

## FINANCE

Tuesday, March 26, 2019 – 5:45 p.m.

Council Chambers – 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; Lens Martial, City Clerk; Nicholas DiCerbo, Jr., City Attorney; Bob Ring, Director of Public Works; Jeff Rowley, Police Chief, and Tiffany Taylor. Managerial Confidential Administrative Secretary.

### 1. Roll Call

Alderman Witte called the meeting to order at 5:45 p.m. and asked that the record show that all committee members were present.

### 2. Approval of Minutes of the Previous Committee Meetings (Tuesday, March 19, 2019)

A motion to approve the minutes of the March 19, 2019 meeting was made by Alderman Gonzalez, seconded by Alderman Crawford. Voice vote, ayes all. Motion carried.

### 3. Unfinished Business

None

### 4. New Referrals for Consideration

#### a. Water Fund Budget Discussion

Mr. Ring explained that after the last Water Fund Budget discussion, he has looked into ways to prevent taking money from the Water Fund to balance the budget. He explained that his idea is to complete the Fluorination Project, which is mostly grant funded, and complete the Stardust Pump Station Project, which has \$200,000 in match funding already set aside and requires only \$76,000 out of the current budget. He would also like to see the Washington Street Project done. In the budget as presented, the match for the Fluorination Project and remaining match required for the Stardust Pump Station Project are included, in addition to roughly \$125,000 of funding towards what is needed for the Washington Street Project. He explained that with the proposed budget, \$95,500 is taken from Fund Balance to balance the budget.

Mr. Ring explained that he thinks that it would be a favorable option to instead bond for the Washington Street Project. This would prevent the need from taking money out of the Fund Balance to balance the budget, and the Fund Balance will continue to grow. He noted that money was taken out of the fund balance to balance the current budget. He added that

matching the City's funding with grants will also allow the City to get more necessary projects done.

Alderman Witte asked what the bond amount would be for, and Mr. Ring responded that the amount of money that the City plans to spend on the project that will not be reimbursed is around \$700,000. Alderman Witte asked what the cost of the payments for this borrowing would be, and explained that the Council has to be careful because they do not want to create an issue where an unexpected problem occurs and the funding is not there to take care of it. Mr. Ring responded that he estimates that the bond will be able to be taken out for 30 years as this is an infrastructure project, and he anticipates a yearly cost of \$25,000 to \$30,000.

Alderman Crawford explained that a BAN would be taken out while the Project is under construction, and then after reimbursement funds are received, the BAN can be converted to a bond. Mayor Aiello added that in 2025 \$115,000 a year in payments is coming off, and in 2026 \$300,000 a year is coming off.

Mr. Ring recommends doing the entire Washington Street Project this year, borrowing for the funding, and putting together a five year plan to move forward. He explained that the City is fighting a losing battle with its water and sewer infrastructure, but it is all speculation, and the best thing to do would be to complete studies to determine what the priorities are.

Alderman Witte explained that she likes the idea of a five year plan, because the Council can know what is upcoming and what needs to be done.

Mr. Ring explained that, if the Council would like to move forward with borrowing for Washington Street, that the Water Fund budget's Capital Outlay line item will not include the \$95,500 out of fund balance, would include \$76,000 for the Stardust Pump Station Project match, and the difference in funding will be placed in the valves account where funding was previously cut by \$25,000.

Alderman Crawford explained that this seems like a proactive measure. He explained that we can't wait for the worst to happen to Washington Street, which is already in deplorable condition. He feels that this project is essential to the City. He also feels that the City needs a long term outlook to make a plan for the aged infrastructure. He noted that Washington Street will also see a resurfaced roadway, as it will need to be torn up to replace water lines.

Alderman Crawford asked if the Washington Street Project would be completed this year if the Council agrees to bond, and Mr. Ring replied that although the water lines would be done this year, the roadway would not be done until next spring.

Mayor Aiello explained that Mr. Ring came up with this idea after the Council's budget discussions. He explained that this is a way to prevent having to piecemeal the Washington Street Project, and that with other bond payments coming off, a plan can be made to move forward. He noted that \$30,000 is a lot easier to swallow than \$100,000 at a time.

Alderman Crawford explained that he feels that this is a good idea and well put together.

Alderman Andreano asked where the money is coming from, and Mr. Ring explained that he does not plan to see the first payment due until the 2020-2021 budget. Mayor Aiello added that bond payments would come from the Water Fund budget.

Mr. Ring explained that the biggest goal is a balanced budget. He noted that the City may need to see drastic changes for their infrastructure in the future, such as possible plastic water lines.

Alderman Smith asked about the scope of the Washington Street Project. Mr. Ring explained that it is from 4<sup>th</sup> Street to 10<sup>th</sup> Street. Alderman Smith asked how long this section of roadway is, and Mr. Ring replied that it is less than half a mile.

Alderman Crawford explained that the original budget request takes \$95,500 from the Water Fund, but that with this plan, nothing will be taken from the Fund Balance. Mr. Ring confirmed that this is correct.

Alderman Witte asked if water and sewer rate changes can be forecasted when the five year plan is put together, and Alderman Crawford noted that he would like to see Mr. Ring and Mr. Saradin work out some projections for that. He explained that, based on previous discussion, he believes that the plan is to maintain a 1% to 1 ½ % annual increase.

Alderman Dougherty explained that he thinks it is great that the Council does not have to dip into the Fund Balance. He agrees that a five year plan needs to be put together moving forward. Alderman Andreano explained that she does not like taking money from Fund Balance, but that this is for a project that needs to be done. Alderman Crawford explained that the City is sitting on pretty good Water and Sewer Fund balances.

Mr. Ring explained that in the meantime, the City will work to find new revenues for the future. Alderman Andreano explained that we need to find a delicate balance between new revenues and the cost that needs to be expended to generate new revenues. Mayor Aiello explained that if a community would like to tap into the City's water and/or sewer, that there are ways for lines to be paid for without the City having to absorb the cost. He added that the Town of Olean has received a grant for new sewer lines on Indiana Avenue.

Alderman Dougherty asked who the lines belong to once they are ran, and whose responsibility it is to maintain them. Mr. Ring responded that it depends on the water or sewer district in which they are located.

Alderman Witte explained that she has seen drainage issues throughout the City, especially in her ward. She asked if there is anything in the current budget to deal with these issues. Mr. Ring responded that there is not, and that a lot of the issues can be attributed to many years without a curbing program. He explained that this is caused by underfunding in the streets department.

Alderman Andreano commented on the budget being voted on tonight, and Ms. Taylor noted that only the water and sewer rate changes are being voted on, not the budget.

#### 5. Approval of Committee Reports

None

#### 6. Adjournment

A motion to adjourn was made by Alderman Gonzalez, seconded by Alderman Crawford. Voice vote, ayes all. Motion carried. Meeting adjourned at approximately 6:25 p.m.