

WORK SESSION of the OLEAN COMMON COUNCIL

Tuesday, March 15, 2017 – 5:30 p.m.

Police Training Room – Olean Municipal Building

Present: Aldermen Gonzalez, Witte, Andreano, Dougherty, Crawford, Smith, and George.
Others: Mayor William Aiello; Fred Saradin, City Auditor; Tom Windus, Director of Public Works, and Tiffany Taylor, Managerial Confidential Administrative Secretary.

Alderman Gonzalez began the Work Session at 5:30 p.m. and asked that the record show that all Council members were present.

Mr. Windus began by describing the list of proposed capital expenditures for the 2017-2018 budget. He stated that he is requesting a new van for the Engineering Department because the truck that is currently used will not pass inspection. He has also requested a new van for the Electrical Department for the same reason.

He continued in stating that the ADA sidewalk request has been on this list for three or four years now. The current walkway into the building meets ADA requirements; however, it does need work. He can't speak to the need for the Senior Center flooring, as that isn't his department, but he does know that we have received a recent estimate of \$37,000.

He is requesting the replacement of a dump truck, as we replace one each year (there are seven in the fleet and they are replaced every seven years). If we do not replace one this year, we may need to replace two next year. We replace two police cars every year for the same reason. There are currently two police cars on the list of requests as well.

He stated that we had discussed in a previous budget meeting the need for chip/sealing, but as the requested amount is so large (more than \$400,000), he is not sure that the Council will find the monies at this time. He has also reduced his request for DPW vehicles from \$364,000 to \$90,000, which is the cost for a new backhoe to replace the one that the County damaged.

Alderman Witte stated that, when we do projects out of our scope, we have contractors that come in with their own equipment. She asked if we would be able to do that this year to avoid the immediate need for the purchase. Mr. Windus stated that it is an idea, and that we can try to use the mini excavator that we are renting (with the option to purchase) for now.

Alderman Andreano questioned if the decrease from \$360,000 to \$90,000 was from removing requests for vehicles, or finding elsewhere to fund them in the budget. Mr. Windus replied that he removed the requests for certain pieces of equipment and left only this one.

He continued in stating that he also recommends removing the resurfacing for the Forness parking lot from the list, which the Council agreed to. He also stated that alternative funding was received for the press box repairs at Bradner Stadium, so he removed that request from the list.

Alderman Crawford questioned if we could use a mixture of General, Water, and Sewer fund monies to come up with the \$45,000 to purchase the currently rented mini excavator, as the equipment is used for all departments. Mr. Windus replied that you could.

Alderman Witte asked when we will know how much will be encumbered and rolled over into surplus. Mr. Windus stated that we should have an idea by the end of May, and Mr. Saradin stated that we will not know for certain until the middle of June.

Alderman Andreano questioned why, rather than raising water and sewer rates, couldn't we use surplus monies to offset the necessary increases. Mr. Windus replied that you want to keep the surplus and contingency monies on hand because you never know what is going to break. We need to keep the fund at a necessary level to be able to pay debt service as well. Alderman Andreano questioned why we would use leftover contingency to purchase vehicles, and Mr. Windus responded that the leftover contingency is not enough to replace water lines. The fiscally responsible thing to do is to use the leftover contingency on non-grocery items.

Alderman Crawford stated that it is a general rule of thumb that we don't offset operating expenses by tapping into the fund balance. He stated that we should look into items in the budget that we can reduce. Alderman Gonzalez stated that he agrees, we should not be using surplus to buy groceries. Alderman Witte added that there are many needs and wants, and we have to eliminate the wants and focus on the needs.

Alderman Crawford asked if we are going to sit around and say we are okay with the budgets presented, or if we are going to ask for changes. It is the Council's job to monitor taxpayer expenditures.

Alderman Smith asked Mr. Saradin where we are at in the fund balance. He replied that as of 05/31/16, there is an unassigned balance of \$2,689,645. If we use \$600,000 towards the current budget and put approximately \$250,000 back at the end of this year (this is an estimate, as we won't know until June how much monies will be left from the 16-17 budget) then we will have a surplus of approximately \$2,339,465. This is close to the percentage figure that we have targeted in the past. Alderman Crawford asked if this will cover three months of expenses, and Mr. Saradin stated that it would. Alderman Witte added that it would be close. Mr. Saradin clarified that this does not include the leftover contingency being rolled into the fund balance, as the thought was to use contingency to fund some of the capital expenditures.

Alderman Crawford stressed that we need to look at cutting \$600,000 from the budget. Alderman Dougherty stated that if we are using the fund balance this year to buy groceries, then we will have to next year, too. Alderman Smith stated that it is going to be hard to pick apart the budget when it is already this close. Alderman Witte added that she does not feel comfortable using \$600,000 of the fund balance in the budget. However, she does feel that it is fiscally responsible to use leftover contingency to fund some of the capital expenditures, such as for the necessary DPW vehicles.

Alderman Andreano stated that she feels that Mr. Anastasia can use leftover monies from this year's budget for the senior center flooring. She feels that his budget is padded, or has extra "fluff". Alderman George (who was not present for Mr. Anastasia's presentation) asked why she feels this way. She replied that his budget is very similar to last year, yet the recreation center pool will not be open all summer. Operational expenses should be lower.

Alderman Gonzalez stated that if we lower his budget because of the onetime decrease in expenses, that we should use the excess funds for a onetime expense like the senior center flooring. Alderman Witte stated that there are plenty of lines in his budget to encumber the monies from. Alderman Gonzalez stated that if we look at all the areas of the budget – a little here, a little there – that he is all for finding what we can encumber.

Mr. Windus expressed concern that the Council isn't trying to cut fat, they are trying to cut groceries. Alderman Witte stated that she knows everyone wants to make cuts, we just have to determine where it is best. Certain services, as a City, we need to provide. Anything above that is a luxury. We have to cut somewhere. Alderman Dougherty stated that he hates to single out Mr. Anastasia, but he feels that there is a lot that we can cut from his budget and reallocate elsewhere.

Mr. Windus stated that if he has to cut anything additional from his budget, that he will have to cut bodies. He can barely function as is.

Alderman Gonzalez asked what we will do next year if we have to take this \$600,000 this year. Alderman Crawford suggested brainstorming savings ideas, such as having a volunteer rather than a paid historian. He stressed that, rather than comparing the proposed budget to last year's budget, we need to compare the proposed budget to previous expenditures.

Alderman George asked if, in terms of the capital expenditures, if we are okay with what is proposed. The general consensus was to wait until the end of May to see what is remaining in contingency, and making decisions from there. There was also additional discussion regarding the replacement of the backhoe, and it was decided at this time to use Vehicle Replacement Funds to cover the \$15,000 necessary to purchase the mini excavator (this, plus \$29,000 from the insurance company from the backhoe, and trade in credit provided by the company, will

cover the purchase). We will hold off on the backhoe for now. Alderman Andreano suggested borrowing one of the County's for now. Mayor Aiello stated that he is working with Mr. Giardini from the County to recoup losses. Alderman George stated that he feels that we should hold off on the backhoe issue (but continue with the purchase of the excavator) until we see how it all plays out.

Alderman Andreano stated that, over the past several years, it always seems that something comes up last minute, and questioned if that will be the case this year as well. Mr. Saradin stated that, barring any extenuating circumstances, we don't expect any other large expenses this year.

Alderman Witte recommended a revenue versus expenditures study. She questioned if the \$200,000 that we are receiving from the recreation center is enough to cover the costs. Alderman Crawford stated that he has looked into it, and we just about break even before the cost of the bond. He stated that the airport, however, causes losses of \$160,000 to \$200,000 per year. Mayor Aiello stated that we are locked into the airport with Federal grants that we would have to pay back if we sold or closed the airport. Alderman Crawford stated that it is hard to justify the taxpayers subsidizing something that the 1% uses.

Mayor Aiello stated that the airport is vital to bringing industry to Olean. We are trying to get more money from the County to aid with the costs.

Alderman Andreano stated that people confront the Aldermen with complaints of another tax hike and another rate increase. Mr. Saradin expressed frustration that residents come to the City with complaints of minor increases, but don't go to the school or County with complaints. Alderman Gonzalez stated that complaints don't solve the problem on the board.

Alderman Witte stated that when she went to change Vital Statistics from a full time to part time position, she was told it couldn't be done. She still did it, and it is working. We need to look at other cuts. Does the Assessor need a full time aide, or could it be a part time position? We can chip away at little things, but we also need to look at big things.

Mr. Saradin stated that our expenditures are down \$152,000 compared to last year, and that's not bad at all. He questions where we will get \$600,000. Mayor Aiello stated that there are meetings scheduled with the Office of the State Comptroller tomorrow, so that the Aldermen can speak to the representative regarding the Comptroller's office thoughts on the \$600,000.

Alderman Smith stated that, if we go line by line to cut \$250,000 because that is what is projected to be left over at the end of this year, we will make an already tight budget even tighter. That will then leave nothing to roll into surplus at the end of next year. Alderman Witte

suggested sending the budget back to department heads, as they know where they over estimated and can cut. She doesn't feel we should be using this \$600,000.

Mayor Aiello stated that he will send the budget back to department heads to see where they can cut the 3.5% (\$600,000 of the total budget).

Alderman George stated that he feels that this has been a good discussion. Alderman Dougherty stated that it seems we are moving down the right path. Alderman Crawford stated that this is not fun project, and he wants to be able to give the most to the City, its taxpayers and its employees as possible. Mr. Saradin stated that he is glad that we discussed the capital expenditures to aid in meeting Mr. Windus and Chief Rowley's needs. He sees that the Council has come to a realization that there is a sense of urgency to fix this issue prior to the next budget, when it could be much worse.

Alderman Witte stated that she is glad that we are brainstorming to find the \$600,000. We need to realize that anything could happen, but we are on the right path. Alderman Smith stated that he appreciates Alderman Crawford's fresh, new perspective. It seems that we have diagnosed a long term problem that we need to handle one step at a time. He is interested in seeing what everyone feels needs to be cut.

Alderman Andreano stated that she doesn't sleep at night, and worries about these things. She worries about the people who can't afford the increases in taxes and rates. She is always worried about what is coming next. She feels that Mayor Aiello will have it tough finding the \$600,000. Alderman Gonzalez stated that, rather than delaying the inevitable, that we should figure out now how to budget without using surplus. Alderman Crawford added that maybe there is some light at the end of the tunnel, with an older workforce retiring and a younger, lower paid workforce replacing them.

After hearing the Aldermen's thoughts on the night's meeting (a consensus of good discussion and the creation of a daunting task), a meeting was scheduled for Wednesday, March 22, 2017 at 5:30 p.m. for the Mayor to bring the budget back to the Aldermen.