



**Testimony of Mayor Sam Teresi
City of Jamestown
NYS Mandate Relief Council
Friday, March 16, 2012
9:00 AM**

State University of New York at Buffalo – North Campus

As Mayor of New York's "Pearl City", the Immediate Past President of the New York Conference of Mayors (NYCOM), and a member of the Governor's previous Mandate Relief and Redesign Team, it is my pleasure to be here today and I truly do appreciate the opportunity to comment on this most important topic.

Quite simply, I come before you today in support of Governor Cuomo and the host of other courageous state leaders as they work to bring the difficult, sometimes unpopular, but very necessary change to our State Government. The much-needed change, which will not only reduce pressure on New York's financial books, but will also help struggling local governments and school districts across the Empire State to make New York attractive for business investment and job development.

Listed below are a series of significant reforms ("My Big Five") which, if implemented, would have a profound impact on both the cost and delivery of public services at the state and local levels.

1. **Reform 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 has been 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 upon taxpayers the costly impact of contracts that have evolved and continue to build layer by layer upon agreements reached in bygone eras.

2. **Eliminate or Substantially Overhaul the System of Binding Arbitration** – This 1974 unnecessary appendage to the original Taylor Law, which provides a system of binding arbitration to resolve contract negotiation imposes **EXCLUSIVELY FOR POLICE AND**

FIRE UNIONS, should be allowed by the State Legislature to expire in 2013. In essence, Police and Fire Unions should be treated exactly like the rest of the public and private labor organizations throughout the State.

At the very least, Police and Fire Binding Arbitration should be substantially overhauled to provide more transparency in the process by subjecting arbitration proceedings to the State's Open Meetings Law. Additionally, arbitration panels should be required to present a final report, detailing their findings and decisions in an open public meeting held in the community upon which their decision has been imposed.

3. **Reform 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 healthcare coverage, 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. Again, this benefit is **NOT** afforded to any other career category, including **POLICE OFFICERS**, emergency personnel, construction workers, and other public employees that are routinely placed in harms way during the daily discharge of their duties.

In the case of the 2012 City of Jamestown Budget, the taxpayer share to meet just the salary portion of this onerous state mandate for our nine (9) 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 is destructive in practice. It clearly needs to be re-thought, scrapped, or rebuilt from the ground up, and then paid for by the State.

4. **Reform 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 receiving exemptions from property taxation; including those having a questionable or only marginal link 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.

In the City of Jamestown alone, there are 53 different and “legal” exemption categories in play, providing 8,971 individual exemptions (on roughly 15,000 total tax parcels), 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 fair and 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.” In recent years, most IDA’s have 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, 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 own 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.

5. **Overhaul of the State Retirement System** – The State’s 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 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. (See attached chart).

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 categories and then be expected to survive the hits!?!

Clearly, something dramatic needs to be done and Governor Cuomo's proposal to create a new Tier 6 for the current pension system is an effective and long overdue step in the right direction.

Despite inaccurate, misleading and self-serving public chatter to the contrary, the new Tier 6 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 investment features. This **option** will undoubtedly be attractive to many members of our public sector workforce who, growingly, are not interested in or looking to make a life-long commitment to service in state and local government.

As I have said many times before, the skyrocketing, catastrophic increases in this unsustainable retirement program, 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 claim 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.

Under the Governor's Tier 6 proposal, it has been calculated that the City of Jamestown will save \$36,611,000 over the next 30 years, and not a single current retiree or employee would see any change in their pension benefits. Again, only **future employees** would be asked to contribute a little more to ensure that we can afford to deliver the benefits we are promising to our workers, while at the same time ensuring the delivery of the essential public services that our taxpayers rely upon and rightfully deserve.

As the Governor has correctly 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, must all be empowered to start acting and operating more like the businesses and the people who at the end of each day pay the bills.

Unfortunately, there are many out there who simply will never accept that changes to any past decisions, policies and laws 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 who insist on protecting the counterproductive status quo, I say, if Ruckerfeller era drug laws needed to be reviewed, reformed and scrapped, maybe the time has come to do the same for

the assortment of Rockefeller era labor laws and unfunded state mandates that are no longer relevant and may actually be destructive.

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 authority 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, fair, equitable and truly affordable labor contracts. Nor should our fellow citizens and taxpayers be deprived of their right to enjoy the public services that define and add value to their quality of life. And increasingly, as essential services are slashed and jobs are eliminated in order to comply with and pay for unproductive, outdated and unfunded state mandates, that is **exactly** what is happening in my City of Jamestown (see attached chart) and in fact, all across the Empire State.

I raise these issues today **not** because I desire to call out or antagonize anyone. I raise these issues **not** because I seek a platform or advantage in the political arena. Rather, I raise these issues because I passionately care about the future of this place. I/we want only what is best for our beloved State. 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.

The time has clearly come for mandate relief and pension reform....in a meaningful way.

Thank you.

CITY OF JAMESTOWN
HISTORY OF PAYMENTS TO NYS RETIREMENT SYSTEM

YEAR	ERS GENERAL FUND	PERCENTAGE CHANGE	ERS BPU	PERCENTAGE CHANGE	P&F GENERAL FUND	PERCENTAGE CHANGE	TOTAL	PERCENTAGE CHANGE
1999	\$ 56,673		\$ 61,956		\$ 11,307		\$ 129,936	
2000	155,485	174.35%	72,820	17.54%	4,223	-62.65%	232,530	78.96%
2001	170,553	9.69%	114,187	56.81%	7,595	79.85%	292,336	25.72%
2002	199,694	17.09%	113,897	-0.25%	6,962	-8.33%	320,553	9.65%
2003	565,545	183.21%	410,035	260.01%	316,155	4441.15%	1,291,739	302.97%
2004	715,631	26.54%	972,181	137.10%	1,256,368	297.39%	2,944,182	127.92%
2005	715,767	0.02%	895,353	-7.90%	1,275,671	1.54%	2,886,791	-1.95%
2006	507,955	-29.03%	734,243	-17.99%	1,357,896	6.45%	2,600,094	-9.93%
2007	511,115	0.62%	740,404	0.84%	1,273,545	-6.21%	2,525,064	-2.89%
2008	494,454	-3.26%	587,793	-20.61%	1,292,528	1.49%	2,374,775	-5.95%
2009	408,397	-17.40%	566,704	-3.59%	1,125,961	-12.89%	2,101,062	-11.53%
2010	653,400	59.99%	900,758	58.95%	1,388,768	23.34%	2,942,927	40.07%
2011	960,979	47.07%	1,219,062	35.34%	1,822,960	31.26%	4,003,002	36.02%
2012	1,120,000	16.55%	1,500,000	23.05%	2,280,000	25.07%	4,900,000	22.41%

DOLLAR CHANGE
1999 - 2012

\$ 1,063,327 \$ 1,438,044 \$ 2,268,693 \$ 4,770,064

PERCENTAGE
CHANGE 1999 - 2012

1876.25% 2321.07% 20064.50% 3671.09%

TOTAL PAYMENTS

1999 - 2012 \$ 7,235,648 \$ 8,889,393 \$ 13,419,939 \$ 29,544,990

13 YEAR AVERAGE 282.39% INCREASE PER YEAR

SOURCE: Office of the City Comptroller

City of Jamestown General Fund
FULL TIME EMPLOYMENT COMPARISON
01/01/2000 – 01/01/2012

	<u>01/01/2000</u>	<u>01/01/2012</u>	<u>Change</u>	<u>% Change</u>
Administrative (JCAA, CSEA, Non-Bargaining, Court Security)	61	49	- 12	(-20%)
Fire Department (Local 1772)	67	55	-12	(-18%)
Police Department (Kendall Club PBA)	72	57	-15	(-21%)
DPW (AFSCME 66/418)	51	43	-8	(-16%)
Parks (AFSCME 66/418)	19	15	-4	(-21%)
JURA – DOD (JCAA)	16	10	-6	(-38%)
TOTAL	286	229	-57	(-20%)
*Appointed City Officers	13	6.5	-6.5	(-50%)

Positions Eliminated/Merged:

- City Clerk
- City Treasurer
- Ombudsman/HR Director
- Associate Corporation Counsel
- Assessor (.5)
- Parks Director
- Fire Chief