



City of Niagara Falls, New York

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December 7, 2009

Mayor's Veto Statement

2010 City of Niagara Falls Budget

As a candidate for office in 2007, I promised some important changes in the way City Hall was run. I promised that I would seek an end to the acrimonious and destructive political in-fighting between Council and Mayor that had dominated the previous few years and prevented progress on a wide range of issues. I promised that I would restore confidence in the integrity of the mayor's office and avoid making City Hall a dumping ground for office-seeking relatives, friends and political cronies. I promised that I would break the political mold by retaining competent appointees from the previous administration despite their lack of any political tie to me personally, and I did that. I also said I would seek out highly-qualified individuals for certain key positions, conducting a nationwide search and offering competitive salaries to recruit talented individuals from outside the area—individuals with no tie to any developer, political faction or other individual or entity that could cause their integrity and impartiality to come into question. In light of the scandals then racking the city and the general ineffectiveness of city government, I felt there was no other choice. And the voters agreed.

As part of my strategy to work cooperatively with the Council, I have held weekly meetings with the Council leadership from the transition (before I had even taken office) through the present. In an extraordinary gesture of openness, Council members were invited to attend budget meetings from the very start of the administration's process—i.e., from the very first meeting when a department head presented a draft budget to the City Administrator and City Controller. By the time the Mayor's Budget was presented on October 1, 2009, the Council had been afforded every opportunity to have input into the final product for many weeks. There should have been few surprises.

The budget that we presented on October 1, 2009 was a sound one. Despite rising costs in pensions, declining interest income and a host of other challenges, we presented a budget for the second year in a row with no increase in the total tax levy. We even managed to add positions in the police department to strengthen public safety. Given the inevitable cost-of-living increase in many lines, this was only possible as a result of strong intra-departmental management and an early commitment to holding overall departmental budgets to 2009 levels. But we got it done. Combined with a continued commitment to work toward equalization of the homestead and non-homestead proportions at a rate of 10% per year, this resulted in an increase of 25 cents per thousand dollars of assessed value for homestead properties, and a decrease of \$2.35 per thousand dollars for non-homestead properties. That's a very significant 7.14% decrease in property taxes for overtaxed non-homestead taxpayers.

Under these circumstances—a solid, balanced budget, with no increase in the tax levy, in the development of which the Council has been a strong partner—it would be reasonable to expect a relatively easy and uneventful budget process. The only exception, one would suppose, would be if the administration was visibly failing. Of course, that is not the case here.

By comparison to the preceding period of instability, things seem to be going relatively well. The public is very pleased with the unprecedented level of road and other infrastructure repair. Long-standing lawsuits have been settled. Green industrial projects are moving forward, creating new jobs. The golf course has never been in better condition, and we're building new playgrounds and even a street hockey pad. The downtown is getting a major facelift, and the popularity and economic impact of downtown musical offerings is growing. Even the most potent symbol of the City's decline, our boarded-up Main Street, is witnessing major changes: new pavement, a new public safety building completed on-time and under-budget, new facilities for public service agencies, and even a newly renovated historic theater opening as a major concert and event venue.

Perhaps most important of all, the City is gaining a reputation as a place that is governed in accordance with the rule of law, in the best interests of all its citizens, and in a capable and competent manner. As I promised I would do, I have led an administration that has transformed the City's image. Higher elected officials in Albany and Washington, D.C. are no longer afraid to partner with us, our bond ratings are up, and even developers who were suing us before are saying how easy it is to deal with us now. We've come a long way. We shouldn't want to turn back to the way things used to be. I certainly don't.

The mayor is the "front man" for city government—the symbolic leader who steps in front of the cameras at key times to speak in the voice of the people. I hope it is also apparent that as mayor I am an active participant in many of the issues that confront our departments, from paving the streets to rebuilding the economy. But the sort of progress that we have been making in Niagara Falls doesn't happen without the dedicated work of a whole team of individuals, starting at the top with a capable, competent City Administrator, and with department heads who know the issues and can get the job done with a minimum of interference from City Hall.

It is not my style to be a micro-manager. Rather, I have hired a City Administrator who is willing and able to tackle the nuts and bolts of day-to-day operation of the City, and who shares my philosophy of getting the strongest possible department heads and then letting them "do their thing." Similarly, I have sought out department heads who are able to manage complex issues and multiple projects without day-to-day intervention by either the mayor or administrator, while at the same time working as a team in a coordinated strategy for redevelopment of the City. Two of the most critical members of my leadership team at City Hall are City Administrator Donna Owens and Director of Economic Development Peter Kay.

My initial priority as mayor was to get in place a strong program of road repair and reconstruction. Although there is obviously a long way to go, I think we have made great progress. Our 2009 paving program, using funds from a variety of sources and both contractor and in-house labor, set a new benchmark for what can be accomplished. With some projects

continuing into next season and new projects like the reconstruction of 10th Street being announced, 2010 promises to be an equally exciting paving season. As we move forward with infrastructure repairs, the time has now come to shift into an even higher gear with our economic redevelopment efforts.

The Department of Planning, Economic Development and Environmental Services was created in 2008, combining the diverse functions of Planning, Environmental Services, Economic Development, Business Development, Empire Zone and Federal Renewal Communities, Tourism Development and Communications, the Niagara Falls City Development Corporation, the Niagara Falls Urban Renewal Agency, and subsequently the Underground Railroad (UGRR) Heritage project. Except for the UGRR, each of these functions had been operating independently. Time and effort has been required to integrate these functions within the new Department, which has about ten employees scattered about three separate floors of City Hall.

Projects do not just happen. Many long hours of staff work precede every positive project announcement. Then, the announcement of the project is just the beginning – constant work, support, and involvement is required from the Department and City to move projects forward and bring them to fruition.

Director Peter Kay has been and is directly involved in every significant development project, both planned and underway, within the City. Under the terms of the mandatory Corrective Action Plan required by the NY State Controller and approved by the City Council, the Director is responsible for the creation, negotiation, monitoring, enforcement, and oversight of all Development Agreements entered into by the City.

The Director has a diverse and demanding set of responsibilities:

- 1) Oversee and manage the Department of Economic Development and Planning, its staff, and economic development activities within the City, including responsibility for the creation, negotiation, monitoring, enforcement, and oversight of all Development Agreements entered into by the City (per State Controller Corrective Action Plan);
- 2) Identify and oversee management of existing and potential clients;
- 3) Develop, manage and implement plans, programs and marketing for retention, expansion, and development of Downtown, Tourism, Commercial, Entertainment, and Manufacturing and Technology businesses;
- 4) Manage and oversee URA and NFC activities and grant/loan programs;
- 5) Monitor economic development activities and trends at the local, regional, State, Federal, and global levels which could challenge or benefit the City;
- 6) Maintain professional knowledge and certifications through on-going study and training.

As described in the attached Report and Update, Mr. Kay has successfully met the duties of the position, creating and maintaining a surprising amount of positive momentum despite the recession that has dominated most of his term as Director. The Department has initiated or responded to over 400 business contacts, and a total of over \$800,000 was approved for grants and loans to 14 businesses in 2008-2009. Whether on Main Street or downtown, there is evidence that the foundation is being laid for future economic growth. We were tremendously successful in the most recent round of Restore NY applications, with three large public buildings slated for redevelopment as a result. From Baltimore-based developer David Cordish to Canadian hotelier Faisal Merani, from Rapids Theatre owner John Hutchins to Alan Kestenbaum, Executive Chairman of Globe Specialty Metals, developers are saying positive things about our Niagara Falls development team. But we are not planning to rest on our laurels.

Based on comments from City Council members made as part of the budget process, new initiatives and new emphases are planned for the future, including expanded marketing efforts for Downtown, 3rd Street and Main Street; an expanded outreach program with the public, Council, businesses and the media; a new initiative on staff communications and coordination; and the development of creative new initiatives involving expanded use of the Internet and new economic research. As the State and local economy begins to emerge from the recession, these initiatives will increasingly bear the fruit of new jobs, new investment and new construction.

Likewise, City Administrator Donna Owens has made a substantial mark in her short time in office. Her willingness to take up the burden of baseline administrative functions has helped make me successful as mayor; in order for me to be there as “front man” for the City, someone has to be minding the store. During her brief time in office, we have succeeded in addressing a number of long-term problems. Though economic development is not her central area of concern, she played an important behind-the-scenes role in the breakthrough with Cordish Development. Subsequently, the Cordish lawsuit was settled. Similarly, the City has settled long-standing issues of ADA compliance, the Niagara Falls 6 lawsuit, the State Comptroller’s development audit and Corrective Action Plan, the Attorney General’s Civil Rights investigation and agreement, and a long list of union grievances has now been resolved.

Ms. Owens oversaw a successful opening and transition to the new Municipal Court and Public Safety Building on Main Street. She established a Special Events Task Force that has allowed a massive expansion of the City’s events profile downtown without negative incident, continuing with the new New Year’s Eve Guitar Drop event scheduled for this month with the Hard Rock Café. She has implemented a system of monthly cabinet meetings, built around the “Front Burner” report system that facilitates communications among departments and between them and the Mayor’s office. The system is now being expanded to include a formal evaluation system (required by the agreement with the State Attorney General’s office), a system of performance measures, and activity-based costing. She designed and instituted a Citizen Complaint Log to track and follow-up on citizen calls to City Hall, and is in the process—in coordination with the various departments—of completing a Facilities Master Plan to help track future repair, renovation or replacement projects for all City buildings. She implemented a new Snow Plan last winter that has put the City on a much better footing to deal with severe winter weather, including through the posting of Snow Emergency Routes and a Parking Lot Plowing Plan.

Ms. Owens has also taken the lead to help make sure our citizens have access to the best possible health care in the future. She has put together the Task Group to Create a Healthier Niagara Falls Community, bringing together stakeholders of all types to explore ways we can improve the delivery of health care services. She secured our City's first-ever National Urban Fellow, Cathy Mays, to give greater force to our efforts, and has herself been named to the steering committee for the Western New York Community Health Planning Institute and as a charter member of American Leaders for Change. As part of efforts to encourage healthier lifestyles at the grassroots level, she has led the City in obtaining the Playful City designation from the national KaBoom organization, brought the City into Dr. Ian Smith's 50 Million Pound Challenge, and instituted a City Hall exercise program. During her time in office, the City has completed one new playground on Lockport Street, begun construction on another on Portage Road, completed the City's first street hockey pad at Stephenson Park, and is planning construction of a multi-court basketball facility at 11th Street and a series of much-needed updates to the Hyde Park Ice Pavilion.

In the budget amendments presented to me by the Council on December 1st, there are three that I find particularly troublesome. Two deal with the position of Director of Economic Development and one with the City Administrator. In the case of the Economic Development director, the effect of the Council's action if left unchanged would be to eliminate the position entirely, despite the assurances given to Comptroller DiNapoli in the City's Corrective Action Plan that such a position would not only be created, but be enhanced and given greater responsibility. This elimination would result in no positive impact whatsoever for the taxpayer, since the position is funded with casino rather than general fund tax dollars.

In the case of the Administrator's position, the cut in salary is very substantial, and would represent reneging on the commitment that was made at the time the current administrator was recruited as part of a national search, thus effectively threatening her continuity in office. As a point of information, neither of these individuals is among the most highly paid of City employees (although both make more than the Mayor!). That distinction usually falls, and appropriately so, to senior public safety personnel who have relatively high base pay augmented by overtime and stipends for extra job assignments. The salaries were designed to be competitive with those for similar positions elsewhere in New York State, and are less than what would typically be earned by, for example, a principal in the public school system. Given the level of expertise and responsibility required, the salaries are entirely appropriate and not in any way excessive.

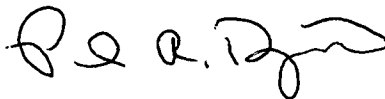
I have kept my pledge to the voters to keep my administration free from patronage appointments. I have not used my election as an opportunity to reward family, friends or political supporters. Instead, I sought out individuals of the highest caliber free from any tainting past association with Niagara Falls scandals. I consulted in this matter with the City Council, who were in full agreement at the time the initiative went forward. I believe my administration is making progress across the board in addressing the City's many pressing problems, and that voters are happy to see that the Mayor and City Council are able to cooperate in getting the job done.

I do not want to see a return to the "bad old days" of gridlock and acrimony. During my administration, we have set a high standard for consultation and cooperation between the branches of government. I also understand that the Council has usually preferred to operate internally on a consensus basis, pulling agenda items if even one Councilman has serious concerns about an item. I commend them on that. It is my assumption that a similar concern may have caused them to vote unanimously on the budget amendments that I will veto today. I respect that decision, but respectfully ask that a new process of deliberation and decision begin with the delivery of my mayoral vetoes today. Regardless of whatever rhetoric may have been employed in the discussion to date, I would welcome a reconsideration of these measures by all five Council members, not just the two required to sustain a mayoral veto. In this way, we can prevent any erosion of the sense of unity that has dominated City Hall since I took office, and create a positive outlook going forward.

I was pleased to see that the Council adopted the administration's recommendations for the reorganization and strengthening of the Inspections Department, soon to be renamed the Department of Code Enforcement. I was disappointed that the Council did not accept my recommendation for some modest upgrades in positions where the individual's responsibilities had changed dramatically from what they had been doing before. I am concerned that the Council cut the proposed budget for training and travel in many departments, but especially in Economic Development, where if we are successful in some of our current efforts we will need some resources for follow-up implementation. I do not want to lose ground in our effort to gain recognition for our City's concerns in organization like USCOM, NYCOM, CEO's for Cities and so forth. We don't want to lose our seat at the table. Finally, I understand that a reserve fund is required for known but as yet undocumented expenses like the build-out of the Equal Employment Opportunities Office required by the agreement with the Attorney General, but I am concerned about creation of a large Council-controlled contingency fund not designated for particular uses at the time the taxes are levied.

Nevertheless, in the interest of maintaining the positive direction that we have sustained here in Niagara Falls during the last 24 months, I will veto only the three resolutions that bear directly on the positions of City Administrator and Director of Economic Development. If there is anything I can do to help Council members in their consideration of this matter, I'm ready to provide whatever information is required. Maintaining these positions as currently constituted is, in my view, absolutely essential to the continued success of my administration, and I ask the Council to step back and take another look at this issue. I do not want to go back to the way things were before. I want to continue to make progress for the future, and I'm looking for partners on the City Council.

Sincerely,

A handwritten signature in black ink, appearing to read "P. A. Dyster", with a stylized flourish at the end.

Paul A. Dyster
Mayor