

**City of Port Jervis  
Finance/Insurance Committee  
Minutes for Meeting September 24, 2015**

Present: Committee Members Frank Bell, David Bavoso, Kevin Cunningham and Stanley Siegel. Also in attendance were: Carl Hendrick, George Belcher, Robert Ritchie, Kelly Decker (early dismissal), Valerie Maginsky PJCDA Director and Robin Waizenegger City Clerk-Treasurer.

Absent: none

Finance meeting opened at 6:00 p.m. by Frank Bell who referred to Mrs. Maginsky for the first Agenda item.

**CDA:** Mrs. Maginsky indicated that as part of her present position she inherited the role of Fair Housing Officer and is here to request the City's participation in training costs of \$500. Mrs. Waizenegger asked if the Fair Housing officer position is specific to the housing funding received by the CDA. Mrs. Maginsky indicated that the position is relative to all tenants and landlords within the City not just specific to the Section 8 housing. Mrs. Waizenegger then questioned if that duty should not be part of the Code Enforcement Officer's position as he receives landlord/tenant complaints presently. Mrs. Maginsky stated that she could not comment on that aspect. George Belcher indicated that he had to attend the same training when he was managing the public housing units at PJ Townhouses.

Mrs. Maginsky also stated that she was here to open negotiations with respect to the contractual relationship between the City and CDA for grant writing services. She feels that she has spent more time on city purposes than the reimbursement provided for. She is requesting an increase in the contractual amount to offset the time spent, increased costs and to accommodate her desire to add an administrative aide at the CDA. Mrs. Maginsky reviewed the value of grants submitted. She also indicated that the CDA is still experiencing decreasing funding and simply cannot afford to supply the services to the City without increase. Carl Hendricks spoke about the value of the CDA to the City, the fact that it was a guesstimate that was used to establish the first contract and the fact that the CDA does still have internal problems. Mr. Hendricks stated that the CDA's payment to the City of monies owed left the Agency cash flow problems. Mr. Bell and Mr. Hendricks debated the fact that the City was made whole with respect to monies owed given the fact that the City was not reimbursed for previous years audit fees. Mr. Hendricks recommended that Mrs. Maginsky, Mrs. Waizenegger and the Mayor get together during the budget development to determine an amount.

Due to the late arrival of the Mayor Mr. Hendricks had Mrs. Maginsky repeat the issue regarding the Fair Housing Officer duties. Mrs. Waizenegger asked if Mrs. Maginsky has dealt with any complaints. Mrs. Maginsky indicated that she has not. She indicated that it is necessary to document the existence of the officer and related policies for grant qualifications as is the existence of compliance with various other policies. She used the example of MWBE compliance.

As the Mayor mentioned the management of his proposed housing program, Mrs. Maginsky indicated that she just does not have the time or resources available to manage such a program without hiring additional staffing.

Mr. Hendricks stated that Mrs. Maginsky is seeking out administration of other funding programs as possible sources of revenue. She outlined the prospects of being a monitor of funding for an AIDS related grant program which could bring in an additional \$15,000 to the Agency.

Mr. Bell questioned if past or present cuts have been passed on to the clients. Mr. Cunningham indicated that a lot of the projects are coming in without any administration monies. It was noted that the sequestration funding cuts occurred before Valerie's arrival. Mr. Bell continued to question if the cuts were passed on to the clients. Mrs. Maginsky stated that no cuts were passed on to the clients. It was previously stated that accumulated surplus or fund balance was being used to supplement aid to the clients and Mr. Bell asked if this was still continuing. Mr. Hendricks indicated that previously the CDA should have made administrative cuts but did not. Mrs. Maginsky indicated that since she came the lease-up monies have remained stable. The CDA has just recently opened the wait list to increase units to increase administrative fees. Mr. Hendricks and Mrs. Maginsky have indicated that currently the CDA is operating at a 3-4000 thousand dollar deficit per month which they are trying to correct.

Mr. Bell empathized as the City is also having financial problems.

Mrs. Maginsky indicated that she believes that the development of the Whitewater Rafting Park is the key to development in the City and is the best resource to turn the economics around. She is continuing to seek sources for the 5 million needed for same.

**Cash Flow:** Mrs. Waizenegger reviewed the Cash Flow projection as prepared for the committee indicating that she has just done interfund borrowing in September from the Capital Account to meet Accounts payable needs. She noted that the sources of major cash flow are problematic as they do not come in until the end of each month. She indicated that the Water and Capital Fund are relatively solvent but that the General Fund Cash funds are in distress. She reminded that any funds borrowed from Capital are required to be repaid before the end of the year which projects to the General fund having virtually no cash by the end of the year. She indicated that the turnover costs associated with retiring employees and the carrying costs of the properties acquired by tax lien are two of the problems areas in our cash flow.

Mr. Siegel asked where the \$400,000 from Energy in the Bank is. The Mayor indicated that those funds do not come to us until the solar project is initiated and those funds will need to be used to increase our fund balance and not spent. It was noted that those funds are not in the cash flow projections.

The Mayor requested a short executive session before he has to leave to another commitment. The committee granted a short executive session for personnel and contractual information.

Adjourned to executive session at 6:45pm

Reconvened at 7:05 pm

Mrs. Waizenegger indicated that the Council should expect the issuance of a Revenue Anticipation Note for as much as 1 million dollars during the first quarter of 2016 due to cash flow issues.

**Audited Financials:** Mrs. Waizenegger indicated that the 2014 financials have been received in draft and they are not favorable. Bonadio & Co. will be here to present the final financials on October 22<sup>nd</sup>, 2015. Mrs. Waizenegger indicated to the committee that she believes the release of the 2014 financials will begin to have an impact on our bond ratings and ability to borrow at low interest rates. It may be necessary if the City wishes to bond to do so in early 2016 before the 2015 financials are issued as it is her belief that they will again not be favorable and will lead to the City being designated as in fiscal stress. The NYSOSC has issued a finding of inconclusive for 2014 with respect to fiscal stress, which was forwarded to the Council via e-mail, due in part to the constant communications regarding our issues with staffing and other concerns as well as submitting an estimated AUD. The OSC has done the City a favor by not going straight to a fiscal stress position despite the fact that it more in keeping with reality.

Mr. Hendricks asked if a bond issue could be done in late 2015. Mrs. Waizenegger indicated that until our 2014 financials are issued the bonders will not entertain an issue. While the current administration would like to try to do this before the new administration comes in. Mrs. Waizenegger responded to Mr. Siegel that the budget is in process but the budget that eventually will be passed will not be one that the taxpayers will be happy with. She also indicated that she has commiserated with Mrs. Maginsky as the City Clerk's office has continually had additional burden added without additional staffing. The most recent example is the ACA payroll reporting requiring the tracking and reporting of health insurance offerings and an additional tax form to be issued to every employee.

Mrs. Waizenegger indicated that the adjusting journal entries from the audit are no more than past years with O'Connor Davies which lets this committee know that the accounting work got done despite the staff vacancies. The draft of the internal management comments are also in and are what they are. The only comment with major weight is that the City overspent its' budget which we are all well aware of.

Mr. Bell noted that when repeatedly you are using fund balance it does not take much to know that we do not have enough coming in to support the expenses.

Mr. Siegel questioned the fact that we are not cutting expenses. Mrs. Waizenegger asked him what exactly he thinks we should cut. He stated that the City should be cutting health insurance. Mrs. Waizenegger reminded Mr. Siegel that health insurance is a bargained benefit within the CSEA and PBA contracts and that NYSHIP is the

named insurer in the contracts. There was an attempt to put in a high deductible plan but it was rejected due to an arbitration precedent set by the Middletown unit of the CSEA.

**Old Business:** Mrs. Waizenegger reminded the committee that one year ago we finally received delinquent payments on the PILOT agreement from Future Homes. Now one year later Future Homes and Excel are now in front of the IDA with the IDA voting September 30<sup>th</sup> as to whether to strip them of the right to the PILOT by defaulting the lease due to lack of manufacturing activity as required by the agreement. The IDA toured the facility which was intact but it was very obvious that no significant manufacturing has taken place since in the last year. Mr. Bell informed the committee that Future Homes as offered a monetary incentive of \$18,000 to extend to March 31<sup>st</sup> any decision. Mr. Bell and Mr. Ritchie both noted that it has gotten harder to monitor the PILOTS and the required employment levels. They noted that it is the IDA's in NYS that have come under scrutiny and where the blame is being laid.

**New Business:** Mrs. Waizenegger indicated that the Mayor will be working on the 2016 budget during October and will turn it over to the council in November.

Mrs. Waizenegger noted that the tax lien properties are now at approximately 200 from 320+. It will go into the paper the first week of October. Mrs. Waizenegger noted that Mr. Garewal, who purchased the majority of liens last year, may not be at the sale this year.

Mr. Belcher asked what we could be looking at for a tax increase in 2016. Mrs. Waizenegger stated that it could be as high as 15%. She noted that trying to stay within the tax cap has turned out to be unreasonable for maintaining all of our services.

Mr. Hendricks questioned where the tax rebate checks are. It was noted that it will not be until November that the checks will go out. Mrs. Waizenegger also noted the increased frequency of problems with the mail. It has become increasing difficult to rely on the USPS. She is now encouraging citizens to actively complain to the postmaster. The changes from full-time to part-time staff as well as the change in distribution methods have hurt their performance.

**Public Comment: None**

**Executive Session: None**

Committee adjourned at 7:38 p.m.

Next month's meeting – October 22nd at 6:00 p.m.