

BUDGET WORKSHOP – 2010

November 13, 2009 – 2:00 p.m.

PRESENT – Patricia Southworth, Philip C. Barrett, Richard Lucia, Mary Ann Johnson, Jean Raymond, Richard Rowland, Arthur M. Wright, Mindy Wormuth, Paul Sausville, Frank Thompson, Preston L. Jenkins, Jr., Willard H. Peck, Richard C. Hunter, Sr., Thomas N. Wood, III, Matthew E. Veitch, Joanne Dittes Yepsen, Arthur J. Johnson.
ABSENT - Shawn P. Connelly, Anita Daly, Alan Grattidge, George J. Hargrave, John Lawler, Thomas Richardson

Vice-Chairman Peck called the meeting to order.

Mrs. Plummer read the Budget Workshop Rules.

Vice-Chairman Peck gave an overview of the 2010 budget stating that as the budget was being worked on this year, a foundation was built on two pillars - - We wanted to keep the tax rate consistent at \$2.15 ½ per thousand. Our assessed value within the County has decreased, so we will be collecting \$300,000 less this year than we did last year, he said. I wanted to make sure we do not have any layoffs, he said. We have a highly skilled and efficient staff here in Saratoga County, and I wanted to continue this budget without any layoffs, he stated.

David Wickerham, County Administrator, gave the following overview of the budget:

As anyone who attended the Budget Press Conference on October 28 knows, this is hardly a business as usual budget. On the one hand, County Spending is down nearly \$13 million to about \$278.9 million. That's a 4.5% reduction, but considering how the 2009 budget has been modified throughout the year, it's actually a 9% reduction. With that kind of attention to spending, you'd think there would be a big reduction in property tax. Unfortunately, the drop in County revenues is more extreme than the reduction in spending. Sales tax receipts are trending more than 10% lower than 2008 sales tax, and we don't have the data necessary for an accurate 2010 forecast. Unless something dramatic happens over the next two months, County sales tax collections will be off more than \$8 million this year from our 2009 budget.

When all is said and done, this tentative budget maintains our low \$2.155 per thousand tax rate without resorting to any personnel layoffs.

Our largest single expenditure continues to be Medicaid at \$23,350,000. That's actually a reduction of about \$1 million that is directly attributable to the FMAP changes that were included in the stimulus legislation. Unless the FMAP improvements are extended, they will revert to the 50/50 split in 2011, substantially increasing local Medicaid costs. Medicaid, as you know is a mandated expense over which we have no control. We simply pay the bill at the demand of the State. That's also the case with our Community College expenses and the pre-school handicapped children's program. We're actually

seeing a slight reduction in those costs, but at \$41.8 million, they still comprise nearly 86% of our property tax levy. Essentially, of every dollar that the property taxpayer pays, 86 cents goes directly into State coffers as a hidden State tax.

We have also taken the drastic step of reducing our capital investment in the County Infrastructure by about \$2 million, by taking the simple step of spreading the costs of the program for the next two years over a three year period. Our attention to County roads and bridges over the past two decades allow us to make this short-term adjustment without endangering our infrastructure.

However, this is only a short-term solution. We must return to the long-term program by 2012 or risk serious damage to our road systems. Even with the cuts, we'll still spend nearly \$8 million on capital projects in 2010.

Payroll costs are up about 5.4%, even though there are no cost of living raises in this budget for any employees except the Corrections unit who will be in the last year of their contract. The increased payroll cost is largely a result of a 40% increase in retirement costs dictated by the State Comptroller. All indications are that our health insurance costs are moderating, but we're still looking at a potential 10% increase.

The economic crisis has also 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 and Chairman Peck has asked for a moratorium on the funding of new outside agencies in the 2010 budget.

The nursing home continues to require a significant subsidy from County taxpayers. In 2010, we expect the gap to be about \$7 million. We'll be using the last \$5.6 million of the IGT revenues to subsidize the cost, which masks the true cost of the facility. However, the true cost will be apparent in 2011, and that means we'll be starting in a pretty big hole.

I've already mentioned the sales tax shortfall, but since it's the biggest driver of the budget, its worth mentioning again that our 2009 sales tax is trending to be a full 10% less than our 2008 receipts. That's a higher percentage loss than any of our Capital District neighbors and significantly higher than the 7% loss statewide. Frankly, I don't believe it. There haven't been any substantial layoffs here and consumer confidence seems stronger here than anywhere else in the State. I honestly believe we are being shortchanged in the amounts we are receiving from the State. We need to continue to demand the sales tax information from our County that will allow us to determine what's really happening in Sales tax collections. We simply can't allow the State to send us a check and tell us that it's all we're entitled to receive.

2010 is a year of firsts in Saratoga County, and not necessarily in a good way. This is also the first year that our tax base has shrunk. The loss is less than a quarter of 1% and only drops our levy by \$300,000, but it is significant, especially since we know that we are still gaining population and there are still building projects throughout the County.

For the most part, the reduction is directly attributable to rising State equalization rates that are established at State ORPS. It is somewhat reflective of the difficult housing market last year. I expect it to be a short term blip, as the tax base is buttressed by the development of Luther Forest and the housing market begins to rebound.

I'll conclude with a quick update on our fund balance situation. I had expected to start 2009 with a fund balance of \$30 million, but the beginning of the recession last fall left us with only \$27 million to start the year. We had expected to use about \$3 million to balance the current year budget, but with the losses in sales tax, it's looking more like we'll actually have to use about \$7 million. It's just an estimate now, but if it holds we'll start 2010 with only about \$20 million in our reserve. This budget contemplates the use of another \$3 million during 2010, so we'll be down to about \$17 million or about 6% of the County budget. That will be the lowest our reserve fund will be at in two decades. If we can't rebuild the fund in the coming year, 2011 will be an even tougher year.

Jack Kalinkewicz, Personnel Director, said the packets of the overall requests were put in the Supervisors' boxes as well as Personnel's recommendations. He said 19 positions were requested from various departments. He said they have recommended the following changes:

Employment and Training

Reclassify Sr. Employment & Training Coordinator to Employment & Training Program Counselor for a savings of \$2,522. Mr. Kalinkewicz said most of that is all State money that deals with the Alternatives To Incarceration Program.

Maplewood Manor

Abolish vacant Sr. Typist position and create part-time Typist for a savings of \$35,946. There would be an overall savings of \$38,468.

Vice-Chairman Peck asked if anyone had any amendments to the tentative 2010 budget. Being none, he announced that the public hearing on the budget will be held Thursday, December 3rd at 5:30 p.m. in the Board Room. He mentioned there will be a special Board Meeting to adopt the budget on Wednesday, December 9th at 4:45 p.m.

Ms. Yepsen commended Vice-Chairman Peck for the excellent budget. She said she has received a number of correspondence from residents concerning the decrease in the farmland protection and open space line. As the fastest growing County in the State, we need to invest in farmland protection and agriculture and open space, she said. I would like to see us continue to look for outside funding and to revisit this line item when appropriate and continue to grow that fund and not decrease it, she stated.

Vice-Chairman Peck said we looked at all programs that are non-required by State or Federal agencies, and we looked at where we could start to make cuts. He said since he chaired that committee, and being a full-time dairy farmer, he has been a proponent of this, and he knew it would be difficult for him to decrease that line item. He stated all

aspects of County government spending needed to be analyzed. We need to look at revenues each and every month to see where we are at, he said. Ms. Yepsen thanked him for that, and she said at least it wasn't cut completely.

Ms. Raymond said we have always funded it at \$500,000, and we had increased it for a couple of years because we felt we could. I do not see this as a cut so much as going back to where we were, she said. I would rather not leave the public with the impression that we just cut it, she said. We just left it to where it was at for a few years, she added. Vice-Chairman Peck stated this program has been successful and should be heralded as a success rather than a disappointment.

On a motion by Ms. Wormuth, seconded by Mr. Lucia, the workshop was adjourned.

Respectfully submitted,

Elaine M. Sodemann