



CITY OF PORT JERVIS
EST. 1907
NEW YORK

Newsletter

City of Port Jervis

5/3/2016

Volume 2 Issue 3

Moody's Downgrade

Investor Service Credit Opinion

MOODY'S INVESTORS SERVICE

On March 16th Moody's Investors Service downgraded the City of Port Jervis from A1 to A3. Although a link to the Credit Opinion has been placed at the end of this article, here is information that can be used to understand some of the statements in the report.

One of the factors that could lead to an upgrade is a 2015 contract that the City made with Energy in the Bank (EIB) that when it comes on line will be a cost savings to the city of a minimum of \$125,000 a year. In addition the City will receive a \$400,000 lump sum payment that the Mayor negotiated in the contract that will go directly into boosting the low fund balance. The delay in getting EIB started has been identifying land to set up the solar panels. The City is currently working with EIB to secure land at the City landfill which will provide

additional revenue to the City for the next 20 years in leasing options.

In the report it is stated that "Factors that Could Lead to a further Downgrade would be continued structurally imbalanced operations, declines in operating revenue and further declines in liquidity." Something that would hamper the city's ability to generate revenue would be no tax increase or staying within the cap until stabilization occurs. The cap this year (.0125% or \$5,900 increase for the entire city budget of \$14.7 million for 2017) would be fiscally debilitating as New York State's 2% tax cap is not true to its name. Additionally not removing unwanted real estate from the balance sheet that was left over from tax sale properties would continue to cause the city a financial burden.

Moody's key indicator clearly shows a concern beginning in 2011 through 2014 and under the Detailed

Mayor's Corner



Sadness and Heartfelt "Thanks" is the only way to sum up my feelings for a key instrumental player that served this city and community his entire life. 4th Ward Councilman Frank Bell passed away on Tuesday April 19th. "Frank was an all-around-type gentleman that people have no idea how beneficial it was to have him on our city council and his ability to work with me." Frank had more than "Port Pride" in fact you could probably say he was one of the few the mold was made after.



Rating Consideration warns of an annual tax base decline that took place during that time frame that cannot continue. 0% tax increases coupled with using fund balance to offset the budget is not only crippling but compounding the problem.

The report goes on to credit the sale of commercial properties to private investors for redevelopment in 2015 and 2016 but also has concern for nearly the triple amount of delinquent properties. A request to the State of New York for funds to tear down undesirable buildings for future development was denied but steps to manage the blight in housing in 2015 with the vacant building registration was praised.

As the report continues to discuss Financial Operations and Reserves, Moody's takes

a step back approach to the challenged budget. Even though Mayor Decker's 1st (2015) and 2nd (2016) budgets appear to begin stabilization, it is with challenge "to balance future budgets, grow fund balance and manage a material increase debt burden." Although there is a constant push to stimulate economic development, now through recreational activities that would draw people to the area, increasing debt must also be kept at bay with the knowledge that the City must invest in itself to create revenue.

Understanding taxes can be a difficult process and certainly no one likes to pay them however in understanding the reality of your local municipal tax, you only need to look at your neighbors in Middletown and Newburgh who receive the same services,

which are indicative of living in a city. The residents of the City of Middletown pay 2x more local share than those in Port Jervis and the residents of the City of Newburgh pay 3x more local share in which both have a much larger tax base. That doesn't even include water or sewer and in Newburgh's case garbage that generates an even greater cost there for their residents.

Raising revenue whether it is through taxes at a moderate rate or through other sources will allow the city to maintain services while providing still a much cheaper local property tax rate in our area.

Moody's report can be found here:

<http://www.portjervisny.org/wp-content/uploads/2016/03/2016-Mar-16-Moodys-downgrade-from-A3-to-A1.pdf>

Home Workshop City Property

The city will hold its second workshop on **Wednesday, May 18th at 6:30pm** in the Common Council Chambers to continue the discussion of plans on developing a homeowner occupancy purchase program here in the city from city owned properties. All are welcome to attend.

		<h1>May 2016</h1>						
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
1	2 DPW 6:00pm Fire B. of O. 7pm	3 Zoning 7pm	4 Plumbing 6:30pm Electrical 6:45pm Code 7pm	5	6 Emergency Warning Siren 1pm	7		
8	9 Common Council 7pm	10 Civil Svc 1pm	11 Dem Com 7pm Tourism 6:30pm	12 3rd Ward 6pm Rep Com 7:30pm	13	14		
15	16 Fire & Emerg Mngmt 7pm	17 Planning Board 7pm Police Com 7pm	18 IDA 6pm Finance 6:30pm	19 Drug Task Force 7pm Rec 7pm	20	21		
22	23 Common Council 7pm	24 Grievance Day 2PM-4PM & 6PM-8PM PJ Housing 7pm	25 CDA 7pm	26	27	28		
29	30	31						