

**City of Port Jervis
Finance/Insurance Committee
Minutes for Meeting July 24, 2014**

Present: Committee Members Frank Bell, David Bavoso, and Kevin Cunningham. Also in attendance were: Carl Hendrick, Robert Ritchie, and Robin Waizenegger City Clerk-Treasurer, and CDA Director Valerie Maginsky.

Absent: Stanley Siegel

Finance meeting opened at 7:00 p.m. by Frank Bell who referred to Mrs. Waizenegger for the first Agenda item.

Audit – Mr. Dominic Consolo and Mr. Jeff Shaver from O’Connor Davies presented the 2013 draft of the City’s financials. Mrs. Waizenegger explained that Ms. Carole Gallagher had not submitted her legal representation letter, which she is purposefully withholding, and the audit cannot be closed without it. The draft was reviewed. Highlights for the General Fund and Water Fund included the uses of fund balance in excess of what was anticipated, assets and liabilities, current fund balance, and the financial condition of the Water Fund. Mr. Bavoso inquired about Police Department costs, and Mrs. Waizenegger explained expenses in regards to retiring officers, newly-hired officers, and dispatchers. The audit’s footnotes explained costs for retiring and new employees. Long-term debt items, such as bonds, loans payable, Capital Notes and leases, and the actuary for health insurance were also reviewed. A draft management letter and draft response have been completed and distributed to Committee members. Mr. Cunningham asked about the financial status of the City compared to other municipalities of similar size. Mr. Consolo stated that the City is good financial shape. He also explained some of the negative consequences to reducing the fund balance, and the Committee discussed an appropriate percentage to have for a fund balance. Mr. Bell stated that the City cannot continue to use fund balance as in the past.

Mr. Bell stated the Gross Utilities Tax cannot be increased. The Committee discussed a variety of fees as possible revenue sources.

CDA Update – Ms. Maginsky distributed a portion of the recent financial report and stated that the CDA is maintaining its financial position. Their City obligations are up to date, except for prior audit fees, and she expects this to continue through 2014. She reviewed items from the report. CDA had received a HUD “failure to file” letter for 2012 and will, most likely, receive one for 2013. She spoke about the current Section 8 inspector and what is involved in becoming an inspector. A short-term reduction in leases is expected; there are currently 110 landlords. She noted that a majority of families on Section 8 are elderly or disabled. She also detailed expected revenue and spoke about administrative fees. Some large loans are in the process of being refinanced, and two small business loans are being finalized, which will provide the CDA with revenue. The Jersey Avenue sewer grant has been submitted, but the CDA is not the automatic sub-recipient for those funds. If awarded, the CDA would have to participate in a bidding process. She also stated that New York State is limiting the amount of administrative fees that can be applied for by the agency. Ms. Maginsky also spoke about the micro enterprise grant proposal, which has matching funds in the form of a CDA loan. Mrs. Waizenegger and Ms. Maginsky briefly discussed the micro enterprise grant. Mr. Hendrick stated that Council members are always welcome to the CDA meetings.

2nd Quarter Budget Review – The revenue shortfall is becoming significant due to the sales tax revenue shortfall, and Mrs. Waizenegger commented that she is unsure if this will self-correct. She also spoke about trending for retirement expenses and the inability to get mortgage tax revenue information from Orange County. Mr. Bell inquired about office supplies expenses and Police Department overtime. Mrs.

Waizenegger explained these items. Mr. Bell discussed possible ways to reduce Police Department overtime, and Mrs. Waizenegger spoke about steps already taken to reduce expenses.

Old Business: Mr. Bell began the discussion about a possible sewer fee of \$20 fee per quarter per household, with a reduction for those who have the Enhanced Star. The fee would be added to the quarterly water bill. Mrs. Waizenegger stated that the computer software system currently being used in the Clerk's office for water billing can incorporate a separate sewer fee. Mrs. Waizenegger has contacted the software vendor on this issue. She recommended having a local law to separate the new fee from the budget process, asked that the Council discuss any possible penalty structure, and suggested the Council consider a percentage of the revenue be set aside for Capital reserves for infrastructure. Committee members discussed keeping the sewer tax separate or adding it to tax bills, remaining within the tax cap, and having a possible shared services credit for the 2016 budget. Other items to consider for the upcoming 2015 budget are a 2% contractual pay increase for CSEA employees, ongoing PBA contract negotiations, and health insurance costs. The sewer fee, estimated to bring the City approximately \$500,000 in revenue at the Mayor's proposed level of \$20 per month, could aid the City in keeping the tax increase below the tax cap. Mrs. Waizenegger noted that some cuts would still be necessary in 2015, and the Committee discussed the recently-hired DPW part-time laborers.

Parking permits and vacant building registration projects will begin shortly.

Mrs. Waizenegger briefly reviewed past 23 years' tax rates, percentages, and averages for the City and County.

New Business: Mrs. Waizenegger noted that the Clerk's office currently does not have the computer software module for accounts receivable and is using an in-house tracking method. That method, however, may not be sufficient depending on the growth of the parking permits and vacant building fees. She has contacted the software vendor, and the cost is \$5,400 one-time fee for the licensing and \$1,180 per year for maintenance and support. If the module is purchased in the future, revenue from the permits and registrations could be used to offset the cost.

Mrs. Waizenegger participated in a webinar for the employer shared liability (Obamacare) for 2015 and shared information on how it will impact large employers. She stated that she does not believe the City is heavily at risk for fees and may be exempt if offering the required percentage of health insurance to its employees. She highlighted the program, including the costs and criteria.

Mrs. Waizenegger commented on the possible future necessity of a real estate management program. She suggested that if the City chooses to implement this type of program that it be subcontracted to a qualified third party.

Mrs. Waizenegger asked if the Committee wished her to move forward with an RFP for audit services and reviewed the process. She also asked if the IDA and CDA should be included and cautioned about using two (2) different firms. Mr. Hendrick, Mr. Bell, and Mrs. Waizenegger discussed past and future audit costs in regards to the CDA.

Public Comment: none

Executive Session: Personnel

Committee adjourned at 8:48 p.m.

Next month's meeting – August 28th at 7:00 p.m.