City of Ogdensburg Comprehensive Review Report

Financial Restructuring Board

for Local Governments

June 2019

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Overview

The City of Ogdensburg is a small Upstate city in St. Lawrence County. With a population of 11,128 at the 2010 Census, it is the 49th most populous city in New York State.* 2017 expenditures of $20 million were the 9th lowest of all reporting cities. 2017 expenditures per capita were $1,794, the 11th lowest of reporting cities and less than the $2,181 median of reporting cities.

The City is governed by a seven-member City Council, including a Mayor. The Mayor and each Councilor is elected citywide for a four-year term. The Council is required to appoint a City Manager to hold office during and at the pleasure of the Council and serve as the chief executive officer and chief administrative officer of the City.

The City Council adopted and the City Manager concurred with a resolution requesting a Comprehensive Review by the Financial Restructuring Board (see Appendix A). On June 13, 2018, the Financial Restructuring Board approved this request for a Comprehensive Review with Resolution No. 2018-09 (see Appendix B).

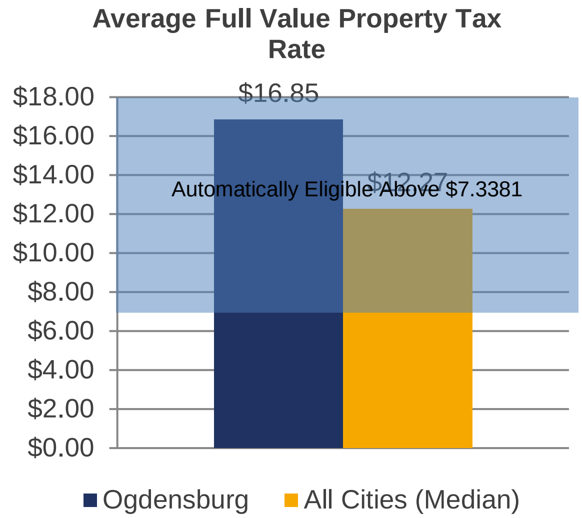
This Comprehensive Review first gives some background on the City's fiscal eligibility and demographic profile. It then provides information on the organization and finances of the City. Finally, it presents the Comprehensive Review's findings and recommendations.

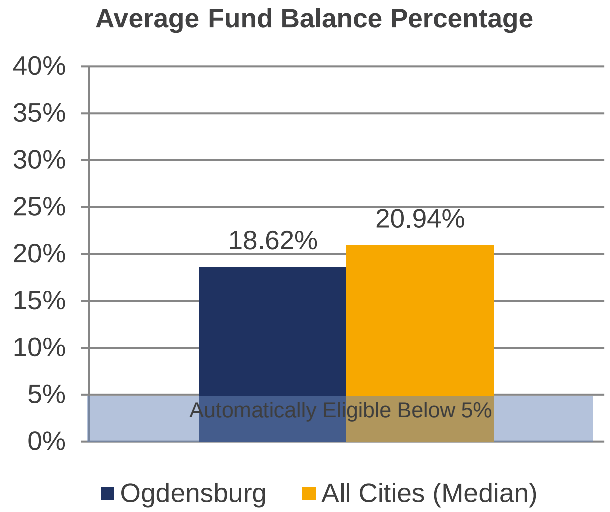
Background

Fiscal Eligibility and Stress

The City of Ogdensburg is automatically considered a Fiscally Eligible Municipality because its Average Full Value Property Tax Rate (2012-2016) of $16.8523 per $1,000 is above $7.3381 per $1,000 – the 75th percentile for all municipalities. This is the 12th highest for all cities.

The City has an Average Fund Balance Percentage (2012-2016) of 18.62 percent, which is above 5.0 percent. This is 31st highest for all cities.



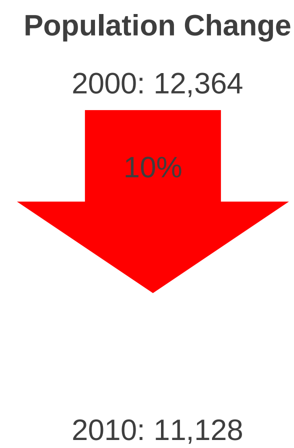


* All city rankings in this report exclude New York City

The Office of the State Comptroller's (OSC) Fiscal Stress Monitoring System gives the City of Ogdensburg a Fiscal Rating of “No Designation” with a score of 30.8 for 2017, which although falls into the "No Designation" range does reveal some troubling indicators. These include a low general fund balance compared to gross expenditures, high general fund gross expenditures, a combined funds operating deficit in two of the last three fiscal years, a low cash ratio, high short-term debt compared to expenditures, the issuance of short-term debt each of the last three years, and high personal service and benefits costs compared to revenues over a three-year average.

OSC's Fiscal Stress Monitoring System gives the City of Ogdensburg an Environmental Rating of "Moderate Environmental Stress" with a score of 40 for 2017. Negative environmental factors contributing to this score include: a loss in population between 2011 and 2016 estimates (-2.62 percent), a high proportion of households with public assistance (26.41 percent), low change in median home value from 2011 to 2016 compared to the change in the consumer price index (1.95 percent compared to 8.70 percent), and a high unemployment rate in 2016 (9.2 percent).

Demographic and Socioeconomic Profile



The City's population decreased by 10 percent to 11,128 from 2000 to 2010. In contrast, the typical city's population grew 0.5 percent over that same period. The City's 2013-2017 American Community Survey Five-Year estimate is 10,851.

The City of Ogdensburg’s median household income in 2016 was $36,832, which is less than the typical city's median household income of $41,607.

The City's median home value of $68,000 is less than the median home value of the typical city of $136,300. Its property value per capita in 2016 was $24,320-- the sixth lowest of all cities in the State-- and its four-year average change in property value was -1.21 percent. The City's 2016 unemployment rate was 9.2 percent, and the percentage of households on public assistance was 26.4 percent in 2016.

In 2017, the combined county, city, and school property tax bill for a home of the median value of $68,000 on the combined rate of $54.99 was $3,739, or 5.5 percent of the median home value and 10.2 percent of the City's median household income. Of this total, the $1,344 City portion of the median bill represents 3.6 percent of median household income and 2 percent of median home value.

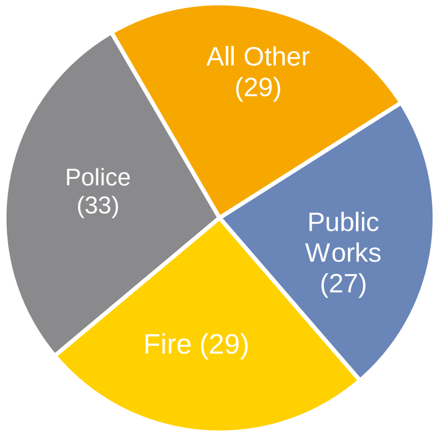
Organization and Finances

Organizational Profile

The City of Ogdensburg is governed by a seven-member City Council and a City Manager. The Council is elected city-wide for staggered four-year terms, some expiring 2019 and some 2021. The Council is required to appoint a City Manager to hold office during and at the pleasure of the Council and serve as the chief executive officer and chief administrative officer of the City.

The City has several primary departments: Department of Law, Department of the City Clerk, Department of Planning and Development, Department of Engineering, Department of Public Works, Police, Departments of Fire, Department of Assessments, Department of Parks and Recreation, and the Department of Finance. Many of these departments are staffed by one or fewer employees, such as the Department of Law.

2019 City of Ogdensburg General Fund Full-Time Equivalents by Department



As of the 2019 adopted budget, the City had 117 General Fund supported FTEs (excluding the City Council). This is approximately eight fewer than in 2014. The City Police Department has the most employees at 33, followed by the Fire Department at 29. Including the Water Fund and Sewer Fund personnel, the total is 117, down from 124 in 2015.

Several unions represent the City's unionized workforce, with various contract terms and salary increases, as provided in the chart below.

Union	Covered FTEs	Contract Status	Contract Expiration	% Salary Increases				Minimum Staffing Clause	No-Layoff Clause	Other Provisions
				2016	2017	2018	2019			
CSEA, Local 1000 AFSCME, AFL-CIO (Salary)	16	Current	12/31/2019	2.0%	2.5%	2.5%	2.5%	No	No	Low Health Contributions Insurance for those Hired before 2009
CSEA, Local 1000 AFSCME, AFL-CIO (Hourly)	35	Current	12/31/2019	1.5%	2.0%	2.5%	2.5%	Yes	No	Low Health Contributions Insurance for those Hired before 2009
Fire (Local 1799, AFL-CIO IAFF)	28	Current	12/31/2019	-	2.0%	2.0%	2.0%	Yes	No	Minimum Staffing / Hazard Pay
Police Supervisory Unit	7	Current	12/31/2019	-	2.0%	2.0%	2.0%	No	No	Low Health Contributions
United Public Service Employees Union (PBA)	20	Current	12/31/2019	-	2.0%	2.0%	2.0%	No	No	Low Health Contributions Insurance for those Hired before 2009

Labor Contracts

The City has agreed to contracts with all five of its bargaining units. 106 out of 117 total City positions are represented by a collective bargaining unit, totaling approximately 90.6 percent of the City's workforce. All of the City's collective bargaining agreements expire at the end of December 2019. The outcomes of the upcoming round of negotiations will significantly impact the City's financial situation, tax levy and rate, and Constitutional Tax Limit Exhaustion (see "Budget Profile"). The significant provisions of each of the current collective bargaining agreements are detailed below.

CSEA Local 1000 (Salary):

The City's unionized civilian (non-uniform) workforce, primarily support and administrative staff, are split between those paid hourly versus those salaried. The two bargaining units, though both CSEA, bargain separately. The above chart depicts highlights of their most recent labor contracts.

The Salary unit represents 16 staff. The most recent contract was agreed to in December 2018 and covered January 1, 2019 through December 31, 2019. The contract included a 2 percent salary increase in 2016, followed by a 2.5 percent salary increase in 2017, 2018, and 2019. On average, this unit received the highest salary increases of all the City's bargaining units, though are the least paid.

The normal workweek for most unit employees is 40 hours (with a one hour lunch), and the City pays overtime for hours beyond 40 per week to employees below grade 15 of this bargaining unit at a rate of 1.5 times normal rate of pay; and when an employee is called back in after or before a shift, the minimum payment for overtime worked is two hours. Overtime amounting to less than 40 hours per week is compensated with time-off.

For current employees' health insurance, employees hired before 2009 pay fixed dollar amounts of $20 per biweekly pay period for individual coverage, $25 for employee plus one coverage, and $30 per pay period for family coverage, which ranges from $520 to $780 per year for plans with total annual premium costs of averaging approximately $14,000. For current employees hired between January 1, 2009 and January 1, 2013, employees pay 20 percent of the cost of their health insurance premiums and 20 percent for those of their dependents. For those hired after January 1, 2013, employees pay 25 percent of the cost of their premiums and 25 percent for their dependents. If every member of the bargaining unit paid 25 percent, the City would save approximately $32,000 annually.

The City provides retirees the option of continuing on the City's health insurance. For employees hired between 1979 and who retired before 2009, the employee pays 50 percent of the cost of the retired employees' health insurance and 65 percent of the cost for dependents. For employees who retire after 2009, employees pay 10 percent of the cost of the retired employees' health insurance and 65 percent of the cost for dependents. And for employees retiring after January 1, 2014 the employee pays 65 percent of the cost of the health insurance premium, as well as for any dependents. In addition, the City pays $1,000 annually to CSEA employees who opt-out of the City's health insurance, an amount that saves the City significantly.

<u>CSEA Local 1000 (Hourly):</u>

The CSEA hourly unit represents 35 employees primarily in the Department of Public Works, but it also includes four (non-uniform) police dispatchers. The most recent contract was agreed to in December 2018 and covers January 1, 2019 through December 31, 2019. The contract included a 1.5 percent salary increase in 2016, followed by a 2 percent salary increase 2017 and 2.5 percent in 2018 and 2019.

As the contract covers hourly employees across several departments, its provisions vary more than those of other units. In the Department of Public Works, there is a minimum staffing clause of 12 equipment operators, four crew leaders, two mechanics, and one temporary night shift foreman (who receives a four percent annual bonus for this position).

The normal workweek for unit employees other than dispatchers is 40 hours. Overtime beyond 40 hours in one week is paid at 1.5 times the normal rate of pay. If an employee is called in to work outside a regularly scheduled shift they are compensated for at least two hours pay, except dispatchers, who are compensated for at least four hours pay. In addition, there are various provisions governing compensation for on-call time.

Police dispatchers work five days with two consecutive days off. There are three shifts per day and 24/7 coverage.

For current employees' health insurance, employees hired before 2009 pay a fixed dollar amount of $10 per biweekly pay period for individual coverage and $15 per pay period for family coverage, which ranges from $260 to $390 per year (total average annual premium costs for members of this bargaining unit are $17,500). For current employees hired between January 1, 2009 and January 1, 2014, employees pay 20 percent of the cost of their health insurance premiums and 20 percent for those of their dependents. For those hired after January 1, 2014, employees pay 25 percent of the cost of their premiums and 25 percent for their dependents. If every member of the bargaining unit paid 25 percent, the City would save approximately $78,000 annually.

The City provides retirees the option of continuing on the City's health insurance. For employees hired before 2009 and who retire before 2009, the employee pays 50 percent of the cost of the retired employees' health insurance and 65 percent of the cost for dependents. For employees who retire after 2009, employees pay 10 percent of the cost of the retired employees' health insurance and 65 percent of the cost for dependents. And for employees retiring after January 1, 2014 the employee pays 65 percent of the cost of the health insurance premium, as well as any dependents.

In addition, the City pays $1,000 annually to CSEA employees who opt-out of the City's health insurance.

Local 1799 (Fire):

The City's Fire union represents 28 of the 29 employees in the Department, including all employees except the Fire Chief. The above chart depicts the highlights of their most recent labor contract, which was agreed to in December 2016 and expires December 31, 2019.

The contract stipulates hours of duty, which are a four-platoon system with an average workweek of 40 hours. Shifts are divided into 10- and 14-hour periods, and Sundays are a 24-hour period.

In addition, when the City employs 28 bargaining unit employees, each shift is required to consist of seven employees, and each shift must have an officer structure of one Assistant Chief, one Captain, and five Firefighters. In the event that the City employs fewer than 28 bargaining unit employees, or any shift contains fewer than seven unit employees, the City is required to pay "hazard pay" at a rate of $3 per hour each for each hour worked on such a shift, and when any shift contains fewer than five unit employees, $5 per hour for each hour, in addition to normal personal service. The City has avoided having to pay hazard pay in recent history.

The City pays overtime for employees of this bargaining unit at a rate of 1.5 times normal rate of pay (or a rate of 1.5 times the annual salary divided by 2080 hours, at the employee's option). In addition, the minimum payment for overtime worked shall not be less than four hours at the employees' normal rate (i.e., if an employee works less than 2.7 real hours of overtime, the City must pay that employee for 2.7 hours of work).

For current employees' health insurance, beginning January 1, 2017, all members of this bargaining unit contribute to their health insurance premiums ($649 per year for single, up to $1,247 per year for family coverage), which average to be approximately 3.2 percent and 5.5 percent of the $20,250 average premium cost annually to the City. If every member of the bargaining unit paid 25 percent, the City would save approximately $108,000 annually.

The City provides retirees the option of continuing on the City's health insurance. For employees hired before 2011, the City pays 100 percent of the cost of the retired employees' health insurance and 35 percent of the cost for dependents. For employees hired after December 31, 2010, employees pay 40 percent of the cost of the retired employees' health insurance and 65 percent of the cost for dependents. Currently, retired employees pay an annual $150 per individual deductible with a maximum family deductible of $300. Additionally, for employees hired before June 1, 2004 and who retired after January 1, 2002, the City reimbursed Medicare premiums paid.

Effective January 1, 2015, the City began paying $2,000 annually to employees who opt-out of the City's health insurance.

Finally, at least eight members of this unit are required to sign a declaration stating they agree to perform code enforcement/inspection duties. If at any time fewer than eight members perform code enforcement/inspection duties, the hazard pay provisions of the contract become null and void.

Police Supervisory:

The Police Supervisory bargaining unit represents the City's two lieutenants and five sergeants in the Police Department. The above charts depict the highlights of their most recent labor contract, which was agreed to in January 2017 and expires December 31, 2019. The contract included 2 percent annual salary increases each year, in line with the other uniformed bargaining units.

Members on special assignment, including Bicycle Patrol, Arson Investigator, CVSA Operator, Haz-Mat Team, Field Training Officer, Dive Team, Range Instructor, Armorer, and General Topics Instructor receive additional annual pay of $500. Employees assigned to the Investigation Unit as a Detective receives an additional annual stipend of $900 after 18 months on such assignment.

The contract stipulates hours of duty, which is five days on, two days off for a total of 40 hours per week. Between shifts worked there must be at least 16 hours off.

The City pays overtime for employees of this bargaining unit at a rate of 1.5 times normal rate of pay. Overtime is required to be paid for any work in excess of either 40 hours per week or eight hours in any 24-hour period. For off-duty arrests made or any time spent in court, employees are paid four hours either at the normal rate of pay or compensatory time off. If an employee is called-in outside a regularly scheduled shift, they are compensated at the equivalent of four hours straight time. Stand-by pay is compensated at one hour pay for every two hours on stand-by. There is a maximum of 480 hours of overtime for each employee.

For current employees' health insurance, members of this bargaining unit contribute $15 per pay period, or only $390 per year. If every member of the bargaining unit paid 25 percent, the City would save approximately $30,000 annually.

For retirees hired before 2009 and who retire after 2010, the City pays 100 percent of health insurance costs for both employees and their dependents. For employees hired after January 1, 2009, the city pays 50 percent of the premium cost for employees and dependents.

PBA (Police):

The City's Police union represents 20 of the 28 employees in the Department, including all officers except the Police Chief and supervisors. The above charts depict the highlights of their most recent labor contract, which was agreed to in March 2017 and expires December 31, 2019. The contract included 2 percent annual salary increases each year, in line with the other uniformed bargaining units.

In addition to these annual salary increases, members of this bargaining unit receive the same longevity pay as the Police Supervisory unit (described above). Members on special assignment, including Bicycle Patrol, Arson Investigator, CVSA Operator, Haz-Mat Team, Field Training Officer, Dive Team, Range Instructor, Armorer, and General Topics Instructor receive additional annual pay of $500. Additionally, after 2012, these stipends, uniform allowance, and longevity pay are added to members' base salary in computing an hourly wage (but is deducted before cost-of-living-adjustments are added to the base salary for the next year).

The contract stipulates hours of duty, which is five, eight-hour work days for a total of 40 hours per week, with no more than five consecutive eight-hour work days without two consecutive days off. Between shifts worked there must be at least 16 hours off. The contract also grants the right to employees with two or more years of experience with the Department to switch unlimited scheduled shifts with employees of the same job classification, subject to approval.

However, for 2019, the City is experimenting with a 12-hour shift on a trial basis.

The City pays overtime for employees of this bargaining unit a rate of 1.5 times normal rate of pay. Overtime is required to be paid for any work over either 40 hours per week or eight hours in any 24-hour period. For off-duty arrests made or any time spent in court, employees are paid four hours either at the normal rate of pay or compensatory time off. If an employee is called-in outside a regularly scheduled shift, they are compensated at the equivalent of four hours straight time pay (i.e., if an employee works less than 2.7 real hours of overtime, the City must pay that employee for 2.7 hours of work, similar to the Fire contract). Stand-by pay is compensated at one hour pay for every two hours on stand-by. There is a maximum of 480 hours of overtime per employee.

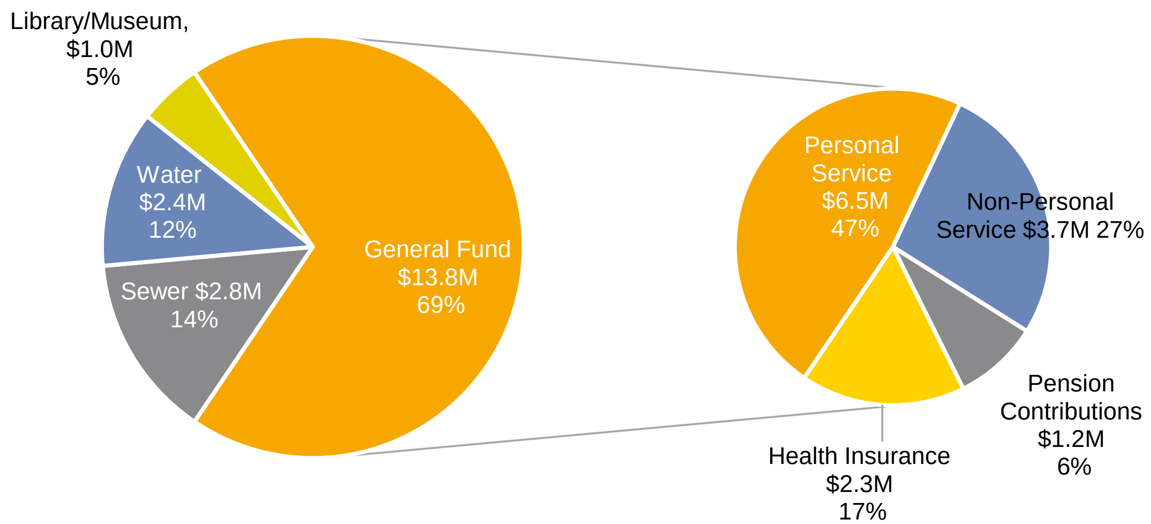
For employees' health insurance, beginning in 2014 major medical deductibles are $400 per individual with a $500 maximum per family. Employees hired before 2009 contribute a fixed dollar amount of $15 per pay period (weekly or biweekly) to their health insurance premium costs, while employees hired after January 1, 2009 contribute 20 percent of their health insurance premium costs. If every member of the bargaining unit paid 25 percent, the City would save approximately $31,000 annually.

For retirees hired before 2009, the City pays 100 percent of health insurance costs for both employees and their dependents. For retired employees hired after January 1, 2009, the City pays 50 percent of the premium cost for employees and dependents.

Budget Profile

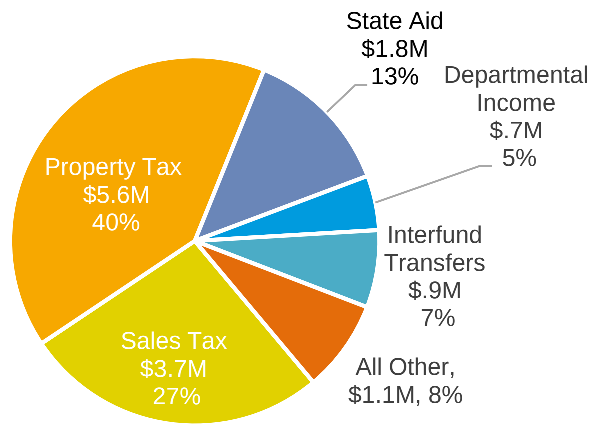
The City's 2019 All Funds Adopted Budget totals $19.9 million. This is a 1.4 percent decrease from the 2018 All Funds Adopted Budget, largely as a result of decreases in health insurance costs and contributions to the Library and Museum. For the General Fund, the largest expenditure category is personal service, at $6.5 million (33 percent of General Fund expenditures), followed by non-personal service at $2.9 million (15 percent of General Fund expenditures). Of the personal service category (including overtime), $2.3 million was for Police Department employees and $2 million was for Fire Department employees.

2019 City of Ogdensburg Expenditures



The 2019 General Fund revenue sources (adjusted for interfund revenue and transfers) include: 40 percent from property tax; 13 percent from State aid; and 27 percent from sales tax. The property tax levy is $5.6 million, which is up 1.9 percent or $104,580 from 2018 and within the Property Tax Cap. The City exceeded the Property Tax Cap in 2017 and 2018 with levy increases of 13.4 and 2.3 percent, respectively. For FY 2019, the City exhausted 87.3 percent of its Constitutional Tax Limit, after exclusions. Its Constitutional Tax Margin remaining is under $700,000.

2019 City of Ogdensburg General Fund Revenues



According to its 2017 Annual Update Document, the City had $8.7 million in total outstanding debt, up 12.1 percent from $7.7 million at the end of 2016 (primarily due to upgrades to the wastewater treatment plant). The City exhausted 15 percent of its Constitutional Debt Limit in 2019, after exclusions. Its Net Debt Contracting Margin is $16.3 million.

Fiscal Performance

The chart below depicts the City's key revenue and expenditure trends over the six-year period since 2014. The City's General Fund ran three straight annual operating deficits from 2014 through 2016; however, the City ran two straight modest annual operating surpluses in 2017 and 2018.

Over the five-year period of actuals, the property tax levy increased at an average annual rate of 3.7 percent, primarily due to a 13.6 percent increase in 2017. In 2015, 2017, and 2018, property taxes increased faster than inflation or exceeded the Property Tax Cap. General Fund expenditures increased at an average annual rate of 0.9 percent; however, expenditures increased over 7.5 percent from 2014 to 2016 before dropping in 2017 and again in 2018. Contributing to the expenditure increases are average annual increases for: overtime (2.4 percent), personal service (1.9 percent), health insurance (4.4 percent), and retirement/pensions (4.6 percent). This indicates that each of these expenditure categories increased per individual employee between 2014 and 2018. In other words, the cost of employing the same number of FTEs is increasing, usually faster than the rate of inflation and always faster than the City's Taxable Full Value growth (0.6 percent), which is typical.

Of note, 85 percent of General Fund expenditures are for employee personal service (salaries) and health insurance and pensions (benefits). Tax and user-fee increases, spending of fund balance, various budget cuts (especially to capital equipment), and opting not to refill vacancies have all been used to offset these increases up to this point.

Fiscal Trends ($ in millions)

General Fund	2014	2015	2016	2017	2018	2019
	Actual	Actual	Actual	Actual	Actual	Adopted
Expenditures	$12.3	$13.6	$13.2	$12.8	$12.8	$13.8
Revenues	$12.3	$12.3	$12.5	$13.4	$14.3	$13.8
Surplus / (Deficit)	-	($1.3)	($0.7)	$0.6	$0.5	-
Fund Balance	$2.3	$.6	$0.7	$1.4	$2.3	-
Property Tax Levy	$4.5	$4.6	$4.7	$5.3	$5.5	$5.6
Full Value Tax Rate (per $1,000)	16.74	17.21	17.36	19.67	19.77	19.86
Taxable Full Value	$272.3	$271.7	$270.6	$271.	$275.7	$280.5
Personal Service	$5.7	$6.3	$6.1	$6.1	$6.1	$6.5
Overtime (est.)	$0.4	$0.4	$0.4	$0.4	$0.4	$0.4
Pensions (est.)	$1.4	$1.8	$1.6	$1.8	$1.7	$1.7
Health Insurance (est.)	$2.0	$2.2	$2.4	$2.3	$2.4	$2.3

Library/Museum Fund	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted
Expenditures	$1.0M	$1.1M	$1.1M	$1.1M	$1.1M	$1.0M
Full Time Equivalents	12	13	12	13	13	13

Water Fund	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted
Expenditures	$1.8M	$1.9M	$2.2M	$2.2M	$2.1M	$2.4M

Sewer Fund	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted
Expenditures	$2.3M	$2.1M	$2.3M	$2.4M	$2.7M	$2.8M

Water Fund expenditures increased at an average annual rate of 4 percent. The City was able to achieve both its 2018 and 2019 Adopted Budgets within the Tax Cap, and in 2019 it achieved it without programming a $250,000 transfer from the Water Fund to the General Fund as in 2017 and 2018 (though these were never executed), a practice which had been cited by the Office of the State Comptroller and Moody's Investor Services as concerning regarding fiscal sustainability, though it is permissible under General Municipal Law Section 94 and is a fairly common practice.

Sewer fund expenditures also increased at an average annual rate of 4 percent, which included costs associated with a consent decree with the Department of Environmental Conservation to upgrade the water treatment plant,

In addition to annual Water Fund transfers, the City has relied on fund balance in recent history to close General Fund budget gaps and mitigate tax increases. By the end of 2016, the City's General Fund fund balance amounted to $719,670, or only 5.8 percent of 2017 General Fund expenditures. As a benchmark, the New York State Governmental Finance Officers' Association recommends maintaining a budget reserve of approximately 16.7 percent, or two months of expenditures. At its close of 2018, the City reported a General Fund fund balance of $2.3 million, or 16 percent of General Fund expenditures. Through realistic budgeting and various reforms, the City is attempting to restore its fund balance and finances to a manageable position.

While the City's increasing fund balance is positive, it is beginning to write-off significant amounts of uncollectable taxes over the next several years that are a portion of its fund balance, including approximately $250,000 in its FY 2018 financial statements. This problem is a broader one in which the City is unable to collect large portions of its taxes and is exacerbated by the City being required to make whole for uncollected property taxes the Ogdensburg City School District and St. Lawrence County.

Into the near future, the City will likely continue operating with minimal reserves and slim budget margins--notwithstanding the current administration's practice of realistic and conservative budgeting to grow fund balance, which should be maintained. This situation is especially concerning considering the City's encroachment on its Constitutional Tax Limit.

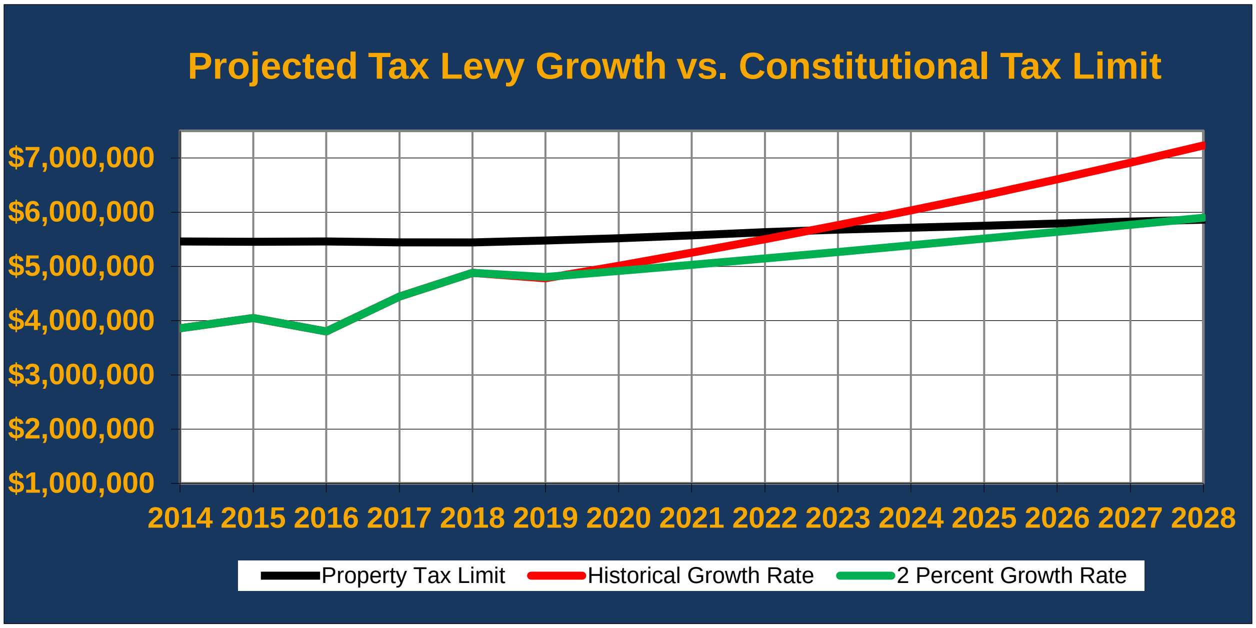
Constitutional Tax Limit

The property tax is the City's single largest revenue source. As the chart below displays, the City is quickly approaching its Constitutional Tax Limit (the maximum amount of real property tax that may be levied in any fiscal year). This raises serious concerns as the City faces, with slim to no reserves, increasing operating costs due to rising personal service and fringe benefits. As the Tax Limit is calculated by multiplying the Full Value of taxable real property by a specified percentage as prescribed in the State Constitution, stagnant or declining property values can hasten exhaustion of the Tax Limit. In the case of the City of Ogdensburg, its exhaustion rate increased due to a combination of stagnant / modestly-increasing property values (which increased at an average annual rate of 0.6 percent since 2014) as well as, in some cases steep, tax increases, which have been necessary to maintain current service levels (and in some cases, simply to lessen service cuts).

Constitutional Tax Limit Exhaustion						
	2014	2015	2016	2017	2018	2019
Property Tax Levy	$4.5M	$4.6M	$4.7M	$5.3M	$5.5M	$5.6M
Tax Exhaustion %	70.8	73.45	69.65	81.99	89.63	87.28
Tax Margin	$1.6M	$1.4M	$1.7M	$1.0M	$0.6M	$0.7M
Full Value Tax Rate	16.74	17.21	17.36	19.67	19.77	19.86
Taxable Full Value	$272.3M	$271.7M	$270.6M	$271.M	$275.7M	$280.5M

Maintaining service levels while the City nears its Constitutional Tax Limit is one of the most significant challenges the City faces in its near- and long-term. The City's 2019 Tax Margin—the difference between the amount the City did levy and the amount it is legally authorized to levy—was only $696,953, or 5.1 percent of 2019 General Fund expenditures.

Projecting forward, if the City's levy increases at the same annual rate that it has since 2014 (4.1 percent), and the City's Full Value increases at the same annual rate that it has since 2014 (0.6 percent), then the City would likely reach its Constitutional Tax Limit in 2023, after nearly exhausting it in 2022. For simplicity, this assumes the City's allowable Constitutional Tax Limit exclusions remain flat at $789,081. The chart below depicts the trend.



Under similar assumptions, except if the City's levy increased at an annual rate of 2 percent—the maximum allowable under the Tax Cap—it would avoid its Constitutional Tax Limit through 2027, only finally reaching it in 2028. Note, however, excluding annual carryover and applicable exclusions, that 2 percent is the maximum allowable levy growth factor if inflation is less than 2 percent. If inflation is less than 2 percent, the allowable growth factor is the rate of inflation. The 2 percent trendline is displayed by the green line above.

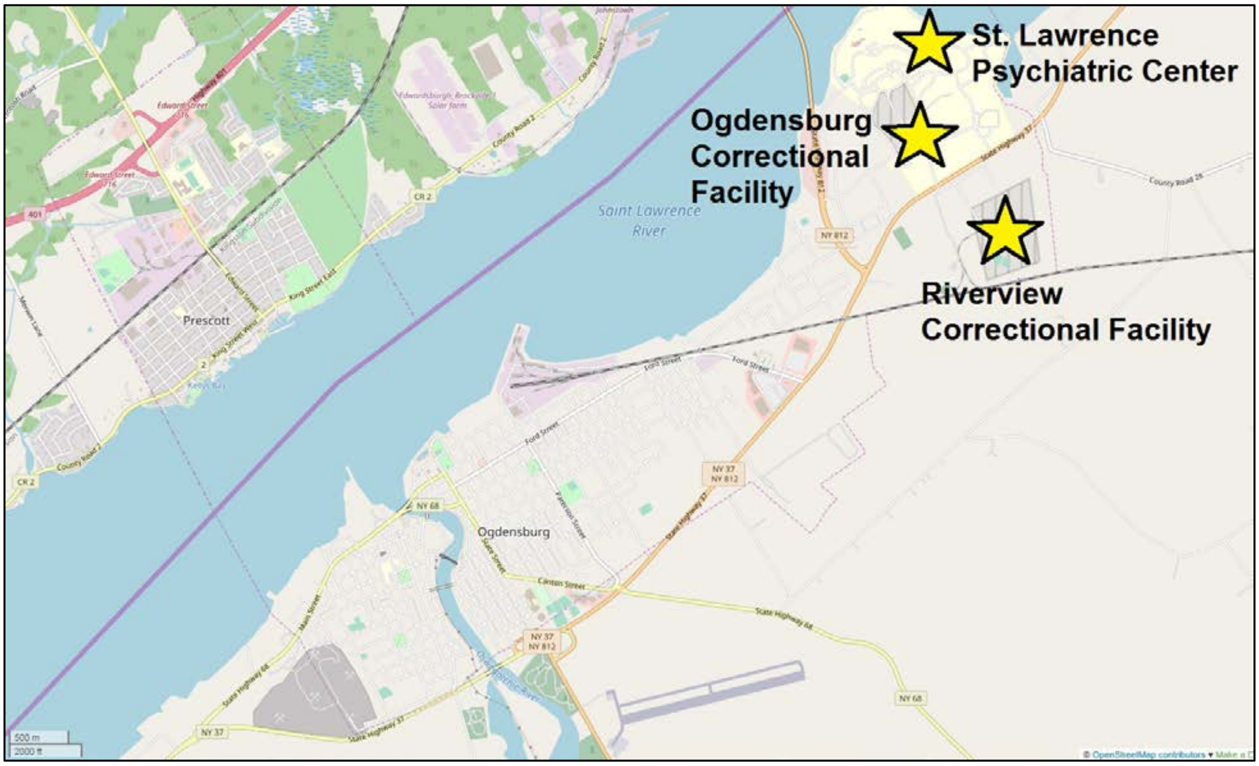
In sum, if historical trends continue without significant measures to control or even reduce costs, it is likely the City will eventually reach its Constitutional Tax Limit. Moreover, if property values decrease in the near- or long-term, the City will exhaust its Constitutional Tax Limit even more quickly. In a drastic scenario involving declining property values, the City may find itself needing to reduce its levy (not simply slow the increase). If the City is not proactive, then significant restructuring and reforms, including but not limited to labor contracts and staffing, would be necessary to maintain structural balance. Planning for or expecting property values to increase faster than expenditures and their historical annual average would not be prudent.

Tax-Exempt Property

Similar to many local governments in New York State, the City of Ogdensburg has a substantial portion of its Full Valuation exempt from taxation. As of September 2017, the City had an Equalized Total Assessed Value of $665,256,608, of which $389,603,814 was exempt, or 58.6 percent of the total. In the same year, the City garnered a total of $31,993 in payments-in-lieu-of-taxes (PILOTs), from two institutions: the Frederic Remington Art Museum and the Ogdensburg Housing Authority. The chart below displays the top five owners of tax-exempt property in the City.

Tax-Exempt Property Owners			
Owner	Exemptions	Total Value of Exemptions	Percent of Total Assessed Value
New York State	14	$180,767,707	27.2
Claxton-Hepburn Medical Center	7	$36,210,100	5.4
City of Ogdensburg	74	$30,855,689	4.6
Ogdensburg City School District	6	$30,799,300	4.6
New York State Environmental Facilities Corp.	8	$20,736,200	3.1

The State owns several large, institutional properties in the City of Ogdensburg which comprise its exemptions. These are: The Ogdensburg Correctional Facility, the newer Riverview Correctional Facility, and the St. Lawrence Psychiatric Center. The two corrections facilities are operated by the Department of Corrections and Community Supervision while the Psychiatric Center is operated by the Office of Mental Health. These three facilities are in the same area of the City, as shown by the map below.



These properties are largely separated from the City's main residential neighborhoods. They are neighbored by property owned by the Ogdensburg Bridge and Port Authority, a State public benefit corporation, which owns and operates the Ogdensburg-Prescott International Bridge, the Port of Ogdensburg, and the New York & Ogdensburg Railway, as well as two industrial parks.

While these tax-exempt properties arguably shift the burden of property taxes onto other property owners—in addition to occupying large amounts of riverfront real estate—the institutions also provide many benefits to the City. The properties generate substantial economic activity, employing numerous area residents and attracting and retaining retail and commercial development. Moreover, the nature of these institutional properties and their geographic seclusion likely mitigates most additional public service costs the City might face—for police or fire protection, for instance—if these tax-exempt properties were heavy users of those services or had significant frontage in neighborhoods. Thus, it is likely the City is better off for having these specific tax-exempt properties within its jurisdiction, despite their high exemption values.

Ogdensburg Public Library and Frederic Remington Art Museum

The Ogdensburg Public Library was established by the City and chartered by the Board of Regents pursuant to the New York State Education Law. The Mayor appoints the trustees and the City pays the Library's employees but does not designate library management nor control expenditures. Similarly, the Frederic Remington Art Museum was established by the City and was granted a charter by the Board of Regents pursuant to Article 5 of the Education Law. The Mayor appoints the trustees, and the City pays the Library's employees but does not designate management nor control expenditures.

The City appropriates an annual amount to a Library and Museum Fund to cover those employee personal service and fringe benefits costs, as detailed below.

City Contributions to Library and Museum

	2014	2015	2016	2017	2018	2019 Adopted
Library	$576,360	$605,980	$543,366	$503,635	$453,635	$300,000
Museum	$448,378	$463,093	$166,873	$143,219	$123,219	$80,616
Total	**$1,024,738**	**$1,069,073**	**$710,239**	**$646,854**	**$576,854**	**$380,616**
% of Levy	**22.5%**	**23.0%**	**15.1%**	**12.1%**	**10.6%**	**6.8%**

Employees of both the Library and Museum are City employees "on loan" to each agency. However, the City does not control the 11 Library and 6.5 Museum FTEs, who report to their respective Boards of Trustees. Additionally, the employees that collectively bargain do so with the trustees, not the City's management. Thus, the City does not directly control the employees' salaries, schedules, or benefits, but it pays for all of these costs.

As the chart shows, City management has proactively addressed this affordability issue. From its $1.07 million contribution in 2015, the City's contribution is down to $381,000 in 2019. Likewise, the pressure on the City's levy has dropped from 23 percent to 6.8 percent. The City expects the Library to appropriate $50,000 of its fund balance to accommodate the FY 2019 reduction, a similar level as the previous two years.

As the City comes close to potentially exhausting its Constitutional Tax Limit in the coming years, the City supporting the Library and Museum via the property tax levy crowds out spending on other government functions. Without the contribution to the Library and Museum, the City's 2019 Constitutional Tax Limit Exhaustion Rate would have been 80.48 percent instead of 87.28 percent. Note that the Library and Museum have no Constitutional Tax Limit of their own

To accommodate these cuts, the Library began to levy in 2017 a separate $50,000, as allowed by Education Law Section 259. Voters narrowly approved an increase to $125,000 in 2018; however, in May 2019, voters rejected a proposed $75,000 increase of the $125,000 the levy--a 60 percent increase. It remains to be seen how Library management will accommodate the lower revenue. It should be noted that by proposing a levy on the ballot of the School District, the taxing jurisdiction expanded from solely residents of the City to portions of the Towns of Lisbon and Oswegatchie. In previous years to accommodate less revenue, in addition to proposing its own levy, Library management chose to not fill part-time positions and to scale back its hours, which are now at the State minimum, for a Central Library, of 55 hours per week. Going below this threshold would result in the Library losing its Central Library designation and several privileges it brings.

Resolving the City's relationship to the Library and Museum, especially regarding the City relationship to the employees of the institutions, is beyond the scope of analysis and work usually performed by the Board. Especially given the sensitivities and the local nature of such decisions, any changes are likely best managed at the local level.

Property Tax Collection

The City Comptroller is responsible for tax collection. Tax bills are released on or before April 15th, and City taxes are payable in two installments, from April 15th through May 15th and July 15th through August 15th. The property tax delinquency rate for the City averages about 12.1 percent per year, which is higher than the Board has seen in most communities and likely signals underlying problems with taxpayers' ability to pay and/or the collection process. The City should remain open to potential reforms to its collection process in order to lower delinquency rates and provide reliability.

The City also collects property taxes for the School District and the County within its boundary and makes both the School District and the County whole for uncollectable taxes as required by Section 1132 of the Real Property Tax Law and Section C-83 of the City's charter, respectively. Due to this obligation, the City has begun to write-off portions that are uncollectible ($250,000 and $60,000 in FYs 2017 and 2018). This has left the City unable to make payments as required to the School District and to only make partial payments to the County, and is now many years behind on these.

Sales and Use Tax

Sales and use tax revenue is 26 percent of all City General Fund revenue, or $3.7 million. Currently, the City is party to an agreement between the County and its municipalities which expires November 30, 2020. New York State collects 4 percent of a transaction subject to sales and use tax, and St. Lawrence County levies an additional 4 percent, for a total 8 percent rate (the maximum permitted under law). Under the current agreement, the County receives 50 percent of the first 3 percent, and 50 percent of the additional 1 percent, while the City receives 6.4 percent of both the first 3 percent and the additional 1 percent, and the remaining portion is allocated to the County's towns and villages according to a formula which weighs population and Full Value as 50 percent each.

Some counties in the State have recently sought to gain revenue through negotiated sales tax agreements. In some cases, these agreements have led to lower revenue for cities and/or towns and villages. It should be noted that any decrease in revenue to the City of Ogdensburg would have to be recouped via the property tax. Considering the City is almost at its Constitutional Tax Limit, lower proportional sales tax revenue for the City would likely require aggressive restructuring and downsizing.

Short-Term Borrowing and Credit Rating

To meet its intra-year obligations, the City has borrowed for short-term cash flow purposes on annual basis, usually in July or August. The City issues tax anticipation notes of $1.8 million with a one-year maturity; however, in 2018 the amount needed was $1.6 million. In 2019 no intra-year borrowing is budgeted. Unfortunately, the City’s interest rate has increased from 1.375 percent in 2013 to 4 percent in 2018 due to sequential credit downgrades. The City’s current Moody’s Investor Services credit rating is Ba1 (junk bond status) with a positive outlook, after the rating agency raised it from a negative outlook. This status still significantly impacts the City’s borrowing costs, for short-term as well as long-term borrowing for capital projects. For example, the higher short-term borrowing interest rate cost the City $42,000 more in interest in 2018 than in 2013. As the City will again issue a short-term note in 2019, it should continue to build its available General Fund fund balance to try to avoid the additional cost in the future.

Fiscal Outlook

In sum, the City will likely find it increasingly difficult to fund current services as it encroaches its Constitutional Tax Limit and as expenditures (primarily due to increasing salary and benefits costs) continue to outpace property value growth. As always, primarily external factors such as weak property value growth, natural fluctuations of sales tax revenue, and one-time unexpected costs, should be managed by building fund balance and reserves by adopting reasonable and conservative budgets and financial plans.

Apart from such management, the upcoming round of collective bargaining and whether the City is able to continually find efficiencies and share services with its governmental neighbors likely represent the full range of the City's ability to manage its fisc and operations. Proactive management in the areas mentioned later in this report, as well as planning for external fiscal factors, will be necessary in order for the City to provide necessary services to its residents into the future.

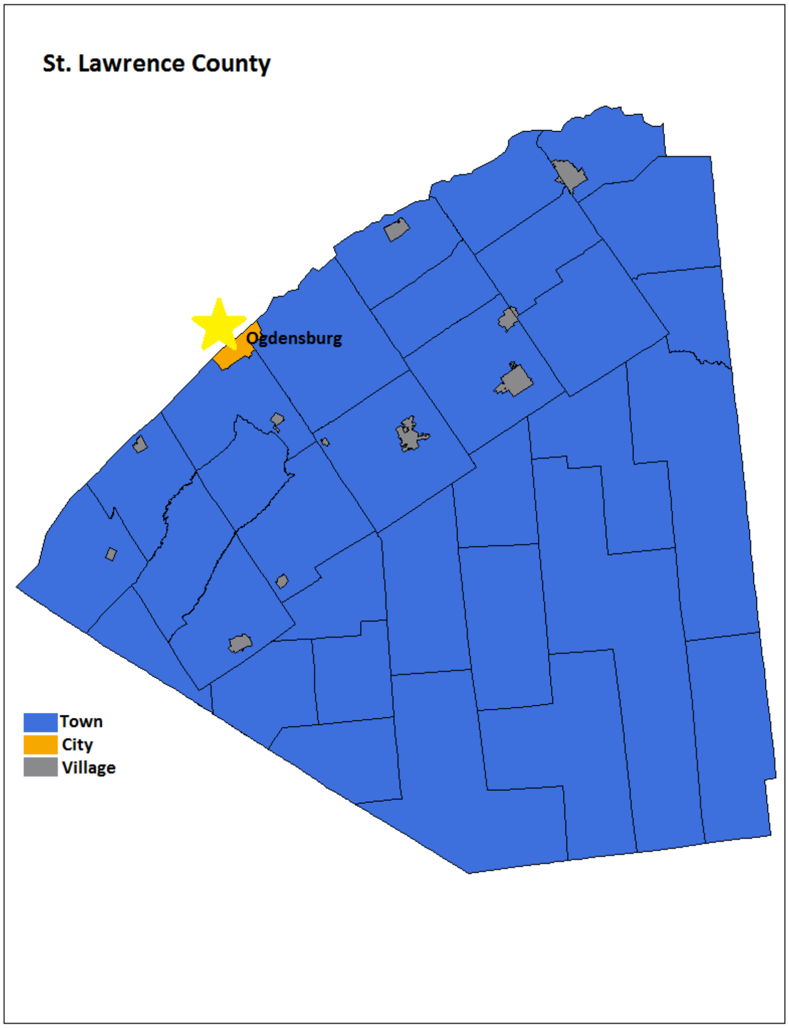
Findings and Recommendations

After a thorough review of the City's operations, the Board identifies findings and recommendations in the following areas: shared services, efficiencies, workforce, economic development, and fiscal performance and accountability.

Shared Services

Regional Government Context

As of the 2010 Census, St. Lawrence County had a population of 111,944 and was the 21st most populous county out of the 57 counties outside of New York City. With a land area of 2,680 square miles, it is the largest county by nearly 1,000 square miles. With a population density of 42 residents per square mile, it is the 52nd most densely populated county.



The County is governed by a 15-member Board of Legislators, which appoints a County Administrator who serves as the Chief Executive Officer of the County. Other elected County officials include: the Sheriff, the District Attorney, the Clerk, the Treasurer, and the Coroner. As of 2016, the County had total expenditures of $191.1 million, which is the 18th highest for counties, and total expenditures per capita of $1,707, which is the 46th highest for counties.

Within the County, there is one city, 32 towns, 11 villages, 17 school districts, 16 fire districts, and more than 120 town special districts and other entities.

The City of Ogdensburg is on the northern edge of the County, on the southern bank of the St. Lawrence River and on the border of Canada, and it is surrounded by the Towns of Oswegatchie and Lisbon. The City is the largest government in its area of the County, and the closest large government is the Village of Canton, which is also where the County administrative offices are located.

Survey of Shared Services

Board staff, in conjunction with the City, conducted a survey on the general functions of the City and neighboring municipalities to ascertain duplication of services and potential areas for further consolidation. The City and its surrounding governments were asked to briefly describe current shared service arrangements in each service/function area and to identify any obstacles or opportunities for additional shared services.

Below is a summary of the results identifying which services are provided by each municipal entity:

Index of Municipal Services Provided			
Service/Function	City of Ogdensburg	St. Lawrence County	School District
Police	X	X	
Dispatch/E-911	X	X	
Fire	X		
EMS	X		
Tax Collection/Treasurer	X		
Tax Bill Printing	X		
Tax Foreclosure	X	X	
Assessing	X		
Personnel/HR/Civil Service		X	
Payroll/Time & Attendance	X	X	X
Purchasing	X	X	X
Budget/Finance	X		X
Code Enforcement	X		
Building/Zoning/Planning	X		
Park Maintenance	X		
Animal Control	X		
Plowing	X	X	X
Paving/Street Maintenance	X	X	
Lighting/Traffic Controls	X		
Sanitation/Garbage		X	
Water	X		
Wastewater/Sewer	X		

Shared Services Actions and Opportunities

A local government's primary responsibility is to deliver services for the benefit and well-being of its residents. As the above chart aptly displays, there is significant duplication of services among the City of Ogdensburg and its neighboring municipalities.

If the City of Ogdensburg is to address any future budget challenge, it must maximize available savings from pursuing and implementing a shared services plan with its governmental partners. An effective plan will not only enable the City to reduce its cost structure going forward, but should also help partnering governments to reduce their costs as well.

In addition to the current shared service efforts between the City and its governmental neighbors and partners, other opportunities exist which may allow Ogdensburg to lower its current cost structure for existing services, enable future job attrition without exact refilling of current staff levels (presenting savings opportunities to both the City and the governmental partner it so engages with to share the service), and allow the City and its neighboring government the opportunity to receive grants and assistance from the State via a number of programmatic options.

One of the top priorities of a Board engagement with a municipality is to help identify and fund, when and where appropriate, shared service endeavors in order for that municipality, as well as other local governments, to save money while maintaining or improving service to their residents. The recommendations in this section aim to accomplish this goal.

Transfer 911 Dispatch to St. Lawrence County

The City currently operates 911 dispatch for police, but not for fire. Fire calls are usually not handled through 911 but via a direct phone line to the Fire Department. In conversations with the City, Board staff learned that the custom has been for City residents to call this direct Fire Department line when there is an emergency; however, the line is not dedicated to handling emergency calls, and it is not equipped with Enhanced 911 or caller location functionality.

To provide police dispatch, the City employs four non-uniformed dispatchers (all of whom collectively bargain with the CSEA Hourly unit) at a cost of approximately $250,000 per year. However, as the above Index of Municipal Services Provided shows, the County also performs dispatching functions. In fact, all 911 calls are already routed through the County dispatch center in Canton, at which point the call is transferred to City dispatch. Notably, the County has already absorbed dispatch functions for some of its municipalities, and the Board recently recommended that the Village of Potsdam, also in St. Lawrence County, transfer its dispatch function to the County, too (Board Resolution No. 2018-03).

The City's police dispatchers collectively bargain with the CSEA Hourly unit. While one of the four dispatcher positions is vacant, none are at or near retirement eligibility.

The County has indicated it is open to absorbing the City's dispatch at little or no cost to the City. In order to do so, several factors would need to be considered. First, whether current staffing at the County dispatch center is adequate to accommodate the increased service. Second, whether current technology is functional between the City's police equipment (transponders, cars, radios, etc.) and the County's dispatch system. Finally, the City's current dispatch staff monitor the City's jail—a task which would need to be re-assigned in a manner that still generates savings.

911 calls for police handled by the City's dispatchers in the past few years are depicted below, compared to all dispatch calls handled by the St. Lawrence County dispatch center.

City and County Dispatch Calls			
	City of Ogdensburg	St. Lawrence County	Combined
2015	10,027	169,459	179,486
2016	10,638	153,393	164,031
2017	10,357	116,588	126,945
2018	10,355	107,024	117,379
Annual Average	10,344	136,616	146,960
Calls Per 8-Hour Shift	9.4	124.8	134.2
Dispatcher FTEs	4.0	16.5	16.5
Avg. Dispatchers Per Shift	1.0	3.0	3.0
Calls Per Dispatcher Per Shift	**9.4**	**41.4**	**44.7**

Over the past four years, the dispatchers handled an average of 10,344 calls through 911. By comparison, the St. Lawrence County dispatchers handled an average of 136,616 calls. The County Central Dispatch is the only 911 Public Safety Access Point (PSAP) in the County and dispatches for 42 fire departments, ten independent EMS agencies, the County Sherriff's Office, the State Police (via a memorandum of understanding), and several smaller municipal police agencies. The Central Dispatch had a FY 2018 budget of $1.3 million, and employed 15 full-time dispatchers and three dispatchers, all of whom work on a 7 AM to 3 PM, 3PM to 11 PM, and 11 PM to 7 AM shift schedule. The dispatchers collectively bargain as a local chapter of the CSEA, the same as the City's dispatchers.

The City and County technology for dispatch and call in-take seem compatible.

Lastly, the City's jail is located near the dispatch work area, and the dispatchers monitor the jail for the Police Department. If the City and County were to agree to transfer dispatch to the County, the City would need to resolve the monitoring of the jail in a way that still saves money before moving forward.

If the County were to take-over the City's 911 police dispatch function, it should also perform dispatch for the City's Fire Department, which should switch to always using the 911 system for dispatch rather than a direct non-dedicated line to the Fire Department. This is especially true when 80.3 percent of Fire Department Calls are for emergency medical services, which are much more likely to require Enhanced-911 functionality and the reliability of a 911 system rather than standard landline. In sum, the City could likely both generate recurring savings of at least $250,000 and improve service for residents and citizens by transferring dispatch to the County.

<u>Recommendation:</u> The Board recommends that the City and County work toward an agreement to transfer City police and fire dispatching to the County. If the City and County abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to $300,000 to assist the City and the County with implementing such action. The specific structure

and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the Board.

Recommendation: The Board recommends that the City, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the City and its neighboring governments with implementing such shared services plan. The specific structure and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

County-Wide Shared Services Initiative

Through Part BBB of Chapter 59 of the Laws of 2017, the FY 2018 State Budget empowered citizens and local leaders to control the cost of local government through the creation of the County-Wide Shared Services Property Tax Savings Plans Initiative. The initiative consists of two rounds, one which began in September 2017 and the other in September of 2018, and requires each county to convene a shared services panel consisting of local government leaders within the county, the goal of which is to create property tax savings plans that benefit taxpayers.

Per the law, plans should include actions such as the elimination of duplicative services; shared services, such as joint purchasing, shared highway equipment, shared storage facilities, shared plowing services, and energy and insurance purchasing cooperatives; reduction in back office administrative overhead, and/or better coordination of services. The State will match the first year of savings from new shared services actions in approved plans.

The SFY 2019 budget continued the County-Wide Shared Services Initiative by authorizing the panels to continue to convene until 2020 and continues to match the first year of net savings from new shared services actions. Furthermore, the law was expanded to allow counties to invite fire districts and fire protection districts to participate in addition to their current authorization to invite school districts and BOCES to participate. The FY 2019 State budget includes a $225 million appropriation to match the first year of qualified net savings from new shared services actions within approved local plans from 2017-2021.

In total, over the past two years, fifty-three counties — or approximately 93 percent of the counties subject to the requirements of the state County-Wide Shared Services Initiative law — have filed their shared services plans with the state. These fifty-three counties, containing 98.5 percent of the state's population outside of New York City, have identified a total of 560 projects with $135.8 million in total recurring local property tax savings.

St. Lawrence County submitted a plan in 2017, and its qualified first year 2018 net savings from implemented projects are expected to be matched by the State. The City was an active participant in the County plan, which projected savings of approximately $17,000 in the first year. The City should remain an active participant in the County's shared services panel, and the County and its other municipalities should continue, to identify additional shared services which would be eligible for State matching funds and would reduce the City's and other local governments' property tax burden. In addition, the Board would give priority consideration to shared service projects adopted and implemented through the County's shared services panel.

Local Government Efficiency Grant Program

The State also offers competitive grants through the Local Government Efficiency Grant program (LGEG) to local governments for planning or implementing a local government efficiency project, including sharing services, functional consolidation, and regional service delivery. The maximum grant for an implementation project is $200,000 per municipality / $1 million per grant. The maximum grant for a planning project is $12,500 per municipality/ $100,000 per grant. Planning projects require a 50 percent local match and implementation projects require a 10 percent local match. If a planning project is later implemented, the local match for implementation is offset by the amount of the local match for the planning project.

LGEG is administered by the Department of State. More information on grant requirements and how to apply is available at https://www.dos.ny.gov/lg/lge/grant.html

Efficiencies

Fleet Management

As part of its City-wide fleet, the City currently owns 26 general use vehicles and 13 police vehicles. Like many financially stressed local governments, the City reports that the status of the fleet is generally aged and poor, and it lacks the ability to maintain its fleet on a normal replacement cycle. The City spends more on repairs and maintenance than otherwise necessary as a result.

For example, although not part of the general use and police vehicles, the City recently had the rear axle if its 1996 pumper truck unattach while being driven on a service call. The City is awaiting an estimate to repair the vehicle, but the cost will likely be significant and possibly outside the City's ability to pay.

Currently, the Public Works garage is responsible for servicing, maintaining, and repairing the Public Works pieces of City-owned motor driven equipment. This includes preventive maintenance and break down repairs on the City's fleet of light trucks and automobiles, dump trucks, and light construction vehicles such as graders, front end loaders, and dozer. For non-DPW repairs, most repairs are done in local shops. More significant repairs, such as to Fire Department pumper engines, are sourced to a shop in Clifton Park, Saratoga County, roughly 200 miles away.

The City received a proposal from a private company to transition the City's fleet to a lease-based system for its police and general use vehicles, a system which the County and several other local governments across the State have used for portions of their fleets. In fact, the County's transition to leasing was the focus of a 2017 article by *Government Fleet*, the trade magazine of the Government Fleet Management Alliance. The County leased 23 Highway Department vehicles beginning in 2016, including sedans, pickup trucks, and other trucks. The County leased an additional 24 vehicles (primarily sedans) in 2017, and by 2020 will be leasing its full fleet of approximately 130 vehicles. The County reports that the older vehicles saved on maintenance costs ($30,000 in maintenance compared to $2,000 for the leases) as well as fuel costs ($50,000 per year versus $25,000).

The County has seen other benefits by switching to leasing vehicles. The lower required-maintenance allowed the County to downsize its maintenance staff by 1.5 FTEs, generating labor savings. In terms of purchasing, because the County has more standardized vehicles compared to when it owned its vehicles, the County stocks standard parts cheaper and more easily. Last, the County decreased its vehicle replacement cycle, ensuring service and allowing it to right-size its fleet. With a lease that does not include deductibles for damage or high-mileage, and aggressively managing the cash position of each vehicle, the County has ensured a properly-replaced fleet with newer vehicles while saving money.

The proposal to the City would transition all owned vehicles to leases after four years by selling older City-owned vehicles and replacing them over time with leases ($85,000 in total sales of general use vehicles and $32,000 in total sales of police vehicles). The proposal would shorten the replacement cycle for police vehicles from the current 6.5 years to 4 years, while the general use vehicle fleet would be replaced every 5 years rather than the current 13 years.

Over a 10-year span for the police fleet and 8-year span for the general use fleet, the proposal is estimated to save the City approximately $500,000 (inclusive of current vehicle sales) while maintaining current service levels throughout the ten-year timeframe of the proposal. Currently, the City has been foregoing repairs and would likely be unable to provide the same services over the timeframe. Savings are mostly generated from reduced maintenance costs (from $64,000 annually currently to $18,000 by proposal year 10) and lower fuel costs from better gas mileage. The unbudgeted cost to enter the leasing agreement is approximately $280,000, including the vehicle leases, fuel, and repairs. The City would be obligated for the full 10 years, though vehicles would be replaced throughout the lease.

In sum, the City has an opportunity to upgrade its fleet while saving money and ensuring a proper replacement cycle for a decade. Moreover, the City will receive a reduced rate from the company by joining a contract that includes other local governments across the State, including St. Lawrence County, Chautauqua County, and Cattaraugus County.

The Office of the State Comptroller has several recommendations for establishing an effective fleet management system, relating to acquisition, maintenance, replacement, and disposal. These recommendations can be found online at the Comptroller's website at https://www.osc.state.ny.us/localgov/costsavings/fleet.htm.

The City should ensure any fleet management/leasing program which it implements meets these guidelines. It should also ensure that the duration of the proposal is in its best interests.

Recommendation: The Board recommends the City pursue efficiencies with respect to the maintenance, procurement, and management of its fleet operation. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to $280,000 for a fleet management leasing program for the City. The specific structure and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

Recommendation: The Board further recommends that the City continue to implement additional efficiency actions that will lower the annual cost of providing specific services. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the City with implementing such efficiency actions. The specific structure and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

Workforce

Employee Health Insurance Costs

Many municipal budgets across the State, including Ogdensburg's, are strained by rising employee personal service and benefits expenses, particularly health insurance costs. With local governments facing significant budget deficits and needing to identify ways to reduce spending, more attention has been focused on healthcare costs for public sector employees.

The City's health insurance expenditures increased at an average annual rate of 2.5 percent, as shown below.

General Fund	2014 Actual	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Adopted
Health Insurance	$2.0M	$2.2M	$2.4M	$2.3M	$2.4M	$2.3M

The City has made efforts to increase employee health insurance contributions in recent labor contracts, including successes in premium cost-sharing. However, significant portions of certain units, both retired and active employees, contribute either nothing to their health insurance premiums or contributions that are far lower than the rates of State employees. On average in 2019 City-wide, the City bears 90 percent of its $2.3 million health insurance premium costs, with active employees of specific bargaining units paying various proportions of premium costs ranging from flat-rate contributions of $390 annually to 25 percent.

If the City could further employ health insurance practices that the State achieved with its unions (e.g., increased cost-sharing), there could be the potential for significant annual savings for the City. Overall, the City should strive to achieve a balance between the factors that affect salaries and employee contributions.

For some units' retired members, the City's collective bargaining agreements require the City to pay 100 percent of the cost of a retirees' and their dependents' health insurance premiums. Other units require some cost-sharing; however, many of these retirees and their dependents are likely eligible for Medicare or alternative/supplemental health care plans. Some local governments have generated recurring savings by offering, and the City currently offers, a one-time monetary incentive to these Medicare-eligible retirees to switch to plans more affordable to the City. There may be an opportunity to expand this offering.

Of note, the City recently moved from being self-insured for health insurance in 2018, and currently has its plans with Excellus BlueCross BlueShield and UnitedHealthCare. This is a significant reform which removed an extreme amount of risk from the City, as the City did not have stop-loss insurance, which left it entirely at risk for catastrophic claims. For a City of its size, a small number of catastrophic claims could have posed significant additional fiscal stress.

Fire Department Staffing and Service

The City employs 29 firefighters, including the Fire Chief. An analysis of similar-sized cities, both in terms of population and square miles, reveals that several cities have found ways to provide fire protection service in a more cost-effective way than the City of Ogdensburg, as the chart below displays.

City	2010 Pop.	Sq. Miles	2017 Levy	Tax Rate	Fire FTEs	2017 Fire Expenditures	Fire Average Salary*	Fire Ftes Per 1,000 Pop
Plattsburgh	19,989	5.0	10,938,953	11.70	37	$2,791,067	$66,594	1.9
Geneva	13,261	4.2	7,407,665	18.68	19	$2,065,502	$81,698	1.4
Dunkirk	12,563	4.5	4,871,870	13.97	23	$2,031,276	$68,928	1.8
Oneida	11,393	22.1	4,014,838	8.69	25	$2,036,198	$71,195	2.2
Corning	11,183	3.1	6,867,374	11.17	24	$1,562,789	$55,345	2.1
Ogdensburg	**11,128**	**5.0**	**5,329,445**	**19.67**	**29**	**$1,950,474**	**$58,706**	**2.6**
Canandaigua	10,545	4.6	4,955,321	7.05	16	$1,449,920	$54,217	1.5

*According to OSC and New York State and Local Retirement System Data compiled by the Empire Center, 2018.

For example, the City of Geneva operates a fire department with a mix of professional and volunteer firefighters. Its 19 professional firefighters are supplemented by 100 active volunteers. In the City of Oneida, the fire department services an area over four times the size of the City of Ogdensburg, with a staff of only 25 and no volunteers. Indeed, the City of Dunkirk operates four shifts of five firefighters with an additional three firefighters dedicated to relief, in a city similar in size and population to the City of Ogdensburg.

If the City were able to provide fire protection service in a manner similar to some of its peer cities, it is feasible that the City could potentially operate with as few as 20 firefighters. Notably, due to provisions in its collective bargaining agreement, the City must pay hazard pay when there are fewer than seven firefighters on each shift (see “Labor Contracts” section). In fact, the hazard pay provisions in the Fire Department contract restrain the City from meaningfully reforming the Fire Department structure and staffing. As the City approaches its Constitutional Tax Limit, City management may find it increasingly difficult to pay for other government services within the Tax Limit.

In addition, the City's Fire Department should examine its structure and staffing relative to Calls for Service. As the chart below displays, the three-year average of emergency medical service (EMS) calls as a proportion of non-service Fire Department Calls for Response (i.e., all emergency calls) is 80.3 percent, with little variation year-to-year. EMS calls are a majority of Calls for Response for the Fire Department, a common trend for modern departments.

Fire Department Calls for Response			
Call Type	Frequency		
	2016	2017	2018
Fire	38	35	36
Rupture No Fire	2	0	0
EMS	1,042	1,158	1,060
Hazardous Conditions	104	82	103
Service	560	598	572
False Alarms	108	111	92
Special Conditions	4	5	5
Total	**1,858**	**1,989**	**1,868**

26 of the 29 City firefighters are trained as emergency medical technicians (EMTs). However, the Fire Department does not currently provide transporting EMS services, which is instead provided by volunteers of the Ogdensburg Volunteer Rescue Squad. The Fire Department is often the first to respond to the scene, however. In some cities, such as Long Beach, providing EMS service with EMS-dedicated civilian personnel rather than firefighters has been shown to increase service levels (for example, by providing paramedic EMS service) and reduce costs compared to responding to EMS Calls for Service with firefighters. It is feasible that the City could restructure its Fire Department to include fewer firefighters and several EMTs to respond to EMS Calls for Service (without adding EMS transport service) and generate recurring savings as well as service enhancements.

In early 2015, the City of Long Beach decided to adopt such an alternative staffing model, including pre-deploying paramedics throughout the City rather than relying on firefighters in several central locations, at the recommendation of a consultant. After approximately three years, it is clear that the decision to separate fire and EMS duties has been a net positive for the City of Long Beach's finances. From FY 2014 to FY 2019, total fire department costs (salaries, equipment, health care, and retirement contributions) decreased by 11 percent. This is contrary to the trend in most municipalities across the State.

EMS call response times in the City of Long Beach have improved since the bifurcation of EMS and firefighting duties. In 2014, prior to the split, the average response time for all calls was 5.53 minutes. By 2018, the response time for paramedics had been reduced to 4.95 minutes, with the paid firefighters responding in an average 6.77 minutes. To its credit, the City reversed the dominating trend of ever-increasing costs while maintaining quality, essential services for its taxpayers.

The Board recognizes the service and fiscal benefits of this model for the City of Long Beach, which other municipalities, including the City of Ogdensburg, should consider.

Early Retirement Incentive (City-wide)

In discussions with the City and after analysis of the City’s roster, it became clear that there may be an opportunity for savings by offering an early retirement incentive (ERI). ERIs can save municipalities money by trimming payroll on a basis that is entirely voluntary to employees. According to the City’s roster as of Fall 2018 (summary below) the Fire Department (represented by the IAFF) has the highest median hiring date, followed by CSEA Salaried employees, then supervisors in the Police Department (PSU). In addition, CSEA Salaried employees have a median age of 50 and Fire of 48. Lastly, Fire Department employees and police supervisors also have the highest two median salaries among City employees.

Bargaining Unit	Employees	Median Salary	Median Hire Date	Median Service Years	Median Age
Non-Rep*	65	$2,743	1/1/2018	6.0	21
CSEA Hourly	36	$48,339	6/9/2009	12.0	38
IAFF	28	$60,119	10/6/2003	14.0	46
PBA	19	$58,274	1/3/2012	7.0	32
CSEA Salaried	14	$48,354	9/27/2005	12.5	50
PSU	7	$67,779	10/12/2006	11.0	33
Grand Total	**169**	**$46,711**	**3/1/2013**	**9.0**	**37**

*Mostly temporary employees.

Of the 28 Fire (IAFF) employees, three employees have over 30 years of service, one has over 25, and nine have over 17 years. These employees would be the most likely to have interest in an Early Retirement Incentive, which has not been offered in recent memory.

If the City were to offer an Early Retirement Incentive, it should consider it in the context of reforming its Fire Department, including in regard to its staffing levels. Simply offering an incentive to induce turnover of longer-tenured and higher-compensated employees in order to accrue short-term savings would not meaningfully reform the City's cost structure.

Recommendation: The Board recommends that the City seek labor and healthcare efficiencies. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to implement this recommendation. The specific structure and conditions of such grant, which would be developed in consultation with the City, and any other aspects of such grant would be subject to an affirmative vote of a majority of the total members of the Board.

Economic Development

Land Banks and Community Revitalization

In recent years, municipalities have sought to address problems associated with blight from vacant and abandoned buildings through the creation of municipal land banks. New York State authorized the creation of up to 10 such land banks through Chapter 257 of the Laws of 2011. This authorization was expanded to a total of 20 land banks through Chapter 106 of the Laws of 2014, and then expanded to a total of 25 land banks through Chapter 55 of the Laws of 2017. In New York State, municipalities must first submit an application to create a land bank to Empire State Development (ESD).

Land banks are not-for-profit corporations that may be able to more efficiently return vacant, abandoned, or tax delinquent properties back to productive use. They have several powers such as the ability to dispose of property under negotiated terms, to sell properties for non-monetary compensation, to retain equity in properties, to purchase tax liens, and special bidding privileges when purchasing properties at a tax foreclosure auction. Land banks allow municipalities to have a more efficient and streamlined process for property redevelopment and community revitalization. This in turn reduces the social and economic consequences of blight within a municipality.

Currently, there are 25 approved land banks (the maximum permitted under current law) in New York State: Albany County Land Bank Corporation, Allegany County Land Bank Corporation, Broome County Land Bank Corporation, Buffalo Erie Niagara Land Improvement Corporation, Capital Region Land Reutilization Corporation, Cattaraugus County Land Bank Corporation, Chautauqua County Land Bank Corporation, Chemung County Property Development Corporation, Finger Lakes Regional Land Bank Corporation, Greater Mohawk Valley Land Bank Corporation, Greater Syracuse Property Development Corporation, Livingston County Land Bank, Nassau County Land Bank Corporation, Newburgh Community Land Bank, Niagara-Orleans Regional Land Improvement Corp, Oswego County Land Bank Corporation, Rochester Land Bank Corporation, Suffolk County Land Bank Corporation, Sullivan County Land Bank Corporation, Steuben County Land Bank Corporation, Tioga County Property Development Corporation, and the Troy Community Land Bank, the Wayne County Land Bank, the Kingston City Land Bank, and the Ogdensburg Land Bank Corp.

The City forecloses on properties within the City via a two-year process and conducts an annual tax lien auction. It currently owns 80 properties that were foreclosed on and are not being used for City functions, and this number is expected to increase in the near future, per the City. Additionally, the City has experienced a noticeable decline in the number of successful bids at its annual tax sale: from 163 in 2016 to 108 in 2018. This is a drop from 59.7 percent of delinquent properties successfully bid on in 2016 to 39.6 percent in 2018. If this trend were to continue, the City would collect less and less of its annual unpaid taxes at auction.

This is concerning for several reasons. First, the City relies on the auctions to recoup lost revenue due to delinquency. Second, if the City cannot sell the properties, it must pay for upkeep, which can be costly. Failing to do so can lead to blight and hinder economic development efforts.

Per the City, there is an opportunity for the City to transfer ownership of the 80 properties to the newly-formed Land Bank; however, the City would forego approximately $650,000 in liens on uncollected property taxes, for which the Land Bank would be unable to pay. With few options for the foreclosed properties that the City cannot sell, the most prudent option appears to be to transfer the ownership of the properties. The City would benefit by relinquishing current and future upkeep and management costs.

Of those 80 properties, there are tentative plans to demolish six properties, rehabilitate five buildings, construct five new buildings for resale, and create six side lots of current properties. The total costs for the sixteen parcels are estimated to be $1,056,000. The Land Bank received $600,000, payable over two years, from the Office of the Attorney General in Round IV of the Office's land bank grants. The City had applied for $1.825 million to the Office of the Attorney General. The secured portion of funding will be used by the Ogdensburg Land Bank for startup costs and a portion of the costs of the projects discussed above (the City has already transferred twelve of the properties with structures and forgiven over $100,000 in taxes, utilities, and other bills owed); however, the City still holds a significant amount of properties. In addition, until the Land Bank returns the properties to the tax rolls, the City does not receive tax revenue from them.

Recommendation: The Board recommends that the City work with the Ogdensburg Land Bank Corporation to transfer the ownership of foreclosed properties to the Land Bank for management and resale, as well as consider establishing a protocol for the transfer of future foreclosed properties owned by the City. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to $325,000 to reimburse the City for uncollected revenues associated with properties that will be transferred.

Fiscal Performance and Accountability

Multi-Year Financial Planning Grants for Local Governments

Multi-year financial plans can be an important tool for local government leaders. These plans project a local government's revenues and expenditures for a number of years into the future based on reasonable assumptions. This allows local officials to not only see the current fiscal situation but also see the fiscal situation over the next few years. This empowers local officials in two ways.

First, it enables local officials to avoid creating future problems with a current action. For example, using a one-time revenue source to fund an ongoing program would not show an impact in the current year, but could have a significant impact in future years, when the one-time revenue source is no longer available.

It also empowers local officials to address future problems today. As projected revenues seldom exceed projected expenditures, local officials can start to make decisions today to address out-year gaps. By proactively addressing future issues, the impact to the local government, its residents, its taxpayers, and its workforce can be lessened.

OSC has developed an extensive set of resources for local governments on multi-year financial planning. This includes a tutorial, a guide, and a template, which are all available on OSC's website http://www.osc.state.ny.us/localgov/planbudget/index.htm. These are designed to make it as easy as possible for local governments to develop multi-year financial plans.

The Board has available funding to assist fiscally-stressed local governments with multi-year financial planning on a reimbursement basis. Eligible local governments that meet the requirements may be eligible for a reimbursement equal to the lesser of (1) 50 percent of the cost of engaging in multi-year financial planning with the assistance of an external advisor, which may be increased to up to 100 percent of such cost upon approval by the Chair of the Board, or (2) $12,500.

The City of Ogdensburg has not created multi-year financial plans in the recent past. The City could especially benefit from the multi-year financial planning process due to its high Constitutional Tax Limit Exhaustion Rate. Additionally, growing long-term capital needs will necessitate long-term strategic planning. For the reasons outlined above, the Board finds that the City should develop and maintain a multi-year financial plan.

Centralized Purchasing and Procurement

The City currently purchases supplies and equipment on a departmental basis. Many local governments, including the City through its existing piggybacking agreements, have realized savings by centralizing the purchasing function. There may be additional opportunities to piggyback on contracts with the State, St. Lawrence County, and other local governments. Centralized purchasing can assist in ensuring such opportunities are maximized. The City should consider whether centralized purchasing would be beneficial, and its neighboring municipalities should consider areas for cooperation with the City on purchasing and procurement.

Conclusion and Next Steps

The Board may, in its sole discretion, award any of the following grants:

- The Board recommends that the City and County work toward an agreement to transfer City police and fire dispatching to the County. If the City and County abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to $300,000 to assist the City and the County with implementing such action.
- The Board recommends that the City, in conjunction with its governmental neighbors, develop and implement a shared services plan that will lower the annual cost of providing specific services and address the inherent duplication of services via multi-governmental jurisdictions. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the City and its neighboring governments with implementing such shared services plan.
- The Board recommends the City pursue efficiencies with respect to the maintenance, procurement, and management of its fleet operation. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to $280,000 for a fleet management leasing program for the City.
- The Board recommends that the City continue to implement additional efficiency actions that will lower the annual cost of providing specific services. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to assist the City with implementing such efficiency actions.
- The Board recommends that the City seek labor and healthcare efficiencies. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant to help the City alter its long-term cost structure.
- The Board recommends that the City work with the Ogdensburg Land Bank Corporation to transfer the ownership of foreclosed properties to the Land Bank for management and resale, as well as consider establishing a protocol for the transfer of future foreclosed properties owned by the City. If the City agrees to abide by and implement this recommendation, the Board may, in its sole discretion, award a grant of up to $325,000 to reimburse the City for uncollected tax revenues associated with properties that will be transferred.

The specific structure and conditions of any such grants, which would be developed in consultation with the City, and any other aspects of such grants would be subject to an affirmative vote of a majority of the total members of the Board.

Appendix A – Resolution from City of Ogdensburg

CERTIFICATION OF RESOLUTION

At a regular meeting of the City Council of the City of Ogdensburg, held on Monday, March 13, 2017, at 7:00 p.m. in the City Council Chambers, City Hall, Ogdensburg, New York, at which meeting the following were:

PRESENT:	Mayor Ashley, Councillors Davis, Mitchell Morley, Price, Skamperle and Stevenson
ABSENT:	None

The attached resolution was introduced by Councillor Morley who moved its adoption, seconded by Councillor Stevenson to wit:

The vote on the roll call resulted as follows:

AYES:	Mayor Ashley, Councillors Davis, Mitchell Morley, Price, Skamperle and Stevenson
NAYS:	None

CARRIED, AYES ALL

State of New York)
County of St. Lawrence)

I, Kathleen A. Bouchard, City Clerk of the City of Ogdensburg, New York, do hereby certify that the attached is a copy of a resolution passed by the City Council of the City of Ogdensburg, meeting in Regular session, March 13, 2017, and do further certify that it is a true and correct copy of and the whole of said original resolution is on file in my office in the minutes of the Ogdensburg City Council Meeting.

Kathleen A Bouchard DATED: March 14, 2017

Kathleen A. Bouchard, CMC
City Clerk, City of Ogdensburg

RESOLUTION OF THE OGDENSBURG CITY COUNCIL REQUESTING A COMPREHENSIVE REVIEW BY THE NEW YORK STATE FINANCIAL RESTRUCTURING BOARD FOR LOCAL GOVERNMENTS

WHEREAS, the City of Ogdensburg is a Fiscally Eligible Municipality based on the criteria established under the New York State Local Finance Law and qualifies to request a Comprehensive Review by the Financial Restructuring Board for Local Governments; and

WHEREAS, the Ogdensburg City Council understands that the Financial Restructuring Board has the ability to undertake a Comprehensive Review of the City of Ogdensburg's operations, finances and practices;

NOW, THEREFORE, BE IT RESOLVED, that the Ogdensburg City Council hereby requests a Comprehensive Review by the New York State Financial Restructuring Board for Local Governments; and

BE IT FURTHER RESOLVED, that the City Manager is authorized to execute any and all documents and instruments necessary to fulfill the City of Ogdensburg's obligations under the Financial Restructuring Board's Comprehensive Review, and that the City Manager will provide the City Council with copies of any written communications that are received from or provided to the Financial Restructuring Board.

Appendix B – Resolution Approving the City of Ogdensburg

Financial Restructuring Board for Local Governments

RESOLUTION No. 2018-08

APPROVING THE REQUEST FOR A COMPREHENSIVE REVIEW FROM THE CITY OF OGDENSBURG

WHEREAS, pursuant to New York State Local Finance Law section 160.05(2), the Financial Restructuring Board for Local Governments (the "Board") must find that the City of Ogdensburg (the "City") is a Fiscally Eligible Municipality because it has an average full value property tax rate of $16.8523 per $1,000, which is greater than the average full value property tax rate of seventy-five percent of counties, cities, towns, and villages with local fiscal years ending in the same calendar year as of the most recently available information; and

WHEREAS, pursuant to New York State Local Finance Law section 160.05(3), upon the request of a fiscally eligible municipality, by resolution of the governing body of such municipality with the concurrence of the chief executive of such municipality, the Board may undertake a comprehensive review of the operations, finances, management practices, economic base and any other factors that in its sole discretion it deems relevant to be able to make findings and recommendations on reforming and restructuring the operations of the fiscally eligible municipality (the "Comprehensive Review"); and

WHEREAS, the governing body of the City with the concurrence of the City's chief executive has requested that the Board undertake a Comprehensive Review of the City;

NOW THEREFORE BE IT RESOLVED that the Board agrees to undertake a Comprehensive Review of the City in accordance with New York State Local Finance Law section 160.05(3).

This resolution shall take effect immediately and remain in effect until modified, replaced or repealed by resolution of the Board.

No. 2018-08
Dated: 6-13-18