

## FINANCE

Thursday, March 8, 2018 – 6:00 p.m.

Police Training Room – Olean Municipal Building

Present: Members: Chairman Witte, Vice Chairman Crawford, Alderman Andreano, Alderman Gonzalez, Alderman Dougherty, Alderman Smith, and Alderman George. Others: Mayor William Aiello; Fred Saradin, City Auditor; Keri Kerper, Community Development Program Coordinator; Lens Martial, City Clerk; Jerry Volz, Information Technology; Gregg Piechota, City Assessor; Kris Shewairy, Youth and Recreation Coordinator, and Tiffany Taylor, Managerial Confidential Administrative Secretary.

### 1. Roll Call

Alderman Witte called the meeting to order at 6:00 p.m. and asked that the record show that all committee members were present.

### 2. Approval of Minutes of the Previous Committee Meeting (Thursday, February 20, 2018)

A motion to approve the minutes of the February 20, 2018 meeting was made by Alderman Gonzalez, seconded by Alderman Andreano. Voice vote, ayes all. Motion carried.

### 3. Unfinished Business

None

### 4. New Referrals for Consideration

Alderman Witte stated that we will go through several of the departments' proposed budgets tonight. If there are any questions, the committee should feel free to ask. Alderman Crawford stated that we are meeting with about half of the departments today, and half next Thursday. We can decide from there what meetings to schedule moving forward. April 13, 2018 (as April 15, 2018 is a Sunday) is the deadline for the budget to be adopted by the Council.

Alderman Gonzalez stated that while he certainly does not want to inhibit discussion, the next two weeks are about "sponging" the information provided, and trying not to dig too deep. Alderman Andreano added that some department heads may not be back for another budget meeting, so questions should be asked when they can be. Alderman Crawford stated that the Mayor is always available to forward questions to department heads.

Mayor Aiello stated that his direction to department heads was to give a brief statement regarding their proposed budget, and answer any questions that the committee has.

#### a. Budget Presentations

## Auditor

Mr. Saradin explained that his budget is \$116,311 less than last year.

There is an increase in personnel services, which is contractual. Unallocated insurance is down \$30,000 from last year, so he added a few thousand dollars to the \$152,456 total charged in the last year, showing a net decrease in cost. He cut the employee relations budget by \$25,000, as all of the union contracts are settled for the time being and negotiating will not begin again for some time. He did not change the General Fund Contingency from last year, and he proposes the Council leaves it at \$200,000 for 2018-2019.

Mr. Saradin continued in stating that, due to stock market performance, there is a decline in pension costs. He used a figure for the budget that is provided by the State retirement system.

Alderman Smith questioned why the Contingency line item shows blank each year, and Mr. Saradin replied that it is because at the end of the year, all of the money left in contingency is shifted out into other line items.

Mr. Saradin explained that he has allowed for a 6% increase in hospital and medical insurance. It is hard to tell what the increase will be year to year. It was up 4% in 2017, and more than 8% in 2016. Mayor Aiello stated that the City is experience rated for health insurance, so the rates are based on claim activity. He also stated that of the 4% increase, 2.5% is for a new tax that the government put on health insurance, so the gain was actually only 1.5%.

Alderman Andreano questioned if the City has looked into different health insurance policies for its employees. Mr. Saradin stated that changing a health insurance policy requires meetings with the collective bargaining units, and has to be negotiated. Mayor Aiello stated that he is always interested in speaking with different vendors.

Alderman Crawford questioned if there was an uptick in Workers' Compensation costs due to claim activity, and Mr. Saradin stated that it is. There were a couple of incidents over the past year. However, it is also based on payroll, so there is an increase when there is a contractual wage increase.

Mr. Saradin stated that \$904,665 in interfund transfers is money that is used for debt service BAN and Bond payments that are due during the next budget year.

Mr. Saradin stated that, overall, he is happy to report that his budget is down. He cannot make any guarantees for 2019-2020, but he sees good things in the budget this year.

Alderman Witte stated that she understands that there are a lot of numbers in Mr. Saradin's budget that he cannot control, such as insurance costs. Alderman Crawford questioned how

Mr. Saradin's department is, from a staff perspective. Mr. Saradin replied that he has one half of one staff member, plus another staff member and himself. He does not feel that there is a need for any more or any less.

#### Assessor

Mr. Piechota stated that there is an increase in personnel services in his budget for contractual reasons. His New York State Assessment Association Dues are also up by \$15, but the rest of his budget is the same.

Alderman Witte asked if the new employee is full time, and Mr. Piechota replied that his is. Alderman Crawford questioned what consulting fees are for, and Mr. Piechota replied that they cover software through New York State. This allows his office to access closed MLS listings, as they are not licensed with the MLS. These fees are cheaper than if he had a subscription.

#### Law

Alderman Gonzalez stated that the only change he sees is in personnel services, which he assumes is contractual. Mr. Saradin stated that the employee with the contractual increase has their wages split between the Law and Legislative departments.

#### Community Development

Ms. Kerper stated that there is a decrease in personnel services, since both workers in the office are new. Mayor Aiello added that Ms. Kerper is in a lower grade than Ms. George was, but it will eventually go back up. Mr. Saradin added that she is doing a great job. Ms. Kerper stated that also, there is an increase in personnel service - overtime due to an increase in workload during the recent years. A \$300 increase in personnel service - other is because a previous Planning Board member chose not to be paid for their services. There is a new member replacing them, and the money has to be available in case the new member decides to take payment for their services.

Office supplies remained the same. Consultants saw an increase in the case that an archeological study is necessary for an upcoming capital project. She would like at least \$1,000 available to contact a firm to assist with this. Ms. Kerper continued that she would also like to put out an RFP to de federalize funds that have come through her department.

Ms. Kerper explained that recording fees are for when mortgages are recorded with the County for programs such as the Olean Homeownership Assistance Program, Revolving Loan Fund, and Downtown Property Improvement Program. Travel and training was increased since both herself and her typist are new to the department and may require additional training.

There is an increase of \$22,950 in programs as the City wrote numerous grant applications and received grants in the past year, and we now owe 1% of each grant amount as well as \$250 per application fees to the State.

Alderman Andreano asked why the Forness Trail Project is still listed with fees, and Ms. Kerper explained that it was listed because at the time the budget was made, she did not have the go ahead from the Council to return the money to the State. These funds are no longer due.

Mayor Aiello stated that he feels that she should keep the \$3,000 in this portion of her budget, in the case that it costs more to de federalize funds than anticipated. Alderman Dougherty questioned why the department needs to de federalize funds, and Ms. Kerper replied that it is done to be in compliance with HUD. The City would need to hire a consultant to aid with putting together the RFP, and HUD guidelines would need to be researched.

Alderman Crawford questioned if we owe 1% of every grant that we are awarded. Ms. Kerper stated that it is pretty standard to pay the State this amount. Her budget was cut last year, so this amount is still owed. Alderman Andreano stated that on top of the 1%, we also owe a local match. She questioned if we always owe this 1% on top of the local match. Ms. Kerper replied that we do, but it all depends on the funding agency. Mayor Aiello added that different funding agencies also have different application fees. Ms. Kerper stated that, based on what we have committed to, this is what is owed.

Ms. Kerper explained that in January, the City submitted for \$681,545.36 in funding for the OATS, and in March, the City received \$752,173.47. It is hard to estimate income until the fifth Statewide Transit Operating Assistance (STOA) payment comes in. In this case, it was \$45,000 more than expected.

Ms. Kerper continued in stating that the OATS is one of the most unique transit systems in the State of New York. She stated that the City breaks even. What is revenue is put into the OATS Reserve for our share of Capital Projects such as bus shelters. This amount is reported to the Department of Transportation each year. The STOA payment is all based on performance, and how the transit system worked in prior years. There is an annual partner meeting in the next month, during which a change in service may occur.

Ms. Kerper stated that there is some employment services funding for the OATS. Families, mothers and kids use the system. In Olean, there is no bus for the Pre-K, so a lot of people use this as transportation to get young kids to school. She is working with the Seneca Nation, and has an intern revamping the brochure to include everything on one sheet. A new stop at the food pantry will also be added. She mentioned that the OATS is also the Bonas bus, which is busy enough that a second bus is required in January, February, and March.

Alderman Crawford questioned if a late night, 2am bus is done in Olean, and Ms. Kerper stated that the City does not contribute money to the OATS. If the City decided to contribute financially, then it is something that we can look into.

6:45 p.m. Clerk

Mr. Volz began by going through the Information Technology budget. He stated that the personnel services increase is contractual. The other equipment line item remained the same at \$7,200, which is used for computer replacement. Machines are recycled internally until they can't be anymore, and at that time new machines are purchased.

He continued in stating that the office supplies and materials line item is down, as water and sewer billing is now being picked up by the respective departments. Mayor Aiello mentioned that this was explained in the budget letter. Mr. Volz stated that his department purchases all of the paper and toner that is used in the City. The computer maintenance contract line item was affected because the cost of maintenance contracts are now being split with respective departments.

He explained that there is money in his budget for a subscription to Microsoft Office 365. The City currently uses Office 2007, and we have been holding off on an upgrade for as long as possible. At this point, we can no longer upgrade our email system. The end of life for Office 2007 was April 2017. He stated that the subscription to Office 365 opens us up to a lot more abilities. Email will be more online, and will not have to be maintained on the server. If someone works on a computer at work, and desires to continue working at home, they will be able to pull up a web version of their document through One Drive and work on the document at home.

Alderman Crawford questioned if there is an annual subscription fee for this, and Mr. Volz replied that there is a \$23,500 annual subscription fee. Alderman Crawford asked if there is a version that the City could buy, and Mr. Volz replied that the City could purchase Office 2016.

Alderman Dougherty asked if we have ever considered using a different type of program. Mr. Volz replied that we could run into some issues if we used a different type of program.

Alderman Smith asked what pricing would look like for a different type of program through a different provider, and Mr. Volz replied that he has not looked into this, as he is not sure what the City would want in terms of software packaging.

Alderman Crawford asked what pricing looks like to purchase office 2016. Mr. Volz stated that there would be a onetime fee between \$35,000 and \$40,000, plus an additional \$10,000 each for Microsoft Exchange, Access, and Publisher. Alderman Crawford stated that he will sit down with Mr. Volz at a later time to get a better idea the differences in the program options. He

would like to have a better understanding, and would like more knowledge prior to deciding between a onetime fee and an annual subscription fee.

Alderman Smith asked if Office 2007 was a onetime fee, and Mr. Volz replied that it was. Alderman Smith asked if moving to an annual subscription is radically different, and Alderman Dougherty stated that the industry itself is becoming radically different. Alderman Crawford stated that he still feels that it is worth looking at comparisons.

Mr. Volz stated that currently, users have 5 to 10 gigs of storage for email, and the subscription allows access for 100 gigs of storage online. He doesn't believe we would ever have issues with this limit. The City would also be provided with 5 terabytes of storage online, and could request additional storage if needed.

Alderman Gonzalez asked if a new program would have any impact on upgrading camera equipment and storing videos online. Mr. Volz replied that he would have to look into it more, but that 5 terabytes is an awful lot of storage.

Mr. Volz stated that his programming line item covers the costs of a regular antivirus program, program upgrades, enhancements in InCode, and billing software. This is staying the same as last year. Travel and training has also remained the same.

Mr. Martial stated that the personnel services line item for the Clerk's Office is down, as there are two new people in the office at lower steps and different pay grades than the previous employees. He requested additional money in the Vital Statistics personnel services line item in order to provide the part time employee in the department with a \$1 an hour raise.

He continued in stating that the budget for on street parking has remained the same, and the off street parking budget has decreased as there are no longer booth attendants in the City parking lots. Alderman Witte questioned if there are plans to take out the booth behind the library, as it is boarded up and in bad shape. Mayor Aiello responded that he will look into it.

Mr. Martial explained that the personnel services line item under the Legislative Board has increased for contractual reasons.

7:15 p.m. Youth and Recreation

Mr. Shewairy introduced himself as the new Youth and Recreation Director. He asked for the Council's patience, as this is the first budget that he has prepared. He stated that he had two goals while preparing his budget: ton continue to provide a wide array of programs, and to continue to maintain facilities.

He continued in stating that the personnel services in the Youth and Recreation Services budget increased due to a minimum wage increase. There is also an increase in miscellaneous services for a potential increase in the lease costs for the St. John's School. The current agreement is expiring, and will be renegotiated in June. He has requested an additional \$3,000 in programs in order to run more programs and clinics.

Alderman Crawford questioned if the personnel services increase was just for the wage increase, or if we are looking into hiring more people. Mr. Shewairy responded that it is just for the wage increase.

Alderman Witte stated that under the Recreation Maintenance, chemicals went back up to a level that it was a couple of years ago. She would like to look into this amount, as we have decreased the water level in the pool and feels that we will not longer use the same amount. She also questioned why we are leaving the repairs line item at \$18,000 when we just completed a multimillion dollar project on the building. Mr. Shewairy responded that, although he doesn't anticipate any major repairs at the Recreation Center, the Franchot pool and building require several repairs in addition to regular maintenance.

Alderman Crawford stated that this is one of the few departments that has a revenue. He asked how the department is offsetting its expenses. Mr. Shewairy responded that the department sees fee collections from the skating rink, the pool, and some concessions. Alderman Crawford asked if any revenue comes from programs, and Mr. Saradin stated that there is revenue from Youth and Recreation in the form of community center rentals, pool changes (which are weather driven), from concessions, and ice skating. Alderman Crawford stated that at all times, when you see an increase desired, it comes at a cost. The ice rink offsets some of its expenses. Other programs are pure cost.

Alderman Witte questioned if energy costs in the Recreation Center should come down with upgrades that have been done. Mr. Shewairy responded that he is looking into this, but it is difficult to make a determination at this time. It makes sense that the upgrades should cause utility costs to go down, but it will take a year or two to figure out because of the construction that was done and the upcoming pool construction.

Alderman Crawford questioned when we anticipate having the pool up and running, and Mr. Shewairy responded that the contractor will be back in May to work on the tiling. He hopes to have the pool open by Memorial Day weekend. Alderman Crawford asked if the estimated revenue of \$12,000 is at the low end, and Mr. Shewairy responded that this is a very conservative number.

Alderman Crawford questioned why projected revenue is down, and Mr. Saradin replied that, through today, revenue is off from a year ago. Mr. Shewairy stated that youth hockey billable

hours are down, and \$20,000 of revenue was lost when the concession stand was closed. However, we need to keep in mind that the concession stand cost more than it brought in, and profits didn't offset expenses.

Alderman Witte stated that she feels that there is a lot of positivity at the Recreation Center, including with the two party rooms.

Alderman Witte continued by stating that it appears that personnel service for Youth Programs has gone up. Mr. Shewairy stated that this is for contractual reasons and wage adjustments for court attendants and the Youth Court Coordinator.

Alderman Andreano asked why personnel services increased for the Historian, and Mr. Shewairy responded that he currently works 8 hours a week. We would like to increase his hours. Alderman Witte questioned if the Bartlett House is seeing any rentals. Mr. Shewairy stated that there are a few rentals; however, it is mostly school groups that visit.

Alderman Andreano questioned if the City still receives money from the County for its Youth and Recreation department, and Mr. Shewairy responded that the City receives money for its mini grants. Last year, the City was given \$14,000.

Alderman Witte stated that everyone thinks that the Senior Center at the John Ash Community Center is just for seniors. She asked if the Junior League is still a part of it, and Mr. Shewairy responded that they are. Alderman Witte questioned if the dues they pay are shared with the City, and Mr. Shewairy responded that dues are used for programs, as well as to help out the City.

Alderman Crawford asked if there is any revenue from the Community Center, and Mr. Shewairy responded that there was \$9,000 in rental revenue last year.

Mr. Shewairy stated that the ice season is gearing down, as there are only three weeks to go. Roller derby will be coming back this year. Mr. Saradin stated that we are looking into new sources of revenue, and Mr. Shewairy added that we are looking into advertising on the dasher boards and zamboni.

Mayor Aiello stated that he did not include this in the budget, as we still need a legal opinion, but he is considering adding an area in the lobby for concessions. We don't want to put in a concession stand that is City-run as we lost money due to labor costs when we did have the concession stand. He intends to put out an RFP for bids for someone to come in and run this area. People are not happy with the vending machines that are currently there. Mr. Shewairy added that he will be doing some research through the next few weeks on this concession issue.

5. Approval of Committee Reports

None

6. Adjournment

A motion to adjourn was made by Alderman Witte, seconded by Alderman Andreano. Voice vote, ayes all. Motion carried. Meeting adjourned at approximately 7:35 p.m.