

CITY OF NORTH TONAWANDA



Office of the Mayor

Austin J. Tylec

Mayor's 2024 Budget Message

October 1, 2023

MAYOR'S STATEMENT

In accordance with Section 5.021 of the North Tonawanda City Charter, the city's fiscal 2024 budget proposal for the city's General, Water, and Sewer appropriations follow, for the review and final adoption by the Common Council. This provides the information necessary for our legislative body to fix past financial downfalls and understand what funds are necessary to run our City. As a reminder, the nation continues to experience rippling after effects from inflation, coupled with a decade of deficient financial practices substantiated by the NYS Comptroller's Office and the City's independent Auditors. We are no longer depleting the city's cash reserves, we are no longer presenting zero tax increases that do not keep up with climbing contractual expenses, and we are no longer representing inaccurate budgets that hinder our ability to provide proper public services.

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 keep our city on a responsible financial track. As I have stated throughout my time in office, improving our financial state will be a slow but rewarding process if we are realistic, factual, and work together.

2023 CITY ACCOMPLISHMENTS

Thanks to the collaborative efforts of our City Departments, City Council, and the Mayor's Office, North Tonawanda continued progress this past year.

Our Department of Public Works successfully paved 23 miles of roads, removed 200 undesirable trees, removed 250 stumps, repaired 12,400 square feet of sidewalks, collected over 9,500 tons of bulk garbage, and 1,200 tons of recyclables.

Our Police Department restructured training courses and schedules to save over \$35,000 in personnel services, expanded our School Resource Officers program to increase school safety, maintained DWI stops to keep drivers safe, took over 50,000 service calls, seized \$200,000 through Homeland Security, and brought in \$71,000 in grants to assist in various programs.

Our Parks & Recreation Department continued to maintain 14 playgrounds, 9 parks, 3 boat launches, 2.8 miles of public waterfront, 7 miles of bike/walking paths, and many other facilities. In addition to continuing all recreational activities for our youth, the department managed an interim pool program with NT Schools, expanded our tree planting program, and made various improvements at the Deerwood Golf Course, with a successful season from our newest Concessionaire 1818 Bar & Grill.

Our Water & Wastewater Department repaired 47 water main breaks, is near completion with the Water Plant Generator Project, finalizing construction on the Waste Water Phase One Project, and thanks to a \$5m grant from Assemblyman Conrad we can move forward with a plan to repair our digester and carbon pipes. In our Engineering Department we are currently out to bid on a city-wide infrastructure study to address aging infrastructure, successfully completed our Tonawanda Infrastructure Study to spur economic development, submitted plans to begin construction on our Sweeney St Bike Path in the Spring of 2024, began the Twin City Highway Study thanks to Congressman Higgins \$600,000 grant, and we are in contract with NYS to begin our Local Water Revitalization Program and Comprehensive Plan with a \$230,000 grant.

All our City Departments should be commended for their accomplishments and many more considering this years' challenges.

North Tonawanda took advantage of all the state and federal grant opportunities in 2023, applying for more than \$10m through numerous funding sources to keep capital projects moving forward without putting all the burden on taxpayers. This included \$500,000 for a Community Development Block Grant (CBDG) Single Family Homeowner Repair Program, a \$750,000 NYS Parks grant for our new Payne Park Pool construction, \$460,000 through Restore NY for 230 Oliver Street, \$30,000 through NYS Canal Corp. for Mayor's Park Fishing Pier/Boat Launch, \$25,000 through Empire State Development for the Weatherbest Slip Feasibility Study, \$78,650 through Empire State Development's Market NY Program for development and implementation of a tourism brand, \$150,000 for recycling totes and recycling equipment through the DEC, \$1.9 Million through a EFC Green Innovation Grant Program (GIGP) to install green stormwater

practices on Oliver Street, and a \$5m Water Infrastructure Improvement Act grant to assist with Carbon Pipe repairs and upgrades to our Digester.

North Tonawanda also moved forward with various public, private, and non-profit projects this year, which continues to add towards our economic development. Thanks to Governor Hochul's Downtown Revitalization Initiative of \$10m, 24 transformative projects are underway which accumulates to over \$23.5m in development throughout our Oliver Street Corridor and Downtown Region, with over \$13m of this leveraged by private funds. While many of these projects are underway, the city is completing a public Wifi project at Gateway Harbor, The New York State Power Authority is completing designs for the Bascule Bridge Lighting Project, we began a Rodent Remediation Plan with a \$30,000 grant through Niagara County, Greenlight Networks will be providing a new fiber internet service available any day now, the new automatic meter replacement program is near commencement, and we have committed 9 start-up microenterprise projects with \$255,000 through CDBG Funding.

Although this is a small summary of many projects taking place in North Tonawanda, it's important to note this collaboration of public grants and private investment is projected to create over 80 new jobs and increase our housing stock. These developments will continue to improve our tax base and add to our continued growth for years to come.

2023 CITY COST CONTAINMENT ACTIONS

While we continue to bolster development throughout the city, it's important to understand the financial challenges and proactive initiatives the City undertook this year. As Garbage and Recycling costs continue to climb from a combined \$124.50/ton in 2022 to \$137.50/ton in 2023, the DPW found strategic ways to bear this. By cracking down on bulk debris offenders, we were able to reduce tonnage, and with the purchase of our own used tractor trailer reduced our hauling fees significantly by keeping the service in-house.

In our Water Department we are facing historic cost increases with our Chlorine, forcing us to modify treatment solutions by using additional Alum in the process, allowing us to manage that

budget line this year. In addition, with the new late meter reading fee approved at the beginning of this year, we are on pace to receive \$200,000 and have a better understanding of where our water is going with updated readings.

In the Police Department, the new matron program to reduce overtime costs with our Officers saved us over \$100,000, while allowing constant supervision over prisoners. The new Bus Patrol program in collaboration with our School District created an additional \$50,000 towards our general fund by the end of this year. Collaboration with the School District continued this year as well, with the new School Resource Officer Program (SRO) to provide four officers throughout the district. Throughout this contract negotiation we were able to secure a 40% increase in reimbursements per officer (\$125,000/Officer) to keep schools safe and provide the necessary funds for us to backfill those open positions within the department.

We have worked through other contractual agreements which have seen positive outcomes, but also some ongoing discussions. This year we secured a new Franchise Agreement with Charter Communications projected to bring in a franchise fee of \$450,000, we are near completion of a two-year discussion with Niagara County to acquire \$175,000 in backpay rent and new lease agreement at our DMV Building. We have also successfully solidified annual payments of \$75,000 for Cell Tower leases, are receiving \$50,000 from a NYS Reimbursement for Canal Fest Expenses, and removed a NYS Highway Agreement to maintain state roads which saves us \$70,000 (annually) for the foreseeable future. While we saw an uptick in our projected sales tax of \$550,000, we have been unable to reach the budgeted revenue (2023) of \$800,000 in Sale of Real Property due to an ongoing 9-month delay with the Supreme Court reviewing foreclosed properties and finalized sale of the 78 Bridge Street Property. However we have continued to make efforts to move these items forward. Over the last two years my office and City Departments have made significant progress with our finances, but we still have a long road ahead of us as represented below.

BREAKDOWN OF PREVIOUS YEARS FINANCES

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

Budget	2016	2017	2018	2019	2020	2021	2022	2023
Unappropriated Reserves	\$3,516,237	\$2,288,447	\$2,233,026	\$1,677,175	\$1,536,460	\$288,492	\$1,712,280 (Includes \$1,051,021 ARPA Funds)	Pending End of Year
Diff. In Reserves From Prior Year	\$(1,587,159)	\$(1,227,790)	\$(55,421)	\$(555,851)	\$(140,715)	\$(1,247,968)	\$1,423,788	Pending End of Year
Council Approved Tax Increase	0%	1.02%	0.84%	2.90%	1.59%	3.75%	1.75%	5%
*ARPA Funds Allocated							\$(1,051,021)	\$(707,000)
Total Budget Expenditures	\$35,123,797	\$35,352,708	\$36,109,312	\$38,588,436	\$37,875,377	\$38,625,982	\$39,988,962	\$41,198,534
Total Budget Revenues	\$36,424,613	\$36,205,230	\$37,045,886	\$38,780,377	\$37,875,377	\$38,745,043	\$40,093,402	\$41,521,628

*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, and \$707,000 for 2023.

CITY AUDITS, FUND BALANCE, AND MOODY'S RATING (BONDING POWER)

From the beginning of my administration, the goals were to find cost efficiencies, create new revenues streams, rebuild our dwindled fund balance, provide realistic budget figures, progress capital projects, and avoid employee lay-offs while maintaining public services. I can respectfully comment that these priorities took place as shown in a recent report from the Office of The NYS Comptroller showing North Tonawanda's fiscal stress designation improving from "Moderate Stress (55.8 Score)" to "No Designation (41.7 Score)". Although we ultimately want to have a zero-stress score, we are heading in the right direction as we stabilize our finances and continue to increase our fund balance that was at \$288,000 when I took office. After our third-party auditors reviewed our finances for end of year 2022, we show an increase in our Fund Balance to over \$1.7m. However, it must be noted that approximately \$1m of the \$1.7m is due to the former administration's recommendation to apply American Rescue Plan Funds (ARPA) for the 2022 budget, with the other \$700,000 attributed to day-to-day oversight throughout 2022. Per our North

Tonawanda Fund Balance Policy and The Government Finance Officers Association (GFOA), our Unappropriated Fund Balance should reflect 12%-16% of our General Fund Expenditures. This would equate to \$5.2m - \$6.9m so the City could mitigate any future risks or unanticipated expenditures. As such, it is imperative to gradually increase our fund balance, rather than historically depleting it.

Lastly, we have been extremely successful in acquiring tens of millions of dollars in grants to assist in our efforts of economic development within the city. Like every other municipality, we must take out Bond Anticipation Notes (BAN) to front project costs until completion, after which we receive these grant funds as reimbursements and pay off these Short-Term BAN's. During these short-term loans we pay interest, and our interest rate is determined by our Moody's Rating (credit score), which is effected by our fiscal stability. Our Moody's Rating started to gradually decline since **2018** because of a declining fund balance. This ultimately increases our short- and long-term interest rates, which makes borrowing money for projects more expensive over time. Fortunately through many discussions our City Accountant and I had with the Moody's Council about the fiscal progress the city is making, we successfully stabilized our rating at "A3", avoiding a lower rate, saving the city hundreds of thousands of dollars. In short, a healthy fund balance will save us money in the long term and allow us to continue progress.

2024 BUDGET ENVIRONMENT

As we all know, inflation from the Pandemic continues to stress our cost of energy, gasoline, construction materials, delays in products, and many other items that affect our municipality's finances.

Fortunately, we pushed forward with every department head and found ways to reduce costs, secure grants, and manage unforeseen circumstances while maintaining public services and much more for our residents throughout 2023, which also carries into the proposed 2024 Budget.

When the City Clerk-Treasurer, City Accountant, Department Heads, and I began the 2024 budget process earlier this year, we were faced with a projected \$3.5million deficit (budget gap) in our

General Fund. However, after months of working with our departments and making difficult decisions, we developed a 2024 budget proposal for the Common Council with an honest reflection of what we need to maintain services in every department.

We were able to find over \$1m in cuts through various departments and created an additional \$1m in revenue for the 2024 Budget prior to any proposed tax increase, but due to unavoidable climbing expenses from Post Pandemic Aftermath, Contractual Union Agreements, Medical Plans, Long-Term Debt Payments, Retirement Plans, and no increases from our State Aid (\$4.3m), our expenses for 2024 are projected to increase \$2.4m. These increased expenses included contractual obligations of \$1,090,000 in Personal Services, \$196,000 in our Debt Service, \$483,000 in State Retirement ERS & PFRS, \$68,000 in Social Security, \$45,000 in Workers Compensation, \$150,000 Medical Insurance, and \$356,000 in Operations.

To properly maintain our municipal services and continue to gradually rebuild our Unappropriated Reserve Funds, the 2024 General Fund will require **\$43,595,607**. As such, this would require an additional **\$1,823,997** to 2023's tax levy of **\$19,199,973** and would replenish our Unappropriated Fund Balance to a projected **\$834,469**. In addition, this proposition to the Council includes the use of **\$410,501** in ARPA Funds to cover new equipment for sidewalk repairs, one-ton dump truck, and street sweeper.

It is also proposed to the Council that we do not raise the total Water or Sewer rates for 2024 which are currently \$8 per 1,000 Gallons of Water. However, to properly balance the Sewer Fund and Water Fund, it is recommended that the Council approve lowering the Water rate from \$3 per 1,000 to \$2.75 per 1,000 and raise the Sewer rate from \$5 per 1,000 to \$5.25 per 1,000. This will allow the city to increase our annual Sewer Fund by \$238,757.30 and add \$346,803 to the existing -\$89,319 in the Sewer Reserves, totaling our Sewer Reserve to **\$257,484**. By temporarily balancing the Water and Sewer Fund in 2024, this requires expending \$469,261.30 from the existing \$2,213,277 Unassigned Water Reserve, leaving the Water Reserve with **\$1,744,016** at the end of 2024. This allows the City to gradually balance both Water and Sewer Reserves over time without increasing water/sewer rates for residents.

Ultimately the Common Council has the sole authority to raise, lower, or alter any of the figures proposed in the 2024 Budget. As Mayor I have worked daily with our Department Heads to provide solutions to our City's expenditures and revenues with accurate figures for us to maintain services. If the Common Council so chooses to reduce the additional \$1,823,997 needed for the levy, I also requested a list of items that Department Heads in a worst-case scenario could cut, with details on any adverse effect it may have on their daily operations or daily services our residents expect (Appendix A). In addition, I am implementing a hiring freeze effective immediately across all departments until our budgetary obligations are finalized for 2024.

Although past practices of fiscal management have made our 2024 budget challenging, my administration is committed to following a thoughtful, phased, multi-year solution to restore proper reserve balances and fiscal integrity to the city.

Under my administration I am proud of the work the city has accomplished. I want to thank all City Department Heads and their staff for the important roles they played in the formulation of this Budget to the Common Council. As the Common Council makes final decisions on how to proceed with the 2024 budget, please ensure to communicate with our City Accountant, Department Heads, and My Office prior to the November 15th deadline.

Respectfully,

Austin J. Tylec

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

APPENDIX A

The following budgeted items and details were provided by Department Heads in a worst-case scenario where The Common Council may choose to cut costs from the levy for the 2024 budget. Please note, these items would have an adverse effect on the department’s daily operations or daily services our residents expect, and The Common Council should consult with the corresponding Department Head’s prior to any decision/vote.

Item & Detail	Savings
Approximate cost to remove a full-time city position in any department (salary and benefits). Contractual restrictions may apply depending on Collective Bargaining Agreement.	\$80,000 - \$150,000 (varies by department and position title)
Eliminate purchasing 2 new marked Police vehicles to replace 2 existing patrol vehicles with over 100,000 miles each. By not keeping up with old cars, it will cause larger increased need in future budgets.	\$50,000
Remove funding for backfilling two existing vacancies in the Police Department due to transferring 2 officers to the School Resource Officer (SRO) Program. Not filling these two vacancies would create minimum staffing issues for shifts and increase overtime costs.	\$250,000
Eliminate the existing Drug Task Force Officer. The Niagara County Drug Task Force is a vital part of North Tonawanda and Niagara County as a whole. The DTF is comprised of members of several county-wide police departments including Lewison PD, NCSO, Lockport PD, Niagara Falls PD, and North Tonawanda PD. The DTF is under the command of Captain Jill Harrington of the NCSO. NTPD has one member of the DTF, Officer Frank Burkhardt. Traditionally, our department's member has been a detective, but to save on funds, I elected to assign a patrolman to the DTF this year. Having an officer on the DTF allows our department to be privy to shared intel about drugs and gun related crimes and investigations. With an increase in drug activity and overdoses in our city, having the intel on drug dealers that operate in our city and the dealers that are moving into our city from other areas is key to keeping our city from turning into the likes of Lockport or Niagara Falls, where there is far more drug activity and gun-related deaths. The presence of the DTF, whether doing undercover drug buys, performing drug raids, or making drug-related arrests, has certainly slowed down the progress of drug dealing in our city. If we were not part of the DTF, the safety and quality of life of our residents would quickly be affected. Criminals would quickly learn that North Tonawanda is a safe haven for them to operate out of. A spike in overdoses, disreputable people moving into our city, and gun-related crimes would surely increase and be the norm if our city is left unsupervised by the DTF.	\$88,430
Eliminate the Public Safety / Traffic Officer Position. The public safety/traffic officer position was put into place several years ago after a growing number of unhappy residents were constantly complaining of traffic violations throughout our city. There were also numerous jobs in the department that needed attention that we were hiring outside companies to complete, which became a cost burden to our department. While enforcing traffic, usually associated with a resident	\$91,544 *This cut would result in an approx. net loss of \$100,000 due the tickets generated from the position

<p>complaint, the majority of the \$250,000 generated by tickets given out during routine patrol is done by the public safety/traffic officer. By eliminating this position, that revenue would fall below \$50,000 and outside IT companies would need to be hired to solve some of our departmental computer issues. Duties of the public safety/traffic officer include, but are not limited to:</p> <ul style="list-style-type: none"> • Traffic enforcement - specifically covering the numerous resident complaints. • Traffic details - observe problem areas that are complained about by residents and report to traffic committee. • Community outreach - attend neighborhood watch meetings, assist with parades, K9 demos, etc. • TraCS administrator - act as liaison with TraCS support when the department has issues With the program. • Mobile/LERMS - act as liasion with Tyler Technologies when there are issues with software programming. • General computer work - install all new computers, printers, scanners, etc., keep software updated. • EVOC instructor - Instruct academy and In-service EVOC course for NTPD. • Range - assist on the range when short-handed or as needed. 	
<p>Removal of all sidewalk repairs in DPW. Would result in no repairs and create a liability for the city.</p>	<p>\$225,000</p>
<p>Contingent upon retirement of a Fire Department employee in 2024, not backfilling a position (salary & benefits)</p>	<p>\$150,000 approx.</p>
<p>Cutting the staffing for extra senior program activities which was allotted for a 2nd day of senior shopping.</p>	<p>\$1,791</p>
<p>Cutting our overtime budget. This money was used to cover the costs of working over for staff meetings, extended hours one day per week (until 6pm) leading up to golf season giving people who work during the day a later option to get their ID/pass. It also was used as a budgeted buffer for staff who were planning to turn in comp time into pay per CSEA contract.</p>	<p>\$2,000</p>
<p>Cutting approximately 775 seasonal maintenance staff hours which equates to elimination of a seasonal staff working 35 hours per week for 22 weeks (spring to fall). On average we work 370 hours of overtime per year. Typically our staff takes overtime as compensation time (using it as added time off since the crew is young and hasn't built up their vacation time yet). If this trend continues we will be fine; however we need to keep a steady budget for overtime should staff decide to start taking overtime as pay or converting their compensation time to pay per CSEA contract. Overtime is used for catching up on cutting grass (during spring/fall fast growing seasons) as well as for special events, and call ins (downed trees, snow removal, or other maintenance issues associated with pavilions, marina, or docks).</p>	<p>\$22,383</p>

<p>Cutting approximately 775 seasonal staffing hours from our youth sports and adult programs. This equates to cutting back on the length of season for our youth basketball programs, and adult pickleball program It also results in removing the extra program activities which was allotted for building our youth volleyball program. Also included in this cut is the removal of the additional \$300 in the overtime budget for the Recreation/Sr. Citizen Coordinator which was put in place to cover the added cost of their salary increase.</p>	\$11,930
<p>Removing any swim lessons at the school and the mushroom pool during summer time. This would result in no swim or pool activities for our youth. It would also put lifeguards out of work in NT, which would leave a gap year resulting in difficulties finding lifeguards in the future.</p>	\$52,300
<p>Removing 174 hours of staffing to our maintenance seasonal staffing. This amounts to cutting the addition of a seasonal staff for 11 weeks at 16 hours per week. Overtime is currently used for weekend maintenance (greens cut, garbage, bunkers raked).</p>	\$4,167
<p>Cutting Youth Programs. This division is responsible for our youth center operation, as well as our summer playgrounds and youth camps/activities. 2,456 hours of staffing cut from the budget, resulting in Youth Center being open only 4 days per week instead of 5. Summer playground staffing at Payne Park removed as well. Also included is in this cut is the removal of the additional \$800 in the overtime budget for the Youth Coordinator which was put in place to cover the added cost of their salary increase as well as to cover for additional special events planned.</p>	\$37,635
<p>Removing 174 hours of seasonal staffing time which results in diminishing the amount of time we have staff working at gateway harbor.</p>	\$3,736
<p>Remove Rescue 1 fire vehicle to another building, closing down fire station at 788 Payne Ave. Removing the cost of utilities. This may create delays in emergency response times.</p>	\$5,000, plus the sale of the building (TBD)
<p>Removal of 1 Assistant Attorney. May cause conflicts with ability to complete various legal tasks</p>	\$50,000
<p>Remove Volunteer Fire Hall Stipends. This would need to be negotiated among all volunteer fire halls. Currently some facilities house space for various fire and auxiliary vehicles.</p>	\$125,679