

AGENDA FOR A FINANCE COMMITTEE MEETING
TUESDAY, SEPTEMBER 1, 2020, 5:00 PM
EXECUTIVE CONFERENCE ROOM,
SECOND FLOOR MUNICIPAL BUILDING

(Councilmen Reed, Carpenter, Kuhl, and McCrady)

- I. CALL TO ORDER – Councilman Zach Stanley, Chairman
- II. ROLL CALL
- III. MINUTES – Meeting held May 15, 2020
- IV. NEW BUSINESS
 1. Proposal for the addition of a Customer Support Analyst in the Finance Department
 - a. Job Description for the position;
 - b. Budget revision to fund the position
 - c. Ordinance reflecting position addition in Finance Dept.,
Customer Support Analyst
 2. Budget revision to re-allocate a portion of the IT Administrator salary for 3rd party network support services.
- V. ADJOURNMENT

The Finance Committee of City Council met virtually Tuesday, May 19, 2020 at 5:00 PM due to the COVID – 19 pandemic.

Members attending included Councilmen John Reed, JR Carpenter, Sharon Kuhl, Dave McCrady, and Chairman, Zach Stanley, who presided over the meeting.

Others attending virtually included Mayor Tom Joyce, City Attorney, Joe Santer; Eric Jiles, Rickie Yeager, Everett Shears, Adam Stout, Sondi Wallace, and Jeff Fox.

MINUTES – Mr. Carpenter moved, seconded by Ms. Kuhl, to approve the minutes from the meeting held January 28, 2020, and the motion was adopted by unanimous vote.

NEW BUSINESS

The first item for discussion was a resolution of the City of Parkersburg approving the FY 2020-2021 Five-Year Consolidated Plan, the FY 2020 Annual Action Plan, and the Analysis of impediments to Fair Housing Choice, and authorizing the filing of the plans with the U. S. Department of Housing and Urban Development (HUD).

Mayor Tom Joyce explained that we were required by HUD to have these five and ten-year plans, with accepting these funds. There is also a 300-page document that is available to the public. There will be a legal notice this week.

The Action Plan is similar to plans from the past and includes funds for Section 108 Loan Repayments for Riverfront Park and also the new Fire Station at 16th and Covert Streets. Funds are also included for our Code Enforcement Program; Market Streetscape Enhancement Project, \$232,016.00; and Stormwater Lining Project \$200,000.00.

For our Enhancement of Public Service, we are proposing \$134,000.00 for two patrolmen for bike patrol in our low to moderate income areas.

Our Housing Programs for minor home repair budget is \$150,000.00 and Emergency repair is \$18,000.00.

The Home Consortium program total is \$531,911, with \$351,911.00 our HUD allocation, plus \$180,000.00 program income.

The grand total is \$1,446,380.00.

Development Director, Rickie Yeager said we will have thirty (30) days for review, then a public hearing will be held. He explained each of the 16 pages of the plan for our housing strategy, homeless strategy, other special needs strategy, community development strategy, economic development strategy, and administration, planning and management strategy, all of which were noted as being high priority.

Mr. Carpenter asked about each category being high priority, and Mr. Yeager explained that we keep them that way so we can move quickly as needed. This is a five year plan and could change and go through another process and approval, but this will make us able to move quickly, he said. HUD ranks approval of our funds from low to high and we rank them high.

On page13 of the plan, Mr. Yeager explained that our last Analysis of Impediments to Fair Housing Choice was 2007, and we are overdue, and in accordance with HUD guidelines the analysis focuses on the status and interaction of six fundamental conditions within the community. Our consultants made some recommendations for these impediments, and there are strategies for each one.

Back to the budget on page 8, Mr. Yeager explained that we would be doing the Market Street Enhancement in phases and the total amount would be around \$500,000.00.

Mr. Carpenter asked about the general administration amount of \$107,075.41 and how much of it was for consultants for this program. Mr. Yeager said that \$75,000 to \$80,000 was for department salaries, and the remainder can be used. He did not give an exact number at this time. We can allocate up to 20% for planning and administration and we are always below that.

He added that the down payment assistance program was very popular and we are asking for \$100,000.00 for that purpose.

MOTION – Mr. Reed moved, seconded by Ms. Kuhl, to refer the resolution on to City Council and the motion was adopted by unanimous vote.

EIGHT BUDGET REVISIONS

Mayor Tom Joyce and Finance Director, Eric Jiles, prepared the twelve-page budget revision as a worst case scenario as our budget will have significant shortfalls because of the COVID 19 pandemic. We do not know what the economy will be, he said, and this has been very difficult to prepare this revision and make these recommendations, and we are aware of how sad this is.

Mr. Jiles' presentation was an hour long, as he explained every line item and their recommendations. He believes the user fee will be short for the fourth quarter by \$219,612; and the municipal sales tax short by \$363,696.00; B & O estimated to be down \$1,042,000.00; and several other line items, and will be off-set with a transfer-in of \$1,065,389.00 from our Stabilization Fund (Rainy Day), and every City department was cut.

A proposed ordinance to authorize a \$500.00 exemption on B & O for the 4th quarter is a \$193,056.00 portion of the reductions, and will be considered on first reading later this evening during a City Council meeting.

Under retail/restaurants, approximately 358 small businesses would have a zero tax liability while 158 would have a reduced tax.

Service/other businesses – approximately 506 small businesses would have a zero tax and about 199 would have reduced tax.

Rents/royalties – approximately 632 small businesses would have a zero tax liability and 64 would have reduced tax liability, Mr. Jiles stated.

The sales tax was on track for December, January and February, Mr. Jiles stated. We have \$1,300,000.00 remaining in the fiscal year, but we expect a significant decrease for March, April and May. Our sales tax captures on-line sales, but B & O tax does not.

With the estimated percentages for reductions, Mr. Jiles said we were being conservative, and we know there are a lot of people working from home, and not in the City. We are confident we can meet this budget.

Mayor Joyce said that the reality is that the two large employers downtown have their employees working from home, and we have no expectation of them coming back until July. When Mr. Reed asked how we determined who lives in the City, Mayor Joyce said it was up to the employer, and they withhold and remit. There is no interest in them finding out who lives where, he said.

On average, Mr. Jiles said we get up to \$1,600,000.00 per quarter in sales tax and that is about 1/3 and we expect it to be closer than the 28%.

On the B & O tax projections, Mr. Jiles said it would not be unobtainable to receive the \$2,145,000.00 in normal circumstances. We think there could be a 50% reduction in retail/restaurant sales for the quarter, or \$318,693.00. We estimate a 15% decrease in contractors because they are working on plans they made in advance.

We estimate service/other business could be down by 50%, or \$342,663.00.

Rents – down 50% or \$86,000.00. Banking is the least sensitive and we estimate 15% or \$194,578.00.

Concerning our proposed \$500.00 exemption for B & O, Mr. Jiles said his methodology for the \$193,056.00 reduction is that he used the percentages of 20.3, 23.8 and 54.3 by taking the last few quarters and he calculated what would happen in other quarters, and the total for all categories was \$1,103,877.00.

Councilman Carpenter said he would recuse himself from voting on this recommendation because he has a downtown business.

City Attorney, Joe Santer, said he did not think Mr. Carpenter was required to do that because it is not isolated and focused on him.

MOTION – Ms. Kuhl moved, seconded by Mr. Reed, to read the ordinance, then discuss and vote.

Mr. Carpenter left the room and recused himself from that vote.

The motion was adopted by unanimous vote of those remaining, 4-0.

AN ORDINANCE GRANTING AN EXEMPTION OF FIVE HUNDRED DOLLARS (\$500.00) IN THE AMOUNT OF TAX COMPUTED FOR THE SECOND QUARTER OF 2020 UNDER ARTICLE 779, BUSINESS AND OCCUPATION TAX FOR CERTAIN RETAIL SALES, SERVICE BUSINESSES, AND LANDLORDS; AND FURTHER EXTENDING THE TIME FOR SUCH BUSINESSES TO FILE THEIR TAX RETURN AND PAY ANY TAX DUE FOR SAID SECOND QUARTER

MOTION – Mr. Reed moved, seconded by Ms. Kuhl, to refer the ordinance on to City Council and the motion was adopted by unanimous vote of those attending.

Mr. Carpenter joined the meeting after the vote.

The discussion turned to the eight budget revisions, and Mr. Jiles explained each line item, and each fund. After discussing the general fund, some highlights of the smaller funds were as follows:

Coal Severance Fund, little change \$5,000.00;

Capital Reserve Fund, we reduced \$373,404.00 on the revenue side, removed floodwall lighting \$50,000.00, reduced pump station repair for the floodwall \$24,193.00, removed the total \$264,417.00 for the City Park retention system.

User Fee Fund, \$219,612.00 general fund transfer in for planned paving for the upcoming season.

Demolition Fund, reduced \$250,000.00, but will be picked up by CDBG funds.

Parking Fund, reduced \$17,900.00 but will be absorbed by the fund balance. They have approximately \$270,000.00 in savings.

Sanitation Fund, revenues reduced by \$92,168.00, offset by \$50,000.00 for bad debt expense and balanced by current unrestricted fund balance.

Memorial Bridge Fund, we lost approximately \$5,000.00 per day, and \$299,167.00 over the past two months. We've reduced capital maintenance by \$200,000.00 and the remaining deficit of \$27,667.00 will be covered by current unrestricted fund balance.

Mr. Carpenter asked how the revenue reduction in the Memorial Bridge affected our demolition program with the State of WV. Mr. Jiles said our portfolio is safe investments and there is nominal effect on it, which is doing well, he said. Mayor Joyce said there was work that could not be done this fiscal year, but it will be done at some point.

MOTION – Mr. Reed moved, seconded by Ms. Kuhl, to refer the budget revisions on to City Council, and the motion was adopted by unanimous vote.

The virtual meeting adjourned at 6:25 PM.

Respectfully submitted,



Connie Shaffer, City Clerk

CS

City of Parkersburg – Finance Department Proposal for the Addition of Staff

Customer Support Analyst

Background

The City of Parkersburg Finance Department manages the monthly billing and collection of Police Protection, Fire Protection, and Sanitation fees. Annually, the fees billed currently amount to approximately \$7 million representing approximately 13,500 accounts.

Despite diligent efforts utilizing current staffing levels, the City still experiences collection issues. During FY20 the City received \$754,782 less than was billed resulting in a delinquency rate of 10.8% on approximately 2,000 accounts. This rate remains consistent from year to year.

When delinquent accounts reach certain criteria, the process of filing suit and obtaining liens is initiated with the goal of securing liens and writs of execution to compel payment. This process is cumbersome with specific due process and rarely results in collection. On average, the City collects approximately 10% of amounts in which liens are secured upon. Over the years the Department has increased the number of suits that have been filed with 160 filed in FY17, 266 filed in FY18 and 364 filed in FY19. Unfortunately, the increase in the volume of suits filed has not had any significant impact on the delinquency rate illustrated above. Currently, the City has 1,292 active judgements representing approximately \$1,280,000 in delinquent fees.

Experience has illustrated that when accounts get to the point of delinquency in which the City files and obtains a lien, the ultimate collectability of those fees is severely diminished. The amounts are ultimately written off (while keeping the lien intact) to maintain compliance with accounting and auditing standards. The result of these write-offs is a reduction in the amount of revenue billed.

In the past, the City has utilized the services of collection agencies with limited success at best as the same trend of collectability continues to diminish as the delinquencies age.

The key to collecting delinquent fees is to identify troubled accounts as early as possible. In doing so, this assists individuals in getting caught up before it becomes an overwhelming prospect for them. The volume of delinquent accounts and limited staffing availability to identify and support troubled accounts is currently problematic.

Current Process and Resources

The current collection process is as follows:

- The two Accounts Receivable (A/R) Analysts in the Finance Department monitor customer accounts and send out delinquent notices when an account is 90 days past due. A customer is given 30 days to respond from the date of the letter.
- A legal letter is then mailed with another 30 days to respond with a payment or a request for a payment plan or dispute.

- At the expiration of the legal letter 30 day period the A/R Analyst will refer the account to the A/R Supervisor to file suit, provided that the account balance meets the criteria that has been established to qualify (the amount which it becomes potentially “worth” the cost to file).
- Upon referral, the A/R Supervisor audits the account and prepares the notification of suit to the customer by process server.
- If the process server cannot locate the customer, a legal notice is published in the newspaper.
- Upon completion of the notification due process, a trial may (or may not) secure the lien or if the customer fails to respond the City will petition the Court for a default judgement.
- The awarded judgement lien is recorded against the owner(s) of the property.
- The City may at this time petition for writs of execution on the liens which may include bank suggestions, wage garnishments, property auctions, etc. – The results of these are generally marginal.

As an additional avenue to compel the collection of delinquent accounts, Finance assumed responsibility for enforcing the current ordinance requiring all fees to be paid current prior to the issuance of any building permit. This occurred in July of 2019 and has resulted in delinquent fee collection in the amount of \$61,919.58 through June of 2020.

The A/R Supervisor is primarily responsible to manage the 13,500 customer accounts to ensure they are billed properly and that payments are posted accurately and timely. This function consumes approximately 85% of her availability. The remaining 15% of her availability is dedicated toward collection pursuits, filing suit, and appearing in court on behalf of the City.

The two A/R Analysts are primarily responsible for serving customers at the walk-up window and over the phone. Additionally, they are the primary point of contact for all customer inquiries including account research, promissory notes, and other general inquiries. They receive and post payments on account for walk-in and mailed payments, processing an average of 12,000+ payments per month. These functions represent approximately 85% of their availability with the remaining time focused on mailing 200-250 delinquency letter and monitoring estate publications for claim referral.

Out of the 120 hours per week available between the three employees responsible for billing and collection activities only 18 hours per week, on average, are dedicated to delinquent account collection activity with the remainder dedicated toward regular operating activities.

Proposal – New Position

To further pursue delinquency collections, the addition of a new position within the Finance Department is proposed:

Title:	Customer Support Analyst
Reports to:	Assistant Finance Director
Proposed pay grade:	H-9; \$15.13/hour; \$31,470.40/year
Details:	See enclosed job description

As described in detail below, this position's responsibilities will be 75% (30 hours/week) dedicated to delinquent collections and 25% (10 hours/week) to walk-in and drive-through window coverage (drive-through window discussed later). The addition of this position will increase the amount of available human resources dedicated to collections by 167% for a total of 48 hours per week as opposed to the current 18 hours available.

The position will focus on identifying, researching, and verifying troubled accounts. By reaching out to troubled accounts early, the customer will be given the opportunity to be educated on the several types of billings they receive and what they are for. This position will proactively reach out to customers, help them bring their account current, and provide options for maintaining their good-standing with the City. Customers will be presented with payment options including online and direct debit as well as promissory notes with payment arrangements before the balance becomes so large that it becomes overwhelming. Additionally, this position will increase our capacity for following up with customers who fail to keep their promises. Overall and over time, the customer experience will improve as the position becomes familiar with consistently troubled accounts and develops a rapport that will promote an increase in delinquent collections.

This position will also assist the A/R Supervisor in preparing the proper legal paperwork for filing suit and testifying on behalf of the City, as necessary. The position will also assist in researching and preparing writs of execution. Estate notices and claims will be monitored and filed more frequently, and tax sales will be monitored and researched to ensure that advantageous City liens are maintained.

The Finance Department is in the process of retrofitting the drive-through payment window to provide a payment option resulting from the COVID-19 pandemic. This means that Finance will be required to maintain two open windows during business hours instead of one. Currently, the two A/R Analysts back each other up as each goes to lunch; however, that will not be possible with two windows operating. As an auxiliary benefit to the addition of the Customer Support Analyst position, he or she will be able to backfill the gap in window staff availability to maintain the two open windows during business hours.

Cost/Benefit Analysis

As indicated in the background details above, during FY20 the City received \$754,782 less than was billed for the fiscal year. This amount is an average amount based on recent history, and the amounts not collected are ultimately written-off and removed from the revenue of any given fiscal year.

As indicated previously, the proposed annual wage for the Customer Support Analyst position is an H-9 at \$15.13/hour, or \$31,470.40. With benefits added, the total cost of the position is \$37,764.48.

To cover the cost of the position, 5% of the average delinquencies annually will need collected. Considering the additional effort afforded to delinquent collections resulting from the addition of the position as illustrated above, as well as the delinquent fees collected resulting from the passive permit withholding activity, this is a more than reasonable expectation and will likely result in a significantly higher success rate. An estimate of potential collection rates and the amounts is presented in the table below:

Collection Percentage	Collections Amount
10%	\$75,478
20%	\$150,956
30%	\$226,435

In addition to the benefit of paying for the position itself, collections of delinquent amounts present an opportunity to provide other benefits to property owners within City limits. If 10% of delinquent amounts are collected, Police and Fire Protection Fees may be reduced by nearly 1% after paying for the position. At a 20% collection rate, these fees may be reduced by nearly 2.5%. At 30%, a potential of a 4% reduction exists.

To measure the effectiveness and performance of the position, Finance management will monitor the collection activity attributable to the position to develop trends and other indicators of success. This will include a quarterly review of collection delinquency rates as compared to similar quarters from previous years in addition to tracking delinquent receipts. Over time, it is expected that the position will indeed pay for itself and proffer increasing returns as the position and the individual matures into the role.

Recommendation

Based on the information presented within this proposal, it is recommended that the position be accepted and funded by City Council. As it is expected that the position will pay for itself in increased collections that would otherwise be written-off and removed from revenue, the funding for the position will come from a reduction in the current estimate of bad debt/uncollectible accounts. A proposed budget revision is enclosed.



POSITION TITLE: Customer Support Analyst

GRADE: H-9 non-exempt

DEPARTMENT: Finance

Reports directly to the Assistant Finance Director

JOB SUMMARY: This position is responsible for the delinquent fee collection efforts of the City and providing options to customers who have difficulty paying City fees in a timely manner.

RESPONSIBILITIES, DUTIES AND ACCOUNTABILITIES:

- 1) Identify troubled customer accounts and attempt early contact to encourage timely payments to the City.
- 2) Negotiate payment plans with customers and complete payment plan promissory notes.
- 3) Monitor accounts with payment plan arrangements to ensure compliance with promissory notes.
- 4) Prepare monthly reports of past due accounts with payment plan arrangements for monitoring purposes.
- 5) Run aged and delinquency reports to identify accounts for collection proceedings.
- 6) Perform cost-benefit analyses to determine which delinquent accounts are significant to justify the cost of legal action.
- 7) Initiate collection process for delinquent accounts:
 - Research and confirm billing and payment history accuracy for legal action documentation.
 - Prepare delinquency notification packet for distribution to accountholders.
 - Prepare legal notification documents of eminent collection proceedings.
 - Prepare suit notification for supervisor review and approval prior to distribution to relevant parties.
 - File suits with Magistrate Court and/or tax liens with the Wood County Courthouse.
 - Accumulate information to serve process notification to delinquent accountholders in collection proceedings.
 - Post court/legal fees to delinquent accounts upon receipt of judgment and monitor payments made on account for proper posting.
 - Accumulate information and file writs of execution: bank suggestions, business income attachments, wage garnishments, real property seizures, etc.
 - Work with City Attorney's office as needed to ensure proper legal actions during the process are executed.
- 8) Monitor estate notices for deceased accountholders and prepare and file estate claims, as necessary.
- 9) Monitor Sheriff tax sale notices and research property balances for redemption referral.
- 10) Perform other related duties as assigned.

POSITION REQUIREMENTS AND QUALIFICATIONS:

Associate's Degree in Accounting, Finance, Business Administration, Legal Services/Administration, or closely related field and two years of experience or two (2) years combination of education, experience and training.

Above average computer skills (Microsoft Office – Excel). Excellent interpersonal communication skills, both oral and written. Above average organizational skills. Must be able to work well independently and as a team member. Must be able to maintain confidentiality. Must be able to interact professionally with the public.

RESOLUTION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PARKERSBURG that the Mayor, or his designee, be authorized to revise the Adopted Budget for 2020-2021 Fiscal Year to reflect the following changes:

GENERAL FUND

Account	Description	Current Budget	Proposed Adjustment	Revised Budget	Comments
FINANCE DEPARTMENT					
414-103-315	OTHER SALARIES & WAGES	492,640	23,603	516,243	REALLOCATED FOR IT SVS CONTRACT
414-104-000	FICA EXPENSE	43,638	1,806	45,444	REALLOCATED FOR IT SVS CONTRACT
414-106-000	RETIREMENT EXPENSE	57,093	2,360	59,453	REALLOCATED FOR IT SVS CONTRACT
414-226-005	WORKERS COMPENSATION	13,395	555	13,950	REALLOCATED FOR IT SVS CONTRACT
414-676-000	BAD DEBT EXPENSE	405,881	<u>(28,324)</u>	377,557	REALLOCATED FOR IT SVS CONTRACT
			<u>-</u>		

The above resolution proposes to revise the Finance Department budget in the FY21 General Fund to reallocate a portion of amount anticipated for bad debt expense/write-offs to fund the addition of the Customer Support Analyst position for the 9 remaining months in the fiscal year.

**AN ORDINANCE AMENDING AND RE-ENACTING
THE CITY OF PARKERSBURG
PERSONNEL POLICY AND PROCEDURES MANUAL**

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PARKERSBURG that effective upon passage on final reading, Table I of the Compensation Plan contained in Section VIII of the City of Parkersburg Personnel Policy and Procedures Manual be, and hereby is, amended and re-enacted to reflect the following position addition:

Addition: Customer Support Analyst H-9

SPONSORED BY:

RESOLUTION

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF PARKERSBURG that the Mayor, or his designee, be authorized to revise the Adopted Budget for 2020-2021 Fiscal Year to reflect the following changes:

GENERAL FUND

Account	Description	Current Budget	Proposed Adjustment	Revised Budget	Comments
FINANCE DEPARTMENT					
414-103-315	OTHER SALARIES & WAGES	516,243	(21,666)	494,577	REALLOCATED FOR IT SVS CONTRACT
414-104-000	FICA EXPENSE	45,444	(1,657)	43,787	REALLOCATED FOR IT SVS CONTRACT
414-106-000	RETIREMENT EXPENSE	59,453	(2,167)	57,286	REALLOCATED FOR IT SVS CONTRACT
414-226-005	WORKERS COMPENSATION	13,950	(510)	13,440	REALLOCATED FOR IT SVS CONTRACT
900-458-000	IMPROVEMENTS - PARKS & REC	4,000	<u>26,000</u>	30,000	REALLOCATED FOR IT SVS CONTRACT
			<u>-</u>		

The above resolution proposes to revise the Finance Department budget in the FY21 General Fund to reallocate a portion of the funds previously appropriated for the IT Administrator position to contractual services for the purposes of executing an IT services contract to provide third-party network support.