

FINANCE

Tuesday, March 7, 2017 – 5:30 p.m.

Police Training Room – Olean Municipal Building

Present: Members: Chairman Dougherty, Vice Chairman Crawford, Alderman Witte, Alderman Andreano, Alderman Gonzalez, Alderman Smith, and Alderman George. Others: Mayor William Aiello; Fred Saradin, City Auditor; Keri Kerper, Senior Account Clerk Stenographer, Community Development; Tom Windus, Director of Public Works; Gregg Piechota, City Assessor, and Tiffany Taylor, Managerial Confidential Administrative Secretary.

1. Roll Call

Alderman Dougherty called the meeting to order at 5:30 p.m. and asked that the record show that all committee members were present.

2. Approval of Minutes of the Previous Committee Meeting (Tuesday, February 21, 2017)

A motion to approve the minutes of the February 21, 2017 committee meeting was made by Alderman Smith, seconded by Alderman Gonzalez. Voice vote, ayes all. Motion carried.

3. Unfinished Business

None

4. New Referrals for Consideration

- a. PL #15-17: (Aiello) Budget 2017-2018.

5:30 p.m. Assessor

Mr. Piechota provided a handout to the Council showing his proposed budget, in comparison to previous years. He stated that it really hasn't changed from last year. The travel and training funding is needed because he anticipates having to hire a new staff member.

Alderman Andreano questioned how the 100 line item could remain the same with the prospect of raises in the future. Mr. Piechota stated that the Assessor's Aide position would return back to the base pay, and he receives only minimal longevity.

Alderman Crawford questioned if there is funding in the budget for reassessments. Mr. Piechota stated that there is a Capital Fund currently with some funding for a reassessment, but not to cover the entire cost. He is not asking for money this year. He has a meeting set up with the State to discuss reversing the equalization rate trend without a revaluation. Alderman Smith asked how this would occur, and Mr. Piechota replied that the commercial ratio is

currently at 68% according to the State, with the residential rate at 102%. In all actuality, the numbers that he has in terms of value for commercial properties differs from those that the State is providing. He believes that he can show them the difference, and gain 2% in the City's favor in the equalization rate.

Alderman Andreano questioned if Mr. Piechota was able to tell how many residences transitioned from 1 family to 2 family, and he replied that he only knows if they applied for a permit to do the work, or if they were turned into the Codes department. He stated that he believes that it is kind of a wash, though, as roughly the same amount of residences are transitioned from multi-family to one family at the same time.

Mr. Saradin added that, when the budget draft was released, we were unaware of the CSEA contract changes. He has also not changed the 100 line item amounts (for personnel services) because labor negotiations are ongoing, and we are unsure as to where we will end up.

Alderman Crawford questioned if the yearend amounts were expected to change. He questioned if it would be worthwhile to get an updated projected year end revenues and expenses. Mr. Saradin replied that he could provide this; however, he does not believe that there are any drastic changes to the estimated \$200,000 in excess revenues.

6:00 p.m. Community Development

Ms. Kerper began by stating that of their ten line items, three have projected increases with a total increase of \$1,800, and two have projected decreases.

First, as the North Union Street Project requires mandatory end reporting, there is an increase in overtime because of the weekend work that is done through the office. The consultants line item is decreased, as a company that has worked for several years now as a consultant for the City has a lesser function now that in previous years. Also, we have encumbered \$24,000 from the previous year's budget for consultant services.

Recording fees increased by \$600, as the City is required to pay fees whenever a mortgage is recorded or discharged in connection with the OHAP, DPIP or RLF programs. Programs decreased by \$8,000, as \$10,000 was encumbered from the last budget to cover costs. These funds are used for the 1% grant closing fees associated with the ESD grant awards.

Alderman Crawford questioned if, based on the previous year's amounts, overtime was increased enough. Ms. Kerper replied that there was an initiative from the governor that the City was given a very short time to prepare and present for, with the possibility of winning a \$10 million award for the downtown. She and Ms. George were here nights and weekends working on the project, so that ate up a lot of overtime in the past year. She stated that in

between they were strongly told to apply for CFA's and several other grants. They never know what will happen with funding agencies, so it is hard to tell.

Ms. Witte questioned if the Revolving Loan Fund was a part of the programs line item, to which Ms. Kerper stated that those monies, as well as the first time homebuyer and downtown property improvement monies, are all in a different fund, originally sourced by the USDA and now funded with repayments over the years.

6:30 p.m. Public Works

Mr. Windus began by giving a rundown of six line items that he would like to fund for capital projects and major equipment upgrades, but hasn't as there is not money in this year's budget to do so. These are his "wish list" items.

First, the engineer's truck is likely not to pass inspection, and they would like to spend \$22,000 to replace it with a van. He would like to see \$50,000 in funding for an ADA ramp at the City building, and \$172,000 for both a replacement van for the electricians (the current van may not pass inspection) and a bucket truck (to purchase used, not new; however, there is not an immediate need for this).

He continued in stating that he is requesting \$364,000 for various equipment, including a new backhoe (to replace the previous damaged by the County), a new F550 truck, a plow/salt truck, and a mowing tractor. Alderman Andreano asked the status of the backhoe, and Mr. Windus replied that we received \$29,000 from our insurance company, which is the \$30,000 value minus our \$1,000 deductible. Mayor Aiello added that the insurance company is currently working with the County to try and recover the monies for the deductible, the amount they paid us, and for the rental cost of the equipment we are currently using.

Alderman Crawford questioned how we decided that these were the pieces of equipment that we decided to replace this year. He asked if we have a long term Capital Plan in place. Mr. Windus replied that there is a fleet committee that keeps a database of all of the City vehicles, including a projected date of when they need to be replaced and an estimate of how much we anticipate we can receive at auction for them. He stated that he can provide a copy of this for the Council.

Mr. Windus stated that he would like \$485,000 to begin to surface treat, preserve and maintain streets throughout the City. He stated that every dollar you put into a roadway in the first seven years to prolong its life turns into ten dollars necessary after seven years. Lastly, he stated that the Forness parking lot needs work, with a requested amount of \$50,000.

The Council then reviewed the projected CHIPS funding and other street repairs with Mr. Windus. With the remainder of the City funding, we would like to make improvements to North Barry Street and Hamilton, as well as Prince Street. With the CHIPS funding, we would like to work on Wayne Street and North First, which were heavily damaged during detours for the North Union Street project. He reminded the Council that any time we use CHIPS funding, we must ensure that the streets and sidewalks are brought up to ADA compliance.

Alderman Smith questioned if the rubber bump strips at the corners are placed or retrofitted. Mr. Windus stated that, whenever there is no audible signal, these are installed. They are retrofitted in to place. We are looking to use cast iron in the future, as has been done on North Third Street, as it is a much lesser cost. The only requirements are that they are a different color than the sidewalk and that they are dimpled, and these are easier to install.

He noted that if we want to do any brick street work with the CHIPS funding, that South Fifth Street is the worst rated street in the City. After some discussion regarding the cost, including the mention that the North Second Street project cost differences were not enough to say, Mr. Windus stated that he would get estimates for the Council to consider.

Alderman Witte questioned when we will start hot patching potholes, to which Mr. Windus replied that we will start at the beginning of May, and do as much as we can with this year's budget.

Alderman Andreano asked if there was funding for parks in the budget, to which Mr. Windus stated that there is not. She asked if we had a volunteer to paint the wood parks if we could allow them to do so, and Mr. Windus stated that it is not recommended as the wood is not currently painted. We had begun replacing the wooden playground equipment, but stopped when we ran out of money. He stated that there is enough in the budget to fix the pavilion at Forness Park, but we need to discuss the pavilion at War Vets Park. The pavilion will cost about \$50,000 to repair, and replacement is the best option at this point.

Mr. Windus then ran by the budget, department by department, highlighting changes and answering questions of the Aldermen.

Alderman Smith questioned why there was a large increase in personnel services in the Engineering department, and Mr. Windus replied that the previous employee did not have the correct degree to be a Civil Engineer, so when he received his certification, he was given the promotion. When he left, we were able to replace him with another Civil Engineer. He noted that the engineers, as well as himself and the electricians, are paid 1/3 from each the General, Water, and Sewer budgets.

Alderman Crawford questioned the line items for light and power. Mr. Windus stated that we are working with a different supplier who is reducing our cost of electricity and finding us savings. He stated that the Governor also passed a bill that adds a tax to the electric bills, which will be an increase in cost for the City of \$14,000-\$15,000 per year. He expects this to be offset by the savings from the alternative supplier.

Mr. Windus mentioned that, during the winter, staff comes to work at the garage whenever the snow plows are out in case something breaks. Some take comp time and some take overtime, which is reflected in the budget. He would rather eliminate comp time so that there is not a lack of staff during the summer when projects can get done, however.

Alderman Dougherty questioned if insect control is the amount we pay the County for mosquito spraying, to which Mr. Windus replied that it is. We don't do it every year, and hope for a dry summer so that we don't have to do it this year. We do have workers who are certified in pesticide applications to take samples in the City and spot treat to prevent issues.

Mr. Windus stated that we may need to do something with the City's portion of Buffalo Street. It is possible that the State portion will be fixed, and if this occurs, then we will attempt to come up with a plan to fix our portion of the roadway. The intersection at Constitution Avenue will be redone by Krog in the future. Mayor Aiello added that he was recently in touch with NYCOM regarding attempts to incur more funding from the state for the maintenance of their roadways. We currently receive around \$72,000, and with inflation, we should be up to \$170,000.

Alderman Smith asked if we are still renting equipment to replace the backhoe at a cost of \$4,500 per month, to which Mr. Windus replied that we are. We are working on getting numbers to buy out the rental. The will allow us to continue applying the rental fees to the buyout. Alderman Andreano mentioned that even if we purchase this equipment, we will still need a backhoe, so we need to keep that in mind.

Alderman Witte asked if the \$20,000 that needs to be fronted for the tree inventory is in the Tree Programs budget, to which Mr. Windus replied that it is not. Down the road we will create a Capital Fund for this purpose.

There was some discussion regarding bidding out for salt (for snow and ice removal purposes); however, as the State does a larger bid, we get a better deal going in with multiple municipalities. At this point, we have used 90% of our salt for the year. Some years we use less than we have, and some we use more, at which point we are either shut off or we pay a significant amount more per ton. We cannot use sand in this area, due to the infrastructure, and although we have looked into brine, we do not use it at the current time because it destroys the trucks that carry and distribute it.

There was minor discussion regarding moving from our currently lighting to LED lighting. Mr. Windus stated that he put in the request to switch to LED's, but it is a process and he does not know how long it will take. We will get a better idea of the cost of the LED lighting as time goes on with the North Union project being complete.

Mr. Windus stated that we received a DASNY grant for press box repairs at the Stadium. We will reside the building, using a metal siding. We will replace the doors and replace the roof with a metal roof. Alderman Crawford expressed a concern regarding traffic traveling down East State Street, with the possibility of losing control of their vehicle or not paying attention and running into the crowd at the stadium, since there is only a fence dividing the stadium from the sidewalk and roadway. Mayor Aiello stated that this is the first that they have heard of this concern, and Mr. Windus agreed. He stated, however, that there is indeed no buffer, so we could discuss installing a guardrail in the subway.

Alderman Smith questioned if we could use the old sign posts from North Union Street in another area of the City to advertise events. Mr. Windus stated that this is within the budget, and he likes the idea of installing the signs diagonally in the War Veteran Park parking lot.

Mayor Aiello stated that he has put \$10,000 in the budget for a baseball scoreboard. Advertisements will be sold for the scoreboard, so we anticipate recouping our funding for this.

In response to a question by Alderman Crawford, Mr. Windus explained the situation of the Olean landfill and described the necessary actions being taken now and proposed for down the road.

Alderman Crawford questioned if there is a long term capital plan in place. Alderman Gonzalez stated that we discuss the prospect of a Capital Plan each year, and we really need to get one done. Mayor Aiello stated that Mr. Windus put one together some time ago, and we need to go through the plan and make updates and changes. Mr. Windus then continued in describing the Order on Consent from the DEC, as well as why we are dedicating \$200,000 each year to water and \$250,000 to sewer for fixing and replacing lines, where necessary. He described the importance, cost wise, of attempting to line the sewer lines before they collapse and have to be completely replaced.

Mr. Windus stated that we are proposing raising water rates .00018 per gallon, and sewer rates .0045 per gallon. This amounts to 2% and 5%, respectively. We went to hard numbers rather than percentages because it is easier for residents to put the small changes into perspective this way. We are proposing raising water rates to cover future plans to work on lines through the City, and we are proposing raising sewer rates to repay the bond for the Wastewater Treatment Plant.

Alderman Andreano questioned why we need to raise rates if we have money in surplus, and Mr. Saradin replied that we need to create revenue to both cover debt service and to cover obligations with the DEC from the Order on Consent. Alderman Witte stated that the City borrowed money from the water fund for the general fund, and questioned if we could just pay this back rather than increase rates. Mr. Saradin corrected her and stated that the water fund actually owes money to the general fund.

Mayor Aiello asked that the Council please remember that the proposed water and sewer rate increases are separate from the budget.

Alderman Crawford questioned if we should be using surplus to pay down debt service. Mr. Saradin stated that we could, but he recommends holding on to the funds in the event of a catastrophe.

Mr. Saradin suggested looking at the fund balance after the budget has been passed so that the Council can decide at what amount or percentage of the budget they would like to keep it, as well as to decide how to distribute excess funds, if any.

Alderman Witte stated that the reason that we are in this position with the water and sewer lines in the City is because previous administrations kept kicking the issues down the road. Mayor Aiello mentioned that we are working with the Village of Allegany on recouping funds for the Wastewater Treatment Plant based on an agreement that makes them 10% owners of the plant.

7:30 p.m. Auditor

Mr. Saradin stated that a portion of his budget covers unallocated insurance, such as the general fund's portion of property and liability insurance. He has spoken with our insurance broker who has stated that, despite major incidents through the year, we should still be on track for very close rates to what we had last year. Alderman Andreano questioned if we have ever gone out to bid for insurance quotes, to which Mr. Saradin replied that we have not. However, we have never had an insurance company contact the City with the intentions of providing us a quote, either.

He stated that the contingency account has been cut from \$250,000 to \$200,000. The debt service has increased because of repayments necessary on the \$4.7 million BAN started in 2014, but will decrease next year as we will be making our final payment on deficit financing.

8:00 p.m. Mayor and City Attorney

Mayor Aiello presented his budget and stated that it has not really changed from last year to this year.

Alderman Crawford stated that he feels that this is a good starting point. His concern is that our expenditures grow more than our revenue stream, and if this continues, we will find ourselves in deficit financing again. Alderman Witte stated that, when she was Mayor, there was a five year plan that was a great tool to aid with the budget process.

Alderman Gonzalez agreed, and stated that we will be holding a Capital Projects work session after the rest of the budget presentations. We need to take a minute to look over the debt that we have accrued, and make a plan for the future. Mayor Aiello noted that he does not want to take away the levels of service that residents are accustomed to. We know that things are expensive, but moving forward, we don't want to remove services and cause people to stop moving to the area.

5. Approval of Committee Reports

None

6. Adjournment

A motion to adjourn was made by Alderman Witte, seconded by Alderman George. Voice vote, ayes all. Motion carried. Meeting adjourned at approximately 8:30 p.m.