

FINANCE

Tuesday, April 2, 2019 – 6:40 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; Nicholas DiCerbo, Jr., City Attorney; Fred Saradin, City Auditor; Bob Ring, Director of Public Works; Bob Bell, Fire Chief; Jeff Rowley, Police Chief, and Tiffany Taylor, Managerial Confidential Administrative Secretary.

1. Roll Call

Alderman Witte called the meeting to order at 6:40 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 26, 2019)

A motion to approve the minutes of the March 26, 2019 meeting was made by Alderman Witte, seconded by Alderman Crawford. Voice vote, ayes all. Motion carried.

3. Unfinished Business

None

4. New Referrals for Consideration

a. Budget Discussion

Alderman Witte explained that the Council had previously presented their ideas to the Mayor, and they have received a response.

Mayor Aiello explained that he agrees with the Council's suggestions regarding the airport runway and fuel, as well as the salt reduction. He does, however, caution that if there is a severe winter event that a transfer to the salt line item may need to happen quickly if funding is depleted. Alderman Witte asked how much salt is left, and Mr. Ring responded that two full bays are left, which can cover a couple of storms. He explained that the City sets a usage amount with the supply company, and has to use at least 70% of that amount. He continued that if the City goes over 100% they are penalized and pay a 10% upcharge, with an additional upcharge at another threshold. Mayor Aiello noted that the salt bill usually needs to be paid in ten days, so a transfer would have to happen within one regular meeting.

Mayor Aiello continued that he would like to keep the parking lot kiosk purchase in the budget as it is the future of parking in the business district and information from the Clerk's office

indicates that an increase of \$.25 to \$.50 per hour would project income that would allow for a two year payback period for the kiosks. Alderman Crawford explained that his take is that there is zero cost created with the current meters, and that the City could still increase the parking rate. Mayor Aiello responded that there is a cost with reconfiguring the meters.

Alderman Crawford asked if it makes more sense to target an area that is not bringing in revenue at all. He explained that if the lot is currently bringing in \$4,000 and it increases to \$8,000, that the opportunity cost is only \$4,000 and the payback is 4 years, not 2. He explained that he is not against more revenue, but he feels that these will be more beneficial in an area where revenue is not currently generated.

Mayor Aiello responded that the area that is not currently bringing in revenue is North and South Union Streets as well as East and West State Streets. He explained that it would take more devices, but that they could target the area of North Union Street from State Street to the railroad tracks. He explained that one could be places on each side of the street on each block.

Alderman Gonzalez responded that he is not in favor of putting kiosks on North Union Street. He explained that there is a bigger picture than making money from parking on North Union Street. Chief Rowley explained that the meters were taken out for the streetscape project, and they were left out because the City did not want to put the unsightly meters back on North Union Street, He explained that parking kiosks are the future of parking and that they can be found in cities everywhere. He explained that the idea was that eventually they will replace meters everywhere in the City; however, they wanted to start with one lot to see how it worked out. He explained that the City currently charges for secondary parking and has free prime parking, which is backwards. The City should charge more for prime parking than secondary parking.

Alderman Crawford explained that it might make more sense to purchase eight units instead of two and begin charging for premium parking.

Alderman Smith asked if \$16,000 is the cost for two units, and Mayor Aiello responded that it is the total package. Chief Rowley explained that the cost per kiosk is \$6,350, and that there is also an installation and monthly fee.

Alderman Crawford suggested not holding up the budget, and looking at putting these on North Union Street down the road and raising the hourly cost to \$.50.

Mayor Aiello explained that the City does not have anyone to maintain the meters anymore. He explained that he understands the hesitation to make the change. He explained that he will take this item out of the budget and a further discussion can be had at a later date.

Alderman Witte explained that she does not feel that the kiosks should be on the full length of North Union Street, only the core of the City.

Alderman Gonzalez asked why we would punish the businesses on North Union Street and not State Streets. The City had wanted to put a fee on overweight trucks and were told it was draconian. Alderman Witte replied that there are people who come from out of town and use the City's services, and we can't allow them to use our services for free. Alderman George asked if she is saying that residents don't use the City's parking, and she replied that she is not. Alderman George stated that taxpayers are already paying, and now we want them to pay more. Alderman Witte responded that people will park where it is convenient. We don't charge for everything that could bring in revenue and then wonder why we don't have any revenue. We need to collect revenue to offset the cost of services.

Mayor Aiello explained that \$70,000 in revenue was lost when the meters were taken out. Alderman Crawford explained that this cost is passed onto property owners. He can see both sides. He would like to have further discussion down the road.

Alderman Dougherty explained that he is all for the parking meters, but that he thinks that they should be paid for as a capital expense and not in a line item in the budget.

Alderman Crawford explained that there are a lot of costs in the City's downtown, and discussions need to be had regarding offsetting these costs.

Mayor Aiello explained that he was in Binghamton, and everywhere you went they had these kiosks.

Alderman Crawford asked if Mayor Aiello is opposed to taking this out of the budget and having further discussions, and he agreed that he is not.

Alderman Smith explained that in the beginning of the North Union Street Project, the consultants recommended that the City not go to free parking. He explained that parking is a limited asset, and there are only so many spaces. When you give something that you have a fixed amount of away for free, people are going to abuse it. He asked if the Council thinks that the economy is that weak that people will not go to downtown places because they need to pay to park. Alderman Gonzalez replied that he does not think that it is that weak, but he does think that it is that delicate.

Alderman Smith explained that he is a low fee guy, but we need to decide what direction we want the City to go in.

Alderman Crawford explained that any funds that are not collected from parking downtown, the City will need to rely on property owners to pay. He explained that if this is the way of the

future, then the Council needs to have a discussion about making parking kiosks a part of the prime real estate on North Union Street.

Alderman Smith explained that he feels that the City should test the technology somewhere that is not on the main drag. He would rather try the company's promises elsewhere.

Mayor Aiello explained that he agrees with the Bartlett House marketing dedication (and noted that \$3,853 will need to be kept in for the cleaner); he is okay with the City Attorney decrease but noted that he is a valuable asset to the City who has not received a raise in the past four years; he is okay with the deduction in the Historian stipend; he is okay with the traffic signal cost being moved out as a one-time purchase (but noted that \$11,500 should remain in the budget for maintenance and upkeep); and he agrees with moving the license plate reader cost out of the budget as a one-time purchase.

Mayor Aiello explained that the fire radio cost is not a one-time purchase and is the second year of a five year program, so it should not be moved out of the budget. He continued that the fire hose purchase is also not a one-time purchase, and is the second of a three year program to replace supply line for the engines. For this reason, he has left the costs in the budget.

Mayor Aiello continued that he would like to consider a City-wide cleanup week, for which \$8,000 to \$10,000 would need to be budgeted. Alderman Witte explained that she has been receiving calls about this as well. Mayor Aiello noted that this is a very rough estimate, as he believes that \$8,000 was spent for the last cleanup week. He explained that the City does charge for residents to participate.

Alderman Witte suggested waiting until June 1st and taking the money from contingency. Alderman Crawford asked how much the \$35 charged to residents defrays the cost, and it was unknown.

Alderman Andreano explained that the cleanup is not about making money, it is about helping to clean up blight. Alderman Crawford asked if the City even wants to charge, and Alderman Dougherty replied that if it is free, it will be crazy how many people will participate and put things out. It will cost the city more than \$10,000. Mayor Aiello agreed that the residents participating should have some skin in the game, otherwise it could be crazy how much is put out for pickup.

Alderman Crawford noted that \$25,000 for the revaluation was added to the proposed current contingency use, and Mayor Aiello responded that it was based on comments during the previous budget discussions. He explained that he was trying to get to \$190,000 to use the remainder of contingency, which is why funding for sidewalks was included as well. He noted

that because the forklift is split between the three funds and the Sewer Fund's contingency has been used, funding will need to be found elsewhere in the fund for the purchase.

Alderman Dougherty noted that his only comment is that perhaps, in the future, the cost for radios and hoses for the fire department could be looked at as one time capital purchases and not spread over several years. Mayor Aiello explained that the original plan to replace the hoses was a two year plan, but it turned into a three year plan. The lines are tested every year, and if they do not meet specifications, they need to be replaced. Chief Bell explained that the whole program is like the fire radios. It is spread out over several years so the cost can be budgeted. He explained that sometimes plans get delayed if something else comes up.

Mayor Aiello explained that, as presented tonight, there is a roughly .75% increase in property taxes. Mr. Saradin explained that this number will decrease slightly with the removal of the parking kiosks from the budget.

Alderman Andreano explained that she is in agreement with the forklift being split between the three funds, but that she is not in favor of the revaluation. She explained that she feels that we are already driving businesses out of town, and she has a huge issue with a revaluation. Mr. DiCerbo responded that the City needs to do a revaluation in order to keep the equalization rate where it needs to be. We get dinged by the State if we do not keep it up.

Alderman Andreano continued that every year insurance costs are brought up, and she wonders why we always use the same insurance company and don't bid it out. Mayor Aiello responded that the City is in the second year of a two year agreement, and it will be put out to bid towards the end of the agreement. Alderman Smith asked if Alderman Andreano is talking about comparing different brokers, and she responded that she is.

Alderman Dougherty noted that it is the same with BWB who does the audit. The City always uses the same company. Alderman Witte noted that the City likes to use local businesses to support them. Mayor Aiello noted that most insurance brokers deal with the same companies.

Alderman Andreano explained that there are a lot of local businesses that can be looked at. Mr. Saradin noted that the OLDC did bid out their accounting services, and BWB came in way below any other company. He explained that the City can still bid out their accounting services in the future.

Alderman Smith explained that he feels that the \$2,500 for Mr. DiCerbo should be put back into the budget, as it is a very small amount for the City, He explained that he does a great job, and we have incidental vehicle repairs that probably cost more than that. Alderman Dougherty added that the Council uses Mr. DiCerbo's expertise a lot. Chief Rowley agreed that he is a great help to all and that he does a great job.

Alderman George asked what the revaluation cost is to the taxpayers, and Mr. Saradin replied that it is several thousand dollars. Alderman George asked if the \$25,000 suggested is just to build up the funding, and Mayor Aiello replied that it is. He asked that the Council keeps in mind that the proposed use of the existing contingency is outside of the budget process. He noted that a PL and Resolution will be proposed closer to the end of the current budget year to transfer the funds. At that time, the Council will need to make decisions.

Alderman Crawford explained that the initial goal was to transfer \$154,000 out of the General Fund to keep the tax increase at 0%, and he does not understand how keeping \$30,000 in the budget equals a .75% increase. He does not feel that the numbers add up. He asked that Mr. Saradin make the changes that have been proposed tonight and come back with the new increase in taxes.

Mayor Aiello asked what the Council's thoughts are on the increase for the Attorney's pay is, and Alderman Crawford explained that he would have a discussion with the Aldermen and follow up with the Mayor.

Mayor Aiello explained that the City had an equalization rate of 87% when the last revaluation was done, and it caused the School and County taxes to be higher. He explained that the rate is now at 97%, which the City Assessor has attributed to commercial properties. He suggested that Mr. Piechota come to a meeting to explain to the Council how a revaluation works.

Alderman Crawford noted that he will have a conversation tomorrow with Mayor Aiello and will go over numbers with Mr. Saradin.

Alderman Gonzalez explained that since he has come on board with the Council, there have been years that the Council has not gone right to the 2% tax cap. He does not, however, remember any 0% increases. Alderman Smith replied that there were 0's sometimes in the past. The City is in a pickle, as the largest expense the City has in for payroll, which is contractually going up. Alderman Gonzalez explained that he would rather see small increases each year than a large increase every few years.

Alderman Crawford explained that if sales tax revenue increases that the increased revenue will allow for 0% increases in the property tax rate. Alderman Gonzalez noted that when the City didn't increase water or sewer rates for several years, we found ourselves in trouble. Alderman Crawford responded that when the economy is growing, it offsets expenditures. He feels that we should leave the property tax rate alone.

Mayor Aiello explained that, per the Governor's budget, the property tax cap is now permanent. It is at 2% or the rate of inflation, whichever is less.

Alderman Gonzalez explained that it seemed that when there is a 0% increase in property taxes, funding is taken from the General Fund to balance the budget. Alderman Crawford responded that he proposes a 0% increase in addition to not touching the General Fund. Alderman Andreano noted that the General Fund has been used to balance budgets each year she has been on the Council.

Mayor Aiello noted that CHIPS and AIM funding are staying the same with the Governor's budget, and that he is unsure of the winter recovery funding. HE explained that he is unsure if arterial maintenance has made it into the budget. Mayor Aiello explained that Governor Cuomo is holding strong that he does not want to give cities any more funding. His budget does include sales tax revenue from internet sales; however, he is unsure if the State will keep this revenue, or if it will go to the municipalities.

Mr. Saradin explained that a couple weeks ago, he presented a report of 100 line item increases by department over the years. He explained that with longevity and step increases, there is a \$187,000 increase next year, and assuming a 1% raise, it will be another \$187,000 the next. He explained that this is an additional \$374,000 in personnel costs for the budget that the Council will need to find funding for. He explained that if the tax increase this year comes in at less than 1%, the next budget year will be very rough. He is asking for a 2% increase o help create the next year's budget. He asked that the Council think of the needs that have been talked about, such as sidewalks, buildings repairs, and potholes, and plan ahead. He asked that the Council keep in mind that this year's tax increase will impact next year.

Alderman Witte explained that this is why it is important to charge for services. She understands that no one wants to raise fes, but they need to increase.

Mayor Aiello explained that he hopes that he is wrong on what he is reading from the Governor's budget, and he hopes that we get the sales tax from the internet sales.

Alderman Crawford explained that he will get together with Mayor Aiello and Mr. Saradin and will be in touch with the rest of the Council.

b. Capital Fund Discussion

Mr. Saradin explained that he has presented a handout to the committee which shows Capital Funds that are opened as of June 1st, as well as a Resolution that was previously passed to close seventeen of the Funds, as well as a proposal to close nine more Capital Funds. He explained that it would cost the General Fund \$4,717 to do this.

Alderman Crawford asked how the City can have a Capital Fund in the negative, and Mr. Saradin explained that some projects are done on the fly, and can go over or under budget. He

suggested getting these Funds off of the books, and noted that he does not believe that any funding can be used from the Water or Sewer Funds, due to the scope of the projects. He noted that the Council will also see some activity on some of the Funds between June 1st and today.

Alderman Smith suggested that, as these are one time projects, the Council take the \$4,717 from the \$9,000 of Contingency funding that was to be used for sidewalks, and move on. Alderman Witte agreed that the funding should come from the money suggested for sidewalks.

Mayor Aiello explained that he can encumber funds or create a Capital Fund for the cleanup, and that he will have a bid put out in the meantime in order to get a better cost.

5. Approval of Committee Reports

None

6. Adjournment

A motion to adjourn was made by Alderman Crawford, seconded by Alderman Witte. Voice vote, ayes all. Motion carried.