

Minutes

Public Facilities Committee

June 18, 2018, 4:00 pm

Gerace Office Building, Mayville, N.Y.

Members Present: Hemmer, Wilfong, Nazzaro, Gould

Members Absent: Scudder

Others: Ames, Cummings, Abdella, Dennison, Martello, Almeter, Sayegh, Spanos

Chairman Hemmer called the meeting to order at 4:01 p.m.

Approval of Minutes (5/14/18)

MOVED by Legislator Nazzaro, SECONDED by Legislator Wilfong to approve the minutes.

Unanimously Carried

Privilege of the Floor

No one chose to speak at this time.

Proposed Resolution- Confirm Appointment - Chautauqua County Parks Commission

Chairman Hemmer: I have spoken with him on the phone and he seems to be very interested in participating and the Parks Commission so I think he will make a good candidate for our Parks Commission. Anyone else have any questions or comments? All in favor? Opposed?

Unanimously Carried

Proposed Resolution- Authorize Agreement to Extend Interim FBO Services at the Dunkirk Airport

Chairman Hemmer: Is there anybody here to speak to that?

Mr. Spanos: Yes, Mr. Chairman. Mr. Almeter is on his way. Hopefully he will make it here before we complete this discussion. This is to extend current operations at the Dunkirk Airport to allow CREDC to continue operations at the Dunkirk Airport. As you all know, we did

attempt to secure services of FBO, however we weren't successful so we would like to continue the current status for at least another eleven months.

Chairman Hemmer: The plan is then to put out another (*inaudible*) at that time, or some time in-between?

Mr. Spanos: Yes, sometime in-between.

Mr. Gould: How is it working out?

Mr. Spanos: I'll refer to the expert.

Chairman Hemmer: Do you mean financially?

Mr. Gould: Yes, financially and personnel wise.

Mr. Almeter: On both accounts it is working reasonably well. There are two revenue streams from the FBO, the hanger leases and the fuel sales. Fuel sales during the winter are slow. We forecasted fuel sales based on the prior operations under Dunkirk Aviation. 48,000 gallons of jet A, 23,000 gallons on a cyclical basis. Our current sales are (*inaudible*) or exceeding their historic fuel sales. On the rents, we lost some tenants over the course of the winter. We are at about 50% occupancy on the rent but because the County is receiving all of the proceeds of the rent, the revenue stream from the rent is actually better than what we were getting under the Dunkirk Aviation lease.

Mr. Gould: Why did we lose them?

Mr. Almeter: In some cases they were loyal clients of (*inaudible*) and he found room for them in Jamestown. In some other cases the aircrafts were sold or transferred to another airport. We did pick up a couple of single engine aircraft tenants and we have some seasonal tenants that just rent for the summer months. There is definitely an opportunity there to increase the revenue stream by marketing- at a cash flow standpoint we are well ahead of where we were under the Dunkirk Aviation lease. Our operating costs are now higher as well because we are now maintaining the buildings. The reality is that Dunkirk Aviation wasn't maintaining the buildings. We are just catching up on deferred maintenance.

Mr. Spanos: Some of it- the planes belonged to the FBO so he took them-

Mr. Almeter: He wasn't paying rent on those anyways.

Mr. Spanos: I was talking about occupancy, not necessarily revenue.

Mr. Almeter: There were a number of airplanes over there that were parked in the hangers but we were getting no revenue from them.

Mr. Spanos: The other thing in the buildings, we have to be reasonable but we are not going to catch up in the maintenance over night because we have not budgeted anything for maintenance and the maintenance of the buildings have been neglected for 20-30 years so we are a little bit behind.

Legislator Nazzaro: Mr. Chairman just following up on Legislator Gould's questions, it talks about payment terms, "CREDC shall pay the County on a quarterly basis the net profits" and if it's a loss "the County shall reimburse CREDC." How do those numbers fair out?

Mr. Almeter: I met with Rich Dixon from CREDC on Thursday. They have not prepared the quarterly PNL for the period ending April 30th. He is behind and just hasn't gotten to it. The first quarter ending January 31st, the County because of slow fuel sales during the winter months, the net balance was negative \$5,000 and some change. The operating costs for CREDC are primarily payroll and depreciation. Depreciation is about \$7,000 a month and payroll- I don't know that number off the top of my head. The net was negative \$5,000 and some odd dollars for the period ending in January. Fuel sales in the February, March, April time frame weren't much better so I don't expect to see much improvement on that for the period ending April 30th. For the period ending in July, we are forecasting that our fuel sales will cover all of our (*inaudible*) expenses and we will turn a profit by the end of July.

Legislator Nazzaro: So the hanger sales that you mentioned before, that does not- that goes directly to the County?

Mr. Almeter: That is part of the equation.

Legislator Nazzaro: So the fuel and the hanger are the revenue stream and the other fees-

Mr. Almeter: The hanger is kind of a fixed revenue stream. It varies somewhat but it is relatively fixed.

Legislator Nazzaro: That all flows through CREDC?

Mr. Almeter: Yes.

Legislator Nazzaro: You mentioned the depreciation which is the non-cash which surprised me when you said that you're taking that cash flow- the depreciation does not affect the cash-flow? So that goes into the calculation?

Mr. Almeter: It does because CREDC purchased two refueling trucks and a (*inaudible*) and they capitalized depreciating them immediately. Those depreciation costs are being applied in the-

Legislator Nazzaro: They purchased those from the former FBO?

Mr. Almeter: Correct.

Legislator Nazzaro: Even though he owed the County money? I'm not sure why that happened.

Mr. Almeter: It's a complicated situation. We were proceeding on a path of leasing fleet vehicles from AvFuel and at the eleventh hour, just before the lease vacated, AvFuel came back and said we can't supply those vehicles. So, we were left scrambling to find refueled vehicles. At that point CREDC agreed-

Legislator Nazzaro: So there was no choice in order to keep the operation going.

Mr. Almeter: No good choice.

Legislator Nazzaro: The goal here is to get a permanent FBO to keep that airport-minimize subsidy to the County.

Mr. Spanos: After the third quarter hopefully we will have positive numbers and the attitude will change. Our people are doing a (*inaudible*) operation and if we can make it profitable and if we don't get an FBO it's OK, but if we get an FBO it would be additional revenue to the County even if it's only for maintaining airplanes versus running the FBO.

Mr. Almeter: Mr. Gould's other question was kind of the operational side and that seems to be working pretty well. Again, the fuel sales are ahead of historic trend, we have a stable work force, we have an on site independent contractor that is providing aircraft maintenance so we are able to meet all of the current needs of the airport patrons and it's a fairly attractive environment for bringing in new business. Unfortunately we are not really in the marketplace because the County and CREDC aren't in the aviation or the FBO business. We are not out there drumming up new business; we are not out there players in the marketplace. That is one area where we need to do some work.

Mr. Hemmer: Can CREDC do some of that work or is that going to be up to us?

Mr. Almeter: I think between CREDC and Planning and Economic Development there are some resources there to do that we just need to apply those resources.

Mr. Spanos: It's difficult if you are not in that circle of business.

Mr. Almeter: We are not giving flying lessons, we are not selling airplanes and we are not leasing airplanes. In order to create a robust enterprise you have to have those elements and have that presence in the marketplace to generate the interest. Our rates are very competitive and very fair so if somebody takes a look at us- again, we have been able to bring in a couple of new tenants. It's not the 70%-80% occupancy that we would like to have on the hangers-

Chairman Hemmer: Is that what it was under the old FBO, 70-80?

Mr. Almeter: Well, on paper. They weren't all paying rent.

Chairman Hemmer: Any other questions? All in favor of the proposed resolution please say aye. Opposed?

Unanimously Carried

Discussion-

Tabled Resolution- Confirm User Charges: North Chautauqua Lake Sewer District

Other-

Proposed Resolution- Authorize Capital Project for Jamestown Community College
(JCC) Five Year Master Plan

Mr. Martello: My name is Mike Martello and I am the Vice President of Administration.

Mr. Sayegh: I am John Sayegh, the Vice President of the Center for Continuing Education at JCC.

Mr. Martello: Back in March I brought information in for some capital requests and part of that was to include the costs associated with completing a five year master plan. The five year master plan is a mandate by the State University of New York- SUNY, and when I took over in this position a couple of years ago I was under the impression that because it was a mandated plan that the State was going to fund 100% of that plan. I was incorrect and I found that out last year. While I was under that impression we went out, we did an RFP for an architect, we retained an architect and we started to move forward with the plan. So, what I did come to find out was that this is going to be funded like any other capital project. In other words, 50% would be funded from the State, 25% from the sponsor and 25% from other local sources. The total cost of the project is going to be \$300,000 so our request is going to be \$75,000. Last year Kathleen and I were going over some of the capital projects that were still opened with the College and the County had appropriated \$1,000,000 as its 25% share to purchase the buildings that we have up on the Dunkirk campus. We talked about it and it doesn't look like we are going to be purchasing those buildings anytime soon. Kathleen suggested and recommended and we agree that as long as we didn't have any immediate future plans with that money that we should bring that back into the reserve fund for the County. I'm hoping that you will take a look at this and perhaps repurpose \$75,000 of that \$1,000,000 so that we can move forward with this sooner rather than later. It is a misunderstanding on my part. We are not doing things chronologically as we typically do for capital projects which would be to first come and get your approval for the 25% and then approach the State and then move forward with any project that we had. I've got some things out of sequence here because of my misunderstanding and that is the reason that we have moved forward with the architect and we are probably about 70% of the way through the project right now and if you can approve this resolution at this point in time then we can approach the State sooner rather than later to get their \$150,000 on the books.

Legislator Wilfong: There is \$1,000,000 in an account somewhere?

Mrs. Dennison: There was \$1,000,000 that had been appropriated for the purchase of a building in the North County and that was returned to the capital reserve last year because it was

no longer needed. So, that project was modified, the budget reduced and the funds returned to the reserve.

Legislator Gould: You said 25% County funds, 50% State funds and 25% local funds. What are the local funds?

Mr. Martello: Local funds will be money from Cattaraugus County that they have provided.

Legislator Gould: Thank you.

Chairman Hemmer: And you already have that assured?

Mr. Martello: Yes.

Legislator Nazzaro: We have learned that when they say mandated they still make you pay.

Mr. Martello: Well, I believed that the two words were synonymous.

Chairman Hemmer: I noticed that it says that this project was originally scheduled for 2019?

Mr. Martello: We made a presentation to the County- I honestly didn't realize that I could ask you to expedite this request so I had tucked it into the request that I had made in March which if it followed form would end up perhaps being approved in your budget in October and then we would present that resolution to the State in the beginning of December and then the State would put it in their budget, but the State doesn't pass their budget until April of 2019. So, that is where the 2019 came from.

Mrs. Dennison: This project was part of the request in the 2019 capital budget process for the County but what we are suggesting is that it be funded in 2018 instead. The Planning Board is aware of this request and has accepted it and approved it with the stipulation that this project would be removed from the request for 2019 and put in 2018 instead. The overall original request by JCC for 2019- \$500,000 for local funding and if this resolution is adopted the 2019 funding request will be reduced to \$425,000. The original request for 2019 of \$2 million in total will be reduced to \$1.7 million in total project costs and local share (*inaudible.*)

Legislator Wilfong: Mr. Nazzaro has Audit and Control seen this?

Legislator Nazzaro: No, not until Thursday. So the other \$975,000 is in the reserve now? We need to do this. This is State mandated-

Mr. Martello: Yes.

Mrs. Dennison: And just for your information, current value of the capital reserve is close to over \$6 million- \$6,079,000.

Legislator Nazzaro: So, JCC has a new president?

Mr. Martello: We do. SUNY approved a new president last Thursday. His name is Daniel DeMarte. I understand that he has been in the area already this weekend looking at housing.

Legislator Nazzaro: He has local-

Mr. Sayegh: Both he and his wife are from Alleghany County.

Mr. Martello: So we are expecting that he will start at the end of July.

Chairman Hemmer: Any other questions? All in favor of this resolution please say aye. Opposed?

Unanimously Carried

Proposed Resolution- Order Extending the South Chautauqua Lake Sewer District

Mr. Abdella: Late last week we received the approval to extend the South District up through Stow and you all had passed a series of resolutions over the past year approving that process going forward. This is really the last significant step by the Legislature to implement the extension of the district which could not occur until the State Controllers approval was received. I know that there is still work being done to close the gap in the financing but I think there is optimism about that being able to be done. This will help us because the potential funding agencies wanted to see the approval and the actual order extending the district after that was received.

Legislator Wilfong: Steve, what is the gap? I don't mean to put you on the spot, but do you know?

Mr. Abdella: I think it was at roughly \$3 million but that could have changed. I think Mr. Chagnon will be able to answer that.

Legislator Nazzaro: Other than the gap, everything else remains the same?

Mr. Abdella: That's right.

Legislator Nazzaro: This is just the next step?

Mr. Abdella: You had previously adopted a bond resolution as well for the total amount of \$16.8 million but that's far greater than the actual amount that would actually be borrowed. It would be offset by the grants and we may- I'm not sure if accounts had been established but we may have to do a resolution at some point establishing capital accounts.

Mr. Nazzaro: The borrowing we authorized is more than enough to cover the gap?

Mr. Abdella: It is, however, in the resolution that you all adopted establishing the district; you set a ceiling on what the amount would be that would be charged to the new users in the extension area. That serves as a limit on how much can be borrowed.

Chairman Hemmer: That sounds good. It's a necessary step in this process and it's just part of keeping the Lake clean.

Legislator Gould: It goes to the center of Stow?

Mr. Abdella: Yes.

Chairman Hemmer: Any further questions? All in favor please say aye. Opposed?

Unanimously Carried

Chairman Hemmer: Is there anything else to be discussed under other?

Legislator Gould: I'll make a motion to adjourn.

Legislator Wilfong: Second.

Unanimously Carried 4:43 p.m.

Respectfully submitted and transcribed,
Olivia L. Ames, Committee Secretary