

Budget and Capital Committee
February 26, 2007

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3:30 p.m.
Scott Heyman Conference Room**

Present: M. Koplinka-Loehr, M. Hattery, K. Luz Herrera, R. Booth (arrived at 3:36 p.m.)

Excused: N. Shinagawa

Legislators: P. Mackesey, M. Robertson, T. Joseph

Staff: S. Whicher, N. Jayne, S. Martel-Moore, M. Lynch, County Administration; D. Squires, Finance; B. Grinnell-Crosby, Health Department; P. Carey, DSS; P. Meskill, Sheriff; K. Leinthall, Department of Probation and Community Justice; L. Shurtleff, Department of Emergency Response; L. Holmes, Office for the Aging; M. Pottorff, Legislature Office; J. Jurkowich, Planning Department; R. DeLuca, Mental Health Department

Guests: News media, WHCU

Call to Order

Mr. Koplinka-Loehr called the meeting to order at 3:33 p.m.

Changes to the Agenda

A report on the Municipal Sales Tax Agreement was withdrawn from the agenda.

Approval of Minutes of February 12, 2007

It was MOVED by Ms. Herrera, seconded by Mr. Hattery, and unanimously adopted by voice vote by members present, to approve the minutes of February 12, 2007, as submitted. MINUTES APPROVED.

Chair's Report

Mr. Koplinka-Loehr said a flyer advertising the upcoming community budget forums has been circulated; an article was also in the Opinion section of the Ithaca Journal on Thursday, February 22nd.

Mr. Booth arrived at 3:36 p.m.

Finance Director's Report

Mr. Squires reported January sales tax receipts were disappointing; receipts were 5½ percent (\$125,000) below January, 2006. He reported on the recent bond and note sale, stating it was a successful sale. There were nine bidders for the bonds; the winning purchaser (Morgan Keegan) purchased bonds in the amount of \$5.6 million at a rate of 3.95%. The winning purchaser of the \$1.815 million note sale was J.P. Morgan Chase at an interest rate of 3.64%. Mr. Squires noted these are low rates in the present economy.

County Administrator's Report

In response to a question raised by Mr. Booth at the last Legislature meeting, Mr. Whicher provided the Committee with information pertaining to the daily cost of County operations. There was a brief discussion at that meeting about the recent snow emergency and the factors that are examined when

considering to close the County. The total annual budgeted payroll is \$50,040,000; this amount includes fringes at 39%. It is estimated that there are 220 payroll/contractual days per year. The total cost per day is \$227,456; 70% is estimated to be the net local share. This amount equals \$159,218. Mr. Whicher noted these are very rough numbers and that there is a request to take another look at the County's emergency closing policy.

Ms. Herrera said the work place has changed. There are employees who are single parents and there are some employees who commute long distances to Tompkins County from other counties where there may be significant differences in road conditions. There are also some employees who are able to work from home. These are just a few of the factors that need to be taken into account when discussing this.

Mr. Whicher said an invitation to department heads and unions to attend a briefing meeting is going out soon. He said everyone is interested in taking another look at this and including many groups/individuals in the discussion. He stated there are many issues that need to be discussed, including the points made by Ms. Herrera.

Public Information Officer's Report

Ms. Lynch reported on the upcoming community budget forums that are scheduled and said the program format is in the process of being finalized. She invited members to attend a "walk-through" on February 28th at 10 a.m. This subject was discussed with department heads who have also been invited to participate in those meetings for informational purposes.

Department Head and Legislature Forum

Mr. Whicher said the subject of holding a forum between department heads and Legislators to talk about the budget process was discussed at the last Department Head meeting. Another meeting of department heads will be held March 1st to continue dialogue on this. He said he sent out an email asking department heads to consider the areas of policy, procedure, and practice. After beginning a dialogue with department heads he said it was apparent it wasn't going to be organized in the way that way. Therefore, Administration tried to capture the topics raised by department heads and these are the areas that will be discussed further on March 1st.

The first issue raised was the need for clarification of the format of this forum and the outcomes that are expected. Some of the budget survey responses were too broad and invited a lot of reaction and made it difficult to understand exactly what the feedback was. Mr. Whicher said in general the concept of a forum is being very well-received but more discussion and work has to be done refining the format and issues. He said there was also a strong sentiment by department heads that this forum should take place prior to the Legislature's budget retreat on April 26th. Mr. Koplinka-Loehr said he is supportive of having at least one meeting in advance of the Legislature's budget retreat.

Ms. Herrera said one thing she recalled from the survey was that many department heads were taken by surprise by some of the things that happened during last year's budget process. She said there was disparity between the way department heads viewed the need to educate the Legislators and the way that Legislators felt about the need to be educated.

Ms. Carey said one area that needs to be examined is how to share information back and forth about the process and what is going to happen next. What systems are in place for communication to share information between each other in a timely manner is important. She said its important that everyone is "on the same page" and that there are no surprises. She said there has never been a discussion

between Legislators and department heads to talk about how things could be done differently (better). Ms. Carey said it is important that the forum between Legislators and department heads take place outside of the budget process so that the discussion can focus on the process.

Ms. Leinthall spoke of the time departments were allotted to make presentations about their departments and said this resulted in some confusion. Departments who had no over-target request were unsure about what to speak about and others felt there should have been a specific format or a list of questions so that they were prepared with information about what the Legislature actually wanted to know about departments. She also said department heads were not receiving the same information in the same format as Legislators were being given so it was difficult to understand some of the questions or comments.

Ms. Leinthall also spoke about motions that are made during the Expanded Budget Committee meetings and said frequently, Legislators do not understand what the “ripple” effect could be of some actions and there is not always an opportunity to explain.

Mr. Koplinka-Loehr spoke to timing of the budget process and said work has been done over the last couple of years to shorten the budget process. He suggested evaluating the timing of the process. Also, given the timing of certain decisions and processes within tasks on the schedule, a look could be taken to determine if there is enough time for Legislators to evaluate, deliberate, and obtain information they need to make decisions.

Ms. Leinthall said during times when there is a new group of Legislators and because of the complexity of the issues, there needs to be an educational process that takes place to educate those Legislators.

Ms. Martel-Moore suggested doing the educational piece in program committees. Ms. Mackesey said even if there is additional education that happens in program committees, membership of program committees represent only one-third of the entire Legislature. She agrees that to some extent there is a lack of understanding about programs outside of program committee membership and that there seems to be a reliance on program committees.

Ms. Robertson said during the first four Expanded Budget Committee meetings is a good time for this educational piece to take place. However, she believes one of the biggest issues during the last budget process was the result of the Legislature establishing a target that was too low. She stated that at the budget retreat the Legislature has to discuss how this is set and what kinds of problems may be encountered and what work it will create for everyone if it is set too low.

Mr. Koplinka-Loehr suggested it might be useful to establish multi-year targets. Mr. DeLuca said he would support trying to do longer-term budgeting with the collective understanding that there are multiple variables that effect departmental budgets, particularly large departments. He said there is value in attempting to develop a longer-term sense of trust amongst all parties.

Ms. Leinthall said it would be helpful if departments could return to including equipment replacement schedules in budgets.

Mr. Booth said the Legislature, while it has disagreement with different pieces of the budget process, is reasonably comfortable with the current process. What is needed now is to hear from different department heads about how they feel about the process. He thinks comments should be grouped together and time should be spent on the biggest issues that are raised. Mr. Booth said there needs to be an opportunity for departments to present areas of their budget where serious problems exist. He said the

County budget is extremely complicated, and while setting a macro-type of a target creates a lot of additional work for staff, it also forces a discussion.

Ms. Carey suggested that when considering a topic to begin a dialogue that it not be an area where there are strong and passionate viewpoints so that efforts can be made to begin the process of improving communication.

Mr. Koplinka-Loehr said he is hearing a message that there needs to be common agreement on what is needed from each other and expectations, and if there are surprises, how to handle them.

Ms. Leinthall said one of the best things the Legislature could do for department heads is to set very clear priorities. She spoke of last minute decisions and stated the Legislature should have a sense of what areas might be cut in the event there is a need to make major reductions during the latter part of the process.

Mr. Whicher said a question came up in the Department Head meeting about if the Legislature would be willing to consider a proposal to change the budget calendar. Committee members expressed interest in hearing feedback from departments about the calendar. Mr. Koplinka-Loehr said the calendar will not be completed for a couple of months so there is time to make changes if that is an outcome of this forum.

Mr. Koplinka-Loehr said this will continue to be discussed at a meeting between department heads on March 1st with the hope that a meeting of a few Legislators and department heads will be scheduled.

RESOLUTION NO. – APPROPRIATING FUNDS FOR THE BABCOCK TRACT FROM THE CAPITAL RESERVE FUND FOR NATURAL, SCENIC AND RECREATIONAL RESOURCE PROTECTION

MOVED by Ms. Herrera, seconded by Mr. Booth. Ms. Jurkowich said this resolution helps replenish the Finger Lakes Land Trust capital fund that was used to purchase the property in November. She said the Finger Lakes Land Trust has a pot of money so that when a property comes on the market they are able to act quickly to make the purchase. Following a purchase the Finger Lakes Land Trust makes requests to replenish the funds. At the request of Mr. Booth, Ms. Jurkowich will add language to the resolution containing the following information: the total amount of amount of money; the proportion; how it effects the fund balance; and a guarantee that this property will be accessible by the public. Mr. Hattery said the process of being nimble in purchasing property undermines the public process which is supposed to be a longer process. He stated using third parties for making these types of third party purchases makes an unfair market.

A voice vote resulted as follows: Ayes – 3 (Booth, Herrera, and Koplinka-Loehr); Noes – 1 (Hattery); Excused – 1 (Shinagawa). MOTION CARRIED.

WHEREAS, the Tompkins County Legislature established the Capital Reserve Fund for Natural, Scenic, and Recreational Resource Protection by Resolution No. 217 of 2005, and

WHEREAS, the current balance in the Capital Reserve Fund is \$51,323, and

WHEREAS, the purpose of the Capital Reserve Fund is to support participation by Tompkins County in partnerships with other levels of government and private organizations to:

- protect and preserve the natural, scenic, and recreational resources found in the Agricultural Resource Focus Areas and Natural Features Focus Areas identified in the Comprehensive Plan;

- preserve and develop recreational trail corridors that cross municipal borders; and
- develop outdoor recreation facilities, within the focus areas, that are intended to serve all county residents, and

WHEREAS, the Interim Program Guidelines for use of the Capital Reserve Fund calls for proposed projects to substantially further at least one of the following objectives:

- Protect a stream buffer at least 330 feet in width.
- Provide public access to the Cayuga Lake shore.
- Protect land that is adjacent to permanently protected open space.
- Preserve land on an existing or potential intermunicipal trail corridor, and

WHEREAS, the Finger Lakes Land Trust has requested financial support from the Capital Reserve Fund for the purpose of protecting the Babcock Tract and providing public access to the tract, and

WHEREAS, the Finger Lakes Land Trust purchased the Babcock Tract, which had an appraised value of \$178,000, for \$150,000, and

WHEREAS, the Babcock Tract

- is located in The Gorges Natural Features Focus Area;
- adjoins Robert H. Treman State Park, the Lick Brook Cornell University Natural Area, and two areas protected by conservation easements,
- is traversed by Cayuga Inlet, along which the New York State Department of Environmental Conservation has obtained public fishing rights, and
- is crossed by the Finger Lakes Trail, and

WHEREAS, the Commissioner of Planning and Public Works and the Planning Advisory Board have recommended that the County Legislature authorize funding of the Babcock Tract acquisition from the Capital Reserve Fund, now therefore be it

RESOLVED, on recommendation of the Planning, Development, and Environmental Quality Committee and the Budget and Capital Committee, That a total of Twenty Thousand Dollars (\$20,000) in funding from the Capital Reserve Fund for Natural, Scenic, and Recreational Resource Protection be appropriated for the purpose of securing the Babcock Tract in collaboration with the Finger Lakes Land Trust and others,

RESOLVED, further, That the County Administrator or his designee be authorized to execute any contracts or agreements related to this project.

SEQR ACTION: Unlisted

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Appointment

It was MOVED by Mr. Booth, seconded by Mr. Hattery, and unanimously adopted by voice vote by members present, to reappoint Raymond A. Dalton to the Tompkins Cortland Community College Board of Trustees representing Tompkins County for a term expiring June 30, 2014.

Rollover

At the last meeting the Committee received a broad overview of the Rollover Policy (Fiscal Policy Section 5.06). Following discussion at that meeting the Committee requested the following:

- Additional information, including a summary by department of the source and use of Rollover monies;
- The County Administrator and Finance Director were asked to prepare a recommendation; and
- A five year summary of available Rollover

Mr. Whicher spoke to the five-year summary of Rollover; in 2002 there was a total of \$3,075,282 available. In 2006, the amount of Rollover available was \$1,403,273. He said the decrease is logical because as the budget began to be tightened, departments started using rollover.

At this time Mr. Whicher distributed three potential amendments to the Fiscal Policy to address the usage of Rollover monies. He asked the Committee to listen to an outline of what these amendments are and to provide direction on whether to proceed with preparing an impact analysis on any or all of these. He stated he wants to make sure that before an analysis is done that department heads are consulted and their views are incorporated into the process.

The proposed amendments are as follows:

1. The County Finance Director (is authorized to) (shall) deny requests to re-appropriate funds from the previous year when the Unappropriated/Unreserved Fund Balance of the General Fund has declined by fifteen percent (15%) or more during the previous year.
2. The County Finance Director shall not include in the certified rollover calculations any unspent funds in salary and fringe lines.
3. The County Finance Director shall reduce each department's certified rollover calculation whenever the Unappropriated/Unreserved fund balance of the General Fund has declined from the previous year. The reduction of the certified rollover will be based upon the actual percentage decline of the Unappropriated Fund Balance of the General Fund.

Mr. Whicher said the purpose of amendment nos. 1 and 3 is to protect the General Fund. He said if the General Fund starts to be depleted it impacts everyone, including the bond rating and operations. Last year's actions by the Legislature brought it down to a level that he is not comfortable with. He said in amendment no. 3 rollover amounts that are certified by the Finance Director would be reduced by the corresponding percentage that the General Fund is reduced. In amendment no. 1 if the General Fund declines by 15% or more, there would be no rollover certified by the Finance Director. Amendment no. 2 states that certified Rollover will not include any unspent funds in salary or fringe lines.

Ms. Robertson said the way it is presently written no. 1 would give the Finance Director a new authority to deny requests. Mr. Whicher said each of these amendments would involve a fair amount of work and the intent of this discussion is to see if the Committee wishes to proceed with the concept of any of these amendments. He said details in terms of the specific amendment language could be worked on at a later date.

In response to a question regarding the level of the Fund Balance over recent years, Mr. Squires stated in the recent history two out of three years the Fund Balance has gone up. He said he is confident, however, that the Fund Balance will go down in 2006. He said the 2006 overall activity is causing a net decrease in the Fund Balance. He said the benchmarks are the end of the year.

Ms. Herrera said she thinks one of the reasons Rollover has gone down is because some department heads have seen some uncertainty in the future of Rollover and have spent it down. She said she views this as a blunt instrument that will prevent some individual decisions from being made and she doesn't believe any of these amendments provide an equitable option. While she is in favor of the present Rollover policy she recognizes the difficult times the County has faced recently and is open to looking at different options.

Mr. Joseph said there are three reasons for the Rollover policy: to deal with mismatched years and funding sources; to provide incentives for people to behave in ways that the Legislature would like them to. That includes not playing the “spend it or lose it” act at the end of the year and to think hard and do your best at saving money because there is a benefit to doing so. He thinks these are valuable and important goals and the more the Rollover policy is tinkered with the more those goals are sabotaged. He said amendment nos. 1 and 3 most impact the policy because they are based on something external happening. Mr. Joseph said the Rollover policy does not work unless department heads believe in it. He said they won’t avoid spend it or lose it behavior if they don’t believe they are going to keep it. He also does not feel that the Fund Balance going down is necessarily a problem.

Mr. Joseph said amendment no. 2 makes a little more sense than the others because at least on the spend it or lose it issue, its difficult to spend salary money at the end of the year so as to not lose it. It is also the only amendment that is predictable. The Legislature should still be concerned that departments are doing their best with salary lines and taking advantage of vacancies. While he doesn’t support any of the amendments put forward he thinks no. 2 is better than the others.

Mr. Koplinka-Loehr agreed that using these options present a blunt instrument. He thinks there are enough parameters in the current policy for the Legislature to exercise excelling oversight with department head judgment. The Legislature is presently able to analyze the source of the Rollover monies to determine whether it was a windfall or good management that resulted in the Rollover. He is not interested in pursuing any of the proposed amendments at this time.

Mr. Booth said he thinks the existing Rollover policy does encourage department heads to be careful with their budgets. On the other hand, it is a pot of money that does exist. Of the amendments being considered he thinks no. 2 is the most useful. He suggested breaking no. 2 into two parts. He suggested the first being what is presented and an additional option that would remove fringe from departmental budgets and left in the General Fund. He said there is an argument that salary lines are part of the management of the department and that department heads should be encouraged to be innovative about vacancies in positions. He asked if Mr. Whicher considered a mechanism in which there was a split in salary money with a percentage being returned to the General Fund. This would allow for the incentive to be maintained.

Ms. Robertson said she would only be interested in looking at a version of no. 2 as suggested by Mr. Booth. She said she would also like to know what these numbers would have been for the last couple of years.

Mr. Hattery said he agrees with the idea of a split incentive which could result in a relatively small amount being returned to the General Fund. In general he supports the Rollover policy as it currently exists. He supports the use of Rollover funds for something that clearly improves services or saves money and thinks it is not a good idea to refuse Rollover for things that should be in the annual operating budget.

Ms. Mackesey said the Legislature has to make basic decisions about County staff and programs and does not like having to make drastic decisions at the last minute during the budget process. She feels uncomfortable having this large pot of money that could alleviate budget pressures.

Mr. Koplinka-Loehr said he thinks that taking away these Rollover funds would place the Legislature at an even greater disadvantage in the fall budget process. There are presently many opportunities and tools for the Legislature to return Rollover to the General Fund and to take it away in the manner being proposed would make it much harder to make strategic decisions in where to cut.

Mr. Squires said amendment nos. 1 and 3 were his idea because he thinks the entire organization should be looked at when things go bad. When there is a bad year he thinks everyone should share in that. He also noted that salaries represent the largest pool of money in the budget.

The Committee requested a one-page summary of a ten-year history of the Fund Balance and a history of what Rollover was and what was spent.

Mr. Koplinka-Loehr asked if the Committee wished to explore any of the amendments further.

While there was not consensus to commit to any of the amendments, At this time the Committee directed Administration to provide additional information on:

No. 1 – provide information on amendment no. 1 to the degree of what 15% would be and when this would have happened.

No. 2 – produce an additional amendment that would provide a 1/3 percentage split of salary and fringe (1/3 going back to the General Fund).

Sheriff Meskill said he would like to have written clarification and an understanding about what the Legislature's position is to what the percentage over budgeted revenues are that is available to be declared as a windfall. He said this could change his style and thinking in terms of how he does his budget projections for revenues.

Mr. Shurtleff said he always examines the bottom line of his budget and if he knows he is going to be experiencing trouble with revenues he will cut salary lines. Taking those salaries monies back could result in a deficit in the revenue lines.

Ms. Herrera said after listening to the discussion and comments by Sheriff Meskill and Mr. Shurtleff, she will not be able to support pursuing any of these proposed amendments because of the many effects that will result from them.

Ms. Robertson said she wants to look at the big picture and this represents only a small percentage of the County's overall budget but the scale of effect could be large. She thinks this could be too much consequence for the amount of money it would actually produce.

Ms. Grinnell-Crosby spoke on behalf of Ms. Cole, Public Health Director, who could not be in attendance. She said Ms. Cole had concern that Rollover represents only one portion of the Fiscal Policy and that if it is going to be looked at the entire policy should be looked at by a workgroup of Legislators and department heads. She also expressed concern over how any of these amendments would be implemented.

The Committee intends to finalize a decision about whether to change the policy before the April 23rd meeting.

Adjournment

The meeting adjourned at 5:28 p.m.

Respectfully submitted by Michelle Pottorff, TC Legislature Office