



STATE OF THE CITY ADDRESS

MAYOR SAM TERESI

JANUARY 30, 2012

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 the annual State of the City Address.

As has been the case during recent years, 2011 continued to be a time of great challenge, frustration and economic hardship in our region, across our state, the nation and around the world.

Despite the continuing economic challenges, at all levels, 2011 was also a year of inspiring and significant progress on many fronts.

Resulting from the joint efforts of this City Council, our very capable Department Heads, the best public workforce one can find anywhere and a community filled with caring volunteers and competent business people, numerous examples of solid, sustainable progress can be found throughout the year just completed.

- Through the continued hard work, discipline and sacrifice exhibited by our staff and the residents of this City, our General Operating Fund, which, not so long ago was mired in a \$1.4 million structural deficit, is now sporting a positive fund balance in excess of \$3.4 million...of which, approximately \$2.4 million is unrestricted and available for appropriate needs.
- With the assistance of the Lawley Benefits Group from Buffalo, New York, we launched a labor management process with the City's five bargaining units designed to streamline the delivery of and contain costs within the budget busting employee and retiree Health Care Benefit Plans.
- Utilizing a \$400,000 grant from the New York State Local Government Efficiency Program, we continued efforts with the County to determine the feasibility of and develop an implementation strategy to merge the City's Police Department and Chautauqua County Sheriff's Office. As you know, the joint City/County Task Force has recommended and we

are poised to take action this evening to retain the Center for Governmental Research (CGR) from Rochester, New York to serve as the consultant to facilitate and lead this effort.

- We initiated and dedicated a tremendous amount of time attempting to advance contract negotiations simultaneously with all 5 City collective bargaining units as well as the JURA employees labor unit.
- We have been working with both private and public sector representatives to revise the redundant system of providing Emergency Medical Services (EMS) within the City of Jamestown. The Task Force, which includes representatives from WCA Healthcare System and the Chautauqua County Sheriff's Department has developed modifications and new approaches designed to significantly reduce pressure on the Jamestown Fire Department (and cost to City taxpayers), while maintaining the high quality of initial response and transport services for legitimate emergency situations.
- Our administrative staff successfully implemented the local administration of the licensing of dogs within the City. This latest example of an unfunded state mandate was approved by the State Legislature in 2010 and all local governments were required to adhere to this transfer of responsibility during 2011.
- With enthusiastic support from the City Council, we secured \$4 million in tax exempt municipal bond funding to deliver a variety of vitally needed capital equipment and real estate improvement projects.
- Under the joint leadership our Police, Fire and Youth Service Departments and in conjunction with the Jamestown School District, the Workforce Investment Board, United Way of Southern Chautauqua County, Chautauqua Striders, Eastside YMCA, Joint Neighborhood Project, and BOCES we initiated a process to interest youth from the City of Jamestown to pursue careers in public safety and to seek future employment opportunities being offered by the Jamestown Police and Fire Departments.
- Together with the Jamestown School District and a variety of other area youth serving agencies we launched a program to prevent incidents of "bullying" of area youth. The focus of this effort is on training techniques rooted in tolerance, coping skills, self esteem, open communication and the direct involvement of young people in the process.
- We continued our ongoing campaign to restructure and make the operations of City Government more cost efficient. Noteworthy initiatives during 2011 included restructuring within:
 - A) The Police Department Patrol Division (elimination of two Desk Sergeant Positions which resulted in the addition of two street level officers on the beat)
 - B) The DPW Traffic Control Division (elimination of the Traffic Supervisor Position)

- C) The Fire Department Command Team (elimination of the Administrative Battalion Chief position which added another line firefighter to the platoon ranks)

I would strongly encourage you to review in detail the report attached to this address, which summarizes the 49 initiatives that have been implemented since 2000. Cumulatively, these efforts have saved City taxpayers over \$4.6 million on an annual, recurring basis.

- In addition to dealing with their challenging, four season daily duties of maintaining the streets, parks, trees and storm water systems of this City, our underappreciated Public Works and Parks employees, once again completed a record level of Downtown and neighborhood capital improvement projects during 2011.
- Utilizing \$2.55 million in federal American Recovery and Renewal Act (ARRA) funding, we completed the \$3.2 million Wastewater Treatment Plant Upgrade Project on schedule and \$300,000 under budget. This initiative replaced the 54-year old digester covers and allowed the capture and reuse of the methane gas by-product for the production of electricity.
- Our Board of Public Utilities staff also installed a new \$3 million natural gas fired District Heating System generator, providing much needed redundancy and additional flexibility for this growing City utility operation.
- During 2011 we launched the first Integrated Resources Plan for the BPU Electric Division in 15 years, which, when completed in the second quarter of 2012, will analyze and recommend options for continued power generation at the Carlson Electric Station on Steele Street and improvements throughout the City's Electric distribution system.
- During this past year we completed major electric system upgrades serving WCA Hospital, SFK AeroEngine Inc., Titan-X, Dawson Metal, Jamestown Macadam, Maplevale Farms, MVP Plasticware and installed a new 15 KV circuit to serve the south side of the City.
- In the area of intermunicipal cooperation, we reached a tentative agreement with the Town of Busti regarding the renewal of their Border to Border Water and Sewer Agreements; initiated discussions with the Town of Ellicott regarding drainage improvements in West Ellicott, which will also help to alleviate storm water flooding of residential areas on the City's west side; and we launched negotiations with the Town of Kiantone to develop formal water and sewer agreements for specific properties in the Town which have historically received these services from the City.
- Our Department of Development staff once again developed a detailed analysis of the total costs associated with occupancy of residential properties within the City of Jamestown and its neighboring suburban communities (Falconer, Lakewood, Busti, Ellicott).

I would strongly recommend that each member of this Council review this document in detail. As I am sure you will note with interest, this report confirms the punitively high property taxes in all

jurisdictions (driven by the onerous level of unfunded mandates imposed by our State upon all local governments and school districts), while at the same time, dispelling long held myths about the City's "competitive disadvantage" with its suburban neighbors. As may be seen, in several comparison categories the City even enjoys a favorable occupancy cost position when compared with its suburban counterparts.

- With \$8,123,643 in private investor tax credit financing, the Appleyard Phase III housing development was launched on the former, blighted VFW site at East Second and Winsor Streets.

When completed, this 35 unit project will make full property tax payments to the City of Jamestown.

- On the Chadakoin River redevelopment front, 2011 saw the opening of the newest Riverwalk segment from Brooklyn Square to Panzarella Island, the development of a new public performance space funded entirely by the Gebbie Foundation, progress toward the redevelopment of McCrea Point Park and Boat landing, procurement of a \$262,500 grant from the New York State Environmental Protection Fund to develop a \$525,000 pedestrian and bicycle trail through Chadakoin Park, and the advancement of the Local Waterfront Revitalization Program (LWRP) and Phases I and II of the Brownfield Opportunity Area (BOA) Plans.
- During 2011, construction activity was nearly completed on the \$9.9 million Gateway Station Redevelopment Project at the historic, long-abandoned Erie Railroad Station. Major funding sources for the project, which will entail the establishment of a multi-modal transportation center and 15,000 sq. ft. of private commercial/professional rental space, include:

- \$5,271,434 from the Federal Transportation Highway Administration;
- \$1,008,351 from the State of New York (DOT, EPF, ESDC)
- \$2,700,000 in private investor funds secured through the issuance of Historic Tax Credits;
- \$ 120,000 in Community Development Block Grant funding;
- \$ 851,000 in local, private, foundation assistance.

- During 2011 we assisted with the successful efforts to develop a new heat treatment operation at SKF Aero Engine Inc. in Falconer; an initiative which will result in the retention of nearly 700 SKF production and administrative jobs for the Greater Jamestown area. Final construction activity and occupancy of the project are expected to be completed by late 2012.
- In conjunction with a Buffalo-based developer, construction activities were launched on the \$7,418,383 Wellman Building Redevelopment Project in Downtown Jamestown. When restored, this long vacant, historic landmark will provide 45 market rate apartments and 10,446 sq.ft. of new commercial rental space. The Project was financed in part with a \$1,200,000 RESTORE NY grant secured by the City's Department of Development,

\$1,672,726 in private tax credit induced financing, \$145,000 in CDBG resources, and \$105,000 in local/private foundation assistance.

- And, at the very end of the year, utilizing a \$1 million RESTORE NY grant obtained by the Department of Development, demolition of the vacant, unstable and unusable portions of the former Dahlstrom Complex, to make way for new business investment and development activities, was finally launched.

As has been my practice in recent years, I have prepared and attached to this report a complete accounting of our most notable efforts during 2011 and I would urge everyone to take the time to really study in detail and digest the significance of the accomplishments contained on this list.

I also ask that you stop to realize and appreciate the thousands of hours of effort and the tremendous investment of both private and public resources that made these milestones possible. Every year, when I undertake this assessment, I never cease to be amazed by, and am always in awe of the efforts put forth by the members of the City's outstanding workforce and the hundreds of concerned and dedicated volunteers from throughout the Greater Jamestown Region. Tonight, on behalf of our entire community, I again sincerely say...thank you to all involved.

During the coming year, despite a series of daunting challenges, I still believe that in Jamestown, we have the capacity to keep building upon our impressive work and record of accomplishments from 2011.

- While we may have little control over what will be coming out of Washington, Albany or private, corporate boardrooms in cities and continents far from here, I still believe that if we choose to heed the fundamental lesson that our parents no doubt shared with us...“focus on what you can impact instead of fretting over what you can not change”...if we remain driven by that belief, I truly feel that we can and will continue to make meaningful and beneficial things happen for the people and community we serve.
- During the coming year we must remain committed to crafting a budget that is truly honest and balanced and then redouble our efforts to reign in and curtail our day-to-day operating expenses...while continuing to find ways to invest in the types of things that over time, will improve services and further reduce costs.
- We will also need to build upon the transformative changes of the past decade, which as outlined in the attached report, are now saving taxpayers millions of dollars every year and truly making a positive impact. I also call your attention to the attached employment comparison chart which documents that our efforts to significantly restructure and streamline our workforce have resulted in the elimination of half of the top level appointed officer positions in City Government and reduced the overall workforce, across the board, by 20%. And, due to the outstanding efforts of the best people working in municipal government anywhere, we are still getting the job done.
- Living in the new “Property Tax Cap era”, in which the promise of real, meaningful mandate relief, has and likely for some time will not catch up to the reality of severely

diminished revenues, Jamestown and every other local government and school district in New York State must redouble its search for other non property tax resources that are legal and reasonably attainable. As you know, however, this will be an extremely difficult task in a state like New York, that has historically been long on costly demands, very stingy when it comes to sharing access to other broad based revenue streams and rarely allows its local governments to exhibit creativity, entrepreneurship or meaningful home rule.

One very small example of a new revenue stream, that would largely be generated from individuals who do not live in our area or even in New York State, would be to allow the City of Jamestown the opportunity to assess up to the **VERY SAME FEES** that the State of New York currently charges for the preparation and issuance of certified, duplicate birth and death certificates. As we all know, our state currently imposes a charge of \$30.00 for the production of each certificate, plus additional fees for other related services (i.e.: \$15.00 for priority handling services, a \$7.50 vendor processing fee, credit card fees, etc.)

Conversely, the City of Jamestown and other local governments across the great “Empire State” are restricted by current law to charge only \$10.00 per copy and a \$6.00 fee when credit cards are used...**FOR THE EXACT SAME SERVICE PROVIDED BY THE STATE!!!**

This is wrong and yet another example of what is driving New York local property taxes to the highest level in the Nation. With the cooperation and leadership of our State representatives, this needs to be changed and changed during the coming year.

Incidentally, our Finance Director has estimated that if our State would deal with its local governments the way it **TREATS itself**, this one service alone could generate another \$40,000-\$50,000 per year in revenue for Jamestown...again, in large part, from individuals who do not reside in the City or even in our State.

Again, during the coming year, we will remain committed to identifying and pursuing other forms of revenue like this that will help to lower the burden on our property tax payers in this new so called “Tax Cap (Without Mandate Relief) Era.”

- During 2012, we will continue working with our valued staff, representatives from WCA Healthcare System and the Sheriff’s Department to reduce the pressure and workload on our Fire Department through the implementation of a less redundant EMS dispatch and transport system in our City.
- We will also continue to seek ways to reduce the adverse impact of the service and job killing legacy costs that were carved into our labor agreements long ago. This must and will include building upon the recently launched labor/management initiative designed to find ways to keep our workforce healthier and reduce costs in our current Health Care Benefit system.

As members of our workforce should realize and every person in this chamber intuitively knows, the exorbitant costs associated with a circa 1986 health care benefits plan continue to

crowd 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 all in labor and management alike, should be fully committed to: providing the highest level of service possible to the people of this still great City. Bottom line, there is only so much money to go around. And, **we can either continue to drop more of it on archaically structured benefits which produce no services, OR, we can smartly invest more of it in the people who do the work, modern equipment and ultimately, better services for all. But, as I have said before, simply put, there is clearly no longer enough money left in the pockets of the taxpaying public to do both.**

During the coming year, we **will** continue to “bargain hard **but** bargain fair” for this core, deeply held belief and common sense principle.

- Our commitment to stimulating private sector investment in our City and Region will again be redoubled during 2012.

While it is obvious that at the local level we simply can not control all of the factors determining private development decisions (often made by individuals in places far away from Jamestown), we will continue to use the tools at our disposal, including our low cost and highly reliable public utilities, our wide array of development finance tools, our outstanding education system, our unique and effective public/private partnerships and our extremely attractive quality of life, to put our best foot forward and build upon the private development strides of the past year.

Paramount to this is our willingness to continue investing in the business backbone of this community...our utilities, infrastructure, public facilities, and our growingly attractive waterfront areas along the Chadakoin River.

During 2012, key initiatives on this front will include:

- The completion of the Integrated Resources Plan by the BPU as a first step toward insuring that this City remains a leader in the national public power arena and maintains and builds upon its legacy as an efficient, environmentally responsible and conservation minded distributor and generator of low cost and reliable utility services.
- The long overdue construction and opening of a properly located, state of the art, road salt storage facility designed to eliminate both the environmental and financial concerns associated with the current “operation.” Completion of this project will also assist our DPW and Parks staff in their efforts to keep this City open, moving and working during the harshest of winter storms.
- Advancement of the next components of our Waterfront Development vision, including the construction of the next Riverwalk segments through Chadakoin and McCrea Point Parks, the completion of the Gateway Station and Riverwalk Connector project and the development of the next phases of the State funded Local

Waterfront Revitalization Plan (LWRP) and the Brownfields Opportunity Area (BOA) Strategy.

- And finally, while we clearly do not have the authority to make decisions at the State Government level, we must remain engaged, vocal and supportive of the Governor and other courageous state leaders in their drive to bring the difficult, sometimes unpopular but very necessary change to our State Government...the much-needed change which will ultimately reduce pressure not only on New York's books, but also will help struggling local governments and school districts across the Empire State in their efforts to make New York attractive for business investment and job development.

Included amongst the most significant reforms, from the perspective of challenged local governments, are the following:

- Reform of the Triborough Amendment – As you know, this 1982 amendment to the 1968 Taylor Law prohibits a public employer from changing any provision of an expired labor agreement until a new one is reached. In the private sector, where collective bargaining has legally existed for well over six decades under the National Labor Relations Act, no similar provision is imposed upon employers who are parties to collective bargaining agreements.

In essence, this after-thought change to the original Taylor Law, limits and discourages a true and effective collective bargaining process. It also thrusts on taxpayers the costly impact of contracts that continue to evolve and build layer by layer, upon agreements reached in bygone eras.

- Elimination/Reform of Binding Arbitration – This 1974 amendment to the original Taylor Law, which provides **EXCLUSIVELY** for Police and Fire Unions a system of binding arbitration to resolve contract negotiation impasses, should be allowed by the State Legislature to expire in 2013. Or, at the very least, should be substantially overhauled to provide more transparency in the process and to put Police and Fire Unions on more of an equal footing with the rest of the public and private labor organizations throughout our state.
- Reform of the Disability Retirement Process – As one example, under specific legislative authority (Section 207-A of the General Municipal Law), injured firefighters **and only career firefighters**, can be granted amongst other benefits, full pay (including annual salary increases) and benefits, tax free, until the age of 70.5. While the State does contribute a fixed portion of this mandated cost, growingly, the annual burden falls on local property taxpayers to foot this incredible and unique bill.

In the case of our 2012 Budget, the City taxpayer share to meet just the salary portion of this onerous State mandate for our nine (9) disabled 207-A retirees, will be at least \$232,000. This figure, which does not include benefits and other associated fringes, equates to about \$.35 per thousand of assessed value on our tax rate, with absolutely nothing in services being delivered in return.

The 207-A disability system exclusively for career firefighters, like many other things our State has done to local governments over the years, may have been well motivated in concept, but is excessive, unfair to all other public workers who do not have this benefit and destructive in practice. It clearly needs to be re-thought, scrapped, or rebuilt from the ground up and then, paid for by the State.

- Overhaul of 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 property taxpayers.

Two numbers best illustrate this point from the perspective of a Jamestown resident: 129,936 and 4,900,000. These are the dollar amounts actually paid by the City to the State during 1999 and projected for 2012.

This represents an increase of \$3,671.10% or an annual adjustment of 282.39% for each of the last 13 years.

Let me ask you, what other business in the real world could absorb **annual** increases of 282.39% in one of its major budget lines and then be expected to survive the hits!?!

Within this arena, something dramatically needs to be done and we must be vocally supportive of the recent proposal by Governor Cuomo to create a new Tier 6 to the current pension system. As you are likely aware, this new Tier will increase employee contributions, slightly increase the eligible retirement age and eliminate budget busting pension padding schemes. It must also be noted that the new Tier 6, a solid and effective step in the right direction, would be applicable **ONLY** to new hires, as benefits and contribution levels involving existing retirees and current employees are guaranteed by the State Constitution and **cannot** be changed. It would also contain as an **option** a new private-sector-style defined contribution plan for new state/local government employees who may have interest in this approach due to its portability and out-of-pocket contribution features.

As I have said many times before, the skyrocketing, catastrophic increases in this unsustainable retirement program from a bygone era, will not only eventually threaten the financial viability of every local government, school district and the state itself, but in the long run, will destabilize and bring down the very retirement system that so many portend to be concerned about.

It stands to reason, if those who are paying the bills can no longer afford to do so and are going broke in the process, it's really only a matter of time before the retirement system itself collapses under its own mounting weight. Something clearly needs to be done and done now!

- Reform of the Real Property Tax Law – The long needed overhaul of the “Mother of all Unfunded State Mandates,” the RPTL itself, must also be pursued by our State leaders if the

punitively high property tax burden in New York is ever going to be reduced and brought under control.

Our State Constitution provides that exemptions from real property taxation may in fact be altered or repealed by legislative action, except in cases where properties are used “exclusively for religious, educational or charitable purposes as defined by law.”

For too long the responsibility for defining the scope of property tax exemptions has been ceded by our State Legislature to the courts. This has resulted in the steady expansion of organizations and property uses receiving exemptions from property taxation; including those having a questionable or only marginal relationship to “religious, educational and charitable purposes.”

Currently, there are over 275 different types of property tax exemptions in New York State. Just a few years ago, the New York State Assessors Association reported that statewide there were 4,618,259 individual exemptions in effect, removing more than \$797,114,356,000 in assessment from local tax rolls.

Right here in the City of Jamestown, there are 53 different and “legal” exemption categories in play, providing 8,971 individual exemptions which have removed \$377,180,927 from the City’s Assessment Rolls.

The recent statewide growth in and impact of tax exempt entities severely erodes the tax bases of local governments and school districts, unfairly transfers the tax burden to remaining homeowners and businesses and further compromises New York’s position as a competitive environment in which to live and invest.

It is high time that the State Legislature recognizes and utilizes the authority vested in it by the State Constitution and starts dealing head on with this growing statewide problem.

And, while they are it, they can also undertake a drastic overhaul of so called “Industrial Development Agencies,” which have in recent years branched out into giving lucrative property tax breaks to all types of questionable ventures, including but not limited to, private medical office buildings, suburban shopping centers anchored by big box national retailers, chain hotels and restaurants, vacation condos, designer micro brew pubs, so called historic and adaptive reuse projects and my personal favorite example, an indoor salt water swimming pool located at a resort spa.

It’s about time that IDA’s across New York are reeled in and forced to focus not merely on their administrative coffers, but on their initial and what should still be their **only** purpose...assisting with the development and expansion of manufacturing and distributing businesses that export products and bring new income, jobs and wealth into a community.

As the Governor has rightfully noted, significant structural changes are needed throughout New York. And, the government of the Empire State, its local political subdivisions, school districts and

special taxing jurisdictions, all need to start acting and operating more like the businesses and the people who at the end of each day, pay the bills.

Rest assured there are many out there who simply will never accept that changes to any decisions, policies and laws from bygone eras are necessary. But, that is exactly what will be needed if we are going to compete and survive in the present and position ourselves for a bright and successful future.

To those protectors of the status quo I say, if Rockerfeller era drug laws needed to be reviewed, reformed and scrapped, maybe the time has come to do the same for the assortment of Rockerfeller era labor laws and unfunded state mandates that are no longer relevant and may actually be destructive in the current context.

Clearly, neither I nor the vast majority of public officials across this state are advocating the elimination of the right for workers to organize, or to strip collective bargaining rights away from duly created labor units.

But likewise, the people, the taxpayers, through their elected and appointed representatives, must also not be stripped of their ability to negotiate in good faith, what are fair, equitable and truly affordable labor contracts. Nor should our fellow citizens and taxpayers be deprived of their right to secure the necessary public services that define and add value to their quality of life. And increasingly, as essential services are reduced in order to comply with and pay for unproductive, outdated and unfunded state mandates, that is exactly what is happening here in Jamestown and all across the Empire State.

Tonight, we raise these issues not because we desire to call out or antagonize anyone. We raise these issues not because we seek a platform or advantage in the political arena. Rather, we raise these issues because we passionately care about the future of this place. We want only what is best for our beloved community. And, we desperately do not want to preside over the dismantling and destruction of and in fact, wish only to enhance, what those who walked before us worked so hard to build.

Thank you for listening to me tonight, and as both President Rabb and I said on New Year's Day...we have a lot of work to do. Let's get to it, Jamestown style, **TOGETHER!**