

## WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: **BUDGET**

DATE: **AUGUST 2, 2013**

**Committee Members Present:**

Supervisors Thomas  
Taylor  
Kenny  
Merlino  
Conover  
Monroe  
Mason  
Westcott  
Girard

**Others Present:**

Kevin Geraghty, Chairman of the Board  
Paul Dusek, County Administrator  
JoAnn McKinstry, Assistant to the County  
Administrator  
Amanda Allen, Deputy Clerk of the Board  
Supervisors Bentley  
Frasier  
Loeb  
Strainer  
Wood  
Mike Swan, County Treasurer  
Rob Lynch, Deputy Treasurer  
Jeffery Tennyson, Superintendent, Public Works  
Don Lehman, *The Post Star*  
Thom Randall, *Adirondack Journal*  
Nicole Livingston, Second Deputy Clerk

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Mr. Thomas called the meeting of the Budget Committee to order at 9:40 a.m.

Mr. Thomas asked Paul Dusek, County Administrator; JoAnn McKinstry, Assistant to the Administrator; and Rob Lynch, Fiscal Assistant to the Administrator, to explain the Warren County Multi-Year Financial Plan they had developed. Mr. Dusek advised that the plan had not been formulated in prior years because they did not have all of the data necessary to develop it, such as the Union Contracts, employee benefits and turnover in the County. He acknowledged Mrs. McKinstry for her work on the plan and commended her on a job well done.

Mr. Dusek distributed copies of the Multi-Year Financial Plan which he reviewed in detail; a copy of which is on file with the minutes.

He explained that the Plan assisted in making decisions with regards to budgeting, as you could view the impact any changes made would have. He stated that Warren County was currently comprised of government, business-type and component unit activities. He noted the plan only included the five Funds with the largest expenditures which were the General Fund, County Road Fund, Road Machinery Fund, Westmount (Enterprise) Fund, and Debt Service Fund, as these had the greatest impact on the County Budget.

With regards to the General Fund, he stated, the most significant sources of revenue were Federal Aid, State Aid, Mortgage Tax, Automobile Use Tax, Jail Services, Sales Tax and Real Property Tax Levy. He pointed out it was important to review this information to assist in determining whether the expenditures were working against

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the revenues. He noted in prior years more Federal Aid had been received than was projected because Federal Aid Stimulus Funds had been received; however, he said, that source of funding was no longer available. He advised the estimates for Federal Aid in the forthcoming years were conservative and remained at the same level because there was no indication the funding amounts would change. Mr. Mason asked whether the figures for 2013 represented the budgeted amount and Mr. Dusek replied affirmatively.

In reference to State Aid, Mr. Dusek advised the projections for the next few years indicated an increase; however, he noted, this was due to the expenses increasing in the reimbursement type programs such as those administered by the Department of Social Services. He stated that they had projected the mortgage tax revenue to remain the same over the next few years, as they were unsure what type of impact the increased interest rates and recovering economy would have on home sales and refinancing.

Mr. Dusek apprised they sustained the automobile use tax revenue at \$465,000 over the next few years, as they did not foresee any reason for an increase. Due to the loss of revenue from boarding inmates from other counties, Mr. Dusek apprised they projected Jail Services Revenues to decrease to \$200,000 over the next few years. He noted he anticipated falling short of the \$650,000 Jail Services Revenue that was projected for this year. He said he felt a more realistic figure for Jail Services Revenue received this year would be estimated at \$200,000. Mr. Kenny asked what the current Warren County Jail population was and Mr. Dusek said he was unsure. Mr. Kenny suggested lowering the fee per day to \$65 to attract counties that outsourced their inmates. He requested that the report be provided with regards to a comparison of inmate population and the County Jail overtime use. Mr. Dusek stated he would provide those figures at the next meeting and ask representatives from the Sheriff's Office to attend the meeting to answer any questions the Committee may have.

Mr. Kenny suggested looking into closing a pod in the Jail and reducing staff. Chairman Geraghty pointed out that after the New York State Corrections Commission completed their audit of the staffing levels of the County Jail, Sheriff York had indicated it would be determined that additional staff were needed to meet the State requirements to maintain the safety of the staff, as well as the inmates. Mr. Dusek suggested having a separate meeting to further discuss the issue with the Sheriff's Department.

Mr. Merlino entered the meeting at 10:02 a.m.

With regards to Sales Tax Revenue projections, Mr. Dusek advised in prior years their projections had remained conservative due to the downturn in the economy; however, he said, this was not the case anymore. He explained that they had increased their projections for sales tax revenue over the next few years, as the amount received had increased as the economy rebounded. Mr. Monroe suggested looking at the sales tax figures from 2007 and 2008, as he recalled there was a drastic drop in the amount

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received and would assist in disclosing how dependent Warren County was on sales tax revenue. Mr. Geraghty said it needed to be stressed that 50% of the sales tax revenue received was disbursed to the Municipalities of Warren County; therefore, the amount of revenue available to the County was less than the actual amount received.

Mr. Conover voiced his concerns with the drastic reduction in Jail Services revenue received. Mr. Dusek advised that the Sheriff's Department Budget would be reviewed extensively. He noted they would evaluate the fees charged by the Jail, as well as the overtime usage.

In reference to the Warren County Tax Levy, Mr. Monroe asked how much of the appropriated surplus was projected to be used and Mr. Dusek replied that the appropriated surplus was needed through 2015; however, he said, he did not anticipate there to be a need in 2016 and 2017. Mr. Taylor queried whether growth in assessments had been considered and Mr. Dusek replied in the negative. Mr. Taylor stated he felt that since growth in sales tax revenues was anticipated, other revenues, such as mortgage tax and automobile use tax, should see an increase, as well.

Mr. Mason indicated he would like to see the Warren County Tax Levy reduced to 1.5% per year, as he felt it was important for Warren County to stay below the other counties in New York State. Mr. Dusek explained another report could be generated decreasing the 1.99% tax levy to 1.5% and then show the impact on the budget. Mr. Westcott expressed his desire to have the new report generated with the 1.5% increase to view what type of impact it would have on the County Budget.

Mr. Loeb questioned why the fund balance increased and Mr. Dusek replied that this was due to several different reasons such as underestimating sales tax revenue received, the sale of the trash plant, as well as making changes necessary to reduce costs. He noted that other areas had seen significant increases in expenditures such as health insurance premiums and employee retirement costs from New York State. He said that although there would not be a large increase in the fund balance in the future, there would not be an extensive rise in expenses either.

Mr. Monroe stated the benefit of having an unappropriated fund balance was that it could be used as a tax stabilization fund during downward economic times to lower the tax rate; however, he said, there should be a limit set on the maximum amount of money allowed to accrue in the fund. Mr. Dusek pointed out that minimum and maximum amounts had been set on the balance; however, he noted, he felt the minimum amount of \$6,000,000 was too low. He indicated that he felt \$9,000,000 was a more secure amount to have on hand in case of cash flow issues. Mr. Girard suggested remaining conservative when estimating revenues, as it would be beneficial should another downturn in the economy occur. He added he felt they were taking a step in the right direction by projecting future revenues and expenditures based on comparisons to prior years figures.

With regards to General Fund Expenditures, Mr. Dusek apprised that expenditures were projected to steadily increase over the next few years largely due to increases in wages and employee benefits costs, as well as the sales tax disbursements to the Warren County Municipalities. Mr. Monroe advised that it was pertinent to mention that even though the salary expenses were relatively the same there was a rather noticeable increase in the employee benefits expense.

Mr. Westcott asked why the rate of growth in employee benefits slowed down in the coming years and Mr. Dusek responded that they decreased dramatically in 2016 because the New York State Retirement costs declined significantly. Mr. Mason asked whether the debt service figures were realistic and Mr. Dusek replied they were correct assuming no new borrowing took place. Mr. Westcott suggested adding a chart that depicted how the debt would be paid down.

Mr. Conover pointed out that the projected employee benefits changed because of the new formula for employee healthcare benefits. Mr. Dusek noted that the plan included the savings calculated from the changes to benefits such as the reduction in sick days, no longer paying out sick time at retirement, etc. Mr. Conover indicated he felt the County had taken the correct steps to attempt to keep employee benefits costs from skyrocketing.

Mr. Dusek apprised the County Road Fund was fully funded by Consolidated Highway Improvement Program (CHIPS) and the Real Property Tax Levy. He said they did not anticipate any increases in CHIPS funding; therefore, he said, they decided the projected figures should remain the same over the next few years. He stated he projected a slight increase in the County Road Fund Revenue over the next few years due to taxes. Mr. Dusek noted the plan did not address the need for additional funding for machinery and county road maintenance.

With regards to the Major Fund Summary, Mr. Dusek advised the \$16,375,000 figure for 2013 did not include the Westmount (Enterprise) Fund. He noted they projected an estimated \$1 million deficit for Westmount for 2013 which would continue to rise in future years. He further mentioned if the Facility was sold, it would not only resolve the Fund Balance issue but would ensure continued operations and provide assurance to the County's employees and residents. Mr. Dusek pointed out there was no indication that the IGT (Intergovernmental Transfer) funds would continue to be received for Westmount in the future. He concluded the review of the power point presentation by outlining the recommendations of the Committee for the Multi-Year Financial Plan considerations.

Mr. Kenny asked if a line item had been included in the budget for invasive species and Mr. Dusek replied in the negative. Mr. Kenny advised such action should be considered and he opined it should be funded from the General Fund, as opposed to the Occupancy Tax Reserve because the Reserve currently had a balance of \$500,000 and

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there had been discussions of financing a new building for the Tourism Department at a cost of approximately \$50,000 a year for 20 years. Mr. Kenny further stated that establishing an amount for the invasive species line item would be a delicate balance because if the amount was too high the State would not assist in the efforts. Mr. Dusek stated the only way he could insert that into the multi-year planning was if an amount was determined, as well as a source of funding for such. Discussion ensued relative to what an appropriate amount of funding for the invasive species line item would be. Mr. Monroe and Mr. Merlino both advised that their towns were appropriating \$100,000 in their respective budgets for the protection of one lake in each of their towns.

Mrs. Wood expressed her concern that the other counties and towns around Lake George were not contributing to the eradication efforts, yet their residents were benefitting from Warren County's taxpayers contribution. She further stated if all counties and towns were involved, it would be more effective when requesting assistance from the State. Chairman Geraghty added the County's towns around the Lake needed to contribute more, as well, noting last year was the first time any of the towns put forth funding towards the eradication efforts. Mr. Taylor acknowledged the importance of fighting invasive species; however, he said he was opposed to utilizing the General Fund as the source of funding. Mr. Mason recommended that the determined amount to be appropriated to the invasive species line item be split between the General Fund and the Occupancy Tax Reserve.

Mr. Westcott expounded he would like the budget to achieve a flat property tax rate increase and to review the list of programs that would be impacted by that, followed by developing a list of priorities including roads, invasive species and other areas that would be impacted. He added he would also like to ensure that there was an opportunity for the public to provide their feedback on these important decisions. Mr. Thomas cited his goal of a 0% tax levy increase, although he did not foresee that in this budget cycle.

Motion was made by Mr. Conover and seconded by Mr. Mason to appropriate \$300,000 from the General Fund to the invasive species line item in the budget.

Mr. Dusek clarified that the \$300,000 would be added to the budget with an invasive species line item each and every year, which in turn would change the surplus line. He further stated that this was not the budget, this was just a planning document that would be used to prepare the budget. He asserted these figures could be modified and changed throughout the budget process. He reiterated this was the first step in receiving the necessary feedback from the Committee members in order to re-work the plan that was presented today.

Mr. Mason suggested the County Road Fund be increased to at least maintain the 2013 road conditions, as well as to include funding for the invasive species line item and to decrease the tax increase to 1.5% in the five-year plan.

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Following discussions, Mr. Thomas called the question and the motion was carried by a majority vote, with Mr. Taylor voting in opposition and Mr. Westcott abstaining, to include the appropriation of \$300,000 from the General Fund to the invasive species line item within the budget in the multi-year plan to determine the overall impact on the budget.

Mr. Thomas questioned the desire of the Committee relative to the County Road Fund in the multi-year plan. Jeffery Tennyson, Superintendent of Public Works, distributed a packet entitled "Warren County Road Conditions 2013" to the Committee members, a copy of which is on file with the minutes. He noted the packet outlined current road conditions and the funding levels that were needed to improve those conditions and to maintain existing road conditions. He added if the funding level was less than what was outlined in the packet, the roads would degrade further and would require even more funding in the future to repair. Mr. Tennyson pointed out that it cost a lot less to maintain a road in fair condition than it did to reconstruct a road in poor condition. He advised \$3.5 million would be needed in the DPW budget in addition to the \$1.6 million allocated from the Federal CHIPS (Consolidated Highway Improvement Program) funds and that did not include the additional \$1 million that was necessary for the Road Machinery Fund.

Mr. Dusek clarified that Mr. Tennyson was recommending a \$500,000 increase in 2014 for the Road Machinery Fund and a \$1.9 million increase in the County Road Fund, for an overall increase of \$2.4 million. Mr. Taylor requested Mr. Dusek adjust the multi-year plan to reflect the following two options: a \$1 million increase in the Road Fund and a \$500,000 increase in the Road Machinery Fund; as well as a \$2 million increase in the County Road Fund and a \$1 million increase in the Road Machinery Fund in order for the Committee members to review the impact that the different levels of funding would have on the overall budget.

Motion was made by Mr. Taylor, seconded by Mr. Mason and carried unanimously to direct Mr. Dusek to adjust the multi-year plan to reflect the following two options: a \$1 million increase in the Road Fund and a \$500,000 increase in the Road Machinery Fund; as well as a \$2 million increase in the County Road Fund and a \$1 million increase in the Road Machinery Fund in order for the Committee members to review the impact that the different levels of funding would have on the overall budget.

There being no further business to come before the Committee, on motion made by Mr. Mason and seconded by Mr. Taylor, Mr. Thomas adjourned the meeting at 12:15 p.m.

Respectfully submitted,

Nicole Livingston, Second Deputy Clerk