

Minutes

Audit & Control Committee

**April 16, 2020, 8:35 a.m., Virtual Meeting via Zoom
And Live Streamed for Public Viewing**

Gerace Office Building, Mayville, NY

Members Present: Nazzaro, Niebel, Odell, Gould, Harmon

Others: Tampio, Ames, Crow, Dennison, Chagnon, Abdella, DeAngelo, Almeter, Carrow, Nixon, Bentley, Martello, DeMarte, Geise, Wendel, Braley

Chairman Nazzaro called the meeting to order at 8:35 a.m.

Approval of Minutes (03/19/2020)

MOVED by Legislator Niebel, SECONDED by Legislator Harmon

Unanimously Carried

Privilege of the Floor

Ms. Ames: We received no comments from the public.

Proposed Resolution – Amend Resolution 194-19 - Authorize Chautauqua County Visitors Bureau as the Local Tourist Promotion Agency for the Matching Funds Program Sponsored by New York State Division of Tourism

Mr. Geise: I'm here and I'm joined by Andrew Nixon who can pipe in if I say something wrong here. Really, this just amends the resolution that was already passed and what it amends is the grant program cycle. We had passed it so it was the state fiscal year cycle from April 1st to March 31st and it should be January 1, 2020 through December 31, 2020.

Chairman Nazzaro: That's pretty simple. Thank you. We're just changing the date and the amount remains the same?

Mr. Geise: Yes.

Chairman Nazzaro: Any questions or comments? All in favor? Opposed?

Unanimously Carried

Proposed Resolution – Authorize Agreement with NY State DOT for Performance Of
Federal-Aid Project PIN 5762.01

Mr. Bentley: Thank you. Good morning. This is for our bridge deck sealing program. We are planning to seal 9 bridges throughout Chautauqua County. This is a program we've done for a number of years. It's federally funded at the 80% with a 20% local share, so that means we have \$25,000 in local share on this. It's a big benefit to our bridges- it extends the life of our bridges and we have 308 bridges in Chautauqua County, so this is a very small portion of it, but the more we can do each year certainly helps extend the life. Any questions?

Chairman Nazzaro: Thank you, Brad. Please note it is a use of the reserve for fund balance out of capital, which is fine. Any questions or comments from anyone on the committee? All in favor? Opposed?

Unanimously Carried

Proposed Resolution – Authorize Submitting Grant Application for 2020 Community
Development Block Economic Development Grant Funding through
the New York State Office of Community Renewal

Mr. Geise: This is basically a re-do. We passed this resolution last year but because Webb's did not break ground we have to re-apply, so this authorizes the County, through CREDC, to apply for a community development block grant funding through the office of community renewal in the amount of \$450,000. Again, the County contracts with CREDC for the administration and implementation of this project. A public hearing will be held prior to the Legislature meeting next week, which is why when you read the resolution it says that the public hearing has already been held- well, it will have been held when the Legislature is considering this resolution. So, we've done this in the past. We work with a consultant, Harry Sickerman (?) with CREDC and it's a good project.

Chairman Nazzaro: O.K., so again this is basically to re-apply because the project did not happen in 2019.

Mr. Geise: Correct and there is no local share impact, so it doesn't cost the County anything for this.

Chairman Nazzaro: O.K., it's a good project. Any questions or comments from the committee?

Legislator Gould: I have a question. What's it cost us to have CREDC do this?

Mr. Geise: Nothing. We administer the program.

Legislator Gould: O.K. Thank you.

Chairman Nazzaro: Good question. Any other questions?

Legislator Harmon: I have a question for Mark Geise. When is this meeting going to take place that you're going to hold before our monthly meeting?

Mr. Geise: It actually occurs as part of the Legislature meeting. It's before the actual start of the Legislature meeting.

Legislator Harmon: O.K., thank you.

Mr. Abdella: It's at 6:35 p.m., so it's right after we do the pledge and the privilege of the floor.

Chairman Nazzaro: Thank you. Good questions. Any other questions or comments?

Legislator Odell: I'm just curious because I know a few people are going to ask, but how are we handling the public hearing if someone would like to make comments?

Chairman Nazzaro: I was going to ask the same question.

Mr. Abdella: The public hearing notices went in the paper last Saturday and we offered three options for people to participate. They can email in written comments ahead of the meeting and those will be read during the public hearing. Secondly, there is a telephone number that was included in the public hearing notice that they can call into and they can make comments live by telephone or they can actually physically come to the Legislative Chambers and it was stated in the public hearing notice that there won't be any legislators there, but they can come to the Legislative Chambers and by video conference make any remarks that they wish to by video. Those were the three options that were given.

Legislator Odell: Thank you.

Chairman Nazzaro: Thank you, Steve. Any other questions? All those in favor?
Opposed?

Unanimously Carried

Proposed Resolution – Authorize Hangar A Lease Agreement at the Chautauqua County
Jamestown Airport

Mr. Almeter: Good morning. This is for the purpose of establishing an aircraft production assembly and sale service facility at the Jamestown Airport. Luscombe came to us last fall and (*inaudible*) and because the airport is federally funded we sought FAA concurrence to use the hangar in this capacity as an aircraft assembly facility, which is (*inaudible*) and we received a favorable response from the FAA last week for the proposed use of the facility. So, the broad

terms of the lease with Luscombe the proposed start date is May 1st, although we may have to flex on that a little bit. The monthly rent is \$1,850. The term of the lease is 20 years. The lease provides for the tenant to make capital improvements to the facility (*inaudible*) and for the County to credit against the monthly rent up to \$500 per month. That can be carried forward for a period of up to 8 years. So, the total capital improvement credit that the tenant could receive is \$48,000 for the course of 8 years. That would leave us with a (*inaudible*) net rent of \$1,350 per month. In order for the facility to be useable as a projection floor-assembly floor for the aircraft they need to bring in some utilities. Currently, there is only single (*inaudible*) electric, there is no heat, there is no water or sewer. They have to bring in natural gas and a water line in addition to other improvements to make it habitable. As you're aware, this hangar is currently part of the Centric Aviation FBO lease, so we anticipated in the negotiated lease with Centric for the FBO that we would be pursuing this lease agreement with Luscombe for the aircraft manufacturing. We put a clause in the Centric lease to allow us to pull hangar A off of that lease and give Centric a rent reduction from \$2,500/month to \$1,660/month. Other terms to the Luscombe lease agreement- the tenant is responsible for all utilities and the tenant is responsible for all maintenance and upkeep of the facility with the exception of the hangar roof that will remain the County and the Airports maintenance responsibility. That's the nuts and bolts of the lease agreement. There are termination clauses in there and there's also a requirement- it's in the letter of intent that we signed with Luscombe- there is a requirement for the company to show financial means to perform their business plan for the first two years of their operations. We have received from Luscombe a very detailed business plan and they've also prepared a (*inaudible*) version of that business plan (*inaudible*) and I have shared that with the Chairman and with the PF committee. I don't know if everyone has had a chance to look at that summary.

(*Cross-talk*)

Mr. Almeter: The Chief engineer for Luscombe appeared before the Public Facilities committee on Monday and gave a nice briefing on the nuts and bolts of what it is they want to do, which is produce a variance of a legacy general aviation aircraft without (*inaudible*), so they purchased from a legacy company all of the patents and licenses to produce this aircraft as well as all of the (*inaudible*) as well as the original spare parts. (*Inaudible*) and their goal is to be up and producing 100 fully assembled aircrafts per year within five years. In the short term – they are (*inaudible*) to get design approval to produce and to facilitate a legacy model 8 aircraft and they actually have a patent on the legacy aircraft that they're already in the process of restoring at their facility out in California. So, they expect to hit the ground running very quickly once we get the lease in place and once they get approval (*inaudible*.) If there are any detailed questions about the business plan I would be happy to forward those to Luscombe but I don't think they are online with us this morning.

Chairman Nazzaro: I just wanted to add that the presentation in Public Facilities was very informative and I think it has good economic impact on the county because they also (*inaudible*) and take it very seriously and the possibility of having (*inaudible*.)

(*Cross-talk*)

Chairman Nazzaro: The question was what is going to happen to those aircrafts that are currently in there. I think the Audit & Control Committee should hear a brief explanation of what is going to happen there.

Mr. Almeter: I can share with you what we talked about with the Public Facilities Committee and then I had a follow up meeting with the FAA on this subject on Tuesday morning. So, there are a number of aircrafts currently stored in the hangar A that will need to be relocated. When we take hangar A off of the FBO lease and put it into service at the Luscombe facility it will reduce the usable hangar space at Jamestown to 40,000 square feet. That portfolio will be in place for about a year. We also have a grant to rehabilitate hangar C and put that back into service with the FBO as leasable hangar space in the spring of 2021. That will bring us back up to 50,000 square feet of usable hangar space. So, for the next year we'll be operating with about 40,000 square feet of usable hangar space and we currently have 19 aircrafts that are stored in those 40,000 square feet. That represents less than 50% utilization of that space. So, to put that in context all of these aircrafts that are currently in hangar A- there's plenty of room for those aircrafts in the other FBO hangars, so they're going to be moving those aircrafts from A to hangar L and J. A couple of the aircraft owners have voiced complaints that they're being evicted from hangar A and with that they're losing the (*inaudible*) access to their aircraft on a 7 by 24 basis. There's no basis to that current concern because as it stands right now the aircraft owners can come in to the hangar anytime they want and get their airplane out by themselves. As you can see by the photograph there is a wide alley down the middle and the aircraft owner can safely go in, hook up his tow bar to his airplane and pull it down that center aisle and get out through the hangar door. When those aircrafts are moved over to the other available hangars they won't have the luxury of doing that because the other hangars are full service and they don't have that big center alley as we have in hangar A. So, in order for the aircraft owner to get the airplane out of the hangar at any time they will have to coordinate that with the FBO staff and the FBO staff will assist them in getting the airplane out. Now, those hangars are not accessible 7 by 24. They are accessible during the FBO's normal business hours which is about 10 hours a day, 7 days a week and they're accessible after business hours by prior arrangement. So, if an aircraft owner wants to pull an airplane out of a hangar at 10 at night to go fly they will have to make a call to the FBO ahead of time and either have that airplane brought to the front of the hangar and staged so that it can be pulled out or have the aircraft out on the apron and tied down so the owner can jump in the airplane and take off when he gets to the airport at whatever hour and the same thing on return- prior coordination will ensure that there's someone available to help put that airplane away or so that space has been made. That's the arrangement that the FBO has agreed to accommodate these aircraft owners with perhaps one or two exceptions and everyone is comfortable with that. The real issue here is that we're reducing the amount of available space for aircraft storage and we're creating a more equitable (*inaudible*) for the use of the hangars. This is a requirement. This is not something they're doing because they want to make more money, but we are required under our grant assurances to provide fair and equitable rates to all aircraft owners. The only people that get preferable treatment are government aircrafts and we are required to operate the airports in a manner that is as self-sufficient as possible. So, we can't continue to allow aircraft owners based on a personal relationship with a previous FBO operator to park their airplane for \$100/month. That's not fair market and the current FBO recognizes that. They're increasing the rent and putting everybody on a (*inaudible*) basis. I think we're on very solid ground and we're doing everything we can to accommodate

some of these aircraft owners but at the end of the day, some of them will be facing a rent increase.

Chairman Nazzaro: Thank you, Ron. I thought it would be good for the committee members to hear that in case they get an email or a phone call or something. Thank you. Any questions or comments from the committee?

Legislator Niebel: I've got a couple of questions for either Brad or Ron. In the resolved paragraph item number one- the term- why a 20 year lease instead of like a 5 or 10? I believe we might have had a 10 year lease with the previous FBO. Why 20?

Mr. Almeter: The short answer is the capital investment. (*Inaudible*) and we're giving them a credit off the rent for that. There are other capital investments that they're going to make that aren't recoverable for a rent credit. They've got investments in-

Legislator Niebel: Ron, the last lease that we had with the last FBO was 10 years.

Mr. Almeter: The Centric lease is 20 year lease-

Legislator Niebel: A ten year lease with the option to renew?

Mr. Almeter: That was a different business model. The FBO has a much lower overhead startup cost investment than what Centric will have in this facility.

Legislator Niebel: O.K., let's go to the capital improvements. Who decides on the capital improvements? Is that the County Executive or the tenant that decides on what capital improvements will be done?

Mr. Almeter: The County has to approve all capital improvements and we have discretion on what has creditable capital improvement. If they wanted to put in a (*inaudible*) crane that does nothing for the hangar use, so that would not be a creditable capital improvement but if they put in a gas line off of the main (*inaudible*) that would be the County's call on that.

Legislator Niebel: And not the tenants?

Mr. Almeter: Correct.

Legislator Niebel: O.K.

Mr. Almeter: Whether it's the County Executive or the Director of Public Facilities-

Legislator Niebel: O.K., but it's the County's call.

Mr. Bentley: To go back to your first question of the 20 year lease. I look at this as a positive in that we're looking at a business that wants to be committed to this and stay for years. I think the 20 year commitment is a positive.

Legislator Niebel: Brad, that's entirely possible, but I'm just thinking that 20 years is a long time for a lease. A lot of things can change within that time and I'm just concerned we're being locked into a very long term lease for a certain amount of money that possibly after 10 years we could have increased the rents. Look, that's just my concern.

Chairman Nazzaro: Good question. I just have a question since I did not ask this is Public Facilities- the rent payment is fixed for 20 years?

Mr. Almeter: No it's not. I should have mentioned that.

Chairman Nazzaro: Because when I read it it says a monthly fixed rental fee of \$1,850.

Legislator Niebel: Exactly.

Chairman Nazzaro: I didn't catch that in Public Facilities.

Mr. Almeter: It's fixed for the first five years and year six it escalates at (*inaudible*) or 2%, whichever is-

Legislator Niebel: Shouldn't that be in this resolution then? The increase in rent after 6 years.

Mr. Bentley: The resolution does summarize the contract-

Legislator Niebel: But if we're voting on this I think that the term should be spelled out so we know exactly what it is.

Chairman Nazzaro: Ron, can you go over the rent so we all understand? I just want to know what the rent is and then we will go back to the point that Mr. Niebel brought up.

Mr. Almeter: Rent is \$1,850 subject to a monthly credit of up to \$500. In years five through twenty of the lease the monthly rent shall be subject to an annual increase equal to the annual increase in the U.S. Department of Labor's CPI for all consumers or 2%, whichever is less. If you'd like we can put that into the resolution.

Legislator Niebel: I would like to see that in the resolution because that spells out more accurately the terms of the lease. I would be more comfortable voting for it if it has this other information included in the resolution.

Chairman Nazzaro: Are you making a motion to amend?

Legislator Niebel: Yes I would like to make a motion to amend and put that language that was just relayed to us under item one in the resolved clause.

Chairman Nazzaro: We have a motion on the floor to amend to reflect the annual increases in the rent beginning in year 6. Does everyone understand the amendment? Do I have a second?

Legislator Harmon: I'll second that.

Chairman Nazzaro: Any discussion on the amendment?

Mr. Almeter: It's year five and onward.

Chairman Nazzaro: O.K. Steve will make sure we have that language in there. Any further discussion on the amendment? All in favor of the amendment? Opposed?

Unanimously Carried to Amend

Chairman Nazzaro: Before we approve the amended resolution is there any further discussion or comments?

Legislator Niebel: I've got one more question. So, let me get this straight- the 12 aircrafts that we have in hangar A are going to be moved to either hangars J or L?

Mr. Almeter: That is correct. Most of them have already been moved. There's still a few in there that haven't been yet, but they'll be moved to one of the other FBO leased hangars.

Legislator Niebel: O.K., so they're being moved to these other hangars- is there any reduction in the rent that they will be paying when they move to these other hangars? We've got \$1,850 for this new tenant per month, but I guess my question is if we're losing revenue from these other 12 aircrafts that are being moved to other hangars or will they pay the same rent or will we increase the rent?

Mr. Almeter: Most of them will be paying a little bit more in rent. Some of them will be paying twice as much in rent. There's two things that happened here. We had Centric Aviation come in and take over the operation of the FBO. Under the previous FBO management there were no leases. There were no written agreements with any of the aircraft owners. Some of the aircrafts that were in there- that photograph that I showed- those guys weren't paying any rent at all. Some of them were paying \$130 a month (*inaudible*) and the market value is in the \$200-\$250 a month range. Everybody is going to be put on that fair market value. Some of those guys are going to see a \$150 a month rent increase. Some of them that don't pay rent will be evicted, but the County will benefit from that in the long run because we get a percentage of the gross on the hangar.

Legislator Niebel: I'd like an approximation- we are losing rent from these 12 that are moving from hangar A to these other hangars- I'd like to have some idea of the net effect on the revenue. Apparently it might be a slight increase? I'd like to have some idea of what that increase is once these 12 aircrafts are moved to these other two hangars.

Chairman Nazzaro: I think that's a fair question. Ron, what we're hearing is there were no formal lease agreements with the former FBO. Some were paying rent and some weren't paying rent? Are you able to provide- have you had some of these individuals actually tell you they're pulling out?

Mr. Almeter: I've had the FBO tell me that two of the currently based aircrafts are pulling out. One is going to Dunkirk and the other is going to another private field.

Legislator Niebel: O.K. If we could- maybe the net effect on these 12-

Chairman Nazzaro: I guess if you could send before the Legislature meeting next Wednesday – if you could send the Audit & Control members what the net effect is of these 12 aircrafts.

Mr. Almeter: I can but I want to make sure that you understand the cause and effect relationship here. The cause and effect of the Luscombe lease is \$1,000 plus to the County per month. The cause and effect of the (*inaudible*) to Centric FBO lease is 5% of gross rents on based aircrafts- two different numbers- two different cause and effects. I can put it in writing for you, but that's the context of the question. We're going to see a revenue increase of \$1,000 because we're renting this hangar to Luscombe and-

(*Cross-talk*)

Chairman Nazzaro: The net increase is \$1,010 because we're collecting \$1,850 for Luscombe but then there's a \$840 reduction in rent from Centric. So, the net (*inaudible*) is \$1,010.

Legislator Niebel: Was that figure discussed in Public Facilities? This is the first time hearing the \$840 figure.

Chairman Nazzaro: Yes, that was discussed in detail in Public Facilities.

Legislator Niebel: O.K., no problem.

Mr. Almeter: I will get that other number for you as well. I have to talk to Centric and find out what they've negotiated with those aircraft owners for rent. That is the consequence of Centric taking over FBO operations. It really isn't the function of this Luscombe lease.

Chairman Nazzaro: It really will affect Centric more than us. We get 5% and they get 95%, so whatever the difference is the County share is only 5%.

Mr. Almeter: Correct.

Chairman Nazzaro: I think we should move on. Those were great questions. We've voted on the amendment but have not voted on the amended resolution. Are there any other comments or questions?

Legislator Odell: I just wanted to add that the Airport Commission did discuss this at great length at our February and March communications. I would like to applaud Brad and Ron for having (*inaudible*) especially as we developed the Centric lease knowing that Luscombe might be coming in after to make this transition pretty easy and amicable for everyone. It looks like everyone is playing nicely over there. Tara over at Centric has been more than accommodating and even (*inaudible*) but thank you Ron and Brad.

Chairman Nazzaro: Thank you. Any other questions or comments?

Mr. Abdella: Just a couple things- first of all, there had been discussion at Public Facilities about the start date referenced in the resolution of May 1st. As Ron mentioned the exact start date is uncertain because of the potential for start of up New York financing. I would just say to leave that as is to the extent that the resolved clause says that the terms and conditions is to include substantially the following terms and conditions, so I'm just stating on the record that it probably won't be exactly May 1st, it's going to be a somewhat later date but it's substantially within that ballpark so I don't see a need to amend that piece of it. Secondly, just some further background as I understand it the decision of Luscombe to locate at the Jamestown Airport was in part due to the presence in the Jamestown area and in Chautauqua County of significant metal fabrication and metal manufacturing firms, so there is potentially going to be inter-play between Luscombe's operation and local metal fabrication firms as far as their production. I think that's another positive to this potential lease. Lastly, just to reiterate what Ron was saying as far as these current aircraft owners being moved to other hangars even with this reduced availability of hangar space we will still be at less than 50% utilization even after hangar A is taken offline. I think it's very much in the County's best interest to come up with to the tune of \$1,000 greater in revenue a month- take advantage of what is currently (*inaudible*) and put it to good use. Thank you.

Chairman Nazzaro: Thank you. Those are very good points. Any other questions or comments? All in favor of the amended resolution say aye. Opposed?

Unanimously Carried as Amended

Proposed Resolution – Amend 2019 Budget for Year End Reconciliations – Final Adjustments

Mrs. Dennison: The resolution that you have in front of you is our last effort to change budgets to accommodate the 2019 results. You can see there is a lot going on here, but I will first give you the highlights of the major changes and then if you'd like to ask questions about specific line items please feel free to do so. The first change is a decrease in the use of the reserve for capital. As part of the year end process Todd Button reconciles all of the capital projects and in the course of doing that he found that one of our prior resolutions incorrectly used fund balance and this will return some money to the reserve for capital. You'll also see in the decrease appropriation accounts the increase in revenue and the decrease in revenue sections there are a number of line items that pertain to the H fund. The decrease in the use of reserve for capital also decreases the transfer to capital from the A fund, so that's kind of one piece but then

in part of the overall review of the capital projects you will see a number of changes to H fund or capital project accounts. All of those H fund items balance to a net effect of zero. So, that's kind of piece number one.

Piece number two- we have another increase in the cost for assigned council. The final figures for the 2019 assigned council expense is \$790,000, so this is the final adjustment to accommodate that expenditure. There's a couple of other small changes to individual departments. There was an equipment purchase in the engineering department that was originally charged to capital projects and found that it should have been an operating expense, so we've increased expense to accommodate that. The last major piece is the enterprise fund. As you can see most of the changes in budget supplies in the enterprise funds and these changes are to increase their benefit accounts to accommodate other post-employment benefit expenses and also in some cases (*inaudible*) their contractual accounts due to final depreciation figures. There are decreases in appropriations to balance those changes. There was also a substantial increase in the revenue for the landfill. Fortunately, there were surplus revenues in the landfill, so it was able to cover all those additional expenses with increased revenue. Those were the high points. Any questions on that?

Legislator Niebel: Kathleen, so three-quarters of the increase in appropriations are from contractual environmental landfill increases and employee benefits- environmental landfill?

Mrs. Dennison: Correct.

Legislator Niebel: Those two items account for three-quarters of the increase in our appropriations?

Mrs. Dennison: That's correct. You may recall in February we talked a little bit about the other post-employment benefits and (*inaudible*) accounting adjustments for pension liabilities and we identified at that time that those things are very hard to budget for. They are budgeted based on the most recent available actual results and we've seen a big fluctuation in those expenditures. So, we had quite a low budget for those items for the landfill and unfortunately those expenditures spiked up in 2019.

(*Cross-talk*)

Mrs. Dennison: I don't have all the exact figures in front of me today but I believe in 2018 the expense was very low and the 2019 budget was based on that.

Chairman Nazzaro: And you did share that information with me before, so I did expect this.

Legislator Niebel: Our budget estimates were based on the best information that we had at the time?

Mrs. Dennison: Correct and a lot of this information to calculate the actual we provided by outside sources and it depends on the performance of the retirement plans, it depends on actuarial results, the age pool of our retirees and a lot of different factors. As we said we do get the

information from outside sources and we get the advice from (*inaudible*) on how to calculate these expenditures. The unfortunate thing is that it's largely outside of our control and we used the best information that we have to budget, but it is a very volatile item and that's kind of the way it is.

Legislator Niebel: Thank you.

Chairman Nazzaro: Any other questions? I just have one question. This is a decrease in the reserve for capital of \$161,933? This is self-balancing?

Mrs. Dennison: Yes.

Chairman Nazzaro: You said that Todd discovered a previous error that was now being corrected in here to adjust the reserve for capital?

Mrs. Dennison: That's correct. I apologize but with Zoom I can't look up stuff on my computer at the same time. I can't look up the exact resolution, but there was a resolution in 2019 where we used reserve for capital and in Todd's opinion the use of capital on that particular resolution was not appropriate and this corrects that.

Chairman Nazzaro: If you could just let me know through an email what that was I would appreciate it.

Mrs. Dennison: I will. I do have one other comment. This is actually a question for a Kitty. I noticed late yesterday that Todd changed the way he accounted for some of the debt instruments and now there's some expenditures in the B fund and I didn't realize this until late yesterday. There are a couple of B fund classifications that are over budget because there's no budget in the B fund and there now is activity in there. I guess we will have to research it, I'm just wondering if we're going to need to amend the budget in the B fund? We were using the debt service department 9730- sorry, 9911- repaid escrow refund bonds. We had anticipated that there would be activity in the inter-fund transfer in that department and now it appears that it's in the (*inaudible*) fund instead. I guess we need to look at this and see if we need to make any changes to this resolution.

Ms. Crow: Perhaps. I was not aware of it, so I'm not prepared to talk about it right now. We'll have to get back to the committee on this.

Chairman Nazzaro: Fair enough. So, there may be a change?

Mrs. Dennison: Yes.

Chairman Nazzaro: O.K., if there is a change we can amend it on the floor.

Mrs. Dennison: I apologize for the late change because I was not aware that these changes had been made until I did a final check of the numbers late yesterday and found that something was different.

Chairman Nazzaro: O.K., we'll be prepared if we get that. The other question- it says these are final adjustments, so does this mean any adjustments after this point will be audit adjustments or are we going to see further adjustments?

Mrs. Dennison: Well, these would be final adjustments to the budget, so we're not anticipating any other changes to the budget. It doesn't mean that there wouldn't be- there could be audit changes to the actual results.

Chairman Nazzaro: Thank you. Does anyone have questions or comments? All in favor? Opposed?

Unanimously Carried

Proposed Resolution – Amend ~~2020~~ 2019 Adopted Budget due to Changes in Fund Balances

Mrs. Dennison: Actually the title is incorrect. It should be 2019 instead of 2020.

Chairman Nazzaro: We'll treat that as a typo.

Mrs. Dennison: The overview here is that as you know, the D fund (*inaudible*) with a deficit and this resolution is to correct that deficit. We opted to not move funds around at the end of 2018 but we knew that we would eventually, so after the 2019 results have been finalized we know what the picture is in the D fund. It started the year at negative \$1.2 million and fortunately there were some positive variances in the D fund throughout 2019. So, at the end of the year the money that needs to be added to that fund is \$825,000. I also just want to mention that in the D fund there are some- you may recall from our last (*inaudible*) that there were some very positive developments and a couple of those things are going to be (*inaudible*) a large receipt of permit fees for road work due to wind farms. We got the money in 2019 but we haven't done the work. So, we're setting that aside or keeping it designated for that work. There's also in the complete streets project there's about \$775,000 which has a revenue that was received in 2019, but the work wasn't done. We have those favorable amounts of money in the D fund, but they are designated for specific uses in the future. So, just looking at what we would consider normal operations in the D fund we had about \$400,000 in favorable variances and we need \$825,000 to bring that fund to zero. What this resolution does is transfer money from the A fund to the D fund to make the D fund zero. To assist the A fund in being able to afford to transfer that money we are transferring money from the CS reserve into the A fund. So, Kitty I'll turn it over to you to discuss that piece of the puzzle.

Ms. Crow: As you would recall from the time we were adopting the 2020 budget we had discussed that we had reserve in the CS fund still in the books from the fire in Dunkirk and that we would be able to transfer those funds to the A fund to ultimately transfer to the D fund to make the D fund whole and then the balance of them would also assist the A fund balance as well. So, some of that results in an increase on the obligated general fund balance, which I'll go over at the end of the meeting. We had planned to do this at year end once we knew what we actually needed for the D fund. This is just following up from the time of the adopted budget to do these transactions.

Chairman Nazzaro: Thank you. This should not be a surprise to anyone because we had talked about this previously. Any other questions or comments from the committee? All in favor please say aye. Opposed?

Unanimously Carried

Proposed Resolution – Amend 2020 Budget for Liability Insurance Accounts

Chairman Nazzaro: I know this was discussed in Administrative Services, so I'll let Kitty go over this one.

Ms. Crow: We always plan for increases in our premiums in the budget, but we found that a couple of our liability premiums that went up more significantly than we had planned- primarily our medical malpractice and our auto liability insurance. So, those two increases amount to about \$50,000 of the proposed \$75,000 increase. There were a couple other premiums that did go up a little bit more than planned but not as dramatically and a couple of the premiums are not paid yet in full, so my projection is the net increase needs to be \$75,000. On the two premiums that did go up dramatically that is a result of just some more recent claims experienced. We did have a couple of large claims recently that have settled. Dennis does believe that our premiums should be stable or come down over the next couple of years assuming we don't have any other major new claims. So, hopefully that will be the case. The CS fund is where we aggregate all of the liability premiums and expenses and then those ultimately do get allocated back to all of the departments based on a certain methodology for each premium but we make a final adjustment at year end for all of the actual expenses so there is no adjustments back to the departments at this time because other expenses could come in under budget or other revenues over, so we won't make any adjustments to the departments until later in the year.

Chairman Nazzaro: Thank you. So, reading the minutes from the Administrative Services committee- adding to what you said, it said in the minutes the medical malpractice accounted for \$20,000 which is a 24% increase and then the auto insurance was a \$30,000 increase at about 11.5% and then you said that you wanted to add a bit into the contingency for this and doing the math would be about \$25,000-

Ms. Crow: I'll clarify. Approximately \$50,000 was directly attributable to those two premiums. There was several other premiums that went up a little bit, but they weren't as dramatic. So, there's probably a total of \$70,000 in actual premiums that went up that we know of and we still have some premium payments to make so I'm estimating a little bit extra in terms of this budget amendment to ensure that we may not have to do another budget amendment if other costs come in over budget. At the end of the year we don't allocate any more than our actual costs back to the departments. We do a reconciliation at the end of the year.

Chairman Nazzaro: Thank you. I was just a little bit confused when I read the minutes.

(Cross-talk)

Chairman Nazzaro: At year end we'll know whether or not there is any affect overall but for right now this is self-balancing.

Ms. Crow: Correct.

Chairman Nazzaro: Thank you. Any questions or comments? All in favor? Opposed?

Unanimously Carried

Proposed Resolution – Amend 2020 Budget Appropriations and Revenues Due to Changes
In Accounting Method for Some County-Wide Costs

Chairman Nazzaro: I know we talked about this before and I read the minutes. Kathleen can you give the short version on this one. I read in the minutes that you had a short version and I like that version.

Mrs. Dennison: The short version is that we used to receive revenue from the enterprise funds to contribute to the costs of NYSAC dues and the CSEA president. In looking at our indirect costs plans for 2019- beginning this year we talked to the consultants that prepare the indirect cost plan and we realized that these two expenditures really should be treated like most county expenditures and run through the indirect cost plan. So, in other words we would charge the enterprise- we would calculate the costs of these items with the other services that the enterprise funds use like payroll services and make one charge to the enterprise fund, which is called the indirect cost allocation. So, I guess the short version is instead of doing it the way we've been doing it in 2019 and previously we would like to not directly charge the enterprise funds for these items and instead roll it in with the indirect cost plan.

Chairman Nazzaro: So it's more efficient and a more appropriate way of doing the accounting.

Mrs. Dennison: Yes. It's more efficient and it's consistent with how we handle the expenses that apply- all of the County services that are used by the enterprise fund.

Chairman Nazzaro: Thank you. Any questions or comments from the committee? All in favor? Opposed?

Unanimously Carried

Proposed Resolution – Extend 2020 Tax Foreclosure Redemption Date

Mr. Abdella: Typically in each year the redemption date for our annual tax foreclosure falls on or around April 15th. Due to the COVID-19 crisis the governor had issued an executive order that extended at the time he issued it by 90 days enforcement of any and all foreclosure actions that (*inaudible*) extended our redemption date out until June 18th. I had deliberations with the Legislative leadership and the County Executive and the Real Property Tax Director looking at when would be the appropriate time to hold an auction further out from the Governor's order

and also from the standpoint of given the economic impact on many individuals perhaps extending the redemption date out even further to align with an auction date further in the future. We honed in on late September- the last Saturday in September as a date that could balance a number of objectives. One would be to simply have an auction in 2020 that would be at least a little bit ahead of the winter season and still be viable from that respect, but then to also allow more time for those affected by the economic impact of the Coronavirus problem. So, what we are proposing here is a redemption date moved from April 15th and then June 18th to August 7th with an auction expected to be in late September on or about September 26th. That would provide not only the redemption date going to August 7th but also would provide for the usual reacquisition period between redemption and the day before the auction. So, individuals would have the chance to reacquire their property and be able to get their property back and preserve their interest all the way up until September 25th. That's what's being proposed before you.

Chairman Nazzaro: Thank you Steve. Very well said. Again, this is in my opinion the right thing to do. Leadership met and along with the County Executive and this is going to be helpful to those who are feeling the economic difficulties of the COVID-19 virus. I will open it up to questions or comments from the committee.

Legislator Niebel: Recently there were some comments in the paper by the Director of Real Property Taxes and he mentioned that the County was looking forward to having a tax foreclosure auction in September, but he did mention that if we don't have one in September that we probably won't have one at all. I would just like to clarify with somebody that it's not up to the Director of Real Property Taxes to decide whether we're going to have a tax auction or not; it's up to the Legislature in conjunction with the County Executive. Is that correct?

Chairman Nazzaro: I agree with you, but I'll look to Mr. Abdella to comment.

Mr. Abdella: I agree with that. I think what he was intending to say was that he had significant concerns about the viability of having an auction later than that date with the onset of winter weather because it becomes less attractive for people to purchase a property, but yes, the final call on that is with the County Executive and the County Legislature.

Legislator Niebel: O.K. This is just my personal opinion, but this is going to be tough year fiscally for Chautauqua County and we're going to need that tax auction money so my thought would be that we have the tax auction even if we have to go into October or possibly even early November. I would agree that after Thanksgiving you run into the holidays and after Thanksgiving I think it's too late in the year but I think we should be open to the possibility of having the auction even up until mid-November because we're going to need those revenues. That's just my personal opinion.

Chairman Nazzaro: O.K., we'll note that. Thank you. I just want to add that when leadership met to discuss this virtually we decided- we could have waited closer to the June 18th date because we already changed it from April 15th to June 18th, but the consensus of leadership was to relieve some anxiety for the tax payers right now and that's why we decided to put it on the agenda in April instead of waiting until next month. Hopefully this will give those affected

enough time to plan to pay their back taxes and avoid the properties going to auctions. We're letting the public know now that we're extending the redemption date.

Legislator Niebel: I don't disagree with that. I am sympathetic to the tax payers, but look, going forward the County is going to need that tax revenue.

Chairman Nazzaro: I agree. It's going to be a very difficult and challenging year. Thank you. Any other questions or comments? All in favor? Opposed?

Unanimously Carried

Discussion – JCC 6 Year Master Facility Plan – Daniel DeMarte and Mike Martello

Discussion – Financial Implications of COVID-19 – Kathleen Dennison

MOVED to adjourn by Legislator Gould, SECONDED by Legislator Odell

Unanimously Carried (11:03 a.m.)

Respectfully submitted and transcribed,
Kathy K. Tampio, Clerk of the Legislature/ Olivia Ames, Deputy Clerk