

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: BUDGET

DATE: MARCH 5, 2014

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**COMMITTEE MEMBERS PRESENT:**

SUPERVISORS THOMAS  
TAYLOR  
MERLINO  
CONOVER  
GIRARD  
STROUGH

**COMMITTEE MEMBERS ABSENT:**

SUPERVISORS KENNY  
MONROE  
WESTCOTT

**OTHERS PRESENT:**

KEVIN GERAGHTY, CHAIRMAN OF THE BOARD  
PAUL DUSEK, COUNTY ADMINISTRATOR  
MARTIN AUFFREDOU, COUNTY ATTORNEY  
JOAN SADY, CLERK OF THE BOARD  
SUPERVISORS BEATY  
BROCK  
DICKINSON  
FRASIER  
SEEBER  
SIMPSON  
WOOD  
MIKE SWAN, COUNTY TREASURER  
ROB LYNCH, DEPUTY COUNTY TREASURER  
JEFFERY TENNYSON, SUPERINTENDENT OF PUBLIC WORKS  
DON LEHMAN, *THE POST STAR*  
AMANDA ALLEN, DEPUTY CLERK OF THE BOARD

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Mr. Thomas called the meeting of the Budget Committee to order at 9:35 a.m.

Motion was made by Mr. Girard, seconded by Mr. Merlino and carried unanimously to approve the minutes of the previous Budget Committee meeting, subject to correction by the Clerk of the Board.

Copies of the meeting Agenda were distributed to the Committee members and a copy is also on file with the meeting minutes.

Mr. Thomas apprised the main purpose of the Committee meeting was to discuss the referral from the Public Works Committee regarding the appropriation of additional funding for County Road Projects to be completed in 2014. He recalled that in preparing the 2014 Budget, the Budget Committee had expressed their desire to meet again in the spring of 2014 to discuss additional funding for County Road projects in hopes of being able to authorize the appropriation of another \$1 million to the DPW Budget for this work. Mr. Thomas noted the Budget Committee had intended to hold this meeting in April; however, he added, in light of the DPW's need to establish their project/construction schedule in advance of the spring season, they had decided to hold this meeting earlier than originally planned.

Mr. Thomas pointed out that the agenda packet included a copy of the information reviewed by the Public Works Committee which outlined the work that would be completed using the \$2 million already appropriated in the 2014 Budget, as well as the respective projects that could be completed if an additional \$1 million or \$1.5 million was provided; he added that the last page of the agenda listed Other Potential Projects that could be addressed if funds in excess of the \$1.5 million identified were appropriated. He commented that while all of the projects proposed seemed justifiable, he cautioned that when deciding upon the level of additional funding, the Committee members should remain cognizant of other unplanned expenses the County would face, such as those relating to the need for additional Jail staffing and Court space. Referring to another possible expense, Mr. Thomas apprised the County Facilities Committee had recently approved a referral to the Finance Committee to determine a source of funding for a \$120,000 building they sought to construct for housing of Office of Emergency Services emergency vehicles. Mr. Thomas concluded that while the County was in good financial shape, they still needed to make wise spending choices to maintain this stature and he opined that providing an additional \$1 million for County road improvements was a fair and conservative

approach which would further the Budget Committee's desire to provide additional funding while maintaining the County's fiscal status.

Paul Dusek, County Administrator, noted that along with the Agenda, copies of a report from the County Treasurer regarding the 2013 General Unreserved Fund Balance Projection had been distributed, a copy of which is on file with the meeting minutes. Mr. Dusek proceeded with a review of the Treasurer's report, stating it was important to note that all of the figures provided were based on estimates and projections as the actual year-end closing for 2013 would not be completed until the end of April. He commented that he was very confident in the information provided by the County Treasurer and while there might be some fluctuations, he would be surprised if there were any significant changes.

During his review, Mr. Dusek pointed out the Treasurer's projections indicated from the 2013 Budget there would be an estimated Budgeted Unreserved Fund Balance of \$14,042,523 and approximately \$1,244,507 available for additional Road Project funding and he said this availability of funds was based on sales tax projections and management changes leading to budget reductions. He noted that while Warren County had a sound financial footing, they needed to carefully consider expenditures and projections and continue to incorporate safe budgeting practices to maintain their good financial state. Mr. Dusek drew the Committee's attention to the chart at the bottom of the report pertaining to Fund Balance figures projected for the years 2013 - 2017 and he noted these figures were based on the assumption that the tax increase incorporated for the 2014 Budget would remain constant through 2017; he added that while he was aware of a growing desire to incorporate a 0% tax increase for future Budget years and his Office was working on that initiative, these figures did not take that into account. Mr. Dusek pointed out that the chart included many unanticipated costs for 2014 which would draw the Estimated Final Unreserved Fund Balance down to around \$11 million, and that total would continue to recede in the following years to a total slightly more than \$9 million in 2017. He commented that the \$425,854 expense for additional Correctional staffing only reflected a portion of the costs that would be incurred and those costs would continue to increase in future years; he added that because there was no appropriation in the County Budget for these costs, they would have to be funded from the Fund Balance until alternate funding was identified either through an increase in property taxes or alternate budget reductions. Mr. Dusek stated his concern with regard to the decreasing Unreserved Fund Balance total, reminding the Committee members that the Board of Supervisors had previously approved a resolution stating the County's Fund Balance should remain between \$6 million and \$12 million (*Resolution No. 745 of 2011*), and he noted that while the \$9 million balance projected for 2017 still fit this criteria, he was worried that if some kind of action was not taken to change this trend the figure would continue to decline until it fell below the specified threshold. Mr. Dusek recalled the situation the County had been in during 2007-2008 when the fund balance had been very low, causing a need to borrow funds to meet payroll and cashflow needs, which had a negative effect on the County's bond rating.

Regarding sales tax projections, Mr. Dusek advised that while he was optimistic the budgeted sales tax revenues would be met, the Treasurer's Reports for sales tax receipts in December and January had indicated collections were less than anticipated, causing some concerns. Mr. Dusek re-stated his inclination to believe that the 2013 sales tax revenue collections would meet, or slightly exceed, those included in the 2013 Budget, but noted the opinion of Rob Lynch, Deputy County Treasurer, who felt that there might be a decrease of as much as \$500,000. He stated that the analyses performed by both himself and Mr. Lynch had been completed separately and reached varying conclusions, but said it could be noted that neither reflected a considerable excess of sales tax revenue would be collected. Mr. Dusek explained that he did not feel the County would be in financial trouble in future years if they moved forward with careful budgetary planning practices and he noted the Fund Balance could be grown further if sales tax revenues increased or if they were successful in implementing further budgetary reductions. Mr. Dusek stated that he agreed with the opinion expressed by Mr. Thomas in

that the appropriation of an additional \$1 million would assist with County Road Projects and would also improve the Fund Balance projections as those reflected in the Treasurer's Report indicated the expenditure of an additional \$1.5 million for Road Projects. He added that the Budget Committee could meet later in the year to review the County's financial status, once again, and determine if additional funding could be provided for road projects.

Mr. Taylor commented there were a few large businesses coming to Warren County, such as the Hacker Boat Company, a new Price Chopper in the Lake George/Warrensburg area and the possibility of a wood pellet manufacturing company, and he anticipated these economic growth opportunities would have a positive impact on the County's sales tax revenues. He recalled prior comments made by Jeffery Tennyson, Superintendent of Public Works, regarding the impacts to the County's highway infrastructure when sufficient funding was not provided thereto and he said that while he was not stating he was in favor of contributing more than the additional \$1 million suggested by Messrs. Thomas and Dusek, he would like to consider those options.

Regarding projected increases in the Sheriff's Budget for additional Jail staffing, Mr. Merlino questioned whether the projections took into account the decrease in overtime costs which would be achieved by the higher staffing levels. Mr. Dusek responded affirmatively, noting that while they would achieve an estimated savings in the area of \$200,000 in reduced overtime costs, many other staffing and benefit related costs would increase which would result in an increase to the Sheriff's Budget.

Mr. Girard questioned whether another meeting, similar in nature to this one, would be held in the fall to discuss additional funding options for road projects and Mr. Dusek replied affirmatively and he noted they would also need to consider the costs associated with expansion of the Court space. Mr. Girard said that while he appreciated this approach, they should keep in mind that Mr. Tennyson and his staff were restricted by their scheduling ability and he asked Mr. Tennyson to comment as to whether funding appropriated in the fall could conceivably be used to advance additional road projects in 2014. Mr. Tennyson apprised that road reconstruction projects were the most schedule intensive jobs because they had to schedule and coordinate DPW crews and contractors to do the work and he noted that an influx of funding close to the end of the construction season would not allow appropriate time for such scheduling; therefore, he said, they would be limited in the type of work that could be performed with the additional funding. For instance, he stated, if the Committee were to award an additional \$500,000 in August, it would likely be used solely for overlay work which could be completed quickly on an in-house basis by DPW crews with all funding being used for materials. Mr. Tennyson concluded that it was preferable for the funding to be contributed prior to the start of the construction season for inclusion in their road project schedule which could easily be scaled back, if necessary, but was very difficult to add to.

In response to a question posed by Mr. Taylor, Mr. Tennyson explained a preventive maintenance overlay consisted of applying a 1.5" layer of asphalt over an existing roadway. He further explained this application was only appropriate when applied to a road in relatively good shape and he advised once the road surface deteriorated beyond this point, the overlay work was no longer an efficient use of money and more in-depth rehabilitation work was required to mill off the existing pavement and rebuild the road. Mr. Tennyson said the question they faced was what would happen to the roads if they did not apply the preventive overlay and he noted that while some might last until the next year, others may not. He apprised that the potholes and heaves in the roads this year had been worse than in prior years and he said he believed the actual shape of the roads in the spring, once the frost had come out of the ground, would be worse than the results reflected in the road analysis performed during the fall of 2013. Mr. Tennyson stated that they knew the state of the roads would be worse than anticipated and his fear was that deferring road work into future years would only lead to higher construction expenses. He commented that the Estimated Service Life (ESL) mile estimates served as a good tool to determine the future of the County's highway infrastructure and he explained that because the

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County's highway infrastructure consisted of 247 roadway miles, completing a minimum of 247 miles of road work each year would maintain average road conditions while completing less than this amount would allow the roads to deteriorate further and completing more would lead to improvement. Mr. Tennyson stated that an additional \$1 million in funding would keep the roads at a sustainable level and any additional money would help to reclaim road work postponed in prior years, thereby improving the highway infrastructure.

Mr. Strough asked if an additional \$500,000 provided later in the season would help to finish any necessary overlay work and Mr. Tennyson replied affirmatively, but reasserted that they would not be able to plan any additional road construction work that late in the season. Mr. Strough then questioned if it was preferable for \$1.5 million in additional funding to be provided now and then retracted if they were not available and Mr. Tennyson replied that once the funds were placed in the Road Fund they could not be taken back out. Mr. Tennyson continued that it was possible to begin the contract bidding and planning work associated with any road projects planned for the additional \$1.5 million as these stages did not require expenditures, but noted that they would reach a point where they would require funding and he was not sure if they could delay that until June or July.

Mr. Taylor made a motion to recommend the appropriation of an additional \$1 million from the General Fund Unappropriated Surplus to the DPW Budget for County Road improvements, with the intention of the Committee being to meet again in May to determine whether additional funding was available. Mr. Conover seconded the motion, noting that he felt this was a wise approach in light of the fact there were other unknown costs the County would need to consider in 2014.

Mr. Girard pointed out Mr. Taylor had mentioned the Budget Committee would meet again in May to consider the County's budgetary status, but said he recalled Mr. Dusek had indicated the meeting would be held in August and he questioned which time frame was correct. Mr. Dusek stated an August meeting would be preferable because they would not have all of the information necessary to make such an informed decision before that time. He acknowledged that holding the meeting in August would not be conducive to the construction schedule but reiterated that the Committee would not have all of the information they needed to make this decision before that time; he added that providing an additional \$1 million, as per the motion made by Messrs. Taylor and Conover, was an aggressive start to dealing with the County's highway infrastructure needs. Mr. Dusek pointed out a notation in the Treasurer's Report indicating the figures provided did not account for costs associated with Westmount Health Facility or the lack of IGT (*Inter-Governmental Transfer*) funding payments, but said he hoped by August they would have more reliable information on both issues which would factor into the Committee's decision.

Mr. Thomas commented that the DPW Budget had suffered reductions in past years which had allowed the County roads to reach their current shape and he said it was not likely they would be able to address all of the paving work required in one year. He opined that if they could at least keep the roads from getting worse, they could address the necessary improvements over a multi-year program.

Mr. Taylor asked if trending figures were available for the County's cash flow status in future years and whether there was a relationship between those and the decreasing Unreserved Fund Balance figures. Mike Swan, County Treasurer, replied cash flow projections were not available as his Office had only been asked to make early projections regarding the Fund Balance. Mr. Swan noted that he would be addressing the Finance Committee at some point in the future to request that the lower end of the Fund Balance range set by prior resolution at \$6 million be raised to at least \$8.5 million. He stated that in his opinion, a higher limit was necessary to avoid any borrowing and a decline in the County's bond rating which would lead to an increase in bond-related costs. Mr. Swan commented that he was also very nervous about the situation with the Westmount Health Facility and the lack of IGT funding, which could have a devastating effect on the County budget.

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Chairman Geraghty made a plea for each of the Towns to turn in their County tax payments to the County Treasurer's Office as soon as possible.

Mr. Dickinson pointed out that the road projects scheduled for 2014 did not include any work in the Town of Lake George, but said he understood the need for additional funding and supported the initiative, commending Mr. Tennyson for the work he and his staff had done. He then stated another funding area the Budget Committee should consider was for invasive species eradication efforts and he asked that this issue be listed on the next Budget Committee agenda to begin those discussions.

Mr. Conover apprised he had spoken with Mr. Swan about the range set by resolution for the preferred Fund Balance limits and his feeling that the bottom limit was too low; he said he had encouraged Mr. Swan to bring this matter to the Finance Committee to be acted upon sooner, rather than later as the change in the limits would have a bearing on funding decisions.

There being no further discussion, Mr. Thomas called the question and the aforementioned motion to recommend the appropriation of an additional \$1 million to the DPW Budget for road construction was carried unanimously and the matter was referred to the Finance Committee.

As there was no additional business to come before the Budget Committee, on motion made by Mr. Conover and seconded by Mr. Strough, Mr. Thomas adjourned the meeting at 10:14 a.m.

Respectfully submitted,  
Amanda Allen, Deputy Clerk of the Board