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COUNTY OF ERIE

CHRIS COLLINS
COUNTY EXECUTIVE

March 30, 2011

The Honorable
Erie County Legislature
92 Franklin Street – Fourth Floor
Buffalo, New York 14202

**RE: Erie County Sewer District No. 6
Bethlehem Steel
Property Assessment Lawsuit Settlement**

Honorable Members:

Enclosed please find a suggested resolution and an accompanying memorandum from the Department of Environment and Planning/ Division of Sewerage Management. The Department of Environment and Planning/Division of Sewerage Management requests the County's assistance with repayment of a Lawsuit Settlement with the Bethlehem Steel Corporation.

Should your honorable body require further information, I encourage you to contact the Division of Sewerage Management. Thank you for your consideration on this matter.

Sincerely,

CHRIS COLLINS
Erie County Executive

MEMORANDUM

To: Honorable Members of the Erie County Legislature
From: Department of Environment and Planning
Re: Erie County Sewer District No. 6
Bethlehem Steel
Property Assessment Lawsuit Settlement
Date: March 30, 2011

SUMMARY

The Erie County Division of Sewerage Management requests that the County advance approximately \$703,000 to Erie County Sewer District No. 6 to cover the cost of a Lawsuit Settlement regarding the reassessment of the Bethlehem Steel Property in Lackawanna, New York.

FISCAL IMPLICATIONS

There will be no cost to the County because any funds advanced would be repaid by Erie County Sewer District No. 6 over ten years.

REASONS FOR RECOMMENDATION

Payment of the settlement in the amount of \$703,162.98 by Erie County Sewer District No. 6 would deplete the District fund balance and adversely affect the Sewer District ratepayers.

BACKGROUND INFORMATION

The Bethlehem Steel Corporation filed a suit challenging the manner in which their property was assessed and levied taxes/fees. In accordance with the stipulation of settlement between the City of Lackawanna and the City of Lackawanna School District and the Bethlehem Steel Corporation, the property assessments of the Bethlehem Steel property for the years 2001 through 2007 were reduced to zero dollars. As a result of this settlement, Erie County was required to return a portion of the taxes collected for the years 2001 through 2007 in a total amount of \$2,400,000. Of that amount Erie County Sewer District No. 6 is required to contribute \$703,162.98.

CONSEQUENCES OF NEGATIVE ACTION

Paying the amount of approximately \$703,000 in a lump sum would have a detrimental impact on the sewer rates of Erie County Sewer District No. 6 and represent an unreasonable burden on the Erie County Sewer District No. 6 ratepayers.

STEPS FOLLOWING APPROVAL

The Division of Sewerage Management, the Budget Office and the Comptroller's Office will establish a repayment schedule over ten years and charge Erie County Sewer District No. 6 in accordance with that schedule.

JCF



JEFFREY HART
Deputy County Executive

ST.ms
Encl.

CC: K. Konst
G. Gach
J. Fieg/J. Carr/M. Salah/0.11.0. Leg Ltr
S. Tirone

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A RESOLUTION SUBMITTED BY:
DEPARTMENT OF ENVIRONMENT AND PLANNING

RE: Erie County Sewer District No. 6
Bethlehem Steel
Property Assessment Lawsuit Settlement

WHEREAS, Bethlehem Steel Corporation filed suit to have their property assessments for the year 2001 through 2007 reduced; and

WHEREAS, the sewer charges levied upon all Erie County Sewer District No. 6 ratepayers include a portion based upon property assessed valuation; and

WHEREAS, the assessed valuation component of the sewer charges levied upon all Sewer District ratepayers is based upon property assessed valuation as established by the City of Lackawanna; and

WHEREAS, in accordance to a stipulation of settlement between the City of Lackawanna and the City of Lackawanna School District and the Bethlehem Steel Corporation, the property assessments of the Bethlehem Steel property for the years 2001 through 2007 were reduced to zero dollars; and

WHEREAS, as a result of this settlement, Erie County was required to return a portion of the taxes collected for the years 2001 through 2007 in a total amount of \$2,400,000, with Erie County Sewer District No. 6 share being \$703,162.98; and

WHEREAS, paying this amount in a lump sum would have a detrimental impact on the sewer rates of Erie County Sewer District No. 6, and represent an unreasonable burden on the Erie County Sewer District No. 6 ratepayers; and

WHEREAS, the Erie County Division of Sewerage Management requests Erie County's assistance in this matter by paying the entire settlement on the District's behalf and allowing Erie County Sewer District No. 6 to repay these monies to the County over a period of ten years.

NOW, THEREFORE, BE IT

RESOLVED, that Erie County will pay the entire settlement of \$703,162.98 on Erie County Sewer District No. 6's behalf and establish a mutually agreed upon ten year repayment schedule consisting of equal payments of \$70,316.30 to be made no later than May 1st of each year; and be it further

RESOLVED, that the Director of Budget and Management and the Office of the Comptroller are hereby authorized to make all necessary budgetary and accounting entries to effectuate this agreement; and be it further

RESOLVED, that the clerk of the Legislature send two (2) certified copies of this Resolution to Joseph Fiegl, P.E. in the Division of Sewerage Management, two (2) copies to the Director of Budget and Management, and one (1) certified copy each to the County Executive, the Erie County Comptroller, and Eric Ziobro Assistant County Attorney.