

TOWN OF CANANDAIGUA

TOWN MANAGER MONTHLY REPORT

March 19, 2018

PERSONNEL

KUDOS: A special kudos this month to Town Historian Ray Henry for his commitment to the Town of Canandaigua. As many are aware, Ray recently suffered a stroke that could have been much worse were it not for the quick action by his wife Barb. Ray has continued therapy and is working to get back to full strength. Ray has periodically been stopping by the Town Hall to stay connected and 'in the loop'. Additionally, I am told Ray's newest book "A Walking Tour of Cheshire" has been well received and is currently available through the Ontario County Historical Society.

FINANCIAL MANAGEMENT

Annual Audit: The Town of Canandaigua's annual audit with Bonadio is scheduled to start with onsite visits the week of April 2, 2018. The plan is to have the 2017 books completely closed out and the annual update document (AUD) completed prior to Bonadio's arrival so that they are able to conduct an audit of all practices transpired to date.

Annual Audit – Town Court / Town Clerk: EFPR has been onsite to conduct the Town Court and the Town Clerk departmental annual audit. EFPR tells me they intend to have the annual reports for both departments by your April Town Board meeting.

Reserve Funds: Currently the Town of Canandaigua has reserve fund balances available in the general and highway funds as labeled "Current". The changes outlined below would reflect balance if approved as "Proposed":

A (General Fund):	<u>Current balance</u>	<u>Proposed balance</u>
Contingent Reserve (A.231)	\$ 535,000.00	\$ 535,000.00
Repair Reserve (A.232)	\$ 155,000.00	\$ 50,000.00
Technology Reserve (A.233)	\$ 57,403.00	\$ 12,403.00
Open Space (A.234)	\$ 480,200.00	\$ 480,200.00
NYS Employee Reserve (A.235)	<u>\$ 225,000.00</u>	<u>\$ 225,000.00</u>
	\$ 1,452,603.00	\$ 1,302,602.97
D (Highway Fund):		
Highway Equipment (D.230)	\$ 375,000.00	\$ 182,109.03
Highway Improvements (D.232)	\$ 375,000.00	\$ 375,000.00
Snow/Impr Repair (D.235)	<u>\$ 200,000.00</u>	<u>\$ 200,000.00</u>
	\$ 950,000.00	\$ 757,109.03

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Reserve Fund – Contingent Reserve (A.231): There are no proposed changes to this fund at this time. This reserve has been setup to help mitigate increases to tax rates based on future budgets. This could be something to be explored in the future if needed associated with the increase in expenditures related to the debt service of the new highway facility which must be paid from the general fund.

Reserve Fund – Repair Reserve (A.232): Established December 6, 1999 the “Repair Reserve Fund” is available as defined in the purpose, “*shall include incidental improvements, equipment, apparatus, appurtenances, furnishings and other incidental expenses...*”. The Repair Reserve Fund may be used for the purpose of the improvements to the new highway facility including furnishings and the installation of equipment including security systems and cabling. The proposed use of \$ 105,000.00 from the Repair Reserve Fund for the new highway facility building would be subject to permissive referendum. A resolution is on your Town Board agenda to set a public hearing for the purpose of hearing from residents regarding the use of this money.

Reserve Fund – Technology Fund (A.233): The Town Board agenda this month includes the appropriation of up to \$ 45,000 from the Technology Reserve fund for expenses related to new financial software and the replacement of our network server. If approved the remaining balance of the Technology Reserve Fund would be lowered to approximately \$ 12,402.97. The appropriation of the use of this reserve fund for these expenditures is subject to permissive referendum.

Reserve Fund – Open Space (A.234): This is the reserve fund used for the appropriation and support of PDR applications for open space and farmland protection. No additional proposed expenditures at this time, until we know if additional PDR projects have been approved by the NYS Department of Agriculture and Markets. Additional uses related to this money will likely need to be considered as part of the Open Space Plan currently being drafted for the Town Board’s consideration.

Reserve Fund – NYS Employee Reserve (A.235): Established June 10, 2013 this reserve fund was established to “accumulate moneys to finance the cost of retirement contributions in accordance with 6-r of the General Municipal Law “Retirement Contribution Reserve Fund”. No proposed expenditures at this time.

Reserve Fund – Highway Equipment Capital Reserve Fund (D.230): A resolution to spend \$ 192,890.97 for the purchase of an excavator from Highway Equipment Capital

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Reserve Fund (D.230..) is also on this month's agenda. If approved the remaining balance of the Highway Equipment Capital Reserve Fund would be \$ 182,109.03. The appropriation of the use of this reserve fund for these expenditures is subject to permissive referendum.

Excavator / Budget Amendments: – the 2018 Highway Budget included a line item \$ 110,000.00 appropriation for the purchase of a new excavator (D.5130.200). The excavator ended up being a total cost of \$ 192,890.91. Should you approve the use of the reserve fund for the full \$ 192,890.97, then I would recommend a budget amendment to reduce the expenditures from D.5130.200 by \$ 110,000.00, and also reduce the revenue of non-property sales tax from D.1120 by \$ 110,000.00 in order to balance the Highway Fund. In addition, you may wish to increase the revenue of the general fund non-property sales tax from A.1120 by \$ 110,000.00 and increase the expenditures of relating to debt service payment of serial bonds. I will prepare a resolution for your consideration

Reserve Fund – Highway Improvements (D.232): Established December 6, 1999 this reserve fund is for the “purposes of paying the cost of highway improvements in said Town, including incidental improvements and expenses in connection therewith.” There are no planned expenditures of this reserve at this time.

Reserve Fund – Snow/Ice/Improvements/Repair (D.235): Established December 27, 2000 this reserve fund is for the “*specific object or purpose of paying the cost of the snow and ice removal and road repair*”. There are no planned expenditures from this fund at this time.

Financial Management Software: As you are aware, the Town's current financial accounting software is outdated and no longer supported by the company originally purchased from by the Town. The KVS system has been bought out by several companies, and is in need of replacement. A team consisting of representatives from our Town departments, the Bookkeeper, Finance Clerk, Financial Committee, and Town Manager have evaluated alternative options for accounting systems. The recommended system is produced by Tyler Technologies which is a National company specializing in municipal management software. Tyler's Incode is the same operating system currently in use by the City of Canandaigua and the City of Geneva. It is anticipated that other nearby municipal organizations will also soon be using Tyler's product. The use of the Technology Reserve Fund to help pay for this expenditure is outlined above.

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Highway Project Financing Options: Attached to my Town Manager’s report are a summary of financing options from Bernard Donegan’s office (BPD) relating to financing of the new highway facility. As you are aware, currently we have a Bond Anticipation Note (BAN) for the construction phase of the facility in the amount of \$ 5,000,000.00. We will need to confirm a strategy for later this year or 2019 to pay off the \$ 5,000,000.00 through either a Bond or combination of Bond and cash payment. The strategies identified below include a needed 2018 debt service payment of between \$ 130,000.00 and \$ 265,000.00 depending on the program you elect to select for repayment.

As a 2018 debt service payment was not budgeted in the adopted 2018 budget (if you select that option), I would recommend the use of the additional funds moved to contingency (if you choose to approve the transfer) as identified above with proposed budget amendment of \$ 110,000.00 additional to contingency for a balance of \$ 210,000.00 in the General Fund contingency line. The other monies being utilized from reserve funds for the specific purposes they were intended would additionally help to bank additional unrestricted fund balance to help with this project.

The use of unrestricted fund balance could be an option for paying down the financing amount from \$ 5,000,000 to finance either \$ 4,000,000 or \$ 3,000,000. Bob Fox from EFPR has estimated that our unrestricted fund balance was reduced from \$ 3,316,377.83 on 12/31/16 to \$ 2,826,467.69 on 12/31/17 which does include the transfer of the already appropriated \$ 1,000,000.00 for this project.

<u>Financing Amount</u>	<u>Term/Rate</u>	<u>Avg. Annual Payment</u>	<u>Total Repayment</u>
\$ 4,000,000.00	24 yrs / 4%	\$ 257,422.00	\$ 6,178,133.00
\$ 4,000,000.00	15 yrs / 3%	\$ 329,553.00	\$ 4,943,300.00
\$ 3,000,000.00	24 yrs / 4%	\$ 193,042.00	\$ 4,633,000.00
\$ 3,000,000.00	15 yrs / 3%	\$ 247,230.00	\$ 3,708,450.00

Based on our fund balance policy and the “unused” highway project contingency I would recommend you appropriate at least an additional one million dollars for this project from unrestricted fund balance, and the approximately five hundred thousand of unused contingency to finance at the most \$ 3,500,000.00, or even possibly stretch to finance \$ 3,000,000.

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This strategy would allow us to consider the possible financing of the three or three and a half million dollars for a term of 15 years resulting in a significant financial savings on interest payments for the Town over the time period.

If the Town of Canandaigua were to finance \$ 3,000,000.00 with a term of 15 years at a proposed interest rate of approximately 3%, the annual debt service payment of \$ 250,000.00 would need to be added to the general fund. Original projections indicated a needed tax rate increase of as much as \$.25 - \$.31 per thousand to accommodate this increased debt service payment. Preliminary projections based on the recent town-wide revaluation with the taxable value going up to approximately \$ 1.4 billion would equate to a tax rate of approximately \$ 1.00 per thousand to accommodate the full \$ 250,000 annual debt service payment. Additionally, I might add there are a number of strategies we could explore over the next two or three years to push that increase off or even eliminate the need for an increase with our longer term multi-year financial plan and capital improvement plan. Strategies to minimize large fluctuations in equipment and contractual expenditures could be mitigated through strategic capital planning to basically offset the majority of the annual debt service payment for the 15 year proposed term.

DEVELOPMENT / PLANNING

Uptown Feasibility Study: As you are aware, Bergmann Associates has been hired by the Town in cooperation with our joint project with the Genesee Transportation Council (GTC) and a Federal grant through GTC to look at the feasibility of all transportation and users of wheeled devices in the Uptown area. On February 14, 2018 Bergmann held stakeholders meetings at the Town Hall. On March 14, 2018, Bergmann held the first public workshop on the feasibility study to hear from residents and interested stakeholders.

Economic Development: Thank you to Town Board members Linda Dworaczyk, Kevin Reynolds, and Gary Davis for joining us on the RTS bus tour of Uptown and the Canandaigua airport on March 6, 2018. About 25 members of the Town's economic development committee joined us for the tour which included a visit around Uptown's access roads, and a tour by Jim Dolan of the Canandaigua airport. Special thanks to Mike Murphy from the Daily Messenger for covering this outing for us with a story in the paper on Sunday, March 11th.

CIC/Open Space: Our Open Space team is preparing their initial draft and presenting to the CIC on March 20th.

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TDR: The CIC has been discussing options relating to moving forward with the idea of the Transfer of Development Rights (TDR) program. The TDR program would include provisions to further clarify the maximum allowable build out in the Mixed Use Overlays either through the option of entering into the TDR program or construction within the limits of the Town Code relating to Mixed Use Overlay. A resolution on your agenda, would charge the CIC with exploring strategies for implementation of the TDR program and making a proposal to the Town Board for adoption of this program.

Concept Mapping: The Concept Mapping Team consisting of representatives of the Town, City, and Chamber are meeting again at the end of March to review the results of the data collected from residents of the community. The data will be put into clusters, and then ranked for importance to the community (by the respondents) and feasibility of implementation.

Upcoming Meetings:

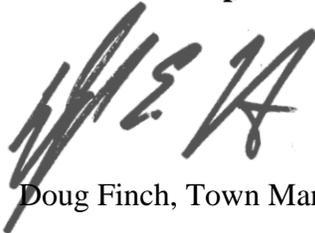
Planning – The next scheduled Planning Board meeting is March 27th at 6:00pm.

Zoning – The Zoning Board of Appeals next meets March 20th at 6:00pm.

Environmental Conservation Board – April 5th at 4:30pm.

Agriculture Advisory Committee – April 5th at 6:00pm.

Citizens Implementation Committee – March 20th at 9:00am to discuss Open Space.



Doug Finch, Town Manager