

Minutes of City of Dunkirk Finance Committee held on June 16th, 2014

Present: Councilman Mike Michalski, Chairperson
Councilman Andy Gonzalez, Member
Councilwoman Stephanie Kiyak, Member
William Rivera, City Council
Stacy Szukala, City Council
AJ Dolce, Mayor
Ron Szot, City Attorney
Randy Woodbury, City Engineer
Rich Halas, FAO
Mark Woods, City Treasurer
Steve Neratko, Department of Development Head
Guests: Gib Snyder- Observer, Sue Chiappone – Buffalo News, Kevin Wystup – Johnson & Mackowiak Accountants

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Opening: Chairman Michalski opened the meeting at 6:30pm.

Meeting Content:

Budget Transfers:

- (1) WTP \$5,000 – budget line item depleted due to unanticipated repairs to equipment. Szukala questioned why these expenses did not come before the DPW committee. Halas agreed it should come before committee. Halas noted incurred expenses were emergency in nature.

City Audit: Wystup stated he will not be presenting a final report at this time due to some discrepancies in revenue figures. Woods felt revenues should be greater than what is currently being reported possibly due to the conversion to the KVS system. Wystup stated revenues in Funds II and III are down by 6% (\$167,000 and \$250,000 respectively). Woods said that a decrease in revenues may be due to Carriage House closing of its Dunkirk facility, although that plant closing was factored into the 2014 budget. A July 7th date was set to review a final version of the audit.

Sea Wall Bonding: Woods presented a report detailing the financing of the seawall at 10, 15 & 20 year terms. All rates are estimated with a loan amount of \$3.5 million. Kiyak questioned how much rates would need to be raised in order to generate enough new revenue to make annualized payments, especially given the unanticipated shortfall in funds II & III. Woods explained the majority of the bond financing would be paid from a tax increase (Fund I revenues), with a smaller percentage being derived from Fund III revenues.

Michalski questioned why original Sea Wall bonding was listed at \$3.9 million for the original resolution, versus \$4.2 million for the most current resolution. Woods explained bond council recommended the borrowing amount be revised upwards to cover contingencies & engineering fees.

Michalski questioned Dolce as to what grant amounts were specifically being applied against the \$4.2 million project? Dolce replied almost \$400,000 from the NYS consolidated funding application and a \$250,000 bike path grant. The city is currently looking for "orphaned" projects in which additional monies could be used to offset the sea wall costs.

Michalski questioned if project did not go through this year, would any grant money be in jeopardy of being lost? Dolce stated the \$400,000 grant would be in jeopardy of being lost. Kiyak replied she had spoken to Neratko, who stated funding would still be there next year.

Szukala questioned what engineering costs & permitting fees would be lost due to not going through with the project this year? Dolce replied almost \$500,000 in engineering fees have been spent so far and was not sure about the cost of permitting fees.

Szukala felt the 15 year term option would be the most ideal financing option. Kiyak questioned what the proposed \$0.81 increase in the tax rate would mean dollar wise? Woods explained we would definitely have to over-ride the NYS tax cap with a \$0.81 increase which would be at the discretion of the council to do so and would amount to a 4.6% increase over the current tax rate.

Szukala questioned how much of the tax stabilization fund could be used if we over-ride the tax cap? Szot explained we could only go into the fund if we raise taxes by a certain dollar amount.

Michalski questioned if NYS Governor Cuomo was putting forth a plan to monetarily reward residents of communities that remain under the tax cap? Woods stated we would not be eligible for such a program if tax cap is over ridden. Dolce stated there could be other routes to take to lessen a tax increase such as budget cuts, other sources of revenues and additional grant monies.

Kiyak questioned Dolce as to what lines specifically could be cut in the future, given the possible revenue shortfalls, overtime being maxed out, HUD repayment, fire hall study at \$30,000 and an aging infrastructure. Szukala felt we needed to hold department heads responsible for overtime and spending. Gonzalez felt rates would have to be increased regardless, given the city's financial situation.

Michalski questioned if there was any short-term financing options in the near term before we have to go long-term. Woods felt we would have to go long term with financing in place by August 1st and the first payment due August 2015. Woods did not feel grant money would be in place soon enough to avoid long term financing from the start of the project.

Szukala discussed the proposed improvements at the WWTP. Given the potential revenue shortfalls and rate increases in Fund III for the seawall, she felt borrowing for those improvement could not be accomplished at this time.

Szukala explained her reasoning to support the sea wall project as: the wall is continuing to worsen, the risk of losing grants and engineering costs and if we do nothing now, we are still faced with a wall in need of repair for future administrations of the city.

Kiyak felt we needed to get a better grasp of the pending financial and infrastructure issues facing the city before moving forward with this project. Gonzalez agreed the wall was in need of repair, however he was not in favor of raising taxes by \$40-50 to construct a new wall. Rivera was unsure where he stood at this time.

Michalski stated he was not proud of the current state of the wall and residents should feel safe in using that area for recreation without fear of uneven sidewalks or re-bar exposed concrete on the beaches.

Kiyak was in favor of raising taxes to pay for infrastructure improvements before she would be in agreement of raising taxes for the sea wall. Rivera stated that of all the residents he has talked to, no one told him they were against the project.

Neratko commented on the grant money status. All \$800,000 of the NYS grant is dependent on the sea wall being constructed. He stated NYS officials were surprised the beach was still open given the current state of the wall. Neratko stressed that if we turned down this grant money, it would look very bad in securing future grant monies from NYS. The NYS grant money is available through 2015.

Woodbury felt the project could be completed this year. His professional opinion on the wall is that it needs to be replaced due to the materials used at the time of construction versus today's standards. Woodbury stated part of the project included the preservation of the existing sewer lines by the contractor. He was very confident in S. St. George's ability to complete the project. The precast walls being installed are ocean grade walls with a life expectancy of 100 years.

Meeting adjourned 7:35pm.