12,044,000	\$ 7,616,000	\$ 24,660,000	\$ (5,500,000)
Sub-Total Sewer	\$ 14,550,000	\$ 1,500,000	\$ 16,050,000	\$ 1,850,000	\$ 4,200,000	-	\$ 10,000,000	\$ 16,050,000	-
Sub-Total Drainage	-	\$ 3,100,000	\$ 3,100,000	\$ 100,000	-	\$ 1,000,000	\$ 500,000	\$ 1,600,000	\$ (1,500,000)
Sub-Total Recreation	\$ 3,750,000	\$ 3,775,000	\$ 7,525,000	\$ 200,000	-	-	\$ 3,700,000	\$ 3,900,000	\$ (3,625,000)
Sub-Total Rye Golf	\$ 840,000	\$ 5,800,000	\$ 6,640,000	\$ 6,640,000	-	-	-	\$ 6,640,000	-
Sub-Total Boat Basin	\$ 3,315,000	\$ 2,300,000	\$ 5,615,000	\$ 5,615,000	-	-	-	\$ 5,615,000	-
Sub-Total Vehicles and Equipment	\$ 1,250,000	\$ 7,800,000	\$ 9,050,000	\$ 5,050,000	-	-	-	\$ 5,050,000	\$ (4,000,000)
<b>Total</b>	<b>\$ 46,365,000</b>	<b>\$ 52,475,000</b>	<b>\$ 98,840,000</b>	<b>\$ 26,555,000</b>	<b>\$ 18,550,000</b>	<b>\$ 13,044,000</b>	<b>\$ 22,216,000</b>	<b>\$ 80,365,000</b>	<b>\$ (18,475,000)</b>

Project Description/Comments/Notes
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**Additional Flooding Projects (Not Included in CIP)**

Annual Flood	\$ 500,000	\$ 875,000	\$ 1,375,000	\$ 500,000	-	-	-	\$ 500,000	\$ (875,000)
Annual Bowman Ave Sluice Gate Monit	\$ 75,000	\$ 375,000	\$ 450,000	\$ 450,000	-	-	-	\$ 450,000	\$ -
SUNY Berms	-	\$ 3,500,000	\$ 3,500,000	-	-	-	-	-	\$ (3,500,000)
Upper Pond Re-sizing	-	\$ 40,000,000	\$ 40,000,000	-	-	-	-	-	\$ (40,000,000)
I-95 Culvert Re-sizing	-	\$ 35,000,000	\$ 35,000,000	-	-	-	-	-	\$ (35,000,000)
Blind Brook Wall Relacement	-	\$ 20,000,000	\$ 20,000,000	-	-	-	-	-	\$ (20,000,000)
<b>Sub-Total Flooding</b>	<b>\$ 575,000</b>	<b>\$ 99,750,000</b>	<b>\$ 100,325,000</b>	<b>\$ 950,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$ 950,000</b>	<b>\$ (99,375,000)</b>

Fees for flood project designs and consulting services (2023 funded via Capex Reserve)
Data Collection and Maintenance of Bowman Avenue Sluice Gate
Install berms on Blind Brook at SUNY Purchase for flood control
Expand pond upstream of Bowman Dam for flood control (Final Cost TBD)
Replace existing culvert I-95/MTA @ Blind Brook (Cost TBD)
Replace Blind Brook retaining walls between Elm Pl. and City Hall (Cost TBD)

- (1) Includes Capex Reserve and forecasted monies from the annual tax rate (Roads, Sewer, Flood, Vehicles)
  - (2) Includes the Series 2022 proceeds only; future borrowing capacity is not included
  - (3) State aid includes current City balance and 2024-28 annual State budget monies - CHIPS, PAVE NY, EWR, STR
  - (4) Federal and State grants (including SAM)
  - (5) Locust Bridge funding through assumed additional debt capacity in 2028
- |   |
|---|
| Previously Identified Priority Projects |
| Staff Suggested 2023 Priority Projects  |



# CITY OF RYE

## Office of the City Manager

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**To:** Mayor Cohn and Rye City Council

**From:** Greg Usry, City Manager  
Joe Fazzino, Comptroller

**Date:** August 4, 2022

**Re:** City of Rye Capital Improvements Program (CIP)

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### OVERVIEW

Section C21-8 of the City Charter requires the Manager to submit to the Council a listing of proposed capital improvements, with appropriate supporting information. This must be completed annually, 90 days prior to the submission of the Manager's Annual Budget. In past years, this requirement was met by way of the five-year Capital Improvements Plan (CIP) presentation each August. This memo, with incorporated documents, meets the requirements for the 2022 Capital Program submission. It further serves as background for the City Council presentation on August 10 and details the status of the various City Council directed projects. Finally, it explains the financial implications of the CIP and the plans in place to fund the projects.

Over the last 48 months, this Council has identified priority projects for the City, and has directed City staff to design, plan and execute these undertakings. This list includes projects that have been ordered by a court or a regulatory body, as well as those necessary to assure the community of continued essential services and/or public safety.

In furtherance of the CIP, the Council established certain financial goals and policies, which has led to significant accumulated financial resources. In my March 4, 2021 memo to the Council, I described the then current CIP, including the estimated costs, funding sources and necessary financial actions still required. This material was further updated and presented to our legislative delegation on June 23, 2022 in support of our New York State Consolidated Funding Application (CFA). Those documents are included here for your information.

## CIP PROJECTS

The City's priority CIP totals approximately \$44 million. This amount reflects the best available/current information. In the following pages the projects are described in greater detail, including the timeliness of the estimated cost. In some cases, costs reflect dated designs and will need to be updated further.

Unlike prior CIP summaries, this updated information includes City street resurfacing expenses (three years) as well as Storm Water System Improvements. Because New York State funding sources provide for broad applicability to the City it is helpful to look at all projects collectively, while taking into account all funding sources, including annual funding via the City/State budgets, bond proceeds, reserve funds and grants.

Project	Estimated Cost
Department of Public Works - Disbrow	\$ 9,950,000
Miscellaneous Projects:	
City Hall HVAC	2,400,000
Forest Avenue Sidewalks	2,800,000
Channel Dredge	1,500,000
Police/Court Facilities	3,700,000
T. Fremd Wall	2,010,000
STS Benefit Project	150,000
RTP-City Contribution	175,000
Sanitary Sewer Improvements	14,400,000
Street Resurfacing (3 years)	4,500,000
Storm water System Improvements	2,530,000
<b>Total Project Expenses</b>	<b>\$ 44,115,000</b>

## DPW Projects

For the first time in decades the City is replacing and updating the aging infrastructure at Public Works. These facilities, some 100 years old, are critical to our ability to deliver essential services. Furthermore, they provide a safe work environment for our employees.

DPW Projects	Cost Estimate As Of	Estimated Start Date	Gross Expense	Grants Received	Net Expense
Building 5	Spring '22	Spring '23	\$ 7,000,000		7,000,000
Building 7	Final	Fall '22	400,000		400,000
Salt Shed	Spring '22	Spring '23	2,200,000	400,000	1,800,000
Fuel Depot	Final	Spring '23	350,000		350,000
			<b>\$ 9,950,000</b>	<b>\$ 400,000</b>	<b>\$ 9,550,000</b>

## Miscellaneous Projects

In addition to the significant Public Works projects, the City has a variety of other projects, many related to long deferred maintenance. Of those highlighted below, we expect to have the City Hall HVAC and the Channel Dredge ready for final Council consideration and the awarding of bids in early Fall. Forest Avenue Sidewalk design is advancing rapidly and will be ready for further Council review and input by the 4<sup>th</sup> Quarter.

The Theodore Fremd wall is nearing final design. We are continuing to work with NYSDOT on additional funding. The Police/Court Facility requires updated cost estimates and those will be underway shortly. I expect we will be back in front of the Council later this year with an update and further consideration.

Miscellaneous Projects	Cost Estimate As of Date	Estimated Start Date	Gross Expense	Grants Received	Net Expense
City Hall HVAC	Fall '21	Winter '23	\$ 2,400,000		\$ 2,400,000
Forest Avenue Sidewalks	Summer '18	Fall '23	2,800,000	2,100,000	700,000
Channel Dredge	Spring '22	Fall '22	1,500,000		1,500,000
Police/Court Facility	Summer '18	TBD	3,700,000		3,700,000
T. Fremd Wall	Summer '21	TBD	2,010,000	516,000	1,494,000
			<u>\$ 12,410,000</u>	<u>\$ 2,616,000</u>	<u>\$ 9,794,000</u>

## Sanitary Sewer Improvements

In 2019, the City completed a comprehensive Sewer System Evaluation Survey (SSES) to locate areas of need for sewer system rehabilitation. The projects, identified in the SSES, correspond with the Consent Order the City entered into with the New York DEC, as well as the Stipulated Order in the Save the Sound Clear Water Act lawsuit. To date we have invested over \$8 million towards sewer system upgrades. These include the four major pump replacements. Of the \$8 million spent to date, \$3.9 million was funded through a New York State grant (Water Quality Improvement Program – WQIP).

The next mandated phase of the program requires significant investment in City-wide sewer lines and manholes. We expect the total cost to exceed \$14 million over the next three years. Last week we applied for a second round of WQIP funding for \$10 million (NY State CFA Grant). As described in greater detail below the success of the WQIP grant will have a significant impact on our entire CIP finance plan.

## Street Resurfacing

Since 2017, the City has invested over \$9 million in resurfacing City streets (averaging \$1.56 million annually). This does not include County funded streets (T. Fremd, Midland Ave etc.), nor does it include roads paved as a result of Con Ed/Suez utility work. Of this amount, \$3.3 million was funded by permit revenues (street opening surcharges) and tax dollars dedicated to streets; the remainder was funded by

NY State CHIPS monies (discussed below) and surplus City budget monies. The summary included here assumes that the City will continue to fund \$1.5 million for streets annually.

**Storm Water System Improvements**

Following Henri and Ida the City Engineer began evaluating localized flooding issues (non-Blind Brook watershed) across the City. The City’s storm water system is approaching 100 years old in some areas, and was not constructed in light of larger, more intense storms. This is consistent with most other Sound Shore communities.

To date we have completed preliminary reviews of 14 storm water issue locations in the City and have already undertaken three projects (all three completed with 2022 operating budget monies). These reflect actual pipe defects. In the coming months, the City will begin work on the additional smaller projects. The neighborhood projects will require more time to design and will be brought back to the Council for review at a later date. The chart below summarizes the projects and very preliminary cost estimates. Please note, where possible we will fund projects out of the City’s DPW budget. However, for this purpose the costs are all included in the CIP.

<b>Project</b>	<b>Estimated Cost</b>
Drake Smith	50,000
White Birch/Hickory	100,000
Lasalle/ South of Glen Oaks	50,000
Marlene Ct.	50,000
Sanford St	<u>30,000</u>
	<b>280,000</b>
<i>Neighborhood/Larger Projects</i>	
Hix Park	1,500,000
Kirby North	500,000
752 BPR	<u>250,000</u>
	<b><u>2,250,000</u></b>
	<b>\$ 2,530,000</b>

**CIP FUNDING SOURCES**

Over the last 18 months, the City has made significant strides in funding the CIP. Through Council established policies, prudent financial controls and proactive management of City finances, we have accumulated significant financial resources. That said, the growing list of urgent needs, along with unprecedented inflationary pressures and supply chain/labor issues, leaves us with a deficit. The following summaries provide an overview of each funding source.

<b>Funding Source</b>	<b>Amount</b>	
2022 Bond Proceeds	\$	13,550,000
Capex Reserve		6,600,000
Less: Ramboll Expense		(350,000)
ARPA ('23)		800,000
Grants		
Received	3,016,000	
2022 WQIP Outstanding	<u>10,000,000</u>	
		13,016,000
Projected State Budget Monies (3 years)		
State Touring Routes	4,079,566	
CHIPS	1,578,000	
Misc Roads	<u>660,951</u>	
		6,318,517
Projected City Budget Monies (3 years)		
Tax Rate (Streets)	1,800,000	
Permit Revenues (Streets)	<u>300,000</u>	
		2,100,000
<b>Total Funding Sources</b>	<b>\$</b>	<b><u>42,034,517</u></b>

**Bond Proceeds**

In February, the City took advantage of historically low interest rates and borrowed the maximum amount of Council authorized debt. This entire amount is dedicated to the identified CIP. The annual debt service expense of \$880 thousand is included in the current tax rate and will not result in any tax increase. In addition to the current outstanding bonds, there remains \$4.27 million of authorized debt capacity by way of the Public Safety and Disaster Rebuilding exemptions. This additional debt is not included in this analysis, but is available for future funding.

**Capex Reserve**

By Council policy in 2019, all surplus monies (assuming the General Fund Reserve is funded at 10% of total expenditures) are directed into the Capex Reserve Fund. Further, any large, one-time extraordinary revenues are dedicated to Capex. As a result of this policy, the City currently has \$6.6 million in reserve. *Please note that the Council authorized the engagement and payment of Ramboll*

*Engineering from the Capex Fund.* The highlighted balance is as of December 31, 2021 and does not take into account possible 2022 surplus monies.

**American Recovery Plan Act (ARPA)**

By Congressional action in 2021, states and localities were allocated one time monies for restricted use. The City has received \$1.61 million under ARPA. The first half of that payment was received in 2021 and is included in the Capex Reserve amount. The second half (\$800 thousand) was received earlier this month.

**Grants**

The City actively pursues State and Federal grants annually. The majority of these opportunities are managed through the State of New York’s annual Consolidated Funding Application (CFA). Given the significant capital plan underway, local matching requirements and the administrative burden of managing the grant process, the City pursues grants only when they are in keeping with the Council identified list of projects. Currently the City has three grants outstanding (received):

<b>Project</b>	<b>Grant Amount</b>
Forest Ave Sidewalks	\$ 2,100,000
Salt Shed	400,000
T. Fremd Wall	<u>516,000</u>
	3,016,000
2022 WQIP (outstanding)	<u>10,000,000</u>
	<b>\$ 13,016,000</b>

In addition, the City recently completed the first phase of the Sanitary Sewer program and received \$3.9 million under a 2018 Water Quality Improvement Plan (WQIP) grant to offset Phase 1 expenses.

As highlighted previously, we are currently in design and planning for the next phase of the Sanitary Sewer program, and have applied for an additional \$10 million (of the estimated \$14.4 million total cost) of WQIP grant funding for this year. The awards are expected to be made in November/December. This analysis only includes those grants received, as well as the 2022 WQIP outstanding grant application. We anticipate other grant applications over the next 36 months.

**New York State Annual Budget**

Historically, the NY State Budget has provided annual funding for local streets through its Consolidated Local Street and Highway Improvements Program (CHIPS). In the past, the City has used the CHIPS monies for resurfacing City roads (in addition to the dedicated tax rate monies and street opening surcharge revenues).

Beginning with the 2021 budget, the State created several additional budget appropriations dedicated to local government road infrastructure. The most significant of these is the State Touring Routes (STR) appropriation which provides monies to offset the cost of maintaining State roads. Given the significant “presence” of Boston Post Road in Rye, we now receive approximately \$1 million annually. In addition,

we annually receive \$115 thousand under the Pave-NY program and \$75 thousand through the Extreme Winter Recovery (EWR) program. These monies can be used for a wide variety of road related programs, including resurfacing of City roads and storm water remediation. For the purposes of this analysis, we are assuming that these State allocations will be received annually for the next three years.

In November, for the first time in 25 years there will be a state wide environmental bond referendum. If successful, the bond will provide over \$4 billion of state monies for a wide range of projects, including flood risk reduction, water quality improvements and resiliency infrastructure. Because the funding is contingent on the referendum success and there are no details regarding the process for allocating monies, we have not included any monies in our assumption. However, this could have a major positive impact on our financial planning.

### **City Annual Budget**

Beginning in the early 2000's, the City established a street opening surcharge dedicated to the annual street resurfacing program. In recent years, this has generated \$30 - \$110 thousand annually, with \$100 thousand budgeted for 2022. Furthermore, beginning in 2017, the annual budget includes \$600 thousand in the tax rate dedicated specifically to the resurfacing program. The CIP financial plan assumes \$700 thousand annually through these two revenues. In recent years, the City has allocated significantly greater dollars for streets, including annual surplus monies. As noted earlier, in recent years the City has spent approximately \$1.5 million annually on street resurfacing.

## **STRESS ADJUSTMENTS AND PRIORITIES**

In spite of the significant planning and financial management by the City, the size and complexity of the City's CIP creates the risk of a funding shortfall. The current extreme inflationary environment, combined with both supply chain and labor issues, causes us concern as we look to begin construction in the coming months. In some cases, estimated costs are upwards of four years old and we expect there will be significant increases once final designs are completed and bids are received.

In the coming months, we will receive bids for the Basin/Channel Dredge, the Salt Shed, Building 5 and City Hall HVAC. The results of these bids will be telling as we look to the remainder of the CIP.

In addition to project cost, we are particularly focused on the 2022 WQIP grant application for the Sanitary Sewer Project. As discussed earlier, this is a court mandated undertaking and constitutes over 25% of our total three year CIP. The grant application requests \$10 million in grant funding (of the \$14.4 million estimated total cost), and although we feel confident in the strength and merits of the application, the granting of a smaller award would have a meaningful negative impact on our program.

On a positive note, this plan does not include the possibility of additional City budget surpluses. Over the last five years, the street resurfacing program and Capex Reserve have both benefitted from annual surpluses. Our conservative budgeting, aggressive approach to the COVID-impacted 2020 and 2021 operations, and general fiscal management have provided significant monies for the CIP. We reasonably expect there to be additional monies available in the coming three years, but it is impossible to predict those amounts.

In addition, there are ongoing grant applications and discretionary State budget appropriations that we are pursuing with our legislative delegation. These are not included in the current CIP budget.

During the fourth quarter, we expect to have better information regarding many of these unknowns. However, we will also be challenged with a need to advance certain projects given the timing of bids. In light of these factors, the Council will likely be asked to further prioritize projects, either by timing or monies committed. This prioritization will need to consider the following:

- **Projects mandated by court or regulatory order:** Sanitary Sewer, STS Benefit Project and Police/Court Facilities
- **Projects required for public safety:** Channel Dredge, certain storm water improvements, Theodore Fremd Wall
- **Projects in furtherance of essential services:** Building 7, Salt Shed, Building 5, Fuel Depot

None of this is to imply that the remaining projects (City Hall HVAC, Forest Avenue Sidewalks, street resurfacing and some storm water projects) are not critical, but rather that they have greater overall discretion in timing or amount of financial commitment.

Finally, the current list of projects does not include flood mitigation or resiliency. 2022 year to date, the Council has appropriated approximately \$450 thousand for consultants, related to the Blind Brook watershed and overall project management (\$350 from the Capex Reserve and \$100 thousand from Contingency). It is premature to assume future City costs for flooding and resiliency as potential projects are advanced. We do not yet know the magnitude of costs for additional engineering, consultant etc. nor do we know our required match for grants. All of this will impact the monies available for other CIP projects.

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**Attachments:**

*City Council Presentation – Priority Capital Project Status (July 22, 2021)*

*City of Rye Capital Plan (Legislative Delegation – June 23, 2022)*

*City of Rye CIP Financial Plan (March 4, 2021)*