

CITY OF NORTH TONAWANDA



Austin J. Tylec
Mayor's 2023 Budget Message

September 30, 2022

MAYOR'S STATEMENT

In accordance with Section 5.021 of the North Tonawanda City Charter, the city's fiscal 2023 budget proposal for the city's General, Water, and Sewer appropriations follow, for the review and adoption by the Common Council. This budget continues to provide the public services our residents deserve, while understanding that the nation, state, and local area is experiencing some of the most challenging economic environments in recent memory. Our city continues to navigate through a post pandemic nation, with inflation reaching record levels that every department continues to bear, coupled with a decade of deficient financial practices by the city. Financial deficiencies substantiated by the NYS Comptroller's Office and the City's independent Auditors. These findings that indicate the city operated with a structurally unstable operating deficit over the past several years. Weak practices that include depleting the city's cash reserves, failing to implement gradual tax increases that kept up with unavoidable inflation and climbing expenses, while proposing unrealistic revenues. This administration intends to use the budget proposal to provide an honest reflection of what resources are necessary to meet operational requirements while taking the steps necessary to get our city on a responsible financial track.

2022 CITY ACCOMPLISHMENTS

Thanks to the collaborative efforts of our City Departments, City Council, and the Mayor's Office, North Tonawanda made incredible strides this past year. Our Department of Public Works successfully paved a record breaking 31 lane miles of roads, removed 200 undesirable trees, trimmed over 100 trees, and repaired 6,000 square feet of sidewalks. Our Police Department restructured training courses to save \$80,000 in personnel services, initiated new community programs such as the Active Shooter Training Course, increased DWI stops to keep drivers safe, and responded to more than 20,000 calls. Our Parks & Recreation Department expanded beautification efforts throughout the city, completed improvements at the pinewoods park pavilion & bathrooms, maintained all recreational activities for our youth, implemented a tree planting program, and increased attendance at the Deerwood Golf Course, while acquiring a new concessionaire for 2023. Our Water & Wastewater Department repaired 60 water main breaks, managed chlorine costs that reached 3x their previous expense, began construction on the Phase

One Critical Infrastructure Improvements for our Water Plant, and began city-wide infrastructure studies to address aging infrastructure which includes the LCRRR (Lead and Copper Rules and Regulations) Program required by the Federal Government. Our Fire Department acquired a new water rescue boat to patrol the city waterways and responded to 3,000 emergency calls. Our city departments should be commended for their accomplishments and many more considering this years' challenges.

North Tonawanda took full advantage of all the state and federal grant opportunities this year, applying for more than \$11 million through numerous funding sources to keep capital projects moving forward without putting the burden on taxpayers. This included \$300,000 for a Single-Family Home Repair program, \$500,000 to engineer a new pool facility at Payne Park, \$40,000 toward downtown electric vehicle charging stations, \$2,000,000 to assist in the redevelopment of the former Lowry Middle School into senior housing, \$100,000 for a Comprehensive Plan update, \$130,000 to update our Local Water Revitalization Plan, \$99,000 to do a Tonawanda Island infrastructure analysis, \$3,200,000 in improvements to our Wastewater Plant, \$100,000 for public Wi-Fi, \$1,050,000 to extend our bike path down Sweeney Street to the Botanical Gardens, \$500,000 to Re-Design & Study Twin City Memorial Highway, \$300,000 in a Microenterprise Program for local business and many more.

Funding from our state and federal officials also assisted the city, with \$5,000,000 granted through Assemblyman Conrad's efforts to repair our Wastewater Plant and \$125,000 for Police Department Equipment, \$500,000 from Congressman Higgins to connect more of our bike trails, and \$10,000,000 through Governor Hochul's NYS Downtown Revitalization Initiative for private, public, and non-profit projects. With all these grants and private developer's projects planned, North Tonawanda is projected to see over \$100,000,000 in development in 2023 which will assist in stabilizing our tax base over time, while furthering our growth for years to come.

BREAKDOWN OF PREVIOUS YEARS FINANCES

The table below shows the drawdown of city reserves in relation to tax rate changes

Budget	2015	2016	2017	2018	2019	2020	2021	2022
Unappropriated Reserves	\$5,103,396	\$3,516,237	\$2,288,447	\$2,233,026	\$1,677,175	\$1,536,460	\$288,492	Pending End of Year
Diff. In Reserves From Prior Year	\$87,996	\$(1,587,159)	\$(1,227,790)	\$(55,421)	\$(555,851)	\$(140,715)	\$(1,247,968)	Pending End of Year
Proposed Tax Increase	0%	0%	1.02%	0.84%	2.90%	1.59%	3.75%	1.75%
*ARPA Funds Allocated								\$(1,051,021)
Total Budget Expenditures	\$35,019,872	\$35,123,797	\$35,352,708	\$36,109,312	\$38,588,436	\$37,875,377	\$38,625,982	\$39,988,962
Total Budget Revenues	\$36,452,822	\$36,424,613	\$36,205,230	\$37,045,886	\$38,780,377	\$37,875,377	\$38,745,043	\$40,093,402

*The American Rescue Plan Act (ARPA) Funds were provided to municipalities throughout the nation as financial relief due to the COVID-19 Pandemic. North Tonawanda received \$3.1m in total. \$1.55m was received in 2021, and we received the other \$1.55m in 2022. The 2022 budget used \$1,050,000 of these funds to balance the budget.

2023 BUDGET ENVIRONMENT

As many of our residents are aware, this past year the cost of living has increased steadily across the board. According to the U.S. Bureau of Labor Statistics' Consumer Price Index Summary released on September 13th 2022, food prices have increased 11.4%, energy costs increased 23.8%, and the overall inflation rate for the nation reached 8.3%. These increases impact the city as well, along with a variety of factors out of our control from the minimum wage increases to the rise of gas prices have also impacted our city budget. Fortunately, we pushed forward with every department head to find ways to reduce costs, secure grants, and manage unforeseen circumstances while maintaining public services and much more for our residents throughout 2022.

While the city dealt with unanticipated, record-breaking inflation in 2022, causing all cost of operations to increase (gas prices, costs of materials, and so), the city administration-initiated several actions to keep our budget in check from day one. Actions such as an Employee Covid Policy to keep employees working safely, ensured event organizers pay for public services used, a departmental gas policy to reduce our projected use by 2,000 gallons, collaborated with the NT School District to save \$30,000 on School Resource Officers, implemented an over-time reduction policy, initiated a purchasing

program through a third-party provider for rebate incentives, acquired grants & sponsors for City Market Improvements, developed a Financial Advisory Committee to improve our financial procedures, structured monthly compensatory & overtime reports with our City-Clerk Treasurer for better oversight, began a capital planning program for our city vehicle fleet and worked with the Council to bring in new revenue sources and projects to benefit the city.

The initial 2023 budget discussion with the City Clerk-Treasurer, City Accountant, Department Heads, projected a \$3million deficit (budget gap) in our General Fund, and a combined \$700,000 deficit in our Water/Sewer Fund. After vigorous efforts on the city's behalf, we were successful in developing a 2023 budget proposal which removed those deficits and financially balanced the General Fund, along with a **\$190,871** surplus between our Water/Sewer Fund. The proposed 2023 budget will maintain public services, add **\$357,993** to our unappropriated reserves, and only use **\$600,000** of our ARPA funds so we can distribute the remaining funds through upcoming years.

To achieve this budget, appropriations for the General Fund will require an increase at the tax rate from **14.50** per 1,000 of assessed valuation to **15.28**. A home assessed at \$100,000 will see an increase of **\$86.71** per year. Water and sewer rates will not increase in this fiscal year. Instead, we will be adding **\$19,441** to our Water Fund reserves and **\$171,430** to our Sewer Fund reserves. The 2023 General Fund Expenditures are proposed to be **\$41,239,492**, which is a **\$1,250,531** increase from 2022 due to inflation and increases in contractual costs such as employee salaries & benefits.

In the 2023 proposed budget, city services will remain intact with more initiatives that will benefit our community. We can look forward to additional funds for sidewalk improvements, significant savings on a shared Medicare program as well as competitive healthcare providers for employees following negotiations, a competitive energy program to reduce electricity costs for residents, a new fiber internet provider at a cheaper cost with higher speeds for residents & businesses, the beginning of a city-wide automatic water meter replacement program for residents, and millions of dollars in infrastructure improvements to enhance public services.

We have a \$41million budget to supply 31,000+ residents in our city with 24/7 public services. The city has removed over 50 jobs in the last 10 years, leaving us with approximately 300 employees, but we have found ways to consolidate and create efficient ways to keep us moving forward. Cutting city jobs and reducing our workforce is not always possible to keep up with public services. To put things

in perspective, it takes four (4) DPW employees to take down a tree, chip the tree, grind the stump, and relandscape the area; in a days work. It takes six (6) Police Officers on a single 8-hour shift to keep our 10mi sf city safe 365 days a year. It takes 16 sanitation workers to collect garbage from 12,000 parcels on a weekly basis. We need the work force to keep up with public services.

Under my administration I can promise we will no longer be bonding short-term projects that have long-term payments, we will not be appointing employees to start at Step-6 salaries, we will not let our 200 vehicles run into the ground with no plans in place to replace, and we will not negotiate lease agreements & contracts that bind our hands for decades with little financial returns, burdening our taxpayers for the last decade.

Instead, we are bonding responsible capital projects with appropriate payback lifespans, we are appointing positions at appropriate salary steps, we are initiating a vehicle fleet capital plan for consistent replacements to reduce maintenance costs & increase safety for our employees, and we are diligently working to terminate existing contracts that are financially detrimental to our city while negotiating new agreements to bring in consistent revenues and new businesses for years to come.

Although this past practice of fiscal management has made our 2023 budget one of the most difficult in decades, my administration is committed to following a thoughtful, phased, multi-year solution to restore proper reserve balances and fiscal integrity to the city.

I am proud of the work we have done together. I want to thank all City department heads, their staff, the Clerk-Treasurer, and City Council for the important roles they played in the formulation of this Budget. I would also like to take this opportunity to offer to meet with the Common Council to discuss and work with them to finalize the 2023 Budget, as a cooperative effort.

Thank you for your kind consideration of the 2023 Budget.

Austin J. Tylec

**Honorable Austin J. Tylec
Mayor, City of North Tonawanda**