

WARREN COUNTY BOARD OF SUPERVISORS

COMMITTEE: FINANCE

DATE: MAY 7, 2014

COMMITTEE MEMBERS PRESENT:

SUPERVISORS CONOVER
TAYLOR
SOKOL
MONROE
WOOD
KENNY
MERLINO
FRASIER
DICKINSON

OTHERS PRESENT:

MIKE SWAN, COUNTY TREASURER
KEVIN GERAGHTY, CHAIRMAN OF THE BOARD
PAUL DUSEK, COUNTY ADMINISTRATOR
JOAN SADY, CLERK OF THE BOARD
FRANK THOMAS, BUDGET OFFICER
SUPERVISORS BEATY
BROCK
GIRARD
SEEBER
SIMPSON
WESTCOTT
GRETCHEN STEFFAN, COUNTY HUMAN RESOURCES DIRECTOR
THOM RANDALL, *ADIRONDACK JOURNAL*
DON LEHMAN, *THE POST STAR*
AMANDA ALLEN, DEPUTY CLERK OF THE BOARD

Mr. Conover called the meeting of the Finance Committee to order at 10:24 a.m.

Motion was made by Mr. Sokol, seconded by Ms. Wood and carried unanimously to approve the minutes of the prior Committee meeting, subject to correction by the Clerk of the Board.

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

Commencing the Agenda review with Section III, Action Items, Mr. Conover advised Item 1 consisted of a request for transfers of funds as attached for Committee approval.

Motion was made by Mr. Taylor, seconded by Ms. Wood and carried unanimously to approve the request and the necessary resolution was authorized for the May 16th Board Meeting.

Referring to Agenda Item 2, Mr. Conover advised there were no requests from the County Treasurer's Office to review, but noted that Mike Swan, County Treasurer, was in attendance and wished to address the Committee. Mr. Swan distributed copies of a Budget Analysis Report dated April 28, 2014, *a copy of which is on file with the meeting minutes*, that he said had been previously emailed to all members of the Board of Supervisors. Referring to the chart included on the first page of the Report entitled "*Unassigned Fund Balance/Surplus (Deficit)*", Mr. Swan pointed out that they had done an excellent job of increasing the General Fund balance from \$2,750,965 in 2009 to \$14,968,671 in 2013, which had been achieved through making many difficult decisions. He then pointed out a similar chart included on the second page of the Report estimating a rapidly declining "Final Unassigned Fund Balance Remaining" figure from \$16,529,689 in 2013 to \$8,999,597 in 2017, which he found to be very concerning. Referring to the \$7,896,937 listed as the estimated balance for 2015, Mr. Swan advised his Office required about \$8.5 million to pay the County's bills which would mean that if the balance declined below this figure they would need to borrow money just to meet typical expenses. He said that the County's financial situation was good right now, but he wanted to make sure everyone was aware of these projections so that as they moved forward, spending decisions would be made with this information in mind.

Mr. Dickinson asked if an increase in sales tax revenues was projected and Mr. Swan responded that over the past several years the State of New York had been notorious for not forwarding revenues in

a timely fashion, and as an example he cited the IGT (*Inter-Governmental Transfer*) funding. He noted the variations in sales tax revenues from 2013 to 2014, commenting that they did not make sense. Mr. Dickinson said he had heard indications that the weather may have contributed to the decrease in sales tax revenues and Mr. Swan responded that he had spoken with local motel/hotel owners who indicated that they had a good year, leading to more questions as to how there could be an increase in occupancy tax revenues and a decrease in sales tax revenues as the trends for both revenue sources typically mirrored one another. Mr. Kenny noted that NYSAC (*New York State Association of Counties*) had indicated this was a State-wide trend.

Mr. Girard stated that since the economic crisis of 2008 the County had been doing a good job of reducing and maintaining their budgets, and Mr. Swan was indicating that this cautious approach needed to be maintained. He commented that the Board of Supervisors had considered possibly increasing the sales tax rate for Warren County in the past, but had not taken any action to do so. Mr. Girard advised that Warren County was one of only three remaining counties in New York State with a 7% sales tax rate, and given the fact that the County was still operating in a survival mode, having cut expenses, refrained from making the necessary level of road improvements and put aside any futuristic planning to stretch the tourism season, he felt it might be time to revisit the idea of increasing the sales tax rate based on the fact that Warren County was a tourism destination.

Mr. Monroe advised he had recently taken a trip to the western part of the United States where he had paid sales tax rates varying between 14% and 17% . He said it did not make sense to allow the County's roads to crumble and to not be able to care for the aging population when an increase in sales tax would provide the necessary revenues to solve these problems, especially given that a high percentage of the sales tax was paid by non-residents. Mr. Monroe agreed that they needed to review the sales tax increase once again, and he estimated that if the increase had been made five years ago when it was first introduced, they would have received about \$70 million more in sales tax revenues over the ensuing years.

Mr. Swan stated the point he was trying to make was that there were a number of unanticipated expenses that had to be addressed and the County did not currently have sufficient revenues to fund them; therefore, he added, something needed to be done to solve this problem. Mr. Conover summarized the issues regarding expenses versus revenues and the lack of funding resources to cover unanticipated expenses, and he agreed that the Budget Committee would have to address this problem when developing the 2015 Budget.

Mr. Dickinson recommended that the sales tax issue be referred to the appropriate Committee for further review. Mr. Sokol commented that he had served on the Board of Supervisors when the sales tax increase issue was last addressed and he said he was glad that things had worked out the way they did because a lot of good work had been done to reach the comfortable place the County Budget was in currently. He said that while he was not saying they should refrain from researching and considering the potential for a sales tax increase, it would be interesting to see what the neighboring counties did first, as previously, some local businesses had indicated that if a sales tax increase were implemented they would move to one of the counties with a lower sales tax amount. Mr. Sokol said he believed the County had performed due diligence over the past five years and it might be time to consider the increase once again.

Mr. Brock questioned if inquiries with other counties had been made to see if they were having the same sales tax related issues and Mr. Swan replied affirmatively, advising that most counties were suffering a decrease in sales tax revenues, although many did not consider it as troubling because they did not depend as heavily on this revenue source as Warren County did.

Chairman Geraghty stated that the only way he would support a sales tax increase would be if it were coupled with a property tax decrease, which would take some work to craft. He said they would need

to incorporate a property tax decrease that could be given to residents every year, with any remaining funds dedicated to certain specific expenses, such as road repairs. He advised it would have been very simple to have approved and implemented a sales tax increase in 2009 when it was last considered, but he had not voted in favor of the increase and instead chose to do the more difficult job of paring down the County Budget. Chairman Geraghty commented that Warren, Washington and Saratoga Counties were the only three counties in New York State with a 7% sales tax rate and he firmly believed each was waiting to see what the others were going to do.

Mr. Taylor credited Mr. Swan for bringing this information to the Committee's attention and agreed it did not make sense that the occupancy tax revenues were increasing while the sales tax revenues decreased, especially given the fact that the Sagamore Resort had stayed open all winter, which it usually did not. Mr. Taylor noted there were new area businesses opening, such as the Lake George/Warrensburg Price Chopper, the Hacker Boat Company and a new outlet mall, and he advised that if the same trend continued next year, they would need to investigate the matter more thoroughly. He said he would hate to approve a sales tax increase now to deal with a temporary problem, such as lagging sales tax revenues. Mr. Taylor advised that when this issue was discussed in the past, he had performed a study indicating that an increase in sales tax would effect residents more than a property tax increase.

Mr. Simpson stated that they needed to look at all of the proposals available and he said he could show examples in the Town of Horicon where projects had been affected by others that had taken a higher priority. As an example, he apprised of a County bridge leading into the Town with "bridge closed" signs posted at either side which people were not likely to cross. Mr. Simpson said there were more than seven businesses that were either re-opening under different ownership or expanding, all of which would generate sales tax, and they needed to consider how best to repair the deteriorating County infrastructure in order to support these local businesses.

Mr. Dickinson stated that given the fact that sales tax revenue was one of the County's few revenue sources, and that source was declining, the only place to fund essential services would be through an increase in property taxes. He continued that however they chose to look at the situation, an increase in sales tax revenues would relieve pressure on property taxes. Mr. Dickinson said the County had already cut expenses and reduced staffing to a point that vacancies needed to be filled immediately and they were still having budget problems, which did not leave them with many options.

Mr. Swan said he had not intended to alarm the Committee and he reiterated that from 2009 to present they had been doing a great job in maintaining the Budget, increasing their fund balances and the County's bond rating, as well. He said he just wanted everyone to be aware of the situation so that they could prepare for what may be ahead. Mr. Swan stated that he believed the sales tax estimates would be met for 2014, but noted that the Budget Analysis provided projected a \$500,000 deficit based on the decreases they had already incurred.

Mr. Conover stated there was no question that anticipated increases in staffing for the Jail would have a dramatic impact on the County Budget and he agreed with Chairman Geraghty's opinion that any type of sales tax increase should be tied to a sustainable type of property tax relief which would not be lost in the future, especially given the fact that the State had implemented a tax cap and was looking for reductions in the future. Mr. Conover said he admired the Committee members for their willingness to even discuss the possibility of a sales tax increase as these were the types of conversations that needed to take place as the fall budgeting season moved closer.

Mr. Westcott proposed that the Committee also look at the County's spending practices. He acknowledged that the Board had made a number of hard decisions in the past, but noted that many funding requests had already been considered this year, such as the construction of a shelter for Office of Emergency Services equipment, and he felt the Budget Committee should look at these expenditures,

as well as other areas of the Budget that could be reduced.

Mr. Conover suggested that he could meet with Chairman Geraghty; Paul Dusek, County Administrator, Supervisor Thomas, Budget Officer, to develop a preliminary plan for gathering all of the information the Board would need to potentially review and evaluate any future proposal concerning a sales tax increase.

Mr. Kenny opined that discussion of this nature was premature as he believed the sales tax revenues would rebound and he suggested that they needed to review their spending practices, instead. He stated that he had served on the Board for many years, through both good times and bad, and he was opposed to a sales tax increase. He concluded that it was very easy to spend money when the budget was in a good place and he believes it would become very easy to spend a lot of money if there were additional sales tax revenues available.

Mr. Dusek stated that he appreciated and respected the work that Mr. Swan and his staff had done to compile the Budget Analysis Report and he said that this was certainly a possible scenario, although not the most likely one. He added that he believed Mr. Swan was simply trying to alert the Committee to what could possibly happen if they did not monitor and control spending. Mr. Dusek confirmed that currently, Warren County's finances were healthy, just as they were when he reported on them last fall, when everyone was satisfied with where they were and what had been accomplished. He reported that the largest factor represented in the Budget Analysis Report was the expense related to the additional Corrections Officer positions which they had not known about when the 2014 Budget was established, and therefore had not included, and Mr. Dusek confirmed that they would need to figure out how these expenses would be addressed. He commented that although there was a potential that the sales tax revenues anticipated in the 2014 Budget might not be met, he felt it was too early to make this assumption and he cautioned that the Committee should not take this information as a given. The other element to consider, Mr. Dusek said, was the anticipated shortfall of \$1,769,053 for Westmount Health Facility in 2015; he stated that he had recommended that the Facility sale be forwarded as quickly as possible so that the County would not own the Facility for all of 2015, thereby reducing this deficit. He noted that he fully appreciated the inclusion of this figure in the Analysis as it was not a guarantee that the Facility would be sold in a timely fashion, but reiterated that there was the potential to reduce this figure by working hard to complete the sale as quickly as possible. In conclusion, Mr. Dusek re-stated that the County budget was in good shape now and the Budget Analysis Report represented a scenario that could occur if the Board did not remain vigilant in their efforts to maintain their good budgetary status.

Resuming the Agenda review, Mr. Conover apprised Items 3A-B pertained to requests from the Human Resources/Civil Service Office, which he outlined as follows:

- 3A) Request for a transfer of funds in the amount of \$9,179.88 from the Contingent Fund to support the costs of a full-time temporary HR/Civil Service Assistant. This position will be used for a three month term commencing May 19, 2014.
- 3B) Request for a transfer of funds in the amount of \$560 from the Contingent Fund to cover the costs of the travel for Patricia Nenninger, Personnel Officer, to attend the New York State Association of Personnel and Civil Service Officers Annual Training Conference in Corning, NY on June 8-11, 2014.

Motion was made by Mr. Taylor, seconded by Ms. Wood and carried unanimously to approve Items 3A and 3B and the necessary resolutions were authorized for the May 16th Board Meeting.

Mr. Conover said Agenda Items 4A and 4B included referrals from the County Facilities Committee. Item 4A, he explained, was a request from the Buildings & Grounds Division for a transfer of funds in the amount of \$1,000 to Budget Code A.1610 418 to cover the increase in insurance costs associated with the transfer of vehicles from the Health Services Fleet to the County Fleet. Mr. Conover pointed

out that funding was not available within the Buildings & Grounds Division budget to cover this expense and the County Facilities Committee had referred the matter to the Finance Committee with a request to determine a source of funding.

Motion was made by Mr. Monroe, seconded by Mr. Dickinson and carried unanimously to approve the request for a transfer of funds and the necessary resolution was authorized for the May 16th Board Meeting. *Note: later in the meeting, Mr. Conover noted that the aforementioned motion had failed to indicate the source of funding for the transfer; subsequently, a motion was made by Mr. Monroe, seconded by Mrs. Frasier and carried unanimously to transfer the \$1,000 requested from the Contingent Fund.*

Item 4B, Mr. Conover advised, highlighted a recommendation from the County Facilities Committee that the first \$5,000 in parking revenues collected during the 2014 Adirondack Balloon Festival be allocated to the Adirondack Balloon Festival Committee to help offset the costs associated with operation of the Festival.

Mr. Merlino apprised that the Balloon Festival Committee had been seeking a total of \$15,000 to assist with the costs of operating the Balloon Festival. He said that subsequent to the County Facilities Committee Meeting he had met with Kate Johnson, Director of Tourism, who indicated that she had reduced some of her Department's operational costs and believed there might be \$15,000 available within her Departmental Budget to appease this request. Mr. Merlino noted that approving the request as presented would reduce the amount of money available to cover the overtime costs incurred by the DPW Division in assisting with the Festival; therefore, he stated, he respectfully requested that this item be tabled to allow him the opportunity to double check with Ms. Johnson to ensure that the funding requested was available in the Tourism Budget. Mr. Merlino commented that while the Balloon Festival was not a large money-making event for Warren County, it was a signature event that should be supported.

Motion was made by Mr. Merlino, seconded by Mr. Monroe and carried unanimously to table Agenda Item 4B.

Mr. Swan pointed out the original intent of instituting parking fee collections during the Balloon Festival was to offset the DPW overtime costs incurred and he noted that many County employees volunteered their time to assist with these efforts to further reduce the associated costs. He commented that he would hate to see these funds used in a manner other than to alleviate DPW overtime expenses to the County.

Mr. Conover advised Agenda Item 5 included referrals from the Economic Growth & Development Committee, *Planning & Community Development*, which he outlined, as follows:

- 5A) Request to amend the County Budget in the amount of \$71,000 to move funds within the existing budget and correct a budgeting error.
- 5B) Request to amend the County Budget to include unanticipated revenues and expenditures in the amount of \$4,050 to reflect the receipt of grant funding to cover the costs of overtime for the Planning Department's Office Specialist position.

Mr. Conover pointed out that a revision had been made to Item 5B after the agenda was printed to correct the amount of the request, lowering it from \$4,050 to \$3,562.

Motion was made by Mr. Sokol, seconded by Ms. Wood and carried unanimously to approve Items 5A and 5B, as outlined above, and the necessary resolutions were authorized for the May 16th Board Meeting.

Moving on to Agenda Items 6A-D, referrals from the Public Safety Committee, Mr. Conover advised Item

5A was a request from the Office of Emergency Services for a transfer of funds in the amount of \$2,500 to fund the purchase of office furniture for Brian LaFlure, Fire Coordinator/Director of the Office of Emergency Services, as a result of the study conducted by Needham Risk Management. He noted that funding was not available within the Office of Emergency Services budget to cover this expense and the Public Safety Committee had referred the matter to the Finance Committee with a request to determine a source of funding.

Motion was made by Mrs. Frasier and seconded by Ms. Wood to approve the request.

Mr. Conover stated he assumed the most logical funding source for this expense would be the Contingent Fund and Mr. Dusek replied affirmatively. Mrs. Frasier and Ms. Wood agreed to amend their motion and second to include that the source of funding for the transfer would be the Contingent Fund.

Mr. Kenny noted that he was opposed to this request, given the fact that the furniture used by the Supervisors in the Board Room was comprised of the same items that had been installed there in 1968.

When asked for an explanation as to the need for new furniture, Ms. Wood apprised Mr. LaFlure's desk was very wide and the manner in which it was set up required that he twist unnaturally in his chair to use the computer and she noted that the chair he was using was not appropriate either. She advised Mr. LaFlure had suffered a back injury that was aggravated by the condition of his desk, prompting a review by Needham Risk Management which indicated that the desk should be replaced. Ms. Wood stated she had known about this situation for some time, noting that Mr. LaFlure had been hesitant to bring the request to the Committee but had finally decided to do so. Mr. Dusek commented that \$2,500 for the purchase of new office furniture was reasonable and the figure was comparable to prior purchases made by other departments; he added that this was a situation where an employee required a decent work station to use during their workday.

Mr. Monroe recalled that in prior years, department heads had been expected to spend funds from their existing budget and then attempt to cut in other areas to cover the expense, coming to the Finance Committee at the end of the year to request additional funding if they were unable to recover the funds. Mr. Dusek stated that the department heads were aware of this desire, but because their budgets were now so lean, in many cases this funding was not available. He commented that this seemed to be a reasonable request which could be funded by a transfer from the Contingent Fund.

Mr. Westcott questioned whether the County had excess furniture available that might be stored in other areas and Mr. Dusek replied affirmatively, noting that before requesting new furniture, staff typically looked at the used furniture available to see if it fit their needs. Mr. Westcott commented that due to the budget projections presented by Mr. Swan, it might be sensible to delay further expenditures until some indication of the sales tax revenue situation was available. Mr. Dusek responded that typically he would be agreeable to this recommendation, except in a situation such as this one which related to the health of an employee.

Following further discussion on the matter, Mr. Conover called the question and the aforementioned motion was carried by majority vote, with Mr. Kenny voting in opposition, and the necessary resolution was authorized for the May 16th Board Meeting.

Resuming the agenda review, Mr. Conover advised Items 6B-6D consisted of requests from the Sheriff & Communications Department, as follows:

- 6B) Request to amend the County Budget to include unanticipated revenues and expenditures in the amount of \$600 to reflect the receipt of funding from the Warren-Washington County Impact Panel.
- 6C) Request to amend the County Budget to include unanticipated revenues and expenditures in the amount of \$425,000 to transfer unused Interoperable Communications Grant funds from the

2013 Budget.

- 6D) Request to amend the County Budget to include unanticipated revenues and expenditures in the amount of \$4,602 to reflect the receipt of funds donated to the Sheriff's K-9 Unit in support of Canine Officer Ozzy.

Motion was made by Mr. Merlino, seconded by Ms. Wood and carried unanimously to approve Items 6B-6D and the necessary resolutions were authorized for the May 16th Board Meeting.

Mr. Conover apprised Agenda Item 7 reflected a referral from the Public Works Committee, *Department of Public Works*, requesting to increase Capital Project No. H342.9550 280, *Blair Road over Mill Brook*, in the amount of \$11,540 to cover the Federal share of right-of-way incidental services.

Motion was made by Mr. Dickinson, seconded by Mr. Monroe and carried unanimously to approve the request and the necessary resolution was authorized for the May 16th Board Meeting.

Agenda Item 8, Mr. Conover announced, pertained to a referral from the Support Services Committee, *Information Technology*, requesting a transfer of funds in an amount not to exceed \$700 for the purchase of equipment to video record Committee meetings. He noted that funding was not available within the Information Technology Budget to cover this expense and the Support Services Committee had referred the matter to the Finance Committee with a request to determine a source of funding.

Motion was made by Mr. Dickinson and seconded by Mr. Taylor to approve the request.

Mr. Merlino commented that given the prior lengthy discussion regarding the purchase of office furniture for an employee, maybe it was not the best time to purchase non-essential equipment to televise committee meetings. Mr. Dickinson questioned where this issue had originated from and Mr. Merlino responded that it was resultant of a request from a certain group that was unable to attend committee meetings. Ms. Seeber interjected this point of view was not necessarily accurate and she stated that this would provide transparency for committee activity while providing the opportunity for the public to view footage of meetings via the internet at their leisure. She commented that this was a strong move toward ultimate transparency in government for a relatively small cost. Mr. Kenny agreed that the more transparency in government that could be provided, the better, and he said the \$700 price was minimal.

Mr. Westcott stated that he owned a camera he rarely used which he would be willing to donate to the County for the purpose of recording committee meetings.

Mr. Monroe agreed that increased transparency was a good idea and he noted that the State had already taken steps to record and post their meetings online, which had proven helpful. He added that if members of the public were willing to spend their time to monitor the actions of the Board of Supervisors, then they should assist with this pursuit where they were able to do so.

Mr. Sokol suggested that they accept Mr. Westcott's offer to donate the video camera and revisit the transfer request if the equipment was deemed inappropriate for their needs.

Mr. Kenny commented that he was not in favor of accepting used equipment for such an important venture. Ms. Wood stated that the Information Technology (IT) Department had developed a plan for recording the meetings and then post them online; she said she would prefer to defer to the IT Director as to whether the equipment Mr. Westcott offered would work appropriately. Ms. Wood pointed out that although recording meetings was a good idea, it would prove of no value to those residents that did not have adequate internet access.

There being no further discussion, Mr. Conover called the question and the aforementioned motion was

carried by majority vote, with Messrs. Merlino and Sokol voting in opposition, and the necessary resolution was authorized for the May 16th Board Meeting.

Continuing to Agenda Item 9, Mr. Conover noted there were no requests/items to be discussed by the County Administrator. The Agenda review concluded with Item 10, which Mr. Conover said consisted of a notation that Finance Committee action was required to approve Personnel Agenda Item 3, which had already been approved by the Personnel Committee.

Motion was made by Mr. Dickinson, seconded by Ms. Wood and carried unanimously to approve Personnel Agenda Item 3 and the necessary resolution was authorized for the May 16th Board Meeting.

Returning to Agenda Item 8, Mr. Thomas questioned where the funding for the purchase of video equipment would be expended from and he suggested that the most logical source would be the Legislative Board's Budget. Joan Sady, Clerk of the Board, responded that she did not believe this amount of funding was available within the Legislative Board Budget, but advised she would check. Mr. Dusek suggested naming the Contingent Fund as a secondary source of funding in the event the monies available in the Legislative Board's Budget were insufficient.

Motion was made by Mr. Monroe, seconded by Mr. Dickinson and carried unanimously to identify the Legislative Board's Budget as the source of funding for the purchase of the video equipment identified in Agenda Item 8 and for the Contingent Fund to be named as a secondary source of funding in the event that the Legislative Board Budget was insufficient.

Mr. Conover advised there was one additional item to be addressed which was not included in the agenda packet, that being a request to appropriate funds in the amount of \$745 from the Computer Reserve Fund to the Human Resources/Civil Service Budget for the purchase of computer related equipment and software.

Motion was made by Mr. Taylor, seconded by Mr. Dickinson and carried unanimously to approve the request, thereby authorizing the necessary resolution for the May 16th Board Meeting.

There being no further business to come before the Finance Committee, on motion made by Mr. Taylor and seconded by Mr. Dickinson, Mr. Conover adjourned the meeting at 11:44 a.m.

Respectfully submitted,
Amanda Allen, Deputy Clerk of the Board