

## **2007 BUDGET WORKSHOP**

**November 18, 2006 – 9:00 a.m.**

Vice-Chairman Barrett called the meeting to order.

Roll call was taken. PRESENT – Raymond F. Callanan, Philip C. Barrett, Anita Daly, Richard Lucia, Mary Ann Johnson, Jean Raymond, Albert Janik, Jeffrey Trottier, Kenneth J. DeCerce, Paul Sausville, Thomas Richardson, Frank Thompson, Willard H. Peck, Richard C. Hunter, Sr., Thomas N. Wood, III, Cheryl Keyrouze, Joanne Dittes Yepsen, J. Gregory Connors, John Lawler, Arthur J. Johnson - 20. ABSENT - Alan Grattidge, Harry G. Gutheil, Jr., George J. Hargrave – 3.

Mr. Wickerham, County Administrator, reviewed the rules for the conduct of the workshop. He stated the tentative budget along with the amendments approved by the Law & Finance Budget Committee are presented here today at this workshop. Any changes to the document today would require action by a majority of the weighted vote of the entire Board. He stated the 2007 tentative budget, as amended through the budget hearings, and if amended today, it will be presented at a public hearing on November 29<sup>th</sup> at 5:30 p.m. in this Board Room.

Vice-Chairman Barrett said he released the tentative County budget three weeks ago, and this week the Law & Finance Committee, in concert with Chairman Gutheil, reviewed the budget and made some changes to the document. A complete list of changes is included in everyone's package.

Mr. Wickerham gave the following overview of the budget:

You won't be surprised to learn that Saratoga County, once more, is the fiscal and services leader in New York State. While other Counties are struggling with tax hikes and service reductions, we are again talking about our third consecutive rate cut and targeted public safety initiatives. While many Counties are concerned about the loss of residents and tax base, we are planning for the arrival of AMD with a \$3 billion investment in the community and thousands of high paying, private sector jobs. While other Counties express concern about maintaining their quality of life, we're putting the final touches on a countywide green infrastructure plan and another \$500,000 investment in development rights and recreational purchases. By any objective measure, Saratoga County is clearly the number one County in the State.

Supervisor Barrett crafted a tentative budget whose most impressive feature was the lowering of the County tax rate. The proposed rate was \$2.20 per thousand dollars of assessed value.

During the deliberations of the Law and Finance Committee, the rate was lowered even further to \$2.155 per thousand, a full 8.3% lower than the 2006 rate. That's the lowest rate we've enjoyed since I started working for Saratoga County, and is only about 30% of the rate that existed in 1982. A person with a \$200,000 home will only pay about \$36 per month for all County services. Our low tax rate is a calling card for us, and we're justifiably proud of it. However the tax rate is actually just the end of the story. It is your budget that drives the tax rate; not the other way around. The tax rate is possible, only through the strict control of expenditures, careful nurturing of our non-property tax revenues, and the judicious use of the fund balance.

Controlling expenses has the most direct impact on tax rates. Every dollar we don't spend is a dollar we don't have to raise in property taxes. Every time we save \$193,000 of those dollars, we can knock a penny off our average tax rate.

The 2007 County budget as amended by the Law and Finance Committee totals just over \$226 million. That represents a 4.25 % increase over last year's adopted budget. In actuality, it is a 2% decrease over the 2006 budget as it has been amended during the current year. Total funding for administrative costs in the General fund remains low at just under \$7 million. That's only about 4% of the total General Fund. Low administrative overhead and attention to detail on costs mean small budgets. At \$226.4 million, our budget is the smallest in the Capital District, despite the fact that we are now much larger than Rensselaer and Schenectady and are rapidly gaining on Albany County.

Medicaid is still the number one mandate in our budget at \$23 million. The good news is that it is virtually unchanged from the 2006 budget. Compare that with the annual double-digit increases we experienced over the past decade, and it's clear that the state's efforts to control runaway Medicaid costs has had some success. As suggested by Senator Bruno, we are passing those savings directly back to our residents in the form of property tax cuts.

Of course, Medicaid is not the only mandate we labor under. Our mandated bill for the education of pre-school handicapped children is just under \$15.6 million, \$6.4 million of which is a direct charge to County taxpayers. Similarly, we will receive a \$5.7 million bill for tuition for County residents attending Community Colleges. The taxpayer cost of our three big unfunded mandated programs: Welfare, education of handicapped pre-schoolers, and Community College tuition bills total about \$40 million, or 95% of our total property tax levy. If the State simply eliminated their mandates, we could just about eliminate property taxes completely. About 75% of our entire budget is mandated in one form or another.

The Maplewood Manor Nursing Home continues to operate in the red, but we are projecting a reduction of the County costs this year. We are budgeting the 2007 County subsidy at about \$5.4 million as compared to \$6.2 million last year. Even so, Taxpayers are paying for nearly 25% of the facility's operation. Clearly, the new governor must make the provision of services to the elderly a top priority in 2007.

In Saratoga, we pride ourselves on addressing our capital needs every year. At a little more than \$10 million, the County's capital plan comprises about 6.5 % of our general fund budget. As usual, the cornerstone is the road and bridge component, which tallies about \$4.7 million. The capital budget also begins to address some of our space needs, which might have bigger impacts in future years. It includes \$300,000 for engineering and architectural planning for our public health professionals and \$100,000 for similar purposes relative to the Animal Shelter.

Our ability to maximize non-tax revenues and accurately project them is essential to our ability to lower property taxes. Property tax is not our largest revenue and hasn't been number one for some time. Most of our revenue comes in direct reimbursement for State or federally mandated programs. It's actually NOT a good thing when these revenues go up, since it means our portion of the spending has gone up as well.

It is a good thing when sales tax revenues go up, and we are budgeting a 5% increase in sales taxes for 2007. This year, the Sales tax will comprise nearly a quarter of all revenues compared to the less than 20% raised in property taxes. That growth has occurred, despite the fact that we have the lowest sales tax rate in the Capital District, fully 33% lower than any of our neighbors.

We can thank Senator Bruno for significant new revenue in this year's budget. When the Board of Supervisors approved the Racino several years ago, they did it only to help prop up a struggling Harness racing industry. We knew we weren't going to receive any revenue to deal with the problems that might be associated with such a facility. Senator Bruno has rectified that system and we can expect to receive about \$860,000 based on the Racino's gross profits. That number will undoubtedly increase as Saratoga Gaming and Raceway gets permission to add more video lottery terminals.

On November 13, 14, and 15, the Law and Finance committee took several actions that amended the tentative budget.

The most important change was the repeal of the sales tax limitation on gasoline. The committee was concerned that the benefit they had tried to give last summer never actually made it to the consumer. The additional money the County will realize in sales tax will be returned directly to the people in an additional 4.5 cent reduction in the average tax rate. The committee also authorized a one-time appropriation of \$100,000 for the City of Mechanicville to help them revitalize that beleaguered City.

There were several other small adjustments made toward not for profit entities as follows:

- \$20,000 for a second year's funding of the Cornell Cooperative Extension equine program
- \$2,500 to cover additional expenses in the Saratoga County Museum

- \$30,000 for additional funding for the Saratoga Center for the Family. After State reimbursement, the cost to the County is an additional \$13,450
- \$15,000 as a one time grant to the American Red Cross to help defray special expenses in 2006.
- \$3,000 as a one time grant to the Friends of the Kayaderosseras to assist in debris removal from their river cleanup project.
- \$1,500 as the first installment of a 2-year project to update the Corridor Management plan.
- \$9,000 as a one time grant to the Saratoga Arts Council to provide an Arts Outreach program in 2007.

When these adjustments and the additional cost of new positions authorized by the Law and Finance committee are factored into the budget, we will use about \$300,000 of our fund balance in 2007. Any additional changes to the budget would have to be funded by additional taxes or reductions in the fund balance. I would recommend against further reduction of the fund balance. After allowing for the Board approved loan for the water project, it is unlikely that our January 1 balance will be more than \$19 million. That's only about 8% of our total budget and could cause considerable risk to our tax rates in future years.

That's the overview of the 2007 tentative budget as amended by the County Budget Committee, he stated.

In discussing the Personnel Department's recommendations for 2007, Mr. Baker, Personnel Director, stated they started the process of meeting with various departments in August. We do not lose sight of the departments' operational needs, but certainly now and then, we do recommend some changes, he said. He showed a power point presentation of what the Board has done as far as position requests from 2004 through 2006. He said this year, they received requests totaling \$1 million in various positions with full-time, adjustments and reclassifications. He stated the bottom line of what they are recommending is \$210,348 of General Fund monies.

Mr. Kalinkewicz, Deputy Personnel Director, reviewed the following recommendations of the Personnel Department for 2007:

**Sheriff's Dept.**

Create 1 Deputy Sheriff – Patrol to be assigned to the sex offender area - \$48,896

**District Attorney**

Extend Typist part-time to full-time - \$27,979

Reclassify Account Clerk Typist to Principal Account Clerk - \$5,017

**County Clerk**

Create 1 Motor Vehicle Clerk - \$47,387

Reclassify Motor Vehicle Clerk to Sr. Motor Vehicle Clerk - \$2,402

Reclassify Index Clerk to Principal Account Clerk - \$3,508

**Social Services**

Create 2 Social Welfare Examiners - \$99,872

Create 1 Senior Social Welfare Examiner - \$54,432

(For Medicaid and Food Stamps Units – 100% funded)

**Public Health**

Create 1 Director of Preventive Health (Gr. 15) - \$98,374

(To manage a certain number of areas for Public Health)

**Mental Health**

Create 1 Staff Social Worker - \$70,900 (100% paid for by the State to deal with mental health issues of children).

When the funding streams disappear, we may be back to you to eliminate positions, he said.

**Sewer District**

Create 1 Maintenance Mechanic - \$66,301 (to deal with increased work in the pumping stations that have increased over the last few years)

Create 2 Seasonal Laborers (May thru September) - \$22,654 (to deal with buildings and grounds issues over the summer time)

Create 1 Quality Assurance Inspector - \$60,649 (increase in Dig Safely program)

Create 1 Technical Services Supervisor - \$76,297 (for increase in oversight of instrumentation and electrical areas)

(Funded out of Sewer District funds)

**Animal Shelter**

Create 2 Aides, part-time (17 ½ hours per week for each) - \$38,072

(to deal with Saturday, Sunday and Monday time period)

**Auditor**

Create 1 Account Clerk, part-time (17 ½ hours per week) - \$46,488

(to alleviate overtime and comp time)

**General Services**

Extend Computer Programmer from part-time to full-time - \$39,485

(due to increased technology changes)

**Water Committee**

Create stipend for Project Manager - \$5,000 (to be paid over the 26 pay periods and funded out of Youth Bureau budget)

Mr. Kalinkewicz stated as of Wednesday, these recommendations were approved by the Law and Finance Committee.

Mr. DeCerce asked if the Deputy Patrolman position for sex offenders was a promotional position. Mr. Kalinkewicz this will be an entry level person who will be trained. However, there may be someone in the department with a lot of background that the Sheriff will assign that to. We rely heavily on the Sheriff to ask for something special or technical. He purely asked for just another Deputy, he said.

Mr. Thompson asked for an explanation of the stipend for the Water Project Manager. Mr. Kalinkewicz said this will be added to his salary to be spread out over the payroll year. He will be required to do whatever the Water Committee asks him to do in addition to his regular Youth Bureau responsibilities, he said. Mr. Thompson asked who hired him, and Mr. Callanan stated he was appointed by the Water Committee. He has been working for 2 ½ years, nights, days and weekends, with no stipend, he said.

Vice-Chairman Barrett asked if there were any further comments or amendments.

Ms. Keyrouze asked if the Brookside Museum and Saratoga Center for the Family were line items in the County budget. Vice-Chairman Barrett said they are organizations we have supported in the past and increased their support. Ms. Keyrouze said she was curious why Brookside is a line item, but the American Red Cross is not considering that they are here for the whole County during an emergency. She said we should be giving them \$25,000 instead of \$15,000. She then read a prepared statement. She mentioned taxpayers were saving money on gas through a sales tax credit, now this will only help property owners, not the general public in our overall County. She said the money that the property owners will gain from this on average is \$10 per year. This money should benefit the County as a whole just like the sales tax break did. She said this money should be put to good use such as the Green Infrastructure Plan implementation. She said she found out the half a million dollars that was discussed the other day is not anything new that went into the budget this year. We are taking from our County taxpayers without giving a proportionate amount back even if it is sales tax that we are taking from the taxpayers, she said.

Vice-Chairman Barrett said \$500,000 is in the budget for open space protection. This year, we completed the Green Infrastructure Plan, and Bill Peck and his committee has done a great job on that, he said. That has been an on going line item of support. Ms. Keyrouze said that amount has not been increased. Vice-Chairman Barrett said that amount has been increased in the past but not this year. A half of a million dollars is a significant amount of money, he said.

Vice-Chairman Barrett said we had a lengthy discussion in Law & Finance on the gas tax. There was overwhelming support for putting that money directly to the property tax to make sure the people are getting the benefit. In many cases, gas was not any cheaper here, and in some cases more expensive, than in neighboring communities, he said.

Mr. Thompson mentioned he has been in contact with the Red Cross, and they are happy with the \$15,000 that they will be getting. Vice-Chairman Barrett said the Committee agreed to the one time \$15,000 amount. He said Eileen Reardon was very pleased and wanted to express her thanks to the Committee and the entire Board for their support.

Mr. DeCerce asked about the percentage for the reduction in property tax. Vice-Chairman Barrett stated it is a little over 8% which is not a huge decrease in dollars which means the taxes are low already. Mr. Wickerham said 215.5 will be the new number, and it was 220 when we started. The 4 ½ cents brings it to 215.5, he stated. Mr. DeCerce pointed out this is staying in Saratoga County whereas anybody that comes into Saratoga County and fills up a car is benefiting from the gas tax. I credit this group for going in this direction. In discussing the gas prices around, he said there is no stable number anywhere.

Ms. Raymond said last Saturday, she observed a brand name station at Northway Exit 19 was \$2.23/gal. She said she waited to get gas at Exit 15 at an equal brand name station, and that price was \$2.45/gal. We have no way of determining if anyone is getting a break off of this reduction of sales tax on gas, she said. At least we know that every homeowner will be getting \$10.

Mr. Wood stated the Village of Schuylerville is on the Washington County/Saratoga County line. There are two gas stations in Schuylerville and two stations of the same ownership in the Village of Greenwich. The prices of gas have been identical consistently. When management of each of these two companies was contacted, they just said they set the price based on what the company suggests. Clearly, that savings provided to Saratoga County was not passed on to our residents, he said.

Ms. Raymond asked what the amount will be for administrative and non-union personnel as a pay increase for 2007. Vice-Chairman Barrett said 3.81%.

Ms. Keyrouze said she is in total agreement with repealing this resolution. She said her point is that people who are not property owners who were getting a break on this tax cut will not get a break on this tax cut now because it is going to property owners. She said she also talked to Eileen Reardon (Red Cross) who was happy with the \$15,000, and she asked her to see if there could be discussion for bringing more to the Red Cross this year. Ms. Reardon thought this should be a line item, and I am in total agreement with that, she added. Vice-Chairman Barrett said that was the original request as is with every group.

Mr. Lawler asked what the changes in the fund balance will be with the budget forecast. Mr. Wickerham stated \$39 million. Mr. Lawler asked how much was appropriated last year for the fund balance, and Mr. Wickerham said about \$4 million. Mr. Lawler asked what is reserved out of that \$39 million. Mr. Wickerham said \$15 million is budgeted for the water and is still in the unappropriated area. The other \$19 million is free and unencumbered. There are some reserves for retirement and STOP-DWI. Mr. Lawler said he believed we intended to create a reserve for the tower project. Mr. Wickerham said that is a Capital project that is in the Capital fund. That was appropriated in past budgets,

he said. He said \$8 million is in that HC fund. Mr. Lawler asked how much was in the Capital reserve, and Mr. Wickerham stated that it is in the \$8 million range. That is separate and excluded from the fund balance, he said. He stated it is actually a fund balance within that Capital fund.

Mr. Lawler asked how we are accounting for the expenses for the Water project in 2006. Mr. Wickerham said there are Capital funds for the Water project, and all expenses are paid for out of that Capital fund. Mr. Lawler asked that in 2007, in the Capital projects budget, has there been an allocation from the General Fund reserve that has been budgeted towards the Water project as a Capital Project fund? Mr. Wickerham said no. Mr. Lawler said because we do not have any financing in place, how are we going to pay bills in 2007 that will come in before those things are done? Where will the money come from, he asked. Mr. Wickerham stated it will come from the FAB contracts. Mr. Lawler said there will be some time before those contracts are finalized, and even then, those contracts are contingent upon other things that are somewhat uncertain at this point. He said we don't really have a certain funding source in 2007 for the Water project. If it's being funded in the Capital Projects for 2007, what is budgeted? Mr. Wickerham said the funds are taken from the State aid that's been authorized for that. As we approve the various resolutions for phases up to a certain amount, the appropriations are also the revenues right now coming out of the State fund.

Mr. Lawler said on the Water side, we really don't know where the money is coming from. How much are we absolutely certain are we going to get for the Water from the FAB contracts, he asked. Mr. Callanan stated \$10 million. Mr. Lawler asked if those contracts have been executed. Mr. Callanan said the contracts have all be prepared for that and are on the Chairman's desk. Mr. Lawler said none of that is under a threat of having to pay it back? Mr. Callanan said he believes that's the issue with the contract on Chairman Gutheil's desk. The issue is how will the County pay it back if the project doesn't go through, he said. Mr. Lawler said that's his issue; if all of the conditions of the contract are not met, we will not get that money. Mr. Callanan said he believes we will get an advance payment, and he will know more on Tuesday.

Mr. Lawler said for 2007, he wants to know how much we will be spending and that we are not spending money that we are not sure we are going to get back. He said we have spent \$3 million so far that we are not sure we're going to get back. I'd like some sense of where we are going with this and how it is being accounted for, but there is no General Fund appropriations for this, he said. He asked where the \$3 million has been recorded so far, and Mr. Wickerham said in the Capital Projects. Mr. Lawler said if those contracts don't show up, we are going to have to make an adjustment to that and take \$3 million out of Fund balance plus whatever we spend next year if for some reason this thing does not happen. We do not have any funding in our budget for the Water project next year except for what is hopefully coming from these contracts. Mr. Wickerham said what's appropriated in the Capital Fund was appropriated by the Board of Supervisors by the resolutions that have been passed up to now. Mr. Lawler said if we don't get the money, those expenses will have to be reclassified as well as the revenue, and the income

will have to come from the General Fund. This is potentially a black hole out there that we're looking at, he stated.

Mr. Connors said the Times Union ran an article on a program being administered by Saratoga County and several other counties called Moms & Mentors. It's administered through Cornell Cooperative Ext. and is a very successful program that matches willing, qualified, experienced mothers with mothers who are teenagers. He said in particular, the story spoke about a 14-year old Saratoga County girl who had a baby. He said he was distressed to read in the article that Saratoga County offers no economic assistance for this program. A majority of the funding supporting that program comes through Catholic Charities, he said. At the end of this year, that funding will be cut, and as a result this program in Saratoga County will go away. He proposed an amendment to the budget that would authorize \$50,000 to be dedicated specifically to this program administered by the Cornell Cooperative Extension. He said he was away, and he does not know if there were additional funds in the budget to allow this program to go forward.

Mr. Wickerham stated we did not get any specific request on this. We do support Cornell Cooperative Extension, and there is \$930,000 for them in the budget. We do not tell them how to spend that money. They can apply it to which ever programs they feel are most appropriate. There is a 3.3% increase in their money this year plus the additional \$20,000 for the Equine program. He said they receive just short of \$1 million. That is probably a more appropriate question for their Board of Directors on how to apply that funding, he said.

Mr. DeCerce said Bill Schwerd had suggested something to him about that program. It seems to me that it is not quite organized in the way we should have it, he said. He said Mr. Schwerd indicated to him that the program was not going to be funded in 2007. There were sound reasons because of how it was organized and how it was planned at this stage in the game. Mr. Connors said with the Administrator's acknowledgement that the funding has been increased by 3.3%, that sounds like a sufficient increase that would be able to address this program, and he will speak to Mr. Schwerd about it. He said he will withdraw his motion. Vice-Chairman Barrett requested Mr. DeCerce to forward him and the Board additional information on that program if he receives any, as it sounds like a very worthwhile program.

Ms. Raymond asked when the County has to come into compliance with the new GASBY accounting for retirees. Mr. Wickerham said certainly not this year, but maybe next year, not before 2008. He said part of this requires a statistician to do that. Ms. Raymond said she understands that at some point, we will have to fund whatever that actuarial comes up with as a number. That's an important thing to keep in mind when we talk about fund balance, she said. I will be curious as next year goes on to get some progress reports from the Treasurer on where we are going with that. She said she has read that it could be millions of dollars. Vice-Chairman Barrett said he appreciates that. It is a good point, as there are always hurdles out there lurking to attack us financially, he stated.

Mr. Lawler asked what is budgeted in the Contingency line item. Mr. Wickerham said he believes it is \$500,000. He said he wanted to correct his statement earlier and said the projected fund balance is \$34 million for the end of 2006.

Mr. Lawler said he appreciates that \$200,000 was budgeted for the Reverse 9-1-1. I would caution that after reviewing the RFPs, that number is probably low. There is some concern from the subcommittee working on that project that based on the replies that were received, that number is substantially less than what we will need given the RFP's we have received, he said. Mr. Trottier said probably another \$30,000 would be substantial.

Mr. Lawler said he knows \$8 million is in the Capital fund for the tower project. We are looking in the \$12 to \$14 million range given the nature of this project requiring construction in a number of different sites, he said. He stated that Capital projects fund could be inadequate if this gets built out in a single year. It may be time to think about taking a \$14 to \$15 million Capital projects outlay and maybe bond that project and save ourselves a Capital expense of \$8 million which would be restored to the Fund balance, he said. He stated unless we run the Fund balance down to \$12 or \$14 million, we will have to bond some of this. This is a project perfectly reasonable and appropriate to look at in terms of a bond, he added. This would make sense rather than spend down the Fund balance. If we bond this, the fund balance would go back up to \$27 million, he stated. We will end up financing part of it, and we may want to think about financing the whole thing, he stated.

Vice-Chairman Barrett said maybe we should have our County Treasurer do some projections looking out 15 – 20 years based on today's interest rates and at least know what the line item number would be in the budget to pay the debt. Mr. Lawler suggested this should be looked at very soon. Vice-Chairman Barrett said the Treasurer will be asked to get the number now and to look at future budgets.

Vice-Chairman Barrett thanked everyone for coming out today. He said he appreciates everyone's time, effort and hard work through the budget process.

Mr. DeCerce said he received information yesterday from the Canal Corporation. He said Halfmoon is getting \$112,000, and Waterford \$250,000. Also Saratoga, Stillwater, Clifton Park are getting funds. He said Saratoga County towns have received more than \$1 million out of that grant system. I congratulate all of us, he said.

Vice-Chairman Barrett said the tentative budget, as amended, will be presented November 29<sup>th</sup> at 5:30 p.m. at the public hearing in this Board Room. He stated the 2007 County budget is scheduled to be adopted at a special meeting at 4:45 on December 13.

On a motion by Mr. Connors, seconded by Mr. Lawler, the meeting was adjourned.

Respectfully submitted, Elaine M. Sodemann