

## FINANCE

Tuesday, March 9, 2021 – 5:30 p.m.

via Zoom

Present: Members: Chairman Witte, Vice Chairman Crawford, Alderman Panus, Alderman Gonzalez, Alderman Robinson, and Alderman Anastasia. Others: Mayor William Aiello; Fred Saradin, City Auditor; Bob Ring, Director of Public Works; Keri Kerper, Community Development Program Coordinator; Kris Shewairy, Youth and Recreation Director; Tim Richardson, Fire Chief, and Tiffany Taylor, Managerial Confidential Administrative Secretary.

### 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.

### 2. Unfinished Business

None

### 3. New Referrals for Consideration

#### a. Discussion – Budget 2021-2022

##### i. Water / Sewer Funds

Mayor Aiello explained that he received an Advocacy Update from NYCOM today and it look as of right now that we are going to receive \$1,473,947 split into two equal payments. He explained that once the order is signed by the president, the first payment will be sent to New York State within sixty days and then the State will have thirty days to get it to the municipality. He explained that the second half of the payment will be sent twelve months later. He explained that this is not unallocated and there are some conditions, and we will have to keep an eye on what we can spend the money on. He noted that we are similar in size to Dunkirk, but they will receive \$14 million because they are a CDBG entitlement community. We are very thankful, though, for what we are going to get.

Mr. Ring explained that Mr. Camp has been in his position for about a year. He explained that he has been transitioning the water and sewer operations to Mr. Camp including master planning and project management. He explained that he has been doing a great job and he has a lot of good ideas. He explained that he would like to take a comprehensive look at where we are in water and sewer as a whole and the good news is that they are presenting balanced water and sewer budgets with a zero percent increase in sewer and two percent increase in water.

Mr. Ring explained that the budget has been pretty flat for the past five years. There are definitely some challenges and definitely some work that we have to do, but we know what we are up against and are trying to stretch our dollars as much as we can. He explained that there are some capital projects on the horizon to put us in a good place with our water infrastructure. He explained that they are working on the design report for the south wall rehabilitation project at the water plant and are looking for grant funding. He explained that there is a proposed project at the reservoir site to isolate two reservoirs and clean and inspect them, which is a priority project.

Mr. Ring explained that the State is requiring that we eliminate all lead from the service lines in the City. He explained that we can fulfil this requirement over thirty years. He explained that it is on us to replace those lines and we will try to roll it in with the paving schedule and use labor from the water distribution crew.

Mr. Ring explained that around eight or nine years ago we replaced water meters through the City and they have a battery life of 10 years. He explained that some are starting to fail already and some will go longer, but we are coming up with a plan to replace \$5,000 worth of meters.

Mr. Ring explained that he would like to have a master plan put together for the water department. He noted that we currently have a master plan for sewer which is driven by a consent order from the DEC. He would like to look at other communities and see what they have done to plan out five or ten years and see what kind of impact we can make. He explained that our infrastructure is aging but we did a large improvement with the Washington Street Project. He explained that we have work that needs to be done all around town. We could use infrastructure money and an infrastructure plan. A hydraulic model would provide more data and would help us plan better. He explained that we do not have a written plan in place but it would aid in helping the Council make decisions when determining rates.

Mr. Saradin explained that it appears as though in early correspondence that one of the suitable uses of money from the Federal government is towards water infrastructure. Mayor Aiello explained that he would like to wait for further clarification on appropriate uses of the funding, and Alderman Witte noted that there are other areas in the infrastructure where there is a need.

Mr. Ring explained that there is around \$750,000 in fund balance, so we are in a healthy place but we do not have a lot of infrastructure money to play with. He explained that over the last three years the budget has stayed the same but that there have been some increases in chemical costs, which is one of the biggest costs in these portions of the budget. Alderman Crawford asked what is driving that change, and Mr. Ring responded that he believes that it is due to increased costs and inflation. He explained that he also has some major concerns with

fuel prices going up which will make everything go up. He explained that we use a lot of fuel and buy a lot of fuel so that is a big concern. Alderman Crawford asked if we get fuel on State bid rates, and Mr. Ring responded that we do get it at low bid and that we get it tax free so it is less than what the public pays.

Mr. Ring explained that we have not talked a lot about the master plan for sewer. He explained that we just got done with a \$22 million project and there are a lot of concerns moving forward. He explained that our infrastructure is neglected like in most communities. He explained that we are looking to update the plan this year to show the progress we have made.

Mr. Ring explained that there is not a lot of funding opportunity for the syphon project, but we need to think seriously about funding the project. He explained that when it rains, sometimes there is so much water in the line that it pops the manhole covers. He explained that the line is 15 to 16 feet deep and picks up all of East Olean. He explained that it is probably picking up a lot of groundwater being so close to the river.

Mr. Ring explained that we have been lining the West Olean sewer with \$250,000 in funding required by the DEC each year. He explained that we are trying to get to the pump station, and we are on track to but there are some other projects that we have to think about working on and applying for grants for. He explained that the Council approved a grant application for an I&I engineering planning study for inflow and infiltration into the sanitary sewer. He explained that we have uncovered some stormwater issues with the Arland Avenue project and have to do some additional work there. He noted that later tonight he will be asking for permission to apply for grants to replace two different culverts

Alderman Crawford asked about the East Olean sewer project. Mr. Ring explained that digging on the side of that sewer is probably a risky idea. He explained that the project would replace manholes or line inside the manholes. He explained that lining would be a good idea versus replacement because it is a third of the cost.

Alderman Witte asked where we are on the disconnects of the sewer from residential homes. Mr. Ring explained that does not know the percentage, as it is done on the sale of the home and we would need to coordinate with Codes. Alderman Witte asked if we have seen a decrease of water coming into the system, and Mr. Ring responded that he wants to say that we have seen some positive returns where wer have lined already. Mr. Camp explained that there is a minor improvement to the gravity feed system closest to the plant but he doesn't think we have seen an improvement in East Olean. Mr. Ring explained that this is a career long slow replacement. He explained that we will need small increases in rates down the road so as not to need to give up infrastructure money.

Mr. Ring explained that he writes a letter to the DEC each year as a part of the Consent Order to update what we have accomplished, and they either accept it or they don't. He explained that it is a little ambiguous and they give feedback if there are concerns. He explained that so far there haven't been concerns and they approved a reduction in funding spent last year due to COVID. He explained that there is \$2.1 million fund equity in sewer and noted that additional money was taken from the fund balance in 2019-2020 for additional sewer lining.

Mr. Camp explained that he took three budgets in the water department and compressed them into two budgets to make more sense and to mirror better the sewer budgets. He explained that the Water Administration budget is completely gone and was dissolved mostly into Transmission and Distribution, with the rest in Purification. He explained that the overall water budget is up 2% which is reflected by a 2% increase in rates.

Mr. Camp explained that most of the increases are due to the absorption from the Water Administration budget. He explained that uniforms and protective clothing is up because the fall protection and protective clothing employees wear is reaching the end of its useful life and it is recommended that it be replaced. He explained that auto repairs is up due to the gaining fleet, and noted that there is especially hard wear and tear on vehicles used for plowing.

Alderman Witte asked if we are getting any discounts from the solar farm. She explained that she thought that we were supposed to get discounts on electric bills for the City's buildings. Mr. Saradin explained that up through today we have received \$125,000 in energy savings, which they try to split between the three funds. He explained that the credits are broken down into different categories and we have recognized some savings so he feels that it was a good undertaking for the City. Alderman Witte explained that it appears that we still have to increase electric and power by \$5,000 and asked if this will be offset by credits. Mr. Saradin explained that the electric rates are still increasing, and we will not know what the net effect is.

Alderman Anastasia asked why increases in personal service were so high. Mr. Camp responded that the \$292,000 previously funded in Water Administration is now split between the two other divisions. He explained that they have more appropriately moved these positions around. Alderman Crawford explained that there is a total \$39,000 increase across the departments. Mr. Saradin explained that there is also an increase in State retirement costs and the water department share is around \$50,000. He explained that there is a \$23,000 increase in debt service that is due to the Washington Street Project financing costs. He noted that he will provide the Council with a debt service schedule from Municipal Solutions.

Mr. Ring explained that he feels that it is worth mentioning that water revenues are down about 3.4 % average for the last five years and Mr. Saradin explained that most of this seems to be in the industrial section of billing. He explained that he is guessing that part of the reason

that revenues are down is due to COVID. He is hoping that in 2021-2022 we can see revenues increase.

Alderman Crawford asked what the loss of Dresser Rand will do and asked if they are one of our largest consumers of water. Mr. Saradin explained that Index is, and Alderman Witte asked if they have been running. Mr. Camp explained that they have pretty much stayed the same. He explained that Dresser Rand's impact will be larger on water than on sewer, and noted that the hospital is also a large user. Mr. Saradin explained that we will really need to keep Dresser Rand's closure in mind when working on the 2022-2023 budget.

Alderman Panus asked about providing water and sewer to Allegany, and Mr. Camp explained that it is just sewer. Alderman Panus asked if this is based on a flat rate and if it is negotiable, and Mr. Camp responded that Allegany pays based on the sewer budget and how much of that budget is being spent. He explained that we look at the percentage of their flow to our flow and take that percentage and apply it to our budget to determine how much of our budget was spent treating their sewage. He noted that the agreement is 40 years old with no end date.

Mr. Camp explained that a lot in the sewer fund is pretty much the same. He explained that that a lot of the lines that have gone up are using funds from the light and power line that is down \$30,000. He explained that we have been pretty efficient with electrical use at the sewage treatment plant so that line is down pretty significantly. He explained that he wants to increase both the 250 and 301 lines by \$10,000 versus what is shown due to the Buffalo Street stormwater station. He explained that the electrical in the station is approaching 50 years old and needs to be replaced. He explained that it is his understanding that National Grid will either be urging us or requiring us to upgrade. He explained that there is a multiyear plan to upgrade the electrical components. The scaffolding in the ground under the station is deteriorating and he wants to replace those pumps in the future and eventually have some kind of backup there. He explained that right now if there is a storm, and the underpass floods there is no way to get that out. He explained that there is a quote for \$45,000 for the electrical components.

Mr. Camp explained that there is an \$18,000 quote for mowing equipment and snow removal equipment to go on a tractor. He explained that we do this about every 6 or 7 years when it gets beat up and needs attention. He explained that we do this through State bid. He explained that chemicals are up because one of the chemicals that is used was previously used seasonally and is now being used all year, so they are trying to process adjustments at the plant. He explained that the miscellaneous contracted services line could be decreased by \$20,000 to provide the funding to the 250 and 301 lines. He noted that the budget would go down \$60,000 overall.

Mr. Saradin explained that we incurred some significant savings in the debt service by paying off a note. He explained that we also have some money left over in the new borrowings for the wastewater treatment plant and we are allowed to use \$90,000 over the next two years to help reduce the debt service so it is down \$140,000. He explained that this is the primary reason that he doesn't think that we need to raise sewer rates because of savings in the debt service. He explained that he believes that we will add a couple hundred thousand dollars to the fund balance as well.

Mr. Camp explained that sewer revenue is up \$50,000 on the year. Alderman Witte asked if since doing updates at the plant we have noticed where there has been savings as far as energy or productivity. Mr. Camp explained that we have definitely decreased energy use. He explained that we are also working on monitoring energy use to see when the peak demand is so that we at be able to save additional money by moving the peak time to when the demand is less. Alderman Witte asked if the new plant is handling overflow and heavy rain better, and Mr. Camp responded that it definitely is.

#### 4. Committee Reports

None

#### 5. Adjournment

A motion to adjourn was made by Alderman Witte, seconded by Alderman Crawford. Voice vote, ayes all. Motion carried. Meeting adjourned at approximately 6:30 p.m.