



2025 State of the City - Mayor Annette Iafallo March 18, 2025

Good afternoon. I'm Annette Iafallo and it is my honor to present the 2025 Lackawanna State of the City address. Joining me is Karen Gambino from Western New York Deaf Access Services.

In 2024, we continued to make positive progress with our long-term plan for rebuilding Lackawanna's local economy, tax base and community. But it was also a very challenging year operationally, as we felt the impacts of supply chain delays and inflation on essential and customary city services. And these challenges have carried over and increased during the early months of 2025.

In my fifth State of the City address as Mayor, I'll highlight Lackawanna's accomplishments from the past year, while looking ahead to our opportunities under a challenging economic climate.

I'll begin with **Economic Development**, led by Chuck Clark, which includes the **Code Enforcement** team of Scott Hayes, Steve Balon and Mustafa Mohamed.

Lackawanna continues to see positive results from the 'open for business' strategy my administration implemented upon taking office in 2020.

Year-over-year, the total assessed value of city properties has increased \$8 million dollars to approximately \$780 million dollars. While this is a modest one percent (1%) increase, it is still very significant as it reflects market value increases related to completed development projects for Sucro Sourcing, Flexlume Sign, Buffalo Felt and a new Taco Bell restaurant which has transformed the southwest corner of Ridge and Abbott Roads.

We expect this positive momentum to continue as several new projects received site plan approval from Lackawanna's Planning & Development Board, including:

- Two large projects; the first at 3040 South Park Avenue involving construction of a new modern branch for One Federal Credit Union, and the second for renovation and expansion of 300 Commerce Drive for Deckorators, a leading provider of vinyl decks, rails and fencing.
- And, several smaller projects that will create the next chapter for many prominent small business locations including, an expanded Premier Rental Purchase store in the Abbott Road Plaza, new restaurant themes for the former John & Mary's and Stack Burger locations on Abbott Road, and a new Domino's Pizza at 954 Ridge Road near Rosary Avenue.

Lackawanna also launched its first development project related to New York State's Marijuana Regulation and Taxation Act, with the opening of Yeti Canna Dispensary at 1385 Abbott Road. This project, led by a long-time Lackawanna small business owner, will generate new revenues for the city in the form of three percent (3%) of the sales excise tax paid by the dispensary.

And another developer is planning to open the city's second cannabis dispensary in mid-2025 at 2470 Hamburg Turnpike.

And, the city also completed land sale closings for three projects announced last year involving Empire Building Diagnostics, IT Fitz Concrete and North Fisher Properties. We anticipate next steps for these projects being announced later this year.

Next, I'd like to highlight the city's solid financial position as reflected in the work performed by our city **Comptroller, Treasurer and Assessor**.

The **Comptroller's Office** has been in transition since last April when the former Comptroller vacated the position. Since then, efforts to fill the position were challenged by an escalating salary market for qualified candidates.

During this transition period, Lackawanna received excellent support from Assistant Comptroller Peggy Bigaj-Sobol, who served as Acting Comptroller, and outside consulting partners Mike Etu and Jim Kreuger. Together, this team worked to reconcile and bring current the city's financial records, which allowed for the completion of two overdue independent financial audits for the 2022-2023 and 2023-2024 fiscal years.

Both audits came back with clean opinions, meaning the financial, business and risk controls the city has in place are strong. Obviously, there are timing and administrative matters to address, but overall, both audits were solid. Which is very good news!

Lackawanna's key financial metrics based on the 2023-2024 Fiscal Year ending July 31, 2024 include:

- A Total Governmental Funds (All Funds) balance of \$13,705,660 vs \$16,663,343 the prior year. This decrease represents funding allocations to complete nearly a dozen public works, public safety and recreation projects, many of which were grant funded, including Center Street reconstruction and the new splash park and play areas at Franklin Playground.
- A total General Fund balance of \$10,738,921 vs \$7,459,792 the prior year. This increase resulted from the city's collected revenues in this fiscal year *exceeding expenses* by \$900,000 plus, a transfer of \$2.3 million dollars in excess capital project funds back to the General Fund.
- The city's combined unassigned fund balance stood at \$7,049,930 vs \$3,596,979 the prior year, an increase of \$3,452,951.

Also, the city's bond rating was once again affirmed by Moody's at A1, which is considered a stable rating within a range of AAA through C.

And, we have filled the Comptroller's position with a highly qualified external candidate, Jacquelyn Raymond Dole, who started on March, 10th.

Through the **Treasurer's Office**, led by Joyce Warthling, the city has collected an impressive 93.5%, or approximately \$12.7 million dollars, of the tax levy for the current fiscal year.

In addition, the Treasurer's Office worked to collect nearly \$483,500 in delinquent taxes and penalties covering the tax years 2021 through 2023, while continuing efforts to collect nearly \$864,000 in total delinquent taxes from 2016 through 2023.

The **Assessor's Office** was also in transition after the former City Assessor was terminated last May for cause, a matter which was public knowledge. Afterward, the office continued to function smoothly with Assessor's Aide Debbie Gable serving as Acting Assessor with support from other outside professionals.

The Assessor conducted an Exemption Outreach Program at satellite city locations to expedite first-time and renewals of Senior, Disability, Veteran and STAR tax exemptions, which contributed to 493 total exemptions being processed, which is comparable to last year. There were no residential challenges and only a few commercial challenges, none resulting in assessment changes.

And, the Assessor position was filled with a highly qualified external candidate, Michael Milks, who also started on March, 10th.

The city's most notable accomplishment in 2024 was the October groundbreaking for our long-awaited new City Hall project which involves construction of a new City Hall at the former Knights of Columbus site on South Park Avenue, demolition of the City Hall extension on Ridge Road and restoration of the adjoining original City Hall for continued use as a municipal building for police and court operations.

Upon completion, this project will represent a total investment of approximately \$18.5 million dollars; \$15.25 million for new construction and \$3.25 million for demolition and restoration. Taken together, this will be the largest city-led development project in Lackawanna's 115-year history!

The **Law Department**, led by John Gaughan, worked with my office, the City Council and our financial consulting partners to issue approximately \$9.1 million in Bond Anticipation Notes for the new construction through municipal advisor Masterson Advisors and bond counsel Hodgson Russ.

As construction progresses, this process will be repeated to borrow an additional note, with the expectation of permanent bond financing once construction is completed.

The Law Department also provided counsel on various ordinances enacted by the City Council during the year, including the city's first cannabis ordinance, in partnership with Development and Code Enforcement, designed to regulate legalized marijuana sales and consumption in accordance with state guidelines.

Law also continued to play a key role in the city's development efforts through contract negotiations, land sale closings and legal guidance on zoning, planning and code enforcement matters, while also defending the city from frivolous and unwarranted claims in partnership with our insurance carriers.

Lackawanna continues to be a safe, secure community thanks to the work of **Public Safety** Director Dino Marrocco, **Fire** Chief James Fino and **Police** Chief Mark Packard. Last year,

- Our *fire crews* responded to 3,718 calls, up 324 from last year. Of these, 2,759 (or 74%) were EMT related, with 45 fires. There were also 495 false alarms. In addition, 315 fire inspections were performed in 718 residential units and the fire department secured over \$437,000 in safety and training grants.

- And, our police officers responded to 23,500 service calls, which is up 1,500 from last year. Officers made 984 arrests, issued 6,731 traffic summonses and 2,186 parking tickets – which are all up significantly from the prior year. Officers also continued their popular Learn-to-Play and Shop With a Cop community programs and the department is working to secure a state grant for body cameras.

The city’s **Public Works, Purchasing and Recreation** Departments worked together to complete several large grant-funded projects at outdoor spaces, including:

- Construction of the Franklin Street Splash Pad & Playground, which opened last July. This \$1.5 million dollar project, which was 90% funded by state and county awards, provided our community with 4,000 square feet of inclusive outdoor water recreation space plus, swings and play equipment for all ages and ADA accessible gathering spaces. And a new basketball court was constructed using American Rescue Plan funds.
- Veterans Stadium Lighting Upgrade. This \$579,000 project, funded entirely through a county grant, installed new, energy-efficient LED lighting throughout the stadium, replacing an inefficient 50-year-old system. This new lighting has the capacity to handle current stadium activity and expansion planned in the coming years through a previous state grant which I will speak to later in my remarks.
- Lehigh Soccer Field & Playground Upgrade. Through a \$175,000 state assembly grant, the field drainage was upgraded, with new accessible playground equipment, bleachers, gathering spaces and ADA compliant sidewalks installed.
- Little Loop Football – Legends Baseball Facility Upgrades. Thanks to a \$400,000 state assembly grant, the shared parking area for this facility on Van Wyck Street, including the road itself, was repaved. The balance of the grant will be used for field and amenity upgrades to the football and baseball fields, as well as to the adjacent Casey’s Landing Dog Park.

Each department also completed individual projects benefitting the Lackawanna community:

- For the third consecutive winter, Lackawanna was in the eye of dangerous blizzards. And again, our **Public Works** crews, led by Dan Geercken Jr. answered the call - keeping city roads in great shape while maintaining regular trash pickup! It was great to see Lackawanna praised on social media and elsewhere for its snow clearing efforts. Thank you DPW!
In addition, the DPW completed multiple road projects involving milling, paving, restriping and curb repair, many made necessary by the harsh winters we’ve experienced the past few years.
- Our **Purchasing Department** led by Tom Nicometo and **Technology Specialist** Gene Olivieri III continued to upgrade aging and inefficient city vehicles and equipment with the addition of two new police cars and two pickup trucks, a dump truck and high lift for the DPW.

They also oversaw the purchase and installation of new energy efficient outdoor lighting at the Senior Center, high-tech interior and exterior security cameras at various city properties and upgrades of City Hall workstations and remote technology as a bridge to our new building.

- And **Recreation**, led by Brian Lakso, continued the city’s long-running summer co-ed softball and kickball leagues, with 19 total teams, as well as youth soccer through the Independent Health Foundation Soccer for Success Program.

Recreation also coordinated the annual free summer lunch program at city playgrounds and popular community events including Memorial Day Service, National Night Out with the Lackawanna Police Department, Thursday Night Concert Series, Shakespeare in Delaware Park, and holiday tree lighting at City Hall.

I want to thank every city employee, contractor and partner, along with City Council President Fred Marrano and Councilmembers Amira Muflahi, Karl Anderson, Dean Moretti and Kevin Surdyke, for their many contributions to our city’s accomplishments in 2024.

Looking ahead, I’m cautiously optimistic for the opportunities and accomplishments that are possible for the City of Lackawanna this year.

Without question, we’re all feeling the impact of inflation on the cost of groceries, utilities, personal transportation, bank financing, rents and more. But these effects aren’t limited to personal households - we’re feeling them every day managing Lackawanna city government.

As you’ve heard, the city’s financial position is solid. However, we’re facing a rapidly escalating cost environment for the delivery of essential and customary city services not seen in over 40 years.

This year, Lackawanna is facing a 45 percent increase in annual premium costs for contractually obligated employee health insurance – which equates to an expense increase of \$1.9 million dollars.

In addition, costs for general supplies, road salt, equipment parts, technology and other related items are up between 6 and 27percent. And these increases are not the result of the city buying more or stockpiling - it’s simply what is needed to maintain essential and customary service levels.

And, as I mentioned earlier, the salary cost to hire qualified candidates for key administrative positions is also escalating to levels never seen before in our city’s history.

Lackawanna is not alone. Inflation and supply chain issues are affecting every level of government. But as a smaller city, we feel these impacts a bit deeper. And federal aid, such as FEMA reimbursements for winter storm costs or American Rescue Plan dollars, is no longer available.

There is a new financial reality all municipalities, including Lackawanna, must prepare for. For us, that preparation starts with planning for our 2025-2026 fiscal year.

While our development plan is working, and city departments are running lean, including several handling multiple roles, inflation is challenging our progress. Therefore, we’re approaching the planning process with an across-the-board goal of reducing operating expenses by ten percent (10%) – while maintaining levels of essential and customary services.

To that end, everything will be on the table for consideration, including the possibility of a modest tax increase.

More will be shared on the 2025-26 budget as the process moves forward in the coming months.

Our project goals for this year will be focused on several high impact initiatives, including:

- *Completing construction of the new City Hall* and creating a project plan and budget for demolition of the obsolete orange extension building, the details of which I covered earlier.
- *Creation of an in-fill residential housing plan* that will activate several vacant lots the city has acquired over the years, as well as a two-acre parcel at 100 Dona Street, the site of the former Lincoln Annex School.

It will also include a new direction for the city-owned 539 Ridge Road parcel, the former St. Barbara's Church site. After engaging Douglas Development for nearly two and a half years on a previously announced project, we're taking steps to terminate that sale contract. While we were excited by Douglas' proposal, and enjoyed getting to know their teams and capabilities, we could not agree on a timeframe for moving the project forward.

And I'm committed to having a quality redevelopment effort for this site in motion before my term ends in 2027.

This in-fill housing plan will also support Lackawanna's efforts to become pro-housing certified through New York State, which is now a requirement to qualify for large state development grants such as Downtown Revitalization Initiative (DRI) and others.

- *Advancing the Veterans Stadium project.* With completion of the new lighting system, our focus now shifts to finalizing conversations with New York State to correct issues related to the original grant application submitted prior to 2020 and the Diocese of Buffalo on title issues for a portion of the northern boundary near Holy Cross Cemetery.

We're committed to preserving this grant and moving forward with the planned facility enhancements, which will include a new softball field, synthetic ice rink, event pavilion and other amenities. It will also include demolition of the concrete bleachers using a county grant.

- And, as is customary each year, the DPW will move forward with a variety of road and other public works related projects as needed city-wide.

In closing, I want to thank the Lackawanna community for its ongoing cooperation and patience. And for sharing feedback with me and our department heads. Your collective voice is important to helping us improve. While there may be some challenges along the way, know that we are listening and doing our best to deliver for you.

And as we move ahead, I will continue to make decisions and advocate for actions which puts Lackawanna's future first for the benefit of ALL who live and work in our great city!

Thank you and God bless.

