

**City of Port Jervis
Finance/Insurance Committee
Minutes for Meeting September 16, 2020**

Present: Committee Members, Kristin Trovei, Lisa Randazzo, Dominic Santini and Gerald Oney Jr. Also, in attendance were: Council members Timothy Simmons, Maria Mann, Stanley Siegel, City Clerk Treasurer Robin Waizenegger and Deputy City Clerk Treasurer Bobbie Jo Muller

Finance meeting opened at 6:09 p.m. Chairperson Kristin Trovei opened the meeting noting that as we just did the pledge for the Special Council meeting, she would not repeat it. There were no members of the public present.

Public Comment – None

Cash Flow – Mrs. Waizenegger handed out a detailed cash flow projection through the end of the year and the results of the last 3 months. She indicated that she has adjusted the projections through year-end to reflect the withholding of State Aid, reduction in Sales Tax and the slow pace of repayments in the Capital Fund. She noted that the year-end balances in General and Capital are going to be extremely low. There may be some interfund borrowing necessary before the end of the year. She indicated that just looking at the year-end balances it will be necessary to borrow for cash flow in early 2021. It has been several years since this type of borrowing has been done. We are still awaiting decisions on the whether the 20% state aid withholding will convert to a permanent cut which is supposed to be decided by the Governor and Legislature by September 30th.

BAN Renewal – Mrs. Waizenegger noted that the renewal of the Bond Anticipation Note which is currently at 5 million dollars will be done at one half that value on October 8th and 9th.

Mrs. Waizenegger also indicated that for capital purchases and the cost overruns on the NYSDOT projects there will have to be either a renewal of the BAN or a serial bond to fund capital activities as all of the sources for funding require up-front payments with back end reimbursements which can have extremely long lags, such as FEMA.

Audit 2021-2023 – Mrs. Waizenegger reported that she has heard from all 5 firms that the RFP was mailed to all of whom indicated that they would be submitting proposals. She indicated that she was asked what Bonadio did wrong to get kicked out and she indicated to them that Bonadio was being asked to as well and that this is just part of our process to keep contracted firms honest every so often. She asked the committee who they wanted on the review and interview committee. She also asked if the interviews will happen in Zoom or in person.

There was consensus that the applications will be screened to 3 out of 5 for interview and that interviews will happen via Zoom with the interviewers being the Finance Committee, Mayor and City Clerk Treasurer. The committee discussed completing the audit electronically versus in-person as potential cost savings, which was seen as an unrealistic expectation by the Treasurer and Lisa Randazzo. Lisa explained that working electronically is harder on the people supplying the source documents requiring additional processes but that the auditors are doing essentially the same work.

It is the preference for convenience that the interview be done via Zoom. A date of October 14th from 6-9 pm was set for three 1-hour interviews.

Sale of city owned property acquired by tax lien – Mrs. Waizenegger reviewed the listing of properties acquired by tax lien that are still owned by the City. As a certain mass of properties is needed for an auction she suggested waiting until spring of 2021 to conduct the next auction so that the properties to be acquired as a result of the 2018 sale could be added.

The committee discussed specifics of the various properties. They did agree to possibly reclassify several properties as permanently owned city properties related to the bridge and sewer pump station. They also asked about retaining right of first refusal on future sales if we sell 220 North Orange which Mrs. Waizenegger stated she will consult with counsel on. For

future evaluation for sale, the Committee has requested a listing with current market value and current assessed value listed.

2021 Budget – Mrs. Waizenegger informed the committee that she and the Mayor have been working on the 2021 budget using the 2020 approved budget as the base and adding personnel contractual increases only. All department heads have been informed that any change in line items they want for 2021 must be done through a decrease in another line. She noted that the Mayor and she have developed a grid of changes that have happened to us versus what we have done, which she noted the Mayor will probably give to them with his budget. She noted that the revenue reductions and expense increases, that have solely been done by NYS would result in a 13% tax increase.

The Mayor noted that despite COVID, Buffalo was just awarded a grant for 5 million for a playground.

Mrs. Trovei noted that if a budget is not passed it would have to revert to a contingency budget which would likely be higher than what you will be handed. This would result in a deficit budget that would not be operational as it can't result in a tax increase due to having the tax cap in place.

Mrs. Waizenegger attempted to explain how the tax cap is going to work with respect to the budget process as well as the lack of impact for growth for 2 years. The Mayor provided commentary regarding the homestead versus non-homestead process as it was decided years ago. Mrs. Waizenegger also indicated that the annexation relies on a tax sharing agreement which she will have to research if it could work within the constraints of the tax cap.

Mrs. Trovei indicated that she is aware that all of the department heads have been working hard to make all of their expenses fit into the budget. She indicated that the Police Chief will be coming to the Police Committee with his problems of obtaining additional funds for all of the new initiatives.

Renewal dates for contractual obligations were discussed with respect to the budget. Mrs. Randazzo and the Mayor will meet with the parties involved in those contracts.

Mr. Simmons inquired as to the completion dates of the possible annexation and the development of the properties. The Mayor indicated that the annexation could take place in the next six months. Development of some sections of the properties involved will begin immediately while others might take a couple of years to fully develop.

Mrs. Trovei indicated that tax dollars get collected as soon as the property transfers. Mrs. Waizenegger reminded the committee that the tax cap will prevent any tax sharing with Deerpark which is part of the previously negotiated annexation agreements.

Mr. Simmons asked for examples of where the city is losing tax dollars due to the tax cap. Mrs. Waizenegger indicated that the church that is presently for sale is a good example as it is a large building that when sold will likely lose its exemption and would be taxable from point of sale. That additional tax revenue with the cap would have to be reserved. Another example is when a property that was owned by someone with exemptions such as aged and veterans is sold, and the new owners do not qualify for those exemptions we get new tax dollars again from point of sale. This example happens consistently and within the cap, there is no offset for new exemptions.

In addition, Mrs. Waizenegger indicated that the increases in the PILOTS reduce your cap instead of coming to the City. This is especially important in relation to the 100 Pike Plaza PILOT that was structured to increase in the second 5 years of the 10-year pilot agreement.

The committee requested that Mrs. Waizenegger provide them with information on the current pilot agreements.

Maria Mann asked the Mayor to provide an overview of the Homestead/Non-Homestead designation. He explained that it was the plan of a former NYS Governor who wanted to give a tax reduction to voters as homestead parcels which forced increases on the commercial parcels. The City of Port Jervis was one of the few municipalities who opted in and that was part of the reason a lot of commercial businesses moved out of our City to outlying areas.

The Mayor discussed with the committee some of the cuts he has already made to his draft budget. Mrs. Waizenegger informed the committee that there is very little room in operational lines. The Department heads have already been looking and not found any areas they are comfortable cutting.

Old Business:

2018 Tax Lien Sale – Final Notices – Mrs. Waizenegger informed the committee that the final round of notices for redemption on the properties from the 2018 tax lien sale are in publication and she will physically be posting the parcels in October.

2020 Tax Lien Sale – 11/17/2020 - Mrs. Waizenegger informed the committee that the publication of the past due parcels will begin in October. As many of the taxpayers call and ask when it will be listed in the paper, please let anyone who asks know that payment will need to be made by 9/30 to avoid publication in the newspaper.

The committee asked when the last payment opportunity is and was informed that we accept payments up until noon on the day of the sale. Mrs. Muller reminded them that no payments can be taken after that and will not be taken at the sale itself. Also, an owner is not eligible to buy their own lien. She also explained the problems we have had with respect to COVID with the postal service obtaining signatures on the certified mail.

New Business:

Belligerent customer – Mrs. Waizenegger informed the committee that she had to issue a written letter to a property owner, Mr. James (Jim) Stack, due to his use of profanity directed at her and her staff, informing him that any further instances of that sort of behavior will result in legal actions. She indicated that corporation counsel reviewed and approved the correspondence.

Executive Session: None

The meeting was adjourned at 7:20 pm. Next month's meeting – October 21st @ 6:00pm.