

**CITY COUNCIL MEETING
CITY OF WATERTOWN
April 1, 2013
7:00 p.m.**

Mayor Jeffrey E. Graham Presiding

Present: Council Member Roxanne M. Burns
Council Member Joseph M. Butler, Jr.
Council Member Teresa R. Macaluso
Council Member Jeffrey M. Smith
Mayor Graham

Also Present: Robert J. Slye, City Attorney

Not Present: Sharon Addison, City Manager

City staff present: Elliott Nelson, Jim Mills, Ken Mix, Kurt Hauk, Mike Sligar, Erin Gardner, Deputy Fire Chief Russ Randal, Fire Chief Dale Herman, Peter Keenan, Amy Pastuf, Gene Hayes

The City Manager presented the following reports to Council:

- Resolution No. 1 - Approving Franchise Agreement for Placement of Fiber Optic Cable, WESTELCOM Network, Inc.
- Resolution No. 2 -Re-Adoption of Fiscal Years 2012-13 through 2016-17 Capital Budget
- Resolution No. 3 - Pollution Control Plant Sludge Disposal Process Modification Consulting Agreement, GHD Consulting Services, Inc.
- Ordinance No. 1 - Amending the Code of the City of Watertown, §310-34, Accessory Uses in Residence Districts
- Eligibility to Serve on Boards and Commissions
- Board and Commission Appointments
- Letter from Brown, Dierdorf & Renzi regarding anonymous donation
- Letter from Thousand Islands Area Habitat for Humanity
- Community Action Planning Council of Jefferson County Inc. Audit Report

Complete Reports on file in the office of the City Clerk

Meeting opened with a moment of silence.

Pledge of Allegiance was given.

The reading of the minutes of the regular meeting of March 18, 2013, was dispensed and accepted as written by motion of Council Member Burns, seconded by Council Member Smith and carried with all voting in favor thereof.

COMMUNICATIONS

A letter was received from Donald Hassig in regards to the fluoridation of the City's water and his hopes that there be a fluoridation panel.

Above communication was placed on file in the office of the City Clerk.

A letter was received from SG Gates regarding his continuing requests for a dog park in the City.

Above communication was placed on file in the office of the City Clerk.

A Notice of Petition was received from Verizon regarding Real Property Tax assessments for 2013.

Above petition was placed on file in the office of the City Clerk.

PRIVILEGE OF THE FLOOR

Kari Chouinard, 213 South Rutland Street, addressed the chair concerning the fluoridation of the City's water and that she found studies showing fluoride lowers IQ and asked Council to make changes for the City.

Justin Chouinard, 213 South Rutland Street, addressed the chair regarding fluoride and listed 19 reasons why fluoride is toxic and mentioned the countries which ban fluoridation of water. He wished to present the information to Council and it is on file with the office of the City Clerk.

S.G. Gates, 157 Dorsey Street, addressed the chair and commented that his letter to Council was regarding the dog ban as well, and that he is most concerned with that legislation. He said that in regard to the dog attack at the Farmer's Market, the blame has been squarely placed on the dog but Mr. Gates stated that the child was running around, grabbing items off vendor's tables and the parents were not watching the child. He said no one saw the dog attack because no one was watching and added that if you have your dog in public, you should be watching your dog as well. He said the legislation was a knee-jerk reaction to the incident and the community had no chance to come forward and have a public forum to speak out on the matter. Mr. Gates said Council had stated that event organizers had the option to allow dogs or not at events, but that is not how it is now. He commented that there is no reason for schools or playgrounds to be included in the dog legislation because it was already a rule unless permission was obtained but now cannot be brought into schools because the law specifically states that. Mr. Gates said that since the socialization options have been cut for dogs, the likelihood of a dog attack increases. He mentioned a search and rescue dog that cannot be socialized at events. Mr. Gates continued with his statements, saying the volunteer historian is allowed to have his dog come with him to the historian's room but no one else can bring their dog to City Hall. He said he does not have a major problem with that but questioned why a search and rescue dog cannot train at public events. Mr. Gates said he brought a \$700,000 offer to Council for a dog park and has always said he would pay for it, including maintenance if need be. As far as location, he said Thompson Park is the place to go because every weekend the dogs are there and it does not make sense to put it anywhere else. He said he is working with the SPCA to make their dog area better.

Steve Streiger, 515 Bradley Street, addressed the chair responding to Mr. Sligar's comments at a previous meeting regarding fluoride. He also mentioned it would be nice to have a dog park and suggested having an animal behavior professional to socialize children with animals.

Tammy Angel, 166 Cedar Street, addressed the chair saying she is from Plattsburg but moved to the City to teach in the Watertown City School District. She wished to voice her support regarding socialization of dogs and said she owns two Boston Terriers which she used to bring to her special education classroom and knows the benefit of that interaction. She stated there were two dog parks in Plattsburg and it was a very animal friendly community.

Tiffany Sanders, Schell Road, Theresa, addressed the chair noting there was a letter sent to Mayor Graham from a member of Watertown Anti-Fluoridation Action to let Council know they have been in contact with a professor at St. Lawrence University known for his studies regarding fluoride and will be in Watertown on May 6th and would like to do a presentation for Council on the effects of fluoride.

Mayor Graham said he will mention that during New Business.

RESOLUTIONS

Resolution No. 1 – Approving Franchise Agreement for Placement of Fiber Optic Cable, WESTELCOM Network, Inc.

Introduced by Council Member Roxanne M. Burns

WHEREAS the City of Watertown is a municipal corporation organized under the Laws of the State of New York and , as such, owns underground conduit within the City of Watertown for the City's use in encasing City-owned fiber cable, and

WHEREAS the City has available space in its conduit which can be efficiently utilized by others for similar purposes to the extent such additional facilities do not interfere with the City's needs, and

WHEREAS the City desires to advance the public purpose of promoting, developing or expanding business within the City by permitting the location of private facilities within the City's existing and proposed conduit, and

WHEREAS in pursuit of that public purpose, the City desires to grant non-exclusive franchises for the operation, management and maintenance of private lines within the City's conduit, and

WHEREAS WESTELCOM Network, Inc. has expressed a desire to enter into a non-exclusive franchise with the City,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby approves the Franchise Agreement for Placement of Fiber Optic Cable with WESTELCOM Network, Inc., a copy of which is attached and made a part of this resolution, and

BE IT FURTHER RESOLVED that the City Manager, Sharon Addison, is authorized and directed to execute the Agreement on behalf of the City of Watertown.

Seconded by Council Member Teresa R. Macaluso and carried with all voting yea.

Resolution No. 2 – Re-Adoption of Fiscal Years 2012-13 through 2016-17 Capital Budget

Introduced by Council Member Jeffrey M. Smith

WHEREAS on May 26, 2012 the City Council adopted the Fiscal Years 2012-13 through 2016-17 Capital Budget, and

WHEREAS City Council desires to add the design of the sludge disposal operations modifications at the wastewater treatment plant in the amount of \$640,000, and

NOW THEREFORE BE IT RESOLVED that the Fiscal Years 2012-13 through 2016-17 Capital Budget is amended to include the Wastewater Treatment Plant Disinfection System Design project at an estimated cost of \$640,000 in FY 2012-13.

Seconded by Council Member Teresa R. Macaluso and carried with all voting yea.

Resolution No. 3 – Pollution Control Plant Sludge Disposal Process Modification Consulting Agreement, GHD Consulting Services, Inc.

Introduced by Council Member Teresa R. Macaluso

WHEREAS the City of Watertown owns and operates a Pollution Control Plant located at 700 William T. Field Drive, Watertown, NY, and

WHEREAS the City has been selected as the recipient of a New York State Energy Research and Development Authority (NYSERDA) grant in the amount of \$585,646 for the purpose of modifying the sludge disposal process at the Pollution Control Plant, and

WHEREAS in December, 2012 the City of Watertown released a Request for Proposal for project design, SPDES permit modification assistance, Beneficial Use Determination application assistance, and other assistance for said sludge disposal process modification, and

WHEREAS the City of Watertown received four responses to the RFQ and the Selection Committee selected GHD Consulting Services, Inc. as the best option for the Pollution Control Plant sludge disposal modification project, and

WHEREAS, at the March 11, 2013 Work Session, City Council authorized staff to negotiate a Consulting Agreement with GHD Consulting Services, Inc for design and other services,

NOW THEREFORE BE IT RESOLVED that the City Council of the City of Watertown hereby approves the Agreement between the City and GHD Consulting Services, Inc, attached hereto and made part of this resolution, and

BE IT FURTHER RESOLVED that City Manager Sharon Addison is hereby authorized and directed to execute this agreement on behalf of the City of Watertown.

Seconded by Council Member Jeffrey M. Smith and carried with all voting yea.

ORDINANCES

Introduced by Mayor Jeffrey E. Graham

WHEREAS it has been proposed to amend Chapter 310 of the Code of the City of Watertown, New York, by altering the definition of “family” and adding the taking of not more than four non-transient roomers as an allowed accessory use in Residential Districts, and

WHEREAS the City Planning Board reviewed the proposed amendments to §310-1 and §310-34 of the Code of the City of Watertown and made its recommendation on adoption, and

WHEREAS the Jefferson County Planning Board reviewed the proposed amendment pursuant to General Municipal Law Section 239-m, and

WHEREAS a Public Hearing was held on the proposed Zoning Ordinance Amendment after due Public Notice, and

WHEREAS the City Council has determined, pursuant to the State Environmental Quality Review Act that there will not be any significant environmental impacts caused by the adoption of this Ordinance, and

WHEREAS the City Council of the City of Watertown believes that it is in the best interest of the residents of the City of Watertown to make the following changes to Chapter 310 of the City Code,

NOW THEREFORE BE IT ORDAINED by the City Council of the City of Watertown, New York, that §310-1. B. of the Code of the City of Watertown is hereby amended by deleting the sentence: “To distinguish a “family” from a club, fraternity or boarding house, not more than four members of a family shall be other than blood relatives” from the definition of family, and

BE IT FURTHER ORDAINED by the City Council of the City of Watertown, New York, that the following is added to §310-34.B: “(7) The taking of not more than four non-transient roomers, provided that no sign is displayed”, and

BE IT FURTHER ORDAINED that this Amendment to the City Code shall take effect as soon as published once in the official newspaper of the City of Watertown, New York, or printed as the City Manager directs.

Seconded by Council Member Teresa R. Macaluso

Mayor Graham said that under the rules, any Zone Changes are automatically referred to the City and County Planning Boards for their review. In this case, he said, since it is unknown how long it will take to review that, he suggested until they report back to Council to schedule a public hearing.

Laid over under the rules.

DISCUSSION

Fluoride Presentation

Mayor Graham spoke regarding a public comment that Dr. Paul Connett wanted to make a presentation to Council on the subject of fluoridation. Presentations, he noted, do not really fall into the public comment section and asked if Council wished to schedule a time during a meeting as an agenda item to hear from Dr. Connett.

Council Member Smith said he would be open to seeing a presentation during a work session.

Mayor Graham addressed the audience about the procedure surrounding presentations and that they usually occur during work sessions, and during May that will be on the 13th, which would be a better format for Dr. Connett and Council and any particulars could be arranged through Ms. Addison's office.

Dogs

Mayor Graham asked Attorney Slye if the dog legislation bans dogs in schools or if that is the exclusive domain of the School Board and Superintendent.

Attorney Slye replied that he does not know.

Council Member Butler commented that there is mention of playgrounds in the legislation and there is a State Law that dovetails on that as well.

Council Member Burns said that she recalls the City's language stated City owned property and as Council Member Butler said it does dovetail into a State Legislation which takes into account the playground portion of schools but Council and the City at no time addressed the schools. In fact, she said, there are different police agencies that are sometimes invited into schools with their dogs. The City Council's intentions were never to try to control what goes on within the walls of the School District.

STAFF REPORTS

Eligibility to Serve on Boards and Commissions

Mayor Graham pointed out the memo on Boards and Commissions and the idea of casting a wider net. He said he feels this is a weighty issue and at first blush is generally adverse to it.

Attorney Slye mentioned that he spoke with the City Manager and members of the Civil Service Commission and Library Board must be City residents.

Mayor Graham commented that for the CAPC the City has shown more latitude, but said this could be looked at on a case by case basis where it is permitted; Council could do what it chooses.

Board and Commission Appointments

Mayor Graham pointed out the vacancies, including one on the Assessment Board of Review and on the Transportation Commission which occurred today and said he did not know if the individuals wished to continue serving. He also commented that he did not know how the Transportation Commission dovetails into the MPO process.

Mr. Mix said he believes at this point they can work together. The Transportation Commission deals directly with the bus system and the routes and he said he does not imagine the MPO would be selecting routes within the City. He said they can continue until such time that they find that there is a reason to combine efforts. Mr. Mix said he believes Kathy Webster, Transit Supervisor, has contacted the three members and they are willing to serve again if Council wishes to reappoint them.

Mayor Graham asked to have resolutions on the matter ready for the next meeting.

Letter from Brown, Dierdorf & Renzi Regarding Anonymous Donation

A client of the law firm is wishing to make an anonymous donation to help with bus stops around the City and Mayor Graham said he hopes the City can accommodate that kind request.

Mr. Mix replied that if Council has no problem accepting the gift, staff will get back to Mr. Renzi and let him know.

Council Member Burns asked for Attorney Slye's opinion on if the City is able to accept the gift.

Attorney Slye said the City, as the City, can accept gifts even with strings attached.

Letter from Thousand Islands Area Habitat for Humanity

Mayor Graham said the letter is outlining some of the upcoming activities and their efforts are appreciated.

Community Action Planning Council of Jefferson County, Inc. Audit Report

Mayor Graham pointed this memo out to Council.

DISCUSSION

Dog Ban Law

Council Member Burns said she had no new business to discuss but wished to discuss some of the issues that were presented tonight on the “dog ban law.” Several good points were brought up, she said, and wanted to reiterate that schools are not City owned property and there has been a lot of discussion about dogs in the schools and Council, as a body, have no control over that. The wording of that Ordinance involved City owned property and that does involve the Farmer’s Market where the unfortunate event did take place, and the market does take place on City owned property because it is in front of City Hall and it is on the sidewalk. Obviously, she said, Mr. Gates is talking to different vendors than she has talked to because the market itself and the organizers of it, which is The Greater Watertown Chamber of Commerce, were very glad when that ordinance was enacted because they did not feel that was a good venue for dogs to be mixing with so many people and children. She added that she does not know if that child was running around or not being supervised, but she said kids will be kids, just as animals will be animals and the Chamber of Commerce organizers feel that it is just not a good mix. She said she does not feel it is the Chamber’s responsibility to ensure that dogs from the City or outlying areas get socialized at their event. If the Chamber did not agree with it, she said she would not have gone forward with the legislation. Even if the young child was misbehaving, she said, there is no way he deserved what happened to him and although she said she is a dog lover, she puts human life before animals.

As far as Thompson Park goes, in regard to the location of a dog park, she said she uses that park regularly and there will always be dogs up there, some on leashes and some that will not be, but they will be socializing. It has never been her intention or the intention of Council or the City of Watertown to refrain that in any way, only when there are large events, such as the Fourth of July concert where thousands of people congregate, making an evening of it by having picnics and bringing families. She said it is so crowded that it can be hard to walk through the crowd, not a good venue for dogs to be wandering around.

Regarding the search and rescue dog, Council Member Burns said it is fantastic that someone has that dog but again a search and rescue dog should not be training on City owned property in a public venue where people do not know it is a search and rescue dog. In her opinion, she said a search and rescue dog should be training in somewhat the same regard as the police dogs are trained.

She commented about a dog park being a draw or not to the City of Watertown, but there are options as there is a dog park at the SPCA which sits right on the border of the City and the Town of Pamela so it is very close. She added that Ms. Addison is working with the SPCA to see how the City can enhance that facility so that City residents along with Town of Pamela residents can use it. Fort Drum has a dog park as well, she said. In addition, she said it is correct that the volunteer historian has been given special dispensation by the City Manager to bring his poodle into his private office. She noted he is the only one in the office which is in the basement of this building and the dog is on a leash and tied up while he is working. She hopes that everyone realizes that Mr. Clancy Hopkins has donated a majority of his life to being a volunteer in the City, in fact he was just recognized recently for that, and his poodle is his companion. Council Member Burns said that she does not want to speak for Ms. Addison but she assumes the dispensation was given because it is his office and the dog is tied up and it is a controlled environment. She added if anyone, as a resident of the City, has a concern with that, she is sure the City Manager or a member of Council would take that into consideration if they think Mr. Hopkins should not be allowed to have his dog in the historian’s office.

Dog Ban

Council Member Butler commented that he supported the legislation on the dog ban and it has been misinterpreted and Council was targeting large events where there is a mixture of food, people and children. The only way to protect a child from a tragedy like the one which happened is to eliminate the dog from the scenario, he said. It only takes one irresponsible action to disfigure a child permanently. He said he wants to pass laws that may reduce the risk of that and the dog ban does just that. Not everyone, he said, will be a responsible dog owner and there are really only three or four events per year that the legislation has an impact on which includes the Christmas Tree lighting, the fireworks and symphony at Thompson Park and the Farmer's Market. He also mentioned that he has been in other municipalities where dogs cannot be brought to children's sporting events, which is a lot more restrictive than what the City is doing and said he will continue to support the law as it exists today.

As far as the dog park itself, he said he is more open minded about that. He asked about the type of fence that would be utilized for the park and said he did not want to see a chain link fence in Thompson Park. Council Member Butler said he is concerned about the maintenance of the park and said now is not the time to spend taxpayer money on that idea. If Mr. Gates had the funds and an architectural plan on the design, then maybe that discussion could move forward at some point. He reiterated that he is open for conversation but mentioned that he has read some of Mr. Gates' comments that he has made public and said Mr. Gates is not doing any favors in building relationships with Council, in his opinion.

With regard to the ordinance on the residential districts, Council Member Butler said there are some things pertaining to the language that he would like to see addressed. For example, he said, the definition of family is changed by deleting the second sentence, "to distinguish a 'family' from a club, fraternity, or boarding house, not more than four members of a family shall be other than blood relatives," and said he thinks the definition can improve, it can broaden and be deeper and more accommodating to the people and different units that represent family. He said he thinks there still needs to be a distinction between what looks like a fraternity, boarding house or single family dwelling. Seven or eight people that are unrelated living in a single family dwelling certainly could be a family and that definition is fine with him, but it also could look a lot like what is allowed in a residential B district and that distinction needs to be made. An open work session with members of the Planning Board would be a good place to express what Council is trying to accomplish. He said before the Planning Board meets in May, Council needs to let them know some ideas and suggested getting Code Enforcement officers involved because they are the ones out in the field taking a look at these places.

Council Member Macaluso said she agreed with Council Members Burns and Butler with regard to the Farmer's Market and that Mr. Gates calls the legislation a knee-jerk reaction but she said she always thought having dogs there was an accident waiting to happen. She said one cannot depend on animals or children to behave the way they are supposed to behave and noted she is a dog lover but she likes kids better, and would like to see them whole when they leave these functions. Council Member Macaluso said she has had nine people tell her that their children have been knocked over by dogs at the Farmer's Market and that is not fair. People do have to come first, she said.

Council Member Smith said in terms of the dog ban law, he said does not think there ever was a dog ban law and mentioned that he voted against it, not because of the restrictions at public events and the Farmer's Market, but because some of the language could be improved upon where a dog walking next to the Jefferson County Fair where there is already a fence, under the existing ordinance that would be

illegal. He said he has some concerns but respects his colleagues and supports their decision but thought it could be cleaned up a little more.

In terms of the dog park, Council Member Smith said Mr. Gates has an obsession with talking about Council Member Smith, but Mr. Gates has talked about money that was supposedly brought to the City and rejected by Council. No individual Council Member can reject or accept the money, no one has ever seen it, he said, and noted that Mr. Gates mentioned \$700,000 tonight. He said this is a time when government is trying to be lean and the SPCA has its own dog park and suggested taking that money to improve the SPCA's dog park instead of them going out and fundraising. The City taxpayers will eventually be responsible for a dog park if it is placed within the City, he said. He said he thinks the efforts are great but no one has seen the money Mr. Gates says he has.

Regarding the ordinance, Council Member Smith said he would support what Council Member Butler said that the goal has always been to preserve residential A neighborhoods, which are found throughout the City, and stop the encroachment of other districts into the residential A neighborhoods. People choose to live in our City for various reasons; some choose to live in single family home neighborhoods and they should be able to, he said. Council Member Smith said he wants the Planning Board and Mr. Mix and Mr. McWayne to improve upon this and make it better, he supports that. Roommates have never been banned, nor has it been said that people have to be blood relatives to live together and his concern with removing that language and not having a distinction is that members of a baseball team could live in a residential neighborhood and have maybe ten people live there and say they are a family. He mentioned a movie out recently about the 1980 hockey team and one of the points is that they described themselves as a family, and said that he does not think residents in A districts would want that hockey team to move in next door as a family unit. Other communities are far more restrictive than the City, for example in Albany's rental districts more than three non-blood relatives are not allowed to live together, he said. There has to be a distinction, he said, and suggested discussing it more during a work session with Mr. Mix and Mr. McWayne in order to preserve the residential A zone and recognizing the different districts where people can rent or have boarding houses.

Council Member Smith commented on the fluoride issue, he said he is open and has done a cursory review of the literature and has found no double blind placebo controlled studies, that say fluoride in certain amounts are detrimental. He said various groups support the fluoridation of water and that he would like to see the research for and against. He said he would look forward to hearing from the professor from St. Lawrence University and hearing his comments and point of view.

Council Member Burns said she would like to dovetail on the Councilman's comments as far as the change that was made in residential A property, saying she does not want to call it what everyone likes to call it, as far as a 'roommate ban,' because that was never the intention of Council. This is something that has morphed into something bigger, she said, than anyone ever thought it would. There are varying opinions on Council that divide it but everyone will agree that Council did not in any way want to try to make anyone have to leave their home or define what a family is, she said. Council Member Burns said she would be the first to admit that zoning issues are the most difficult issues that she has had to ever make decisions on as a Council member, adding that they are generally not issues to most people until it affects them. She said she feels Council wants to do what is going to be the best thing for Codes to ensure compliance. In addition, she said she admits she is not an expert in zoning or zoning districts and she said she is not a planner and noted she would like to recommend that someone from the City's planning staff, whether it be Mr. Mix or someone designated by him, get together with the Planning

Board and look at the language and make a recommendation. Some people say Council acted too quickly, and perhaps we did, she said, she understood the point the residents were making who signed the petition brought by Mrs. Cavallario, that they wanted to preserve their investment in a residential A neighborhood. Then again, she said she is not here to say that if someone wants to take in someone who is not a blood relative and they have a driveway that can accommodate an extra vehicle or two, she has no problem with that. When the zoning law was written, families had one car and times have changed. She wished to reiterate that Council is just trying to protect the integrity of the investment that people have made in residential A neighborhoods by avoiding boarding houses and apartments in that district.

Mayor Graham said he had not planned on discussing the ordinance this evening, but rather his goal was to make the proposal, get it introduced and seconded, have it held over under the rules to go to the City and County Planning Boards, and then hold a public hearing. Through that process, there would be reviews or revisions to what he had proposed, he said, and he thinks the key on that is when an ordinance is introduced and seconded as it was with the original incarnation that led to this, the Council allowed it to go to the Planning Board and did not try to intercede with work sessions or other ad hoc committees. While he respects his esteemed colleagues, he said there was an honest difference of opinion at the beginning on this issue as to whether it was necessary and it went through with some recanting of positions afterward that led him to believe that proposing what he did in a form of an ordinance was an appropriate thing. He said he would appreciate this ordinance going through the due process and then see what the end result is. Mayor Graham said he respects the right of people to extend comments and wished to let this move forward in a somewhat methodical, perhaps slow, method that will allow calmer voices and introspection over the coming weeks. He said he is content to see where it goes with the Planning Board.

Budget

Mayor Graham said he was told it was nice to see Council concentrating on macro- instead of micro-issues in both its debate on the MPO and the prequel to the budget. One of the things that Council and staff have been trying to do this year is to set some parameters that influence what the final document is, because often the final document was received with all the variables filled in and it left Council fighting over a handful of expenditure items. Mayor Graham said he looked at what Ms. Addison presented last week, which if one takes the as-it-is type budget she had put together, the total comes to a budget of roughly \$41,000,000. Then when that is taken with other variables, it comes to a \$2.6 million differential which has to be bridged through a variety of means. Mayor Graham referred to the memo given to Council. He said the City received about \$18 million per year in sales tax revenue and in past years have exceeded expectations, and this year the City has projected 5% and he believes that will be achieved, however, the margins have been getting closer and there is a general feeling that the proposed increase should be dropped. In the prequel, it was dropped to 3% but in talking to Ms. Addison she said she would be comfortable with perhaps 3.5% which would net an extra \$90,000. The prequel budget did not have any appropriation of fund balance which historically been done. The City is maintaining a fund balance in part to reduce debt, which has been done, but also in part to deal with the pension bubble which peaks in 2015-16. Mayor Graham suggested to Ms. Addison that perhaps the City appropriate the same \$1.6 million next year as we did this year. There is also the issue of debt versus operating expense for a variety of items, he said. He suggested taking the pavilion and restroom roof and the design of the Arena, totaling \$350,000, and take it out of operations and put it into debt on those two projects. He said the snow shoot versus the pole barn could ultimately be moved around, but this was a simple way to do it. He also suggested taking a look at operating expenses and noted there were some things that caught

his ear during Ms. Addison's presentation and he suggested taking a second look at expenditures over the next two weeks and perhaps cut them by 3% or \$420,000. When those four steps are done, the City is still \$140,000 short or about a 2% increase in the current tax levy. Also, based on the pension smoothing issue, he does not preclude the use of the Comptroller's program in future years but said he does not think the City needs to get into it this year. In setting those basic parameters, Mayor Graham said that is where he would like to kick off discussion tonight.

Council Member Butler said if you look at some of the Capital budget items that are taken from operating funds, the design for arena improvements and the pavilion and switching that to debt, he said he would look at other items like the tractor with the mower for \$115,000, the 4x4 backhoe for \$105,000, the single axel dump truck for \$135,000 and said those are items that the City are going to buy in the near future and those could be deferred. Council Member Butler said the City has done so well in eliminating the debt as a percentage of our appropriations, and referred back to figures in 2010-2011 the principle on our debt was \$3.5 million and now it is approaching \$2 million, which is a significant reduction. He added that the City is a AA rated municipality which is an enviable position and should work as hard as it can to maintain that because it will keep the City's borrowing expenses down in the future. He said the City should look at those items he mentioned to eliminate and not issue the debt on \$350,000. Instead of issuing debt, the City would continue to pay for the pavilion and the design of the arena but instead of borrowing it would be paid for out of the operational revenue and then eliminate some other items, like the backhoe.

Mayor Graham said that in talks with Ms. Addison and staff, they will decide whether some of the vehicular purchases are necessary. The question is, does Council want to take some of the long term Capital projects and convert them to debt, as in the two projects mentioned which amount to \$350,000, then some other items may have to be cut to reach the other \$420,000.

Council Member Smith asked about the planning items and if they would involve more short term debt.

Mr. Mills responded saying regarding equipment of this nature, the most he would recommend is five years.

Mayor Graham inquired about the rehabilitation of the arena that may cost \$5 million and the design which may cost \$150,000, and if the \$150,000 is part of the \$5 million.

Mr. Mills said it will eventually become part of that and initially there will be a planning/design ordinance, and noted the City will not actually borrow that money because then the payback clock starts as soon as the construction phase is started and the ordinance wording will be changed to construction and the design money will be moved into that bond.

Mayor Graham said what is trying to be accomplished is to get some agreement on principles as to where Council wants to go to bridge the \$2.6 million. One could say that \$2.6 million could be cut from the \$41 million, he said.

Council Member Butler said there are only so many items, including personnel and fringe benefits which account for around 70% of the budget.

Mayor Graham said what happens then is the same argument is entered into as with sequestration which is a small percentage in the aggregate but it could be 100% of certain items and zero percent of others. Some of the operating capital projects could be converted to debt in order to help create a portion of the \$2.6 million, he said. There has to be some guidance and Council needs to be on the leading edge of setting parameters as opposed to just reacting to something that is there and there is an obligation to do things better now. With a new management team, now is a good time to make some changes, he said. The Mayor discussed that the budget is generally unveiled the third week of April. In terms of the expense side of things, the Mayor said the budget is largely outlined.

Council Member Butler said one thing he thinks should be recognized is if the \$1.6 million will be spent from the fund balance, making the assumption that it is \$8.3 million, then next year will be tough with pension costs being at its peak and the City will not be able to take another \$1.6 next year and still be at a healthy fund balance as a percentage of appropriations. If \$40 million is being spent and there is \$8 million in fund balance, that is 20% which is a favorable amount, and with the AA rating those things are looked at by analysts and if appropriations start to dip below 15%, he said he would be worried about that. If the \$1.6 is spent now to get the City through this year, and make that tax levy look good at 1% to 3%, he said he is not sure the City would be in the position to do it next year and still have as healthy a fund balance as a percentage of the budget.

Council Member Smith said he thinks this is a good framework and suggested changing a few things such as trying to cut the operating costs and bumping the percentage to 3.5% and possibly converting some items to long term debt. He added that the City has worked hard to keep the debt down and suggested holding off on buying some of the vehicles.

Mayor Graham said he believes the dilemma is that people are playing the percentage game so a one percent increase in spending when applied against the levy which 18% of the budget results in about a five or six percent increase. So these relatively small figures, he said, when applied to the \$7.4 million suddenly result in percentages that do not go over well in public venues. He said he does not think that anyone would vote for the kind of levy increase that would allow the \$1.6 to be reduced down to \$1 million, which would be a 20% increase in the levy or more. Mayor Graham said he wished to get agreement on some items before moving on mentioning sales tax revenue and asked Council if they accept the 3.5%.

Council concurred.

Mayor Graham asked if Council wanted operating costs cut by 3 % to 3.5%. Part of bridging the \$2.6 million is to cut a greater amount through cuts and a lesser amount through funding, he added that those could be varied later.

Council further discussed options for achieving the desired percentages and said 3.5% is about \$500,000.

Mayor Graham said there is a pole barn that is coming out of the reserve fund and the snow platform, and he mentioned no one is excited to spend \$90,000 on something no one will look at. Those are management decisions, he said, and she and her staff have to decide. He said the question is about the \$2.6 million compressed by spending cuts or through conversion of some items to long term debt. He asked Council where they stand on the fund balance.

Council Member Burns said she is comfortable appropriating \$1.6 million of the fund balance. She said the City is in a comfortable spot because up until now the City has made sure that the fund balance stayed at a healthy level and that is why it was done, for times like this. She said as long as the tax increase can be kept down for taxpayers of the City of Watertown, Council is obligated to do so. Council Member Burns questioned if the fund balance will be healthy enough next year to do the same, and at this point the City has collected an excess of \$8 million in taxpayers' funds that the City is not using, and said if the City can give some of it back and keep the tax rate down, Council is obligated to do that.

Mayor Graham said he is not adverse to consider stabilization options from the State.

Council Member Macaluso said perhaps a compromise could be reached on the fund balance then maybe it could be squeezed out of some place else. She said she agrees with Council Member Burns and Council Member Butler in that she does not want to take the money out of fund balance but it is the tax payers' money and one way or another the City will have to get replenished and added that she hates to see taxes go up when there is money there that will pad another year for residents.

Council Member Smith said leaving the appropriation at \$1.6 million is fine to start with but added that he is cautious and understands what Council Member Burns is saying and said the City will have to be more cautious through the year and hopefully the revenues will come up. He said in the years that Council and the Mayor have been here, the tax rate has been reduced by 35-36%, the City's debt has been reduced by over \$10 million and the bond rating has gone up. He said he would like to see where more cuts could be made.

Mayor Graham asked if the Council is willing to accept any kind of levy increase this year because that is a component of this also.

Council Member Smith said it can be looked at.

Council Member Burns commented she thought it would be unrealistic to think Council could move forward without any levy increase and said she did not think taxpayers would expect Council not to have some increase because although Council is working to keep the levy increase down the City is certainly still putting money into infrastructure improvements.

Mayor Graham noted that in this scenario it was a 1.92% levy increase. He asked if Council was in agreement to not jump into the pension smoothing this year.

Council concurred.

Mayor Graham referred to items 3 and 4 on the memo and that there is a difference of opinion on what should be bonded for and noted between those two items there is about \$750,000 to \$800,000 that has to be finagled out of there in order to beat the rest of the matrix. He asked Council if they would be content to let the Manager come up with proposals that would redo that so she can decide on equipment and other items.

Council concurred.

Mr. Mills said that regarding the equipment, to a large extent, the City already has discussed and moving the purchase out another year, while it can be done, is a slippery slope. In terms of fund balance, one thing he said he would like to make clear is that fund balance is also how the City addresses cash flow and by agreeing to take the \$3.1 million spin up of state aid last year the City also agreed by that to push most of its state aid payments to June 15 of the fiscal year, which is about \$4 million dollars out of the \$4.7 million, take that plus that June's payment of sales tax revenue and that is a big chunk in the last few weeks of the fiscal year. Payroll has been made by then and all debt payments have been made by then, and with the exception of a minimal amount in accounts payable that fund balance needs to stay at a certain operating level or otherwise the City will go back to the days of issuing tax anticipation notes every year and borrowing money on our future revenue sources by taking fund balance too low.

Council Member Macaluso asked where that level needs to be.

Mayor Graham reviewed the agreements made tonight and said Council has agreed to the 3.5% and the \$1.6 million fund balance, and in sections 3 and 4 try to get \$800,000 in cuts or transferring, and accept the levy increase as prescribed here to stay out of pension smoothing.

Council Member Butler said he is not in agreement with the \$1.6 million figure but it sounds like it is going to fly with the rest of Council, and asked how low could the levy go before issuing a tax anticipation note or some similar instrument.

Mr. Mills said he would have to look at typical June numbers but noted it would be close to the \$5 million number.

Mayor Graham said he appreciates the participation in the discussions tonight.

A D J O U R N M E N T

At the call of the chair, meeting was duly adjourned at 8:24 p.m. by motion of Council Member Macaluso, seconded by Council Member Burns and carried with all voting in favor thereof.

Amanda C. Lewis
Deputy City Clerk