

**Approved**

**Budget, Capital and Finance Committee  
April 27, 2009  
3:30 p.m.  
Scott Heyman Conference Room**

Present: J. Dennis, Chair; N. Shinagawa, P. Mackesey, K. Herrera, (arrived at 3:34 p.m.), M. Hattery (arrived at 3:37 p.m.)  
Legislators: M. Koplnka-Loehr, M. Robertson  
Staff: P. Carey, DSS Commissioner; J. Mareane, County Administrator; M. Lynch, Public Information Officer; N. Jayne, Executive Assistant; D. Squires, Finance Director; P. Younger, Deputy County Administrator; B. Grinnell-Crosby, Public Health Administrator; N. Zahler, Director of Youth Services; M. Pottorff, Chief Deputy Clerk of the Legislature  
Guests: T. Ashmore, Ithaca Journal; K. Schlather, Cooperative Extension; V. Kacapyr, WHCU

**Call to Order**

Mr. Dennis called the meeting to order at 3:31 p.m.

**Changes to the Agenda**

There were no changes to the agenda.

**Approval of Minutes of March 23, 2009**

It was MOVED by Mr. Hattery, seconded by Mr. Shinagawa, and unanimously adopted by voice vote, to approve the minutes of April 13, 2009, as submitted. MINUTES APPROVED. An amendment to the minutes was approved later in the meeting.

**Public Comment**

No member of the public was in attendance.

**Chair's Report**

Mr. Dennis reminded members the Budget Retreat will be held on April 29 at 6:45 p.m. at the Transit Facility. He reported he just learned Tim Ashmore, Ithaca Journal reporter, has accepted a position in Cape Canaveral, Florida, and will be leaving in the next couple of weeks. The Committee extended best wishes to Mr. Ashmore.

**County Administrator's Report**

Mr. Mareane had no report other than to discuss the 2010 budget at the appropriate time on the agenda.

**Public Information Report**

Ms. Lynch had no report.

**RESOLUTION NO. - ENDORSING STATE LEGISLATION S3984 AND A1753  
EXTENDING EXISTING SALES AND USE TAX AUTHORITY OF  
THE COUNTY OF TOMPKINS**

MOVED by Mr. Shinagawa, seconded by Ms. Mackesey. A voice vote resulted as follows: Ayes – 3 (Dennis, Mackesey, and Shinagawa); Noes – 1 (Herrera); Excused – 1 (Hattery). MOTION CARRIED.

WHEREAS, the County of Tompkins has had the authority to enact an additional one cent of sales and use taxation since December 1, 1992, and has enacted such taxation, and

WHEREAS, this authority has been exercised since that date and expires November 30, 2009, and

WHEREAS, this Legislature by Resolution No. 255 of 2008 requested the members of the New York State Senate and Assembly who represent Tompkins County to sponsor and support legislation extending this authority beyond November 30, 2009, and they have done so and have introduced S3984/A1753 “AN ACT to amend the tax law, in relation to authorizing the county of Tompkins to continue imposing an additional one percent sales tax” that extends this authority to November 30, 2011, now therefore be it

RESOLVED, on recommendation of Budget and Capital Committee, That this Legislature endorses and requests State approval of legislation known as S3984 and A1753, and urges its elected representatives in the Senate and the Assembly to support this legislation.

**SEQR ACTION: TYPE II-20**

\* \* \* \* \*

**Finance Director’s Report**

Mr. Squires distributed copies of the March Mortgage Tax Distribution to the municipalities. He said like sales tax, it is down significantly in comparison to what they received last year.

**Budget Retreat**

Mr. Mareane referred to a memorandum he recently sent to Department Heads concerning the 2010 budget and the County’s response to local impacts of the global recession. He began going through where the County is as the Legislature heads into the Budget Retreat. He said county governments in New York State are unique in being tied to the state of the economy. Mr. Mareane noted the margin of error at this point in producing the 2010 budget are fairly large. Based on information presented, 15% increase in the tax levy would be required to maintain current expenses. This figure was developed and includes an assumption of these key points:

- No funds would be added to Reserves;
- No adjustments would be made to programs currently funded by State aid to reflect State aid adjustments;
- No more adjustments made by the State Budget; and
- Next year’s State budget would not do any more harm than this one did

Mr. Mareane and Ms. Jayne reviewed the following packet that will be presented at the Budget Retreat:

**The 2010 Challenge**  
**Local Impacts of a Global Recession**

More than any other local government, county budgets vary directly with the economy

Economic Responsive Revenues

- Sales tax
- State aid
- Reserves

Economic Responsive Expenses

- Temporary Assistance
- Retirement Contributions
- Child welfare
- Other human services tied to economic distress

Major Revenue Pressures

- Sales Tax
- 78% of all non-property tax local revenue
- 3.6% average annual growth rate

First \$1 million of budget growth typically paid with sales tax

- 1<sup>st</sup> Quarter 2009 down 9.2%
- \$1.5 million shortfall in 2009 if trend continues

Sales Tax

|                              |                       |
|------------------------------|-----------------------|
| <b>2009 Budget</b>           | <b>\$29.0 million</b> |
| 2009 Projection              | \$27.5 million        |
| <b>2010 Estimate (+3.5%)</b> | <b>\$28.5 million</b> |
| 2010 Budget Impact           | -\$ .5 million        |
| Property Tax Impact          | +1.4 %                |

***State Aid***

|                     |                    |
|---------------------|--------------------|
| 2009-10 Impact      | -\$ .7 mil         |
| Assumption          | No additional cuts |
| 2010 Budget Impact  | -\$ .7 mil         |
| Property Tax Impact | + 1.9%             |

Reserves (General Fund Balance)

|                             |                   |
|-----------------------------|-------------------|
| Beginning Balance - 2009    | \$ 14.9 mil       |
| Less:                       |                   |
| Appropriated in 2009 Budget | \$ 3.4 mil        |
| Multi Year                  | \$ 0.2 mil        |
| Rollover                    | \$ 1.4 mil        |
| 2009 Budget shortfalls*     | <u>\$ 0.9 mil</u> |
| Projected Ending Balance    | \$ 9.0 mil        |

\*Losses: \$1.5 million in sales tax; \$.7m in State Aid; \$.3 interest earnings; gains \$1.8m federal stimulus (FMAP)

Reserves (General Fund Balance)

|                          |            |
|--------------------------|------------|
| Beginning Balance - 2010 | \$ 9.0 mil |
| Less: Multi Year         | \$ 0.5 mil |

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|                        |                   |
|------------------------|-------------------|
| Mid Year Adjustment    | <u>\$ 0.5 mil</u> |
| Available Fund Balance | \$ 8.0 mil        |

|                                |                   |
|--------------------------------|-------------------|
| 5% Goal                        | <u>\$ 6.6 mil</u> |
| Surplus Fund Balance           | \$ 1.4 mil        |
| FMAP (Federal Stimulus)        | <u>\$ 1.4 mil</u> |
| Estimated Surplus Fund Balance | \$ 2.8 mil        |

Reserves (General Fund Balance)

|                                |                   |
|--------------------------------|-------------------|
| Estimated Surplus Fund Balance | \$ 2.8 mil        |
| Traditional Fund Balance Use   |                   |
| Rollover                       | \$ 1.0 mil        |
| Capital                        | \$ 0.4 mil        |
| Deferred Maint                 | <u>\$ 0.2 mil</u> |
| Total                          | <u>\$1.6 mil</u>  |

Available for onetime or tax relief \$ 1.2 mil

***Budgeted Reserves***

|                | 2009   | 2010   | Change | Prop. Tax Impact |
|----------------|--------|--------|--------|------------------|
| For Tax Relief | \$1.3M | \$0.0M | -1.3   | 3.5%             |

Recap: Revenues

| <u>Source</u>   | <u>Change</u>     | <u>Tax Impact</u> |
|-----------------|-------------------|-------------------|
| Sales Tax       | -\$0.5 mil        | 1.4%              |
| State Aid       | -\$0.7 mil        | 1.9%              |
| <u>Reserves</u> | <u>-\$1.3 mil</u> | <u>3.5%</u>       |
| Total           | -\$2.5 mil        | 6.8%              |

***Major Expenditure Pressures***

***Pension Costs***

|                      |                             |
|----------------------|-----------------------------|
| <b>2009 Budget</b>   | <b>\$3.4 million</b>        |
| <b>2010 Estimate</b> | <b><u>\$4.5 million</u></b> |
| Increase             | \$1.1 million               |
| Local Share (70%)    | <u>70%</u>                  |
| 2010 Budget Impact   | \$0.8 million               |
| Property Tax Impact  | +2.0%                       |

***Temporary Assistance***

|                       |                      |
|-----------------------|----------------------|
| <b>2009 Budget*</b>   | <b>\$2.3 million</b> |
| <b>2010 Estimate*</b> | <b>\$2.6 million</b> |
| 2010 Budget Impact    | \$ .3 million        |
| Property Tax Impact   | + .8%                |

\*Local dollar portion

***PreK/Early Intervention***

|                       |                      |
|-----------------------|----------------------|
| <b>2009 Budget*</b>   | <b>\$2.4 million</b> |
| <b>2010 Estimate*</b> | <b>\$2.7 million</b> |
| 2010 Budget Impact    | \$ .3 million        |
| Property Tax Impact   | +0.8 %               |

\*Local dollar portion

**Assigned Counsel**

|                       |                      |
|-----------------------|----------------------|
| <b>2009 Budget*</b>   | <b>\$1.0 million</b> |
| <b>2010 Estimate*</b> | <b>\$1.3 million</b> |
| 2010 Budget Impact    | \$0.3 million        |
| Property Tax Impact   | +0.8%                |

\*Local dollar portion

**Recap: Expenses**

| <u>Source</u> | <u>Change</u>    | <u>Tax Impact</u> |
|---------------|------------------|-------------------|
| Pensions      | \$0.8 mil        | 2.0%              |
| Welfare       | \$0.3 mil        | 0.8%              |
| PreK/EI       | \$0.3 mil        | 0.8%              |
| Legal Aid     | <u>\$0.3 mil</u> | <u>0.8%</u>       |
| Total         | \$1.7 mil        | 4.4%              |

**Seven Pressure Points**

| <u>Source</u> | <u>Change</u>     | <u>Tax Impact</u> |
|---------------|-------------------|-------------------|
| Revenues      | -\$2.5 mil        | 6.8%              |
| Expenses      | <u>+\$1.7 mil</u> | <u>4.4%</u>       |
| Total         | \$4.4 mil         | 11.2%             |

**Detailed Review: Expenditures**

**Spending Hierarchy**

- Mandates
- Automatic Payments
- Mandated Responsibilities
- Discretionary Programs and Services

**Mandates**

- Medicaid
- Temporary Assistance
- Preventive and Protective Services
- PreK/EI
- Assigned Counsel
- Outside Colleges
- Hospitalization: Incompetent to stand trial
- Jail Board-outs

**Mandates**

|                     |                |
|---------------------|----------------|
| 2009 Budget*        | \$20.1 million |
| 2010 Estimate       | \$21.4 million |
| 2010 Budget Impact  | \$ 1.3 million |
| Property Tax Impact | +3.5%          |

**Automatic Payments**

|   |           |
|---|-----------|
| Capital Program   | \$200,000 |
| Facilities – Utilities and Rent                                   | \$100,000 |
| Emergency Response – Maintenance for Public Safety Communications | \$200,000 |

**Automatic Payments**

|                     |               |
|---------------------|---------------|
| 2009 Budget         | \$7.0 million |
| 2010 Estimate       | \$7.5 million |
| 2010 Budget Impact  | \$0.5 million |
| Property Tax Impact | +1.4%         |

**Mandated Responsibilities**

|                     |                |
|---------------------|----------------|
| 2009 Budget         | \$14.1 million |
| 2010 Estimate*      | \$14.5 million |
| 2010 Budget Impact  | \$0.4 million  |
| Property Tax Impact | +1.0%          |

**Discretionary**

|                     |                |
|---------------------|----------------|
| 2009 Budget         | \$31.9 million |
| 2010 Estimate       | \$33.4 million |
| 2010 Budget Impact  | \$1.5 million  |
| Property Tax Impact | +4.0%          |

**Major Assumptions**

- Wage growth of 2.25% in 2009 and 2.0% in 2010  
    \$.7 mil in local dollar wage growth
- Fringe rate increase of 3% in 2010
- Flat roster
- Utility increases of 6%
- Surplus fund balance and FMAP (Stimulus) will not be used to reduce the tax levy
- State aid reductions will be funded
- Assume an average growth for TC3 and Public Library
- TCAT – target fund Gadabout

Did not assume \$180,000 of increases typically granted for TC Agency cost of living adjustments.

Did not assume increases in commodities.

|                               |                          |
|-------------------------------|--------------------------|
|                               | <b>Recap: Budget</b>     |
| <b>2010 MOE Budget</b>        | <b>\$75.1 mil</b>        |
| <b>Zero Tax Levy Increase</b> | <b><u>\$69.6 mil</u></b> |
| Increase                      | \$ 5.5 mil               |
| Property Tax Impact           | + 14.8 %                 |

**RECAP: 2009 Budget:**

|                    |        |
|--------------------|--------|
| Tax Rate:          | \$5.93 |
| Tax Levy Increase: | 3.0%   |

**2010 Maintenance of Effort Budget:**

|                    |        |
|--------------------|--------|
| Tax Rate:          | \$6.70 |
| Tax Levy Increase: | 14.8%  |

| Tax Levy Change<br>Changes to the MOE:     | Scenarios         |                 | Tax Rate per<br>Thousand | 2011 Tax Levy<br>Change |
|--|-------------------|-----------------|--------------------------|-------------------------|
|  | Program<br>Change | Tax Rate Change |                          |                         |
| 0%   | \$-5.5M           | -2%             | \$5.84                   | 3.4%                    |
| 2%   | \$-4.8M           | 0.4%            | \$5.95                   | 2.6%                    |
| 4%   | \$-4.0M           | 2%              | \$6.07                   | 2.7%                    |
| 6%   | \$-3.3M           | 4%              | \$6.18                   | 5.4%                    |
| <b>County Administrator Recommendation</b> |                   |                 |                          |                         |
| 5%   | \$-3.6M           | 4%              | \$6.14                   | 2.7%                    |

*Assuming 3% sales tax growth and salary increase estimate*

1% Tax Levy Increase is roughly \$370,000  
 Average annual salary and fringe (2010) \$50,000

Mr. Mareane said with all of the information presented, his recommended budget will be in the range of a 5-6% property tax levy increase. He said there is a lot of weakness in our economy and we have to respect how fragile it is. There are going to have to be significant changes made in the structure of the budget, including reductions, looking at alternative revenues, and doing things differently. 2010 will be a very difficult year. Even at a 4-6% target it will be a big challenge to get everyone to fit into that parameter. He said departments have been advised of what the specifics of the situation is and he expects there will be an active dialogue over the summer. Input and ideas from Department Heads and employees will be very important in the coming months. He said an electronic suggestion box will soon be started for employees to provide input and make suggestions for cost saving ideas.

Mr. Shinagawa suggested it would be a good idea to have details on a slide at the Retreat of what the Maintenance of Effort was last year, what the County Administrator recommended, and what we were able to do and what the reserve budget was, particularly in comparison to the current situation. He would also like to see the median home price.

Ms. Herrera referred to Mr. Squires comments about declining mortgage tax and asked if there is a way to track decreases in local taxes the County receives.

Ms. Jayne noted the figures presented are based on a 2.28% increase in assessed value.

Mr. Dennis suggested this Committee not make a suggestion on a guideline until after the Legislature hears information that has been presented at the Retreat as he would like to give all Legislators an opportunity to hear the information that is being presented today.

Ms. Herrera said she sees the role of the Budget Committee as being one of leadership to Legislators from those with experience in the budget process. She does not see the setting of a guideline as a requirement but would give some ideas as to what the consensus was by members of this Committee.

Mr. Shinagawa said he sees the benefits of both paths; however, there are so many different variables in this budget it may be best to focus on a number and suggested the County Administrator's recommendation.

Ms. Mackesey said while she now has a better understanding of what the Legislature is facing, she does not think she has any sense of judgment in terms of what a guideline would be at this time. She thinks the Legislature needs to discuss this as a group before setting a goal.

Mr. Hattery asked what the rate of inflation is. Mr. Mareane said right now it is holding below one percent.

Ms. Herrera said part of the reason the Legislature sets a financial goal is to give departments an idea of what the present thinking of Legislators is. She thinks it would be best to begin that discussion here and now and believes the discussion is part of an open government transparency process.

**RESOLUTION NO. – ESTABLISHMENT OF 2010 COUNTY FINANCIAL GOALS**

MOVED by Ms. Herrera, seconded by Mr. Shinagawa. Mr. Mareane clarified that inflation affects only in minor parts of the County budget. In response to questions about timing, Mr. Mareane said he would like the resolution presented to the full Legislature at the first meeting in May.

Ms. Robertson asked if the resolution could include information on what the difference in the dollar value of taxes is of various values of homes.

It was MOVED by Mr. Shinagawa to amend the resolution by removing all figures. MOTION FAILED DUE TO LACK OF A SECOND.

Ms. Herrera said in the past year she has seen an erosion of the Committee process. Committees are established to delegate authority out to groups who do fact-finding and then have due discussion, followed by the public having an opportunity to get educated on the issue. She said she thinks the committee process is diluted when committees don't take those steps and instead, pass things directly on to the Legislature. This also makes government less transparent.

Mr. Hattery said at this time he thinks the five percent guideline is too high but is open to having discussion and may be convinced later that it is actually too low.

Ms. Robertson said there will be more information presented at the budget retreat and thinks numbers could be added later. She noted the five percent guideline represents \$3.6 million in cuts and the County has never had to cut at that level before.

A voice vote resulted as follows: Ayes – 2 (Herrera and Shinagawa); Noes – 3 (Dennis, Hattery, and Mackesey). MOTION FAILED.

WHEREAS, Tompkins County, as part of its budget policy and process, wishes to establish a guideline for development of the 2010 budget, and

WHEREAS, as of April 27, 2009, the County Administrator estimates that maintenance of effort would require a 14.8% percent tax levy increase, and

RESOLVED, on recommendation of the Budget, Capital and Finance Committee, That the Legislature establishes the goal of a maximum tax levy increase of five percent (5%) for 2010 resulting in a 3.5% percent tax rate increase for 2010 (\$6.14 tax rate) and also resulting in a projected decrease of \$3.6 million in locally controlled spending over 2009 projections,

\* \* \* \* \*

**Adjournment**

The meeting adjourned at 4:48 p.m.

Respectfully submitted by Michelle Pottorff, TC Legislature Office