

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: BUDGET

DATE: OCTOBER 7, 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 BEATY
BROCK
FRASIER
MCDEVITT
SEEBER
SIMPSON
VANSELOW
WOOD
JOANN MCKINSTRY, ASSISTANT TO THE COUNTY ADMINISTRATOR
MICHAEL SWAN, COUNTY TREASURER
ROBERT V. LYNCH, DEPUTY TREASURER/FISCAL ASSISTANT TO THE
COUNTY ADMINISTRATOR
JEFFERY TENNYSON, SUPERINTENDENT OF THE DEPARTMENT OF PUBLIC
WORKS
GRETCHEN STEFFAN, COUNTY HUMAN RESOURCES DIRECTOR
DON LEHMAN, *THE POST STAR*
CHARLENE DIRESTA, SENIOR LEGISLATIVE OFFICE SPECIALIST

Mr. Thomas called the meeting of the Budget Committee to order at 10:09 a.m.

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

Various handouts were distributed to the Committee members; *copies of same are on file with the minutes.*

Commencing, Mr. Thomas stated the first matter to come before the Budget Committee was to receive an update on the status of the Multi-Year Financial Plan and he noted the handout entitled "2014 Warren County Financial Management Plan - 10-7-14" reflected a summary of the Plan. He referred to the handout containing a list of items totaling \$1,895,688 not included in the Multi-Year Financial Plan Summary and not yet accounted for in the 2015 Budget which he listed, as follows:

- ▶ Increase of the Snow and Ice Payment Rates to Towns (\$238,000);
- ▶ Upgrades for the Office of Emergency Services (OES) Radios (\$600,000);
- ▶ Expansion of the Court Facilities;
- ▶ Additional Computer Reserve Funds (\$83,127);
- ▶ Additional Contingency Funds (\$50,000);
- ▶ Airport Fuel Tank Upgrades (if County was not awarded grant funding, local match was budgeted for 2015);
- ▶ Soil & Water Hazard Mitigation Plan;
- ▶ Reallocation of Caseworkers In the Department of Social Services (DSS) (\$139,190 total with the cost to the County being approximately \$30,000);
- ▶ Reallocation of the Payroll Supervisor (\$2,853); and

- ▶ Department Head Requests and 2% Salary Increases for All Non-Bargaining Unit Employees Plus Fringe (\$782,518).

Mr. Thomas pointed out the \$782,518 listed for Department Head requests and 2% salary increases for all non-bargaining unit employees plus fringe also included the additional staffing for the Corrections Division of the Sheriff's Office totaling \$508,968 plus fringe benefits. Paul Dusek, County Administrator, informed there was an error in the handout which listed items not included in the Multi-Year Financial Plan which Mr. Thomas had just reviewed. He explained the \$508,968 for additional staffing of the Corrections Division had been included in the Multi-Year Financial Plan and was reflected in the Multi-Year Financial Plan Summary which was distributed. He noted this reduced the total amount of items not included in the Multi-Year Financial Plan from \$1,895,688 to \$1,386,720.

Referring to the Multi-Year Financial Plan Summary, Mr. Dusek stated this document had been updated since it was reviewed at the September 10, 2014 Budget Committee Meeting. He explained the Multi-Year Financial Plan Summary looked at all of the actual and projected revenues and expenditures associated with County operations over a number of years. He said the bottom line of the Summary reflected the actual/estimated General Fund Surplus (fund balance) for Warren County. He noted the estimated General Fund Surplus for 2014 was \$12,753,533 which he opined was a healthy surplus balance. He recalled the Board of Supervisors had adopted a resolution several years prior indicating that the General Fund Surplus should remain between \$6 million and \$12 million. He noted the resolution had been adopted during a period of time when the County was undergoing considerable financial difficulties with the fund balance. He reminded the Committee members that the fund balance at that time had been so low that the County was required to borrow money for cash flow purposes. He added the intention of the resolution had been to set reasonable targets for rebuilding the fund balance. He noted a surplus of \$6 million would still cause cash flow problems and \$7 million would be the bare minimum amount of surplus to ensure proper cash flow; however, he continued, a surplus of \$7 million would not offer a buffer in the event there was an unexpected event or a downturn in the economy. Mr. Dusek voiced his concern about the County's sales tax projections and explained the County had projected 2.2% for 2014 and 2.5% for future years based on historical numbers and State projections. He said many counties were struggling with their sales tax projections and the County was currently at a .8% increase, as opposed to the 2.2% increase projected. He pointed out another report on sales tax would be available next week and the County would need to make some decisions as far as where they estimated the sales tax revenues would be at the end of 2014. He stated if the County did not meet the sales tax projections, it may be necessary to use some of the fund balance.

Pertaining to the actual/estimated General Fund Surplus line on the bottom of the Multi-Year Financial Plan Summary, Mr. Dusek pointed out there was a projected decrease in the surplus amounts for 2015 and 2016 with a projected increase for 2017 and 2018. He explained the Multi-Year Financial Plan Summary assumed a 2.5% increase in sales tax revenues each year and if this was not realized then the amount of fund balance would be decreased. He stated based on the best available information, the County was now projecting that health insurance benefits would increase by 4% in 2015 and by 6% for future years, as opposed to the 8% which had previously been projected. He apprised the County had been progressive with the management of their health care products. Mr. Dusek informed the Multi-Year Financial Plan Summary was a "living" document which changed on a regular basis as information changed and he noted the document had been amended since the September 10, 2014 Budget Meeting and the numbers had improved. He said changes to the Multi-Year Financial Plan Summary from the previous Budget Meeting included: a projected decrease in revenues in the General Fund of \$101,644; a decrease in debt service due to the payoff for the Lake George Environmental Park BAN (Bond Anticipation Note) in 2014 for a savings of

\$48,279; and a decrease in the County Road, Road Machinery and Westmount Funds due to the decreased health insurance benefits projections totaling \$368,885.

Mr. Dusek emphasized the actual/estimated General Fund Surplus projections assumed the County would no longer have the liability of Westmount Health Facility and if the Facility was not sold, the amounts listed for Westmount Surplus (Deficit) would need to be subtracted from the actual/estimated General Fund Surplus amounts. He added the fund balance would continue to decrease at approximately \$1.7 million per year if Westmount Health Facility was not sold, which would cause a serious financial problem for the County. He stated the Multi-Year Financial Plan Summary was based on the assumption that Westmount Health Facility would be sold in the beginning of 2015. He said there was every reason to believe the County would reach an agreement with Specialty Care for the sale of the Facility before the budget was finalized. Budgeting the necessary funds for the operation of Westmount Health Facility for the entirety of 2015, he continued, would drastically change the projected amounts of the Multi-Year Financial Plan Summary in terms of the fund balance and the amount to be raised by taxes. He said there were a number of items which needed to be discussed by the Budget Committee pertaining to the 2015 County Budget.

Mr. Dusek reviewed again the items previously listed by Mr. Thomas and reiterated these items had not been addressed in the Multi-Year Financial Plan Summary with the exception of the additional Corrections Division staffing, as previously mentioned. He commented the upgrades for the OES radios and the expansion of the court facilities would mostly be bonded which would defer the financial impact until 2016 or 2017. He noted it would be necessary to determine what the OES intended to purchase for the estimated \$600,000, if that purchase would be bondable and for what period of time.

Mr. Monroe apprised he had received a phone call from the Town of Chester's health insurance broker yesterday informing the Medicare Advantage Plans were anticipated to increase by 45% next year. Mr. Dusek responded the County was also seeing an increase in the Medicare Advantage Plans; however, he continued, the County's broker had shopped around for the least expensive plan and this change would be discussed at the October 8, 2014 Personnel Committee Meeting. Mr. Monroe asked if the increase was included in the current projections and Mr. Dusek replied affirmatively. Mr. Dusek stated the County had done well on the self-insured prescription card and the minimum premium arrangement for the health insurance. He explained the County was not self-insured for health insurance but they were not totally experience rated either and this arrangement had been working well.

Mr. Westcott inquired about the reallocation of Caseworkers in the DSS listed as \$139,190 and Mr. Thomas clarified the cost to the County was approximately \$30,000 because the positions were 78% reimbursable. Mr. Thomas explained the approximate cost reported at the Social Services Committee Meeting had been \$50,000 reflecting a 62% reimbursement rate; however, he added, the actual reimbursement rate was 78%.

Mr. Thomas recalled that at the September 10, 2014 Budget Committee Meeting there had been eight items presented for consideration which were reflected on the handout entitled "Recommendations of Committee Multi-Year Financial Plan Consideration". He said the Committee would discuss each of these items the first of which was to determine that the revenue projections were appropriate. He listed the following as projected revenue increases budgeted in the 2015 County Budget:

- ▶ a projected 2.5% increase in sales tax projections of approximately \$1.25 million;
- ▶ a 1.5% property tax levy totaling approximately \$463,000;

- ▶ gaming revenue at approximately \$500,000 reflecting the agreement Governor Cuomo had reached with the Indian casinos;
- ▶ revenue due to increased expenses for the Office for the Aging (OFA), DSS, Public Health, etc. at \$790,997;
- ▶ additional revenue for the Jail of approximately \$300,000; and
- ▶ a reduction in the mortgage tax revenue of approximately (\$200,000).

Mr. Thomas stated the total revenue increase projected was approximately \$3.1 million. Mr. Westcott commented the projected sales tax revenues for 2014 were currently short approximately \$500,000 and Mr. Thomas agreed. Mr. Westcott opined a 2.5% increase in sales tax projections for 2015 seemed aggressive. Mr. Strough asked if there was anything which could be done to increase sales tax revenues. Mr. Dusek responded the question to be answered was what was causing the decrease in sales tax revenues. He said the Committee had discussed the possibility of online purchases contributing to the decrease due to an increase in the number of people purchasing online items. He advised a number of online companies, particularly the larger companies, were collecting New York State sales tax from residents that purchased items online. Mr. Strough asked if the County could be doing more, particularly in the off season to promote local retail stores, restaurants, etc. and Mr. Dusek replied the Tourism Department was already promoting shopping in Warren County. Mr. Dusek apprised the newly expanded outlet centers would present an opportunity to further promote shopping in Warren County. Mr. Girard recalled the question had been asked previously whether the State could provide a breakdown concerning where sales tax dollars were collected, such as vehicle purchases, clothing, etc. Michael Swan, County Treasurer, advised the State did not track this type of information on sales tax revenues and any information which was provided was generally two years behind. A discussion ensued pertaining to sales tax revenues and projections.

Mr. Taylor apprised there were several things happening in Warren County which should increase sales tax revenues, such as: the opening of the new Price Chopper in the Town of Warrensburg; the Sagamore Resort's decision to remain open for the full season; the construction of the additional outlet mall; and the future construction of Hacker Boat Company at the Queensbury Business Park. He opined the County had been a little too aggressive with the projected increase of 2.5% per year. Mr. Monroe commented the completion of the Festival Space at Charles R. Wood Park should also result in an increase in sales tax revenues. Mr. Dusek advised if the Committee determined that an alternate sales tax projection should be used those changes could be made to the Multi-Year Financial Plan Summary.

Mr. Thomas stated the next item on the list of considerations was to determine whether any new programs, services, projects or activities should be undertaken or if prior ones should be enhanced or terminated. Mr. Dusek informed the Multi-Year Financial Plan Summary was based on a model which assumed that all programs, services, projects and activities would remain the same. He mentioned if the County wanted to initiate a new program they would need to determine the source of funding. Conversely, he continued, if the County wanted to eliminate a current program, the funding would be available for new programs. He said if the County wanted to make changes, this was the time to discuss them as it would not only effect the 2015 County Budget but also future budgets.

Ms. Seeber said this seemed to be the appropriate time to discuss the possibility of reclassifying the Typist/Keyboard Specialist position in the Veterans' Services Department from part-time to full-time. She noted this topic had been discussed during the budget session for the Veterans' Services Department and Denise DiResta, Director of Veterans' Services, had indicated there were five previous employees in this position over the past years, due to the fact that it was only part-time.

She commented Ms. DiResta had advised that if she was able to reclassify the Typist/Keyboard Specialist position to full-time, she would have more time to devote to increasing revenues. Ms. Seeber asked if this possibility had been considered since the budget discussions had taken place. She recalled the possibility of applying for grant funding to cover the cost of the Typist/Keyboard Specialist position had been discussed. Mr. Thomas stated the plan had been to look into the possibility of applying for grant funding but thus far no available funding had been determined. He said Ms. DiResta had indicated a full-time Typist/Keyboard Specialist would allow her time to apply for and acquire more grant funding for the Department; however, he continued, with her current workload she did not have the available time to pursue the grant funding. Mr. Dusek commented the ability to provide services to the Veterans had been a concern and he said they were continuing to look into this possibility. He mentioned any items relating to personnel would require additional time to study in order to present a full proposal on all personnel matters. Mr. Strough said it was sometimes more effective to out source the grant writing rather than have County personnel complete it. He added professional grant writers were often more successful in being awarded funding.

Mr. Strough recalled there had been recent articles in the newspapers regarding the possibility of allocating additional funding towards the improvement of County roads and he asked if the Budget Committee should be discussing this topic. Mr. Thomas responded the 2014 County Budget had included \$1.65 million in CHIPS (Consolidated Highway Improvement Program) funding; \$350,000 had been levied; and \$1 million had been taken from the fund balance for the upkeep and improvement of County roads. He advised when Jeffery Tennyson, Superintendent of the Department of Public Works (DPW), submitted his Departmental budget request, the \$350,000 had not been included; however, he continued, it had been added in by the Budget Committee. Mr. Thomas stated the current amount allocated to the County Road Fund was \$2 million. Mr. Strough asked if this amount was sufficient for proper maintenance and improvement of County roads. He added if the quality of County roads continued to deteriorate, it would end up costing more money. He asked if the County had initiated a program for proper maintenance and improvement of the County roads. Mr. Thomas stated his hope had been to build onto the original \$350,000; however, since that money had been eliminated and then later returned to the budget, it had been difficult to find the necessary additional funding.

Mr. Westcott stated the 2012 operating budget for the Floyd Bennett Memorial Airport had been a net \$695,000 and in 2013 it had been a net \$835,000. He asked the projected operating budget for the Airport for 2015 and Mr. Thomas responded he did not have that figure available at this time but he would get it for Mr. Westcott. Mr. Westcott asked when the bond payments on the Airport hangars would conclude and Mr. Swan replied the bonds had been for five years and the last payment would be made in 2015. Mr. Westcott requested the Committee members to take a serious look at the operating budget for the Floyd Bennett Memorial Airport. Mr. Tennyson presented Mr. Thomas with the information requested by Mr. Westcott. Mr. Thomas said the 2014 adopted operating budget for the Airport had been \$874,796, the 2014 amended operating budget had decreased by approximately \$600, and the 2015 Departmental request was \$850,022. He continued that the 2014 revenues had been \$122,400 and the 2015 projected revenues were \$125,900.

Mr. Thomas informed the next item for consideration was to determine that the use of fund balance applications were appropriate. At the September 10, 2014 Budget Committee Meeting, he said, a handout was distributed which showed the surplus amounts allocated to all four funds: General Fund; County Road; Road Machinery; and Westmount which totaled approximately \$3.8 million in fund balance usage. He noted the projected appropriation from the fund balance to the General Fund for 2015 had been \$2.2 million. Mr. Conover said he felt the use of the fund balance was appropriate assuming the sale of Westmount Health Facility took place. Mr. Thomas pointed out \$960,000 was

projected to be allocated from the fund balance for Westmount Health Facility in 2015. Mr. Conover apprised that if the Facility was sold in early 2015, then the appropriation from the fund balance would be a one time cost. He commented the money which would no longer be necessary for the operation of Westmount Health Facility could potentially be used for County road maintenance and improvements.

Mr. Dusek stated the actual/estimated General Fund Surplus amounts were based on the assumption that approximately \$2 million per year would be allocated to County roads and he acknowledged this was far below the recommended amount. He noted the amount estimated for the fund balance in 2018 was \$11,972,770 which could be decreased by certain factors, such as: decreasing the sales tax projections; increasing the payment rate to Towns for snow and ice removal on County roads; bond payments for the Court Space Expansion Project and upgrades to the OES radios, etc. He said he considered a fund balance of \$9 million to be a safe level. He commented that when the Committee made decisions, such as to decrease the sales tax projections or increase the allocation to a particular line item, the Multi-Year Financial Plan Summary was updated to determine the effect on the actual/estimated General Fund Surplus.

Referring to the handout entitled "Four Year Financial Plan - Fiscal Years 2015-2018", Mr. Monroe requested an explanation for the decrease in the Property Tax Limit from \$167,040,104 in 2013 to \$163,928,802 in 2014 and Mr. Thomas replied he believed this amount was the County's Constitutional limit. Robert V. Lynch, Deputy Treasurer/Fiscal Assistant to the County Administrator, explained the Property Tax Limit was generally based on an average of five years and was calculated by a formula determined by the State Comptroller's Office. Mr. Monroe asked if this amount had anything to do with the tax cap and Mr. Lynch replied in the negative. Mr. Dusek apprised the total County tax levy was approximately \$40 million which was nowhere near the Constitutional limit.

Concerning County roads, Mr. Westcott asked if \$2 million per year was sufficient to keep the quality of the roads from degrading and Mr. Tennyson replied in the negative. Mr. Tennyson explained there were 247 miles of County roads and if an overlay lasted about ten years, the County would need to pave about 25 miles of road per year with simple overlays. He added the cost for paving 25 miles of road per year was approximately \$2.5 million or \$100,000 per mile. He said he would need \$2.5 million per year in order to establish a simple overlay program for the County roads. He commented the 2014 County Road Program had included reconstruction work to improve some of the roads which had degraded and approximately \$1.4 million had been expended on improving the road infrastructure. Mr. Westcott clarified the \$2 million budgeted was insufficient to maintain the roads and Mr. Tennyson agreed and predicted the grade of the County roads would decrease. Mr. Tennyson stated it was possible to get by with that amount of funding for the short term, assuming there would be an opportunity at some point to catch up on the road maintenance.

Pertaining to the list of items not included in the Multi-Year Financial Plan Summary or 2015 County Budget, Mr. Westcott commented he did not understand some of the items as far as their priority or whether or not they were mandated. He said he was aware the Court Space Expansion Project was mandatory but he asked what other items were absolutely required and which were elective. Mr. Dusek stated he would quickly review each item on the list for the Committee members.

Mr. Dusek explained the increased snow and ice payment rates to Towns was an item which had been discussed by the Board for some time. He said a portion of the State Snowplow Agreement Options had been distributed which indicated the State paid municipalities based on a time and materials agreement, an indexed lump sum agreement or a fixed lump sum agreement. He noted the time and materials agreements were a relatively complex way of municipalities beginning the process to receive reimbursements for the actual amount expended on snow and ice removal. He

continued by saying the indexed lump sum and fixed lump sum agreements were less complex and were still based on the original time and materials. He stated a lot of record keeping and analysis were required to be completed up front and he felt the easiest way to proceed was to present this material to the Committee members for review. He pointed out he had underlined some of the key provisions in the agreements. He commented the State formulas were relatively complex and most Towns would find the necessary paperwork to be cumbersome. The other approach, Mr. Dusek continued, was an analysis completed by Mr. Tennyson as to the County's estimated actual costs for snow and ice maintenance if the County was to assume the responsibility of maintaining the roads. He noted Mr. Tennyson's analysis had also been distributed along with the 2014 Municipal Contract Highway Recommended Payment Rates. Mr. Dusek explained Mr. Tennyson's analysis revealed an estimated cost of \$6,784.02 per mile compared to the current payment rate to Towns of \$5,270.87 per mile. He added the formula balanced the per mile rate over a three year period which meant the amount could increase or decrease depending upon the severity of the winter seasons. Mr. Dusek stated he liked this approach because it equated to the County costs, although he acknowledged a possible difference between County costs and Town costs. He said the impact to the budget by initiating this option would be \$238,000 and he advised the decision of whether or not to make the change for the 2015 budget would be determined by the Board of Supervisors. He commented the Towns were not required to plow County roads and the County did not want the Towns to incur costs for this plowing. He opined the status quo was no longer working and the matter should be addressed in some fashion.

Mr. Dusek explained the next item on the list pertained to upgrading of the OES radios concerning the communications system for the Fire and Sheriff's Departments, as well as the Emergency Squads. He commented a full presentation had been made by Televate, Inc. at the September 29, 2014 Public Safety Committee Meeting and an additional presentation would be made at the October 17, 2014 Board Meeting. He advised Televate had indicated some media upgrades could be made to the radio system for approximately \$600,000 to \$700,000; however, he continued, Televate had also indicated that for long term improvement of the radio system the cost could be as high as \$6 million. He noted the presentation at the October Board Meeting should assist the Supervisors in the decision making process for this item.

Mr. Dusek said the next item concerned the necessary expansion of the court facilities and he felt all of the Supervisors were currently engaged in the ongoing discussions for this item. He noted the cost of the Court Space Expansion Project was currently unknown but projections would be forthcoming.

Mr. Dusek stated the next item was the additional fund for the Computer Reserve which pertained to the concept of upgrading the County's entire computer system. He apprised this year monies from the current Computer Reserve Fund would be utilized to upgrade the network system which was quite outdated. The balance of the money, he continued, would be used to upgrade the County servers which were the primary instruments by which emails and other information were exchanged between County Departments. He advised Michael Colvin, Director of the Information Technology Department, was looking at moving towards a virtualization project which would essentially use massive servers to take the place of many smaller servers. He said this was the current technology and would save the County money in the long run, as well as allow the County to be efficient and have some redundancies to protect the system. He encouraged the Budget Committee to consider the additional Computer Reserve to be a priority because if the County computer system went down it could result in massive problems.

Mr. Dusek said the next item was an additional \$50,000 to be allocated to the Contingent Fund and he noted this item was totally optional. He explained the Contingent Fund was currently budgeted

at \$250,000 and the remaining balance for 2014 was approximately \$43,000. He mentioned this was money intended for unanticipated expenditures and he had suggested increasing the Contingent Fund to \$300,000 because it seemed that each year the County came closer to depleting the amount budgeted.

Airport Fuel Tanks, Mr. Dusek commented, was the next item on the list and he explained the amount necessary would depend on the grant agreements and the amount the County was required to fund for the local match. He stated the Airport fuel tanks required replacement and this matter needed to be addressed.

Mr. Dusek mentioned the next item pertained to the Soil & Water Hazard Mitigation Plan and he explained the amount necessary was unknown but was not anticipated to be significant because grant applications had been submitted. He said the County was required to have a Soil & Water Hazard Mitigation Plan and the details were being taken care of by the Soil and Water Conservation District. He estimated the cost involved would be approximately \$50,000 to \$75,000 and the Plan was required to be in place by 2016.

Concerning the reallocation of Caseworkers in the DSS, Mr. Dusek stated the net cost to the County was approximately \$30,000. He explained this would increase the salaries of the Caseworkers to allow the County to retain and attract Caseworkers to the DSS. He noted the same concept applied to the next item which was the reallocation of the Payroll Supervisor.

Finally, Mr. Dusek apprised the last item pertained to Department Head requests and a 2% salary increase across the board for all non-bargaining unit employees plus fringe benefits which was estimated to total \$273,550. He stated this was an optional expense; however, he pointed out the County was giving all Union employees a 2% salary increase.

Mr. Dusek acknowledged that as part of the budgeting process the Committee members would want to prioritize which items were most important for inclusion in the 2015 County Budget. He said it would then be necessary to determine the source of funding for the items and whether or not it would be necessary to reduce other portions of the budget in order to cover the necessary costs.

Mr. Simpson apprised that if the County's sales tax revenues were not meeting the projections, it made sense to reduce the sales tax projections. Mr. Dusek opined this was a legitimate point; however, he explained the calculations on the Multi-Year Financial Plan Summary had been based on historical figures. He added the County had realized a 2.6% increase in sales tax revenues for 2013 although towards the end of the year it seemed as if this goal would not be met. He advised the Committee could choose to reduce the sales tax projections but this would significantly affect the actual/estimated General Fund Surplus amounts. Mr. Simpson asked if it looked as if the County would meet the sales tax projections and Mr. Dusek replied it was too early to know for sure but he was hopeful.

Referring to the handout entitled "Four Year Financial Plan - Fiscal Years 2015-2018", Mr. Monroe asked if it was correct that the tax rate per \$1,000 of Assessed Value in 2010 had been \$4.81 and for 2014 the tax rate was \$4.54, reflecting a decrease of \$.27 per \$1,000 of Assessed Value and JoAnn McKinstry, Assistant to the County Administrator, replied affirmatively and noted the Excel Worksheet automatically calculated the tax rate based on the other figures which were entered. Mr. Monroe asked the County's tax cap for 2015 and Mr. Thomas replied the tax cap for 2015 was 3.63% or \$1,435,363. Mr. Monroe asked if this accounted for the fact that Warren County had been under the tax cap for the previous years and Mr. Thomas replied affirmatively. Mr. Thomas explained there was approximately \$603,000 in carryover available from last year. Mr. Monroe asked the

percentage of increase based on this document and Mr. Dusek replied the County kept the percentage of tax increase the same as it had been the previous year throughout the Multi-Year Financial Plan which was 1.57%. Mr. Dusek said the State would pay rebates to taxpayers through the Rebate Program for the next couple of years, as long as the County remained under the tax cap. He cautioned that if the County increased the budget up to the tax cap and the Rebate Program was eliminated, there would be a significant increase in taxes. He stated the County had retained the 1.57% increase for the 2015 budget because that had been the goal for the 2014 County budget. He acknowledged the County had the option of increasing this percentage if they needed to and he presented the example of covering a one time expense. A discussion ensued pertaining to tax cap percentages.

Returning to the topic of increasing the snow and ice payment rates to the Towns, Mr. Conover thanked Mr. Tennyson and Mr. Dusek for the completion of the analysis which he believed had not been completed in the past. He stated the analysis showed the County was extremely short in the reimbursement rate currently paid to the Towns. He noted the Towns of Chester, Horicon, Stony Creek and Thurman felt the greatest impact as they maintained more miles of County roads and he opined the smallest of the County municipalities had born the brunt of the snow and ice expenses. He said the Committee needed to discuss the best way to correct the situation, such as increasing the rate all at once or over a two year period. He stated the methodology and the three year average should be incorporated into the DPW budget proposal each year. Mr. Dusek pointed out the current rate was \$5,207.87 per mile and Mr. Tennyson's proposed rate was \$6,784.02 per mile. Mr. Conover stated the Towns should not be subsidizing the snow and ice removal for County roads and he suggested the \$238,000 necessary to increase the payment rate be included in the 2015 County budget.

Ms. Wood asked if the average per mile rate (\$6,784.02) had been based on the current costs and Mr. Tennyson replied it was based on actual expenses with the cost of leased garage space factored in. Ms. Wood asked if all of the Towns decided to discontinue snow and ice removal on County roads, would the DPW have sufficient staffing and equipment to assume the task. She noted there were long stretches of roads in the Towns of Thurman and Horicon and she questioned where the County vehicles would obtain fuel in this scenario. She asked if the \$6,784.02 per mile would hold true if the County was required to complete snow and ice removal on all County roads. Mr. Tennyson responded the average costs would hold true but the DPW would require additional staffing, materials and equipment. He explained if the DPW took over snow and ice operations for all County roads, the personnel, salt and vehicle expenses would increase and the contract expenses would decrease. Ms. Wood asked if the decreased contract expenses would cover the increased personnel, materials and equipment expenses. Mr. Tennyson responded he had projected costs based on a 90-minute cycle time and had assumed the Towns would fuel the County vehicles at cost. He added he had also assumed the County vehicles would be housed with the individual Town's vehicles and the Towns would load the vehicles with materials (salt, sand, etc.) at cost.

Concerning the State's Rebate Program, Ms. Wood said it had been her understanding that the County would adopt the budget and if it was under the tax cap, the individual homeowners would receive rebate checks. She said she was unsure of Mr. Dusek's comment about a significant increase in taxes if the Rebate Program was eliminated because the taxes would already be levied and paid. Mr. Dusek agreed with Ms. Wood and he pointed out the rebate checks would only be sent to those taxpayers receiving a STAR (School Tax Relief Program) exemption on their property taxes.

Returning to the discussion on snow and ice payment rates to the Towns, Mr. Conover reiterated the County needed to decide how to handle the reimbursement to the Towns going forward. He said he would like to hear the opinions of each of the Supervisors present.

Chairman Geraghty asked the cost increase for salt for this year and Mr. Tennyson responded he was unsure. Chairman Geraghty stated the Town of Warrensburg Highway Superintendent had indicated there had been a significant increase in the cost of salt for this upcoming winter. Mr. Monroe asked if the analysis prepared by Mr. Tennyson included the costs of sweeping and mowing and Mr. Tennyson replied that only snow and ice removal had been included. Mr. Tennyson said some of the Towns used sand, as opposed to salt but the County did not sweep roads because they used salt and he noted there had been some discussion about whether or not the sweeping rate per mile would be retained or eliminated. Mr. Monroe apprised the cost of sand for the Town of Chester had increased from \$2 per yard to \$6 per yard and they purchased 10,000 yards per year reflecting a \$40,000 increase to the budget. Mr. Monroe stated if the amount necessary to increase the payment rate to Towns was \$238,000 then it appeared the Towns had been subsidizing the County for snow and ice removal. A brief discussion ensued.

Mr. Simpson expressed he would like to see the payment rate increased but he understood that the change needed to be completed properly. He stated the Town of Horicon was definitely expending more money on snow and ice removal than they were receiving in reimbursements. He said he didn't believe there had been an adjustment to account for the increased cost of vehicles and he noted the Town of Horicon was considering the purchase of a tandem truck which would cost approximately \$200,000. He added that employee salaries had most likely doubled since the last time the reimbursement rate was fully analyzed. He apprised the Towns could do a better job and complete the snow and ice removal quicker than County employees would be capable of doing. Mr. Tennyson pointed out that if the County took over the snow and ice removal of all County roads they would locate trucks within each Town. Mr. Simpson commented the largest deficit in the Town of Horicon budget was in the highway portion.

Mr. Monroe asked if the analysis had included post retirement health insurance costs and Mr. Tennyson responded he believed the analysis had separated out that expense. Mr. Tennyson said the DPW did track labor costs for snow and ice removal because part of those employees salaries were covered under the snow and ice budget based on actual time spent plowing and the benefits were proportioned based on those salaries. After quickly reviewing the analysis, Mr. Tennyson informed the post retirement health benefits had not been included in the analysis. If the County took over the snow and ice removal currently completed by Town employees, Mr. Taylor asked, would the Towns need to reduce their staffing and Mr. Thomas replied affirmatively on behalf of the Town of Stony Creek. Mr. Tennyson stated the County DPW would require an additional 20 employees. Mr. Simpson apprised the Town of Horicon would need to reduce by one tandem truck and there was one employee about to retire whose position would not be filled.

Following further discussion on the matter, motion was made by Mr. Strough and seconded by Mr. Conover to include the necessary \$238,000 in the 2015 County Budget in order to increase the snow and ice payment rate to the Towns from \$5,207.87 to \$6,784.02 per mile.

Mr. Westcott commented the amount of funding which would be necessary for the expansion of the court facilities was unknown and he was reluctant to make any decisions on these items until it was and he asked if there was a time frame for this information. Mr. Dusek stated further information would be provided at the Special Board Meeting on Wednesday, October 8, 2014. Mr. Tennyson stated they would discuss all of the possible alternatives for expanding the court facilities which included: expansion on the Municipal Center Campus; relocating the entire court system off campus; and relocating other County Departments off campus. He added they had budgetary estimates on the construction costs involved with expanding the current court facilities, as well as a range of potential leasing costs for the other two alternatives. Mr. Westcott said he would make decisions on

the line items today but he clarified that the Committee was not voting on the final County budget but only on the fact that there was a general consensus. Mr. Thomas stated if there was a consensus of the Committee the line item(s) would be added to the Tentative 2015 County Budget. Mr. Dusek explained that Mr. Thomas, as Budget Officer, would file a Tentative 2015 County Budget at the end of October which would be presented to the Board of Supervisors. He added the Board would then review the budget and request changes before a public hearing was held on the Tentative 2015 County Budget and it was adopted. He stated the purpose of the Budget Committee was for the Budget Officer and Budget Team to receive input from the Supervisors as far as what they wanted included or removed from the budget. He said the decision to include the \$238,000 for increased snow and ice payments to Towns or any decisions made at this meeting, did not lock the County into the decisions. He continued these decisions would make the importance of particular items clear to the Budget Officer so that he could find ways to address those items. He noted an additional Budget Committee Meeting would be held to review the amended figures and Multi-Year Financial Plan Summary based on the decisions which were made and further discussions would take place.

Mr. Monroe pointed out the cost of expanding the court facilities was not likely to be paid in a lump sum amount out of the 2015 County Budget as it was more likely the County would bond the costs with the first bond payment coming due in 2016. As far as the increased snow and ice payments to the Towns, he advised the Towns had been bearing the cost difference for some time. He noted the reimbursements had been slightly low in the past but the Towns had received compensations from the DPW, such as allowing large equipment like a backhoe to be borrowed. He said now the Towns were paying for all the services received from the DPW and it was time to ensure the reimbursements covered the actual costs.

Mr. Westcott advised that with the additional items it would be necessary to appropriate approximately \$2.9 million from the fund balance which could be as high as \$3.5 million if the sales tax projections were decreased. Mr. Monroe apprised those numbers assumed the County's tax levy increase would remain at the 1.57% as it had for the 2014 County Budget.

Mr. Thomas called the question and the motion was carried by majority vote, with Mr. Merlino voting in opposition, to include \$238,000 in the 2015 County Budget in order to increase the snow and ice payment rate to the Towns from \$5,207.87 to \$6,784.02 per mile.

Pertaining to the upgrades for the OES radios, Mr. Thomas stated the proposed \$600,000 for the 2015 County Budget would allow for some upgrades. He opined the County could budget a portion of the amount, such as \$100,000 but he was not comfortable budgeting the full \$600,000. He said if the County decided to complete the full upgrades suggested by Televate estimated to cost approximately \$6 million, then it would be necessary to bond the project. In looking at enhancing the County's emergency radio capabilities, Mr. Strough asked, was the County considering the placement of new towers and if so was it possible to come to some type of arrangement with cell phone providers. Mr. Thomas replied that Televate had conducted an analysis over the summer and had recommended the County upgrade their radios for better service with the existing equipment. He advised the various suggestions received from Televate included the placement of four towers and deciding between analog or digital services. Mr. Strough reiterated his question about the possibility of forming an agreement with cell phone providers and Mr. Thomas responded it was possible. Mr. Monroe apprised one of the issues with the towers was that the Adirondack Park Agency (APA) policies required them to not be visible and the requirement that multiple cell phone providers share towers. Mr. Thomas suggested the amount of money necessary to make the existing equipment function better should be budgeted for 2015 and any amount beyond that should be borrowed.

Ms. Seeber commented she had previously sent an email to the Public Safety Committee members regarding the upgrade of the OES radio system. She said it had been brought to her attention that the County had the ability to apply for up to \$6 million in grant funding for this project. She mentioned when Televate gave their presentation at the October 17, 2014 Board Meeting, she would like to hear further information about the available grant funding. Following further discussion on the matter, it was the consensus of the Committee to delay any decision on this item until after the presentation by Televate at the October 17, 2014 Board Meeting.

Mr. Thomas stated the options and projected costs of the expansion of the court facilities would be discussed further at the October 8, 2014 Special Board Meeting and he suggested any decision on this item be delayed.

Mr. Thomas asked if the additional Computer Reserve item for the amount of \$83,127 included the virtualization and Mr. Dusek replied affirmatively. Mr. Dusek explained the upgrade to the network system would be completed with funds from the 2014 Computer Reserve. He advised this item should be prioritized as critical because the County servers were aging and a failure would interrupt governmental operations. Mr. Thomas pointed out there were currently about 30 County servers which had a five year life span and cost approximately \$6,000, or a total of \$180,000. He added the virtualization program would replace those servers with 3 larger servers which cost approximately \$22,000 each. He said it seemed to be a better system with backup capabilities which allowed another server to "kick in" if one of them went down. It was the consensus of the Committee, to include \$83,127 in the 2015 County Budget for additional Computer Reserve funding.

Mr. Thomas requested the Committee's opinion on the concept of an additional \$50,000 being included in the Contingent Fund for a total of \$300,000 and Mr. Thomas stated he was in favor. It was the consensus of the Committee to include an additional \$50,000 to the Contingent Fund, for a total of \$300,000 in the 2015 County Budget.

Mr. Thomas said the next item was the Airport fuel tanks and Mr. Girard informed the grant application had been submitted and an award notification was anticipated to be forthcoming. Mr. Thomas indicated the percentage of grant funding would be unknown until the award notification was received. Pertaining to the Soil & Water Hazard Mitigation Plan, Mr. Thomas questioned if the work performed by the Soil and Water Conservation District would count towards the required local match. Mr. Dusek said he would obtain further information on this item before the next Budget Committee Meeting. Mr. Westcott recalled Mr. Dusek had indicated this cost would be \$50,000 to \$75,000 and he asked if that was the total cost of the project. Mr. Dusek replied \$50,000 to \$75,000 was the estimated required local matching funds.

Mr. Thomas pointed out the reallocation of the Caseworkers in the DSS had been presented and approved by two Committees already. Mr. Conover asked if the net cost for this item was \$30,000 and Mr. Thomas replied affirmatively and noted the Caseworker salaries received 78% reimbursement. It was the consensus of the Committee to include approximately \$30,000 in the 2015 County Budget for the reallocation of Caseworkers in the DSS.

Mr. Thomas said he was unsure why the reallocation of the Payroll Supervisor had been included on the list of items, as this matter could be decided when the Committee reviewed the Departmental requests for personnel/salary changes.

Lastly, Mr. Thomas commented, was the Department Head requests and 2% salary increases across the board for all non-bargaining unit employees plus fringe benefits. He advised the Department Head requests were still being reviewed. He asked the Committee members opinions on the 2%

salary increase for all non-bargaining unit employees and he said he felt this was fair because all of the Union employees would receive a 2% salary increase. He said he believed all employees should receive the 2% salary increase including the Supervisors. It was the consensus of the Committee to include a 2% salary increase for all non-bargaining unit employees in the 2015 County Budget.

Mr. Monroe requested a long term projection for the debt service and added he was aware it was decreasing but felt the long term projection would be helpful. Mr. Dusek responded this could be presented at the next Budget Committee Meeting.

Chairman Geraghty asked Mr. Lynch if he compared the BAN and bond rates and Mr. Lynch replied affirmatively. Chairman Geraghty advised the BAN rates in particular were quite low and it would be possible to BAN one of the projects and pay it off within five years. Mr. Girard asked if the County should consider this option for the roads so that it would not end up costing more in the long run due to the amount of roads that will require reconstruction. Chairman Geraghty asked if there was a finance law pertaining to roads and Mr. Dusek replied it was possible to bond certain road improvements; however, he continued, there was the possibility the County would bond the road improvements and as they were paying the bonds off, additional improvements would be required. He said he had considered this option previously for the road improvements but added the concept would need to be discussed further. He opined if the County were expending a certain amount of funding on the roads each year in order to maintain them, then they should consider it an operational cost and budget the necessary funds. He suggested the roads should be improved to the extent necessary and every few years additional funding should be budgeted to further improve them. Mr. Dusek stated Mr. Tennyson's projections suggested \$3 million should be budgeted each year for road maintenance and budgeting \$3.5 million to \$4 million per year would result in incremental improvement of the road grades. Mr. Tennyson advised his projections were to attempt to make up for degrading roads over a period of time. He noted there was only so much work the highway staff could complete in a year and the \$3 million projection had included some reconstructions. He advised if the County got to the point that there were fewer degrading roads requiring reconstruction then the amount of funding needed each year could be decreased because more maintenance and less reconstruction would be necessary. Mr. Tennyson pointed out the possibility of bonding had been discussed last year. He apprised if the County roads reached the point that only maintenance was required then a County Roads budget in the range of \$3 million would be sufficient and could possibly decrease over time. A brief discussion ensued.

Mr. Thomas advised he would schedule the next Budget Committee Meeting for Tuesday, October 21, 2014 at 10:00 a.m.

There being no further business to come before the Budget Committee, on motion made by Mr. Monroe and seconded by Mr. Conover, Mr. Thomas adjourned the meeting at 12:14 p.m.

Respectfully submitted,
Charlene DiResta, Sr. Legislative Office Specialist