
**BROOME COUNTY LEGISLATURE
REGULAR SESSION
SEPTEMBER 27, 2007**

The Legislature convened at 5:05 p.m. with a call to order by the Chair, Mark R. Whalen. The Clerk, Eric S. Denk, read the fire exit announcement and called the Attendance Roll, Present-15, Absent-4 (Sanfilippo, Hutchings, Buchta, Mather). Ms. Buchta arrived at 5:10 p.m.

The Chair, Mr. Whalen, led the members of the Legislature in the Pledge of Allegiance to the Flag.

WRITTEN OR ORAL PRESENTATIONS OF THE COUNTY LEGISLATURE
Broome County Executive's 2008 Budget Message

Good evening, Chairman Mark Whalen, lawmakers, department heads, members of the public and the media.

I am not going to start by waxing philosophically about where we are, where we are heading and where we have been. Instead I am going to get to the cold hard facts of our fiscal situation.

It is not a pretty picture and some terrible decisions have been made by previous legislative bodies that have put Broome County in the difficult financial situation it is in today.

We, however, are managing the problem and will continue to manage the problem. I made a promise to the people of Broome County when I was elected. I promised that my leadership would provide sound fiscal management with no dramatic or unexpected ups and downs. Without fail, my administration has been steadfast and delivered on this most important of campaign promises.

My 2008 budget calls for a 4.925% tax rate increase. Incredibly, the increase in spending has been held to less than a quarter of a percent. Our revenues have increased 2.35%.

Had decisions of the past gone a different way, I could have been standing here tonight telling you that taxes would not be increasing at all.

Reformulated Sales Tax Impact

In 2006, the previous legislature, under different leadership, gave back to our local towns and villages what amounts to nearly \$2 million a year. So far that amount has accumulated to approximately \$4 million. That means our towns and villages are getting that much more and Broome County is getting that much less.

With a sales tax distribution formula in 2005 and 2006 of 47.5% going to municipalities, and 52.5% going to Broome County, 66% of the local municipalities have seen an increase in their general fund balance or surplus and 83% have seen an increase in revenues. This does not include the additional revenues that these municipalities have received since the formula was changed again to 50-50 starting in January of 2007.

The County's appropriated fund balance, meanwhile, has experienced a 54% reduction going from \$13.8 million in 2005 to \$6.4 million in 2006, a negative change of \$7.4 million.

This reduced fund balance would have been more acceptable if localities had passed the extra sales tax revenue to the taxpayers or if local leaders were taking steps to reduce the number of municipalities in Broome County. I keep waiting for more towns and villages to take those steps. So far I am a little disappointed.

Medicaid Update

This sales tax giveback was approved by the previous legislative body under the guise that Broome County's Medicaid problem was fixed and Broome County no longer needed these funds. Once again let me reiterate, Broome County's Medicaid problem is far from fixed.

Somehow Medicaid has become the \$34 million elephant in the budget that some are willing to ignore. The Medicaid cap is the equivalent of placing a bandage on a deep wound. It slows the bleeding, however, without additional treatment the wound continues to bleed and there is the possibility of it becoming much worse.

What does the Medicaid soft cap mean to Broome County? It means that the Medicaid burden this year for our local property tax payers is \$34.6 million. We are guaranteed to see 3% increases for the rest of our lives or until the state decides to handle the Medicaid burden differently. I plan to continue to fight to get the State to take this burden off of the backs of Broome County taxpayers.

For anyone to say that Medicaid is fixed is not only incorrect, it is irresponsible and it is a dangerous message to send to Albany.

Again, Medicaid is not fixed!

Sales Tax Impact

Within the last two years, Broome County also eliminated the sales tax on clothing and footwear up to \$110. I promoted this legislation in 2005 and am still very supportive of it because I feel it is important for our residents to get relief when purchasing basic items like clothing. Although, this had an impact on our current bottom line, this was one decision that I am glad that most legislators saw the benefits and approved the tax break, leaving this money in residents' pockets.

2008 Budget Challenges

Even after losing 54% of our appropriated fund balance, and in the face of unfunded state mandates like Medicaid and the Help America Vote Act, we have still been able to keep the tax rate to an amazing 4.925%. Yet this number does not tell the full story.

Lawmakers and our residents need to understand that this has been an extremely difficult process. Before the budget cycle began we knew we were facing an uphill battle. Early predictions on the property tax increase ranged between 8% and 12%. That was unacceptable. I want to thank Budget Director Nathaalie Maxwell for all of her hard work and due diligence. She has poured many hours into this document you will be receiving today. Thank you, Nathaalie. I also want to thank her budget staff, Kathy Bevelacqua and Darlene Croston.

While I give Nathaalie a lot of the credit for bringing this all together, I also have to express my tremendous appreciation for our department heads and all of the work and creative effort they put into crafting their own budgets. They and their staffs work hard every year on this process but this year especially they were given a tough mark to reach. They embraced the challenge and reached it.

It was not done easily and the cuts are not going to be painless. But all of us, from the front line workers, to department heads, to the administrative staff, and this legislature, we all have a duty to provide quality services while holding the line on taxes. We have done both with this budget.

Healthcare Costs

Healthcare continues to be a major challenge for all of us. As we reported last year, healthcare costs have now surpassed Medicaid as the largest burden on our finances. We have been aggressively working on strategies to contain these costs and those efforts are ongoing.

I want to thank the members of the legislature that have supported our efforts to reconfigure the healthcare plans offered to our employees and retirees.

This year, with your help, we were able to begin the process of offering our employees cheaper alternatives. The options are not only more affordable for the employee but they will eventually lessen the burden on the taxpayer. These are the types of progressive alternatives that the County must undertake in order to create our own solutions.

Also, because of GASB 45, our future health care costs are no longer a nebulous number. We are now required to show how the post employment benefits that we are promising today will affect the future residents of this County financially. Although we are not required to fund this future liability, we need to understand what those liabilities are and come up with a plan of action.

All of our county employees deserve to be paid a fair wage and provided reasonable benefits. However, now we have to move forward, not just with the knowledge that we are going to provide these benefits but also with the challenge of figuring out how we are going to pay for these benefits.

This challenge is far from over but I ask this legislature to continue working with us on options that make healthcare more affordable for both the County taxpayers and our employees.

Skyrocketing healthcare costs are nothing new. The issue has been percolating for years. Therefore when we took office in 2005, we were shocked to learn that the past administration and legislature had deliberately budgeted a nominal 2% increase in health insurance costs in the 2005 budget. Because the budget line was under funded we have been forced to make up that deficit ever since.

The previous administration, with the support of the legislative body, chose to budget numbers that reflected only a small increase in health insurance costs in spite of the over abundance of information available at the time. This was during a time that the industry was predicting more than 10% increases across the board.

When those in charge play these types of games with the County's finances, they are making one of two statements; either they do not understand the budget and general economic conditions or they could care less about the impact on the taxpayers.

Health insurance costs have increased dramatically in the last five years. This is no secret. In 2004, every insurance, personnel and human resources department in the public and private sector expected large increases in healthcare costs. That is every one except Broome County.

If those previously in charge of budgeting for healthcare had the foresight to consider the trends at the time, the increases would not have been so drastic and we would not have had to dig ourselves out of a health insurance deficit.

So yes, the health insurance budget has increased during this administration but this administration under my leadership has also taken bold steps to try to contain those costs. What we did not do is stick our heads in the sand, under fund the budget lines and then cross our fingers and hope for the best.

In addition to reconfiguring the current healthcare options provided county employees, under my leadership, we have also researched the option of joining a healthcare consortium with school districts. We have researched the option of creating a municipal cooperative health care benefits plan. We are researching the possibility of no longer being a self insured county and instead going with the New York State Health Insurance Program. Nothing is definite, but believe me we are doing our homework and we will continue to do our research until we find the best option for our employees and our taxpayers.

Personnel

The employees of this County are committed public servants who work to ensure a better quality of life for all of our residents. I am thankful for their years of service and I am sure that our residents are thankful for the work that they do.

For this reason it is difficult to ask department heads to reduce the amount of staff that they utilize to provide services. However, the County's financial condition made this a reality during this budget process. The 2008 budget contains a reduction of 73 full time equivalent positions for a savings of more than \$3.5 million to our local property taxpayers. 64 of these positions were removed from our operating budget and placed under the Medicaid Cap Grant.

The 2008 budget includes the addition of 3 positions. Two require minimal or no taxpayer support. We are also proposing one upgrade for a physical therapist at Willow Point Nursing Home to enhance the services that we are currently providing while obtaining a higher reimbursement from the State.

I had decided to freeze the salaries of my appointed department heads when I took office in 2005. To date that decision has saved our taxpayers more than \$150 thousand and by the end of 2008 they will have saved more than \$200 thousand. I know that this has been difficult for our department heads to endure as costs continue to rise each year. However, I feel that it was the right decision to make when facing the rising property tax problem in Broome County.

I also made the difficult decision to legally pursue the former Broome County employees who were inappropriately provided thousands of dollars in sick time pay that they were not entitled to receive.

State Supreme Court Judge Patrick Monserrate agreed with our position and ordered the former employees to repay the money. I feel badly for these employees because they were caught in the middle of a bad policy decision. However, this was the right thing to do for the taxpayers of Broome County.

So far we have received more than \$200 thousand dollars back into county coffers because of our efforts in this matter. There is still an appeal pending but we feel optimistic about the outcome.

Sheriff's Office Budget/Study

The County continues to face difficult personnel issues. Overtime persists in being a huge problem within the Sheriff's 2 departments; highway patrol and corrections. Last year we set aside funding to complete a study of the Sheriff's operations in order to come up with some solutions to the numerous personnel, capital and operating problems that the Sheriff faces.

I am pleased that a majority of the members of this legislature saw the importance of analyzing the operations of the Sheriff's Office. The study will get underway soon. Unfortunately, it cannot help us in this budget process.

We are facing tremendous financial challenges across the board but the Sheriff's Budget is particularly daunting. For example, every year we increase the Sheriff's overtime appropriations and every year, without fail, those appropriations are exceeded. The proposed study may seem costly to some, however, the repercussions of not completing and implementing the recommendations of this study are even more costly.

The Sheriff has stated that only the Department of Criminal Justice Services and other state agencies can determine how to best manage personnel in our jails. This is just not true. DCJS only stipulates the minimum amount of personnel needed to work in the jail but they do not study how to manage those employees to achieve maximum efficiency. Additionally they do not study independent appropriations such as overtime and they do not make recommendations for remediation.

The study I asked for and this legislature approved, is not about sacrificing public safety. It is about achieving public safety without breaking the public bank.

Since 1998 the Sheriff has exceeded his overtime budget by more than \$3 million. Just so our taxpayers can understand, this amount of overtime alone represents a 6% increase in the property tax rate over that period of time.

It is my sincere belief that our taxpayers are appreciative that we are spending a little money to get a good handle on whether or not this operation is being managed to the best of our ability.

Furthermore, let me state that if the recommendations put forth by this study are not put into practice and we never see the benefits, then it will be the fault of management and not the study.

I acknowledge that the Sheriff is not supportive of this study but I am hopeful we can move forward, work together and put our full efforts behind helping these consultants help us. We must find ways to provide first rate law enforcement and corrections while containing skyrocketing costs.

Broome Community College

I am a graduate of Broome Community College and for this reason and many others, I strongly believe this community college, *our* community college is a "jewel" of our community. This year, for the first time in my tenure, BCC's funding was held stagnant. The County's contribution to BCC had been increased by 3% each year in both 2006 and 2007. My office would have liked to increase the County's contribution again this year; however, we just did not have the fiscal resources to do so.

This is why I am committed to assisting the college in working on the recommendations of the new master plan, a master plan that was made possible through funding that this administration provided. This plan includes multiple strategies for renovating the campus and implementing

changes to create a better learning environment for the students, better classroom space for the professors, and better office space for administrators.

What the new master plan does not include are plans for a communications and technology building. More importantly the new master plan places no emphasis on the curriculum that was the cornerstone of the initially proposed \$40 million project. This is the technology building that some members of this legislature had been fighting for, for two years. The same building that I suggested we hold off on a decision until the new master plan was completed.

Thankfully, because of my strong disbelief in the necessity of this project and the courageous resolve of this current legislative body, we avoided committing millions of dollars which would have meant a nearly \$800 thousand dollar a year tax increase, every year, for 3 decades. I know that our taxpayers are ecstatic that we did not make that commitment.

In order to help Broome Community College move forward, I am recommending more than \$1 million in capital improvements for BCC in the 2008 budget. We are also reviewing how we can bring the new master plan to fruition. While I am committed to improving BCC I am opposed to blindly funding projects that have no proven benefit to the campus or the community.

I have made a commitment to our taxpayers that I will consider all projects and prioritize them not only on importance and community benefit but also cost.

I am currently working with the community college and Senator Libous' office to try to bring some of the college's arts and music programs to the Downtown Binghamton area. What better way to educate these students than to immerse them in the arts community?

In addition to providing a better learning environment, it will provide another economic benefit for the downtown community.

We would like to take the first steps towards studying available space in the downtown area to find the best fit for the curriculum. Today I am providing lawmakers with a resolution to fund the feasibility study of a downtown satellite program for BCC. I am excited about the prospects of this initiative and look forward to it becoming a reality.

Capital Improvement Program

When I took office the County did not have a clear plan for financing the capital improvements that support and improve our infrastructure. Today we have capped our annual taxpayer supported debt at \$1 million and we are making sure that we only approve projects that will fit within that boundary. This means that we have to delay and flat out deny some projects regardless of how worthy they are. For instance, we have decided not to fund any new cars in the County's fleet in 2008.

One of the capital projects that I am especially elated to see come to fruition is the George Harvey Justice Building rehabilitation. I am so proud every time I travel to the office and I see the work in progress at the Harvey Justice building. I am proud for a number of reasons.

I am most proud because we will soon be able to remove the County from the list of dilapidated property owners in the downtown area.

Secondly, when this building is completed we will eventually be able to save taxpayers more than \$500 thousand annually while providing a safe, consolidated and more efficient working space for three of our County departments; the District Attorney's Office, the Public Defender's Office and Probation.

And third, it would be a true memorial to the man for whom this building was named. George Harvey took such great pride in the building's appearance for all of his years of service. I know that soon we will all be able to take pride in this building once again.

Had the previous legislature been successful in their efforts to split the tobacco funds between the justice building and communications building, we would have taken a "\$17 million tobacco settlement and turned it into a \$12 million, 30 year tax increase" as so eloquently stated by one concerned resident.

We would have been forced to bond for approximately \$12 million for both George Harvey and a communications building, which is no longer in the master plan. It would have been incredibly irresponsible and hypocritical for us to give away millions in sales tax revenue to then turn this \$17 million surplus into an immediate \$12 million deficit.

Contract Agencies

We have had to make some difficult decisions regarding our contract agencies. 5 of the 11 contract agencies that received county funding this year have been eliminated from the operating budget. The remaining contract agencies have all been reduced to a rate that reflects the current financial needs of the County.

Our waning financial resources required us to either make these tough cuts or increase the property tax rate. As a fiscally conservative County Executive, it is never my choice to increase property taxes. I would much rather reduce spending and control costs instead.

All of our contract agencies provide services that increase the quality of life for all Broome County residents. I think that it is important for government to support them. The question now becomes, which form of government and at what level.

The County is receiving less revenue since previous legislators changed the sales tax distribution formula and as a result the City, Towns and Villages are receiving more funding. The contract agencies are used by all of our residents and benefit most everyone. I strongly urge them to seek funding from all of our municipalities. I also strongly urge the municipalities to assist the contract agencies using some of the additional sales tax revenue that they have received.

Hotel/Motel Funding

Recently lawmakers approved the increase in the hotel/motel occupancy tax from 3% to 5%. I want to thank you for that support. This community has desperately needed sustainable funding for marketing and brownfield redevelopment.

No tax increase is a good increase but this one we felt would have the least impact on our local property taxpayers and the benefits to the community outweigh the negatives.

The additional 2% increase is expected to bring nearly \$550-thousand dollars into Broome County coffers. For 2008 I am proposing we spend that money in the following manner:

- \$100,000 for Greater Binghamton Coalition support. This takes that amount out of our budget and off the backs of our local property taxpayers and allows us to continue our aggressive economic development strategies with our economic development and private sector partners.

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- I have offered \$50 thousand dollars to Mayor Pulse of Endicott to assist with the local portion of cleanup costs for the Endicott Forging Site if the village is successful in receiving Restore NY funds for the cleanup of this terrible eyesore in our community.
 - \$100 thousand is being given to our Convention and Visitors Bureau to assist them with marketing our region for tourism, trade shows, conventions and regional sporting events. This amount will allow their spending levels to remain somewhat the same levels as this year.
 - \$175 thousand is going to be used to begin a study of the Brandywine Corridor area. This area is another major eyesore in our community and it happens to be a major gateway into our community. We have been waiting 2 years for a state grant to fund this study and we cannot afford to wait any longer.
 - The remainder, nearly \$125 thousand will be used for additional marketing for our region. Much of that marketing will be targeted at specific industries that we hope to attract to our region.

We have many challenges in our community but we also have many positive assets and we need to start telling people about those assets. Other communities are outspending us in marketing their regions and getting results. We believe we can have an impact with the marketing dollars generated by increasing the hotel/motel occupancy tax.

Conclusion

These are difficult financial times. Our taxpayers do not need me to stand here and say that, they live it every day. However, some county and municipal leaders think it is okay to continue business as usual.

This administration will not continue business as usual. That is why under my leadership, this administration has pushed consolidation so strongly.

We are a community based on outdated boundaries and municipal structures. We must as Governor Spitzer has said, "...consolidate New York's multiple layers of local government – those 4,200 taxing jurisdictions that cost taxpayers millions each year in duplicative services and stand as yet another impediment to change."

Also quoting our Governor, this situation along with others has created a "...perfect storm of unaffordability," for our residents.

The Governor has appointed a Commission on Local Government Efficiency and Competitiveness and I am delighted to announce that just last week in Albany, Broome County had seven initiatives before the commission and all seven were included in the state's list of projects to assist.

I also want to take a moment to congratulate the residents in Johnson City who took the call for civic engagement seriously and recently won a court decision upholding their dissolution petitions. I also want to recognize leaders in Windsor who are taking it upon themselves to study the issue of dissolving the Village into the Town.

From the beginning of this process, we have not advocated dissolution but we have advocated communities using their resources to study different ways of aligning local government entities and providing services. It is unfortunate that the Village of Johnson City did not simply pursue the study independent of the petition process but we are happy that the process will move forward.

Continuing to turn more money over to our local governments in the form of sales tax dollars is not the right way to go and is not helping the consolidation movement. We need to be

advocating consolidation and we need to be bringing our communities together instead of encouraging them to build stronger walls of isolation.

I look forward to continuing to work with New York State on ways to promote consolidation and I look forward to working with this legislature and our municipal leaders on ways to join forces, cut costs and still provide first rate services. I prefer to take the lead on this issue instead of letting others show us the way. I have pushed the consolidation issue in Broome County since taking office and it will continue to be a major priority under my leadership.

The budget that I am presenting today encompasses my strategic approach to creating a fiscally sound and stable county. I look forward to working with all of our lawmakers on this budget and the number of initiatives outlined here today. We can make this a better place to live and work if we put our differences aside and work together on a budget that continues to provide quality services without resorting to costly tax increases.

Thank you!

Mr. Shafer made a motion to adjourn, seconded by Mr. Herz. **Motion to adjourn carried.** The meeting was adjourned at 5:40 p.m.

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