



Village of Rye Brook Coterminous Town/Village Committee Report of Findings

January 23, 2004

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Executive Summary

The objective of the Rye Brook Coterminous Town/Village Committee has been to analyze the viability of the Village of Rye Brook becoming a Coterminous Town/Village. Since its inception in 1982, the Village of Rye Brook has resided (along with Port Chester and the Rye Neck section of Mamaroneck) within the Town of Rye. The Town of Rye performs several types of services for its residents including Tax Assessment, Tax Collection, Parks and Recreation, local courts, as well as other services. There have been other studies in the past that have addressed the same fundamental question as this Committee. In 1993, the Village of Rye Brook's "Legal Committee" analyzed the feasibility of becoming a Coterminous Town/Village from a legal standpoint. The content of this document takes into account the findings of that Committee report. There have been other studies performed by other entities as well. A 1981 study by Pace University for the Village of Port Chester also analyzed "what change or changes, if any, in the Village governmental structure would best serve the Village of Port Chester today and in the years ahead".

The Rye Brook Coterminous Town/Village Committee has spent the past several months analyzing whether or not the Village of Rye Brook should become a Coterminous Town/Village. The Committee members have spent a considerable amount of time analyzing the different Town functions in an effort to determine if it would be fiscally prudent for the Village of Rye Brook to become a Coterminous Town/Village.

A financial analysis was performed to determine the net effect of Rye Brook in the event that the Village would assume responsibility for a portion of the current Town expenses as well as receive a portion of the Town's revenues. The outcome of the analysis reveals an expense increase (which translates into an additional cost to the village) of \$122,167 (for fiscal year 2003) should Rye Brook assume the aforementioned expenses and revenues. It should be noted that the Committee has made an assumption that in any Coterminous scenario, certain expense savings will be achieved through Inter-Municipal Agreements with Port Chester and possibly Rye Neck. If Rye Brook were to assume these expense items on its own, there would be additional costs. Given the relatively small net expense, and the necessarily inexact nature of the Committee's projections, the Committee feels that this result should be regarded as a zero-sum number, effectively "a wash".

In the absence of a clear and substantial financial benefit or loss, the Committee has determined that other factors need to be taken into account. Chief among these are principles of good government. In addition, the Committee lacked a certain level of confidence in the data that formed the basis of our financial calculations. One of the most relevant pieces of information in this regard that has been considered is the November 2003 Town of Rye Report of Examination, performed by the Office of the New York State Comptroller (referred to in the rest of this report as NYSROE). This report indicates among other things, that:

- The Town consistently overspent its adopted budgets from 1997 through 2001 in amounts ranging from \$178,082 to \$407,878
- The Town's purchasing practices did not adhere to legal requirements and may not have secured goods and services at the best value for the dollars spent
- The claims processing function was not carried out in accordance with statutory requirements
- Internal controls were not in place to ensure the timely preparation of financial records and reports

The Rye Brook Coterminous Town/Village Committee has come up with several recommendations that it feels should be enacted. These recommendations are detailed in the section of this document titled "Recommendations". The reasons for making these recommendations are twofold:

- There is consensus opinion that the status quo is flawed and should be reformed and/or restructured.

The process of evaluating and examining better options for local representation and the delivery of services currently provided by the Town of Rye should not end with this Committee's report. The Committee through its initial analysis has determined that there is no strong financial incentive to become a Coterminous Town/Village. We have however determined that there is also no strong financial reason NOT to continue the investigation at a more detailed level. The prospect of removing a layer of government and giving Village residents more self-determination is an attractive one to all members of the Committee.

- To ensure that Village residents are getting the best value for the tax and fee dollars that is being collected by the Town of Rye.

It is very important to note that the charter of this committee and the intention of this report was to analyze the structure of our local governance and not necessarily the current administration of the Town of Rye.

However, our investigations into the workings of Town government leave us with questions regarding the way taxpayer money is being spent. For example, the manner in which a \$750,000 contract to repair one of the Town's bridges was awarded, without competitive bidding and without a formal detailed written agreement (there was a two-sentence written agreement), as well as other instances of a lack of competitive bidding, raises serious concerns about the Town's adherence to the New York statutory requirements of competitive bidding. Even though investigating the Town's use or non-use of competitive bidding does not fall within the mission of this Committee, we feel that the residents of Rye Brook would gain more and better services for our tax and fee dollars if the Town simply adhered to the New York State's legal requirements for purchasing practices and financial record-keeping.

It is also important to note that forming a Coterminous Town/Village does not ensure that similar questions could not arise in the future.

The New York State Office of the Comptroller is continuing its ongoing investigation into the Town of Rye's finances. This coupled with our Committee's lack of confidence in the numbers that have been provided by the Town of Rye brings us to the conclusion that some of the figures that we have based our financial analysis on could be more favorable based on the results of upcoming NY State Comptroller reports. This dictates that the Village of Rye Brook dedicate itself to continued analysis of the Town's finances as a material change in reported numbers could potentially affect the outcome of this Committee's analysis.

Committee Members

Rye Brook Coterminous Town/Village Committee Members

Paul S. Rosenberg, Trustee, Village of Rye Brook, Chairman

Peter M. Schlactus, Vice-Chairman

Donald E. Degling

Richard F. (Dick) Hubert

Richard F. Lubkin

Mario J. Nardi

Frank A. Pugliese

Peter W. Sifton

Joseph Dzaluk, Village of Port Chester Representative

Peter Jackson, Village of Mamaroneck Representative

We would like to also thank the scores of people, both within and outside the Village, most notably the Mayor and the current and former Trustees, who gave generously of their time, energy, and, most importantly, their vision of how to help secure a better place for our children. Finally, this report would not have been possible without the vital assistance of Chris Bradbury, the Rye Brook Village Administrator and his wonderful staff.

Paul S. Rosenberg

Paul S. Rosenberg

Trustee, Village of Rye Brook

Chairman, Rye Brook Coterminous Town/Village Committee

Committee Process

Mission of Committee

The Rye Brook Coterminous Town/Village Committee was created as an eight-member Committee through a Resolution of the Village of Rye Brook Board of Trustees on July 22, 2003 to explore the creation of a Coterminous Town/ Village whereby the Town of Rye will devolve into a Town/Village of Rye Brook and a Town/Village of Port Chester respectively as permitted under the New York State laws.

Since its inception in 1982, the Village of Rye Brook has been recognized as a separate municipality within the boundaries of the Town of Rye and depends on the Town to provide certain services for its residents. The mission of the Rye Brook Coterminous Town/Village Committee has been to determine whether or not Rye Brook would find it desirable to become a Coterminous Town/Village. The financial aspects of the study were the driving force behind the Committee's analysis. That being said, it is important to note that from the very beginning we were trying to help Rye Brook determine not only the financial aspects of becoming a Coterminous Town/Village, but also the importance of the removal of a layer of government. The potential benefits of reducing a layer of government would be:

- Increased efficiency and reduced bureaucracy
- Greater local control/self-rule by Village residents
- Clearer understanding of local government by citizens
- Stronger identification between citizens and their local government
- Enhanced citizen involvement in and oversight of local government

Even though most Committee time focused on the financial analysis, we all agreed that the more philosophical questions of Rye Brook's removing a layer of government must not be overlooked, regardless of whether or not the financial analysis yielded a 'significant' positive or negative result.

The issue of Rye Brook becoming a Coterminous Town/Village has generated much interest within the community. We as a Committee feel that it is important to state that the main goal of any volunteer Committee is to improve the quality of the place in which they live. That being said, we feel that it is important to tie our analysis back to the Village of Rye Brook Vision Plan. According to the Vision Plan Vision Statement, "The future of the

Village of Rye Brook shall be one that strives to maintain and enhance the quality of life of its residents, businesses, interest groups and future generations based on a community consensus that establishes, reinforces and strengthens the Village's distinct identity and independence yet proactively seeks out the assistance of neighboring communities and other concerns to achieve desired or shared goals."

Committee Methodology

As we commenced our work, the Rye Brook Coterminous Town/Village Committee members did not assume to know all of the answers as to whether Rye Brook should pursue Town/Village status. We recognized that the process was an evolutionary one. At our initial Committee meeting, we determined the areas of study that needed to be performed and assigned a Committee member to each of those areas. Future meetings would be used to have Committee members present their findings. Examples of areas that were designated for research were:

- Town Clerk
- Highway Department
- Tax Assessor
- Receiver of Taxes
- Town Court
- Town Parks Department

At an initial meeting, the Committee decided that the driving factor in this study would be the financial analysis. The Committee recognized that none of the Committee members were experts in the area of municipal finance or law. Therefore, the Committee agreed that we should "fast-track" our research with the understanding that if limited financial analysis showed sufficient financial justification, the Committee would seriously consider recommending to the Rye Brook Board of Trustees that a third-party independent financial analyst be hired to look into this issue in more granular detail.

After the initial Committee meeting, we realized that we needed the input of our Rye town neighbors in Port Chester and Rye Neck (through the Village of Mamaroneck) to participate in this process. We also realized that including a representative from the Town of Rye in our discussions would be a huge help in our analysis of the services that the Town provides. Invitations to provide a representative were sent within the first few weeks of

the Committee's analysis to Port Chester, Rye Neck, and the Town of Rye to participate in our Committee discussions.

With respect to our financial analysis, the Committee necessarily adopted certain working assumptions, which facilitated our analysis. Where Town expenses needed to be allocated to Rye Brook for purposes of developing a pro-forma budget, we used the figure of 40% to arrive at a preliminary estimate of Rye Brook costs. This figure was derived from the approximate proportion of the tax base made up by Rye Brook properties. We chose this approach vs., for example, population (where Rye Brook makes up less than one third of the Town) because it most closely reflects how costs are currently split and represents a conservative approach. It also represents a valid starting point for estimating Rye Brook's share of Town revenues that would be realized by the Village in a Coterminous scenario, thus yielding a balanced and related approach to both sides of the ledger. In all cases, the Committee evaluated the appropriateness of this preliminary figure and made adjustments where appropriate to take into account other significant factors.

Highlights of Committee Research

Financial Analysis

How we reached our conclusions

Our limited financial analysis was conducted by analyzing audited budgets from the Town of Rye that were provided by the Rye Town Supervisor's office. Since the Town's expenses represent money being spent for the benefit of Rye Brook, Port Chester, and Rye Neck, the Committee spent a great deal of time determining what percentage of expenses were applicable to Rye Brook. It was determined during our discussions that in most expense cases, Rye Brook's portion would be approximately 40% of the overall Town expense. The 40% number was used as a point of determination and adjusted for economies of scale. Naturally, there are exceptions to this generalization and the exact method that was used to determine each expense item is represented in Appendix C. Furthermore, there are several Town functions the Committee determined would best continue after the creation of a Coterminous Town/Village through the establishment of Inter-Municipal Agreements (IMA's) with the theoretical Town/Village of Port Chester (and possibly Rye Neck as well).

The process of analyzing the Town's revenue statements was very similar to the process that the Committee used to analyze the Town's expenses. We tried to be conservative when projecting the future revenues that the theoretical Town/Village of Rye Brook would receive. For example, during our discussion regarding the mortgage recording tax, we used the Town's 2003 budgeted amount of \$875,000. It was brought to the attention of the Committee that this revenue figure was actually too low as the Town will be receiving well in excess of \$1,000,000. Even though this was brought to the Committee's attention, the Committee decided to adopt more conservative assumptions about the sustainability of current mortgage tax revenue, and so we continued to use the lower (budgeted) revenue figure in our analysis. The Committee's financial analysis was performed during a year in which high mortgage recording tax revenue was received by the Town of Rye due to low interest rates. This revenue source will surely fluctuate as interest rates rise and fall.

Furthermore, it should be noted that when interest rates rise, there will be significant increases in earnings on investments (since we will be receiving interest on the float on County taxes that were collected). For a more complete understanding of

some of the Committee's revenue assumptions, please see Appendix D.

The Committee also anticipated major changes to assets and liabilities stemming from the creation of a Coterminous Town/Village. Two items stood out as worthy of notice. The sale of the Town's administrative office building holds out the potential for substantial one-time revenue realization. On the other side of the ledger, however, Rye Brook would pick up a substantial liability for the ongoing maintenance of Town bridges in Rye Neck. It would make sense to negotiate a "buy-out" of this liability to avoid ongoing expenses and this could involve a substantial one-time payment. The Committee cannot determine the net financial impact, but concluded that one-time revenue and expense items such as these should not weigh heavily on the Committee's analysis and conclusions.

Financial Transparency

It should be stated that although the figures provided to the Committee from the Town of Rye were the Town's audited financial statements that were submitted to New York State and the Town's adopted budgets filed in the Town, the Committee does not have a high degree of confidence in the numbers provided by the Town of Rye. We are not saying that we believe the numbers provided to us were incorrect, but with the introduction of competitive bidding and other efficiencies within the Town, the Committee feels that certain expenses could have been reduced. In addition, the Town's consistent overspending of its budgets and its inability to provide actual 2002 financial data, requiring us to use 2003 budget figures, may well have had an impact on the analysis performed by this committee.

Clerk's Office

The primary functions of the Town Clerk's office falls into three major categories:

1. Record-keeping (meeting minutes back to the 1600's, burial records, licenses, etc.)
2. Licensing (marriage, hunting/fishing, dog, etc.)
3. Administering Elections (primaries and November general elections)

Personnel: the office functions with 3 full-time staff and a part-time typist. Well over 100 legally-required election inspectors are hired for elections. The Town Clerk is paid \$70,000 in salary. Assisting staff members receive considerably less.

For 2003, the Clerk's budget was \$142,724. The budget for election-related expenses was an additional \$76,000.

There are five voting locations in Rye Brook where machines and inspectors need to be placed: Ridge Street Elementary School, Port Chester Middle School, Blind Brook High School, Port Chester High School, and the BelleFair Meeting House.

The Town anticipates substantial costs in the near future to upgrade/replace voting machines. Although it is expected that there will be aid in the form of funding from the Federal Government for the replacement of the current voting machines, it is unclear as of this report what the Town's final cost will be for voting machine replacement if the cost of replacement exceeds the amount of Federal aid.

According to Rye Brook Village staff, it would be necessary to hire additional staff in order to absorb the functions of the Town Clerk's office. The Town Clerk function is required by law and could not be achieved through an Inter-Municipal Agreement. Additional space would likely also need to be constructed or leased. These considerations limit the potential for reducing costs by blending the Clerk office's functions into our Village's Administration.

The administration of elections and maintenance of voting machines benefit from economies of scale that would be lost if this function were to devolve to the Village level.

Receiver of Taxes

The Town expects to earn \$480,000 from tax liens and interest on back taxes.

For the current year (2003/4) the Receiver's office will collect approximately \$122 million in taxes.

From the above sum, the Town of Rye is expected to earn approximately \$262,700 from the following revenue sources:

- Interest earned on float on county and school taxes: \$145,600 (Rye Brook's share will be approximately \$61,200 based on a current 1% interest rate which will rise with interest rates)
- Collection fees from Village taxes: \$117,100 (Rye Brook's share will be approximately \$50,680)

County taxes due on April 30 are paid to the County as per the following schedule: 60% paid by May 25 and the remaining 40% paid by October 15.

School taxes are paid to the School Boards in installments as agreed by the School Boards and the Town.

Village taxes for Rye Brook and Port Chester are deposited in the Village accounts on a daily basis. The collection fee that the Town of Rye collects is 0.5%. Rye Neck's Village of Mamaroneck taxes are collected by Mamaroneck.

Roughly 35% of tax receipts come from Escrow Accounts. Of the remainder, about half are paid by mail and the remainder by walk-in, (in Port Chester, the percentage of walk-ins is higher than Rye Brook).

The Town of Rye guarantees the full amount of county, village and school taxes to each of the respective entities.

At the present time, the staff consists of the Receiver of Taxes, two full-time and one part-time assistant. One assistant position shown in the 2003 budget has been eliminated this year due to retirement.

2003 Receiver of Taxes Budget:

Personal services:	\$183,114
Contractual Expenses:	\$47,750
Total:	\$230,864
Minus Eliminated position:	\$31,930
Adjusted total:	\$198,934

Courts & Legal

The procedure to create a Coterminous Town/Village in the year 2003 has not changed from the advice that was provided to the Village in 1992 and 1999 when this issue was previously examined.

The relevant statutes that relate to the creation of a Coterminous Town/Village are Town Law Article 5, which sets forth the procedures for becoming a Coterminous Town/Village and Village Law Article 17, which governs the structure and operation of a Coterminous Town/Village.

Rye Town maintains a Town Court that handles both criminal (below a Class E Felony) and civil cases. In addition, the Town Court is responsible for handling and processing parking tickets issued in Rye Brook and at the Westchester County Airport.

The Town Court is in session 2 days per week; 1 day is designated for criminal cases, while the other day is for civil cases. For the most part, sessions do not last the entire day.

The Town Court also is open 2 nights per month for vehicular moving violations (those issued in Rye Brook only). On one of those nights, small claims cases are also heard.

Currently the Town Court maintains 8 employment positions: 2 Town justices; 1 Court Clerk; 1 Deputy Court Clerk; 1 Night Court Clerk (currently being filled by the Court Clerk); 1 Assistant Clerk; 1 Bailiff (who attends the two night court sessions); and 1 Security personnel (who attends the day sessions).

Only Rye Brook criminal cases are handled by the Rye Town Court. Rye Neck criminal cases are handled by the Mamaroneck Village Court, while Port Chester criminal cases are handled by the Port Chester Village Court. The Town Court handles all Rye Brook civil cases. Those choosing to file civil cases in Rye Neck or Port Chester have the option of filing in the Mamaroneck or Port Chester Village Courts, respectively, or with the Rye Town Court. About half of the Town Court's civil docket comes from Port Chester and Rye Neck filings (mostly due to Port Chester overflow).

The Town Court revenues come from: (a) parking tickets; (b) moving violations (red light, stop sign, speeding, no left turn) and associated surcharges; (c) small claims/civil filing fees; (d) moving violation processing fee (from the State); and (e) bail bondage (3% is held back from posted bail, of which the Town keeps 2% and Westchester County receives 1%).

The Town outsources the parking ticket processing and collection function to a private company. In return for the services provided, the Town pays a fee of 20% of the parking ticket revenues collected to such company. The Town remits all the parking ticket fees generated from Rye Brook tickets back to Rye Brook without deducting the 20% fee. However, the Town retains all revenues generated from parking tickets issued at the Westchester County Airport.

Given that Rye Brook does not currently maintain a court system, Rye Brook would have to assume a Town Court function should it become a Coterminous Town/Village.

Assessment

Property Assessment is perhaps the most sophisticated service function provided by Rye Town government. Assessment requires the skills of a specialized workforce trained in assessment theory and practice, statistical sampling and analysis, computer system integration and management, and data storage and mining.

The Assessment function works best when economies of scale are employed. Jurisdictions that tend to achieve the highest economies of scale utilize countywide agencies, such as the model employed by the State of Texas, where tens of thousand of parcels in any given County are continually tracked via highly efficient methods.

Conversely, we can expect major diseconomies of scale should we bring the assessment function down to the Village level in a pro forma Coterminous regime. For example, the function of at least one professional lead assessor would be necessary regardless of the jurisdiction size. It is clear that the Village would be best served in any Coterminous scenario by continuing the assessment function in unison with Port Chester via an Inter-Municipal Agreement (IMA). The argument may also be made that greater economies should be achieved via further aggregation with other Towns within the County.

The tax collection and tax assessment functions, furthermore, are closely related. It would make little sense to separate these functions, nor to include one function in an IMA without the other. Insofar as the current Town of Rye government acts as a services consolidator of the component Villages, the assessment and collection functions are the central and most significant services to be consolidated.

It should also be noted that having Rye Brook's land use and assessment records off-site at the Town of Rye offices provides difficulties and delays with regard to Rye Brook's accessing of notice requirements, tax information, etc. It would be more convenient for Rye Brook residents and Village staff for this information to be located either within Village Hall or in a location within Rye Brook itself.

Highways

The Town of Rye is not responsible for the maintenance of any roads. It is responsible for maintaining certain bridges crossing streams in Rye Neck and the Rye Town Dock. The Dock was recently renovated using funds donated by private sources.

In any Coterminous scenario, the citizens of Rye Brook cannot expect to simply wash our hands of these responsibilities. Rather, we must assume that as a condition of going Coterminous, we would have to agree to continue contributing toward the cost of maintenance of these structures or to buy out our obligations with a larger lump-sum payment.

Efforts by a Committee member to determine future maintenance budgets or estimates for the Rye Town Highway Department

were unsuccessful. The Rye Town Highway Department had no ongoing maintenance budgets, past or present, to give the Committee.

The Town recently spent \$750,000 to rebuild the Otter Creek Bridge in Rye Neck. Efforts to determine how the figure of \$750,000 was arrived at were also unsuccessful – neither the Town nor the contractor would make available (if they exist) line item budgets or document how the money was spent.

What the Committee did determine was that the State Transportation Department issued a red flag on the condition of the deteriorating bridge on March 25, 2002 and warned the bridge would be closed on May 15, 2002 if repairs were not initiated. The contract was awarded to a local home builder which had never built a bridge in its business history, to do the job. At a meeting on May 28, 2002 the Town passed a resolution to enter into a contract with the contractor. On October 14, 2002 the contract was actually signed – a two sentence agreement for \$750,000 with no supporting documentation as to how the \$750,000 figure was arrived at, or spent, with no legal addendums, no performance guarantees, no schedules, and no protections for either party.

The Town of Rye and the Village of Mamaroneck have just settled a lawsuit to determine which bridges the Town of Rye has an ongoing maintenance responsibility. Some of the highlights of the settlement state that:

- The Village of Mamaroneck and the Town of Rye will be jointly responsible (equal one-half responsibility each) for the bridge maintenance of the Jefferson Avenue Extension Bridge a/k/a the Jefferson Avenue Bridge and the Short Street Bridge.
- The Village of Mamaroneck, the Town of Rye and the Town of Mamaroneck will be jointly responsible (equal one-third responsibility each) for the Bridge Maintenance of the Hillside Avenue Bridge.
- The Village of Mamaroneck, the Town of Rye and the Town of Mamaroneck will be jointly responsible (equal one-third responsibility each) for the bridge maintenance of the North Barry Extension Bridge a/k/a First Street Bridge unless and until it is ultimately determined that a third-party and/or the third-party defendants the New York State Thruway Authority and/or the New York Department of Transportation are responsible for the

bridge maintenance of the North Barry Avenue Bridge a/k/a First Street Bridge.

- The Town of Rye will be responsible at its sole cost for both the general maintenance of the South Barry Avenue Bridge traversing the Guion Creek and the South Barry Avenue Bridge traversing the Otter Creek.

If a preliminary maintenance budget exists for the bridges over which the Town of Rye now has full or part responsibility for maintenance, no such budgets have been made available to the Committee. Therefore, the Highway Department cost estimates in our projections are limited by the data that was available to this Committee.

Parks Department

The Town of Rye owns and manages Crawford Park in Rye Brook. It owns and maintains Rye Town Park under the direction of the Inter-Municipal Rye Town Parks Commission. Rye Town Park, also known as Oakland Beach, is located on the Long Island Sound, surrounded by the City of Rye. Similarly situated is the Rye Town Dock, which welcomes all visitors regardless of residence.

The Rye Town Park Commission consists of officials from the Town of Rye, the Villages of Rye Brook and Port Chester, Rye Neck, and the City of Rye. The Mayor of Rye Brook sits on the commission, which meets monthly to set overall direction for the management of the park. Town of Rye Parks Department employees provide routine landscaping and maintenance services and administer park permits and collections.

The overall budget for care and maintenance of parks is \$461,000. The Town does not allocate costs by park, but costs are split about equally between personnel and contractual expenses. The former is in turn split fairly equally between the department's 3 full-time staff and 2 part-time staff and wages for hourly and seasonal workers. Larger projects and specialized projects are contracted out.

Crawford Park generates approximately \$60,000 in fee income for the Town primarily as a result of the rental of its mansion to Town residents for private functions. The facility is routinely fully reserved well in advance. The park also hosts Rye Brook's summer camp program.

The Parks Department Foreman lives in a home owned by the Town and located off Lincoln Avenue in Crawford Park.

The Town provides \$50,000 in “seed money” to Rye Town Park at the beginning of the summer season. Park fees are used to reimburse the Town for this money. When the park runs a deficit, which has been common, the Town covers 51% of the amount with the City of Rye assuming the balance.

The Rye Town Dock was recently renovated using mainly donations from private sources. Currently, its financial impact is negligible.

Ever since the incorporation of Rye Brook as a Village, the Town has not had its own Recreation Department. Sums totaling about \$10,000 annually are instead donated by the Town Board to local youth programs and celebrations.

There would appear to be an opportunity for substantial savings by having the Village of Rye Brook take over the care of Crawford Park. Two other Rye Brook parks border Crawford in addition to other nearby facilities, offering economies of scale that Rye Town cannot achieve with only two facilities spaced far apart. In addition, the Village’s management quality and labor utilization practices promise increased efficiencies. It should be noted that the current Rye Brook Recreation Superintendent has indicated that there may need to be a slight increase in the Rye Brook Parks Department staff to cover the increased maintenance needs should Rye Brook assume responsibility for the upkeep of Crawford Park.

For access to Crawford Park for Port Chester and Rye Neck residents to be maintained, these communities would need to contribute to its upkeep. The formation of a Commission similar to that of Rye Town Park appears to be an option worthy of consideration. In addition, provisions of the Crawford will that bequeathed the estate to the Town of Rye as a park would need to be examined in order to prevent property’s reversion to its contingent inheritor, United Hospital. Likewise, the Rye Town Park Commission structure would need to be revised (likely requiring an act of the State legislature). In exchange for continued access to the park and beach by Rye Brook residents, the Village would logically need to assume a portion of the park’s costs now borne by the Town.

Conclusions

Items of Consensus

1. The prospect of removing a layer of government, creating a more understandable local government system, and giving Village residents more self-determination is an attractive one to all members of the Committee. This ties in with the Village Vision Plan's goal to encourage Village Governance that efficiently and effectively serves Village interests.
2. The process of reconstituting Rye Brook as a Coterminous Town/Village would be a long, arduous, and uncertain one.
3. For any Coterminous scenario to succeed, the Village of Port Chester would need to partner with the Village of Rye Brook in pushing the issue forward, and the citizens of both Villages would need to perceive a clear benefit. Logically, Port Chester would form its own Coterminous Town/Village at the same time as does Rye Brook.
4. For any Coterminous scenario to succeed there needs to be a viable "home" for the Rye Neck area of the Town so that residents there could continue to receive all Town services. It would not appear feasible for Rye Neck to provide its own Town services either as a Coterminous Town/Village or as a remnant Town of Rye.
5. Any effort to form a Coterminous Town/Village should adopt the principle that all citizens of the Town of Rye should be able to continue enjoying the equivalent of the amenities currently offered by the Town of Rye to its citizens.
6. For any Coterminous scenario to be financially attractive to the citizens of Rye Brook, Inter-Municipal Agreements (IMA's) would need to be negotiated with the Village of Port Chester, which presumably would also form a Coterminous Town/Village, covering the services of property assessment and tax collection. An IMA or similar arrangement also would be desirable for the care of Crawford Park.
7. One major source of revenue that a Coterminous Town/Village would inherit from the Town of Rye, mortgage taxes, faces a high risk of dramatic shrinkage in coming years. As the precipitous decline in interest rates ceases or reverses, real estate transactions and the refinancing of homes in particular will likely diminish. It would be optimistic to assume that the activity which has in recent years generated mortgage tax revenues much higher than historical levels will continue indefinitely. Should interest

rates climb substantially, lower mortgage tax revenues would be offset by substantially higher revenues from earned interest.

8. The outcome of the Committee's financial analysis reveals no substantial savings or cost should Rye Brook become a Coterminous Town/Village (although this might change with reduced expenses through the introduction of competitive bidding and other efficiencies).
9. The Committee's confidence in its financial analysis is limited by our inability to obtain financial reports that the Town of Rye had not yet prepared (for example, bridge maintenance budgets and the 2002 actual audited financial reports).
10. With respect to assets and liabilities, one-shot items, such as a likely sale of Town Hall and a buy-out of Rye Neck bridge maintenance liabilities should not play a major role in forming conclusions and their net financial impact is difficult to determine.
11. We conclude that other factors need to be taken into account. These include the relative benefits of enhanced self-rule for Rye Brook citizens and the relative merits of eliminating the Town as a layer of government.

Committee Viewpoint

Without the full participation and concurrence of the Village of Port Chester, it is neither financially nor politically feasible to proceed with the process of pursuing a Coterminous Town/Village.

The Rye Brook Coterminous Town/Village Committee members acknowledge that our initial analysis reveals no compelling financial justification for taking on the long, arduous, and uncertain task of forming a Coterminous Town/Village.

The Committee reached this conclusion even though it assumed that Rye Brook and Port Chester (and possibly Rye Neck) would be able to successfully negotiate one or more Inter-Municipal Agreements (IMA's) to jointly provide key scale-sensitive Town services, such as tax assessment and collection. Without such IMA's, the financial impact on Rye Brook citizens would be substantially more negative. Yet such IMA's in and of themselves represent a significant concession on the principle of self-rule. The Village will not be able to exercise unilateral control over the IMA's. As the smaller partner, Rye Brook would gain most from the economies of scale provided by the IMA's

and would be hurt the most by the failure to form or renew IMA's. Therefore, we could find ourselves at a disadvantage in any negotiations, forced to pay more or accept the costs of going it alone. From this point of view, the Town has value by functioning as a "perpetual IMA" and the costs associated with its elected officials are more than offset by the savings generated by its combined administration of scale-sensitive services.

For a proudly non-partisan Village such as Rye Brook, the Town provides another "service" that is not enumerated on its financial statements. Since the Town functions within the two-party political system, it serves as a representative link for our Village residents to the county, state, and federal party apparatuses and the elected officials who belong to them. Our residents may not wish to give up the access that their neighbors have to local government representatives who can work within the prevailing power structures to address grievances and promote initiatives.

As the previous Village Attorney 2003 Legal Opinion (Appendix E) and the research undertaken for this Committee makes clear, the effort to go Coterminous would be a long and complex one, involving local referendums encompassing the entire Town of Rye, the sustained attention of the Boards of Trustees of Rye Brook, Port Chester and Mamaroneck, and the approval of county and state legislatures. Many Village elected officials, staff, contractors, and volunteer citizens would need to mobilize and devote considerable time and resources for many months if not years on education and promotion, legal drafting, and political lobbying – in addition to confronting the inevitable legal and political challenges.

The Committee feels that the Town of Rye's services are not being delivered with adequate efficiency, transparency, and responsiveness to all sectors of the public. If, however, the immediate goal is to improve these conditions, then the Committee believes that the most efficient and effective approach would be for the communities that constitute the Town of Rye to jointly shine a bright light on the workings of Town government and to work with the Town, to institute beneficial changes in government practices. This reformist approach offers the promise of accomplishing far more, far more quickly, with far less investment of precious resources.

Several Committee members believe that, since it will not cost substantially more to govern ourselves as a Coterminous Town/Village, we should proceed decisively to gain Port Chester's support and form a Coterminous Town/Village in order

to realize the perceived benefits of more streamlined and responsive local government and self-rule.

These members feel that the finances are potentially more favorable to the Village than now appears to be the case. After all, the Committee has factored in extra costs for the loss of economies of scale in the administration of various Town functions, yet it has been quite conservative in assuming lower costs as the result of better management practices, e.g. more competitive bidding out of service contracts. If the Town has not been spending money efficiently, then by bringing Town functions under Village control where accountability is vastly enhanced, costs will decrease and real financial benefits may be realized.

Eliminating a layer of government will also facilitate transparency as to how government works. The Rye Brook Board of Trustees meetings are televised while the current Town of Rye meetings are not. There are those who feel that the Town does as it wishes without regard for spending the taxpayer's money. For example, the Town government has created two new positions, a Public Safety Commissioner, and a person in charge of "schooling" under the Public Safety department. This Committee is skeptical of the derived benefit to the Villages (the Town has no police force and no schools) from these created positions. The Committee does not know what the Town expects from these positions.

The current multi-layered government structure is difficult for residents to understand and Town functions operate largely outside the public consciousness. This virtually assures only loose public oversight of Town government and creates conditions favorable to waste and possible mismanagement. Given the vague awareness (at best) that most residents have of the Town's impact on their daily lives, normally reliable methods of public oversight of elected officials may not function effectively.

Several Committee members feel that a solution that restructures local government, will allow for true accountability, for the electoral system to work, and for the efficient delivery of quality services to the deserving citizens of Rye Brook and the other portions of the Town of Rye. They conclude that the benefits outweigh the costs and effort of a campaign to create a Coterminous Town/Village.

Recommendations

Immediate Steps

As stated above, for Rye Brook to seek Coterminous Town/Village status, it will need the political support of neighboring Port Chester. That said, this Committee recommends certain steps be taken irrespective of whether or not Rye Brook decides to pursue Coterminous Town/Village status:

1. A Steering Committee should be formed (comprised of elected or appointed representatives of Rye Brook, Port Chester, Rye Neck/Mamaroneck Village, and the Town of Rye). The purpose of this Committee would be for its members to explore on an ongoing basis the potential for increased efficiencies, quality, consistency, and transparency in the delivery of government services. Such a Committee was endorsed by the current Town of Rye Supervisor at a Committee meeting on October 1, 2003.

Even if Rye Brook were to pursue Coterminous status in the future, the process is likely to take years to complete. In the meantime, citizens of the Town of Rye and its various Villages have a daunting task trying to make sense of and evaluate the various layers of local government. Representatives of these governmental bodies should accept responsibility for assisting their constituents in this regard and a Committee formed along the lines suggested above would be instrumental to furthering that goal.

2. The Village of Rye Brook should explore ways to educate Village residents about the structure and functions of local governments.
3. There are several recommendations that the Rye Brook Board of Trustees should immediately proceed with:
 - a. Passing two Resolutions:
 - i. In support of the recommendations stated in the November 2003 New York State Comptroller Town of Rye Report

of Examination (see attached copy of report in Appendix G).

- ii. Endorsing the idea of an independent Town of Rye Ethics Committee with the members of the Ethics Committee suggested by the Boards of Rye Brook, Port Chester, and Mamaroneck Village.
 - b. Request that it be provided with a copy of (or otherwise act to obtain) the monthly budget report specified in Recommendation 2 of the NYSROE (The Budget Officer should prepare and present monthly reports to the Town Board. These reports should include details of each budget account to indicate the amount originally budgeted, amendments to the account, the expenditures to date and the balance that is unappropriated and available).
 - c. Request that it be provided with a copy of all Town of Rye bid summaries for all public works contracts in excess of \$20,000 and purchase contracts in excess of \$10,000.
4. In order to further educate Village residents about the very serious issues raised in this report, the Village Administrator should be instructed to mail an abstract of this report (with the full report available on the Village website and printed copies available at Village Hall) to all Village residents.

Long-Term Steps

If Port Chester were to partner with Rye Brook in seeking Coterminous status, the Committee recommends the following steps be taken:

1. There should be a professional independent review of the financial analysis performed by this committee.
2. The Rye Brook Village staff and Attorney should prepare a report with estimates depicting the

costs and resources necessary should the Village decide to pursue Coterminous Town/Village status. This report should include a detailed roadmap of how the Village will obtain Coterminous Town/Village status. This information, along with this Committee's report, should be used to actively educate Village residents about the issue prior to any decision being taken by the Board of Trustees.

3. Given the input of the Rye Brook Coterminous Town/Village Committee report, as well as the reports from the independent financial analysis, and the Village Administrator and Attorney, the Village of Rye Brook Board of Trustees should make a determination of whether it wants to pursue Coterminous status. If the Board decides to pursue Coterminous status, there will be a well-documented roadmap produced in item 2 above instructing the Village on how to proceed.

Appendix A: Town/Village Revenue Statement

See Next Page

Village of Rye Brook Coterminal Town/Village Committee Report of Findings

Village of Rye Brook and Town of Rye Schedule of Revenues

Rye Brook Revenue Source	Town of Rye Revenue Source	Rye Brook			Town of Rye			2003 Coterm. Committee Est. for Rye Brook
		2001-02 Actual Budget	2002-03 Adopted Budget	2003-04 Adopted Budget	2001 Actual Budget	2002 Amended Budget	2003 Adopted Budget	
Real Property Taxes	Real Property Taxes	\$8,000,894	\$8,577,937	\$9,134,196	\$0	\$500,000	\$726,761	\$289,371
Interest & Penalties on taxes	Interest & Penalties	\$3,500	\$3,500	\$3,500	\$457,568	\$475,000	\$480,000	\$163,200
Gross Receipts Taxes		\$160,000	\$165,000	\$165,000				
Sales Tax		\$675,000	\$700,000	\$800,000				
Vital Statistics		\$6,000	\$6,000	\$6,000				
Clerk's Fees	Clerk Fees	\$30,000	\$40,000	\$40,000	\$17,704	\$16,000	\$17,000	\$3,400
Police Fees		\$18,000	\$15,000	\$20,700				
Inspection Fees		\$118,090	\$200,000	\$170,000				
PILOTS	PILOTS	\$80,000	\$89,153	\$89,153	\$34,363	\$50,000	\$50,000	\$20,000
Parks and Recreation		\$191,585	\$195,000	\$198,000				
AJP Rental		\$12,000	\$15,850	\$17,000				
Other governmental earnings		\$78,000	\$70,000	\$70,000				
Interest earnings	Earnings on Investment	\$165,000	\$165,000	\$165,000	\$376,373	\$400,000	\$275,000	\$113,000
Sale of equipment		\$15,000	\$5,000	\$2,500				
Insurance recovery		\$75,000	\$75,000	\$75,000				
Unclassified income	Misc. revenue	\$2,000	\$1,000	\$1,000	\$91,936	\$86,313	\$80,000	\$32,000
Per capita state aid		\$35,000	\$35,000	\$37,289				
Grant revenue		\$33,627	\$0	\$0				
Mortgage tax	Mortgage tax	\$225,000	\$235,000	\$260,000	\$844,408	\$740,000	\$875,000	\$350,000
Speed and alcohol enforc.		\$2,300	\$8,400	\$8,400				
Highway aid		\$70,000	\$34,000	\$40,000				
Youth funding		\$2,100	\$2,100	\$2,100				
Cable tv franchise fees		\$80,000	\$83,000	\$90,000				
Fines & forfeitures	Fines & forfeitures	\$42,000	\$44,000	\$44,000	\$125,599	\$130,000	\$135,000	\$130,000
	Tax collection				\$97,602	\$95,000	\$97,500	\$46,000
	Crawford Park Fees				\$60,145	\$55,000	\$60,000	\$24,000
	Rents - Government				\$32,842	\$33,000	\$35,000	\$0
	State aid				\$264,449	\$265,000	\$268,000	\$61,640
<i>Total Non-Property Tax Rev.</i>		\$2,119,202	\$2,187,003	\$2,304,642	\$2,402,989	\$2,345,313	\$2,372,500	\$943,240
<i>Total Rev. (incl. property tax)</i>		\$10,120,096	\$10,764,940	\$11,438,838	\$2,402,989	\$2,845,313	\$3,099,261	\$1,232,611
<i>Approp. surplus & fund bal.</i>		\$250,000	\$250,000	\$350,000	\$0	\$0	\$0	\$0
<i>Transfer of FB for retirement</i>		\$0	\$0	\$85,000	\$0	\$0	\$0	\$0
<i>Transfer of FB for Capital</i>		\$400,200	\$590,714	\$880,542	\$0	\$0	\$0	\$0
		\$10,770,296	\$11,605,654	\$12,754,380	\$2,402,989	\$2,845,313	\$3,099,261	\$1,232,611
<i>Estimated Undesignated Fund Balance (not Actual)</i>				\$2,809,020	\$1,236,513			

Appendix B: Town/Village Expense Statement

See Next Page

VILLAGE OF RYE BROOK & TOWN OF RYE SCHEDULE OF EXPENDITURES

Cost Center/Dept Name		Expenditures						2003 Coterminous Committee Est. for Rye Brook
Rye Brook	Town of Rye	Rye Brook			Town of Rye			
		2001-02 Actual Budget	2002-03 Modified Budget	2003-04 Adopted Budget	2001 Actual Budget	2002 Amended Budget	2003 Adopted Budget	
<i>Board of Trustees (1010.)</i>	<i>Legislative Board (1010.)</i>							
.1 Personal Services	Personal Services	\$0	\$0	\$0	---	\$16,000	\$16,000	
.4 Other	Contractual	\$13,313	\$11,000	\$10,000	---	\$700	\$700	
Total	Total	\$13,313	\$11,000	\$10,000	\$17,828	\$16,700	\$16,700	\$0
	<i>Judicial (1110.)</i>							
	Personal Services				---	\$121,267	\$126,414	
	Contractual				---	\$32,700	\$30,700	
	Total				\$156,047	\$153,967	\$157,114	\$151,000
<i>Administrator (1230.)</i>	<i>Executive (1220.)</i>							
.1 Personal Services	Personal Services	\$135,551	\$119,500	\$150,417	---	\$57,625	\$58,840	
.4 Other	Contractual	\$6,752	\$9,300	\$9,300	---	\$3,250	\$6,250	
Total	Total	\$142,303	\$128,800	\$159,717	\$82,592	\$60,875	\$65,090	\$45,090
<i>Treasurer (1325.)</i>	<i>Finance (1315.)</i>							
.1 Personal Services	Personal Services	\$201,234	\$221,000	\$234,765	---	\$15,915	\$16,392	
.4 Other	Contractual	\$93,172	\$86,700	\$92,700	---	\$28,300	\$29,080	
Total	Total	\$294,406	\$307,700	\$327,465	\$41,597	\$44,215	\$45,472	\$25,000
	<i>Auditor (1320.)</i>							
	Personal Services				---	n/a	n/a	
	Contractual				---	\$23,000	\$23,000	
	Total				\$29,000	\$23,000	\$23,000	\$10,000
	<i>Tax Collection (1330.)</i>							
	Personal Services				---	\$152,315	\$183,114	
	Contractual				---	\$47,750	\$47,750	
	Total				\$213,275	\$200,065	\$230,864	\$90,389
	<i>Assessment (1355.)</i>							
	Personal Services				---	\$69,525	\$267,883	
	Contractual				---	\$57,050	\$43,300	
	Total				\$220,303	\$286,964	\$311,183	\$140,032
<i>Village Clerk (1410.)</i>	<i>Town Clerk (1410.)</i>							
.1 Personal Services	Personal Services	\$34,897	\$6,000	\$36,479	---	\$127,317	\$133,024	
.4 Other	Contractual	\$25,948	\$31,750	\$32,750	---	\$9,700	\$9,700	
Total	Total	\$60,845	\$37,750	\$69,229	\$148,692	\$137,017	\$142,724	\$71,362
<i>Village Attorney (1420.)</i>	<i>Law (1420.)</i>							
.1 Personal Services	Personal Services	\$7,132	\$68,676	\$0	---	\$35,928	\$37,006	
.4 Other	Contractual	\$145,754	\$121,750	\$140,250	---	\$35,700	\$45,700	
Total	Total	\$152,886	\$190,426	\$140,250	\$44,378	\$71,628	\$82,706	\$41,353
	<i>Elections (1450.)</i>							
	Personal Services				---	\$30,000	\$61,000	
	n/a				---	n/a	n/a	
	Contractual				---	\$15,000	\$15,000	
	Total				\$47,473	\$45,000	\$76,000	\$38,000
	<i>Operation of Bldgs (1620.)/ Rental of Space (0000.)</i>							
.1 Personal Services	n/a	\$30,366	\$42,560	\$30,525	---	n/a	n/a	
.2 Equipment	n/a	\$13,580	\$8,000	\$9,000	---	n/a	n/a	
.4 Other	Contractual	\$71,278	\$70,500	\$74,500	---	\$157,000	\$142,500	
Total	Total	\$115,224	\$121,060	\$114,025	\$152,645	\$157,000	\$142,500	\$71,250
<i>Central Garage (1640.)</i>								
.1 Personal Services		\$112,453	\$59,232	\$124,256				
.2 Equipment		\$13,163	\$10,000	\$5,000				
.4 Other		\$130,699	\$119,150	\$127,750				

VILLAGE OF RYE BROOK & TOWN OF RYE SCHEDULE OF EXPENDITURES

<i>Total</i>		\$256,315	\$188,382	\$257,006				
<i>Central Communications (1640.)</i>	<i>Central Communic. (1650.)</i>							
.4 Other	Contractual	\$73,796	\$55,000	\$50,000	---	\$22,500	\$18,000	
<i>Total</i>	<i>Total</i>	\$73,796	\$55,000	\$50,000	\$29,669	\$22,500	\$18,000	\$9,000
<i>Central Supplies (1660.)</i>								
.4 Other		\$32,381	\$32,000	\$32,000				
<i>Total</i>		\$32,381	\$32,000	\$32,000				
<i>Central Print/Mail (1670.)</i>								
.4 Other		\$29,424	\$30,000	\$30,000				
<i>Total</i>		\$29,424	\$30,000	\$30,000				
<i>Management Info. Services (1680.)</i>								
.1 Personal Services		\$23,437	\$32,000	\$47,705				
.2 Equipment		\$33,276	\$15,000	\$15,000				
.4 Other		\$40,401	\$57,000	\$65,550				
<i>Total</i>		\$97,114	\$104,000	\$128,255				
<i>Special Items (1900.)</i>	<i>Special Items (1910.)</i>							
Unallocated Insur.	Unallocated Insur.	\$217,953	\$268,054	\$269,000	---	\$110,000	\$115,000	
Munic. Dues	Munic. Dues	\$2,885	\$0	\$0	---	\$4,000	\$4,000	
Tax on property	Taxes & Town Prop.	\$162	\$10,000	\$3,000	---	\$20,000	\$20,000	
Judgments & claims		\$146,377	\$165,000	\$75,000	---	n/a	n/a	
Consulting fees		\$98,949	\$115,000	\$90,000	---	n/a	n/a	
Contingent acct.		\$79,945	\$175,000	\$110,000	---	n/a	n/a	
Bonding expenses		\$8,208	\$10,000	\$10,000	---	n/a	n/a	
	Revaluation	n/a	n/a	n/a	---	\$500,000	\$500,000	
	Appraisals	n/a	n/a	n/a	---	\$50,000	\$50,000	
<i>Total</i>	<i>Total</i>	\$554,479	\$743,054	\$557,000	\$207,016	\$684,000	\$689,000	\$71,400
<i>Police Dept. (3120.)</i>								
.1 Personal Services		\$2,168,307	\$1,931,616	\$2,411,624				
.2 Equipment		\$6,774	\$15,000	\$28,900				
.4 Other		\$91,265	\$109,846	\$101,500				
<i>Total</i>		\$2,266,346	\$2,056,462	\$2,542,024				
<i>Fire Protection (3410.)</i>								
.1 Personal Services		\$383,466	\$290,171	\$515,896				
.2 Equipment		\$7,683	\$6,000	\$4,000				
.4 Other		\$750,856	\$751,213	\$761,049				
<i>Total</i>		\$1,142,005	\$1,047,384	\$1,280,945				
<i>Control of Dogs (3510.)</i>								
.4 Other		\$17,673	\$17,673	\$17,673				
<i>Total</i>		\$17,673	\$17,673	\$17,673				
<i>Safety Inspection (3620.)</i>								
.1 Personal Services		\$231,745	\$281,075	\$310,235				
.2 Equipment		\$0	\$2,500	\$7,500				
.4 Other		\$15,727	\$9,750	\$9,000				
<i>Total</i>		\$247,472	\$293,325	\$326,735				
<i>Ambulance Services (3620.)</i>								
.4 Other		\$61,798	\$65,959	\$69,000				
<i>Total</i>		\$61,798	\$65,959	\$69,000				
<i>Highway Administration (4540.)</i>	<i>Superintendent of Hwys.</i>							
.1 Personal Services	Personal Services	\$0	\$0	\$0	---	\$2,500	\$2,500	
.4 Other	Contractual (Bridges)	\$528	\$2,500	\$0	---	\$0	\$125,000	
<i>Total</i>	<i>Total</i>	\$528	\$2,500	\$0	\$2,615	\$2,500	\$127,500	\$127,500
<i>Highway Maintenance (5010.)</i>								
.1 Personal Services		\$440,999	\$505,871	\$515,688				
.2 Equipment		\$2,235	\$5,000	\$5,000				
.4 Other		\$34,173	\$34,800	\$43,250				
<i>Total</i>		\$477,407	\$545,611	\$563,938				

VILLAGE OF RYE BROOK & TOWN OF RYE SCHEDULE OF EXPENDITURES

<i>Snow Removal (5142.)</i>								
.1 Personal Services		\$9,203	\$29,500	\$30,000				
.4 Other		\$13,768	\$44,100	\$45,000				
<i>Total</i>		\$22,971	\$73,600	\$75,000				
	<i>Econ. Oppty & Dev.(6510.)</i>							
	Veterans Service				\$2,000	\$3,000	\$3,000	
	<i>Total</i>				\$2,000	\$3,000	\$3,000	\$3,000
<i>Human Services/Seniors(6772.)</i>								
.1 Personal Services		\$128,400	\$143,643	\$155,115				
.2 Equipment		\$4,970	\$2,000	\$6,000				
.4 Other		\$61,341	\$65,800	\$62,350				
<i>Total</i>		\$194,711	\$211,443	\$223,465				
<i>Recreation (7140.)</i>	<i>Parks (7110)</i>							
.1 Personal Services	Personal Services	\$384,174	\$427,311	\$452,057	---	\$215,532	\$225,758	
.2 Equipment	n/a	\$3,393	\$2,000	\$2,000	---	n/a	n/a	
.4 Other	Contractual	\$189,766	\$164,696	\$174,000	---	\$248,750	\$232,250	
<i>Total</i>	<i>Total</i>	\$577,333	\$594,007	\$628,057	\$578,756	\$468,286	\$461,008	\$147,523
<i>Teen Center (7180.)</i>								
.1 Personal Services		\$0	\$6,000	\$2,000				
.4 Other		\$10,126	\$7,780	\$7,780				
<i>Total</i>		\$10,126	\$13,780	\$9,780				
	<i>Special Rec. Facilities(7180)</i>							
	Rye Town Park- Oper.				---	\$30,000	\$25,000	
	Rye Town Park- Capital				---	\$30,000	\$25,000	
	<i>Total</i>				\$80,649	\$60,000	\$50,000	\$20,000
	<i>Youth Programs (7310.)</i>							
	Youth Board				---	\$0	\$4,000	
	PC Midegt League				---	\$4,000	\$4,000	
	PC Band Assoc.				---	\$2,500	\$2,500	
	<i>Total</i>				\$5,600	\$4,000	\$10,500	\$0
	<i>Celebrations (7550.)</i>							
	Memorial Day				---	\$1,000	\$1,000	
	Independence Day				---	\$3,000	\$3,000	
	Columbus Day				---	\$1,000	\$1,000	
	<i>Total</i>				\$9,000	\$5,000	\$5,000	\$5,000
<i>Handicapped (7150.)</i>								
.4 Other		\$5,190	\$7,460	\$9,650				
<i>Total</i>		\$5,190	\$7,460	\$9,650				
<i>Library (7410.)</i>								
.4 Other		\$302,144	\$325,225	\$329,899				
<i>Total</i>		\$302,144	\$325,225	\$329,899				
<i>Planning Board (8020.)</i>								
.4 Other		\$3,050	\$3,360	\$4,000				
<i>Total</i>		\$3,050	\$3,360	\$4,000				
<i>Refuse Collection (8160.)</i>								
.4 Other		\$848,271	\$1,059,000	\$909,274				
<i>Total</i>		\$848,271	\$1,059,000	\$909,274				
<i>Shade Trees (8560.)</i>								
.4 Other		\$38,198	\$40,700	\$65,750				
<i>Total</i>		\$38,198	\$40,700	\$65,750				
<i>Employee Benefits (9000.)</i>	<i>Employee Benefits (9010.)</i>							
<i>Total</i>	<i>Total</i>	\$1,254,399	\$1,456,000	\$1,984,950	\$397,267	\$403,600	\$441,900	\$165,713
<i>Serial Bond Debt (9710.)</i>								
<i>Total Payments</i>		\$366,981	\$365,580	\$499,580	\$0	\$0	\$0	
<i>Bond Anticipation Note (9730.)</i>								

VILLAGE OF RYE BROOK & TOWN OF RYE SCHEDULE OF EXPENDITURES

<i>Total Payments</i>	\$379,001	\$320,525	\$459,115	\$0	\$0	\$0
Total Gen. Fund Appropriations (Not Incl. Capital)	\$10,362,096	\$11,014,940	\$11,873,782	\$2,466,402	\$2,845,313	\$3,099,261
CAPITAL (5000.)						
General Fund Operating	\$462,787	\$590,714	\$880,542			
General Fund Debt	\$0	\$600,000	\$200,000			
Total Capital	\$462,787	\$1,190,714	\$1,080,542			
SPECIAL MAINTENANCE ACCOUNTS						
Water Account	\$159,790	\$159,790	\$159,790			
Lighting Account	\$245,115	\$245,115	\$245,115			
Sewer Account	\$387,323	\$387,323	\$387,323			
PERSONNEL:						
Full-time Employees	72	72	73		approx. 18	
Seasonal/PT Employees			approx. 60		approx. 75 (incl. Rye Town Park)	
ESTIMATED DEBT						
(Principal Outstanding):	\$8,118,125		\$7,945,000		(note: considering issuance of new debt for bridges)	\$0

Appendix C: Expense Methodology Footnotes

Source of Expenditure	Committee Methodology
Legislative Board	There would be no legislative expense as in a Coterminous scenario; the Rye Brook Village Board of Trustees which is an unpaid Board would become the Town/Village Board of Supervisors.
Judicial	This expense will most likely remain close to the same with slight savings due to the reduction of a part-time position due to a reduction in civil case workload.
Executive	This would be to cover one secretary plus expenses
Finance	Committee estimates of labor to provide function.
Auditor	Committee estimates of labor to provide function.
Tax Collection	This expense would be reduced through the elimination of one position, an efficiency factor of 10% with the remaining portion split between Rye Brook and Port Chester.
Assessment	This expense would be reduced through an efficiency factor of 10% with the remaining portion split between Rye Brook and Port Chester.
Clerk	This expense would be split between Rye Brook and Port Chester.
Law	50% of Rye Town expense
Elections	50% of Rye Town expense
Operations of Buildings	There would be no additional building to operate in a Coterminous scenario.
Central Communications	50% of Rye Town expense
Rental of Space	Although there would be no expense for operation of building, the Town/Villages of Rye Brook and Port Chester would each need to spend \$71,250 for rental of needed office space for shared functions.
Special Items	The costs associated with revaluation were subtracted, 10% efficiency on rye brook's 40% share of unallocated

	insurance was assumed. Added municipal dues at full value and took 25% efficiency on Rye Brook's share of appraisal and taxes and town property.
Veterans Service	Same as current Town of Rye expense.
Parks	40% of Rye Town expense with an efficiency factor of 20%
Special Recreational Facilities	40% of Rye Town expense
Youth Programs	This would be eliminated as this is not a program utilized by Rye Brook residents.
Celebrations	Same as current Town of Rye expense.
Superintendent Highways	This expense is represented as an expense but subtracted out on the revenue model.
Employees Benefits	Rye Town Employee Expense (times 40% Rye Brook allocation), split 75% old employee/pension obligations at full price and 25% current/new employees obligation at a 25% discount associated with greater efficiencies.

Appendix D: Revenue Methodology Footnotes

Source of Revenue	Committee Methodology
P.I.L.O.T	40% of Rye Town revenue
Interest & Penalties	34% of Rye Town revenue
Tax Collection	Slightly less than half of the current Rye Town revenue
Town Clerk Fees	20% of Rye Town revenue
Crawford Park Fees	40% of Rye Town revenue
Earnings of Investments	Estimated 40% of interest income.
Rent – Government	There would be no rent expense
Fines & Forfeitures	This revenue would remain approximately the same
Misc. Revenue	40% of Rye Town revenue
State Aid	23% of Rye Town revenue
Mortgage Tax	40% of Rye Town revenue
Negative Superintendent of Highway Account	This amount would be saved in a Coterminous scenario as there would be no salary expense for Superintendent of Highway position.

Appendix E: Village Attorney 2003 Legal Opinion

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M E M O R A N D U M

**TO: Honorable Paul Rosenberg, Chairman
Coterminous Town/Village Committee
Village of Rye Brook**

FROM: Edward F. Beane, Esq., Village Attorney

RE: Coterminous Task/Village Legal Issues

DATE: September 16, 2003

At the request of the Village of Rye Brook Coterminous Town/Village Committee, our office has reviewed the various legal issues and concerns raised by Members of the Board of Trustees and the Committee regarding creation of a Coterminous Town/Village. In so doing, we have reviewed the (a) June 17, 1993 Rye Brook Legal Committee Memorandum; (b) September 26, 1984 Memorandum from Lester Steinman, Director of the Municipal Law Resource Center; (c) the November 10, 1992 letter from Mr. Steinman to Kenneth Powell, Esq., Village Attorney, and (d) the August 2, 1999 Memorandum from Village Attorney Kenneth Powell to the Mayor and Board of Trustees. Although it is our understanding that the Committee has been provided with copies of these documents previously, we will deliver additional copies to the Committee Meeting if requested.

In performing our review, we have also examined relevant Attorney General Opinions, newspaper articles, legal publications and treatises and relevant sections of the Town Law, Village Law, General Municipal Law and other legal resources.

Creation of a Coterminous Town/Village

We note at the outset, that the procedure to create a Coterminous Town/Village in the year 2003 has not changed from the advice that was provided to the Village in 1992 and 1999 when this issue was previously examined.

The relevant statutes that relate to the creation of a Coterminous Town/Village are Town Law Article 5 which sets forth the procedure for becoming a Coterminous Town/Village and Village Law Article 17 which governs the structure and operation of a Coterminous Town/Village.

The following steps are necessary to create a Coterminous Town/Village:

1. File with the Clerk of the County Legislature (at least 120 days before the biennial Town election) of a petition bearing the number of signatures of local voters equal to at least five percent of the total votes cast for Governor in the most recent gubernational election in the town from which the new town is proposed to be created. Town Law §73(1). The petition must describe the boundaries and be accompanied by a map showing the new town boundaries. It must also contain a statement of all town indebtedness and the reasons for change Town Law §73(1).

2. Hold a public hearing, on notice, by the County Legislature or legislature thereof. Town Law §73(2),(3).

3. Adoption by the County Legislature, by a 2/3 vote, of a resolution granting the petition and providing for the submission of a proposition to the electorate of the town from which the new town is proposed to be created. Town Law §73(4),(5).

4. Approval by majority of the votes cast in the local election (at least 40 days after the adoption of the resolution by the County Legislature). Town Law §73(5).

- if the proposition is adopted it becomes effective on the first day of January next succeeding the first biennial town election at which town officers for the new town may be elected. Town Law §74(2).

5. Clerk of the Board of Supervisors must file (within 60 days of adoption) a copy of the petition and a map or survey with the Secretary of State and State Comptroller.

Structure and Operation of a Coterminous Town/Village

6. At the November general election next preceding the effective date of the creation of such town, a proposition granting the choice to be principally a village or principally a town will be made. NY Village §17-1703-a(1).

7. A certificate of incorporation for the Coterminous town/village is filed with the office of the clerk of the town. NY Village §17-1703(1).

8. Upon the effective date of the creation of the town, the mayor and board of trustees of such village will constitute the interim supervisor and town board of such town until their successors have been elected and appointed. All other officers will continue to serve in their respective capacities until elections take place. NY Village Law §17-1703(2).

a. If the November vote reflects a desire to operate as a village then holders of village offices will hold the respective town offices:

- Mayor and Board: Supervisor and Town Board
- Assessor- Assessor
- Clerk- Clerk
- Treasurer- Receiver of Taxes and Assessments
- Town Highway Superintendent- as designated by Village Board
- Village Justice- Town Justice

b. If the November vote reflects a desire to operate as a town then at the general village election officers shall be elected for a term ending with the calendar year. Terms of all other village officers end with the calendar year. At the November election, town officers are elected, and town officers constitute corresponding village officers.

9. A first election of village officers is to be made not less than thirty days after the filing of the certificate of incorporation of such village at the same time, date and places and in substantially the same manner. NY Village §17-1703(2).

- at this first election a mayor and two trustees will be chosen to serve as village officers for terms of two years each and two other trustees will be chosen to serve as village officers for terms of four years each. NY Village §17-1703 (3).

Other Municipal Efforts to Create a Coterminous Town/Village

With respect to the Committee’s inquiry as to an historical analysis of New York State Villages that have become Coterminous and that have attempted this formation, we were not able to identify any significantly new materials. We were able to identify the fourth Village which is the Town of East Rochester. We also annex hereto the Attorney General’s Formal Opinions, 81-14 regarding the filling of Office of Town Justice as well as other public offices and 81-50 regarding the distribution of sales tax in a Coterminous Town/Village. There does not exist a bibliography of Law Review articles and precedents or other commentaries regarding the creation of a Coterminous Town/Village or failed attempts.

Legal Responsibility of the Coterminous Town/Village

With respect to the Committee’s inquiry as to responsibilities for bridges, the newly created Town/Village would be responsible for any and all powers and duties

granted and imposed upon the Town Board of the Town or upon any Officer of a Town with regards to any public bridge, street, or highway, wholly or partially within such Town. (Village Law § 17-1706). Thus, the new government would be responsible for any of the duties carried out by the Town. It is our understanding that the Town of Rye presently has responsibility for the repair and maintenance of at least two bridges in the Town of Rye. Responsibility for these bridges would become the responsibility of the new Coterminous municipality.

The new Coterminous government would be responsible for any future litigation against the Town. In essence, the new government would assume the responsibilities and obligations for litigation, potential litigation, insurance, contracts including long term contracts, that were previously the responsibility of the Town.

We trust that this summary is responsive to your inquiries and that this memorandum as well as your review of previously provided documents provides the Committee with answers to the questions it has raised thus far. Should you need additional information or clarification of any of the responses we have provided, do not hesitate to contact us.

Appendix F: Resolution Creating Coterminous Committee

On a motion made by Trustee Rosenberg and seconded by Trustee Goodman the following resolution was adopted:

RESOLUTION

AUTHORIZING THE CREATION OF A COTERMINOUS TOWN/VILLAGE COMMITTEE

WHEREAS, the Village of Rye Brook desires to explore the creation of a Coterminous Village/Town whereby the Town of Rye will devolve into the Village of Rye Brook and the Village of Port Chester with each Village becoming a Village/Town as permitted under the New York State laws.

NOW THEREFORE, BE IT RESOLVED, that the Board of Trustees of the Village Rye Brook hereby creates the Coterminous Town/Village Committee, which shall consist of six (6) members appointed by the Mayor with the approval of the Board of Trustees. The members of the Coterminous Town/Village Committee shall serve at the pleasure of the Board of Trustees and shall receive no compensation for their services with the exception of reimbursement of expenses incurred in the performance of their duties; and

IT IS FURTHER RESOLVED, that the following persons are hereby selected to serve on the “Village of Rye Brook Coterminous Town/Village Committee”:

Paul Rosenberg, Chair	3 James Way
Donald Degling	5 Elm Hill Drive
Mario Nardi	11 Maywood Avenue
Ted Musho	2 Wilton Road
Peter Schlactus	80 Bellefair Road
Richard Hubert	53 Doral Greens Drive West

IT IS FURTHER RESOLVED, that the duties of the Coterminous Town/Village Committee shall be to make recommendations to the Village Board regarding the creation of a Coterminous Town/Village including but not limited to analysis of the cost benefit on the Village of Rye Brook's operation and the impact on Village resident's use of Oakland Beach, Crawford Park and other Town of Rye recreation facilities and services.

Trustee Goodman	Voting Aye
Trustee Harris	Voting Aye
Trustee Rosenberg	Voting Aye
Trustee Santon	Voting Nay

Mayor Filipowski Voting Aye

On a motion made by Trustee Rosenberg and seconded by Trustee Goodman the following resolution was adopted:

RESOLUTION

AUTHORIZING INCREASE IN THE MEMBERSHIP OF THE COTERMINOUS TOWN/VILLAGE COMMITTEE

WHEREAS, on July 22, 2003, the Board of Trustees authorized the creation of a co-terminous Town/Village Committee consisting of six (6) members appointed by the Mayor with the approval of the Board of Trustees; and

WHEREAS, Ted Musho, who was appointed to the Coterminous Town/Village Committee on July 22, 2003 has chosen to resign from the Committee and will be replaced by a new member, and

WHEREAS, the Board of Trustees wishes to increase the size of the co-terminous Town/Village Committee from six (6) to eight (8) members,

NOW, THEREFORE, BE IT RESOLVED, that the following additional persons are hereby selected to serve on the "Village of Rye Brook Coterminous Town/Village Committee":

Richard Lubkin	5 Red Roof Drive
Peter Siltan	46 Bonwit Road
Frank Pugliese	6 Wilton Road

Trustee Goodman	Voting Aye
Trustee Harris	Voting Aye
Trustee Rosenberg	Voting Aye
Trustee Santon	Voting Aye
Mayor Filipowski	Voting Aye

Appendix G: NYS Comptroller Report of Examination

To access this report, please go to the following website:

<http://www.osc.state.ny.us/localgov/muni/audits/2003/towns/rye.pdf>