

**CITY COUNCIL BUDGET SESSION  
CITY OF WATERTOWN  
May 22, 2019  
6:00 p.m.**

**Mayor Joseph M. Butler, Jr. Presiding**

**Present:** Council Member Ryan J. Henry-Wilkinson  
Council Member Cody J. Horbacz  
Council Member Lisa A. Ruggiero  
Council Member Sarah V. Compo  
Mayor Butler

**Also Present:** Richard M. Finn, City Manager

**City staff present:** James Mills, Fire Chief Dale Herman, Deputy Fire Chief Russell Randall, Patrick Keenan, Mark Crandall, Brian Phelps, Dale Morrow, Police Chief Charles Donoghue, Matthew Roy, Andrea Carr, David Wurzburg

**DISCUSSION**

**Fire Department**

Mayor Butler introduced Fire Chief Dale Herman and Deputy Fire Chief Russell Randall for their presentation of the Fire Department's portion of the budget.

Referring Council to page 277, Chief Herman began with the capital budget listing proposed vehicle purchases for this budget and future years. He explained the current apparatus replacement plan that his department adopted in 2008 and the importance of adhering to the standards of this plan. He pointed out that the aerial ladder truck replacement continues to be pushed back another year, as it has been since FY 2016-17, and he expressed his concerns regarding this. He stressed that the proposed capital plan does not follow the existing model for vehicle replacement and rather indicates a model of "use until the vehicle fails" or that there is a desire to only have one aerial truck for the Fire Department. Discussing the age and condition of the frontline and reserve aerial ladder trucks, he indicated that Ladder Truck 1 is due for refurbishment this year and Ladder Truck 2 is overdue for replacement, and he strongly believes the replacement should have been done prior to this because he has concerns of relying on Ladder Truck 2 while Ladder Truck 1 is sent away being refurbished. He also expressed concerns over a City this size only having one ladder truck, as well as relying on other fire departments in the surrounding area to provide backup coverage for the City. He mentioned the issues that Fort Drum and the Town of Watertown have with their ladder trucks so it may be difficult to depend on their coverage. He encouraged Council to reconsider this capital plan proposal and have the replacement of the 1986 Ladder Truck 2 arrive prior to the refurbishment of the 2004 Ladder Truck 1.

Discussing other vehicle replacements that have been pushed back in the capital plan, Chief Herman relayed his issues with these vehicles not being replaced as originally planned, noting that they are in bad condition. He pointed out that the current Vehicle 8-14 is a Ford Taurus, which was originally purchased as a take-home vehicle for the Deputy Chief in 2006 and never intended to have any logistical capability for the department, no longer passes inspection and cannot be used. He said that the department vehicle replacement plan had this vehicle scheduled to be replaced in FY 2017-18, along with two other vehicles: 2006 Chevy Silverado and 2006 Dodge Durango.

Lastly, Chief Herman advised that the estimate of \$220,000 to refurbish Ladder Truck 1 is based on putting it into reserved status afterwards and not a refurbish to bring it back to frontline status. In response to Council Member Horbacz's question, he provided an in-depth outline of the work that would be needed for a refurbishment versus an overhaul to place it back as a frontline vehicle. He said Pierce estimated the overhaul of the aerial piece in itself would be closer to \$250,000.

In response to Council Member Horbacz's inquiry to the debt service, City Comptroller James Mills replied it would be \$28,600 for refurbishing the truck and approximately \$135,000 for the purchase of a \$1.3 million truck

City Manager Finn said, in his experience, when vehicles are refurbished they are put back on the frontline for another five to seven years to get the additional time before putting it into reserve and it pushes off the need to buy another vehicle, which saves money. He informed Council that for the size of the City's Fire Department, having two active aerial trucks is not normal, especially for a City this size that has a township with aerial trucks and Fort Drum with an aerial truck. He stressed it does not make any sense to do it when the City is in a fiscal crisis like it is right now. He stated that his recommendation stands based on his experience in other communities and he reiterated his recommendation is to refurbish what the City has and take care of it to get another five to seven years and push back the purchase of a new one for that time period, then at that time, buy a new one and place the refurbished one in reserve. Mr. Finn said right now the City is confronted with a pool and a new courtroom so to add an aerial ladder truck costing approximately \$1.3 million as a new item under debt would cost the City about \$400,000 - \$500,000 of new debt payment for all this items. He added there is no way the City can support that without a significant property tax increase.

A discussion of the availability of backup coverage from the surrounding fire departments, as well as their equipment, occurred.

The discussion turned back to the replacement of other vehicles within the department and it was noted that the Vehicle 8-14 Ford Taurus, which the replacement of was pushed back to FY 2020-21, was requested to be replaced by a crew cab pickup truck instead of a sedan car, so the purpose for this and its vehicle's use were questioned. Chief Herman stated the plan was to move to vehicles that are more utility type vehicles for the Fire Department and noted the new pickup truck would be used for snow removal, equipment retrieval, and moving personnel around to incidents.

Mr. Finn interjected that this is an example of "vehicle creep" in that the Ford Taurus was for a completely different function, but it is replaced with a truck with a new function. He stated this is inappropriate, and in all his years of experience, he has never seen such a backup fleet and total number of vehicles like this Fire Department has. He stressed it is not normal.

Chief Herman pointed out that the 2006 Silverado and the 2006 Durango are the same age as Vehicle 8-14 (2006 Ford Taurus) so if it is not replaced now, there will be an issue if the 2006 Silverado and the 2006 Durango failed to work as well at some point through this year.

A lengthy discussion occurred over the replacement of the 2006 Ford Taurus with a crew cab pickup truck instead of a sedan car, other non-firefighting vehicles of the department, and the uses for these vehicles. Also further debate took place regarding the refurbishment of Ladder Truck 1 and the

reliability of Ladder Truck 2 during this refurbishment time period, the purchase of a replacement of Ladder Truck 2 and concern over paying for it, and the availability of backup coverage and resource sharing options from the surrounding fire departments. It was pointed out that the aerial pieces of the ladder trucks have passed certifications annually and will continue to be tested. The deployment model and number of times the ladder trucks responded to calls and the types of calls were reviewed, as well as the incidents in which the aerial ladder was needed and extended to fight a fire.

In response to Council Member Horbacz's inquiry about debt service that is falling off versus what is new, Mr. Mills said \$150,000 will come off in terms of fixed debt payments, but much more is coming on in terms of projects the City is committed to. He listed the approximated debt service of the following projects: City Court renovations and parking lot is \$425,000, Thompson Park Pool is \$291,000, Pearl Street Bridge reconstruction is \$50,000, Cooper Street Outfall is \$27,000, Massey Street/Coffeen Street/Court Street Bridge rehabilitation is \$300,000, air handlers for City Hall is \$50,000, refurbishment of Ladder Truck 1 is \$30,000, and DPW's half of the sewer vac is \$25,000. He summarized that approximately \$1.5 million in new debt service annual payments will come on next year, and he verified for Mayor Butler that the City debt service annual payments will go from \$2.87 million to \$4.231 million.

Discussion turned back to the refurbishment of Ladder Truck 1 and the purchase to replace Ladder Truck 2 and further debate took place. Council made no changes to the proposed capital budget.

Lastly in the capital budget, Chief Herman discussed the details of Station #2 - Driveway Apron project (page 288).

Turning to the operating budget of the Fire Department on pages 93-98, Chief Herman reviewed the staffing levels within the proposed budget, and he compared it to what he original requested and the reasons for his request. The implementation of a part-time Fire Educator position and the Chief's ideas for filling that position by promoting a current firefighter were reviewed. He pointed out that the wages are based on the 2014 contract rate and any anticipated raises are included in the contingency fund.

Mr. Finn stated he put this in as a part-time position because in his experience the work involved does not require a full-time person, and he suggested filling it with a retired fire officer as a civilian position. He confirmed that he did not intend for this to be a union position. He also mentioned other options that he has seen for staffing this position.

A lengthy discussion and debate occurred regarding the Fire Prevention Bureau, Fire Education position, the duties and responsibilities of each, staffing of each and whether it needed to be a Fire Captain versus a Firefighter, the availability of this position to be assigned to the line, how it was staffed in the past, company level inspections and fire personnel assigned to the Code Enforcement Office. Many topics that dealt with union issues and the arbitration process were brought up and it was noted that much cannot be done until the arbitration and court proceedings are settled.

Mr. Finn advised that once a decision has been rendered by arbitration then everyone needs to sit down and work out a plan on how this will all be done.

Focusing back on operating expenses, Chief Herman noted his request for the turnout gear was reduced to \$35,000 by the City Manager.

Mr. Finn explained that the department just hired eight new officers with new gear so there is no need to replace as much gear this year.

Chief Herman advised that the amount listed for hoses and nozzles may change because it is contingent on being awarded a grant.

Lastly, a discussion of overtime and the effect of staffing levels on the overtime amount took place. Mayor Butler indicated that he expected overtime would have been lower due to the new hires.

In response, Chief Herman mentioned that six personnel were out on long-term medical leave and provided details for each.

Answering Council Member Ruggiero's question about the year-to-date overtime amount in comparison to last year, Mr. Mills stated year-to-date is \$776,814 and last year-to-date was \$631,597.

### **Fiscal Year 2019-20 Budget Update Report**

Mr. Mills provided Council with a report containing an update on the changes to the proposed budget as a result of the last budget session (on file in the City Clerk's Office).

#### **Zombie 2.0 Grant**

Mentioning that he advised Council at the last budget session that the Zombie 2.0 grant was not awarded, Mr. Mills reviewed the effect that it has on the budget and indicated that the net impact of \$20,000 still needs to be funded because it was to pay for a portion of the Building Safety Inspector position in the Code Enforcement Office.

#### **Council Salary Increases**

Mr. Mills indicated the decision by Council to not take their salary increase saved approximately \$2,000.

#### **Human Resources**

Mr. Mills explained that an error in the Excel document was discovered which saved approximately \$5,000.

#### **Contingency Fund**

Mr. Mills stated that after discussing this with Mr. Finn, it was decided to take the difference of the above changes out of the Contingency Fund since it was approximately \$13,000.

### **Parks and Recreation - Playground Program / Engineering – Dog Park**

Mayor Butler suggested reducing the General Fund's portion of the Risk Retention Fund from \$45,000 from \$40,000 in order to use the funds for the Academy Street playground program, and he suggested eliminating the \$5,000 allocated to the dog park location study in order to fund a playground program at North Hamilton Street or Portage Street.

In response to Council's questions, Erin Gardner, Superintendent of Parks and Recreation, noted North Hamilton Street did not have a playground program last year and Portage Street's program average 8-10 children per day. She stated her choice between the two locations would be Portage Street.

Council Member Horbacz agreed Portage Street was more in need of a playground program.

Mayor Butler summarized that \$5,000 would come from the Risk Retention Fund for the Academy Street Playground program and the \$5,000 for the dog park would be reallocated for a program at the Portage Street Playground.

Council concurred.

Mr. Finn advised that he put the funds in the budget so that there would be an emphasis on the dog park and asked if he is to assume that the City is to “back off” this emphasis.

Council Member Ruggiero mentioned that Mr. Gates stated the other night he would rather see a playground funded and he did not want to see funds being missed from a playground to go towards the dog park, so he actually volunteered the funds be applied this way. She said that she thought, and thinks Mr. Gates said the same, that it was his understanding that he needed to raise funds for all of the expenses of the dog park, to include all of the design and work.

Council Member Henry-Wilkinson added that he thinks Mr. Gates supports the finding of Mr. Hayes report, so he does not want to see the City spend another \$5,000 on another study.

Council Member Horbacz cautioned that Council should not go on the recommendation of one citizen.

Council Member Ruggiero clarified that she was prepared to object to spending the money on a dog park location study and the only reason she was in agreement with a dog park in Thompson Park was to set the ball rolling for Mr. Gates. She reminded Council that it was put on Mr. Gates last year and it was his responsibility to raise all of the funds and do whatever was necessary to design it, and she pointed out that Mr. Gates said he had engineer friends that could do it.

Council Member Horbacz commented that you either support a dog park or you do not, regardless of what Mr. Gates has to say. He noted that this has been problematic because for twelve years, Mr. Gates has had problems getting anybody to help him do any kind of fundraising, so he would not rely on one person to get that done.

Council Member Ruggiero stressed that she still supports the idea of a dog park in Thompson Park regardless of who is behind the funding for it and the reason why she agrees to taking the \$5,000 out of the budget does not mean she is against any future dog park. She added that she thinks these funds would be well used somewhere else.

### **Multi-Year Plan**

Referring Council to page 330-331 of the proposed budget, Mr. Mills discussed in detail the assumptions on key pieces that he uses to develop the Multi-Year plan. Those are the cost of living increase, property tax levy, sales tax, State aid, sale of hydropower, personal services, retirement expenses, health insurance and debt service.

Mayor Butler asked how many Police and Fire Retirement rates are in Tier 2 and wondered if the number is shrinking.

Mr. Mills replied that based on the FY 2019-20 invoice for the Police and Fire, 80% of the dollars are Tier 2 and he does not have a comparison to last year with him. He indicated that for ERS, Tier 4

represents 62% of the bill and Tier 5 and Tier 6 represents about 35% of the bill, so it is growing quicker towards Tier 6 than the Police and Fire are. He clarified for Mayor Butler that Police and Fire contains Tier 2, Tier 5 and Tier 6, noting that both Tier 5 and Tier 6 have contributory and noncontributory levels, but predominately they are Tier 2 and he thinks it will remain that way until 2024.

Turning to page 336, Mr. Mills explained the boxed in column is the proposed FY 2019-20 budget which at the end finishes with an estimated unreserved fund balance of \$9,987,516 or about 23%. Moving over one column to FY 2020-21, he said the top row shows a deficit of approximately \$3.6 million which would bring the City down to 14.83% fund balance. He presented the necessary tax increase of 12% and fund balance appropriation in order balance the budget and stay the within the minimum fund balance needed for cash flow. Stating the minimum fund balance that he feels comfortable with is \$8 million, Mr. Mills explained that \$4.6 million of State aid is received on June 15, and on June 15 and July 15, the City receives sales tax payments of approximately \$1.5 million each. He summarized that totals approximately \$7.5 million, which is not received until the fiscal year is almost over. He stressed by that time in the year, he has paid all the payrolls and all of the debt service for the year, so if he does not start each year with \$8 million he will not get to the end of the fiscal year without coming to Council asking for a revenue anticipation note or a tax anticipation because the City does not have the revenue yet to pay the bills. He stated that when he builds this model, his goal is to look at the bottom-line and make sure he ends up with approximately \$8 million. He added that the Government Finance Association has a standard, which does not take into account the volatilities of the revenue, of at least two months of expenses in fund balance, which is about 17%. Looking ahead at future years, he explained there is no more fund balance that can be appropriated, so the full deficit for FY 2021-22 has to come from a 24% levy increase, and the tax levy increases for the following two years would be 8% and 7%. He reiterated this model is based on the assumptions that he reviewed, and in his opinion, the solution he offered is to maybe minimize capital projects which would minimize debt service or live outside of the tax cap. He commented that the City cannot continue to live within the tax cap and expect to meet the needs of paying the bills and providing the services that this Council wants to provide. He stressed the good news is that the City caught a break this year with the health insurance being able to be adjusted downwards about \$1 million, the new sales tax internet revenue and a couple of vacancies being able to be eliminated. He summarized this is where the \$1.5 million came from this year to help balance the budget without making any major structural changes or discontinuing any services.

Mr. Finn explained that he plans to develop a 10-year plan with the department heads, which will set forth what needs to be done in order to meet those deficit amounts. He proposed a continued reduction of staff, increase of revenue which would include a reasonable adjustment to the property tax and reduction of expenditures. As far as staff reductions, he warned the City does not have enough employees to make up the difference if Police and Fire are not considered as well. He mentioned that some cities with fiscal challenges have eliminated their staff by going to all contracted employees.

Council Member Horbacz recommended establishing a committee to develop a solution to the loss of the revenue when the hydro contract expires.

#### **Law Account – page 48**

Council Member Horbacz mentioned the \$20,000 included in the budget for Bond, Schoeneck and King and asked what is was for.

Mr. Mills replied it was the estimate that was provided by Attorney O'Neil to wrap up to the items that are still in process with the Fire Department negotiations.

Council Member Horbacz pointed out the \$45,000 for Barclay Damon and expressed his concerns with defending this lawsuit and questioned whether it was necessary to do so. He asked that this amount be removed or decreased and insisted the case be handle by Attorney Slye instead of an outside attorney.

Council Member Ruggiero asked if the City has ever considered countersuing, stating that the City should not have to pay to defend itself on something like this.

Mr. Finn explained that an outside attorney was chosen because they have expertise and experience in this line of work and suggested this discussion would be better suited for executive session since it regards pending litigation. He offered to arrange for the attorney to speak to Council in executive session.

Regarding removing or decreasing the expense, Mayor Butler indicated that he does not support that.

Council Member Henry-Wilkinson said he understands Council Member Horbacz's point but prefers keeping it in the budget. He noted that keeping it in the budget does not mean it has to be spent.

Council Member Compo agreed, stating it is better to have it in the budget if it is needed. She also said she understands Council Member Horbacz concerns.

#### **Code Enforcement - Municipal Building Account**

Referring to page 67, Council Member Compo asked if the high-definition cameras could be paid for by the Court Administration as part of the security upgrades.

Mr. Finn said he is not sure they will pay for anything outside of the court area.

Justin Wood, City Engineer, explained that these are a recommendation of the Safety Committee and will be installed throughout the building, including the second and third floors. He said he can speak to the Court Administration about it.

In response to Council Member Horbacz's inquiry, Mr. Wood provided more details on the HVAC maintenance and repair expense.

#### **Human Resource Account**

Mentioning the customer survey expenses on page 54, Council Member Compo said she thinks the City has the capability of doing in-house customer surveys, especially once the new website is implemented.

#### **LED Lighting Upgrades**

Council Member Compo advised that National Grid has a program that provides funding to assist with this and wondered if the City would qualify.

#### **Information Technology**

Council Member Henry-Wilkinson asked about the email expense on page 80 and wondered if the budget was for every employee to have an email.

David Wurzburg, IT Manager, indicated that it is not for every employee and that it is for 225 email accounts.

**Exemption Impact Report**

Council Member Ruggiero reviewed the report listed on page 343 and commented that there is a large number that are tax exempt.

Mr. Mills referred her to page 348 and page 351 for see the subtotals for State Mandated Exemptions and Local Option Exemptions.

Work session ended at 8:23 p.m.

**Ann M. Saunders**  
City Clerk