

Minutes of City of Dunkirk Finance Committee held on March 26, 2012

Present: Councilman Mike Michalski, Chairperson

Councilwoman Stacy Szukala, Member

Councilwoman-at-Large Stephanie Kiyak, Member

Councilman William Rivera

Mark Woods, City Treasurer

Harry Briggs, City F.A.O.

Guests: Jim White

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CITY OF DUNKIRK, N.Y.
CITY CLERK'S OFFICE

Opening: Chairman Michalski opened the meeting at 5:00pm.

Meeting Content:

A motion was made by Kiyak to accept the minutes of the February meeting, seconded by Szukala.

Woods updated committee regarding the progress of independent auditors (Johnson & Mackowiak). Auditors are concentrating on all three funds to have preliminary numbers as to where city will be at as of 03/31/2012 which will include all needed general ledger adjustments. Review of memo dated January 30, 2012 from Finance Committee to Mayor et al will have to be postponed until auditors are finished.

Woods will make sure budget modifications are presented to committee before going to council in resolution form.

Szukala questioned budget line "City Hall Maintenance - Overtime" as discussed at prior meeting. Woods explained it was a leaky roof in the Mayor's conference room involving 3 workers on a weekend. Expense was charged to wrong account/line and was subsequently adjusted.

Revenues:

Fund I: Michalski question "CDBG Reimbursement A". Woods explained line is reimbursed at end of each quarter and covers administration (personnel costs) in Dept. of Development.

Fund II: Michalski questioned "Metered Water Sales" being at only 2.7%. Woods explained water bills are sent out quarterly, so it was a timing issue. Included T/ of Portland, Pomfret & Van Buren Bay.

Fund III: Michalski noted still no revenue for "Waste Hauling Fee". Woods stated Waste Water Supervisor Sean Raynor & Tony Gugino were still trying to get to bottom of why no revenue is being generated.

Michalski noted "Sewer Violations" were at 65% and questioned who was being fined. Woods replied it was from Cott & Fieldbrook Foods. Fieldbrook was from an accident and Cott exceeded their BOD limit.

Discussion again turned towards the "Waste Hauling Fee" as Kiyak question what city will do if revenue line of \$155K is not met. It was explained that hopefully we would be making up that money in other areas of Fund III which is currently in the black overall. Woods explained we would need to monitor line closely throughout the year.

Michalski questioned if committee should reach out to Cott for an explanation as to what they are doing with their waste currently (taking it somewhere else, refined production, lower demand). Woods felt it was more the responsibility of the Mayor and Tony Gugino to approach Cott as representatives of the city. Michalski agreed to inform Mayor Dolce of committee's desire to reach out to Cott to better ascertain the situation.

Expenses:

Fund I: Michalski noted "Vehicle Fuel" line was doing well at 8.9%, mostly due to lack of plow truck use. Kiyak questioned "City Hall Office Supply" line. Szukala answered that new office chairs had been purchased as well as supplies by the Mayor's office.

Michalski questioned why the "Central Data Processing" had a department budget at 52%, even though all individual lines within the budget were at or below the 16% for the month. Woods noted it may be due to some encumbrances in postage of \$12,000. Woods felt there was something wrong within the department budget. Szukala stated if there was something purchased for \$12K, it should have come before council since it was over \$10K.

Szukala had questioned purchase of jackets by ACO and the "infrastructure repairs" line. Woods will update committee at next meeting.

Discussion turned to why a surplus in one fund (snow plowing) couldn't be used to offset a deficit in another fund (waste hauling). Woods explained that city cannot perform intra-fund transfers as per the auditors and that Funds II and III were driven by user fees, while Fund I is driven by property tax revenues.

Parking meters were then discussed regarding replacement of broken meters with the meters from the parking lot behind city hall. Michalski stated issue was to be discussed in the Public Works Committee. Szukala felt meters could generate significant revenues, however most are broken or not being monitored. Woods updated that city was getting complaints about broken meters from residents and that city was purchasing replacement parts to fix numerous broken meters. Rivera felt a meeting with the Police Department was in order to properly set expectations. Szukala noted ACO writes more parking tickets than entire department. Kiyak felt extra monies from snow removal account could be

used to fix/replace broken meters. White brought up fact that Chief Ortolano stated there are two dedicated officers whom patrol the downtown area. Also, White said there is the argument for no parking meters downtown. Szukala felt as revenues get tighter & tighter, city should be capitalizing on those revenue sources already in place. Kiyak concurred, stating other communities are strictly enforcing parking laws and at a much greater cost than the city is charging. Rivera felt there was a large area for improvement in enforcing parking & speeding violations.

Rec Center - Supplies & Maintenance was questioned at 137%. Briggs stated this line can be misleading due to the high school giving direction to the city to purchase supplies and then the city would be reimbursed by DHS through grant monies.

Tree removal – Overtime questioned by Szukala at 50%, committee felt maybe due to trees being down from various wind storms in late Winter months.

Overtime in general was then discussed, noting how certain departments pay a minimum of two hours regardless if it was a couple minutes worked. Rivera questioned if city should start hiring additional employees to lessen overtime. Szukala felt it was still cheaper to pay overtime, especially when factoring in benefits.

Fund II

Health insurance costs were questioned by Michalski as this line seemed to be over budget regularly throughout various departments. Woods explained there may have been three monthly payments made even though report is only two months into the year.

Fund III

Kiyak noted **Repair & Maintenance** was at 172%. Woods stated a purchase order from December was included in this year's report and would be adjusted out.

Treasurer's Report: Woods went into explanation of a resolution for the West-end water project for the relining & clean out of the 12 inch water line which starts at the filtration plant & runs westerly to city line. Total cost is \$500K. \$250,000 grant city was approved for in 2006 is still available. City must come up with \$500K and complete project to get reimbursed the \$250K. Borrowing must be structured with other city borrowing (\$1.8 million) so there is one bond serving two projects. Woods felt we needed to discuss & plan what city will do within next few years to payback debt, considering Phase III projects as well. Woods feels that possibly, there were projects within Phase III that could be extended past the immediate deadline. Woods recommended we sit down & plan out a course of action with the engineers, Mayor and others.

ACO letter: Michalski addressed the letter written by ACO Steve Purol asking for mileage reimbursement. Letter states Purol collected revenues of \$61,500 in 2011 from parking tickets/fines, double that of former ACO. Michalski felt there was enough money within the Animal Control department for fuel. Szukala felt \$500 would be sufficient. Kiyak stated in discussion with Purol, he would be satisfied with \$60/month or close to \$800 per year. Michalski questioned whether other city

employees could make the same argument for mileage reimbursement since they also use own vehicles?

Kiyak stated that Steve was under the impression he could purchase gas from the city at a cheaper rate. Committee felt uncomfortable extending this option outside of those already receiving this benefit. Committee was in agreement it did not want to give a raise, but rather a mileage reimbursement. It was decided on \$800/yr., paid out in quarterly increments of \$200. Steve averaged 360 miles per week in 2011.

White recommended setting a base line in generated revenue, such that if the amount was exceeded, then mileage reimbursement would be paid out. This way if someone else wanted to ask for mileage, there would be a baseline before money is paid out.

A fuel line would also be established within the Animal Control department. Woods recommended moving money during the budget modifications.

Bid Results: Woods discussed bid results for a \$7,455,000 bond at 1.25% with a premium of \$46,670 and net interest rate of 0.6223%. Of this amount, \$6.3M is for the water plant upgrade & \$1.27M for water meter replacements. This is for 12 months. The city can refinance short-term debt for total of five years. Szukala questioned why city wouldn't do this for the long term? Woods replied that in 12 months we could possibly do the I/t financing for Phase I of the water project plus the water meters. Woods felt this was the best course of action for the city.

CAC Independent Auditors Recommendations: Jim White questioned the committee about the city's procurement policy, specifically how it related to the contract with Johnson & Mackowiak (J&M) as independent auditors for the city. White questioned if the independent auditors function was put out to bid prior to passing a resolution contracting the firm for the next five years. Woods replied it was put to bid two years ago. There were three interested bidders at that time.

White distributed recommendations from the CAC regarding the bidding, contracting and rotation of independent auditors. Woods explained that even though it may be the same firm performing the audit, it is not necessarily the same individuals. Szukala mentioned the city was already contracted for five years with J&M. White then questioned if that specific resolution authorizing the city to enter into the contract with J&M was even valid since the bidding process & procurement policy may not have been followed. Szukala was comfortable with J&M since they were familiar with the city operations, plus the NYS audits gave another set of eyes on the city's books.

It was decided the recommendations received from the CAC would be reviewed at the next meeting.

Meeting adjourned at 7:00 pm.