

Minutes

Public Facilities Committee

May 18, 2020, 4:00 p.m.

Virtual Meeting via Zoom and Live-Streamed for public viewing

Gerace Office Building, Mayville, N.Y.

Members Present: Hemmer, Gould, Davis, Nazzaro, Scudder

Others: Tampio, Ames, Dennison, Chagnon, Almeter, DeAngelo, Walsh, Bentley, Starks, Abdella

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

Approval of Minutes (4/13/20)

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

Unanimously Carried

Privilege of the Floor

Clerk Tampio: We have received no comments from the public to read at this time.

Proposed Resolution – Confirm Re-Appointment – South & Center Chautauqua Lake Sewer Districts Board

Chairman Hemmer: Is there anyone here to speak to this?

Legislator Scudder: This is a recommendation by the Legislature I believe.

Chairman Chagnon: Tom Walsh is here, but he is muted. David Rowe has been a member of the South & Center Chautauqua Lake Sewer Districts Board of Directors for some time. He is the code enforcement officer for the Town of Ellicott. He is very well qualified to assist and serve on the board and I highly recommend him for re-appointment.

Chairman Hemmer: That's fantastic. Thank you very much. Anybody else have any other comments or questions? All in favor? Opposed?

Unanimously Carried

Proposed Resolution – Amend 2020 Budget Appropriations for Capital Project to Rehabilitate Gravity Sewer Lines in the South & Center Chautauqua Lake Sewer Districts (S&CCLSD)

Mrs. Dennison: Tom and I talked earlier this afternoon and he asked me to take the lead on presenting this. We have had a capital project for quite a few years for repairing the sewer lines at a budget of \$125,000 per year. In 2020 during the capital planning process the sewer district did not present a new project for this \$125,000 for 2020. In prior years they had submitted a multiyear project, which was a request of \$125,000 a year and there was just a miscommunication between the district and my department and the capital planning process, so there was not a new request for money for 2020 and we did not understand that they thought their previous multi-year request would cover it. So, to make a long story short we did not include this project in the capital budget for 2020. We are asking to add to the budget for this project in 2020. You can see that the request is less than \$125,000 because Tom's group has looked for their needs for this year and thinks \$75,000 will be sufficient and it is financed by user fees or by the fund balance of the sewer district, so there is no effect on the local share for the county. It's all financed by the district itself.

Chairman Hemmer: Thank you, Kathleen. Anybody have any questions about this one?

Legislator Gould: I do. Where is this project? Is there only one project? I asked this same question last time when we went through the \$125,000 and they said it was many places.

Mr. Walsh: That is correct. So, we utilize a camera system and on an annual basis we video our collection system- a majority of it was installed between 1938 and 1942 and a majority of it is clay, so on an annual basis we evaluate the lines and the worst case lines that are in most need of rehab are then put on a list and we spend up to \$125,000. This is an ongoing program to rehabilitate and invest into the capital of the gravity sewer. This year I believe we have five lines selected for the \$125,000.

Legislator Gould: Any idea where they're at?

Mr. Walsh: They're in Lakewood and West Ellicott. I can get a map and send it to you if you'd like. I'll email that.

Legislator Gould: Please. Thank you.

Chairman Hemmer: O.K.

Legislator Nazzaro: As Kathleen explained, we have an annual investment of \$125,000 and it was omitted inadvertently, so we're taking \$75,000- what was the actual cost of the video surveillance in 2019? Was it below the \$125,000? Is that why you've got the \$50,000 left over?

Mr. Walsh: Yes.

Legislator Nazzaro: O.K.

Mr. Walsh: Is that right, Kathleen?

Mrs. Dennison: Yes. It was not fully expended in 2019. There were some funds remaining at the end of 2019, so those rolled into 2020. I misspoke earlier. The plan for 2020 is \$125,000, but the budget amendment need is only \$75,000 because there were some funds remaining from last year.

Legislator Nazzaro: Thank you. Tom, are the funds left over because we just couldn't get to all of them or it wasn't needed?

Mr. Walsh: Well, what we do is we put it out to bid and we- from the years past we calculate what we think what we can do to get to \$125,000 without going over and we try to get as close as we can without going over.

Legislator Nazzaro: Fair enough. Thank you.

Chairman Hemmer: O.K., are there any other questions on this one? So, it doesn't require us to show a decrease in the fund balance and is there still fund balance left or is it just that this is going to be covered by the user fees?

Mrs. Dennison: (*Inaudible*) enterprise funds- it is relatively common for us to not show the change in fund balance in the resolutions and the only good reason I can offer for that is that since they usually are essentially funding themselves we don't always show the use of fund balance. The sewer district has a fund balance in excess of \$3 million, so there is certainly more than enough funds available for this adjustment.

Chairman Hemmer: Sounds great. Any other questions? All in favor of the proposed resolution? Opposed?

Unanimously Carried

Proposed Resolution – Amend 2019 Budget Appropriations and Revenues—North
Chautauqua County Water District

Mrs. Dennison: As you can see this is another 2019 amendment. We thought we were done last month but when Todd Button did one more adjustment to the accounting for the NCCWD we found that the depreciation was slightly more than we expected. When the budget was created- there's been a lot of changes in how the accounting is done for the district and honestly we did not anticipate all of the changes when we did the 2019 budget and we were not expecting to record depreciation expense, but we do need to depreciate the construction that is in progress. When we did (*inaudible*) last month we thought we left enough room for depreciation but it did come in just about \$7,000 more than we had room for.

The other thing that Todd found in the final adjustments is that we should be recognizing some revenue because we are essentially financing this construction for the Village of Brocton and we do get some revenue from that. So, the revenue of \$96,000 is something that we did not

anticipate in the budget and we can recognize that. We do need \$6,968 to accommodate the final numbers for the depreciation. Just so I can contradict what I said in the last resolution we're actually showing the change in fund balance. We are showing a decrease in the fund balance. We included in this resolution just so we could make it clear that we have a little bit more depreciation expense to recognize, but we also have an unanticipated revenue. It is good news for the district.

Legislator Nazzaro: Can you explain the revenue side? I understand the expense versus depreciation, but could you elaborate a little bit without getting too technical because that seems like sort of a big number.

Mrs. Dennison: I can try. I should have asked Todd to attend this meeting because it is very complicated accounting situation. Kathy, feel free to jump in if I make a mistake. She works with this district and the overall project a lot more than I do. Essentially we are paying for this construction as it goes on, on behalf of the Village of Brocton. There is some operating income built into the whole equation that the district buys water, sells water, but there is a premium built into that equation so that we do get compensated for financing the deal. This revenue is a piece of that revenue that we will earn over the whole course of the project for essentially being the bank of this project.

Legislator Nazzaro: I won't ask you to elaborate anymore because I know this could get very technical, but the part that says "due to the amortization of revenue to be earned by financing the construction"- I think I know what you're saying, it's just-

Mrs. Dennison: What we're hoping is that at the end- we will earn revenue when it's all said and done but we are just recognizing some of it now.

Legislator Nazzaro: And we're certain of that revenue being generated?

Mrs. Dennison: We're earning it, but we haven't been paid yet.

Legislator Nazzaro: And Todd's comfortable that we're going to actually get this revenue?

Mrs. Dennison: Yes. I will ask him to come to the AC meeting on Thursday.

Nazzaro: That would be great. I know this is an enterprise fund and I understand that, I would like to know what the period of amortization is and just a little more explanation.

Mrs. Dennison: O.K., I drafted the resolution and ran it by him just to be sure he was comfortable with the way we're portraying the revenue and he is.

Nazzaro: I'm sure it's right, I just want to understand a little bit more. Thank you Kathleen.

Chairman Hemmer: Anymore questions on this? Kathleen, what's the EWN fund?

Mrs. Dennison: That's the new fund that was created for the North Chautauqua County Water District. We used to have the EW fund, which is the fund for the North County Industrial (*inaudible*) but this is a derivative of that fund. The "N" added for North Chautauqua County. "E" for enterprise and "W" for water.

Chairman Hemmer: O.K., thank you. Any other questions? All in favor of the proposed resolution? Opposed?

Unanimously Carried

Proposed Resolution – Amend 2020 Budget Appropriations for Landfill due to Bond Issue for Phase IV Construction

Mrs. Dennison: I don't see Pantelis on the call here. Brad is here. I don't have too much information to offer other than what's in the resolution itself. When we were working on the budget last summer it was not decided what the financing arrangements were going to be for the cost of phase IV. It was not until after the budget was finalized that we decided to issue an \$18 million bond for this construction. \$249,000 is the annual interest cost associated with that debt and that was not included in the 2020 budget, so this resolution would add that. Again, we did include the use of fund balance in this one just to make it clear that it does require a use of the landfill fund balance to- it's an increase in the expenses for the landfill, so it's a use of the fund balance to pay for this interest expense.

Legislator Nazzaro: When were those bonds issued?

Mrs. Dennison: They were issued in December of last year.

Legislator Nazzaro: Of 2019?

Mrs. Dennison: Yes.

Legislator Nazzaro: O.K., so these were new bonds and not something that we should have known- I mean, we should have known about it, but it just got missed because these were new bonds?

Mrs. Dennison: Not that it's a new bond- there was a short term bond anticipation note used and issued in 2019, so there was a short term ban that had to be retired at the end of 2019 and there was a lot of discussion on whether or not the landfill could essentially self-finance the expense.

Legislator Nazzaro: I remember now. I do remember when we had these discussions.

(Cross-talk)

Mrs. Dennison: And as I said in (*inaudible*) throughout all of the crafting of the 2020 budget those discussions were ongoing on whether or not we would bond for the money after the ban expired or whether we would use current cash that the landfill has and future earnings.

Legislator Nazzaro: I do remember that the budget – the 2020 budget was all done and improved before we made the final decision and the economic conditions were favorable to go into- to convert those BANs into a bond. I'm good with it.

Chairman Hemmer: Any other questions? Did we get a good interest rate on the bond? Is that one of the reasons we did it in September?

Mrs. Dennison: Yes. The interest rates are low and favorable and the other element in the decision was that if we were to self-finance it we would also be losing some interest revenue on cash on hand, so the interest revenue lost and the interest paid on the bond- I won't say it's a complete wash, but what you see in the resolution is just the expense to pay the interest on the bond, but there is some offsetting revenue on the cash that we have. So, the conditions were favorable to go ahead with the borrowing.

Chairman Hemmer: That's good. O.K., any more questions? All in favor please say aye? Opposed?

Unanimously Carried

Proposed Resolution – Adjust D.5112 Capital Improvement Accounts - Funded Roads

Mr. Bentley: Good afternoon. This resolution is to (*inaudible*) for the Cassadaga wind farm- their second request to use our roads. Their initial request was done last year and they paid the permit fee of a little over \$2 million to recognize that they would do damage to our roads and that they would need to restore them. So, that money was allocated for that purpose. Since that time they've adjusted their construction plan and have tried to optimize the roads a little bit better and since they're actually using more county roads than previously anticipated, which would lead us to some increased damage and the need for them to pay us a little more money to address those damages. This would be an increase of \$406,370 for that work. With the COVID I think there has been a little bit of a hold on their work, but as far as we know they still plan on doing it and this was agreed to prior to all of the shutdowns. So, this is kind of on the back end of the agreement, but it was prior to any of the shutdowns. This is more or less to reserve that money so that it stays in the DPF to fix the roads that are damaged.

Chairman Hemmer: O.K., anybody have any questions on this one?

Legislator Gould: This isn't an account to just fix damaged roads, it's an account for any road, right?

Mr. Bentley: No, it's to fix the roads that the wind farm plans to use in the towns of Arkwright, Villanova, Charlotte, and Cherry Creek. They are very specific roads. They are the haul roads for concrete and gravel trucks.

Legislator Gould: They are somehow listed then?

Mr. Bentley: Yes they are listed on the permit. We really don't want to list them out on the resolutions. That's just a little too much detail. The roads are in those towns.

Legislator Gould: Good enough.

Mrs. Dennison: With this resolution- the ways it's worded the revenue and the expenses are in the funded road program- the sub department for funded roads, so it is a separate department from just general road maintenance.

Legislator Gould: I guess that was what I was asking.

(Cross-talk)

Mrs. Dennison: If the cost for these roads is either more or less than the permit fees that we received, we'll be able to see that and not use the money someplace else. It's just a cleaner way of doing accounting to make sure that we really get all of the revenue associated with these particular improvements.

Legislator Gould: That's good. Thank you.

Chairman Hemmer: Anybody else have any other questions? Will this cover all of the road repairs? If it doesn't could this- say they don't finish everything this year will we issue a new permit for them next year and get some more money or does this represent all the repairs?

Mr. Bentley: This would represent all the repairs. There's a couple different ways to go about this and we followed the model for the first wind farm project, of which the cost of repairing the roads was actually very close to the estimated permit payment, so we feel this is a good approximation. I don't know if it's going to be exact, but \$2.5 million is what the total is and it should go a long ways in fixing the damage that we anticipate. The gravel trucks and the concrete trucks tend to destroy the roads, so really what the basis of our estimates are is almost a complete rebuild of these roads.

Chairman Hemmer: Thank you. Anymore questions on this one? All in favor? Opposed?

Unanimously Carried

Other-

Proposed Resolution - Amend 2020 Budget Appropriations and Revenues Due to COVID-19 Pandemic and Other Year-to-Date Financial Impacts

Mrs. Dennison: I'd be happy to present this resolution.

Legislator Nazzaro: Can you share it on the screen?

Mrs. Dennison: Yes, I think I can. This resolution is the resolution that the COVID finance team has been working on and it is the summation of all of the requests of department heads to trim their budget in light of expected revenue shortfalls due to COVID-19. So, to give you- as you can see it's long and it's got lots of detail, but just to kind of give you an overview of it- as I said, we asked all department heads to cut their local share by 15-20%. Honestly, we're not there yet. We got to about 6%, but it does trim the local share for the County by about \$4 million. Just to walk through the major categories- it starts off with a decrease in the use of the capital reserve. One of the reductions made by the Department of Public Facilities was a small decrease in the Complete Streets program, which is a capital project and was originally funded by the capital reserve. That decrease will return some money to the reserve. Next category- there are some increases in appropriation accounts and the reason for these increases in almost all cases is that a couple of the departments looked at their budget and they looked at the complete annual picture and as you'll recall, we have a new contract with CSEA 6300, which has some wage increases in it and so those were not factored into the budget. So, some departments looked at how those wage increases would affect their budget and justifiably noted that their costs are going to be higher for wages and in some cases there's a few in here that even the health benefits are expected to be higher. So, that's why there are a few increases in appropriations. The vast majority of the resolution are decreases in appropriations- some savings in contractual costs and a lot of savings in health insurance because with the new CSEA contract whereas the wages are expected to be higher, there are expected savings in health insurance because of the mandatory high deductible plan. There are a lot of decreases in employee benefits and a wide range of decreases in contractual costs as well.

The other major item I wanted to draw your attention to is here is inter-fund transfers. We asked all departments to see what they could trim and a lot of the reductions are in the D fund due to reduced road construction. Reductions in the D fund only- they stay in the D fund unless we adjust the transfers between A and D and since we're expecting a shortfall in sales tax we need to decrease what the A fund is sending to the road fund and the road machinery fund. So, that's why we have a large decrease here and inter-fund transfers in the A fund. Here we have all of the savings in the road- you'll see a big reduction in maintenance of roads- over a million dollars. We had a couple of bright spots on the revenue side. The airports are expecting more revenue due to some revenue from the CARES Act, but also due to the changes in the operations of the airports with the FBO.

The final category is decreased revenue and you can see the big items here are the decrease in sales tax. We're anticipating at least a \$4 million decrease in sales tax. So, what we did is we took all of the savings from the departments and then the balancing item is the sales tax. So, we were able to realize or hope to realize \$4 million in savings, but that will essentially be erased by a reduction in sales tax. There's also- as you can see here in social services- some reduction in New York and Federal Aid because when social services reduces their expenditures they lose some of their reimbursements, so that's another one of the decreases in revenue.

We have some decreases in CARTS. Again, there is a decrease in services and a corresponding decrease in some reimbursement revenue. The big items down here are the inter-fund transfers. It's a decrease in the expense in the A fund, but less money being transferred to the road machinery and the county road funds- the D and the DM funds. There's a decrease in the A expenditures, but a corresponding decrease in revenue to the D and the DM funds. So, just to balance those between the county funds.

Those are the highlights and I'd be happy to answer any questions and I also wanted to point out that I found a mistake that I made in the airport. I misinterpreted what the airport was going to do with its overtime. So, I would like to amend the numbers by \$16,500- in the decrease in appropriations for the airport it would be in 5610.1 to decrease this number by \$16,500 and then that would also change the reduction in sales tax also by \$16,500 and I can supply those numbers. So, as I said it's a minor change that I would like to make. Again, I would be happy to answer any questions on the overall resolution.

(Cross-talk)

Legislator Nazzaro: I will make a motion to amend per Kathleen's recommendation.

Legislator Davis: I'll second that.

Chairman Hemmer: Any discussion on the motion to amend? All in favor? Opposed?

Unanimously Carried to Amend

Legislator Nazzaro: I just wanted to give a very- as you know, myself and Chairman Chagnon sent out a memo to all the legislators and I know County Executive Wendel sent out a memo to the Legislators. This has been an ongoing process. It's going to go through all the committees. As you can see these adjustments affect many departments and we- the part that for this committee- those affecting the road repairs and the DPF- I just want to thank Brad Bentley and his staff for working with us. I know at times it could have been rather painful, but we're still facing a lot of unknowns and one is the CHIPS money. We don't exactly know- that's a big funding source for us so we have to be cognizant of that and overall what this resolution is doing is saying right now we're- at least right now we're at a 10% reduction in sales tax (*inaudible*) which is \$4 million and most likely it will be 15-20%. We don't know where that is going to land. So, I just want to thank Brad and Ron for working with us and there is going to be probably more to come.

Legislator Scudder: Is it going to affect any of the projects that are planned for this year?

Mrs. Dennison: That's a good point that I did not touch on yet. It includes about a 20% decrease in both of the occupancy tax funds and there are cuts across all of the projects. We've had quite a few discussions with Mark Geise and his team and they have elected to go with pretty much an even cut of about 20% to all of the occupancy tax projects and then the watershed projects- the Planning Department noted that any of their projects that had been funded previously are behind in completion, so they recommend taking all of the- about \$242,000 this year that was budgeted for new projects to not use that and I think that will not have as bad of an effect because it will just give time to catch up on what has already been funded.

Legislator Scudder: Thank you.

Mrs. Dennison: I have the memorandum shared on my screen. Can you see that? So, as Chuck mentioned and the memorandum does detail all of the directives given to department

heads by the County Executive, so essentially all of these directives are summarized by the budget amendments in the resolution.

Chairman Hemmer: Any additional questions about this? Kathleen, you were saying that we were shooting for a reduction but it hasn't exactly been achieved? We are still looking for places to cut?

Mrs. Dennison: At this point we are taking kind of a wait and see approach. I don't want to make that seem like it's not an active approach, but the 15-20% reduction would be (*inaudible*) worst case and so this would be- as Chuck mentioned, it's not end of the road- its phase one. These are the reductions that the department heads are pretty confident that they can implement. There's a lot of reduction in services- mostly in the road maintenance area. At this point we are implementing these. The next phase would be the voluntary furlough program, which was just announced on Friday. We are expecting some additional savings because of that program. We have not gone to great lengths to quantify those savings because we really don't know how many people are going to volunteer for this program. There will be some savings and once we know how many people have volunteered and which people have been accepted for the furlough and which department heads have said yes, I can accommodate this furlough in my department. Then we will be able to quantify the savings associated with that and that will be an additional budget amendment to implement those savings. So, that's the next step. If the sales tax reductions actuals are much greater than \$4 million then we have to decide on steps after that to address that shortfall.

Legislator Nazzaro: I would like it if Brad could just briefly just touch on CHIPS funding. It's been a moving target for Public Facilities and I think that is important for the committee to hear. We really don't know for sure about the CHIPS, but there has been a lot of conversation. Brad could you just tell us what you know about the CHIPS money?

Mr. Bentley: Sure. I'll start with the facts that I know and move into a little bit of an opinion piece. We know Governor Cuomo has put CHIPS, PAVE-NY and extreme weather into the 2020 budget and was funded at levels that were similar to prior years. That's all good news information. The next step that we would normally see would be an allocation letter be sent to each municipality detailing out their exact appropriation from that overall budgeted amount. That letter has not been sent. We have expected that letter to come and the fact that it's delayed is giving me cause for concern. I think in prior conversations we've had I've expressed optimism because it was in the budget, but now that the allocation letter hasn't come out I think the (*inaudible*) is getting a little bit more clear. That's what I know. Again, this is little bit of a moving target and with new information I'll change my mind. I think we need to pause a decision on moving forward on any capital projects until we receive that allocation letter. The good news on the end side of this is if New York State decides to hold that money and provide it at a later date and it's past the point where we can actually do the construction, we have the ability to roll over that money into next year. So, we could complete those projects next year. So, I don't think it's necessarily a loss of the funding unless the governor totally cuts it out, which he obviously has the power to do. At this point I'm recommending that we pause all capital projects and see where we land.

Chairman Hemmer: You'll still have enough for maintenance projects, right?

Mr. Bentley: So, as part of what Kathleen just went through and the budget there- we've given up about half of our maintenance budget for the roads. So, we do have some left to do the most critical parts of the maintenance and try to keep our roads in good enough shape, but at a certain point if we don't have enough money we would look at- the possible outcomes are having to play weight limits on certain roads and bridges. If it comes to that we would try to avoid road closures, but in the interest of the safety of the traveling public if it does come down to that we will need to make those difficult decisions. I'd rather close a road or bridge and keep people safe rather than the other outcome.

Chairman Hemmer: I agree. Safety is the big concern.

Legislator Nazzaro: These discussions were well- as Kathleen and Pierre and Jay- we know they are a moving target and at first we did have more optimism and then we had to change our plan a little bit. As Kitty mentioned because she's been on the calls, we went through a similar thing back in 2009 when we were putting together the budget. We had to make significant reductions in our road repairs. Not a thing that you want to do but it was necessary especially with the CHIPS- we don't want to start a project and find out we can't finish it. So, as Brad said we have a little bit of safety net and that money would roll over if the full funding was there and we did not have time to use it. I thought it would be good for the committee to hear about the CHIPS. Thank you.

Chairman Hemmer: Thanks for that additional information. I always think of our roads and bridges as essential services and I hate to see that kind of funding cut, but if it's not there, it's not there. Any other questions about this resolution? All in favor of the resolution as amended please say aye. Opposed?

Unanimously Carried as Amended

Chairman Hemmer: Do we have anything else under other?

Mr. Bentley: I'll try to end this with some good news. CARTS has received notice of the NYSDOT that we may be eligible for some CARES funding. We got the notification on Friday. We're reading through all the rules and regulations of how that might apply, but at the end of the day any increase in funding for our public transportation will be a good thing, I think once we've had a chance to digest it- we have a couple questions that we're (*inaudible*) back to the NYSDOT just so that we fully understand the implications of what's being offered and I want to try and have a little more thorough discussion at Audit & Control once we have some of those answers in place, but this would be a good thing and it would be similar to what happened to the airport with the airport funding. It's just a little bit more involved though. So, it comes through a little bit different way through NY State, but at the end of the day even if we get an extra dollar it's a dollar we didn't have. I think it's a good thing.

Chairman Hemmer: It sounds like there's a glimmer of hope there. Thank you. Anything else?

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

Legislator Nazzaro: I'll second that motion.

Unanimously Carried (4:58 p.m.)

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