

CITY OF JAMESTOWN



OFFICE OF THE MAYOR

SAMUEL TERESI

STATE OF THE CITY ADDRESS

MAYOR SAM TERESI

JANUARY 25, 2010

Mr. President, Members of the City Council, Department Heads, Guests and my Fellow Jamestowners.

In accordance with Article IV, Chapter 31-C of the Jamestown City Charter, it is my pleasure to present to you this evening my tenth State of the City Address.

The year 2009 was clearly a time of great challenge, frustration, hardship and even devastation in many areas across both our nation and around the globe. In fact, for many of us, our only exposure to times like this, has come from our reading of early-mid 20th century history books.

As difficult as this past year has been, there clearly was more to the story of 2009 than just the well chronicled national economic recession of historic proportions; Washington's partisan, political gridlock and paralysis on a host of economic, social, health care and foreign policy issues; the financial and political meltdown of our state government; and the impact that all of these factors have had on our local government operations and the recent city budget process...no doubt, one of the most frustrating, challenging and divisive in recent memory.

And, despite all of this, through the joint efforts of this City Council, our Department Heads, the best public workforce one can find anywhere and a community of individuals that truly loves and cares about Jamestown, numerous bright spots and examples of progress may be found throughout our review of 2009.

I now ask for your indulgence as I recount but a small number of our strides and accomplishments over the past year:

- During an era in which most city governments are running deep annual deficits, it is projected that Jamestown will once again end the previous fiscal year in the black...for the ninth consecutive time.
- After working off our previous \$1.4 million accumulated deficit, the City's General Fund is now sporting a positive, unrestricted fund balance of more than \$1.8 million.

- We completed a parking ticket Amnesty Program that netted more than \$116,000 in previously delinquent obligations to the City.
- We deployed the next phase of the new computerized accounting system that is streamlining finance, inventory, budgeting and data functions.
- 2009 brought a revamped and expanded city web site...www.jamestownny.net, on which a complete copy of this annual report has been posted.
- Working in conjunction with communities from across New York, we twice fought off mid-year, 10% reductions in AIM funding, which was proposed in response to the State's mounting fiscal problems.
- Just last month, we implemented a new Medicare supplement insurance plan for pre-1987 retirees; an effort that will enhance the coverage for these individuals and save the City more than \$140,000 during 2010.
- Together with the County, we secured a \$400,000 Local Government Efficiency Grant from the State to determine the feasibility of and develop a strategy to merge the City's Police Department with the County Sherriff's Office.
- Our outstanding Department of Public Works crews completed a record level of downtown and neighborhood street, sidewalk and storm water drainage improvement projects. In addition to more than 100 resurfacing, nova chip and storm sewer improvements, comprehensive reconstruction efforts were completed on West 6th Street, West 5th Street, Camp Street, Eagle Street, Prendergast Avenue, Hoyt Alley and Potters Alley.
- Our Department of Public Works staff also completed the \$2.5 million energy conservation improvement program for City government facilities. The subject improvements will be fully repaid with savings from reduced utility bills during the next 4-5 years.
- We launched and completed a \$1.8 million structural renovation to the 35-year old Spring Street Parking Ramp.
- We advanced our comprehensive program to replace outdated, inefficient and unsafe Public Works and Parks Department equipment. During 2009, with the use of capital improvement bond proceeds, efforts to purchase nearly \$1 million in new DPW and Parks equipment were advanced.
- We greatly accelerated the level of curb and intersection improvements to bring the City one step closer to full compliance with the Americans with Disabilities Act (ADA).

- We undertook a variety of code compliance improvements at the Municipal Building, including a \$700,000 project to remove asbestos from and replace the two 40-year-old elevators in the building.
- Our Department of Development/JURA staff expanded the Housing Mini-Sweep Inspection Program into nine(9) additional neighborhoods; initiated nearly a thousand new Housing Code Enforcement cases and resolved most without City Court intervention; renovated and brought thirty (30) housing units into code compliance via the investment of \$420,000 in Federal grant resources, which leveraged nearly \$700,000 in private investment into the housing stock of the City; demolished eleven (11) vacant and abandoned homes, with another ten (10) in the demolition preparation process; and they completed \$68,000 in emergency repair projects to properties owned and occupied by low-moderate income seniors and single parents.
- During 2009, we retained CZB Consulting, Inc. and initiated a community driven Neighborhood Revitalization Plan in conjunction with the Jamestown Renaissance Corporation and the Gebbie, Lenna and Community Foundations.
- Our Parks Department staff expanded and enhanced the City's nationally acclaimed Urban Forestry Program and obtained Tree City USA status from the National Arbor Day Foundation for the 28th consecutive year.
- On the development front, 2009 saw the conclusion of construction on the new \$7.5 million BWB office/commercial center on the Westside Development site. This project was made possible with a \$1.5 million RESTORE NY Grant obtained by the Department of Development.
- During 2009, the City provided a key assist to the development of a new heat treatment operation at SKF Aero Engine Inc. in Falconer; an initiative which will result in the retention of more than 600 good paying production and administrative jobs for Greater Jamestown area residents.
- We secured \$1.4 million in RESTORE NY funding for the redevelopment of the Wellman Building in Downtown Jamestown and Shults Auto Group properties on Washington Street and Fluvanna Avenue and completed the \$5 million renovation of the former Period Brass building on Foote Avenue by the Western New York Urology Group. This project was made possible with \$560,000 in RESTORE NY funding obtained by the Department of Development.
- We worked closely and effectively with the Jamestown Renaissance Corporation (JRC) to implement the City's "award winning" Downtown Urban Design Plan.
- Our Department of Development secured a \$1 million RESTORE NY Round 3 Grant to demolish vacant, unstable and unusable portions of the former Dahlstrom Complex to make way for new, high-tech business development activities.

- We acquired, cleared the title, marketed and sold the former Aldo's Restaurant property on West Third Street for a new Hometown Wings franchise.
- And, we provided \$70,000 in New York State Main Street Program funding, and \$52,000 in CDBG assistance for the redevelopment of the offices, apartments and facades of buildings in the Civic Center Block.

All things considered, not too shabby for a year that was supposed to be all about and only about "gloom and doom".

As has been my practice in recent years, I have prepared a more comprehensive accounting of our 2009 initiatives and would encourage you to take some time to carefully review and consider this impressive list.

It clearly represents thousands of hours of effort and the investment of tremendous resources, not only by members of our outstanding City work force, but also by hundreds of concerned and dedicated individuals from throughout the Greater Jamestown Region.

This evening, I am going to break with the traditional presentation of broad-based goals and objectives for the coming year, and would like to focus the rest of our time on the host of financial challenges and opportunities before us.

Unfortunately, during the coming year, all of the internal and external forces that have, in concert, created our fiscal dilemmas of the day...factors such as a weak national and local economy, a state government in political and fiscal disarray, reduced state aid payments, skyrocketing costs associated with our mandatory participation in a bloated and unsustainable state retirement system, and unaffordable binding contracts with our labor bargaining units that have evolved, layer by layer over generations...all of these factors and then some, will still be with us during the coming year and will demand our continued attention, creativity and bold public action to address; regardless of the resulting pressure from special interests and the related political consequences.

Specifically, I would like to organize tonight's discussion along the following lines; 1) Proposed actions over which we have some level of direct local control, 2) Reform actions required by others, namely the State Government, in order to achieve the desired and needed fiscal impact, here, at the local level.

Local Impact Initiatives

1. During the coming year, we must remain true to our principles of crafting and placing into effect a budget that is honest, truly balanced and in compliance with State laws and mandates that dictate not only what we have to do, but also, how we must do it.

To that end, we must stay committed to protecting and when possible, building the City's all important undesignated fund balance, which, as we all so fully understand, not only functions as our critical reserve fund for unforeseen expenses and emergencies, but is also one of the most important indicators of our dedication to fiscal discipline and good government.

2. We must also remain committed to reigning in and curtailing day-to-day expenditures, smartly investing in operational improvements that over time will reduce our costs, controlling and limiting the use of overtime resources only for true emergency and absolute need situations, slamming the door shut on the unfunded expansion of our employment ranks and seeking other available sources of revenue that are not driven by or linked to the destructive local property tax.
3. During the coming months, we must build upon the transformative government restructuring efforts of recent years which, as outlined in the attached summary report, now totals 40 different initiatives, small and large alike, that have a recurring savings value of more than \$4.1 million to our local taxpayers each and every year.

As documented by the attached employment comparison report, our efforts to significantly reduce our work force (which have resulted in the elimination of nearly half of the top level administrator positions in City Government along with a 17% reduction in the total full-time work force) demonstrate that we are clearly not in the taxpayer-funded job preservation and creation business. Rather, we are and should be in the business of preserving and providing the highest level and quality of services that we can responsibly afford.

4. During 2010, I look forward to building upon our previous efforts to establish the feasibility and develop the framework for a consolidation of the Jamestown Police Department with the Chautauqua County Sheriff's Office.

Additionally, during the coming weeks, I will be launching discussions to review and re-examine the redundant system of providing emergency medical services (EMS) within the City of Jamestown. Specifically, with the insights and assistance of those currently in the business, from both the private and public sector sides of the table, it remains my goal and hope to pursue approaches that will maintain and even enhance the quality of EMS service already being provided, while finding ways to reduce the bottom line financial cost to our already overburdened city taxpayers.

5. During 2010, we will also work to address one of the few remaining areas of our budget that could still significantly impact our real property tax bottom line...the unusually high legacy costs built years ago into our collective bargaining agreements.

Take a moment to consider the following:

- A. The City is currently at 91% of its State defined constitutional taxing limit and our overburdened taxpayers are rightfully asserting that they simply cannot afford to pay more.
- B. Previously negotiated labor agreements and State imposed impact awards make it literally impractical and in some cases, legally impossible to further reduce employment within the three bargaining units (Police, Fire and AFSCME), which collectively represent more than 77% of the City's total workforce.
- C. The one-two punch of the State's outdated Taylor and Civil Service Laws legally binds our hands from scrapping or making unilateral adjustments to previously negotiated labor agreements.
- D. Our successful, restructuring initiatives to date have greatly limited the number and impact of efforts still available to this City Council to further reduce expenses out of our day-to-day operations.
- E. The cost of just health care benefits alone for our active, productive employees and our inactive retirees, represents 15% of the entire \$31 million General Fund Budget for the 2010 fiscal year.

Clearly, something has to change with the very lucrative and budget busting package of health care benefits for our 220 active, productive employees and the 323 inactive retired enrollees in our very expensive self-insurance fund. While some actually believe that the days of wine and roses are not over, the simple truth of the matter is that the "good ole days" were never really here in the first place; despite the way that some, over the years, have chosen to act or sought to make the rest of us believe.

This evening, I am inviting our unions to join and work together with us during the coming year to explore with an open mind and legitimately pursue changes to the system and package of health care benefits, that in the current form and in today's world, are no longer necessary, affordable or sustainable.

Again, as everyone in this Chamber understands, in accordance with the Triboro Act within the State's Taylor Law, we are strictly prohibited from unilaterally invoking changes to labor agreements that were legally set in place long ago...in this instance, back in 1986, when none of us were here, some of us were barely out of college and, it hurts me to say, one of us had not even reached his tender middle school years!

As such, the needed change in our health care benefits package can only come about with the constructive involvement and ultimate concurrence of our collective bargaining workforce.

Tonight, I remind all those that are within the reach of my voice, in particular, the leadership and paid consultants for our bargaining units, that the resulting savings from modifications to our existing health care package, will not only accrue to the benefit of our already overtaxed property owners...but also, will be in the interests of our union members themselves.

The fact of the matter is that the exorbitant costs associated with circa 1986 health care decisions are crowding out other important day-to-day needs and opportunities in our budget...namely, our ability to maintain an adequate workforce, provide for better, safer and more efficient operating equipment and the item that I thought we were all, management and labor alike, committed to: providing the highest level of service possible to the people of this still great City, which includes those in both the management and labor ranks. Bottom line, there is only so much money in the vault. And, we can either continue to drop more of it on needlessly expensive Cadillac benefits, **OR** we can smartly invest more of it in the people who do the work, modern equipment and ultimately, better services for all. But, simply put, there is clearly no longer enough money left in the pockets of the people to do both.

Fiscal Reform Items – State Assistance Required

In addition to the previously outlined financial reform items over which we have direct responsibility and some level of local control, we must remain vigilant in our efforts to drive needed change at the State level that will significantly reduce pressure on both the City budget and the real property tax levy. Included are the following:

1. Repeal or Substantially Overhaul the State's Outdated Taylor and Civil Service Laws – In particular, the sections of the Civil Service Law providing for a system of compulsory arbitration, exclusively for Police and Fire Unions, need to be scrapped or substantially reformed.

Presently, Police and Fire arbitrators are only required to “consider the ability of a community to pay” the costs of an imposed contract settlement. If it is ultimately determined that compulsory, binding arbitration must remain a part of the process for these two professions alone, this nebulous requirement needs to be revised to weigh the “ability of the community to pay **without having to raise property taxes**”...for the life of the imposed labor agreement. Further, members of an arbitration panel should be mandated to publicly present and explain their rationale to both the legislative body and taxpayers of the community forced to live with their decision.

If Rockefeller era drug laws can be re-examined, reformed and scrapped, so should Rockefeller era labor laws!

2. Reform the Disability Retirement Process – As one example, under Section 207-A of the General Municipal Law, injured firefighters and only firefighters, can obtain amongst other benefits, full-pay (including annual salary increases) and benefits, tax free, until the age of either 62 or 70. While the State does contribute a fixed portion of this mandated cost, growingly, the burden falls on local taxpayers to foot this incredible bill.

In the case of our 2010 Budget, the City taxpayer cost to meet this onerous State mandate for our nine (9) totally disabled 207-A retirees, is nearly \$275,000. This equates to \$0.40 per thousand of assessed value on our tax rate...with absolutely nothing in services being delivered in return.

The 207-A disability system for firefighters, like many other things our State has done to us over the years at the behest of powerful special interest groups, may be defensible in concept, but is excessive and destructive in practice...and needs to be re-thought, scrapped and rebuilt from the ground up by our State leaders.

3. Prohibit Unfunded State Mandates – New York is a tale of two, if not, several states. Yet, the laws and mandates that drive its local government property tax levies are based on a “one-size fits all” approach. Whether it be New York City or one of its suburbs with a more robust economy, an expanding tax base and the ability to absorb mounting costs, **OR** a struggling, upstate, rust-belt city, New York’s municipalities are all required to do essentially the same things, the same way, but with vastly differing abilities to absorb the costs of the mandates.

The time has long since come for the State Government to recognize the destructive nature of this inequity and to only mandate the services and procedures for which the State Government is prepared to pay.

4. Reform the Real Property Tax Law – A variety of changes, starting with tightening the eligibility requirements for property tax exemptions, need to be made to this law, which governs all local property taxation across the State. Churches and legitimate non-profit agencies utilizing properties for their primary public mission are on thing. Questionable non-profits, engaged in hoarding properties or unfairly using their tax exempt status to compete on an unlevel playing field against legitimate, private taxpaying entities...are yet another. The State of New York needs to eliminate the abuse encouraged by this law and in general, address its over-reliance on the property tax, as yet another way to help struggling municipalities and overburdened local taxpayers.
5. Overhaul the State Retirement System – This bloated and unsustainable fixed benefit retirement program, in which Jamestown and every other public employer

across the State is mandated to participate, must be restructured and made more affordable to those who ultimately spring for the cost; our taxpayers.

Two numbers illustrate this point from the perspective of a Jamestown taxpayer: 68,000 and 2,679,310. These are the dollar amounts appropriated in the City budget for employee retirement costs to the State (not including BPU employees) during 1999 and 2010.

This represents a 3,840% increase...and, this is not a misstatement. It truly does represent a 3,840% increase.

The recent revision to the retirement law establishing a new Tier 5 for future hires is a long overdue step in the right direction that will start providing benefits at the local level within the next 5-8 years. But clearly, more must be done within the retirement system to drive much needed local government property tax relief throughout the Empire State.

6. Reorganization and Consolidation of Local Governments – Our State Government should provide us not only with encouraging words and scraps of resources to “better communicate, collaborate and share”, but must also deliver the firm directives, the necessary legislative changes and where needed, the constitutional authority to actually do what the State always claims it wants done; the reorganization and consolidation of local governments.

As a good first step, the State should provide the opportunity and the legal means for town governments to dissolve. While during the past year, there has been significant attention paid to the volume of village governments, public authorities and school districts, legislative and quite possibly, constitutional action must also be initiated to allow town residents the opportunity to pursue the outright **DISSOLUTION** of their redundant governments. In other words, there is a legal mechanism and procedure currently in place for cities and villages to dissolve. One also needs to exist for towns.

Simply put, there are too many public taxing jurisdictions in New York...4,720 to be exact...and this needs to be addressed if local governments are going to reduce the destructive property tax burden and the Empire State is to avoid getting buried under its own duplicative dead weight.

An 18th Century local government structure has led to an exorbitant and suicidal 21st Century cost burden.

Clearly, the political courage of and willingness to act by our elected leaders in Albany will be absolutely necessary in order to bring about these essential structural changes. And, the old adage, “when the people lead, the leaders will follow” seems quite germane in this instance.

However, we must also understand that our desire to advance indispensable reform at the State level is inseparably linked to our willingness and ability to seize upon and change the dwindling items that are still under our direct control. And during the coming year, we must do what we can to bring and keep our financial house in order.

During the coming weeks, I look forward to working with all of you to build upon the significant progress of recent years and to fully pursue the components of the detailed program outlined this evening.

Thank you.