

BROOME COUNTY BUDGET MESSAGE 2013
County Executive Debbie Preston
September 17, 2012

THANKS

Good afternoon.

I wish to thank Chairman Jerry Marinich, Majority Leader Wayne Howard, Minority Leader Mark Whalen, and all our Legislators for this opportunity to present the People's Budget for 2013.

Members of the media, department heads, employees and most importantly the residents of Broome County, thank you for joining us this afternoon.

The preparation of this budget couldn't have been accomplished without the tireless efforts of a number of people: my Deputy County Executives John Bernardo and Bijoy Datta, Budget Director Marie Kalka, Deputy Budget Director John Flynn, Administrative Assistant Carolyn Penna, our Department Heads and many other staff members.

I sincerely appreciate their dedication to tightening our belts and getting the job done.

I want to take a moment to provide a special thanks to Finance Chairman Wayne Howard for his insight, wisdom and guidance since I took office eight months ago.

Wayne is retiring this year after 22 years of public service on the County Legislature. Wayne, you are a thoughtful leader and your service to our community is truly appreciated.

Wayne, please come up here for a moment; I have something for you.

THE STRATEGY FOR BIG CHANGES

When I took office in January, I promised big changes, and I made it clear to the people around me that we needed to do things differently in order to bring about real change in County government.

I kept my promise.

We engaged our Department Heads in the budget process early in the year.

In reviewing our operations, our focus has been and will continue to be long-term oriented.

I have stressed over and over again the importance of paying attention to detail, identifying and correcting inefficiencies, with an emphasis on recurring savings.

In the past, the County spent too much.

In the past, the County borrowed too much.

In the past, the County depended on too many one-shot revenues.

In the past, the County slid by on fiscal gimmicks.

Since I took office eight months ago, we sat down, rolled up our sleeves, and went to work.

One thing was clear.

As a County, we have way too much debt.

Beyond refinancing opportunities, which we'll see the benefit of in 2013, we are in the process of developing a long-term plan to lower the County's overall debt.

And to boost our credit rating, which is now A2 with a negative outlook.

It was an A1 in the past.

It was evident to me early on that we needed to make a real commitment to replacing our aging infrastructure - from our fleet of buses to the stairs at our Arena and more.

The can has been kicked down the road for too long.

As you will see from this budget document, we're committed to changing

this mindset.

We can't afford not to.

One big win we scored recently is a \$2.24 million federal grant for seven new buses.

I'd like thank Chairman Jerry Marinich for his exceptional work pushing our federal representatives to help secure this funding.

BUDGET PROCESS

A budget of this magnitude – more than \$365 million – requires a lot of input from many different sources.

As I stated earlier we engaged our departments early in the process for budget and capital planning purposes.

As County Executive, I personally participated in most of the work sessions.

I had to understand the financial aspects of their operations and the challenges they face as a result of changes we proposed.

You have to know what's going on, what works, and what doesn't, to write a smart budget.

You know, I kind of liked filling potholes with the Highway Department guys....

Unlike in the past, I felt it was imperative to meet with both sides of the aisle to give them a snapshot of what I would be rolling out.

I want to thank Chairman Jerry Marinich, Majority leader Wayne Howard and Legislator Dan J. Reynolds, and also Minority Leader Mark Whalen and Legislator Dan D. Reynolds for meeting with us to discuss some of what I would be speaking about today.

I believe in working as a TEAM because Together Everyone Accomplishes More.

THE RESULTS

Working together gets results.

When I ran for office last year, I pledged to hold the line on taxes.

I know that the people of Broome County can't afford to pay a penny more.

We've established a fiscal plan that brings about real change, identifies and corrects inefficiencies, ensures recurring savings, and pays attention to the details.

So what about that pledge to hold the line?

Well, I kept my promise.

Today, I'm proud to tell you that the increase for property taxpayers in Broome County for 2013 will be ZERO PERCENT.

THE RAW NUMBERS

A lot of politicians use vague language and broad terms when they make big speeches.

Well, I'm not a politician, and I don't like the status quo.

I like to say it how it is.

So, how did we get to zero?

Let me run the numbers for you.

Total Appropriations for 2013 are budgeted at \$365.8 million.

Our Countywide full-time employee headcount will be 1,546 in 2013, compared to 1,575 in 2012.

Revenue for 2013 is projected at \$292.9 million.

The local Tax Levy is budgeted at \$67.9 million, which results in a ZERO PERCENT increase in property taxes.

It wasn't easy.

But we delivered.

And we were conservative in getting there.

A large portion of the County's revenue comes from Sales Tax.

My budgeting style is cautious so we're anticipating a conservative growth in sales tax of 1.5%, for a total of \$79.1 million.

Good management dictates growing Reserve Funds, or as I call them Rainy Day Funds.

We heard last week from our Auditors that certain parts of the County Fund Balance are in good shape – like the one that exists for our employees' health insurance, and reserve accounts which are reserved for specific purposes and cannot be touched for general fund expenditures.

But a true Rainy Day Fund is different than these restricted accounts.

And it's different than one-time unexpected revenues like the Sales Tax boost we saw as a result of last year's flood.

Unfortunately, on numerous occasions in the past the County has depleted its fund balance and had no true Rainy Day Fund to draw on.

That caused fiscal stress and led to poor management decisions.

This budget strengthens the County's fund balance to 11.8% of the 2013 property tax levy.

For the future, I've set a goal of boosting our reserves to between 15% and 20% of the levy so we'll be prepared for possible economic downturns or emergencies.

As you review the numbers in this budget, you'll see that our retirement costs are growing by \$2.1 million with contributions totaling \$20 million

for 2013.

You will also see that the costs associated with our correctional facility, which is a mandated service, have grown by \$1.4 million year over year. We recognize the problems associated with the corrections business and are developing a plan to address these problems.

Total mandated costs are \$235.5 million while non-mandated costs are \$129.6 million.

These costs are a tough burden to carry.

But we can't change what the State mandates.

And we can't change most of what past County Administrations negotiated into public employee contracts – though I might try.... (*comic relief*)

The meaning of these circumstances is clear.

We control so little of the overall budget that our decisions need to be laser focused, and any revenue generators or cost saving measures must be recurring in nature.

No more one-shot fiscal gimmicks.

RECURRING SAVINGS, EVERY YEAR

You may be wondering, "What about the deficit that we started with?"

Here's how we took care of it.

The key to addressing the challenges of a growing cost structure is increasing revenues and decreasing expenses – on a recurring basis.

We've been getting it done, and here are a few examples.

When I ran last year, I promised to cut my own salary and the salaries of my appointees by 5%.

It wasn't popular with everyone.

But I believe that good managers lead by example.

So, in partnership with our Republican Legislators, we delivered a cut for 64 top managers to save \$364,000 every year.

In addition, administrative salaries have no raises in this budget, which means an additional recurring savings of \$361,000 every year.

And I was just getting started.

Broome County has a large and aging fleet of vehicles, and our cost of maintenance and repairs rises every year.

To begin to address this problem, we took action.

I eliminated vehicles for my deputies and myself.

We eliminated take home privileges for a number of employees and we implemented a Regular Driver program.

We sold 10% of the vehicle fleet.

These actions will result in recurring savings of \$80,000 every year.

And I was **still** just getting started.

In June, we offered a retirement incentive plan for eligible employees.

63 people took advantage of this plan, which will deliver \$760,000 in recurring savings every year.

And, with two of our department heads retiring, we're making things more efficient.

We're moving management of the Purchasing Department under the Office of Management and Budget, and we plan to merge the operating aspects of our Parks Department and Youth Bureau.

And we're changing the County Charter to make this merger of positions permanent.

Less managers, more efficient operations.

But we **still** weren't done.

Early this year, we identified several departments that were paying rent for space.

We identified the needs of these departments and modified a building already owned by the County.

And we announced that we will move Records and Elections storage from rented space into this County-owned facility.

Our actions will result in recurring savings in excess of \$100,000 every year.

And I assure you, I'm not done yet.

But I wasn't alone in making big changes.

We have an innovative group of Department Heads and supervisors who, when put to the challenge, can and will deliver in big ways.

At the Landfill, we scored new recycling contracts resulting in recurring savings of \$400,000 every year.

In the Security Division, we reduced full-time staff and got down to business with razor sharp scheduling - without compromising safety.

This resulted in a recurring savings of \$371,000 every year.

In the Department of Social Services, we reinstated the "Work First" approach to safety net applicants resulting in recurring savings of \$640,000 every year.

And in Probation's Juvenile Unit, we combined our JD group with our PINS group, resulting in the defunding of 4 positions for a recurring savings of \$281,000 every year.

As we approach 2013 and beyond, we'll continue to identify areas where revenue can be enhanced and where expenses can be reduced on a recurring basis.

It's about the long-term; not short-term gimmicks.

DEBT MANAGEMENT

Over the past several years, Broome County borrowed \$20 million annually just to meet its current financial obligations.

This borrowing took the form of Tax Anticipation Notes carrying a term of one year.

Simply put, the County was living beyond its means.

The County was borrowing money to pay its bills.

This has to change!

Under my budget, we're shrinking the County's borrowing to \$15 million, and we're shrinking the term to seven months.

This action will deliver an annual savings of \$275,000.

And we're going to keep shrinking it until it's gone.

We've also done what we could to refinance debt to save money.

I did it in Conklin and I'm doing it for Broome County.

We took \$16.1 million in long-term debt and refinanced it with more favorable terms.

This action will deliver an average recurring savings of \$750,000 every year.

The County has been high on debt.

This too has to change!!

Through hard work, innovative thinking and deliberate action, we can and we will correct this problem.

CAPITAL PLANNING

Accompanying the budget each year is our Capital Improvement Plan.

It's where our debt comes from.

It's also where our debt problem comes from.

This plan is traditionally developed by our Budget office based on requests made by department heads.

The plan is submitted to a committee, which modifies and approves the final plan.

In talking with the members of this committee, it was obvious that too little time is spent during the year managing its implementation.

We're talking about the management of millions and millions and millions of borrowed dollars.

We need more focus!

So we're making another big change to the status quo.

In order to ensure that we adhere to the plan and continue to properly invest in infrastructure, Chairman Marinich and I have agreed to meet monthly, instead of once per year, with the committee to review projects and keep things moving.

Thank you, Jerry, for your help and insight on this issue.

PARTNERSHIPS

Partnerships are a critical piece of my agenda.

Several weeks ago we announced an exciting partnership that includes Broome County, the IDA, and Binghamton University for our new proposed Job Creation Incubator.

Along with Binghamton University President Harvey Stenger and other local leaders, now we're taking meaningful action.

This \$20 million Job Creation Incubator will get done and it will create new companies and new jobs.

I've learned a lot by visiting more than 50 different businesses throughout Broome County over the last eight months.

Business owners have been forthright in describing the challenges they face and the obstacles to growth.

In my opinion, government's role isn't to create jobs; we're here to stimulate the environment for job creation.

That includes partnerships which result in developing projects like the Job Creation Incubator, promoting training for job seekers and local employers, and providing efficient government that doesn't raise taxes on our job producers, and making sure we have an inventory of shovel ready sites for development.

Some day in the not too distant future, I envision five new companies with technology created at Binghamton University, with a product that was developed at the Job Creation Incubator, buying real estate at a brownfield site in Binghamton, Johnson City, Endicott or elsewhere in Broome County.

We're pleased to see substantial projected student growth at our colleges as these fine institutions serve as an economic engine for our community.

We're ready to partner with these schools in an effort to keep our young people here in Broome County.

We can get it done.

Other partnerships are helping Broome County, too.

Recently we announced an exciting public/private partnership between Broome County Stop DWI and Mirabito Energy Products.

Mirabito will be our Host Sponsor of the annual Stop DWI Holiday Classic basketball tournament.

This new public/private partnership will ensure the continuing success of

this important local event.

But it will also allow Stop DWI staff the opportunity to invest more time in delivering the "Don't Drink and Drive" message to our kids.

And, oh yeah, this partnership will result in annual recurring savings of \$50,000 to boot.

TOUGH DECISIONS

This budget was full of tough decisions as we face challenging times.

We all have our favorite contract agencies.

These are the community organizations - non-profits – that the County has supported for years.

The goal has been to fund them from the revenue generated by out-of-town visitors through the Hotel / Motel Tax on hotel rooms.

I believe Broome County needs to maintain its commitment to funding these important community organizations.

However, I was startled when I took office to find out property tax revenue has been subsidizing our contract agencies for years.

As hard as this is, it has to change.

We have to deliver cleaner budgeting.

Rather than play favorites, I propose to cut funding for all contract agencies by 4.4%, which keeps total funding under the Hotel / Motel tax Threshold.

No more stealing from Peter to pay Paul.

SALES TAX FAIRNESS

As a Town Supervisor, I was not happy when the County changed its

sales tax sharing formula.

It used to be a 50-50 split.

I've promised that I would bring fairness back to this formula.

I remain committed to doing this.

Although I'd love to immediately go back to a 50-50 split, it can't be done in one year.

However, this budget begins the process of migrating back to a 50/50 formula and shows my commitment to our partners in government.

I'm committed to working with our Towns and Villages in other ways, too.

A few years back the county took over plowing its own roads regardless of their location to the detriment of certain towns.

This decision may have made sense from a short term perspective, but made no sense from a long term economic perspective.

As a result, we're in discussions with certain towns, which may result in a similar arrangement for snow plowing.

LISTENING TO YOU

The most important part of my job isn't this budget.

It's listening to my bosses, the taxpayers.

On the first Tuesday of January, I opened my office to the public and renamed it "The People's Office".

Since that time, I've listened to the concerns of nearly 500 residents from all walks of life at my Tuesday Morning Open Office Hours.

They brought problems to my attention and opened my eyes to many different aspects of county government.

One of the first issues that came to light was the problems that the last administration caused with BC Transit in its 2012 budget.

One BCC student told me at Open Office Hours that the changes left her stranded at school after her last class.

We fixed that problem. Immediately.

BC Transit is an important facet of our community in that it provides a transportation alternative to those most in need.

The system has struggled over the last several years as a result of funding cuts at the Federal and State level, as well as budget cuts by prior administrations.

The sad part about this is that changes were made last year from a budget perspective before a public hearing was held on those changes.

As a result of the changes made in last year's budget that were implemented in January, our ridership is down, our revenue is down and the operation is financially strapped.

The downward spiral of BC Transit has to end in order to ensure a transportation alternative to our community.

We held two public hearings this summer, I met with numerous constituents, organizations and we have analyzed the data for months.

This budget reflects a 50-cent rate increase that is necessary in order to ensure the system's future, a modified pass structure to help those that frequent our system, restoral of service in order to address the publics' needs, and a **30%** increase in the County's commitment to the Broome Transit System and our community.

It's not perfect but it's a step in the right direction – and the right thing to do.

But we have a ways to go still.

CONCLUSION

This has been a tough job. I can't lie about that.

But we're up for the challenge.

I knew that the taxpayers couldn't afford a penny more.

So we delivered a ZERO PERCENT property tax increase.

I present to you a realistic budget.

It's the right thing to do for our bosses, the taxpayers of Broome County.

We paid attention to the details.

We found efficiencies.

We found new revenue.

We cleaned up some of the messes.

I appreciate everyone's hard work and support over the last eight months.

And I look forward to your support on this important budget for 2013.

Please remember that my door is always open.

I hope that if you have any questions or concerns we can talk face to face and not try and get these answers through the media.

Thank You.