

September 30, 2004

Broome County Legislature
County Office Building
Binghamton, New York 13902

Ladies and Gentlemen of the Legislature:

In accordance with Article VI, Section 604 of the Administrative code, I herewith present the Recommended 2005 Operating Budget and 6-Year Capital Improvement Program for Broome County.

Seven years ago I stood before this honorable body to present the first of my 8 county budgets. At that time I told you that in November of 1996 the voters of this County sent us a clear message – CUT county spending and reduce property taxes. And, my first budget did just that. The 1998 Broome County Budget lowered total spending by almost \$4.5 million and reduced county property taxes by 5.5%.

My first budget reduced county positions, including many managerial positions.

Now 8 years later, on behalf of all taxpayers who live in this county, it is my special pleasure to present a County Budget for 2005 **which reduces total county property taxes by 8.1%**. This is my 6th budget that reduces the county property tax rate. Combined with my 7 previous county budgets, total county taxes have increased by an average annual rate of 2/10th of 1% over the 8 years of my administration. We have accomplished this feat through controlled spending, careful budgeting and good management of county finances.

This budget continues my commitment to maintaining county public services while reducing the burden of county taxes on

our residents. **Raising taxes should always be a last resort, not our first option.**

Throughout this budget you will note that I have continued the practice of eliminating unnecessary expenses and limiting expense on discretionary items wherever possible.

This budget reduces overall staff positions. I have also limited travel expense to the 2004 Budget amount. Total non-DSS county costs have increased by 4% in 2005.

The reduction in county property taxes proposed for 2005 is primarily due to increases in 2003 fund balance associated with increased state aid payments, sales tax receipts over budget, increased mortgage tax, and savings in retirement and personnel expenses.

It is my firm belief that this increase in fund balance or surplus should be returned to county taxpayers. This is entirely appropriate. When state mandates (primarily soaring Medicaid costs) forced county cost increases, these increases had to be passed along to county taxpayers. Any mandate relief in the form of increased state aid payments, other increased revenues and reduction in expenses, should likewise be passed along to county taxpayers in the form of tax reductions. This is taxpayers' money, not ours, and should be returned to them whenever possible.

I know there may be some concern among county legislators and others that reducing taxes by the amount I have proposed will force tax increases in future years. Well I have an answer for you, **it will not.**

As many of you know, the State Comptroller has proposed and the State Legislature has signed off on a one year moratorium for state retirement expenses. Local municipalities which

operate on a calendar year basis (including county, city and towns) will be given relief from paying the 2004 state retirement bill. This one year relief for Broome County is equal to 11% of proposed 2005 county property taxes or approximately \$5.1 million. This savings in 2004 expenses will be available for the 2006 Budget and beyond.

The City of Binghamton and all 16 towns within Broome County will receive similar tax savings in 2004. Each community must make its own decision as to how to deal with these savings. i.e. return it to taxpayers, apply it to surplus or use it to expand government programs. I have chosen to set aside these savings to return to county taxpayers in future years.

8 Year Comparison – My Administration vs. Prior Administration

The best way for me to illustrate what we have accomplished over the past 8 years is to compare fiscal operations during the past 8 years with that of my predecessor.

	<u>My Administration</u>	<u>Prior Administration</u>
Average Annual Increase in Expenses	2%	8%
Total Increase in County Property Taxes (8 Year Period)	\$3,300,000	\$93,500,000
Average Annual Increase in Property Tax	2/10 th of 1%	7.2%

	<u>My Administration</u>	<u>Prior Administration</u>
Increase in Mandated County Costs (DSS) (1 st year to 8 th year)	\$22,800,000	\$12,800,000
Increase in County Support for BCC	\$1,295,000	\$541,000
Debt Issued – County Capital Projects	\$71,600,000	\$166,500,000
Change in Total Outstanding County Debt	- \$42,900,000	+ \$62,500,000
Change in Tax Supported Staff Positions (excludes Emergency Services)	- 103	+ 92
NOTE: Since 1989, the County has added 105 FT positions to the Sheriff’s department, 69 were added between 1989 – 1996, 36 were added between 1996 – 2004.		
Action on Sales Tax	Eliminated sales tax on clothing when allowed by the State.	Increased County Sales Tax Rate by 33%

Not only did my administration incur significantly higher mandated state DSS expense and increased county support for

BCC, but we absorbed these costs while holding property taxes to a rate of increase that was less than 1/35th of my predecessor. We have accomplished this rather astounding feat by controlling county expenses, especially debt services expenses, while maximizing federal and state aid revenue.

Health & Safety

Health Department

The Health Department requested and I am recommending the conversion of a temporary help Public Health Technician staff position to full time basis. This conversion increases staff time by 25 hours a week. Creating a full time position allows senior staff to devote more time to deal with the Toxics Program – underground water pollution.

It has become apparent to me that we must establish this position on a permanent basis to allow senior staff greater time to assist with coordination of pollution remediation. The demands of this program continue to grow with the establishment of additional federal regulations. Creating a new Public Health Technician will allow the Senior Engineer and Director of Environmental Health Services to devote more of their time to the Toxics Program.

Further, I have included funding of \$100,000 for the Health Department to support the Community Free Clinic. This Free Clinic co-sponsored by the Clinical Campus at Binghamton University and the Broome County Health Department provides comprehensive primary care, including laboratory and prescription medications on-site to the working poor of the Greater Binghamton area who lack health insurance and earn too much to qualify for Social Services and Medicaid. Since 1997, over 5,000 patients have been seen generating over

18,000 visits. Over the past seven years, 450 residents in the community have volunteered to staff the clinic.

This is indeed a worthwhile and money-saving endeavor that should continue to receive the full support of the county.

Contribution to Ross Park Zoo and Local Libraries

My 2005 County Budget recommends a contribution to the Ross Park Zoo of \$366,250. This is an increase of \$200,000 or 120% over the amount given to the zoo in 2004.

Funding for the zoo has changed dramatically over the past 15 years. 1990 and 1991 county funding for the zoo totaled \$300,000. In addition, the City of Binghamton provided \$150,000 of support to the zoo in 1990. The County contribution was reduced to \$225,000 in 1992. By 1994, funding for the zoo had been reduced to \$165,000 and was further cut to \$148,692 in 1995. The current level of support is \$166,250.

In light of the recent disclosure of an extremely serious financial situation at the zoo, I feel that it is imperative that the amount I recommend be approved for 2005 and become the base amount for future support of the zoo. This increased county support will allow the zoo to obtain the necessary federal and state grants to continue and possibly expand current educational programs.

I have also included in my 2005 Recommended Budget a \$300,000 increase in support for local libraries. This brings our support to over \$1,000,000.

When I took office in 1997, support for local libraries was \$200,000. My 2005 Recommended Budget represents a better

than 5 fold increase over 1997 support and provides almost a 50% increase when compared to our support in 2004.

Health Insurance

Our self funded health insurance program continues to reap huge benefits. After a 5% increase in premiums for 2004, and a 2% increase in 2003, I am proposing an increase of 4% for 2005. Our 3 year increase of less than 12% is actually less than the average annual increase for HMO's for one year over the past 3 year period.

Medicaid

My 2005 Recommended Budget reflects a 10% increase in Medicaid growth over projected 2004 expenses.

Medicaid expenses for Broome County now stand at over \$41 million. This compares with an actual fiscal year 2000 expense of \$22,800,000. In just 5 short years, Medicaid tax support has increased by \$18.5 million. And since 2000, county property taxes have increased by \$9.4 million, which means that the increase in tax support for Medicaid has been almost twice as large as the overall property tax increase.

Counties across New York State are suffering under the Medicaid burden. There must be state mandate relief from this onerous monster.

The New York State Association of Counties (NYSAC) recently released a survey showing counties across New York State increased taxes by an average of 11% in 2004. In 2004, counties budgeted an average Medicaid growth of 15%. This was on top of an average countywide increase of 17% in 2003. And, Medicaid is growing faster upstate than it is in New York City.

I believe the 10% growth in Medicaid which I am recommending is realistic. The 10% figure is over twice as large as the 4.2% increase projected in the state budget. I believe the 10% figure is more realistic because the state budget projects reductions based on cost effective use of pharmaceuticals, Family Health Plus benefit reductions, and elimination of certain optional services which were recommended by the Governor but not approved in the final budget agreement. The State Legislature did however agree to a 2-year takeover of local Family Health Plus (FHP) costs. This will save the county as much as \$2 million in 2005.

Arena/Forum Operation

This budget reflects the full cost of operating both the Arena and Forum for 2005.

There is still uncertainty regarding the establishment of the Entertainment Authority and we have not yet fully explored the possibility of transferring the Arena and Forum operations to a private operator.

Once a final decision is reached and the Legislature has signed off, we will proceed forward. But in the meantime, I have provided sufficient funding in this budget for the county to operate the Arena and Forum for the entire 2005 calendar year.

2005 Capital Program

My 2005 Recommended Capital Program includes capital projects that can be classified into the following categories: infrastructure renovations, health and safety projects and capital projects to improve service delivery.

INFRASTRUCTURE RENOVATIONS

Bridges

My 2005 Recommended Capital Programs includes reconstruction of two bridges: the Airport Road Bridge in the Town of Maine and the Colesville Road/South Street Bridge. Total cost for reconstructing these two bridges is \$3 million although the county costs is less than \$150,000.

My 2005 Recommended Capital Program also includes reconstruction design of the Bevier Street Bridge in the City of Binghamton. I have also included \$2 million to continue reconstruction of county highways and almost \$200,000 for rehabilitation of park roads. In addition, I have dedicated an additional \$250,000 to repair large culverts.

Buildings & Grounds

I have included capital projects in next year's capital program to repair county building roofs, replace boilers and to provide design for parking area repairs at the County Office Building Complex.

HEALTH AND SAFETY PROJECTS

I am recommending a capital project titled Emergency Surveillance Equipment Improvement which would involve the installation of a video surveillance camera in each housing unit of the Broome County Jail. The cameras would be integrated into the existing security system and could digitally record any duress signal. This project would enhance safety for staff at the County Public Safety Facility.

Emergency Services

I am recommending the Vehicle Locator System for Emergency Services. This system has the capability of pinpointing EMS units and law enforcement vehicles so that the closest available units may be dispatched to incidents thereby saving valuable time. Currently dispatchers must voice poll law enforcement units to determine the closest vehicle which can take as long as 3 minutes, which are valuable minutes during a life saving situation.

CAPITAL PROJECTS TO IMPROVE SERVICE DELIVERY

DSS

A major capital project for 2005 involves the purchase and installation of an Electronic Document Management System (EDMS) for the Department of Social Services. The project will replace the current substandard paper based system.

The EDMS will impose operational efficiency, reduce current costs of file retrieval, eliminate safety hazards and increase compliance with state standards regarding file security and access management. 80% of the project cost will be paid for by the state and other grant funds.

Information Technology

I am recommending a major Information Technology project which includes replacing outdated servers, updating and replacing older network equipment, and providing for an uninterruptible power supply (UPS).

Conclusion

Before I complete my comments on the 2005 Budget, I would like to take a moment to recognize those county legislators who will be leaving us and who I consider partners in our accomplishments over the last eight years. Those legislators are Vince Pasquale, Bill Wike and Wanda Hudak. Though we may disagree sometimes on process, I know that our goal is the same, to provide needed county services to all our residents in the most cost-effective manner. I thank you for your extraordinary commitment to public service.

I would also like to thank the entire legislature for the difficult role you have played as a partner with this administration in addressing the county budget challenges. Over the past three years, speaking as a fellow elected official, I know that cutting positions and making difficult decisions have not been pleasant undertakings. You are to be commended for making the difficult decisions that have allowed the county to downscale to a sustainable level. I believe our actions over the past eight years can best be characterized as a partnership which took proactive measures to address the financial challenges we faced.

At the same time, we all need to thank our county employees for the roles they have played in addressing the county's financial challenges. It is a stressful situation when an organization has to go through the process of downsizing. Our county employees have stepped forward and accepted the challenge and I think it's appropriate at this time to thank them for their efforts. It is indeed a pleasure for me to be County Executive in an organization with such dedicated and involved employees.

Although this budget recommends a significant tax reduction for 2005, and I have identified retirement savings in 2004 that can be used to reduce or stabilize taxes in future years, the pressure on counties from state mandated programs has not subsided. Medicaid and other state mandated welfare expenses will continue to rise and strangle our ability to pay for those mandates and still provide for all the other services that our residents need and desire. That is our challenge as we enter the latter half of this decade.

Thank you.

Respectfully,

JEFFREY P. KRAHAM
County Executive