

# CITY OF OGDENSBURG, NEW YORK

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Office of the City Manager

MEMO TO: City Council  
FROM: Sarah Purdy, City Manager *SP*  
DATE: September 26, 2019  
SUBJECT: Update 19/34

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## **UPDATE ON FINANCIAL RESTRUCTURING BOARD RECOMMENDATIONS**

The Council Update posted on the City's website on June 28 of this year included a summary of the New York State Financial Restructuring Board's (FRB) comprehensive financial review of the City. That summary is attached. At the July 8 City Council meeting I presented the findings of the report to City Council, and the report itself was both attached in the minutes of the meeting and posted on the City's website, where it still is today. Since then, the report has been referred to at various City Council meetings, most recently at the September 9 meeting, when Council heard a presentation on entering into a vehicle leasing program, which is one of the recommendations in the FRB report. City Comptroller Tim Johnson and I have periodic conference calls with the FRB staff and earlier this week met with a staff person to start the process of setting up some of the contracts that need to be in place in order to receive FRB funding. This funding will be referred to in the proposed 2020 City budget, which will be released toward the end of October.

## **REVIEW OF CITY'S FINANCIAL PROGRESS**

At the March 11 Council meeting, City Comptroller Tim Johnson presented a report on how the City ended the 2018 fiscal year. Because it has been a while since that report was presented, I thought it might be useful to summarize the report again as we approach the 2020 budget development and review processes. As you know, the 2017 budget was the first one Tim Johnson and I developed. At that time, the available General Fund balance had fallen to \$261,248 which was a precariously low level, particularly given the fact that the City was self-insured for health insurance at that time and had no stop-loss coverage for catastrophic medical expenses. With tighter fiscal management by the entire City organization, the City's financial status since then has become progressively better, as explained in the following:

Available General Fund Balance as of 1/1/17	\$261,248
as of 1/1/18	\$1,382,110
as of 1/1/19	\$2,140,256

The top priority in order to improve the City's position has been to reduce the interest costs associated with long-term serial bonds and with annual Tax Anticipation Notes (TAN's). Additionally, the dollar amount of the TAN borrowings has been reduced, as have the City's payables (amounts owed) at the end of each fiscal year. The interest rate charged to the City for long-term bonds decreased from 5% in 2018 to 3% in 2019. From year-end 2017 to year-end 2018 the amount of payables was reduced by 26.7% or \$527,000. The most significant impact of the increased General Fund Balance is better cash flow, which has reduced the amount the City has needed to borrow in anticipation of receipt of taxes. The TAN borrowing over the last three fiscal years has been as follows:

2017 TAN	\$1.8M	Interest rate of 4% = \$72,000
2018 TAN	\$1.6M	Interest rate of 4% = \$64,000
2019 TAN	\$1.4M	Interest rate of 2.75% = \$38,500

While this data does not make headlines, it documents the due diligence of the City in working to improve its financial condition. When the City Comptroller and I first presented to you the status of the City's financial position in mid-2016, we stated that the deterioration of this position did not happen overnight and would not be repairable overnight. The data shows we are making good progress.

## **FINANCIAL RESTRUCTURING BOARD'S COMPREHENSIVE REVIEW**

The NYS Financial Restructuring Board has issued its Comprehensive Review Report for the City of Ogdensburg. The report is attached and also can be found at <https://frb.ny.gov/recsDeterms/reports/CityofOgdensburg-reviewreport.pdf>

The report contains analysis of data that is useful in understanding the fiscal stress the City has been under since 2016, and which the City has been trying to address through elimination of vacant positions and service reductions. The report also verifies that the City's current operational structure is not sustainable, and states on pages 14 and 15 that it is likely the City will reach its constitutional taxing limit somewhere between fiscal year 2023 and fiscal year 2028. As you know from statements I have made in annual budget messages, particularly the budget message for the 2017 budget, the management team and I have been trying to reverse the progression toward this limit.

The report also contains several recommendations on page 35, some of which staff and I already have started to discuss. I plan to provide a more comprehensive response to these recommendations at the July 8 Council meeting; meanwhile, here is a brief summary:

1. Work with the County to transfer dispatching to the County – we will ask the County to work on this with us to see what is possible, and to see what the options are for the City lock-up at the Police Station, which is monitored by our dispatchers.
2. Look for shared services opportunities with neighboring governments – this is probably the best category for seeking grant assistance for a study on changing the City's form of government. At the June 24 Council meeting I committed to giving Council a report on this topic in August, so I will include the shared services aspect in that report.
3. Fleet procurement and management – we have looked at a lease-based fleet management program, but have been stymied by the start-up cost and have not been able to get that into the budget. We will look at this again to see if the financial assistance offered by the FRB makes it more feasible.
4. Labor and healthcare efficiencies – as you know, we have a health insurance committee with representation from all five unions that has been meeting regularly to see what options we can find for savings that would be universally acceptable. The committee has had productive discussions. Negotiations with all five unions will begin shortly, and solutions to health insurance costs as well as labor costs will be part of the collective bargaining process.
5. Property transfers to the Land Bank Corporation – the City actually already has done this so we will work on the documentation to be able to present a request to the FRB for the grant award.

In moving forward to examine the recommendations contained in the FRB's report, it is important to be mindful that the employees who perform the services that are focused on in the report do an excellent job for the City of Ogdensburg. The most recent example of the high quality of their work can be seen at what remains of 930 Franklin Street, where the Ogdensburg Fire Department did an outstanding job of preventing the loss of the two adjacent houses during that fire, and on a daily basis at the Police Station where the City's dispatchers are the first line of communication.