

Minutes
Budget and Capital Committee
Monday, February 22, 2010

Approved 3-8-10

Present: K. Herrera (excused at 4:52 p.m.), P. Mackesey (excused at 4:25 p.m.); B. Robison; P. Stein
Excused: J. Dennis
Staff: J. Mareane, N. Jayne, M. Lynch, County Administration; D. Squires, Finance Director; P. Carey, DSS; C. DeMarco, CSEA; M. Pottorff, Legislature Office
Guests: K. Schlather, Human Services Coalition; S. Shackford, Ithaca Journal

Call to Order

Ms. Herrera, Vice Chair, called the meeting to order at 3:30 p.m.

Changes to Agenda

Agenda items were rearranged to accommodate members who needed to be excused early.

Approval of Minutes

It was MOVED by Ms. Mackesey, seconded by Mr. Robison, and unanimously adopted by voice vote by members present, to approve the minutes of January 25, 2010 as submitted. MINUTES APPROVED.

Comments by the Public

No member of the public wished to speak.

Resolution (DOC ID: 1767): Appropriation from Contingent Fund for Terminal-Pay Reimbursement - Mental Health Department

RESULT:	RECOMMENDED [UNANIMOUS]
MOVER:	Pamela Mackesey, Member
SECONDER:	Brian Robison, Member
AYES:	Herrera, Mackesey, Robison, Stein
EXCUSED:	Dennis

Ms. Jayne explained the County's Fiscal Policy gives departments permission to request reimbursement of fringe costs paid to employees who have left employment.

WHEREAS, during 2009, Mental Health employees terminated their employment with Tompkins County, and

WHEREAS, the Fiscal Policy of Tompkins County allows for reimbursement of terminal pay to the Department through the Contingent fund, now therefore be it

RESOLVED, on recommendation of the Health and Human Services and Budget and Capital Committees, That the Director of Finance is hereby authorized and directed to make the following budget appropriation:

FROM:	A1990.5440	Contingent Fund	\$ 47,581.87
TO:	A4310.51000285	Salary - Psychiatric Social Worker	\$ 1,732.01
	A4310.58800	Fringe	\$ 623.52
	A4310.51000535	Salary - Sr. Caseworker	\$ 32,071.76
	A4310.58800	Fringe	\$ 5,201.14
	A4311.51000591	Salary - Community Mental Health Nurse	\$ 5,415.24

A4310.58800	Fringe	\$ 1,017.92
A4311.51000591	Salary - Case Aide	\$ 1,117.85
A4310.58800	Fringe	\$ 402.43

SEQR ACTION: TYPE II-20

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Resolution (DOC ID: 1835): Adjustments to the 2010 Budget – City of Ithaca – Municipal Sales Tax Agreement

RESULT:	RECOMMENDED [UNANIMOUS]
MOVER:	Brian Robison, Member
SECONDER:	Pamela Mackesey, Member
AYES:	Herrera, Mackesey, Robison, Stein
EXCUSED:	Dennis

Mr. Squires explained under the Municipal Sales Tax Agreement there are appropriations in the budget of approximately \$1.6 million. Some of the appropriations are indexed to the actual growth of the one percent sales tax in the City of Ithaca for the prior year. In 2009 there was an original budget based on the 2008 estimated sales tax amount; however, in 2009 the sales tax went down. He said this means too much revenue was allocated for certain accounts and the agreement says the County can catch up the following year. This resolution reduces appropriations and offsetting revenue.

Ms. Schlather said the Human Services Coalition does not allocate the 2010 budgeted funds in 2009 because they do not do mid-year adjustments. This is because they do not know until March what the sales tax receipts were for the previous year. This helps them plan their budgets because their process begins in April. She said they had assumed the 2010 budget included 2008 funding. Ms. Jayne attempted to clarify the issue and said agency’s budgets are based on the previous year’s sales tax revenues. The County knew in mid-2009 that revenues were going down but agreed to leave agency budgets alone until the time when the amount it declined was known.

Mr. Robison noted that regardless of the accounting mechanisms in place, these adjustments need to happen because actual collections are now known.

Ms. Herrera said she understands why Mr. Squires always encourages making conservative sales tax estimated during the budget process. She also questioned if there is a way to make agency budgets whole and said she would be open to considering a proposal.

WHEREAS, Resolution No. 87 of 1993, gave authorization for the County to enter into an agreement with the City of Ithaca for the distribution of sales tax proceeds, and

WHEREAS, the County pays for selected services provided by the City in an amount that increases or decreases yearly based on the percentage change in actual sales tax collected in the City of Ithaca, and

WHEREAS, actual collections within the City of Ithaca decreased by 4.97 percent in 2009, and

WHEREAS, budget adjustments are necessary to recognize the reduction in sales tax, now therefore be it

RESOLVED, on recommendation of the Budget and Capital Committee, That the Director of Finance be authorized and directed to make the following 2010 budget adjustments:

BUDGET APPROPRIATION:

	Budget	2009 Due	Change
From:			
OAR A6315.54400	7,433	7,064	-369
OAR A6315.41110	7,433	7,064	-369
HSC Agencies A6305.54400	315,749	300,056	-15,693
HSC Agencies A6305.41110	315,749	300,056	-15,693
County/City Program A6901.54666	450,000	419,719	-30,281
County/City Program A6901.41110	450,000	419,719	-30,281
<u>Total Change</u>			<u>-46,343</u>

SEQR ACTION: TYPE II-20

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Committee Chair Report

Ms. Herrera had no report.

Director of Finance Report

Mr. Squires distributed balance information on the General Fund and noted in January the County had a cash balance of \$7,749,010. He said the County was successful in stabilizing its cash position after a precipitous drop in December, 2009. He also noted that although property taxes are now coming in the County is still not receiving a large amount of State funds.

Mr. Squires distributed a sales tax distribution summary and said year-to-date there is a disparity in activity between outside and inside the City. Inside the comparative activity is relatively flat; however, outside the City is down by six percent. He attributes this to there being more stability in Elmira Road retail activity than in Lansing. Mr. Squires reported on sales tax receipts for the month of January and said they are down by 3% from 2009. Both he and Mr. Mareane cautioned that this is an area that needs to be monitored closely in the event mid-year cuts would be needed. He also distributed a "Local Government Snapshot" from the NYS Comptroller's Office and reviewed the contents with the Committee. He said because of the regressive nature of the sales tax it is dependent upon the gasoline, fuel sales, and home energy. Not all counties in the State tax energy; however, it represents a large amount of revenue in Tompkins County. Mr. Squires reported he has been working on closing out the books for 2009; however most of the final numbers are dependent on reimbursement of claims made to the State and those funds are just beginning to come in. The only 2009 fund that showed a significant decline was the Solid Waste Fund. This is because there was a 50% decline in the sale of products.

Mr. Mareane said NYSAC has been asking for more transparency on sales tax information so that counties can understand what is driving the sales tax. He believes the State Budget Director was supportive of seeing this happen and will continue to follow this.

County Administrator Report

Pension Fund

Mr. Mareane reviewed the background, saying the State Pension Fund suffered an incredible loss after the stock market crash and needs to recover from that loss. He also said the recovery has to happen over a five-year period. He distributed a chart showing estimated Pension costs, unamortized and amortized, and said both the Governor and NYS Legislature have proposed amortization plans. The Comptroller's plan is permanent and would increase the minimum payment that would be made; the Governor's plan is a short-term, five-year proposal that would allow governments to borrow for pension costs that exceed certain thresholds (above 9.5%) at an interest rate of 8%. The thresholds would increase each year. Mr. Squires said he expects counties will be required to go through the State and not borrow from outside sources.

Major assumptions contained in the chart include:

- Underlying pension costs stabilize at 11% of payroll;
- Wage growth of 2% per year; and
- State will charge 8% interest on borrowed money

Snapshot of unamortized figures under the Governor's plan:

The projected rates as expressed as a percentage of payroll will go from a Tier 4 rate of 11.5% this year to 16.1% in 2011, 20.3% in 2012, 23.5% in 2013. Based on this information, the estimated annual unamortized rates are \$3.2 million in 2009, peaking at \$10.1 million in 2014, and declining as rates get back to normal to \$5.7 in 2024.

Snapshot of unamortized figures under the Governor's plan:

The estimated annual amortized rates are \$3.2 million in 2009, peaking at \$7.8 million in 2014, and declining as rates get back to normal to \$5.7 in 2024.

Ms. Mackesey was excused at this time.

Mr. Mareane said he will be exploring the possibility of only borrowing a portion of the funds.

Mr. Robison said the addition of a new tier will offset some of the increases. He also asked what percentage of the County's budget the Pension costs are. Mr. Mareane said pension costs are currently about 5% will increase 10% of a \$75 million local budget. Currently, the Fringe rate is 40% and will climb to approximately 60%.

A decision will need to be made on this during the budget process.

Estimated State Aid Reductions

At this time a document was distributed by Ms. Jayne outlining the total County impact of the Governor's proposed budget. It is estimated that the proposed budget could reduce reimbursements by \$840,000. A summary of the "proposed" cuts are as follows:

Assessment Department - \$19,000
Assigned Counsel Program - \$48,000
DSS – COPS Program reduced by 10%
DSS direct funding - \$278,000
DSS – summer youth employment - \$340,000
District Attorney salary reimbursement - \$9,000
Health Department - \$132,000
Mental Health - \$17,000

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Office for the Aging - \$1,400
Planning Department – significant cuts to programs that the County and the Soil and Water
Conservation District compete for or receive regular funding from
TC3 - \$1.6 million
Youth services - \$27,400

Mr. Mareane said staff is setting up meeting with Tompkins County’s legislative leaders to discuss these cuts.

Ms. Herrera was excused at this time.

Budget Calendar

The Committee was presented with a draft 2011 budget calendar. Ms. Jayne said she will bring the Fiscal Policy to the next meeting for review.

Adjournment

The meeting adjourned at 5:01 p.m.

Respectfully submitted by Michelle Pottorff, TC Legislature Office