

Law and Finance Budget Hearing

November 9, 2009 – 5:00 p.m.

Present: Chairman Peck; Supervisors Daly, Grattidge, Hargrave, Sausville, Thompson, Wood, Veitch, Wormuth, Rowland, Southworth, and Yepsen; David Wickerham, County Administrator; Spencer Hellwig, Mgmt. Analyst; Mark Rider, County Attorney; Robert Hartman, Personnel, J. Kalinkewicz, Personnel; Press.

Chairman Peck called the meeting to order and welcomed all in attendance.

Mr. Wickerham presented the following rules for approving amendments to the 2010 budget.

1. The Budget Committee will review all requests for budget amendments during their hearings, and will not vote on those amendments until all presentations have been made.
2. Each member of the Law and Finance Committee and the Chairman of the Board shall have one vote. For an amendment to the budget to be approved, it must receive the affirmative vote of at least four committee members and win a majority of the members voting. Members may not cast a vote unless they were present for the discussion or have reviewed a transcript of the proceedings. If a member was present for the discussion but is unable to stay for the actual vote, he or she may leave a sealed vote to be cast by the Chairman.
3. The Tentative budget, along with the amendments approved at the Law and Finance hearing(s), will be presented to the full Board of Supervisors at the Friday Workshop meeting on November 13th at 2:00 p.m. Any changes to the document will require action by a majority of the weighted vote of the entire Board (100,318 votes).
4. The 2010 Tentative Budget, as amended at the Friday Workshop and the Law and Finance Hearings, will be presented to the public at a public hearing on December 3rd at 5:30 p.m. in the County Board room.

A motion was made by Mr. Grattidge, seconded by Mr. Hargrave to approve the Rules for approving amendments to the 2010 budget as presented above. Unanimous.

Mr. Wickerham gave an overview of the 2010 tentative budget as follows:

Mr. Wickerham said this is not a business as usual budget. On the one hand, county spending is down by nearly \$13 million to \$270.9 million, which is a 4.5% reduction. In fact, based upon how the 2009 budget has been amended throughout the year it is actually

a 9% reduction off of the amended budget. With that kind of attention to spending you would think there would be a big reduction in property taxes. Unfortunately the drop in county revenues is even more extreme than our reduction in spending. Sales tax receipts are trending off more than 10% from the 2008 sales tax numbers and the necessary data is not available for a positive 2010 forecast. Unless something dramatic happens over the next two months, county sales tax collections will be off more than \$8 million for the 2009 budget year.

When all is said and done this tentative budget maintains our low \$2.15 ½ cent per thousand tax rate without resorting to any personnel layoffs. Our single largest expenditure continues to be Medicaid at \$23.4 million, which is a reduction of approximately \$1 million directly attributable to the “S” map changes that were included in the stimulus legislation. Unless the “S” map improvements are extended they will work as a 50/50 split in 2011 substantially increasing local Medicaid costs. Medicaid is a mandated expense, which the County has no control over. The bill is simply paid at the demand of the state, which is also the case with community college expenses and the preschool handicapped children’s program; however, there has been a slight reduction across the board in those costs. Still \$41.8 million is the cost for the three hard mandates, and that comprises approximately 68% of the property tax levy. Of every dollar a taxpayer pays, .86 cents goes directly to the State as a hidden state tax.

In this budget a drastic step has been taken in reducing our capital investment in the county infrastructure by approximately \$2 million. This was done by taking a simple step of spreading costs for the program for the next two years over a three-year period. Our attention to county roads and bridges over the past two decades has made this short-term adjustment possible. However, it is only a short-term solution. We need to return the full program by 2012 or risk at that time serious damage to our road systems. Even with the cuts the county will spend nearly \$8 million on our capital projects in 2010. Payroll costs are up by approximately 5.4% even though there are no cost of living raises in this budget for any employee or officer, with the exception of the correction units who are in the last year of their contract.

The increased payroll is largely the result of a 40% increase in retirement costs dictated by the State’s comptroller. All indications are that health care costs are moderating, however, we still think it is possible that we will see a 10% increase in our health insurance costs this year.

The economic crisis has made us take a second look at how we fund outside agencies that offer added value to our residents. No outside agency will receive any increase under this budget. Chairman Peck has asked for a moratorium on the funding of new outside agencies for the 2010 budget.

The nursing home continues to require significant subsidy from county taxpayers. In 2010 the gap is expected to be approximately \$7 million. The county will be using \$5.6 million the last of the fund balance we have built up as a result of IGT to span the gap this year. This will only mask the true cost. Only \$1.3 million will be seen as cost in this

budget, but in fact it is a full \$7 million, and that cost is coming back in full in 2011 since there will be no more fund balance or IGT funds to balance it with.

The 2009 sales tax is trending to be a full 10% less than the 2008 receipts. This is a higher percentage loss than any of our capital district neighbors and significantly higher than the 7% loss statewide. Mr. Wickerham said that it is hard to believe since there have not been any significant layoffs here and consumer confidence seems to be stronger than any other county in the State. Mr. Wickerham said he believes that Saratoga County is being shortchanged from the amounts that have been received from the State. We need to continue to demand the sales tax information from our county that will allow us to determine what is really happening in sales tax collections. We simply cannot allow the State to continue to send a check and tell us that it is all we are entitled to receive. 2010 is the first year in Saratoga County that the tax base has shrunk. The loss is less than ¼ of 1%, and drops the levy by approximately 300,000, but it is significant because it is the first time that has ever happened since Mr. Wickerham has been with the county being built throughout the county. For the most part, the reduction is directly attributed to rising state equalization rates. It is somewhat reflective of the difficult housing market in the last couple of years and the pricing of houses.

Mr. Wickerham said he expects this to be a short-term blip as things moderate and the tax base is buttressed by the development of Luther Forest and the surrounding industries that will be built as a result.

Mr. Wickerham said he had expected to begin 2009 with a fund balance of approximately \$30 million, in fact, since the recession began last fall the fund balance began with \$27 million. We expected to use \$3 million and \$3 million was budgeted, but in fact since there has been a loss of sales tax, it is more likely that we will have to use approximately \$6 million. If this holds true, the 2010 budget will begin with approximately \$20 million and this budget already contemplates using \$3 million which will bring the fund balance down to \$17 million, which is approximately 6% of the county budget. This will be the lowest that the county's reserve fund has been in two decades.

Mr. Peck said even though there is building going on throughout the county. When the State comes in and looks at each municipality's equalization rate, the towns equalization rate will continue to drop unless an revaluation of the property is done to keep it at 100%. Enough of the towns and cities in the county this year saw their equalization rate rise, meaning that even throughout this growth Saratoga County as a whole has a loss of value. By keeping the tax rate exactly the same at \$2.15 ½ we are actually going to collect \$300,000 less in tax revenue from county residents this year. By keeping the rate the same, in actuality it is actually a tax decrease for residents within the county.

Mr. Grattidge asked if Real Property could distribute a chart explaining the equalization rates in each town.

Mr. Wickerham said he would have one distributed to each supervisor's mailbox for his or her review.

Mr. Kalinkewicz said the job of the county budget team was to find savings to prevent layoffs, including no cost of living raises for all employees with the exception of the corrections unit. The retirement rate has skyrocketed in some ways to 10.95%; there was a moratorium on funding any new agencies. With that theme in effect the position requests needed to be approached under the same kind of idea. Department heads were told this is a difficult year, and they were asked to find ways to fund requests they have in other ways.

Mr. Kalinkewicz said department requests totaled \$586,484. Personnel recommended a savings of \$38,468 as follows:

- Employment & Training – Reclassify Sr. Employment and Training Coordinator to Employment and Training Counselor
- Maplewood Manor – Create Typist PT – Abolish 1 Sr. Typist

Mr. Kalinkewicz said a number of staffing positions have been received with regard to the new animal shelter. Personnel is recommending that an eye be kept on the building of the new animal shelter and upon completion a reevaluation of staffing needs will be addressed and recommendations will then be made.

Mr. Kalinkewicz said there were several salary increase requests along with the creation of two positions from Elections. The two Election Day operator position requests are concentrating on the use of the electronic voting machines. As of this date, there has been no mandate from the State to use those and replace the lever machines; however, the plan is at some point to do that. A decision will not be made until December, and at that point we would want to keep our eye on it and watch what happens over the next year and come back in 2010 should a need for change in staffing be needed.

Mr. Grattidge said the Public Works Committee has really made some substantial cuts in equipment for next year and extending the highway reconstruction program. As we look around it is going to be a shared sacrifice as we continue to review revenues and be cautious going into 2010.

A motion was made by Mr. Grattidge, seconded by Ms. Daly to approve all recommendations made by the Personnel Department. Unanimous.

Ms. Daly said understanding the dynamics of this budget and given the commitment that was made in the Autism Council mission statement to the people of Saratoga County, she has spoken to the County Administrator and consulted with the director of the youth bureau with regard to funding options. The obvious place for funding to come from would be from the preschool handicapped children's budget as well as the youth bureau. Ms. Daly said she is confident in working with them that money that will be needed to get started with certain projects will be available within those budgets. The Autism Council is working very closely with a great deal of support from Senator McDonald.

Ms. Daly said she is hopeful there will be some grant money coming from the State of New York as well.

On a motion made by Mr. Hargrave, seconded by Mr. Sausville the meeting was adjourned.

Respectfully submitted,
Chris Sansom