



Broome County
2014 Budget Message

Broome County Executive
Debra A. Preston

Good Afternoon.

Chairman Marinich, Majority Leader Keibel, Minority Leader Reynolds, members of the Legislature, Department Heads, municipal leaders and Broome County residents.

Today we are gathered to hear about where the County is in 2013 and where we are headed in the future.

But first, today on this 12th anniversary of the terrorist attacks of September 11th, 2001, let us pause for a moment of silence to remember the lives lost and the service and sacrifices of our United States Armed Forces and first responders throughout our Country.

Thank You.

I stood before you just under one year ago to tell you about the challenges we found upon taking office in January 2012.

Since then we have identified and corrected many inefficiencies in County Government.

Others are long-term problems that are not new to Broome County, but we must embrace a new philosophy for the future of our County and how we deal with these problems moving forward.

Otherwise we will follow countless governments throughout the nation who have made major cuts, experienced major layoffs and even declared bankruptcy, like Detroit.

I will not let that happen to Broome County; that is not what the people elected me to do.

In 2012 we initiated new and innovative ways of offering services as we evaluated our delivery and how we pay for them; this resulted in a 0% tax increase for 2013.

This year, costs continue to climb, unfunded mandates continue to haunt us, and crippling union contracts negotiated by previous administrations, continue to limit our ability to provide basic services to the people of Broome County.

Today, I'm here to tell you that we will continue to make fundamental changes in the way County government operates.

Today, I deliver our proposed 2014 Budget, a Budget to best serve the 200,000 people of Broome County.

Crippling Effect of Union Contracts

Let me begin by saying Broome County has many talented and dedicated employees. The service that these fine individuals offer our residents is second-to-none.

Thank you to our employees for the work you've done for our residents and the work you continue to do.

As a whole, our employees are our greatest assets; you're with us every day on our roads, in our neighborhoods and Parks, you're with us every step of the way, and you should be compensated in a fair and equitable manner.

However, the contractual annual union raises the County has incurred over the last several decades need to change. Otherwise, our employees won't have a place to work, because the system as it exists today is unsustainable and set up to fail.

In 1994 employee salaries and benefits totaled **\$65 million**; in 2014 that figure has more than doubled to **\$134 million**; and we project that, if we don't act now, salaries and benefits will skyrocket to a colossal **\$322 million** by 2034.

Each year we face \$4.5 million of additional costs to fund contractual union obligations, regardless of merit or the County's ability to pay.

It's important to note that every \$679,000 in expenses

equals a one percent property tax increase. This \$4.5 million figure alone would mean a 6.6% percent property tax increase for Broome County residents.

I've said since day one that County government should be run more like a business.

The private sector continues to experience layoffs, pay cuts and furloughs, but in Broome County Government, the unions have increased wages 27% on average since 2004.

Average private sector employees don't receive this, and they shouldn't be asked to pay for it.

Negotiations with two unions have begun, and over the next two years we will negotiate with the remaining six.

Again this year, prior to the Budget process we met with union leadership and asked for ideas on how we can save money and do things differently. Unfortunately, little was offered, which leaves us with few alternatives.

The nature of our negotiations will be about what the unions can give the residents of Broome County; not what the residents of Broome County can give the unions.

Enough is enough! We're all in this together. This budget is for the 200,000 residents of Broome County, not just the 2,000 Broome County employees.

A famous President once told a captivated nation in 1961 “ask not what your Country can do for you; ask what you can do for your Country.”

To borrow this often quoted line, I’m calling on the unions to **ask not what your County can do for you, ask what you can do for your County.**

Business as usual in Broome County has come to an end.

The unions have an opportunity to be part of the solution to bring prosperity back to Broome County, and they **should** be part of the solution; if this seems unreasonable then we’re going to have a serious problem as negotiations continue.

The Cost of Obamacare

Another famous President recently visited Broome County, and it was an honor to host such a distinguished guest.

What President Obama didn’t share with those in attendance at his Town Hall meeting was the unprecedented costs we will soon incur due to Obamacare.

In 2014 alone we project Obamacare will cost Broome County \$1.6 million in additional premiums and other health care costs.

This is not a commentary on the merits of Obamacare and what it means for our nation; these are the facts on how it will affect Broome County next year.

As I've said over and over again, Broome County should be run more like a business.

The private sector is also struggling with the costs of Obamacare and how it will affect their operations.

UPS, a global leader in delivery services, has stated they will no longer be able to cover employee spouses on their health insurance, as they are projecting an 11% increase in health insurance costs in 2014.

The University of Virginia, a leader in public education, is also planning to drop spouses from health coverage in 2014, as they are projecting a \$7 million increase in health insurance costs next year due to Obamacare.

Here in Broome County, many businesses are experiencing similar difficult decisions.

I am not suggesting in Broome County that any spouse or family health insurance plans be affected, but these are real examples of the harsh realities hitting both the public and private sectors in 2014.

Unfortunately, someone has to pay the bills.

200,000; not 2,000

Last year we identified \$4 million in recurring savings that our taxpayers will see every year. Those savings continue into the future but are overshadowed by our ever growing cost structure. This curve is unsustainable.

As we present a responsible Budget for 2014 we are continuing to refinance debt.

Upon taking office, we were left with \$20 million in annual borrowing needed each year just to cover cash-flow to pay our bills.

Last year we cut this annual borrowing from \$20 million to \$15 million and cut the term from one year to seven months.

But that wasn't enough; the County should never have to borrow for operational costs.

In 2014 we will again cut borrowing, from \$15 million to \$12 million, and cut the term from seven to four months.

We will continue this trend until operational borrowing stops.

A fund balance is essential to operations.

It is a common and prudent practice for municipalities to use a portion of their unreserved fund balance to offset increases in taxes. However, it is not fiscally prudent to reduce fund balance from a \$6.4 million dollar level to a \$25,000 level as was done in the past. The fund balance policies of the past were irresponsible and will not occur while I'm in office.

Next year we will utilize \$2.1 million of our general fund balance to keep our tax rate within reason, and we still project our fund balance will grow as recommended by the Comptroller's Office. We're moving in the right direction, as this is \$300,000 less than we used in 2013.

This year again we've offered a Retirement Incentive for our employees to consider and the County to realize even more savings.

Sixty employees will take this offer by the end of the year, for a total of \$570,000 in projected recurring savings.

Essential positions will be filled, but new hires will come in at lower salaries and at Tier VI of the State Retirement System, which will mean big savings in the years to come.

We are looking at innovative ways to fill vacancies and merge operations and duties of specific positions across multiple Departments.

One of these mergers is a split position between Aviation and Transit, which will oversee finances in both Departments, at a savings of \$52,000 annually. This is a sign of things to come as we move forward and look for additional ways to provide the same services to our residents at a lower cost.

We also plan to consolidate two clerical finance positions between the Library and Transit.

In our IT Department, we will hire a new outside contractor to work on technical and hardware issues rather than adding to County head count.

By using private resources and outsourcing certain operations we will boost local businesses, avoiding competition with the private sector, and keeping Department staffing at reasonable levels.

We must change the way we deal with human resources – including how raises are given. They can no longer be based on protection and patronage.

In just five years, union raises have escalated an average of 13% while administrative raises have only increased 2.5% - well below the rate of inflation.

My 2014 budget includes very modest raises for non-union administrative employees, who haven't seen increases in several years.

2.97%

I am extremely proud of the work of our Departments and employees over the first nine months of 2013, and know we will take this momentum into 2014 building on our many achievements as we provide basic services at a responsible and reasonable level.

When we began the budget process we were looking at a 24% property tax increase for 2014, based on pre-negotiated union contracts, the costs of Obamacare, increases in the cost of providing public transportation, a County-owned Nursing Home and a continued commitment to the safety of our residents.

However, due to the hard work of my staff, and department heads and our dedication to best serve the people of Broome County, we have crafted a responsible budget that calls for a modest 2.97% property tax increase for 2014.

Due to our hard work over the last 21 months, Broome County's adjusted property tax cap mathematically equates to approximately 3.7%. This is Governor Cuomo's infamous Tax Cap, and the formula is very confusing.

Let me state that again: Our State Tax Cap is 3.7%, and we're proposing an increase under it at 2.97%.

Our proposed 2014 Budget is well in line with the rate of inflation, despite continued cost increases and decades of ignored upgrades to our Jail and Nursing Home, unfunded mandates from the Federal and State governments as well as costs associated with Obamacare and union contractual obligations.

This Budget will continue to fund essential services in Broome County as we invest in public safety and make education, energy development and increased care for our most vulnerable populations a priority, all while keeping our promise to share more sales tax money with our municipalities.

Municipalities

As a former Town Supervisor I know the tremendous needs our municipalities are facing.

Last year I committed to a reasonable and responsible plan to restore the sales tax split to an even 50/50 between the County and municipalities over a series of years; in 2013 we gave 10% back.

In 2014 I'm keeping my promise and giving an additional 10% back to our municipalities, which adds up to \$1.7

million more than before I took office.

My team and I recently met with municipal leaders to provide them with sales tax projections for 2014 and an overwhelming majority of them are supportive of our plan.

But let me clear up a misconception about sales tax: the County is not sitting on millions of dollars of sales tax money! Increases we saw in 2012 were a result of flood-related purchases following the devastation of Tropical Storm Lee and are one-time spikes we cannot factor into our year-to-year Budget. When it comes to the sharing of sales tax with our municipalities, if we gave it all back now we would be right back at their doorsteps asking for it again in the near future and that is not responsible budgeting.

In other parts of Upstate, other counties are moving in the other direction – taking more and more Sales Tax revenue *away* from municipalities.

But not here in Broome County. Because I'm committed to keeping my promise.

Budgeting gimmicks and one-shot deals are not a responsible way to craft a Budget for the 200,000 people of Broome County, and I'm committed to producing a Budget to benefit all of our residents while boosting aid to our municipalities, but I will only do it in a fiscally responsible way.

Next year we will also refund \$34,000 to the City and Towns who utilize the Broome County Front Street Dog Shelter.

While revenue is up at the Dog Shelter, we want to share this surplus with the municipalities who contract with us to provide dog control.

I am not interested in sitting on a revenue surplus when the money can be better utilized in our City and Towns.

We are also continuing Shared IT Services with municipalities who expressed interest in technical assistance from the County.

We are moving ahead working with the Towns of Chenango, Dickinson and Union and the Village of Johnson City, and the invitation is still open to other municipalities to join this money-saving effort.

I've said it before and I'll say it again, it's our municipalities that are Broome County; decisions are being made to best serve our 200,000 residents, not just those who work in government plaza or view the County from the comfort of the County Office Building.

Contract Agencies

Throughout our community many agencies including the Chamber of Commerce, Binghamton Zoo at Ross Park, Broome County Arts Council, Cornell Cooperative Extension and many more enhance our quality of life in Broome County.

It pains me to have to cut County support to these agencies, which provide important and culturally significant services to our residents and those who visit our region.

However, our Hotel/Motel Tax, the funding source for these agencies, is projected to decrease by \$400,000, from \$1.9 million to \$1.5 million, and we cannot subsidize it at the expense of property taxpayers.

These contract agencies will see an 18% cut to make up the difference; no one wants to see this happen as we all have our pet agencies, but it's not responsible to subsidize funding for these agencies on the backs of our property taxpayers.

Public Safety

While arts and culture are important, the most important service we provide is public safety.

The safety of our residents is the top priority of Broome County and will remain a top priority of mine.

On average we spend less than other Upstate Counties on public safety.

Crime is on the rise in Broome County and across the Country; we must be able to meet and combat these challenges.

If we cannot protect our residents, nothing else we do matters.

For nearly a decade, an unfunded mandate from the State to enlarge our Jail Medical Unit has been debated and delayed; we cannot wait any longer to meet this requirement, as New York State has mandated this upgrade and this can has been kicked down the road for too long.

Each year that this project was put off, the costs have continued to rise.

We've also come up with a plan to help address the number of inmates, while decreasing the number of inmates sent to other jails.

We will convert the existing gym at the Jail to prison-style

dorms.

Forty-eight new beds will mean fewer expensive board-outs.

We are also boosting public safety in other areas, including our Office of Emergency Services, by refunding two dispatch positions, due to the growing number of calls.

In addition, we are adding a new Assistant District Attorney dedicated to fighting crime, and one Probation Officer aimed at eliminating the bureaucracy associated with the justice system.

These new investments will mean more public safety now and less public expense later.

At our Department of Social Services we are adding an additional Child Protective Services Unit of three employees to meet the increased demand of cases to best serve our most vulnerable population, our children.

Our children are our most valuable resource and must be protected; none of them asked to be presented the circumstances that brings CPS into their lives, but we must ensure that we are there to defend and stand up for them. Otherwise, no one else will.

We are also aggressively pursuing grants to further increase our police presence on the streets and in your

neighborhoods; including a federal COPS Grant to maximize community policing.

I'd like to thank Sheriff Harder for his leadership on this issue as he takes public safety as seriously as I do.

Transit

Our transit system and fleet of busses are an area we closely monitor and make constant improvements to best meet the needs of our transit users.

In fact, one of my Deputies, John Bernardo, has likely spent more time at Transit than any previous Deputy. Thank you for your hard work John, as we make the difficult decisions that the people elected me to do.

In 2012, upon taking office, we inherited a fleet of 32 busses that badly needed to be replaced.

For too long, the can has been kicked down the road, and decisions critical to the future of public transportation in Broome County have been put off.

I don't believe in kicking the can down the road and I don't believe in excuses.

In 2012, thanks in part to Congressman Richard Hanna and Chairman Jerry Marinich, we were awarded a State of Good Repair Grant to replace seven busses, and those busses are

now on order.

Unfortunately due to federal cutbacks, the State of Good Repair Grants are no longer available, but the need to replace 25 more busses remains a constant reality, which is reinforced every time a bus breaks down or is sidelined for repairs.

Rather than continue to kick the can down the road I have budgeted for the purchase of two more busses in 2014.

We are increasing our commitment to public transportation in Broome County.

We are meeting with the Johnson City School district and the Binghamton School district addressing issues and coming up with solutions to make sure that those in need of this service will have it.

We are not prepared to cut bus service or raise rates in 2014, but we will continue to closely monitor ridership levels and route efficiency so that, as long as Broome County is in the bus business, we offer fair and reliable transportation for all Broome County residents.

But I will tell you today that nothing is off the table when it comes to Transit, including possible privatization. Private enterprise spends on average approximately 35-40% of their budget on salaries and benefits. In the case of our

Transit operation, salaries and benefits equates to approximately 60% of the operating budget.

We are left with few choices to make the system work for those who use it, at a cost that is fair to our taxpayers.

If we didn't explore every possible avenue, I wouldn't be doing my job as County Executive, and our residents deserve the best and nothing less.

Transit is not the only Department where we continue to see soaring costs, with little relief in sight.

Willow Point

Willow Point Nursing Home is a fine facility that offers outstanding care, but due to ever-changing federal and State reimbursements, we are not able to manage costs nearly as well as we manage resident care.

I'd like to thank Deputy County Executive Bijoy Datta who oversees management of Willow Point. Bijoy spends more time at Willow Point than any other facility, but his service to our Nursing Home is invaluable.

And I would like to congratulate our staff on great accomplishments; Willow Point is improving every single day, and that is a testament to our leadership and dedicated staff.

This year we completed yet another project that was put off in the past, as we installed a new sprinkler system throughout the Nursing Home.

This was a major project that took many months of planning and the cooperation and talent of many departments including our Department of Public Works and the Nursing Home staff, who completed the installation of the new system with as little possible impact to our residents.

But again, the can had been kicked down the road for far too long, and we were given a deadline of August 13th of this year to complete the project. We did it, but not without significant extra expense which could have been avoided had this project been done years ago, when it was first mandated.

The safety of our Nursing Home residents and the peace of mind of their family members should never be compromised.

Unfortunately, in 2014, we must allocate another \$1.24 million in property tax support to Willow Point for increased operating expenses.

In total, Broome County property taxpayers will now be subsidizing the Nursing Home to the tune of \$3.7 million

annually.

In 2012 our Sell/Lease Task Force recommended we look at getting out of the Nursing Home business in the long term.

As we continue to map a future plan for the Nursing Home we will meet the short-term challenges that we are dealt from the Federal and State governments to insure the quality of care we offer our residents is the best and nothing less.

And I must stress, there is no *for sale sign* in front of the Nursing Home right now. I'm not proposing to sell the facility in this Budget.

We're very proud of the many successes at Willow Point, just as we are proud of our advances in education.

SUNY Broome

Quality education is essential to the future of Broome County, and SUNY Broome is a shining example of education at its best.

I'm a very proud alumnus of SUNY Broome, and I know firsthand that a quality education at this institution means unlimited possibilities.

Under the leadership of President Kevin Drumm, SUNY

Broome is undergoing some of the largest construction projects and program overhauls in its history.

The newly completed Natural Science Center and the Student Village dorm project, to be opened in August 2014, are wonderful improvements to further advance SUNY Broome in attracting new students and increasing enrollment numbers.

And new Degree programs in a wide-variety of fields will make SUNY Broome the choice of more and more students as we make education a top priority in Broome County.

To that end, and in addition to our large capital commitment to the campus, the County is increasing our funding to SUNY Broome by \$137,000 to invest in the education of our residents and those who come to Broome County to prepare for their future while receiving a world-class education that will open doors and opportunities to help students fulfill their dreams.

To be able to help fund essential projects to grow education opportunities we must also continue to find savings across the board.

Energy Development

We are making great progress in our newly formed Office of Energy Development.

Since its inception we've made major strides in planning for our County's energy future and educating County residents and businesses on energy efficiency and how to save on their bottom line.

Rebate checks totaling \$34,000 are even beginning to come in, reimbursing the County for energy-efficient projects like our LED lighting and HVAC systems at the Arena, and we anticipate many more rebates to follow.

The Office of Energy Development is now completing our Strategic Energy Plan for Broome County and an analysis of conversion of County vehicles to compressed natural gas.

We continue work on a Natural Gas Resource Guide, so when and if the Governor and DEC approve Safe Natural Gas Drilling in New York, we can hit the ground running and work with municipalities and landowners to safely facilitate this rewarding process here in Broome County.

The Office of Energy Development will soon become essential to every Department realizing savings each year as energy costs decrease and efficiency increases.

Moxie

My 2014 Budget is a realistic and responsible look at where we are today and where we need to be in the short and long

term to get Broome County back on track to prosperity.

This Budget is a Budget for all 200,000 residents of Broome, not just the 2,000 employees who take home a paycheck from the County.

It's time that we all acknowledge who we work for and why we come to work every day.

County government exists to support the residents of Broome County; the residents of Broome County don't exist to support County government; it's time we get that straight.

These are challenging times that call for determination, leadership, teamwork and moxie.

We didn't get into this mess overnight, and we're not in the clear just yet, but there is light at the end of the tunnel.

I truly believe Broome County's brightest days are ahead, and my plan will help get us there.

Thank you for this opportunity to present our proposed 2014 Budget to you. I hope and encourage all Legislators to visit my staff and me so that we may answer your questions and address your comments.

This process isn't about political parties or elections but it is

about the 200,000 people of Broome County, that we were elected to represent.

Thank you.

God Bless Broome County.

God Bless the United States of America.