

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: BUDGET

DATE: SEPTEMBER 10, 2014

COMMITTEE MEMBERS PRESENT:

SUPERVISORS THOMAS
TAYLOR
KENNY
MERLINO
CONOVER
MONROE
WESTCOTT
GIRARD
STROUGH

OTHERS PRESENT:

KEVIN B. GERAGHTY, CHAIRMAN OF THE BOARD
PAUL DUSEK, COUNTY ADMINISTRATOR
JOAN SADY, CLERK OF THE BOARD
SUPERVISORS BROCK
DICKINSON
FRASIER
SEEBER
WOOD
JOANN MCKINSTRY, ASSISTANT TO THE COUNTY ADMINISTRATOR
LEXIE DELUREY, DIRECTOR OF REAL PROPERTY TAX SERVICES
BETSY HENKEL, COMPTROLLER FOR WESTMOUNT HEALTH FACILITY
ROBERT LYNCH, DEPUTY TREASURER
PATRICIA NENNINGER, PERSONNEL OFFICER
GRETCHEN STEFFAN, COUNTY HUMAN RESOURCES DIRECTOR
MICHAEL SWAN, COUNTY TREASURER
JEFFERY TENNYSON, SUPERINTENDENT OF PUBLIC WORKS
DON LEHMAN, *THE POST STAR*
SARAH MCLENITHAN, SECRETARY TO THE CLERK OF THE BOARD

Mr. Thomas called the meeting of the Budget Committee to order at 11:29 a.m.

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

Mr. Thomas advised prior to discussing the Warren County Multi-Year Financial Plan prepared by Paul Dusek, County Administrator and JoAnn McKinstry, Assistant to the County Administrator, he would like to inform the Committee of the status of the 2015 County Budget, as well as what was not included in it. He said at this time the amount of funds required to be raised by the tax levy had increased by about \$1.5 million, which equated to an increase of 3.69%. He stated the Budget Team estimated an 8% increase in health insurance costs; however, he apprised, retirements costs were declining in the 2015 Budget. He commented no pay raises had been factored in for non-union employees. He mentioned the seven additional Corrections Officers positions that were approved earlier this year were included in the Budget; however, he said, the six additional full-time and the ten full-time equivalent Corrections Officer positions were not in the Budget. He noted no salary adjustments were factored into the Budget. He pointed out \$350,000 had been allocated to County Road Projects. He stated it could be determined at a later date whether additional funds would be allocated; however, he commented, it was not very likely this would occur. He estimated the tax levy increase to be about 1.6%, which was permissible because of inflation. He said this figure did not factor in adjustments such as growth in the tax base, pilots, if there was a pension allowance, and any available carryover. As an example, he stated, the 2014 County Budget could have been increased by 2.26% rather than the 1.27% increase that was adopted. He advised he would return at a later date to discuss some specific items. He asked Mr. Dusek and Mrs. McKinstry to explain the Plan they had developed.

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.

Mr. Dusek explained the Plan was assembled based upon what they projected as growth or decreases in revenues and expenses from this year forward. He said it was critical to understand that some of the items Mr. Thomas mentioned were not included in the 2015 County Budget were included in the Plan. As an example, Mr. Dusek apprised a portion of the 3.69% increase Mr. Thomas mentioned related to the Westmount Health Facility, which was addressed in the Plan, as well. He added the new Corrections Officer positions that had not been included in the 2015 County Budget were addressed in the Plan.

Mr. Dusek advised when the Plan was developed they considered all the operations that had been approved by the Board thus far and where the County stood from a financial standpoint. He continued, from there they estimated what they believed would be the future revenues and expenditures for each year going forward. He said they attempted to make the Plan as comprehensive as possible to determine whether it made sense to utilize the fund balance on a long term basis to offset an increase because the fund balance or surplus was essentially a savings account. He pointed out if the entire fund balance was utilized this year to balance the budget there would be no funds to assist with balancing the budget the following year; therefore, he said, a substantial tax increase would be required. He stated he reviewed a number of years to determine how much of the fund balance was acceptable to utilize to ensure an adequate fund balance remained to cover operating cash flow needs, as well as to maintain a fiscally responsible appearance to credit agencies. He commented although no decisions had been rendered on the Court Expansion Project, he felt it was important for the County to appear fiscally responsible so that if funds were borrowed for the project a lower interest rate could be achieved. He noted over the last few years the County had increased their credit rating.

Mr. Dusek stated the Plan assisted the Committee members in making decisions with regards to budgeting, as they could view the impact any changes made would have, such as ending programs, starting programs, etc. He said the Committee members could make a judgement call as to whether or not they agreed with the projections included in the Plan. He apprised that Warren County was currently comprised of government, business-type and component unit activities. He noted the Plan 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.

With regards to the General Fund he advised, 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 stated their 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. He pointed out the decrease in Federal Aid in 2013 related to the reimbursements for the DSS (Department of Social Services) Child Care, which was 100% reimbursed. He explained because there were less expenditures in this area the revenue decreased, as well. Mr. Westcott questioned whether there was any Federal Aid received that was not associated with an expenditure. Mr. Dusek replied he was unsure. He stated he would research this matter further and report back.

In reference to State Aid, Mr. Dusek apprised 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. He stated they had originally projected just over \$1.5 million in mortgage tax revenue for 2014; however, he said, he was unsure whether this figure would be achieved, as the amount received thus far was much less than projected. He continued because of this they decreased their projections moving forward. He pointed out they projected mortgage tax revenue to be about \$1.4

million over the next few years because they were unsure of what type of impact the increased interest rates would have on homes sales and refinancing. He advised this figure could change if there was a period of growth locally and home sales increased; however, he said, because of the uncertainty they chose to budget conservatively.

Mr. Dusek stated 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. He pointed out the program commenced in June of 2010; therefore, he said, the revenue received this year was much lower than the years going forward. He advised the Jail Services Revenue was co-related to many different factors. He pointed out in 2010 the Jail Services Revenue received was a significant amount because several Counties had not yet constructed their new facilities; therefore, he said, they paid to board their overflow of inmates at Warren County. He continued, once these new facilities were constructed they no longer boarded their inmates thereby drastically decreasing the Jail Services Revenues. He credited the Sheriff with securing more Federal inmate boarding days to make up for some of the lost revenue. He said the Sheriff anticipated receiving more revenue than was included in the adopted 2014 County Budget. He added upon the suggestion of the Sheriff, for the next few years they projected receiving about \$600,000 in Jail Services Revenue. He commented this was a good example of a Department Head aggressively pursuing revenue to support the County's operations.

With regards to Sales Tax projections, Mr. Dusek advised they had increased their projections for sales tax revenues from 2013 to 2014 by about 2.2%. He explained because they did not have the final figures for 2013 available when the projection was made they had to estimate what they thought the final figure would be for the year. He continued, a percentage of this estimated total was utilized to project the 2014 total, which was less than 2%; however, he said, because they did not achieve the figures projected for the 4th quarter in 2013 a 2.2% increase was required. He said thus far in 2014 slightly over 1% of last years figures had been received. He apprised the third quarter figures for this year would not be available until mid October. He recommended the Budget Committee review the sales tax revenue closely; however, he said, for planning purposes he assumed a 2.5% increase. He said there were several reasons he projected 2.5%, the first of which was because there was no information available on the 3rd quarter figures for 2014. He continued, if this years 3rd quarter results were similar to that of previous years the 2.5% could very well be achieved or at least the 2.2% required could be met. He stated if the 2.5% was achieved this year, he believed it was reasonable to project the same increase for future years, as well. He pointed out he had also utilized the projections from the New York State Budget Office to calculate the percentage. He noted the State was more aggressive in their projections than he was, as they projected a 3% increase Statewide in 2015, a 3.7% increase for 2016 and 2017, and a 3.8% increase in 2018. He mentioned historical trends were also reviewed to assist with calculating their future projections. He explained prior to the recession of 2008 and 2009 the historical trends displayed a healthy growth in sales tax revenues. He said in order to calculate the figures for the Plan he reviewed the historical trends and attempted to make an accurate estimate from this point in time on which to base a discussion He stated viewing it from this frame of mind allowed for the figures to be adjusted to reflect the actual figures that would be available in October. He advised these figures could certainly be adjusted below the 2.5%; however, he cautioned, if no growth was projected expenses would need to be cut elsewhere or additional funds from the surplus would be required. He reminded the Committee if more funds from the surplus were utilized it would deteriorate the overall financial standing of the County. He apprised it was important to realize that budgeting conservatively was not necessarily the best option, as it was more effective to budget as accurately as possible to ensure credit agencies, as well as the public were confident that the financial projections were accurate and the County was being managed properly.

The next major source of revenue for the County, Mr. Dusek stated, was the Warren County Tax Revenue, which was projected on the assumption of a 1.57% tax levy increase. He said in preparing the figures for the Plan, he always assumed the tax levy will remain the same as the previous year; however, he apprised, there was flexibility to adjust these figures. He noted if an insufficient amount of funds were raised from the tax levy, expenses would need to be reduced, other revenue sources would need to be sought or additional funds from the surplus would be required to make up the difference. He pointed out the red portion of the bars depicted in the graph displayed the amount of surplus funds utilized to balance the budget and the gray portion of the bars referred to the actual amount of funds raised by taxes. He advised the projections for 2014 and 2015 included utilizing a substantial amount of the surplus to balance the budget; however, he said, minimal amounts were required from 2016 onward. He said it was important to note the Plan displayed what the impact of utilizing the fund balance was over a period of years. He added the acceptable fund balance as stated by Resolution was somewhere between \$6,000,000 and \$12,000,000. He said the County was fortunate to have acquired a fund balance over \$12,000,000. He advised he thought the minimum balance for the fund balance should be no less than \$7,000,000 to ensure that cash flow needs for the County were met. He explained the cash flow issue in the beginning of the year was attributed to the delay in receiving revenue; therefore, he said, a portion of the fund balance was used to pay the expenditures, contracts and payroll due during this timeframe. He indicated that he felt a \$9,000,000 fund balance was a more secure amount to have on hand in case of cash flow issues and emergencies. He stated the General Fund Revenue Summary added up all the revenues and provided the total amounts projected for the year.

Mr. Dickinson asked Mr. Dusek to explain why there was a significant decrease in the tax levy from 2015 to 2016. Mr. Dusek explained there was not a decrease in the tax levy from 2015 to 2016; however, he stated, a significant decrease in the amount of funds from the General Fund would be utilized in 2016 to balance the Budget.

With regards to General Fund Expenditures, Mr. Dusek apprised the amendments to the 2014 County Budget were not reflected in the figures for 2014. He said the Plan was prepared with the adopted figure to ensure the future years projected figures were more accurate. He stated Personnel Services consisted of the raises included in the union contract, as well as assumptions for increases for non union employees, etc. He added they also included in the figures the amount for the additional Correction Officer employees that were discussed earlier. He said the contractual figure was compiled from the data provided by Department Heads. He advised health insurance was normally projected with a 10% increase; however, he stated, from 2014 forward he projected an 8% increase because he had been informed by the County's health insurance broker that significant savings could be anticipated in health insurance costs. He apprised although he had not gotten official word on the actual amount of the decrease he was comfortable forecasting at least an 8% decrease. He pointed out the figures could be adjusted accordingly if the amount of the decrease was less than the 8% projected. He stated he would return to the Committee and outline the data once the final figures were available and include a proposed plan of how to proceed with estimating the insurance costs. He noted it was pertinent to ensure there was not a large fluctuation with the health insurance figures from year to year, as this created budgeting issues. He commented the goal was to take advantage of the decrease in cost while ensuring the figures remain stable.

Another factor that impacted the benefits, Mr. Dusek advised, was the decline in the cost of the New York State Retirement. He said the State indicated the cost would be decreasing by about 2%, which was projected in the figures, as well. He mentioned the figures at the top of the page displayed their impact on the General Fund, while the figures at the bottom of the page were broken down by function. He noted the occupancy tax was not accounted for in the Plan because it was a dedicated

fund spent by the Tourism Department, and provided funding for special events taking place in the County. Mr. Kenny questioned whether it was true that it had been suggested to decrease the Tourism Department Budget by \$200,000. Mr. Dusek explained the Tourism Department was asked to stabilize their budget so they could review what the additional funds were. Mr. Thomas interjected that the Tourism Budget did include salary and benefit cost increases.

Mr. Dusek apprised he did not anticipate any increases in CHIPS (Consolidated Highway Improvement Program) funding; therefore, he said, they decided the figures should remain the same over the next few years. He explained they did not include the additional CHIPS funding received this year because he believed this related to a special one time occurrence.

Mr. Conover questioned whether provisions were made in the Plan to address increasing the reimbursements to the Towns for snow and ice removal and Mr. Dusek replied in the negative. Mr. Dusek advised they would be reviewing this during the timeframe when they reviewed the requests for new expenditures and programs that were desired. He pointed out they did have a proposal available that would increase the reimbursement amounts. He continued, whether or not this would be included in the 2015 County Budget relied upon whether the County could adopt a Budget that included a 1.57% tax increase while still maintaining a reasonable use of the fund balance. Mr. Conover advised his concern related to the fact that they were not addressing the increasing costs the Town's incurred to maintain the County Roads located in their municipalities. He said he felt this may be one of the reasons the County has fallen so far behind on maintaining the roads. He advised he was worried they might reach a point where the Town's were no longer able to afford to maintain the County Roads, which would place a substantial financial burden upon the County. He stated he did not feel the County Administrator was responsible for projecting any increases or decreases in any line item of the County Highway Department, but felt this issue should be addressed in light of the County's responsibilities relating to public safety.

Mr. Dusek interjected the reason he did not include increasing the reimbursements to the Towns for snow and ice removal was because he felt it was necessary to discuss how to proceed first. He said if a new formula increasing the reimbursements provided to the Towns was approved it would be included in the Plan for next year. He pointed out since he was unsure of how the issue would be resolved he felt it should be left out of the Plan. He noted the issue needed to be addressed, as it was evident the Towns were not currently receiving a sufficient amount of reimbursement to cover their costs. He reiterated a few different options had been put together on how to address this issue.

Mr. Conover stated the matter should be thought of in the same terms of an energy bill from National Grid wherein you budgeted appropriately if you felt there would be an increase in energy costs for the year. He continued, National Grid was a contractor who would send you a bill and if the bill was not paid the power would be turned off. He said since the Towns did not bill the County for the snow and ice removal of County Roads they relied upon the County to provide them with a sufficient amount of reimbursement for this service. He commented the Towns could commence sending the County a bill for this service and if the County neglected to pay the bill they would discontinue the service or the County could recognize the responsibilities the Towns had in maintaining the County Roads and compensate them accordingly. He advised he was alarmed that the matter was not being addressed. Mr. Dusek responded the matter would be discussed and reviewed at a future meeting, as he recognized the magnitude of the situation. He added he was aware of the significance of resolving the matter sooner rather than later because the Town budgets had to be prepared. Mr. Conover pointed out it appeared the way the process was currently structured a representative from the County needed to request that the matter be addressed. Mr. Dusek reassured Mr. Conover that the matter would be addressed at a future meeting.

Mr. Dusek advised in addition to the CHIPS funding, The County Road fund also received funding from the Real Property Tax Levy. He stated the \$40,000,000 in taxes raised each year included the General Fund, as well as a breakdown of the Real Property Tax Items such as the County Road Fund. He said the County Road Fund expenditures were comprised of Personal Services, Equipment and Capital Outlay, Contractual, Debt Service, Employee Benefits and Interfund Transfers to other Funds. He mentioned the Debt Service originated from the flood damage in 2011.

Mr. Dickinson asked whether the payments to the Towns for snow and ice removal were included under contractual for County Road Fund Expenditures and Mr. Dusek replied affirmatively. Mr. Dickinson questioned what the current contractual amount was to the Towns for this service and Jeffery Tennyson, Superintendent of Public Works, replied the contract was for about \$1,000,000. Mr. Tennyson explained that about 140 of the 247 miles of County Road were maintained by the Towns. Mr. Dusek pointed out the current payment was roughly \$5,200 per mile plus an extreme snow and ice payment, bridge payment, mowing and sweeping payment. Mr. Thomas advised there had been about a 4% increase in the rates as compared to last years budget. Mr. Conover interjected he felt the process needed to be revamped to ensure it was more comprehensive, as they were required to provide justification for the County Budget. Mr. Dusek advised he was prepared to make a presentation regarding the subject matter at the next meeting so that a final determination could be rendered.

With regards to the Road Machinery Fund, Mr. Dusek advised it was comprised of funding from the Real Property Tax Levy, as well as rental revenue. He explained the rental revenue consisted of the funding the Public Works Department received for renting their equipment to other agencies. He said the Road Machinery expenses were related to the maintenance of the road machinery.

Mr. Dusek apprised the primary revenue streams for the Westmount (Enterprise) Fund were Departmental Income and State Aid. He said they were projecting a decrease in State Aid from 2014 to 2015 because of a decrease in the number of residents. Betsy Henkel, Comptroller for Westmount Health Facility, explained there had been a reduction in the number of residents housed at the facility over the past year because they were competing with several other facilities for new residents. Mr. Dusek pointed out the \$1,400,000 in Departmental Income listed referred to IGT (Intergovernmental Transfers) funding. He reminded the Committee the actual amount of IGT funding received in 2013 was greater than the anticipated amount of \$1,300,000. He said because of the uncertainty with the IGT funding, he projected the amount to remain the same over the next several years. He noted Michael McCarthy, McCarthy & Conlon LLP, the independent auditor for Westmount Health Facility was consulted and felt this was a fair projection for IGT funding. He commented they were trying to be as cautious as possible to ensure an accurate forecast of Westmount Health Facility's financial status. He stated the Westmount (Enterprise) Fund Expenses was comprised of Personal Services, Equipment and Capital Outlay, Contractual, Debt Service, Employee Benefits, Interfund Transfers to debt service fund and Depreciation. He commented the Debt Service referred to the Co-Gen.

In regards to the Major Fund Summary, Mr. Dusek apprised \$12,753,533 referred to estimated fund balance as a result of the adopted 2014 County Budget. He mentioned a revenue he neglected to mention in the amount of \$500,000 originated from the first payment from a settlement with an Indian Tribe for gaming revenues. He reminded the Committee the Plan accounted for the additional Correction Officers and revenue the Sheriff had secured. He pointed out the Plan displayed a downward trend on the Fund Balance; however, he said, the projected balances were still within an acceptable range for the fund balance. He stated he was not comfortable providing assurance that the Plans projections for the Fund Balance were accurate until final figures were available for certain

items that had a significant impact such as health insurance costs and sales tax revenue. He noted the Plan did not include additional funding for County Road projects or the Court Expansion project. He explained he did not include additional funding for the Court Expansion project because of the uncertainty with the cost. He added the Plan also assumed the sale of the Westmount Health Facility would be finalized in 2015. He commented if there was a delay in the sale of the facility it would have a severe impact on the available balance in the General Fund, as it would deplete the fund below the acceptable range. He apprised the benefit of the Plan was that it displayed the current financial status of the County, as well as demonstrated the impact if certain changes were made such as cutting and/or adding programs, etc. He stated the Plan also permitted changes to be phased in such as reducing the costs of the Public Health Department. He said the Budget Team had requested that the Public Health Department's Home Care Division reduce their costs in phases over the next few years until they achieved budget neutral status. He advised this was a good example of changes made by a Department to assist with reducing costs.

Mr. Dickinson queried how much revenue had been received from the settlement with the Indian reservation thus far and Mr. Dusek replied the first payment of \$105,000 had been received in July. He explained the County Treasurers's Office budgeted for \$400,000 in annual revenue from this settlement because the payments were made quarterly; however, he said, he budgeted \$500,000 on an annual basis because he had been informed that the quarterly payments would be more than the initial \$105,000, as this did not encompass an entire quarter. He stated once the next quarterly payment was received they would know whether his projection or the County Treasurer's projection were correct. Mr. Dickinson questioned whether the quarterly payments would go on indefinitely and Mr. Dusek replied in the negative. He explained the payments would continue until the contract ended. Mr. Dickinson asked what the revenue would be used for and Mr. Dusek responded the funds were allocated to the surplus.

Mr. Dusek recommended the Committee consider the following items for the Plan:

1. Determine whether they felt the revenue projections were appropriate;
2. Determine whether any programs, services, projects or activities should be undertaken or prior ones enhanced or terminated;
3. Determine whether the use of the fund balance applications were appropriate;
4. Consider the potential PBA (Police Benevolent Association) Collective Bargaining Agreement financial impacts in future years;
5. Consider the affect of increases in inflation, utilities, vehicles, gas, etc,;
6. Consider proposed County Road Improvement Plan and Machinery Enhancement Plan that were not covered in any future projections;
7. Consider County physical space needs not addressed in the multi-year plan; and
8. Consider whether projected deficits in the Westmount (Enterprise) Fund were appropriately being addressed.

Mr. Dusek stated the Committee should consider whether there were areas that needed to be addressed, such as Mr. Conover's suggestion from earlier relating to increasing the reimbursements to the Towns for snow and ice removal. He said it was necessary to discuss how this would be fashioned into the County Budget.

Mr. Conover questioned how much money would be required to operate the Westmount Health Facility in 2015. Mr. Dusek explained they projected about \$1,000,000 would be required for operating the facility the entire year; however, he noted, if the facility sold prior to the end of the year a reduced amount would be required. He added if the facility were to sell earlier in the year the impact from providing the matching IGT funds would diminish. Mr. Conover pointed out if the sale

were to fall through the Plan would require reconfiguring and Mr. Dusek concurred.

Chairman Geraghty questioned whether the Plan included funding for the purchase a new County-wide radio communications system and Mr. Dusek replied in the negative. Mr. Westcott advised he felt the sales tax revenue projections were too high, as the current figures only reflected a .9% increase from the prior years collection. He said if this trend continued through the end of the year the County would require a 4.8% overall increase to achieve the 2.2% required. Mr. Dusek advised they would need to closely review the results from the 3rd quarter, as there had been substantial increases in the previous years third quarters. He apprised if the sales tax figures from the 3rd quarter for this year were less than what was anticipated then the Plan would need to be revamped.

Ms. Wood commended the County Administrator and his staff for a job well done on preparing the Plan, as she was aware of the tremendous amount of work that went into preparing it. She suggested reviewing what the expense would be for the County should they take over the responsibility of maintaining the County Roads when the discussion regarding the reimbursements to the Towns for snow and ice removal took place. She reminded the Committee she had previously requested the Plan include something similar to the template provided by the State that displayed a comparison of the real property tax levy to the number of employees. Mr. Dusek apologized for misunderstanding Ms. Wood's request, as he thought she had requested information regarding the Debt Service, which he had included in the Plan. He said he would be able to provide all of the information she requested except the employment numbers at the next meeting. Ms. Wood asked whether Mr. Dusek could provide the current employment numbers and he replied affirmatively.

In reference to the Westmount Budgetary Reserves, Mr. Strough questioned whether the unrestricted fund balance became a deficit after the sale of the facility in 2015 and Mr. Dusek replied affirmatively. He pointed out because the IGT funds received this year was more than what had been anticipated the fund balance was greater than the estimated balance of \$216,127 listed for 2014. Mr. Dusek asked Ms. Henkel whether she knew what the balance of the unrestricted fund balance was. Ms. Henkel apprised she was unsure of the exact balance; however, she said, she estimated the balance to be about \$900,000. Mr. Strough asked whether the carry over costs of health insurance and workers compensation were included in the figures and Mr. Dusek replied affirmatively. Mr. Conover noted had there not been a mandate by the State to hire the additional Correction Officers they would have been close to achieving the Chairman's goal of a 0% tax increase. Mr. Strough pointed out how quickly the unrestricted fund balance for Westmount went from an estimated balance of \$216,127 in 2014 to a negative balance of \$6,993,095 in 2018. Mr. Dusek commented this was due to using up all of the funds available in the reserve. Mr. Dusek added he did not include the Legacy Costs in the figures if the facility was sold. He explained the figures listed accounted for the County continuing to operate the facility through 2018.

Mr. Westcott pointed out for budgeting purposes the facility's revenues and expenses were accounted for as if the County continued to operate the facility in these figures; however, he said, the projected figures for the Warren County Tax Levy anticipated the sale of the facility would close in 2015. Mr. Dusek explained the projected figures for the Westmount Health Facility assumed the County would continue to operate the facility and receive IGT funding. Mr. Strough questioned whether it was correct to assume if the facility was not sold, there would be a deficit of almost \$7,000,000 in 2018 and Mr. Dusek replied affirmatively. Mr. Thomas pointed out there had been discussion about budgeting for half a year in 2015 for the Westmount Health Facility; however, he said, it was determined this would be an inappropriate course of action considering the many factors that could impact the sale. Mr. Conover interjected the use of the fund balance assisted with

offsetting the operating costs of the facility to prevent a tax increase for 2014 and 2015. Mr. Dusek added he hoped to have a closing date available so they did not have to budget for the entire \$1,000,000 in 2015.

Chairman Geraghty advised he was concerned with the sales tax figures, as he felt they should be more conservative. He pointed out the County would fall further behind if the figure projected was not achieved. He added he wanted to ensure the Committee was mindful that a County-wide radio communications system required an upgrade. He continued, he projected the request for the upgrade would be presented at a future Public Safety Committee meeting with a substantial cost; however, he said, the cost was justified because it related to public safety. He commented the Committee members should be cautious when entertaining requests for additional staff in the 2015 Budget.

Mr. Westcott concurred with Chairman Geraghty that the forecasted figures for sales tax should be more conservative. He added moving forward the main priority should be to address Mr. Conover's request to increase the reimbursements to the Towns for snow and ice removal of County Roads. Mr. Conover commended Mr. Dusek for compiling the data regarding the subject so that it was in a comprehensive format. Mr. Dusek credited Mr. Tennyson for assisting him with compiling the necessary data. Chairman Geraghty advised he felt the expense to the County would be insurmountable if they had to take over the maintenance of the County Roads from the Towns. Mr. Conover stated he was confident the issue would be rectified once a more comprehensive formula was available.

Mr. Monroe queried whether the health insurance increase should be reduced to 6%, as the State had reduced the health insurance carriers request from 13% to 6%. Mr. Dusek advised he understood it to be based upon the nature of the coverage. He said he would have to have more information to understand how that related to the County. He reiterated he reduced the rate increase from 10% to 8% because the County health insurance broker informed him the rate increase was much lower than what was originally anticipated. He said he planned on meeting with the health insurance carrier to review the figures and forecast the impact for the next few years. Mr. Conover pointed out because it was a sizable figure any amount of reduction would have a significant impact.

Mr. Monroe questioned whether any funding had been set aside to combat invasive species and Mr. Dusek replied affirmatively. He explained he budgeted \$300,000 for invasive species, which was the same amount set aside for this in the 2014 County Budget.

Mr. Dickinson apprised he had met with representatives of the Lake George EMS (Emergency Squad) to discuss their funding request to the Town of Lake George. Mr. Dickinson stated he was alarmed that their request had increased substantially from the prior year. He said he was concerned because he did not have the funding available to accommodate their request. He added he believed several other Towns were dealing with the same issue, as well. Mr. Westcott asked Mr. Dickinson whether there was a solution to managing the process correctly and Mr. Dickinson replied he was unsure. Chairman Geraghty advised this was a County-wide issue that needed to be addressed sooner rather than later. Mr. Monroe apprised the trends were displaying the use of paid squads due to the lack of volunteers. He pointed out the costs for EMS in the smaller municipalities were about \$500,000.

Mr. Dusek noted he did not account for the States requirement of a 1% cost savings/shared services type of arrangement in the Plan. He said he thought the sale of the Westmount Health Facility may

cover this but he was unsure. He stated they were exploring whether there was some type of program the County could work with the Towns on to ensure all interested parties met the requirements. Mr. Dickinson stated it was his understanding the municipalities could take credit for cost savings/shared services that had already been achieved. Mr. Dusek urged caution, as he was not fully aware of the requirements. He said he expected to learn more about the requirements when he attended the NYSAC (New York State Association of Counties) conference in a few weeks. He stated he was concerned that the County and Towns would have difficulty achieving the 1% requirement. Mr. Geraghty pointed out Warren County and the Towns had already carried out many of the items that were suggested to achieve the 1% cost savings/shared services.

Mr. Conover stated he was pleased that the Tourism Budget would not be increased this year, as he felt this would assist them with identifying where the funds were required.

There being no further business to come before the Budget Committee, on motion made by Mr. Strough and seconded by Mr. Taylor, Mr. Thomas adjourned the meeting at 1:07 p.m.

Respectfully submitted,
Sarah McLenithan, Secretary to the Clerk of the Board