

## FINANCE

Thursday, March 29, 2018 – 5:30 p.m.

Police Training Room – Olean Municipal Building

Present: Members: Chairman Witte, Vice Chairman Crawford, Alderman Gonzalez, Alderman Dougherty, and Alderman George

### 1. Roll Call

Alderman Witte called the meeting to order at 5:30 p.m. and asked that the record show that all committee members were present except Alderman Andreano and Alderman Smith, who were excused.

### 2. Budget Discussion Continuation

Mayor Aiello presented a letter and a spreadsheet to the Council outlining budget changes. He stated that he feels that he has met the Council's requests.

Mayor Aiello explained that he has added \$10,000 to the tree program budget and \$40,000 to demolition of unsafe buildings. He stated that a new bid was received for the upgrade to Microsoft Office, which came in at \$56,897.69 (\$48,869.09 for the software and \$8,028.60 for a new server). He explained that he added \$12,500 to the IT budget in order to cover this cost.

He continued that he has removed \$16,080 from historian personal service and \$13,350 from historian miscellaneous. He has left only \$10,500 in the budget for utilities and maintenance on the Bartlett House in order to prevent the building from deteriorating. The plan is to find a different organization to take over the Bartlett House, and if this occurs, the \$10,500 would no longer be needed. He left it in the budget at this time since he is unsure if any agreements can be made before the budget adoption deadline.

Mayor Aiello stated that \$3,500 has been reduced from adult recreation programs, as the current budget is \$13,500 and they do not spend nearly that much. Youth programs travel and training was decreased by \$500, recreation maintenance chemicals was decreased by \$2,000, and youth programs is decreased by \$1,000. Recreation maintenance building repairs has been decreased by \$4,000, youth and recreation miscellaneous fees for services has been decreased by \$2,500, and youth and recreation programs has been decreased by \$2,000.

He explained that he had a meeting with the City's health insurance company, who let him know that the City has had a good year. The pre-65 retirees are now insured through the exchange because it is cheaper, and our experience rating is down. Therefore, he reduced the health insurance budget by \$9,000. Workers compensation was decreased by \$3,000, and for contractual reasons benefit adjustment (MSA) was increased by \$4,000.

Mayor Aiello added that community development programs are down \$10,000. This is because we were anticipating a \$10,000 payment becoming due to the State, and we have been notified that this amount will not be owed. Overall, with all of the changes, the budget is still at the 2% increase within the tax cap.

Alderman Crawford stated that he is very pleased with the changes, and he thanked the Mayor and Department Heads for their efforts. He knows that there were tough decisions to make. There were very tough decisions last year that needed to be made in the interest of sustainability. He is very pleased about how this turned out.

He continued in stating that another organization may be interested in taking over the Bartlett House. He would like to see this remain a part of the community; however, with the City's tight budget, it may not be best suited within our competencies.

Alderman Gonzalez stated that, at some time in the future, he would like to see the total appropriations for each department (Department of Public Works, Youth and Recreation, etc.) summarized altogether. Mr. Saradin suggested adding another page to the budget that summaries each department.

Mayor Aiello added that, as his letter states, he plans to use this year's contingency to fund the ADA ramp.

Mr. Ring stated that on Washington Street, the Engineers estimate that the project will cost \$850,000. He stated that we have two options. The first option is to take \$200,000 from the 2017-2018 budget and encumber the funds so that there is \$400,000 in the 2018-2019 budget for the repair, and then take the rest of the money out of fund balance. He stated that this is a high priority project because of the low volume, which creates a public safety issue.

Mr. Ring continued that the second option came about when he met with a consultant firm that his department works with. He stated that the consultant laid out several grants that the City can apply for. If we pair the Washington Street project with Stardust Lane pump station work, the total cost is \$1.2 million. If the project is funded at 60%, we would pay \$500,000 and get both projects done. He feels that we have a very good chance at getting the funding since the projects are priority, and since a lot of the engineering work and planning is already done. We could also attempt to pair this with a CFA grant, which would fund an additional 20%, leaving the City's share at 20% (or \$240,000).

Mr. Ring stated that if we chose to go through the grant process, it could be another year before the projects are done. He stated that the deadline for application is June, and the City would hopefully hear a response by July. This is getting late into the construction season. However, if we could save \$300,000 and get a second project done, then the grant route is an

attractive way to go. The consultant has already started working on various requirements and SEQRs for the project.

He continued that a bond resolution would be required prior to grant approval, as the grants are reimbursement grants. He wants to do further research to ensure that we are not required to bond and that we can go back to plan A if plan B does not work out. Alderman Crawford asked for clarification that the City would need to bond for \$1.2 million before we would be eligible for the grant, and Mr. Ring replied that he believes that this is for the grant portion only. We would not need to bond for the money that we put down up front.

Mayor Aiello stated that what he got out of the meeting is that in order to apply for the funding, the City needs a bond resolution in place. If the City is awarded the funding, we would need to bond for the grant portion up front until the money is reimbursed. Mr. Ring stated that he wants to see more information on the commitment prior to moving forward. He wants to ensure that we are not stuck in anything.

Mr. Ring stated that if we pay for the project entirely by ourselves, we would look at doing the project over two years. Alderman Gonzalez questioned if we are doing the project in house, and Mr. Ring replied that a contractor will need to do the project. It is too large to be done in house. He does want to attempt to complete one in house project this year as well.

Alderman Crawford asked when we will have an idea as to which direction we are going. Mr. Ring stated that we could have a contract ready in June, but in the meantime we need more information on the grant. He will keep the Council updated.

Mr. Ring stated that, in terms of the ADA ramp, he worked on plans when he was in a previous position with the City. The northwest entrance into the building is where the metal ADA ramp is currently located. It could possibly be reused, but he believes that it should be replaced. There are also drainage issues in the area, so he would like to expand the storm sewer.

Alderman Witte questioned if this is the area where the water pools, and Mr. Ring stated that it is. Alderman Crawford questioned the estimated cost, and Mr. Ring replied that it is \$45,000 to fix the ADA ramp, the railings, the sidewalk, and drainage issues.

Alderman Crawford questioned how long this ramp has been there, and Mayor Aiello replied that it has been there for twenty years or more. Alderman Crawford asked if we feel we can use contingency funds for this, and Mayor Aiello replied that he feels we could.

Mr. Saradin stated that there is \$160,000 remaining in the General Fund Contingency, and \$75,000 in each the Sewer Fund Contingency and Water Fund Contingency. The Council previously discussed using \$30,000 from each fund's contingency to replace a backhoe, and

\$67,000 from the General Fund Contingency for the additional costs to replace a truck that was not fully funded in the budget.

Alderman Witte questioned if there are any plans for Madison Avenue, and Mr. Ring stated that it will cost \$50,000 to mill and pave the road through Highland Avenue. He stated that he hopes to get this done in this year's budget with reimbursement money from CHIPS.

It was mentioned that \$45,000 from General Fund Contingency could then be used for the ADA ramp, leaving \$18,000 left in the fund. Alderman Witte stated that we need to consider this project, as people could hurt themselves. Alderman Gonzalez stated that it is an unsafe situation, but he would also like to see more funding for demolition of unsafe buildings. Alderman Crawford asked if we will, in fact, be found negligent if someone is injured on the current ramp, and Alderman George asked if the ramp is compliant with ADA guidelines. Mayor Aiello stated that he feels that the bigger issue is that of the pooling water. This may be something that we can handle in house.

Alderman Gonzalez asked, if it is fully funded, will the new ramp be steel or concrete. Mr. Ring replied that it depends on the material under the current ramp. You can't really pour concrete over concrete. Alderman Gonzalez asked if \$13,000 of the \$63,000 left in Contingency could fix the pooling issue, and Mr. Ring replied that it could. Mayor Aiello stated that as long as we are looking into taking the money from contingency, Mr. Ring can look into the potential project and make a plan. He can come back later with numbers and options. No decision needs to be made tonight.

Alderman Gonzalez stated that if we fund the full project, the other \$18,000 could be used to tear down a house.

Mr. Ring stated that there are other unfunded projects, such as the pavilion at War Vets Park. This has an estimated cost of \$45,000. He will be getting prices in the next week for the roof. There are also some sidewalk and curbing issues near the new steps at Oak Hill Park, with an estimated cost of \$60,000.

Alderman Dougherty stated that we need to remember that the Comptroller recommends every year that we should let the contingency go back into the general fund, and not use the money for "groceries".

Mayor Aiello mentioned that the State Comptroller's Office will not be coming back next year to review the budget.

Alderman Crawford stated that we made some tough decisions last year, and if we try and squeak by this year, revenues may turn around and things could improve. If a Fund Balance

Policy is set requiring 15% of the budget in the Fund Balance, then there is very little wiggle room. In the near future we may want to add money back into the fund balance.

Mr. Saradin stated that if we didn't order the truck and backhoe until after June 1<sup>st</sup>, the financial statements would look better taking the money from the fund balance rather than contingency. This would help ease the Comptroller's concerns.

Mayor Aiello stated that either way we do it, the State wants us to budget vehicles. Alderman Crawford stated that he understands compliance, and if we had a bunch of money lying around, it would be one thing. In the current financial situation that we are in, these expectations may be somewhat unrealistic.

Alderman Witte stated that she feels that Olean, compared to other municipalities, is in very good shape. Mayor Aiello added that our fiscal stress report says that we are in very good shape.

In response to a question, Mr. Saradin stated that some changes were incorporated into revenues, including increased permit fees and activity in the Codes department. Alderman Crawford asked if the \$25,000 increase in sales tax revenue is an estimate, and Mr. Saradin replied that actual receipts show that sales tax revenues have gone up 3 ½% across the state. He put a 2% increase in the budget to be conservative. Mayor Aiello added that the Comptroller's Office is comfortable with this.

Mr. Saradin stated that he decreased ice skating revenue, as it appears that youth hockey is not as strong as it was in prior years. Alderman Crawford questioned why projected pool revenue is down, and Mr. Saradin stated that he wanted to take a conservative approach because he does not know for sure when the pool will open.

Mr. Saradin continued that ambulance fees through today are up \$38,000 from last year, and he raised the revenue in the budget \$10,000 to be conservative.

Alderman Crawford asked if the increase in mortgage tax is based on an increase in people buying homes, and Mr. Saradin replied that it is. Although higher priced homes are not selling, a lot of middle priced homes are selling.

Mr. Saradin mentioned that transportation revenue is up based on a meeting with the OATS consultant. Transportation expenses have increased in the budget for the same amount.

Alderman Witte questioned the 1710 revenue line item, and Mr. Saradin stated that this is for DPW permits, and the amount is hard to predict. Mayor Aiello stated that there is an increase because of the fee increases.

Alderman Crawford asked if the Bartlett House revenues should be removed, and Mr. Saradin stated that they would have to be if we agree to change operators.

Alderman Crawford asked if State aid amounts are an estimate, and Mr. Saradin stated that the AIM payment that we get every year has remained the same for the past several years at \$2.13 million.

Mayor Aiello mentioned that the court security revenue is a reimbursement from the State for what the City pays the court security, per our contract with the State.

Mr. Saradin stated that we get some oddball revenue as well. For example, we will occasionally get wire transfers from the State, and if he can't find what the money is for, he will put it under miscellaneous revenue. There is also a property owner who "leases" a small portion of City property.

Alderman Witte questioned the airport revenue line, and Mayor Aiello stated that the hanger fees were raised \$25 per month. The revenue increase is kind of conservative. Alderman Crawford asked if there is any additional lumber to cut down at the airport, and Mayor Aiello stated that there is another cut scheduled with the lumber company in a couple of years.

Alderman Witte questioned if there is any chance that the City can convince the County to fix the road at the airport, and Mr. Ring agreed that it is very bad. He will reach out to the County.

It was decided to present the final budget for a vote on April 10, 2018. This will allow for one more committee meeting for questions and comments prior to the vote.

### 3. Adjournment

A motion to adjourn was made by Alderman George, seconded by Alderman Gonzalez. Voice vote, ayes all. Motion carried. Meeting adjourned at approximately 6:40 p.m.