

Law and Finance Committee Minutes
July 5, 2011

Present: Chairman Thompson; Supervisors Daly, Grattidge, Peck, Sausville, Veitch, Wood, Wright, Collyer, Kinowski, Southworth and Rowland; Spencer Hellwig, Administrator; Ryan Moore, Mgmt. Analyst; Sam Pitcherale, Cindy Baker, George Martin, Treasurer; Stephen Dorsey, Auditor; Karen Levison; Press.

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

On a motion made by Mr. Sausville, seconded by Mr. Veitch the minutes of the June 15, 2011 meeting were approved. Mr. Grattidge abstained from the vote due to his absence at the June 15th meeting.

Mr. Hellwig said it is a little over two weeks since the budget analysis was given to the Board of Supervisors, which provided a year to date overview of the 2011 budget. The focus of this report was a review of state revenues, budget variances at Maplewood Manor and the countywide analysis of expenses and revenues across the remaining departments and funds. At the beginning of the year the budget contained a \$3.6 million appropriation of fund balance to cover the shortfall in general fund revenues. Based on the potential expense and revenue variances identified in the report, the amount of fund balance now needed could rise by as much as \$5.4 million which would bring the total amount required to balance the budget to \$9 million. The increase can be attributed primarily to a net increase in general fund costs. In addition to the \$1.2 million increase in the general fund, there is also a \$4.2 million increase in the amount needed to cover budget shortfalls in the highway fund and Maplewood Manor. The current unappropriated fund balance is \$16.6 million. Mr. Hellwig said it is his hope for this year to minimize the need for additional money to be appropriated from the fund balance.

Mr. Hellwig said he has provided the committee with a list of options that could be considered as a way to address immediate needs and plan for the upcoming budget cycle for sustained reduction and operating costs for 2012 and beyond. Mr. Hellwig pointed out that the items targeted for immediate action would address \$3.7 million of the potential \$5.4 million increase in appropriated fund balance that is shown in the budget report. In addition to the \$3.7 million that is identified on the spreadsheet, he will be meeting with all the department heads to identify other opportunities to either freeze or reduce budget costs this year.

Mr. Thompson asked how much of the shortfall between Maplewood Manor and the highway department was for highway? Mr. Hellwig said \$1,277,000. There is a \$828,000 reappropriation for bridgework, and \$630,000 in benefit costs. One of the things that was done during the review of the budget was to look at each individual employee and determine what the actual costs were going to be this year. In the highway fund the \$630,000 represents what we project and what the Treasurer's office projects as

actual benefit costs or the shortfall between what was budgeted and where we see the final costs being this year. With regard to Maplewood Manor, \$2.7 million of the \$4.2 million identified, includes \$1.4 million in benefit costs, \$1,100,000 for Medicaid, which is the money that we don't expect to receive as part of the rebasing of the daily rate, and a \$200,000 shortfall, which the Board addressed at last months meeting for work on the sewer system. There was \$400,000 placed in the budget for replacement of the sewage pipes underneath the facility, and the bid came in at \$600,000.

Mr. Grattidge asked, with regard to the reappropriation of the bridgework, don't we get most of that back through federal reimbursement? If it is a reappropriation, wasn't that money back in prior budgets that would have been brought forward, and wouldn't it be coming out of new money. Wouldn't it be money that wasn't spent in those prior years? Mr. Hellwig said in some years there are reappropriations for bridgework. This is all local bridge programming.

The committee reviewed the following items:

Hiring Freeze \$1 million - \$2 million - Immediate

Mr. Hellwig said, at this point based on the normal turnover that we have in personnel during the course of the year, the \$1 million to \$2 million estimate is based on an entire year. He said we are half way through the year, and at best he would expect a savings of no more than \$1 million.

Mr. Hellwig said the ability to save money for this year, with regard to a Hiring Freeze and Acquisition Development Rights is time sensitive, and tied to making a decision sooner than later.

Ms. Daly said there are positions that will be upcoming and should be omitted it included in the hiring freeze. Mr. Hellwig said he has had conversations with the Personnel Committee chairman with regard to proposing a hiring freeze. A solution to the problem would be to allow the Personnel Committee the authority to hire the essential positions or the positions that they see as necessary to be filled.

Mr. Peck suggested that the Personnel Department make an analysis of what positions are critical and bring them to the Personnel Committee to say this is a position they deem as critical.

Ms. Daly said, we just can't do a blanket-hiring freeze because there are going to some positions that are going to be necessary. She also stated that everyone in the county has to understand that this is a critical budget time. We are here to do the job that we need to do, and if we need to freeze hiring for some positions, then that is something that we all have to take responsibility for. There may be situations at Maplewood Manor or Public Health that are mandated, and will fall into the review process. There will be hard choices to be made, but they have become necessary.

Acquisition of Development Rights - \$260,000 - Immediate

Mr. Hellwig said there is \$500,000 budgeted this year for the purchase of development rights. The program has been in place for approximately 10 years. At this point the committee has already committed to approximately \$240,000 for the purchase of rights to a farm in the county; however, the remaining funds of \$260,000 have not been committed at this point.

Mr. Peck said the reason the figure is \$500,000 is because there was a property that came before the Land Preservation Committee last year that ranked very high, but was going to take up most of the fund money, so it wasn't funded. Saratoga PLAN took the initiative to work with the landowner to apply to the Federal Government for a grant where they have a 50/50 match. Supervisor Barrett called a meeting of the Land Preservation Committee approximately six weeks ago to review, understanding that the same one came before the committee last year, to see if the committee supported being the match for the federal grant, and they agreed. Applications are due by the end of July, he said.

Mr. Grattidge said the Board of Supervisors has not acted on that yet, and there is still \$500,000 in place.

Mr. Hellwig said his concern is, if discussions are going to be initiated and people are going through the process of having applications submitted, and this is going to be pursued, that we don't make them go to that effort for no reason. Mr. Peck suggested that if the committee would like to act on it they should act on it today, so that people who are doing their applications now for the end of July deadline don't have the expectation.

Mr. Grattidge said this would take action from the entire Board of Supervisors, so whether it is acted on today or at the regular Law and Finance meeting, won't change the equation because it would have to be voted on by the entire Board of Supervisors at the Board Meeting. He requested that the committee have some time to digest the information before taking votes on individual items.

Close Out Water Capital Fund - \$971,793 - Immediate

Close Out Solid Waste Capital Fund - \$627,363 - Immediate

Close Out Public Safety Bldg Capital Fund - \$885,168 - Immediate

Mr. Hellwig said these are all capital fund projects. When we have multi year projects the money is segregated into a Capital Fund. At this time there doesn't appear to be any activities that would require the use of the money that is left. With regard to the Public Safety Building, at the time that the report was completed, originally the fund contained \$1 million. The funds that have been used from the \$1 million were spent to have an architect prepare drawings and provide information on a building that could house the Sheriff's 911 dispatch, Emergency Services, and possibly Public Health Nursing.

Mr. Sausville asked what the capital funds were to be used for with regard to the water project. Mr. Hellwig said a lot of the expense is related to eminent domain proceedings, and the purchase of easements. There came a time when the Water Authority took over control of the project, and they are currently responsible for the costs of running the system.

Mr. Peck asked what the Solid Waste Capital fund was for? Mr. Hellwig said these funds were what was left over when the construction of the landfill was completed.

Mr. Thompson asked if the capital funds could go back into the general fund? Mr. Hellwig said if the committee were to approve the use of these funds it would require a resolution to take the money out of the capital funds and put it back into the general fund.

Population Based Sales Tax Distribution - \$3 million – Long Term

Mr. Hellwig said right now the sales tax is split in half with the towns and cities taking half and the county keeping the other half. Of the county's half, \$3 million is distributed each year based on population. If the Board of Supervisors were to approve this recommendation these funds would be available to cover county costs as opposed to distributing it outside the county.

Mechanicville & Milton - \$602,000 – Long Term (Special Sales Tax Distribution)

Mr. Pitcherale said he would provide a spreadsheet outlining the specific amounts to each town, and will include the \$542,000 for Mechanicville and \$60,000 to Milton.

Backcharge Community College Costs \$6.8 million

Mr. Hellwig said right now the county pays for college tuition for residents that are attending Community College outside the county. The projected costs for this year are \$6.8 million. In some counties the towns cover those costs.

Ms. Daly said this is what the county is currently paying and options are to put it on the towns or maybe share it with the towns. There are options that are available and there is \$6.8 million that the county pays in community college costs each year.

Mr. Pitcherale said with all the counties in New York (62), there are three counties that currently chargeback the taxes to each of the local towns, cities and villages. There are a few that used to do that and a few that are thinking of doing that because they don't currently share sales tax.

Mr. Peck said in some schools they are paying for the tuition charges for high school students to take community college courses in their high schools.

Sales Tax Increase – One Half Cent - \$8.5 million – Long Term

Mr. Hellwig said based on what was budgeted this year, a half cent increase based on that number represents approximately another \$17 million, of which the towns would share half and the remaining \$8.5 million would go to the county. If the county were to get the State Legislature to approve an increase of ½ cent in the sales tax the county could collect approximately \$8.5 million.

Property Tax Increase – 2% Cap (\$2.198) - \$979,391 – Long Term

Mr. Hellwig said right now this number represents what the State Legislature adopted this year, a 2% cap. If we were to take advantage of that entire amount it would be just under \$1 million. In order for the county to generate that much additional revenue the assessed value in the county would have to increase by approximately \$450 million to get to the 2%. If we were to reach that threshold the most that we could get this year would be \$979,391. An option would be with more than 60% of the weighted vote the total could be exceeded.

Privatize Maplewood Manor - \$7 million to \$8 million (Annual Subsidy) – Long Term

Mr. Hellwig said that at this point the annual subsidy is in the range of \$7 million to \$8 million. In addition to eliminating that subsidy, there would be proceeds from a sale to any company that would be interested in purchasing the facility. This is a long term item, as there is no way that something of that magnitude could be done this year or even next year. These figures are based on the current operating costs.

Ms. Daly asked if we know the number of Medicaid beds available in nursing homes within Saratoga County? Mr. Peck said that the Department of Health and Saratoga Hospital would have those numbers. Ms. Daly said this is important as we move ahead. She said if we should decide to sell Maplewood Manor, do we have the opportunity to stipulate that there has to be Medicaid beds available? Mr. Hellwig said whatever stipulations the county wants to pass along would be part of the negotiations.

Mr. Thompson said the county has a landfill that is worth approximately \$14 million and is not being used. He suggested that the committee consider selling it before considering the sale of Maplewood Manor. He said selling Maplewood Manor is an option that he doesn't want to even consider.

Mr. Peck said if Maplewood Manor was privatized the base rate would change on reimbursement, which is why someone else could make it profitable and the county can't.

Mr. Hellwig said the story has been if the property changes hands, the value of the property that is established during the transaction is the new number for determining what the reimbursement rate would be.

Mr. Sausville asked if an option would be to sell Maplewood Manor to an authority so the county could retain some of the privileges we have now?

Mr. Hellwig said all of the options would have to be examined during the budget cycle this year.

Mr. Sausville asked if the county has looked at passing down the New York State budget cutbacks to each program? If New York State has cut back a program by 10%, why doesn't the county cut the program back by 10%? Mr. Hellwig said the problem with a lot of that, especially in the case of Social Services, is that the programs are mandated. The promise was that they were going to cut back the State Aid, but at the same time, to some extent, reduce the mandates, which hasn't happened yet. At this point we have no sign that is coming any time soon.

Mr. Grattidge said he would like to have a review done of all the subsidies at Maplewood Manor to ensure that the county is receiving full reimbursements for money that the county has qualified for. If there is an area that we have to tighten up, it has to go countywide.

Public Health CHHA & LTHHC - \$2.25 million – Long Term State Medallion to operate CHHA - \$?

Mr. Hellwig said the county has the ability, if the Board of Supervisor's chooses, to sell the Home Health Agency component of Public Health Nursing as well as the Long Term Home Health Care. In addition to that, the department operates under State approval or a Medallion, which has some value. Based on conversations with Ms. Levison, Public Health Director, it could be as much as \$2.25 million for the costs of providing the services and the Medallion would be an addition to that.

Mr. Thompson asked what the Medallion would be worth? Ms. Levison said she thought it would be worth approximately \$1 million.

Mr. Thompson asked if there were any way to find out exactly what the Medallion would be worth? Mr. Hellwig said you might be able to compare sales in similar sized counties; however, private companies cannot serve the population without the Medallion.

Mr. Hellwig said he would like the committee to consider all of the items that are identified as immediate, in terms of getting us through this year. The remaining items can be discussed in greater detail during the budget cycle.

Ms. Daly suggested contacting the Water Authority Chairman with regard to the Water Capital Fund. She said action could be taken as long as all questions can be answered before the regular Law and Finance meeting with regard to the immediate items.

Mr. Thompson asked if there was a plan right now to build a Public Safety Building?
Mr. Hellwig said, no.

Mr. Grattidge said the immediate items should be ready to be voted on at the next regular Law and Finance Meeting.

Mr. Peck said with the application deadline coming up on Acquisition of Development Rights, there would need to be some action so that the Planning Department can put out word that the program has been suspended.

Mr. Grattidge suggested looking at a formula for how you would evaluate jobs, so a signoff could be made on a plan for the hiring freeze.

Mr. Peck commended the Chairman of the Law and Finance Committee, Chairman of the Board and Administrator for putting the Expense and Revenue Budget Options together quickly. These are tough times for everyone. It is good that we didn't sit on this and wait. We have to have to have dialog and discussions and move forward.

Mr. Peck said the county has to figure out how to get the Medicaid reimbursement changed. We have to continue to talk about how to make the nursing home more profitable or break even.

Mr. Thompson suggested that the committee look into the idea of forming an authority with regard to Maplewood Manor.

Mr. Rowland said that other counties have formed authorities as a way of rebasing.

Mr. Thompson requested that the Administrator and County Attorney look into the idea of forming an authority with regard to Maplewood Manor.

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

Respectfully submitted,
Chris Sansom