

## FINANCE

Wednesday, March 6, 2019 – 5:30 p.m.

Police Training Room – Olean Municipal Building

Present: Members: Chairman Witte, Vice Chairman Crawford, Alderman Andreano, Alderman Gonzalez, Alderman Dougherty, and Alderman George. Others: Mayor William Aiello; Fred Saradin, City Auditor; Keri Kerper, Community Development Program Coordinator; Lens Martial, City Clerk; Gregg Piechota, City Assessor, Jerry Volz, Information Technology, and Jason Wells, Information Technology.

### 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 Smith, who was excused.

### 2. Unfinished Business

None

### 3. New Referrals for Consideration

#### a. Budget Presentations

##### Auditor

Mr. Saradin provided the committee with a handout that includes the divisions in the budget that his department is responsible for. He explained that the Auditor division's budget increased, primarily due to contractual increased in pay in the Personal Service line item. He explained that the increase is offset by decreases in other line items.

Mr. Saradin explained that the Special Items division has been reduced by \$3,750 primarily because the City switched payroll providers and saw a cost savings. He explained that Contingency is remaining the same as last year at \$200,000.

Mr. Saradin noted that there is a slight change on what is being presented compared to the original proposed budget. He has increased the Taxes and Assessments – City from \$37,000 to \$40,000, as the tax bill received this year is for approximately \$39,000. He explained that this is for the airport, Gargoyle Park, and some of the places outside of the City where pump stations are located. Alderman Witte asked if the tax bill for Gargoyle Park remains consistent, and Mayor Aiello replied that it went up astronomically due to a revaluation completed by the Town. He explained that the City is currently engaged in an Article 7 Tax Proceeding in order to dispute the assessment.

Mr. Saradin explained that he increased funding for fringe benefits by \$50,125, as it is really difficult to know the cost in advance, and the actual cost will not be available until after June 1<sup>st</sup>. He noted that hospitalization is set to come in approximately \$17,000 under budget this year, but he did add \$50,000 to the tentative budget as insurance rate increases are unknown and difficult to predict. Mayor Aiello noted that the health insurance is experience rated, and since it runs from January 1<sup>st</sup> to December 31<sup>st</sup>, it is hard to know at budget time what a rate increase would be.

Alderman Gonzalez asked where employee buyouts (for not taking the City's health insurance) are budgeted, and Mr. Saradin replied that it is budgeted in the Medical Insurance line item under the Undistributed division. Alderman Witte asked what percentage of employees take the buyout, and Mr. Saradin replied that he is unsure, but he can get the information for the committee. He explained that it has changed since the numbers were last provided for the Council, but that it is a significant amount. He noted that it is also difficult to predict changes in terms of a single plan becoming a two person or family plan, or which plan or buyout a new employee will take.

Alderman Crawford asked if retirement costs are related to the market movement, and Mr. Saradin replied that it is both payroll and market related. He explained that the State retirement came in \$800 over budget, so he did allocate for a small increase in that line item. He noted that the Police and Fire retirements came in about \$20,000 under budget, but that he did bump those amounts up a bit since the City won't know the cost until after the budget is passed.

Clerk

Mr. Volz provided for the committee a write up explaining the email and internet security in response to a question that was asked during a previous meeting. He explained that there are three entries listed on the bills as the cost is split between the three different funds. Mayor Aiello added that with the email security, 85% of incoming emails are blocked for potential viruses or other issues. This is why the email security is important. Mr. Volz explained that between the internet and email, the annual cost is roughly \$4,500 which in the grand scheme of things, is worth it for what it does.

Alderman Witte noted that the department had already surpassed its budget for Computer Maintenance Contracts this year, and Alderman Crawford explained that the amount that surpassed the budget was for the previous fiscal year, not the current year. Alderman Witte asked why the funding request for the line item has been decreased, and Mr. Volz explained that they had asked to upgrade to Microsoft Office 2016 last year, and now that the upgrade is complete, the cost for the upgrade is being removed from the budget.

Alderman Crawford asked how the upgrade went, and Mr. Volz replied that it went well. He explained that all computers are now updated to Office 2016. Alderman Crawford asked if this was a one-time cost that will last ten to fifteen years, and Mr. Wells replied that the upgrade will probably only work for the City for five years, at which time another upgrade will be needed.

Alderman Witte asked if docking stations that were in the previous month's Finance and Bills will need to be upgraded down the road, and Mr. Volz responded that they are just a station that a laptop plugs into. He explained that it will last as long as the department has the laptop.

Mr. Volz explained that most of the budget for his division is the same. He explained that there are two accounts, one in the Water Fund and one in the Sewer Fund, into which the cost of some of the computer maintenance was transferred to. This caused a decrease in a portion of the Information Technology budget. He explained that there were some increases in the cost of service contracts.

Alderman Crawford noted that he likes the seven year lookback presented, and that it seems that the contract expense has gone down. He asked what caused this, and Mr. Volz explained that the expense always used to be lumped into the General Fund, where it is now split between the General Fund, Water and Sewer. Unfortunately, this means that the cost really did not go down.

Mr. Martial explained that nothing really changed in the Clerk division with the exception of the Personal Service line item, which was due to contractual wage increases. He explained that the City had previously received numerous copies of the Polk City Directory, but due to the decrease in its use and the increase of information that can be found on Google, the City will only be receiving two copies. This caused a decrease in the budget.

Mr. Martial continued that he had to increase the requested budget for the Postage line item because of the recent increase in postage costs. He explained that he put the cost savings from other line items into the Travel and Training line item, as he would like to attend another Clerk School in Albany. The last time he attended, he had to request the funding from the Council, which was transferred at the time from another line item. This time, he explained, he would like to budget for the training.

Mr. Martial explained that the Personal Service line item under Legislative Board increased due to the contractual obligations of the Council Clerk's salary. He noted that he also increased the Printing costs as he is running close to the budgeted amount already for this year.

Mr. Martial explained that he removed funding from Uniforms under On Street Parking, as uniforms are no longer worn, and moved the funding to Repair Parts for costs associated with

purchasing batteries for the meters. Alderman Crawford asked who the employee associated with this division is, and Mr. Marital responded that it is the employee who collects quarters from the meters. Alderman Andreano asked if the City still has a lot of meters, and Mayor Aiello listed the areas of the City that still have parking meters. Alderman Witte asked if the meters can be sold when they are removed from Lot 6 for the parking kiosks, and Mayor Aiello responded that he is unsure if they really have a resale value, HE explained that there are still a lot of meters in the Municipal Building that are not being used.

Mr. Martial explained that in Off Street Parking, not a lot has changed, with the exception of including the costs for the kiosks in Lot 6. He provided the committee with a price quote for the kiosks. Alderman Crawford asked that the cost for the kiosks be removed from the budget and placed on the list of Capital Expenditures that can be considered and taken from contingency or leftover funding in the current budget.

Alderman Gonzalez asked where the kiosks are to be placed, and Mr. Martial replied that they are to be placed in Lot 6, which is the Barry Street lot. Mayor Aiello explained that he felt that would be a good place to start with the kiosks to see how they work. He explained that users can pay for how long they anticipate parking in the lot, rather than for a two or three hour maximum which the meters provided. He explained that in addition to cash, a credit or debit card could be used as well.

Alderman Crawford noted that the kiosks cost \$16,000, and asked what the cost offset will be. Mayor Aiello replied that with the cost of parking, in addition to the enforcement, it is possible that the payback could occur in as little as one year. Alderman Gonzalez asked how the parking is enforced, and Mr. Martial responded that the kiosks will communicate with a handheld to notify when spots are expired.

Alderman Crawford asked what revenue line this can be found under, and Mr. Martial responded that it is under Parking Meter Violations. Mr. Saradin explained that it is hard to tell what the revenue change will be, so he kept it the same until next year when they have a better idea. Alderman Crawford asked what the projected cost savings is, and Mayor Aiello responded that with no meters in the lot, someone will not be needed to maintain and empty meters in that lot, and perhaps City-wide if the program expands. He explained that there have also been discussions of increasing parking costs from 25 cents an hour to 50 cents an hour.

Alderman Crawford asked what the current revenue in the lot is, and Mr. Martial replied that the average monthly revenue on all meters is \$3,500, and in this lot is \$500 to \$1,000 per month.

Mayor Aiello explained that the City has received complaints that you cannot get enough time on the meters, and this way you can pay for what you plan to use.

Alderman Crawford explained that he would like to see a twelve month meter revenue for that lot, so that the income can be estimated if the fees double. He explained that he feels that it is a good idea to do a trial basis with these kiosks, and noted that he would like the cost removed from the budget as it is a one-time purchase.

#### Assessor

Mr. Piechota explained that his budget is pretty much the same as last year. Alderman Witte inquired regarding a \$25,000 cost for reassessment, and Mr. Piechota explained that he strongly urges the Council to start putting money away for a revaluation. He explained that with the DRI projects and the City's revitalization, it would be best to do a revaluation in four or five years. Mr. Saradin noted that the City has \$25,000 in a Capital Fund for this, and Alderman Gonzalez noted that he thought we had been putting money away for this for some time. Mayor Aiello responded that the Council has discussed setting this money aside several times, but it has not been done since the initial \$25,000. Mr. Piechota explained that any amount will help.

Alderman Crawford asked Mr. Piechota to explain what a revaluation is, and Mr. Piechota responded that the number one reason to do one is to bring assessments to 100% of market value. He explained that the last time this was done was in 2009, and since the market has changed drastically, it needs to be redone to keep the assessments the same. He explained that he can do reassessments with sales and building permits, but it cannot be done for other properties. He explained that the City is currently at 95% and will soon drop to 94%, mainly because of commercial properties. He explained that the State says that the City's commercial properties are worth a lot more than what they are assessed for, but he does not necessarily agree.

Alderman Crawford asked if, with an aging community, assessments should go down, and Mr. Piechota replied that they should not. He explained that residential assessments should remain about the same, and that the City really needs to look at commercial properties. He explained that the City cannot reassess just commercial properties, and that they have to do all properties in the City.

Alderman Crawford asked if an outside firm would be hired to do this, and Mr. Piechota replied that one would. He explained that there is not enough manpower in his department to do this in house, and in house reassessments also cause more State scrutiny.

Alderman Witte asked what percentage of properties in the City are Not for Profit, and Mr. Piechota responded that the last time he looked, the percentage was around 40%. Alderman Witte asked if a lot of property tax income was lost when houses were demoed over the past year, and Mr. Piechota responded that it is too soon to be sure. HE explained that he will not

know for the next couple of months. Mr. Saradin noted that property tax income has actually increased from the past year, and Mr. Piechota added that this has not happened in a long time. Alderman Crawford asked why that is, and Mr. Piechota responded that there have been a few commercial builds, in addition to a lot of building permits. He explained that this helps mitigate the loss from the buildings that were torn down.

Alderman Crawford asked what the best practice for reassessments is, and Mr. Piechota replied that New York State recommends that it is done every year, but on a lesser scale (such as neighborhood by neighborhood). He explained that he would like to see the City move to this model after the next reassessment is completed, and that the same company is normally contracted out for approximately \$25,000 per year. Alderman George asked if the complete reassessment will be completed in a year, and Mr. Piechota noted that it would. He explained that the reassessment is more about redistributing value, rather than increasing or decreasing value.

#### Community Development

Ms. Kerper explained that there are only three lines in her budget that changed, and that the rest remained the same. She explained that Personal Service increased, Consultants decreased, and Programs increased.

Alderman George asked if Personal Service is for the contractual wage increase, and Ms. Kerper stated that it also includes longevity and comp time that was not budgeted last year for the two positions in the department.

Ms. Kerper explained that the Consultants amount is for Rural Revitalization Corporation for the Olean Homeownership Assistance Program, and that it was reduced this year because the City is nearing the end of the program. She explained that the amount funded will aid two to three households close. She explained that there is also funding in this line item for a potential archeological study, if it is required for one of the City's DRI projects, and to hire a consultant, if necessary, to aid in de-federalizing funds that the City has received. She explained that this was done in the last year for some of the old HUD funding that the City received.

Mayor Aiello explained that money was previously taken out for the partnership with the Chamber, and that only \$2,000 is left for the City's corporate membership with the Chamber of Commerce.

Alderman Crawford asked about the Programs line item, and Ms. Kerper explained that the City has received funding from Empire State Development for the BOA Downtown, the Farmers Market, and the Recreation Center Project. She explained that the City is responsible for 1% of

the grant amount to be paid to ESD, which equates to \$2,800, \$2,200, and \$9,200 (respectively).

Ms. Kerper noted that Personal Service – Other includes a \$400 stipend for the Planning Board. Alderman Witte asked about the Zoning Board, and Ms. Kerper noted that they are not in her department. Mayor Aiello noted that they receive a stipend as well.

Alderman Witte asked if the Transportation item is for the OATS bus, and Ms. Kerper replied it is. Mr. Saradin explained that he left it the same because he is unsure of the amount, but that this is offset by revenue. Ms. Kerper explained that she will attend a meeting on March 19<sup>th</sup>, and at that time she should be able to obtain more information from the State regarding the Section 5311 funding. She explained that she should have final numbers for this before the budget is due.

#### Miscellaneous

Alderman Witte asked if Insect Control was covered, and Mayor Aiello explained that it has not been used in the past three years, so it was eliminated from the budget. He explained that the cost could be taken from Contingency if it is needed. Alderman Crawford agreed, as did Alderman Witte. Mayor Aiello explained that he will still let the County know that the City is interested in getting in on the bid for insect spraying.

Alderman Crawford inquired about Control of Animals, and Mayor Aiello responded that it was left at \$35,000. Alderman Crawford asked how the new program seems to be going, and Mayor Aiello responded that it seems to be working out well. He explained that the Police Department must call the SPCA to pick up an animal, otherwise the City does not pay for it.

Alderman Crawford asked if \$5,000 was left in the division for cats, and Mayor Aiello responded that it was. Alderman Crawford explained that he has been in touch with an agency who would like to start trapping in the spring.

Alderman Witte asked if there is an upcoming emergency preparedness drill, and Mayor Aiello explained that he would like to plan one. He explained that there is also a small amount in the line item in case it is needed. He explained that he would like to get everyone involved if there is a drill planned.

Alderman Crawford noted that the committee will reconvene at 5:30 p.m. on Tuesday, March 12, 2019 to discuss the Water and Sewer Fund budgets.

#### 4. Approval of Committee Reports

None

## 5. Adjournment

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