



# **2011 State of the City Of North Tonawanda**

Delivered by Mayor Robert G. Ort

February 9, 2011

Fellow citizens, distinguished guests, thank you for joining me today. I am bound by our City charter to deliver an address on the State of our great City to the members of the Common Council. However, as I did last year, and will continue to do so long as I am your Mayor, I am addressing the State of our City directly to as many of our residents as possible. You will be able to view this address on television, thanks to our friends at LCTV, as well as on the internet, and of course, nothing beats viewing it live, so I thank all of you again for coming out. I want to thank the staff here at the Fairways, for the great food and hospitality. I want to thank my fellow Rotarian's of the Rotary Club of the Tonawanda's for all the good work that they do in both North Tonawanda and Tonawanda, and for once again hosting this event.

The City of North Tonawanda is at a crossroads. A new order is upon us, and the decisions we make in the coming months and years will greatly determine what kind of future our City holds for our children and grandchildren. The future North Tonawanda is already taking shape. One only needs to walk along the Erie Canal, to see the Remington Lofts, where there will soon be a yoga studio, a hair salon and school, and a five star restaurant run by one of the top executive chef's in Western New York. Or take a drive down Oliver Street and see the new Buffalo Bolt Business Park, with two lots sold, and 5-6 others waiting to re-invigorate the Oliver Street business corridor with light industrial, light manufacturing jobs. These two projects should give the people of North Tonawanda hope. Hope because jobs are being created. Hope because people are investing, real, private money in this City. Hope because, frankly, that is what we need in times like these. We need hope. We need to believe that the night is still followed by the dawn. That the sacrifices and tough choices we make today, will be justified through our children's and grandchildren's lives. That's what previous generations of Americans have

known. The brave warriors who stormed the beaches of France in World War II understood this. Many of them knew that they would not return from that mission. Many of them knew that they would not lay eyes on their loved ones again. But they also knew that it had to be done. That it was the right decision. And they hoped that their sacrifices would be remembered by future generations, and that the opportunities, and freedom that they gave their lives for, would not be wasted by posterity.

All around us, we can see evidence that the world as we know it, has changed. We can no longer conduct business the way we have been. When I was elected Mayor, I promised to make the tough calls, the kind that previous mayor's had failed to make. Not because I enjoy it or take some personal pleasure out of it, but because that is what I was elected to do, and that's what needs to be done.

In my first address, last year, I spoke about cooperation and shared services. This past year, the City of North Tonawanda joined with the City of Lockport in sharing one Superintendent of Water and Wastewater, Paula Sattleberg. That move alone saved our taxpayers \$70,000 dollars. It showed that two communities, listening to their constituents, could work together to save valuable tax dollars and still deliver valuable services to their customers. In short, this is exactly what the rest of us have been doing in our personal lives and our businesses for the past several years. Finding a way to cut costs and still get by. Paula has and I have no doubt, will continue, to do a tremendous job on behalf of the taxpayers of both Lockport and North Tonawanda.

One of my first acts as Mayor was to initiate a market/feasibility study for the Gratwick Riverside Marina through the Lumber City Development Corporation. Applied Technology Management, a firm out of Charleston, South Carolina, which specializes in marina and waterfront development, was ultimately selected to conduct the study. That study is complete and their findings will be presented to our Common Council on March 8. At the same time the study was being conducted, the City applied for Greenway funds to pay for some of the necessary safety and public access renovations needed at the site. I am happy to say that the City was awarded Greenway funding in the amount of \$300,000, and would like to thank our County lawmakers, particularly our, as I like to call them, three wise men, Russ Rizzo, Paul Wojtaszek and Pete Smolinski. That money will be spent on things such as connecting the property to the City's sanitary system, public bathrooms, electrical work, and redesigning the lighthouse in accordance with the recommendations of the completed study.

In last year's address I spoke about blighted properties, and today I am proud to say that we have made great strides on this front as well. The Walck Road incinerator, long an eyesore property, has been demolished and I would like to thank our Community development team of Jim Sullivan and Chuck Bell, for securing the funds to properly dispose of this structure, and City Engineer Dale Marshall for seeing the demolition through.

Another eyesore property was 189 Zimmerman. I am happy to report that this property has also been removed, much to the pleasure of the neighbors. I would like to thank the Building & Code department and City Attorney Shawn Nickerson for their efforts in helping to rid our City of blighted, dilapidated properties.

This past summer, more residents called my office concerning one property than any other: 555 Oliver Street. An absentee landlord and inconsiderate and abusive tenants had created a situation where one property threatened the safety and quality of life of an entire neighborhood. City Attorney Nickerson and I held a meeting in August at City Hall with several neighbors, members of the NT police department, and members of the Property Maintenance Task Force. Following this meeting, the City Attorney, filed a nuisance eviction request with City Judge William Lewis. Judge Lewis ordered all but one tenant evicted, and the other units were sealed for 30 days. This sent a clear message that nuisance tenants and properties will not be tolerated in North Tonawanda any longer. There is still more work that needs to be done on this front, and our residents can rest assured: we will continue to do it.

There are several pieces of legislation passed by our Common Council last year that I was extremely proud of. One provided a tax exemption to first time home buyers, who build a new home in North Tonawanda, showing a commitment to attract new families to our City. Another was a resolution declaring a moratorium on property reassessments for three years. The third was more personal and infinitely more important: a tax exemption for Gold Star parents. For those of you who do not know, a Gold Star parent is someone who has given a son or daughter in the defense of America. On June 20, 2010, two such parents in North Tonawanda gave that sacrifice. Sally Urban and Phillip Serwinowski, lost their son, Marine Lance Corporal Tim Serwinowski, in Afghanistan. Having served in Afghanistan myself, and having experienced the loss of four fellow soldiers, ironically on the exact same day two years earlier, Lance Corporal Serwinowski's death hit very close to home. City Assessor Flo Carozolo brought to my attention that Niagara County had a law granting a tax exemption to Gold Star parents, however North

Tonawanda did not. I urged our Council to pass an identical law for North Tonawanda, which I am proud to say they did. Our veterans receive a tax exemption, and surely deserve one. However, the parents of fallen warriors, who must bear the burden of the cost of freedom every day for the rest of their lives, surely deserve the same. We can never thank them enough, nor convey our deep sadness for their loss. A few months after Lance Corporal Serwinsowski's death, I met with both of his parents and discussed a mutually agreed upon way to honor their son's sacrifice. His father, Phil, had a simple request: a park bench, dedicated to his son, Tim. So this Memorial Day, we will honor the memory of one of North Tonawanda's bravest, with the dedication of a new park bench in Veteran's Park, along the Niagara River.

One of the issues that came up early in my administration was that of public concerts down at Gateway Harbor. It is very important that the public understand the history of these concerts, and how we got to where we are today. From 2003-2007 we had the Saturday night Molson Canal Concert Series. By most accounts, it was highly successful and brought a great sense of community pride to our City. Then in 2007, due to a faltering professional relationship between the promoter and former Mayor Soos, as well as public comments made by him, the series was shifted to Lockport, where it still resides to this day. In 2008, the concerts continued under a new promoter, only to be shut down during a State Liquor Authority sting due to underage drinking violations. Then in 2009, the Soos administration, in a last ditch attempt at salvaging the concerts which they had turned into a political fiasco, brought in the Tonawanda's Gateway Harbor Committee to run the Saturday night shows. This committee is made up of volunteers, as well as two official representatives from each of the Twin Cities. In February of last year, the committee said that they could not put on the shows again, without a \$100,000 taxpayer

commitment. Both Tonawanda Mayor Pilozzi and I said absolutely not. As a result, the committee made the decision to cancel Saturday nights. In recent meetings, which Patty Brosius, our Director of Youth, Parks, Recreation and Senior Citizens, as well as my assistant Bob Welch have regularly attended, the committee has made the decision to cancel Friday night shows and do 4 Saturday events. It has become clear to me, that the Tonawanda's Gateway Harbor Committee simply does not have the ability, the resources nor the willingness to continue to put on these concerts. Seeing as this is a public benefit, and the source of pride that the shows bring to our City, I am recommending that the Common Council work with my office, immediately, to solicit requests for qualifications to bring in a promoter who can put on a concert series worthy of our harbor and downtown area. This is not to demean the time and effort put in by the committee, all of them volunteers, nor is it a sign of any lack of appreciation for the many other events that they organize such as the Taste of the Tonawanda's and the Chocolate Festival. However, with all of the development taking place along the Canal, the proven success that previous series' have had, and with a new state of the art stage, courtesy of New York State taxpayers, to the tune of \$100,000, I believe that it is time to return top-level concerts to the Gateway Harbor.

We are looking forward to welcoming a new department head in 2011, and a new member of our City. Gary Franklin, retired in 2010 after 38 years with the City. After an extensive search process, and many interviews that included the participation of Council members as well as City Engineer Marshall, I selected Brad Rowles as the new DPW Superintendent. Brad brings 32 years of public works experience, including over 7 as the Superintendent of Highways in the Town of Tonawanda. To get a candidate of Brad's caliber was great for all North Tonawanda

residents. He will bring some new ideas and a fresh, resident centered focus. To get someone of Brad's caliber and save \$30,000 dollars in 2011 is great for all taxpayers. Equal or greater service for less money: that is what we must continue to do at all layers of government.

The City's bond rating was upgraded last year to an A1, which allows us to borrow money to fix critical infrastructure at the lowest interest rates available. This rating is the result of the effort of Budget Director and City Accountant David Jakubaszek, Chief Financial Officer, Clerk/Treasurer Kiedrowski, and a commitment from the Common Council and my administration to a policy of sound, fiscal responsibility.

As we look to the year ahead, we are faced with two certainties: there are unprecedented economic development projects taking place in our City that bring the promise of new jobs, new residents, and an expanded tax base. The much anticipated Remington Lofts along the Erie Canal, complete with a five star dining experience, a hair salon, yoga studio, and 81 live / work lofts will redefine our downtown, and quite possible our entire City. The Buffalo Bolt business park, which will serve as a light manufacturing, light industrial hub in the former Oliver Street business corridor will once again bring manufacturing jobs to NT. The Villas at Deerwood, being built by North Tonawanda native David Stapleton, founder of David Homes, will bring condominium style homes across from Deerwood Golf course. We welcomed the first Thai restaurant in North Tonawanda this past year along Webster Street, Yummy Thai. We are waiting for final design approval from the Department of Transportation for the Meadow Drive extension, which we received a federal grant for in 2006 in the amount of \$1.2 million. And it is

with cautious optimism that I say we are closer than ever to the reality of a Walmart SuperCenter in North Tonawanda, and hopefully a 2011 groundbreaking.

The second certainty is one which threatens to undermine the first: taxes in North Tonawanda are too high. They are too high to attract business development, and they are far too high for our City's two key demographics: senior citizens and working families. With the exception of the David Homes project and Walmart, all of the other projects were financed in whole or part with public money, through either New York state tax incentives, or state grants. There can be no doubt that in light of the financial crises in Albany, and Governor Cuomo's recent proposed budget, there will be less state money to attract developers and investors to North Tonawanda. Without that money, it is all but certain we would not have the Remington Lofts, the Buffalo Bolt business park, or Yummy Thai restaurant, amongst scores of others. So the question we must ask ourselves is this: How will we attract business in the future? The answer is that we, at the local level, must create an environment that fosters growth, job creation and gives North Tonawanda a competitive advantage over other communities. The only way we are going to do this, is to lower the cost of doing business in NT. That means lowering taxes. Eliminating red tape. Remembering that government must move at the speed of business, not the other way around. I have visited well over 150 businesses in NT since taking office, continuing a campaign promise that I made. As I talk with these entrepreneurs, inventors, doctors, engineers, and many others, I hear their struggles, their triumphs, but above all else, their stories of survival during one of the toughest economies our country has ever experienced. These brave residents, many of whom own homes in addition to their business, have had to restructure, reduce their workforce, and find new ways to generate revenue to stay in business. These are

the men and women who create jobs, the men and women that make the world go around.

They are making the tough calls every day. And their government must do the same.

Aside from business, there are two key demographics that are in desperate need of tax relief:

our senior citizens, who are living on fixed incomes, and our working families, who, in this

economy are hoping to be on a fixed income, though most have had to do with less income.

The median household income in North Tonawanda as of the most recent data from the U.S.

Census Bureau, was \$39,154. According the Department of Labor 7.7% of our labor force

remains unemployed. With the private sector facing the harsh realities of a new economic

order, we must realize that the public sector, which is funded by the private sector, must make

changes. We as a City, a County, a State, and a country can no longer afford the promises that

were made by previous generations. Of course, the truth is that we never could have afforded

them. At some point, the day of reckoning was going to come. The bill was going to come due.

That day is today. We must restructure our City government, looking at all departments, for

ways to reduce costs. There can be no sacred cows, no stone left unturned. As we look ahead

to the 2012 budget, we will be facing a deficit of at least \$2 million dollars. This is

unacceptable. I am asking that the Common Council work with my office and the Budget

Director, Dave Jakubaszek, beginning immediately, to identify areas to be cut, and ways to shed

unsustainable costs. I also call on each and every department head to reduce their department

budgets by 5%. By doing that we could save \$. Finally, I urge our taxpayers, the people whom

we work for, to contact your Alderman or Alderwoman, and let them know which areas you

would like to see cut or ways that you think we can reduce costs.

As I stated in my address last year, and of which I have continued to work toward, I will look to consolidate or merge services with other municipalities, or the County, in an effort to reduce costs. One of the ways that we are looking into, is moving our 911 dispatch operations to the Niagara County Dispatch Center. Our 911 system is outdated and has reached the end of its service life. With the cost of a new system and maintenance between \$200,000 - \$500,000, I along with our Common Council, began looking into the option of moving our 911 police dispatch operations to the County dispatch center, which already handles our fire dispatching services. I will be forwarding a proposal as early as next week to our County legislators, in an attempt to further examine this possibility. I have met with both the Police Chief and the Police Union, and though I understand their concerns and reservations, I believe that the potential savings to our City taxpayers, who pay County taxes, but often do not see a tangible benefit, outweighs those concerns. That is not to say that those concerns are not valid, and they must, and will be considered and addressed as we move forward.

My administration has continued to move ahead with a potential water sharing arrangement with the City of Lockport. An inspection of the 13 mile water line that runs between NT and Lockport must be conducted this spring in order to see if the proposed project can be completed. I will be including funding for this in the 2011 Capital Budget and ask that the Council approve this important step toward attempting to lower residents water bills. The savings from this landmark shared services arrangement, far outweigh the costs and is exactly what communities such as ours will need to do if we are to continue to deliver vital services in a more cost effective way.

Another option that I believe must be considered in an effort to shed costs, is privatization. My office has solicited requests for qualifications from various firms, in an attempt to identify areas and or opportunities for privatization and restructuring, with the end goal of reducing municipal costs. Using a small portion of member item money provided by Senator George Maziarz that was appropriated in 2006 and was not used by the previous administration, my office, along with the Common Council, with the support of the Lumber City Development Corporation and the Taxpayers Advisor Committee, will look to identify further costs savings.

Finally, as we look ahead not only to fiscal year 2011, but 2012 and beyond, we must look to our employee costs. The average City worker earned \$52,087 in salary in 2010. Contrast that with the median household income of \$39,154. When you add in benefits the figure increases to \$91,975. This is no longer sustainable. The dichotomy has become too great. The model no longer works. You simply cannot have a private sector, which has 7.7% unemployment, a median household income of \$39,000, supporting a City government where the average salary with benefits is \$91,975. In 2010, the cost of medical insurance increased by 19%, from \$4.5 million to \$5.4 million. The bigger issue is that the vast majority of our City workers do not pay for their health insurance. So these massive increases are solely on the backs of the other residents and working families across the City. Beginning in October of 2010, the City changed the way we funded the prescription co-pay. In order to comply with union contracts, all City employees who paid above the contractual \$5 co-pay, were reimbursed each month. This saved the City \$53,875 in just four months. Unfortunately, the City lost a grievance filed by the unions last month and was ordered by an arbitrator to reinstate the previous funding method, depriving City taxpayers of additional savings. It is estimated in 2011, the City will spend over

\$13 million on fringe benefits. By contrast we spent over \$9 million on public safety and \$5 and a half million on public works. At the current rate, as early as 2012 our fringe benefits will eclipse the total amount of tax dollars spent on public safety and public works combined. This is unsustainable, it's unjustifiable and it's plain wrong. The 5 public employees unions that represent our hard working City employees must face this reality and come to terms with it, as the rest of our residents have. Without getting into specifics, so as not to violate collective bargaining rules, I want all of our residents and employees to know that above all else, I am seeking modest employee contributions toward medical insurance, as well as other concessions. Without negotiated concessions from our unions, the City will be faced with no other option but to reduce our workforce through attrition and layoffs. Based on the projected budget deficit for FY 2012, it is estimated that up to 20 positions will need to be eliminated in order to even come close to closing the budget gap. I want to take this opportunity to reach out, anew, to our unions, with one goal: shared pain, spread out across all employees, in order to ease the tax burden on all of our residents and to save jobs and services. The only alternative will be the elimination of jobs. Do we really want to see more people unemployed? Do we want to see cuts in services? Is that what our taxpayers want? Is that what our taxpayers deserve? Of course not. I believe that we should spend the bulk of taxpayer dollars on fundamental services that are the responsibility of local government: public safety, and public works. The question, is whether we have the intestinal fortitude to make the hard decisions. The tough choices are not just the job of the Mayor, or the Council. Our residents are making tough choices every day. So too must our employees and the unions that represent them. I believe that our employees are good, hard working people. But so are many of our

other residents who pay for all of our salaries and benefits. By making modest concessions, we can save hundreds of thousands of hard earned tax dollars. To our employees I say I understand the frustration. I understand the anger. You have every right to be angry with the people who made these promises, knowing that the day would come when we could no longer keep them. If you want to direct that frustration and anger toward me, or the Common Council, fine. But, remember, I am the first person in a long time who is giving it to you straight. However I will never apologize for telling the truth, as uncomfortable or unpleasant it may be.

These are challenging times. But there are a lot of good things that are happening in our City. North Tonawanda will look very different 10 years from now. New businesses, new jobs and new residents. Things are changing for the better all around us. Government must follow suit. City government must act as a facilitator for growth, not as an obstruction. With every challenge, comes an opportunity. An opportunity to make different choices, the right choices. Not with just our interests in mind, but the interests of future generations. What kind of City will we leave to our children and grandchildren? How will history judge us? Will future generations look back on us as we do the soldiers who stormed Omaha beach? Will they be as thankful to us as we are to them? We can only hope.

It is a privilege and an honor to serve as your Mayor. May God bless all of you and may God continue to bless the City of North Tonawanda.