



Town of Rye Newsletter



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A Publication of the Rye, New Hampshire, Select Board

March 2025

Be Sure to Vote on Tuesday, March 11th Town and School Election, Rye Elementary School, 8 a.m. - 7 p.m.

Selectmen's Message:

WHAT'S GOING ON IN TOWN?

The Financial Governance of Our Town:

As this newsletter goes to press, we are in the midst of our annual Town Election cycle. The Official Ballot form of government (RSA 40:13), popularly known as "SB2" after the State Senate bill which engendered it, was adopted by the Town of Rye and the Rye School District in 1998. It replaced the traditional town meeting with a *Deliberative Session*, also known as the "first session" of the Town Meeting, in which the voters in attendance may amend any Article on the warrant, with some specific rules. Towns that have adopted SB2 must vote "on all issues before the voters", including both warrant articles and town officers, at the polls on **Election Day** – which is the "second session" of the Town Meeting, occurring this year on **Tuesday, March 11th at the Rye Elementary School from 8am-7pm.**

Our Deliberative Session was held on Saturday, February 1st, and featured very low attendance (as a percentage of the eligible voters, but not historically). Approximately 80 people attended the First Session, out of a total of 5,300 registered voters – about 1.5% of those eligible to vote. While it is to their great credit that

approximately 80 citizens spent over nine hours debating the various warrant articles, they represent only 1.5% of registered voters—meaning their viewpoints may differ from the remaining 98.5% who did not attend the Deliberative Session. SB2 gives voters two bites at the apple, but after the first bite—where deliberative session amendments can reshape the article—it may end up looking more like an orange!

Important: The warrant article numbers for the Harbor Road bridge and the fire truck have changed since the deliberative session. Per RSA 33:8-a, which requires bond/notes to appear before other money articles, the original Article #5 (Harbor Road bridge) is now Article #6, and the original Article #6 (fire truck) is now #5. This is because amendments removed the bond component from the Harbor Road bridge, leaving the fire truck as the only bond article. No other warrant articles were renumbered. Notable changes were made at Deliberative Session to how these two big-ticket items—each with a long useful life—would be funded. Initially structured as government bonds, the Harbor Road bridge article, if

approved, will now be paid entirely from the Town's unassigned fund balance, while the fire truck will be funded through a combination of cash and bond financing. There was considerable debate: Some argued it's cheaper to gradually accumulate the needed monies in a Capital Reserve Fund (CRF)—essentially a dedicated savings account—and thus avoid paying interest on borrowed money. However, the cheapest option isn't always the most practical, a point we'll explore further in this piece.

It's useful to note that among the fiscal goals of this BOS (sorry, another acronym for Board of Selectmen), there is a desire to change how we spend money. We have been clear that our preference is to shift *some* of our spending on long-lived/durable assets from the use of CRF's to Municipal Bonds. New Hampshire's Department of Revenue Administration (yet another acronym, "DRA") sets the borrowing limits for a Town or City, based on a percentage of that entity's Equalized Assessed Value see DRA Town Valuations here. That limit is 3%, and, using 2023 base valuations, our Equalized Assessed Value is just under \$5 Billion dollars. This translates to a limit on our borrowing at \$147 Million dollars, out of which *we currently have only about \$2 million in debt.*

This extraordinarily low amount of debt is a result of both "Yankee Frugality", very high value real estate, and also a generalized historical aversion to paying interest. The theory goes that you save up until you can afford what you want –

TOWN REPORTS AVAILABLE TUESDAY, MARCH 4TH

The Annual Report of the Town of Rye for the year 2024 will be available for pick-up on Tuesday, March 4th at the following locations: Town Hall, Town Hall Annex, Rye Public Safety Building, Rye Public Library and the Recycling Center. You can also view it on the Town website www.town.rye.nh.us.

If you are unable to pick up your copy at one of these locations, please call the Selectmen's Office at (603) 964-5523 or email jireland2@ryenh.us to request that one be mailed to you.

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which ends up being the "cheapest way to get it". Except... If the funds that are being accumulated in the CRF don't earn interest in excess of the rate of inflation, the asset ends up being *more* expensive than if we'd financed and used it over the same period. Rye's management of cash reserves has not always resulted in optimal financial outcomes for taxpayers, and this BOS would like to (ever so slightly) shift that paradigm. The Town has a few different primary "buckets" of money to manage - current cash: tax revenues, CRF's, and Trust Funds. These funds are managed in part by the Treasurer, and in part by the Trustees of the Trust Funds - all of whom are elected officials. We greatly appreciate the work and dedication of these officials in managing the town's financial resources, and any effort to "shift" will require a strategic agreement among these two functions, the Budget Committee, and the BOS.

A good example of how this might have worked was the Harbor Road bridge article. As submitted to the Deliberative Body (the voting citizens who were in attendance), it called for "raising and appropriating" \$975,000 to repair/replace the Harbor Road bridge, and to issue bonds to pay for it. That language was changed to take all the money from the Unassigned Fund Balance (3-letter acronym is "UFB" - which might be useful to think about as your checking account, into which your salary and any other deposits are made). When the language about the Harbor Road bridge funding was changed, as well as other articles - which will also reduce the Unassigned Fund Balance - the effect was to greatly limit the ability of the Selectmen to lower the tax rate by using Fund Balance. This is because the Town must also meet the DRAMANDATED minimum balance in the UFB - in other words, we have to have a "minimum balance" in our "checking account". *Had this article not been amended, funding via a*

WARRANT ARTICLES, NOT INCLUDING OPERATING BUDGET			
Articles	Description	Amount of Warrant Article	2025 Tax Impact Per \$1,000
Article 5	Fire Engine (Note: there will be a tax impact for future years from the bond payment)	\$ 789,000.00	\$ -
Article 6	Harbor Road Bridge	\$ 975,000.00	\$ -
Article 8	Collective Bargaining - Prof. Firefighters of Rye	\$ 85,595.78	\$ 0.012
Article 10	Highway Heavy Equipment CRF	\$ 250,000.00	\$ 0.076
Article 11	Petitioned: Tennis/Pickle Ball Court	\$120,000.00	\$ 0.036
Article 12	Sewer: Infiltration & Inflow Assessment	\$ 100,000.00	\$ 0.030
Article 13	Purchase 0 Lafayette Road	\$ 85,000.00	\$ -
Article 14	Rye Public Library HVAC CRF	\$ 60,000.00	\$ 0.018
Article 15	Land Sale: 0 Appledore Ave (Note: No tax impact if passed, tax impact of \$0.017 if article fails)	\$ 55,000.00	\$ -
Article 16	Municipal Buildings Maint. ETF	\$ 35,000.00	\$ 0.011
Article 17	Police: Motorcycle Lease	\$ 30,060.00	\$ 0.005
Article 18	SPCCP/SWPPP CRF (MS4)	\$ 25,000.00	\$ 0.008
Article 19	Conservation Maintenance ETF	\$ 20,000.00	\$ 0.006
Article 20	Revaluation CRF	\$ 15,000.00	\$ 0.005
Article 21	Contingency Fund	\$ 15,000.00	\$ -
Article 22	Recreation Buildings and Property Maintenance Fund	\$ 10,000.00	\$ 0.003
Article 23	Emergency Management CRF	\$ 10,000.00	\$ 0.003
Article 24	Landfill Monitoring CRF	\$ 10,000.00	\$ 0.003
Article 25	TAP Grant (Note: The Town has been awarded this grant)	\$ 1,040,000.00	\$ -
Total for all non-operating budget articles			\$ 0.22

municipal bond would have allowed a substantially greater amount of UFB to lower taxes for all RYE taxpayers.

Aside from "preserving" the UFB in order to lower taxes, the other key benefits of funding long-term asset purchases with the issuance of a bond, are three-fold:

- Municipal bonds are exempt from taxation ("tax exempt") which allows pricing at interest rates generally 1 to 2 percentage points lower than taxable instruments
- Issuing a tax-exempt bond for a term that matches the useful life of the asset acquisition not only spreads

the cost over many years, thereby lowering the operating budget impact, but also allocates the cost to the taxpayers who will benefit from the asset - a more equitable distribution of the benefit/cost.

- Positive arbitrage - Current market conditions allow the Town to incur long term debt at a tax-exempt interest rate *below* the yield of high-quality prevailing investment opportunities.

Going back to the bridge article, had we borrowed from the Municipal Bond Bank the interest rate for a 10-year bond would have been approximately 3.5% (which was the

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rate at the January 15, 2025 auction). While investment maturity depends on how much cash the Town needs to pay operating expenses, we have sufficient liquid assets to place a similar amount in a 10-year Treasury Bond currently paying approximately 4.5%, thus fully offsetting the interest expense *and* providing approximately a 1% net return to the Town! These circumstances aren't always present, but when all the stars align, it's a very useful strategy. Rye is undergoing a shift in our fiscal policy and financial management, and this BOS is hopeful that we can define likely targets for long-term financing, and gain agreement among the previously noted parties so that we can keep our tax rate stable, effective, and low!

Keeping Rye Beautiful: Clear Communication Initiative: The Rye Select Board and the Rye Community Engagement Committee are excited to announce a new project designed to enhance communication and ensure everyone enjoys our beautiful town beaches! This initiative focuses on making Rye's rules and regulations clear, accessible, and welcoming for all residents and visitors.

Our Goal: To provide easy access to important town information so everyone can enjoy Rye's natural beauty and family-friendly beaches.

How We're Doing It:

- **New Webpage:** A user-friendly webpage is being developed, presenting town rules clearly and concisely in multiple languages. This will be a one-stop shop for everything you need to know about enjoying Rye's town beaches responsibly.
- **Improved Signage:** New signs featuring QR codes will be installed at the entrances to town beaches. These codes will link directly to the online rules, providing instant access to information on the go.

A Welcoming Approach: All communication, both online and on our new signage, will reflect Rye's friendly and welcoming spirit. We believe that clear communication fosters a positive experience for everyone.

Coming This Spring! Watch for the arrival of our new signs and a dedicated welcome page for visitors on our website this spring!

Sneak Peek: New Beach Sign! Here's a preview of the new beach sign (final design pending the March 11th town election), which will be posted at eleven town beach locations.




Welcome to Rye Town Beach



We Hope You Enjoy:
Sun, Surf, Sandcastles, Laughter, Lounging, and Memories.

Beach Regulations:

-  Dogs: No Dogs allowed on the beach between 9am and 7pm from May ___ to September ___
Clean up waste and maintain sight and voice control of your dog at all times.
-  Alcohol: Prohibited.
-  Fires: Only authorized by the Rye Fire Department
-  Smoke-free: Thank you for keeping our beaches clean and healthy.
-  Trash: Carry in, carry out. No glass.
-  Surfing: Adhere to flag warnings, use leashes, and maintain distance.
-  Seals: Stay at least 150 feet away from seals. Report distressed seals to (603) 997-9448.

SWIM AT YOUR OWN RISK WHEN NO LIFEGUARD IS ON DUTY. DIAL 911 FOR EMERGENCIES.

VIOLATIONS OF TOWN ORDINANCES ARE SUBJECT TO FINES AND/OR ARREST.

Thank you for respecting Rye's rules. Your cooperation helps keep our beaches clean and safe for all. For more information, visit Rye's visitor page.
This sign was generously donated by The Smith Family.

Sponsor a Sign! Families can sponsor a beach sign; for more details contact Janice in the Select Board's office by email at jireland2@ryenh.us or by phone at 603-964-5523.