

Minutes of City of Dunkirk Finance Committee held on August 18th, 2014

Present: Councilman Mike Michalski, Chairperson
Councilman Andy Gonzalez, Member
Stacy Szukala, City Council
William Rivera, City Council
Rich Halas, FAO
Mark Woods, City Treasurer
AJ Dolce, Mayor
Ron Szot, City Attorney
Guests: Gib Snyder- Observer, Sue Chiappone – Buffalo News

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

Meeting Content:

Proposed Budget Transfers:

Budget transfers were addressed during the DPW meeting. Committee questioned if DPW Director Gugino had authority to access funds from Celebrations line. Halas answered Gugino does have authority to do so.

Chadwick Bay Marina Lease Payments:

The lease payment due on 06/30/2014 has yet to be received. Boat launch fees for June, July & August have yet to be received as well. Michalski questioned if certified letters have been sent out to Jeff Gambino and if so, how many. Szot stated a total of three letters have been mailed as well as emails. Dolce replied he had received one email response to date. Gonzalez recommended a stronger letter be sent out of Council's desire to move legally on this delinquency.

Seawall Financing Progress:

Information from project engineers as to what percentage of Fund III revenues could be used to pay for the seawall project has been holding up financing efforts to date. Dolce stated he did receive a response today. Woods stated there was some confusion as to the split in the percentage between Funds I & III.

Woods reported he had rough numbers with a 75% / 25% split between Funds I & III respectively based on \$4.2 million borrowed.

For City of Dunkirk residents:

10 yrs – \$1.26 increase / \$1,000 of assessed value with a sewer increase of \$0.38 / 1,000 gallons of usage.

15 yrs – \$0.92 increase / \$1,000 of assessed value with a sewer increase of \$0.28 / 1,000 gallons of usage.

20 yrs – \$0.77 increase / \$1,000 of assessed value with a sewer increase of \$0.24 / 1,000 gallons of usage.

For Town of Dunkirk water/sewer users:

10 yrs – a sewer rate of \$10.26 / 1,000 gallons of usage.

15 yrs – a sewer rate of \$10.06 / 1,000 gallons of usage.

20 yrs – a sewer rate of \$9.98 / 1,000 gallons of usage.

Szukala stated in her discussions with Woods, the 15 year financing option would be best. Szukala was concerned about industrial users being hit too hard. Industries using over 4 million gallons of water receive a discount on their rate after the first 4 million gallons. The rate for city industrial users would go up by \$0.09 to \$0.10 / 1,000 gallons.

Michalski questioned the time period needed to implement the sewer increase. Woods stated if the rate increase went into effect by November 1st, the increase would be realized in the January 31st billings for quarterly users (households). For monthly users (industry, commercial, municipal) the rate increase would have to be implemented by January 1, 2015.

Ideally, the sewer rate increase process should start for the September 2nd council meeting to be in place prior to November 1st given tabling, public hearing and NYS approval.

Szukala questioned the process for the overriding of the tax cap. Woods stated we could override the tax cap the same day council adopts the 2015 budget if necessary. The overriding of the tax cap must be done prior to the adoption of the budget. Szot stated there would be no harm in having a tax cap resolution in place prior to actually raising property taxes when & if needed. Szukala questioned if using city reserves to avoid from having to go over the tax cap would be an option. Dolce stated it could be part of the budget process.

Woods stated the NYS Comptroller would need to be contacted to verify what incentives we would be eligible for if the tax cap was never exceeded. Dolce stated Steve Neratko did attend a workshop regarding NYS incentives for residents of municipalities who do not exceed the tax cap. Dolce also said every effort would be made avoid exceeding the tax cap.

Woods stated the 15 year repayment option would necessitate the over-riding of the tax cap. Woods felt a resolution to over-ride the tax cap would need approval from the NYS Comptroller.

Review of City Audit

Halas addressed the procedural areas cited for needed improvements. Due to/From will be partially addressed when capital project funds are cleaned. Fund 15 (water plant improvements) needs to be closely examined for past expenses before proceeding further.

Dolce commented on the Bertges Property repayment. Michalski questioned if the money being debited from the HUD account was always earmarked for this repayment. Dolce stated it was designated for repayment with HUD. Dolce stated after this \$50,000 repayment, \$151,000 was still owed on the mortgage.

Failure to make a payment could negatively impact the city's credit rating and could potentially result in the city losing all that has been invested to date (foreclosure).

Dolce stated he was looking into the possibility of reconfiguring the mortgage terms; however Bertges was under no legal obligation to do so.

Meeting adjourned 7:10pm.