

**MINUTES OF THE COMMON COUNCIL
FEBRUARY 9, 2015**

A special meeting of the Common Council of the City of Oneida, NY was held on the ninth day of February, 2015 at 6:35 o'clock P.M. in Council Chambers, Oneida Municipal Building, 109 N. Main Street, Oneida, NY.

Meeting was called to order by Mayor Alden M. Smith

PRESENT: Councilors Michael Bowe, Erwin Smith, Helen Acker, James Chamberlain, and Thomas Simchik

ABSENT: Councilor Brahim Zogby

ALSO PRESENT: Supervisor John Reinhardt
Supervisor Scott Henderson
Public Safety Commissioner Mike Kaiser

Discussion with Madison County Supervisors

Mayor Smith thanked the County Supervisors for attending. The Mayor said that he wants to clear up any misunderstandings and interface with the Supervisors regarding the ramifications of how the money allotment from the Oneida Indian settlement negotiated by Governor Cuomo has been handled by County.

The Mayor said he would like to know the County's mindset and rationale for not sharing any of the \$11M with the City and affected townships, adding he believes that is the biggest issue. The Mayor also asked about the outside fire district's taxes and hydrant taxes. He said that the omission of the nine parcels is being dealt with and that it was just an oversight. Mayor Smith said he would like to come to a formal agreement to cover the City for the full nineteen years, rather than each year having to come back to the table.

Supervisor Scott Henderson said the whole deal was inadequate for everyone involved, except for the Oneida Nation. He said that Madison County fought to get their back property taxes from over twenty years in the form of that \$11M. Mr. Henderson said the rationale for distribution of the \$11M was that during that time, the County was making the towns and villages whole, as required by law, and the Oneida Nation making the City whole, which they agreed to do. He said there wasn't any shortfall over that time for anyone but the County. He said it makes perfect sense for the County to do what it has to do with their crumbling infrastructure and other things that need to be done, which they haven't been able to pay for. He said there is nothing compensating for \$6M loss in sales tax revenue. The \$3.5M is inadequate to make up the shortfall the County is facing, and there is nothing the County can do about it. He said the County doesn't dare to commit to long periods, as there is no escalator on the \$3.5M. The County anticipates that as costs go up, there will come a time when \$3.5M won't pay the bills; the money will run out.

Councilor Smith questioned the funds running out and said if the money is going to run out, then the City should be made whole using a portion of the \$11.5M. Councilor Smith said that when the City collected taxes from the Oneida Indian Nation, the City made the County whole, as required by law. Councilor Bowe said we made the County whole, but now the County doesn't want to make the City whole. Councilors Bowe and Smith agreed with Mayor Smith's recommendation of a long term agreement, and a discussion ensued relative to lost sales tax revenue. The Mayor said there is a large concentration of Nation businesses within the City that we lose sales tax revenue from. Supervisor Henderson

recommended the City contact the Governor to receive “affected community status”. He said the distribution of the gambling revenues by the State is based on affected communities, and that is a separate issue.

Supervisor John Reinhardt said the \$11M represents the amount of property taxes, as the Nation wants to put all its land into trust and that cannot be done until all encumbrances are paid. He said the agreement is strictly property tax. He said money will be used for capital issues and of the \$11M received; \$5M went to fund balance, \$1.5M each to highways and bridges, \$1M for building reserve for repairs to court house, and \$500K for the phone system. He said as far as the \$3.5M, it has not been determined what to use it for each year, except that this year, \$800K is earmarked for the County school districts to make them whole.

Supervisor Reinhardt said the City received, per the County Resolution, \$101,552 and for the nine missing parcels it is \$4,423.00; a \$105,975 total. As far as the outside fire district and hydrants (total \$56,886.00), the County Attorney is checking on the legalities. There was a brief discussion as to whether the County has to make the towns/villages and schools whole and the past practices of the County.

Mayor Smith said he has two issues. First, what was the principal associated with the \$11M disbursement, and he said the Supervisors have spoken to that. Secondly, the idea that this is an annual issue that we have to resolve, and the concern that the County is expressing about reaching a point, because of inflationary factors, that the money is less meaningful going forward. Mayor Smith said the agreement has a locked figure, which made no sense to him. He said it also doesn’t make sense that the County is saying they reserve the right to turn off the money because of inflationary factors. The Mayor said, if each year the \$3.5M has less and less impact, the equitable way to move forward would be to base the amount due to the City on a percentage of the \$3.5M, as opposed to lump sum. The Mayor said his only concern is that if the County is mandated by law to make the towns and villages whole, it would be based on an escalating factor and that undermines the whole argument. Mayor Smith said the County is not required to make the City whole. Supervisor Reinhardt said that there is no time limit on the \$3.5M, and he read aloud a portion of the agreement. Supervisor Reinhardt said disbursement of the \$11M is done. The discussion continued about the shortfalls in both the County and City budgets, allocation of the funds, and the need for assurance from the County that the City will continue to receive their portion.

The Mayor said contrary to how some of this has been dealt with, he does not see it in the City’s best interest to get involved in an inflammatory argument with the County, as that does not serve this community well. We have a vested interest in building a better relationship with our County because of the number of services we receive from the various County Departments. We want that ongoing positive relationship and do not want it damaged, but he said that doesn’t preclude the City from speaking strongly for what we want.

Discussion continued noting the townships affected by the agreement. Supervisor Reinhardt said the County has to be fair with each township. Councilor Bowe inquired why townships that do not have any Indian Nation property would even be in the mix and asked how they would be affected. Councilor Smith noted there are many townships out there without Nation property. Supervisor Reinhardt said, of the 14 townships, Lenox, Sullivan, Lincoln, Stockbridge, Smithfield and the City of Oneida have Nation properties. Councilor Bowe said it is simple numbers and it would be based on assessed value, he said whatever the property tax would be, is what it should be. Councilor Smith said Oneida County paid the Town of Verona for their special assessments. Both Supervisors stated they were unsure if they are required to make the schools and towns/villages whole. Discussion continued regarding the use of the entire \$3.5M by the County. It was agreed that both the City and County have realities they are facing.

The Mayor said, going forward, we have to find a mechanism for growth, and build a vibrant, successful community and not rely on the State. Supervisor Henderson said the City needs to not rely on the County for a handout, and the Mayor quickly responded it's not a handout; it's a tax reimbursement. Mayor Smith said there seems to be a principal of diminishing returns with the County saying, because they are going to take care themselves; they are going to cut the City loose. The Mayor said the County is passing the unfairness they received from the State on to the City. The Mayor said we do not have any leverage; we have no political clout, no financial clout and no legal clout. Discussion continued about ongoing yearly payments, legal matters, Oneida's outside fire district taxes, development of a payment formula, and the level of inquiry from other affected townships.

The Mayor summarized the meeting stating that the nine missing parcels have been added; making the City's total almost \$106K. The County Attorney will continue to investigate the \$56,886 (fire district/hydrant/library). The \$11M is a moot point; it is done. The Mayor said he and the Council are concerned about getting the property taxes that are due each year and will there be a long term agreement and ongoing commitment. Mayor Smith said there has been some characterization that he has not been a vocal enough advocate for the City, but he said he rejects that characterization. He said he addresses these matters dispassionately and works behind the scenes, rather than in the public eye. The Mayor said he doesn't want to deal with inflammatory tirades, as have happened in the past. Councilor Chamberlain said the Council should support the Mayor and Council agreed.

The Mayor said he will draft a letter to Chairmen Becker with the City's prospective and what the City's concerns are. He said he will distribute a copy to the Council for their input. He said this will be a formal notification of the City's position. The Mayor said his words would be strong, but the tone will be respectful of who and what we are; it will not be strident, inflammatory or disrespectful.

Supervisor Henderson said he would like reiterate that the County and City need to be looking at alternative ways to make end meets, such as alternative energy, without relying fully on property tax revenues. He said a good part of that is the ongoing cooperation with County and City departments, and the Council agreed. The Mayor said the City needs to be creative with economic development to move our City forward.

Motion to adjourn by Councilor Acker

The special meeting is hereby adjourned at 7:53 p.m.

CITY OF ONEIDA

Susan Pulverenti, City Clerk