

Minutes

Public Facilities Committee

April 16, 2018, 4:00 pm

Gerace Office Building, Mayville, N.Y.

Members Present: Hemmer, Wilfong, Scudder, Gould

Members Absent: Nazzaro

Others: Tampio, Ames, Dennison, Spanos, Crow, Cummings, Abdella, Harvey, Himelein, Amiron, Caflisch

Chairman Hemmer called the meeting to order at 4:00 pm.

Approval of Minutes (3/19/18)

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

Unanimously Carried

Privilege of the Floor

Nobody chose to speak at this time.

Proposed Resolution- Adjust CARTS 2018 Budget to Reflect Additional Grant Funding

Mr. Spanos: Yes, Mr. Chairman. This is to accept additional money from the Transportation Operation Assistance for New York State an additional \$96,828. We had budgeted based on the average of the last two years and we were happy that we have received additional funding.

Chairman Hemmer: That's always a happy time.

Mr. Spanos: Yes.

Legislator Gould: That's normal that you get more money later?

Mr. Spanos: In the last couple years, yes, we have been.

Chairman Hemmer: How come they call it clean up?

Mr. Spanos: They don't know at the beginning how the distribution will be and they just adjust.

Chairman Hemmer: OK. Alright, all in favor of the Proposed Resolution please say aye. Opposed?

Unanimously Carried

Proposed Resolution- Close Capital Projects and Amend 2018 Budget—Landfill

Mrs. Dennison: Good afternoon. As you know, we have been trying to review all the capital projects and close the ones that are no longer needed and make other adjustments as necessary. The end of last year we reviewed a number of the landfill projects and there were some questions about how those should be treated. With the cooperation of George and Pantelis we reviewed all of the projects and reviewed them with Finance Director Crow and First Deputy Director of Finance, Mr. Button. So, we have quite a few changes to the landfill projects. As we walk through the resolution, first order of business is there are three landfill projects that we propose to close; The Master Plan, Repaving the Parking Lot, and Upgrading the Transfer Stations. The reason for closure of these is because there has been limited activity but also we felt that there was a change in approach for the capital projects. For example, the Master Plan, one of the main elements of that capital project in the past has been acquisition of land to possibly expand the landfill and if there were to be an acquisition of land that would require its own resolution, so we felt it's not necessary to have an existing capital project for that purpose. With the Repaving the Parking Lot project, we felt that maintenance to the parking lot should be treated as an operating cost rather than a capital cost and if there was a need to completely renovate-replace a parking lot it would be a new capital project. Then the Transfer Station capital project was determined that work to upgrade that component should be a maintenance expense rather than a capital project. So that's the rationale for closing those three projects.

Legislator Gould: Is that a specific transfer station?

Mr. Spanos: No, we just- every year we do a different transfer station.

Mrs. Dennison: The next Where As clause- this will be the Where As clause number 3, it says that two projects have changed. Those would be the projects for the Phase 4 Construction and Phase 2 Capping. The department of public facilities and the landfill received current estimates for the work of those two projects. So the amount of the budget for those two projects is being reduced to match the existing quotation or bid that we have to do that work. Those are the numbers you see. The last lines on the page Decrease Appropriation Accounts, we proposed to decrease the budget for Phase 4 Construction – to decrease it \$16 million. The current budget in that project is in excess of \$32 million and the bid for the phase that is to be started now and completed by the end of 2019 would require a budget of \$16,237,234. The same rationale for the next one, Phase 2 Capping; the bid to do the work that is going to take place this year and into next year, the current price of that one is \$1,301,076. So we proposed to reduce the budget from \$1.5 million to approximately \$1.3 million. That would be a reduction in that capital project, a reduction in the expenditure budget of \$198,924. Are there questions on that component?

Chairman Hemmer: Yes, you lost me there just a little bit. I see in the Decrease Appropriations Accounts the \$ 16 million and the \$198,000 but where is the \$1 million?

Mrs. Dennison: The capping project currently has a budget of \$1.5 million and the current bid for the work is \$1.3 million so it would reduce the budget from \$1.5 million to \$1.3 million.

Mr. Spanos: The bids came below appropriations.

Chairman Hemmer: Ok, so the difference is the (*crosstalk*.)

Mrs. Dennison: Those changes don't have an (*inaudible*) in the resolution or in other words, you look at the resolution and it's not self-balancing because we are just making a change to the budget for that capital project appropriation. At this time it just requires resetting the budget to what we now believe to be the existing cost of the project. The last component, this is the fourth Where As clause, talks about gaswell maintenance. Gas well maintenance in the past, there was a capital project associated with that operation and now has been determined that it should be an operating cost rather than a capital cost. So, we are proposing to close project-Landfill Gas Recovery. We are also creating- or- we are going to put money into a reserve for gas well maintenance. Right now we have been contributing- there has been a cost- an appreciation cost every year which has gone into a liability account for gas well maintenance because we know that we are going to do that. We have determined that the correct accounting for that is instead of a liability account would be a reserve account. That account already exists and that's the account 899.METH. There are- we are going to transfer funds from the liability account to the reserve account. There is approximately \$1 million in that liability right now. That reserve account will fund the work to do maintenance on the gas recovery system. We are proposing to use those reserve funds \$380,893 and create an operating budget to do that work in 2018. Again, it's a change in the accounting approach, the gas well maintenance should no longer be treated as a capital project, it would be an operating expense funded by the reserve for gas well maintenance. In summary, this resolution will, in our opinion, put in the correct accounting treatment for the landfill projects and also update them so that we have the projects on the books that are active projects that will be completed in a relatively short time frame and close projects that have been on the books for a long time without any activity.

Legislator Gould: Maybe a gas well account should have been a capital account to begin with.

Mrs. Dennison: Possibly.

(*Crosstalk*)

Chairman Hemmer: So that's going to be funded each year from the reserve rather than a budget line.

Mrs. Dennison: Yes. We have in the past few years, every year the operating budget has been charged an amount of money for gas well maintenance. The money was charged and then put into the reserve if expenditures were not needed to do the gas well maintenance. There is currently is that reserve of over \$1 million. It's more than enough to fund the operations that are expected in this year and (*inaudible*) will continue to use that reserve going forward to fund.

Chairman Hemmer: This year we are going to use \$380,000.

Mrs. Dennison: Correct.

Chairman Hemmer: Ok. I think I get it, any questions on this?

Chairman Scudder: Is the 380 number high, low or average for yearly maintenance? Any idea?

Mr. Spanos: Well that's not for one well. It's a lot. All of the gas wells that they have at the landfills.

Chairman Scudder: How many wells? Approximately?

Mr. Spanos: Five. I will get you the correct number.

Chairman Scudder: Is that a typical years maintenance? I'm not really making a comment on the amount. I'm just wondering is there a year we spend \$100,000 and a year we spend \$400,000?

Mr. Spanos: I don't know.

Chairman Hemmer: Those are just for the gas wells at the landfill in Ellery, or is that for all the-

Mr. Spanos: This is not natural gas, its methane gas wells. There are a lot of them. The wells where they collect the gas to take it to the power plant.

Legislator Gould: Probably a lot of maintenance, more than (*crosstalk.*)

Mr. Spanos: It's not natural gas wells; it's the methane gas wells that we have in the landfills.

Legislator Gould: Yes. I'm familiar with that.

Chairman Hemmer: You will have some additional information on that for Audit and Control?

Mr. Spanos: I will have how many gas wells are at the landfills. Yes.

Chairman Hemmer: Any other questions on this? All in favor? Opposed?

Unanimously Carried

Proposed Resolution- Amend 2018 Budget Appropriations and Revenues – North Chautauqua Lake Sewer District, North County Industrial Water & Sewer Districts #1

Mr. Cummings: Good afternoon, everybody.

Mrs. Dennison: I can walk them through this one.

Mr. Cummings: That would be great.

Mrs. Dennison: I will walk you through the accounting and Scott can speak to the mechanics of this resolution. The North County- oh, I see there is a typo in the title of the resolution. It says #!, and it should be #1.

Chairman Hemmer: My copy is correct.

Mrs. Dennison: OK, it looks like only my copy is incorrect. The North County Industrial Water and Sewer Districts have a contract with the North Chautauqua Lake Sewer District to perform some work. It was found after the contract was approved that the Industrial Water and Sewer Districts did not have sufficient funds in their operating budgets to pay for the contract. Then, it was also realized that the North County Industrial Water District has one fund balance and the Law Department determined that it's two separate districts, it should have two separate fund balances. So with help from Scott and Brian Purol and other members of the Finance Department, I analyzed the fund balance and determined how that fund balance should be split between the water and the sewer districts. We looked at- we are talking about the unrestricted fund balance. There is a fund balance that is capital infrastructure assets. That one was determined to be all related to the water district but we did do a split of the fund balance between the water and the sewer districts. So that has been done and you will see that in Where As clause number four it established the unrestricted fund balance of the water district as \$223,000 and the unrestricted fund balance of the sewer district is approximately \$22,000. After we did the split of the fund balances, we could draw from those fund balances for the water and the sewer districts so that they could pay for the contract with the North Chautauqua Lake Sewer District. The Resolution has to use fund balance from each of the- from the water and the sewer funds and then to increase appropriations for the water and the sewer activities to pay for the contract. There is also an adjustment to the fund balance for the North Chautauqua Lake Sewer District. That is going to be a decrease in the use of the fund balance for North Chautauqua Lake Sewer District because their budget does not currently include the revenue from this contract. It will be a straight increase in revenue to the North Chautauqua Lake Sewer District because the cost of providing these services are already built into the operating budget for North Chautauqua Lake Sewer District.

Chairman Hemmer: Any questions concerning this?

Mr. Cummings: We did this one year agreement- contract because we didn't really have a history of the two districts working together and how that was going to work. So we did it for one year to try to get a little history and see how that is going to work going forward.

Chairman Hemmer: It's an experiment.

Mr. Cummings: Yes, it's an experiment to make sure we have enough time to provide the labor needed to help them out with administration and somebody to go there several times a week to check things out and fix things. It's working out pretty well so far.

Mrs. Dennison: Mr. Chairman if I could just add one small comment, I did make a mistake about the capital assets. There is a small amount of capital assets attributed to the Sewer District but the majority of the capital assets are attributed to the Water District. We made a (*inaudible*) on the fixed assets as well as the unrestricted assets. So now there are- that will be set up on the books as two separate fund balances; unrestricted and capital for both water and sewer in the North County Industrial Districts.

Chairman Hemmer: Alright. Sounds good, any further questions? All in favor of the proposed resolution please say aye. Opposed?

Unanimously Carried

Proposed Resolution- Continuation of Interim Funding for North Chautauqua County Water District

Clerk Tampio: You can see from the resolution that recently you passed another resolution to extend the interim funding of \$1 million to the end of 2018. Subsequent meeting with our engineers and the North Chautauqua County Water District board updated us on the project and you can see from the map that the project at this point and time has been mainly concerned with the construction going west from the city of Dunkirk. That is part of the Village of Brocton project that is financed by EFC through loan and grants. It will become- it is part of the North Chautauqua County Water District but we have a different arrangement through the existing IMA that you reviewed previously. We are getting ready this summer to bid the east side of Dunkirk project. You will see on the map there are two green lines, here and here, and there is a new water storage tank. The main transmission lines estimated cost should be \$1 million and the water storage tank would be \$1.6 million. The construction of the water mains should happen by the end of this year and the new tank would be constructed by the end of 2019. We are looking at another \$2.6 million worth of cost. The long term financing won't come until the end of the project and we have had- our motion was passed by the District Board to request that the Legislature extend the funding through the end of 2019 and up the maximum amount up to \$3 million. We have had discussions with Mr. Abdella and Ms. Crow about how to finance that. That is how we came up with this current resolution. Steve can fill in the rest.

Mr. Abdella: This portion of the County Water District Project which involves the County district itself performing the work as a county entity. You, as the Legislature, passed a bond resolution authorizing up to the \$11.75 million. In this preliminary stage of the project, before revenues start coming in and the district is operational, the question is how you have the cash flow to

front these expenses prior to the permanent borrowing going into place. The choices are either the County, from its own reserves, fronts these costs, or the County would enter into a bond anticipation note to do the same thing. I think it's something that can be reviewed on a regular basis. There is a lot of district activity going on right now. South and center will be coming up soon, but at least for the time being, was felt that it saves closing costs and other costs involved with the bond anticipation note. If the County can advance the funds with the district being charged with the cost of the County's lost investment earnings. That's in essence the equivalent what interest would have to be paid if a bond anticipation note were done. I would just say, based on discussions that we've had, this resolution and any like it, whether it's for south and center or others will need to be subject to continuing review by our finance director as far as does the County have enough reserves to float these district expenses as they occur or do we have to do bond anticipation notes. The idea is to have the County be the bank, if you will, for these expenses up until the permanent borrowing going into place.

Chairman Hemmer: Any questions?

Vice Chair Wilfong: So basically, they are going to be coming back to us for any type of money draw that they would need and there is no way that we could not be paid for this because once this project is done we will be bonded for it and we will get our money out of that-

Mr. Abdella: That's right.

Vice Chair Wilfong: OK.

Mr. Abdella: You've already approved that (*inaudible*) bonding previously so this is just the interim stage while construction is under way.

Clerk Tampio: Of the initial authorized \$1 million interim that the district has expended to date, probably \$600,000 of that based on the engineering costs and the permit costs and the cost of review by our own engineer Paul Snyder was added into that and other related costs of the project to date.

Chairman Hemmer: So far this is all going according to budget? It's not over budget or anything like that?

Clerk Tampio: The bulk of the expenses are for the engineering contract and that is contractual- a set amount.

Chairman Hemmer: OK. The money is coming just out of the County fund balance?

Ms. Crow: Yes. It's the County's cash flow. This is a district just like any of the other sewer districts on the County's books, so it's just- we have the cash on hand and they will repay it with interest. Eventually it will be a payment from the Water District to the County's general fund when they pay it back.

Vice Chair Wilfong: Those engineering fees are all figured into that?

Ms. Crow: Yes. We already have the established capital project on the Water District, so this is just giving them the cash flow to make- to pay their invoices. They will get their final borrowing

when the construction is complete and then they will start to derive user fees that will offset the debt service.

Chairman Hemmer: The interest that they will pay will be based on what we lost-

Ms. Crow: What we would have earned if we had been investing the money ourselves.

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

Unanimously Carried

Proposed Resolution- Approval of Inter-Municipal Agreement between the North Chautauqua County Water District and the Village of Brocton

Clerk Tampio: This is the same resolution that was developed by Mr. Abdella for the Water District Board and again, they approved that resolution unanimously. You'll notice on the map, down in the Village of Brocton there is a squiggly green line coming from their water treatment plant and it goes down to the water distribution system in the Village of Brocton. That line is considered part of the County Water District Project and is financed currently by the Village of Brocton but the district will pay for in debt service until it's paid off. It will become an infrastructure of the district. This is a project that has already been completed and they had an EFC loan with a small interest rate that now that its completed, they have begun to make payments on that loan. So we had to develop a separate IMA, a municipal agreement for that portion of the project. We already have a municipal agreement for the other transmission main along Route 5. This will enable the district to do the same thing that we are going for the other (*inaudible*) to pay their debt service going forward.

Mr. Abdella: Just to confirm, and some of it is reflected in the resolution, in the normal circumstance this would have simply been a County project and the County would have borrowed the funds and this County agency, the district would have done all of the construction. What happened here was, in a very significant way, was that two portions of the project could obtain very advantageous financing and grants if they were performed by the Village of Brocton. In fact, what that will eventually cause is that the \$11.75 million will be much less because of the grants that will later be received because of Brocton's involvement. Nonetheless, it is all North Chautauqua County Water District infrastructures. We were forced to do this structure in order to take advantage of those advantageous grants and loan terms from (*inaudible*.) This is ahead of the rest of the components of the project in that it is already all done. The one that we just talked about in the resolution before, which is being performed by the County, is more just getting underway. This one is now done and so it's time for the County to start reimbursing Brocton for the expense and the debt service for these district facilities.

Ms. Crow: I could talk to a little bit of the accounting on that. We don't need to increase the budget at this time because the way that this will be set up, it will be like a capital lease. Therefore, we will show the asset on the balance sheet of the district along with a long term lease liability. Every time we make a payment to Brocton it will reduce our liability. The asset will begin to depreciate once it's in service. Once it's in service we will begin the depreciation and then we will see the depreciation expense on the operating budget, but that won't- we don't expect the depreciation to start this year, so we will have to see where we are at by the end of this year and if we need to include that for the 2019 budget.

(Crosstalk)

Chairman Hemmer: So this is in place? It is built?

Ms. Crow: Yes it is in place. That's why-

Chairman Hemmer: It's not being used?

Clerk Tampio: It is being used, but it's not part of the district yet.

Legislator Scudder: It's Brocton's deal.

(Crosstalk)

Ms. Crow: At the end of this term of the agreement, the infrastructure becomes the districts property. We kind of went round and round about the best way to handle this.

Mr. Abdella: So will any additional financial action be needed besides this resolution?

Ms. Crow: No. We don't- not unless we decide to depreciate anything this year, but we could amend the budget before the end of the year if we need to begin depreciation. To make the payments, the payments will be like we do with all the other sewer districts. The principle in any case is paid against the liability on the balance sheet and that's how we intend to structure this. We will make the payment to Brocton and reduce our lease liability.

Chairman Hemmer: We will make a- there is a payment in the 2018 County budget?

Ms. Crow: There is not a budget because the payment is going to come out of the balance sheet side not the operating side. It's going to reduce our liability on our balance sheet. So, it's not an expense that we classify as an appropriation, only an appropriation would be part *(inaudible)* an operating expense is a budget item. Balance sheet items are not budget items, but ultimately it will become- because the depreciation expense will be what we expense in the operating budget, but we don't start depreciation yet.

Chairman Hemmer: When will that start? When the whole project is done?

Ms. Crow: I believe so but we don't know all of that- we don't know that exact date right now, but once we do know it, then we will then amend the budget to show the depreciation. As of today there is no depreciation to expense.

Clerk Tampio: I can also point out that it is absolutely necessary to the County Water District project- you will see on the map a little green dot which is a water storage tank that is being created for the district. The phase 2 project is the red line, here, and that could also serve a connection with Pomfret water district if that comes about. So I just wanted to say that its completely valid that that's part of the water district project.

Ms. Crow: Ok. I don't want to make this any more confusing, but phase 2 will be structured just like this. We will have another asset, so to speak, to add on to the books once phase 2 is completed and we will have another inter-municipal agreement to pay that debt service.

Chairman Hemmer: Any other questions? In that case, all in favor, aye? Opposed?

Unanimously Carried.

Proposed Resolution- Amend 2017 Budget for Year End Reconciliations – Capital Projects

Mrs. Dennison: This resolution is based on information from First Deputy Director of Finance Todd Button. He is in the process of reconciling all of the capital projects for 2017 activity and found that in the case of the projects listed here, that some of the final revenues and appropriations, the actual did not exactly mesh with the budget. This resolution will adjust the budget, essentially to match the actual funding mechanisms for the projects. There were also a couple of accounting changes that necessitated this resolution. You can see that there are a couple of projects where the appropriations were proposing to increase them and that would be the SCOB Cooling Tower and the Mobile Data Collection System. I just want to point out that those projects were not over budget. When the budget was originally prepared there were a couple of rebates and those rebates were included as negative expenses rather than revenues. The correct accounting treatment is to realize the treatment as revenue. That means that the revenue has to be higher and the appropriations also have to be increased because as I said, the appropriations were originally budgeted as net of the rebates and the appropriations are the full expense and then there is a revenue component as well. So that is the background behind those two increases in appropriations. The Edgewood Warehouse project did come in slightly over budget in appropriations so that's why there is an increase in that project appropriations, but there was a revenue component to cover that additional appropriation. The resolution is self-balancing overall, just a necessity to adjust the final budget so that the projects can be closed and retired.

Chairman Hemmer: Any questions on this? All in favor of the proposed resolution say aye. Against?

Unanimously Carried.

Proposed Resolution- Close Capital Projects

Mrs. Dennison: This resolution is also a result of our work to review all of the capital projects on our books and close the ones that need to be closed. The first two on the list are no longer needed because of the sale of the South County Office Building. The other projects on the list currently have no budget and those projects are all relatively old, established between 2014 and 2006. We could not find any resolution that officially closed them, although they have not had any activity and they have had no budget for at least the last couple of years. So, the projects other than the SCOB project just need to be closed officially so we can indicate that on all of our books.

Chairman Hemmer: The nutrient removal project does not have a year listed. Was that just because it was ongoing?

Mrs. Dennison: We did not have a year in the title.

Ms. Crow: We only started doing that internally a few years back to include the year as part of the title just to- that's our only way, internally, to know how far back to go to run a report. It was really just added for our internal use. It was one that was so old that we might have just missed closing it when we first established adding the year to the account names.

Chairman Hemmer: Very good.

Mrs. Dennison: I just want to add that Jenelle Hansen, who works with me in the budget office, she did a really thorough job of going back through all of our capital project logs, the general ledger and making sure everything was reconciled so that everything now matches, we know what projects are active, what the budgets are and most of the projects on these lists were ones that popped up- because we keep a log of when each project is closed and the resolution that closes it. These projects, after her research we could not find the resolution that closed them. As I said, they have just not had any activity in quite some time so we just want to make it official on these open projects that are no longer in use.

Legislator Scudder: Are there any from 2009 or whenever that are still active?

Mrs. Dennison: Very few. I know that there are a couple that are still active but over the course of the last year most projects that are that old have been closed.

Ms. Crow: Sometimes the older ones were- we used to adopt into the budget all the airport projects but then the FAA funding might not be available until five years later. So we stopped doing that so we wouldn't have all of these opened projects but then a project like Millennial Parkway that was a multi-year project. There are projects but not as many that are for a significant period of time.

Chairman Hemmer: OK. That sounds good to get things cleaned up. Any additional questions on this resolution? Everyone in favor please say aye. Opposed?

Unanimously Carried.

Proposed Resolution- Amend 2018 Budget Appropriations and Revenues Due to Changes in Occupancy and the Sale of the South County Office Building

Mrs. Dennison: We would like to propose a revision to this resolution. We have some late information so I do have a revised version if you would agree to consider that at this time.

Chairman Hemmer: Are they just typos?

Ms. Crow: They are not typos. We could change it by amendments if that is easier.

Chairman Hemmer: Does that sound like a better way to do it?

Ms. Crow: We will just mark up what actually changed. There are just a few, not very major changes. If you would rather, Kathleen can read them off as amendments to the prefiled resolution.

Chairman Hemmer: OK. Yeah.

Mrs. Dennison: I will suggest the items that we would like to propose as amendments and then we discuss the overall resolution. The first change would be, in the first "resolved" clause it says "increase the use of fund balance," the original resolution is \$170,821 and the amended amount would be \$95,821. Then on the second page, the second to last block "increase revenue accounts," we would like to add a line that would say "A.1620.----.R226.0000 Sale of property and compensation-sale of real property" and the amount is \$75,000. This is an item that we did not anticipate happening in 2018 and then Ms. Crow got late information that there would be a sale of the Sherman shop in 2018, which is revenue from selling the surplus Sherman shop for \$75,000. Then we would like to propose that the total be amended to \$514,058.

Chairman Hemmer: OK. Let's have a vote on accepting the amended resolution. All in favor? Aye. Opposed? So we have accepted this amended resolution.

Mrs. Dennison: Just to give you an overview, as you may recall from the budget hearings, when the sale of the South County Office Building was in progress but we did not know when it would close and felt that we could not include all of those details associated with all of those changes into the adopted budget. We now analyze the effect of that sale on the budget and are proposing amendments to incorporate those changes into the adopted budget. As you can see, there are a lot of account changes but they fall into five categories. The reason that there are so many changes is that as part of the budget we assign an occupancy charge to almost all departments throughout the County. When we changed the ownership- the overall ownership in number of buildings owned by the County, that change affects the occupancy distribution for all departments, not all that were and still continue to be housed in the South County Office Building. That's why there are changes in so many categories. Speaking about the overall or the larger issues, we have a decrease in personal services in the buildings and grounds area because one maintenance person has been eliminated from the building and grounds budget so we use the current staffing to calculate new personnel and fringe benefit expenses for the buildings and grounds administrative area and that results in a reduction in expenditures of \$107,922. That is a decrease in expenditures- or decrease in appropriations. You will see the effects of that on the second page in the decrease appropriation accounts. The second major change is an increase in contractual costs and that is on page one under increase appropriation accounts. That category includes the additional contractual costs for the South County Office Building because it is now a lease payment instead of ownership expenses. There is an overall increase in the contractual costs, primarily because of converting to a lease expenditure. All of the costs for the SCOB are concentrated on that one item. Overall, the contractual costs for the SCOB are going up \$422,569. There is also a savings in property insurance expenditures because we no longer have to insure the building as a property item. So, overall, our insurance costs are going down by \$12,060 that is in the decrease appropriations section. There is also an increase in revenue overall. One of the main drivers of the increase in revenue is that in the department of Social Services we have a higher occupancy costs for those departments so we can now claim that on

State and Federal reimbursement claims which will increase our State and Federal Revenue by \$138,795. That is a component of the increase revenue account section. Overall there is an increase in revenue because of the claiming, there is also a change in revenue accounts in the buildings and grounds area because what they charge out to the departments has changed. So, what buildings and grounds received as revenue from the departments has also changed. The overall revenue increase is because of the increase in claiming. We also have the revenue that we just mentioned from the sale of the Sherman shop. That's an increase in revenue that was not budgeted in 18 and we will be able to add that to the 18 budget. Those are the major areas that changed. Overall, there is a need to draw from fund balance \$95,821. You may recall when the sale of the office building was first proposed and adopted because it would be favorable to the County. The reason that there is an increase to local share in 2018 is because a lot of the favorable components are not included in 2018. For example, the \$1.7 million for the sale was booked into last year. There is an overall increase use of fund balance to the A and the CS funds in 18 just because of the difference in timing in benefits of selling the building.

Ms. Crow: I did update the analyses that I did originally to show where our 2018 actual and then projected that all the way out too. So there is no way- we are actually a little better – a lot better position as we went through all the details. There were some things that we had to add in such as, the additional Social Services Revenue reimbursement over the course of the 20 years but there were a couple other cost items that we had to add into the model, but overall, over the 20 year period, we should be favorable about \$1.7 million versus \$480,000 that we had originally projected. I can go through this all or you can study it and ask questions afterward if you like. Basically, the top section was our revenues from selling the building, the middle section was what our new rent expense is and the remaining expense items that we will continue; the cleaning, the administration, I have this- since the sale of the Ag Center is still pending, I'm showing that cost going out until 2020. That's our expense after the revenues that we receive from Cornell. We will have some insurance costs going out. The bottom section shows what we would have been spending to maintain it ourselves and the net variance is to what we are spending now to what we would have been spending. Just a note on the things that we would have been spending, some of those items were capital improvements and those capital improvement costs would not have been in the buildings and grounds budget, they would have been in our capital budget. Those are really not budget items that we are taking out of the budget, but they are costs that we are avoiding. In the bottom corner I showed what our previous net amounts were and you can compare those to what are net 10 and 20 year projections are.

Chairman Hemmer: So even though there is a- for this year we are talking about an additional amount to be pulled from the fund balance, that's not-

Ms. Crow: In a sense, if you would have thought that we got the \$1.7 million from the sale in 2018, we would have an additional \$1.6 million this year but we got that money last year. Now, we are taking some of that out of fund balance to pay for the increase in rent expense.

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

Unanimously Carried as Amended.

Other-

Proposed Resolution-Authorize Agreement for Purchase and Removal of County Owned Timber
From Property #10 on County Route 474 in Town of Clymer

Mr. Spanos: As the resolution states, the timber sale value came up better than estimated and we would like to (*inaudible*) it as soon as possible. The money will go to the parks.

Chairman Hemmer: This is the time of year to get that timber done.

Legislator Gould: Do you know how much money? Can you get that to us for Audit and Control?

Mr. Spanos: Sure.

Mrs. Dennison: \$170,000.

Mr. Spanos: Something like that.

Legislator Gould: We are going to put another 40 in there? That's quite a lot.

Mr. Spanos: That's good.

Chairman Hemmer: That's good!

Mr. Spanos: We transfer some of the money that we had appropriated for capital accounts in that anyway. We transferred that into one account. It was about \$35,000. There is approximately 100 gas wells at the landfill.

Chairman Hemmer: Alright. Are there any further questions on this resolution? All in favor please say aye. Any opposed?

Unanimously Carried.

Chairman Hemmer: Is there anything else under other?

Legislator Gould: Motion to adjourn.

Vice Chair Wilfong: Second.

Unanimously Carried 5:04 p.m.

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