



February 7, 2022

Mr. Joseph Fazzino  
Deputy Comptroller  
City of Rye  
1051 Bost Post Road  
Rye, New York 10580

Dear Mr. Fazzino:

The purpose of this memorandum is to assist you in developing a standard and overtime Rate Per Hour (RPH) for the City of Rye's Police and Fire Departments, as well as allocating costs for the City's Sanitary Sewer System in order to estimate City costs attributable to the Rye Playland. BST & Co. CPAs, LLP (BST, our, us we) has assisted numerous municipalities with rate making cases in the municipal electric and water/sewer utility industries. Applying similar concepts to your Police Department, Fire Department and Sanitary Sewer System we believe the following approach encompasses both the direct and indirect costs the City would seek reimbursement for when deploying their municipal resources at the Rye Playland.

**Methodology:**

Our standard and overtime rates will be predicated on the following data inputs:

- Actual costs incurred by the Police and Fire Department during the period ending December 31, 2019. These amounts have been subjected to various audit procedures in connection with the City's financial statement audit.<sup>1</sup> We utilized 2019 financial data as it was not impacted by the lockdowns and other COVID-19 preventive measures.
- Regular and overtime hours incurred per the City's year-to-date payroll system.<sup>2</sup>

The RPH calculations will encompass four (4) components:

- 1) Payroll – amounts derived from the City's payroll records as recorded in the general ledger.
- 2) Employee benefits – amounts recorded in the general ledger, including healthcare, pension, payroll taxes and other benefits negotiated through collective bargaining agreements.
- 3) Contractual and capital outlays – amounts include actual invoiced costs and those allocated through internal service funds (Building and Vehicle Fund, and Risk Retention Fund). The City's internal service funds allocate overhead costs including building repairs/maintenance, depreciation and insurance to functional activities, such as public safety, based on estimated usage.
- 4) Administrative Fee – 10% of the combined payroll, employee benefits, and contractual and capital outlays to account for general government overhead not captured within the internal service funds (mayor and trustees, city manager, city attorney, including contractual and benefit expenses) and unknown or unquantifiable costs.

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<sup>1</sup> We utilized our audit documentation from the December 31, 2019, financial statement audit.

<sup>2</sup> Supplied by Joe Fazzino, Deputy Comptroller.



**Payroll RPH:**

Using the City supplied payroll reports we have calculated the standard Police Department RPH and overtime RPH:

<u>Payroll Category</u>	<u>Amount</u>	<u>Hours</u>	<u>RPH</u>
Regular	\$ 3,791,639.28	73,377.75	\$ 51.67
Seasonal	53,644.50	2,554.50	21.00
Straight OT	26,430.47	491.50	53.78
Vacation	315,561.16	5,775.00	54.64
Vacation buy back	1,713.25	35.00	48.95
Sick	106,431.13	2,115.25	50.32
Personal	73,713.13	1,406.00	52.43
Floating	585.40	14.00	41.81
Holiday	194,403.78	3,588.00	54.18
Retro/Supplemental	635,380.43	-	-
	<u>\$ 5,199,502.53</u>	<u>89,357.00</u>	<u>58.19</u>
Overtime 1.5	\$ 623,553.26	7,434.25	\$ 83.88
Double	2,265.05	36.00	62.92
	<u>\$ 625,818.31</u>	<u>7,470.25</u>	<u>\$ 83.77</u>

Using actual employee benefit and contractual and capital outlay expenditures incurred by the Police Department for 2019, we have calculated the RPH by dividing these costs by the standard hours (non-overtime) incurred by the department.

Employee Benefits	\$ 3,291,195.00	89,357.00	\$ 36.83
Cap & Contractual	\$ 1,180,158.00	89,357.00	\$ 13.21

The combination of all cost components, plus a 10% administrative fee, would result in a rounded standard RPH of \$119 and an overtime rate per hour of \$147.

<u>Rate Component</u>	<u>Standard</u>	<u>Overtime</u>
Payroll	\$ 58.19	\$ 83.77
Employee benefit	36.83	36.83
Cap & Contractual	13.21	13.21
Admin fee (10%)	10.82	13.38
Rounded RPH	<u>\$ 119.00</u>	<u>\$ 147.00</u>



Using the City supplied payroll reports we have calculated the standard Fire Department RPH and overtime RPH:

<u>Payroll Category</u>	<u>Amount</u>	<u>Hours</u>	<u>RPH</u>
Regular	\$ 1,566,152.75	36,492.00	\$ 42.92
Straight OT	1,545.60	37.00	41.77
Vacation	7,165.79	128.00	55.98
Sick	111,567.27	2,220.00	50.26
Personal	29,336.54	680.00	43.14
Holiday	24,492.74	576.00	42.52
	<u>1,740,260.69</u>	<u>40,133.00</u>	<u>43.36</u>
Overtime 1.5	<u>\$ 473,805.96</u>	<u>7,449.50</u>	<u>\$ 63.60</u>

Using actual employee benefit and contractual and capital outlay expenditures incurred by the Fire Department for 2019, we have calculated the RPH by dividing these costs by the standard hours (non-overtime) incurred by the department.

Employee Benefits	\$ 1,674,018.00	40,133.00	\$ 41.71
Cap & Contractual	\$ 1,473,608.00	40,133.00	\$ 36.72

The combination of all cost components, plus a 10% administrative fee, would result in a rounded average standard RPH of \$134 and an overtime rate per hour of \$156. For the purposes of this analysis, we have calculated Fire Department costs using the weighted average rate of \$137 as the bifurcation between regular vs. overtime hours were not estimable at the Playland.

<u>Rate Component</u>	<u>Standard</u>	<u>Overtime</u>	<u>Average</u>
Payroll	\$ 43.36	\$ 63.60	\$ 46.53
Employee benefit	41.71	41.71	41.71
Cap & Contractual	36.72	36.72	36.72
Admin fee (10%)	12.18	14.20	12.50
Rounded RPH	<u>\$ 134.00</u>	<u>\$ 156.00</u>	<u>\$ 137.00</u>

### Sanitary Sewer System

Utilizing 2019 audited financial data, we isolated payroll, capital outlays, contractual expenditures and employee benefits charged to code "81200" within the City's General Fund. Per the NYS Office of the State Comptroller's standard chart of accounts, code 81200 represents sanitary sewer charges. Total sanitary sewer expenditures as of and for the year-ended December 31, 2019, were approximately \$425,000.

In 2021 the City settled a longstanding lawsuit with the SAVE THE SOUND (STS) and a consent order with New York DEC. As part of the settlement the City must undertake certain maintenance improvements and capital investments in the system. The incremental annual maintenance costs due to the litigation are estimated at \$150,000. Additionally, under the consent order, the City will be financing approximately \$7.5 million in capital projects resulting in annual debt service of \$350,000. Based on these subsequent events, the City projects annual operating costs of the sanitary sewer system to be \$925,000.



The City determined that 7% of all sanitary sewer flows originate from the Rye Playland.

Using projected sanitary sewer system expenditures and the Rye Playland flow, we have calculated the portion of costs allocable to the Rye Playland as follows:

Total Sanitary Sewer Expenditures	\$ 925,000.00
Percentage allocable to Playland	<u>7.00%</u>
Rye Playland Sanitary Sewer Cost	<u>\$ 64,750.00</u>

**Conclusions:**

The following table summarizes Police Department, Fire Department, and Sanitary Sewer System costs allocable to the Rye Playland. The Police hours were pulled directly from a memorandum dated July 30, 2021, from Greg Ursry, City Manager, to Nick Singer of Standard Amusements. The Fire Department hours were derived from that same memo and calculated by taking the number of calls, number of firefighters responding and the average hours per call (32 calls x 1.5 hours per call x 5 firefighters = 240 hours).

<u>Police - Event Description</u>	<u>Hours</u>	<u>RPH</u>	<u>Cost</u>
Extra Offices 4th of July	500.00		
Special Events	750.00		
Total OT Hours	<u>1,250.00</u>	\$ 147.00	\$ 183,750.00
Routine Patrol Calls	350.00		
Traffic Stops	250.00		
Total regular hours	<u>600.00</u>	\$ 119.00	<u>\$ 71,400.00</u>
Total	<u>1,850.00</u>		\$ 255,150.00
 <b><u>Fire Department</u></b>			
Playland costs	<u>240.00</u>	\$ 137.00	\$ 32,880.00
 <b><u>Sanitary Sewer</u></b>			
7% of Estimated 2022 Expenditures			<u>\$ 64,750.00</u>
			<u><b>\$ 352,780.00</b></u>

Our estimated breakeven point for the Playland would approximate \$352,780 for the Police Department, Fire Department and Sanitary Sewer System.

The calculations included in this letter were derived from audited financial information and data supplied by the City of Rye and are provided to you solely for the purposes of determining a reasonable allocation of City public safety and sanitary sewer expenditures to the Rye Playland.



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City of Rye  
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Should you have any questions please do not hesitate to contact me.

Very truly yours,

BST & Co. CPAs, LLP

A handwritten signature in black ink that reads "Brendan K. Kennedy". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Brendan K. Kennedy, Partner, CPA

BKK/ldb

