



**Tompkins County Administration**  
125 East Court Street  
Ithaca, NY 14850  
Phone: (607) 274-5551  
Fax: (607) 274-5558  
www.tompkinscountyny.gov

**INTERIM COUNTY ADMINISTRATOR**  
Lisa Holmes

**DEPUTY COUNTY ADMINISTRATOR**  
Amie Hendrix

*Inclusion Through  
Diversity*

*"Promoting excellence in County operations while respecting the needs of the people we serve."*

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September 14, 2021

To the Honorable Members of the Tompkins County Legislature:

I am pleased to present you with the Recommended 2022 Tompkins County Operating Budget and 2022-2026 Capital Program.

The Recommended \$194 million Budget is balanced with a property tax levy increase of 2.70%, which falls below the 2022 tax cap of 7.42%. If approved, this Budget would add \$42 to the tax bill of a median home valued at \$205,000. This budget also includes a solid waste annual fee increase from \$70 to \$75.

The financial goal approved by the Legislature in April, 2021 included a maintenance of effort budget which would result in 1.89% levy growth over the 2021 Adopted Budget. Departments and agencies were assigned the same fiscal target in 2022 as in 2021, and instructed to submit any additional expenditures as over target requests. Prior to budget submission, some departments experienced critical staffing issues which necessitated mid-year requests to the Legislature for additional or restored staffing. This resulted in 5.5 additional FTEs being approved mid-year and the adjustment of those respective departments' 2022 fiscal targets. With the addition of these 5.5 FTEs, the resulting levy growth for a maintenance of effort budget in 2022 grew to 2.73%. This recommended budget falls below that adjusted target.

The COVID-19 response and recovery efforts continue to impact every level of government and the economy in myriad ways. In 2021, the County operated with 47 fewer FTEs than 2020. Together with the 41 staff who took the retirement incentive in 2020, the organization lost a great deal of institutional knowledge in a short period. Departments have also been operating with fewer resources for training, program expense, computer equipment and vehicle replacement.

COVID-19 has impacted the way all County employees do their jobs. Several employees continue to be on the front line of COVID-19 response, working in concert with the Health Department with contact tracing, at vaccination clinics and at the Emergency Operations Center. Departments and agencies have been forced to adapt to new ways of conducting business, and in some instances, have made permanent changes in their methods of service delivery. In many areas, demand for County services have increased. These changes are reflected in the 2022 budget requests.

The over target requests (OTRs) of departments and agencies totaled \$7.8 million in 2022. Of these, \$2.7 million was requested as target, \$4.5 million as one-time, and \$630,000 as Rollover. Target OTRs seek to increase a department or agency's annual baseline budgets and impact the property tax levy, while One-time/Rollover OTRs impact fund balance.

Of the department and agency requests, I have recommended \$2 million of the target OTRs and \$1.8 million of the one-time OTRs drawing on fund balance. In order to minimize the impact on our tax levy and the draw on our reserves, I utilized \$3.9 million in American Rescue Plan funding to cover the remaining recommended one-time requests.

## **Workforce**

The budget also includes the restoration or addition of 34 positions across 16 departments. As stated previously, 5.5 of these 34 positions were approved prior to the budget process. Some of these positions were requested and approved as one-time; some are included in target, and some are approved as multi-year one-time. Not every position restoration or restructure required an over target request. Wherever possible, critical positions were restored utilizing target funding, and 13 positions were recommended as such. New initiatives were typically funded utilizing multi-year one-time, and 13 positions were recommended as either solely one-time or multi-year one-time.

## **Sponsored and Partner Agencies**

The 2022 recommended budget restores target funding for sponsored agencies including Cornell Cooperative Extension, Ithaca Area Economic Development, Tompkins County Public Library, Rural Libraries, Human Services Coalition Agencies, Tompkins Community Action and the Recreation Partnership. In addition, it includes \$490,000 in mostly one-time over target support for sponsored or partner agencies.

The 2022 recommended budget provides \$655,000 in one-time support to the Strategic Tourism Planning Board (STPB) to allocate to organizations reliant on room tax revenue.

Per Legislative resolution, Tompkins County's sponsoring contribution to Tompkins Cortland Community College decreases by 1.6% for 2022.

## **2022 Tax Cap Calculation**

The cap on the percent-increase of the County's real property tax levy for 2022 is estimated to be 7.42%. This figure represents a substantial inflation from previous years. This is due predominantly to sales tax credit offsets utilized by six towns around the county: Caroline, Danby, Groton, Enfield, Newfield, and Dryden. These municipalities chose to use sales tax credits to offset a portion of their property tax incidence. This policy effectively adds the dollar value of the towns' collective offset to the County's gross real property tax levy cap. The gross tax cap number, when compared to the previous year's number, produces the percent-increase real property tax cap. Given the abnormally high level of sales tax revenue in 2021 and the municipalities' decision to use it as a property tax offset, the 2022 gross tax cap, and thus the percent-increase tax cap, increased substantially over recent years.

The 2.70% levy required to balance the 2022 budget is \$2,464,150 below the capped amount. If not used in the 2022 budget, this amount can be carried forward and added to the County's tax cap in a future year.

## **New York State Pension Fund**

In August, 2021, the New York State Comptroller announced a reduction in the average employer contribution rate to the New York State and Local Retirement System from 16.2% to 11.6% of payroll. When factored into the 2022 budget, this reduction results in an ongoing annual savings of \$1.22 million. This savings is realized in the 2022 budget and ultimately will be reflected in the 2022 fringe rate.

## **Federal Relief: the American Rescue Plan Act**

In 2021, through the American Rescue Plan Act (ARPA), the Federal Government allocated \$350 billion to state, local, territorial and tribal governments to assist with COVID-19 recovery. Tompkins County's total allocation of ARPA funds totals \$19,847,267: the first tranche of \$9.923 million was received in

June 2021 and the remainder will be received in June 2022. In July 2021, the County Legislature passed a resolution claiming 100% of Tompkins County's ARPA allocation toward lost revenue as a result of COVID-19, distributing 75% of the funding toward the capital budget.

There are certain restrictions and requirements dictating the use of ARPA funds. Taking those into account, Tompkins County's 2022-2026 Capital Budget directs \$14.892 million of ARPA funds toward capital projects, discussed in greater detail below.

Additionally, several one-time expenses are funded utilizing ARPA funds. Sufficient ARPA funding remains available for additional one-time expenses in the future, as well as for future required ARPA-related auditing and reporting as needed.

### **Reimagining Public Safety**

The 2022 budget includes a number of over target requests across multiple departments to materialize the important work of Reimagining Public Safety. These requests will support the implementation of the joint and County-specific recommendations approved by the Tompkins County Legislature and City of Ithaca Common Council in response to Executive Order 203, which required all jurisdictions with law enforcement agencies to assess their public safety systems and provide recommendations to reduce disproportionate minority contact. Appropriated funds will establish a Community Justice Center with staff to lead the implementation of plans while centering community in all aspects of the implementation process. Funds will also be used to research and identify an alternative response model, implement a pilot program for non-emergency calls, engage the community in a comprehensive healing plan, and develop culturally responsive training and recruitment programs. The costs of the majority of the Reimagining Public Safety Initiatives are shared with the City of Ithaca, and some will be submitted to the New York State Department of State for potential reimbursement as Shared Services projects.

### **Capital Program**

The 2022 Recommended Budget supports the investment in capital infrastructure to assist in meeting the County's space management, emergency services, information technology, energy, and other needs. Notably, through its Green Facilities projects, the Capital Program provides a financial strategy for the County to achieve net-zero emissions by 2027. The Capital Program also includes Downtown Facility development, Public Safety Building improvements, Backup Dispatch Center completion, Green Fleet projects, Highway improvements, Facilities restoration, Airport upgrades and Recycling and Materials Management Center upgrades among other ongoing projects.

The infusion of one-time American Rescue Plan Act (ARPA) funds provides vital support to the Capital program, allowing the County to utilize "cash-for-capital" for projects for which the County would otherwise need to bond. As previously mentioned, the proposed 2022-2026 Capital Budget directs \$14.892 million of ARPA funds toward the following eight projects: Recycling and Solid Waste Center Upgrades, Public Safety Building Improvements, Facilities Restoration Projects in 2022 and 2024, Road Maintenance Projects in 2022-2024, and Bridge NY 6 Culvert Projects.

In its 2020 budget, Tompkins County adopted a policy change in the annual capital appropriation, allocating 1.00% of the prior year's property tax levy to support capital investment. Through this policy, each annual budget would dedicate more funds to pay for infrastructure improvements and support the long-term capital needs to achieve net-zero emissions. Most of these funds are applied to pay debt service on projects authorized by the Legislature.

The reductions in the 2021 budget due to the pandemic resulted in a reduction in the County's annual Capital contribution by \$770,000 and the suspension of several capital expenditures. Without these

reductions, the projected capital in 2022 would have been \$7,872,062. Unfortunately we have lost those years of compounding. The proposed 2022 budget includes an annual capital appropriation of 0.5% of the property tax levy to support capital investment, equivalent to \$6,367,071.

### **Scheduled Use of Fund Balance Toward Capital**

At the outset of certain capital projects including the Downtown Office Building and Green Facilities, unassigned fund balance was planned to be utilized to assist with cash flow and reduce the need for bonding, thereby reducing the impact on the tax levy. In 2021 as our community is faced with the impacts of COVID-19, the Legislature has expressed interest in dedicating an amount of unassigned fund balance toward community needs through a Recovery Fund Program. As a measured approach to support both interests, this budget proposes a strategy for the scheduled use of fund balance toward upcoming capital needs. This strategy allows the Legislature to set aside needed funds for large capital projects over a period of time and to reassess each year based on the overall fiscal health of the County. It also allows the Legislature the flexibility to change course if conditions worsen or if growth and savings exceed expectations. This scheduled use of fund balance over time would allow the Legislature to achieve both its capital goals as well as utilizing fund balance to assist the community through establishing a Recovery Fund.

### **Mandates**

The total local cost of \$23 million represents a larger increase in property tax-supported mandates than in recent years, a 3.84% increase over 2021.

The County's 2022 Medicaid contribution is projected to be \$414,000 higher than 2021. This is the result of three factors: expected annual fluctuations in NYS DOH's application of the Local Medicaid Cap; an unexpected decrease in our County's projected credit for ACA-derived Federal Medical Assistance Percentages (eFMAP); and the possible sunset of CARES Act-derived eFMAP. The state's most recent estimate was that each additional quarter of CARES eFMAP will reduce our County's Medicaid obligation by \$187K. Depending on whether and for how long that extra Federal revenue remains available, the anticipated year-to-year increase in Medicaid contributions which is presently reflected in the 2022 Budget could be reduced.

Mandated costs for Assigned Counsel are increasing by \$225,000 because NYS broadened the eligibility for assigned counsel representation in family court from 125% to 250% of poverty thus increasing the number of clients served by the program. Demand for assigned counsel representation has also increased throughout the pandemic, due to the rise in domestic violence cases.

### **Sales Tax**

The County has seen a rebound in sales tax revenues in 2021, after the precipitous declines of 2020 following widespread shutdowns. It is expected that 2021 sales tax revenues could rival (or possibly even exceed) those of 2019, our strongest year to date. The current rebound in sales tax revenues are likely the result of several factors, including pent up consumer demand and bolstered by additional savings after pandemic related shutdowns. The expanded Unemployment Insurance benefit that was available until September, 2021 granted additional funds to individuals who were not in the workforce, further adding to the spending capacity of many households.

The 2022 Recommended Budget takes a cautious approach to sales tax growth for the 2021 calendar year. Though a number of factors appear to be trending in positive directions, the economic outlook,

and thus consumer demand, remains uncertain through the end of 2021. Considering a variety of economic forecasts, all of which foresee that COVID-19 and its variants (currently, the Delta variant) having impacts well into 2022, we project a final 2021 sales tax revenue figure totaling approximately \$35.7 million. Considering the same data and looking into the upcoming year, we are forecasting County sales tax revenue to essentially hold flat at approximately \$35.8 million in 2022. This figure was derived from calculating a historic year-over-year percent change in annual revenue totals, factoring in both exceptionally good and bad years. Following the 2021 rebound from 2020, it may seem intuitive to weight predictions for 2022 toward picking up where 2019 left off. However, a positive but more careful approach is necessary. Simply put, there are too many variables impacting the current economic outlook to confidently forecast a full swing back to the year before the COVID-19 pandemic.

## **Risks**

**COVID-19 Response and Recovery:** It is clear that the most pertinent issue facing the fiscal health and stability of the County is the ongoing COVID-19 pandemic. Factors impacting all levels of commerce and the economy will continue to be unpredictable as the virus remains persistent and continues to influence the everyday lives of our citizens. The various ways in which we as a County government are called upon to respond to the immediate needs of the community will continue to impact our workforce in significant ways.

**Inflation:** To a lesser extent, inflation was also a factor taken into account when forming the 2022 budget and could potentially pose a threat to the County's finances in the future. Though the price increases of 2021 have been at a level not experienced in recent years, there is substantial evidence to support that the current inflationary pressure is transitory as opposed to reflecting a core rise in the prices of goods and services. We will continue to monitor the country's macroeconomic situation and be prepared to adjust our forecasts and approach as necessary as we progress into and through 2022.

**Recycling and Materials Management:** The solid waste and recycling industry nationwide is still recovering from a long period of uncertainty. The Recycling and Materials Management budget is still coping from the crash of recycling markets over the past several years coupled with increases in its 2021 collection contract. That said, recycling revenues are showing positive growth in the current year and the progressive annual increases in the solid waste fee will help fund revenues stabilize.

## **Fiscal Summary**

The summary of the 2022 proposed budget is as follows:

**Total Budget:** The Recommended 2022 budget stands at \$193.87 million. This represents a \$5.80 million or 3.08% increase over the 2021 adopted budget.

**Local Dollar Budget:** The local dollar budget is the portion of the budget that is not reimbursed by the state or federal governments, nor offset by earned program income. It is spending that must be supported by local dollars—mostly by local sales and property tax revenue. The 2022 local dollar budget increased by \$4,423,735, or 4.86% more than in 2021.

**Property Tax Levy Increase:** The gap between total expenses and all other revenue is filled by the property tax. The recommended budget would be balanced by a property tax levy of \$53,814,339 an increase of 2.70% over 2021. The recommended levy falls well below the projected property tax cap of 7.42%.

**Property Tax Rate:** Because of growth in property values in the County, the recommended 2022 property tax rate will increase by \$0.05 to \$6.26 per \$1,000 from the 2021 tax rate of \$6.21 per \$1,000, an increase of 0.84%. The taxable assessed value grew 1.84% over the prior year.

**Impact on Owner of Median-Valued Home:** Over the past year, the median value of a single-family home in Tompkins County has risen from \$200,000 to \$205,000. The recommended budget would increase the County property tax bill for the owner of a median-valued home by \$41.78.

### **In Closing**


As I submit the recommended budget, I want to thank the County employees who have committed themselves to public service in local government, particularly during this period in history. My appreciation goes out to all employees who have served our community with diligence and professionalism amid the ongoing challenges of COVID-19. I thank County Department Heads and Agency Directors for their continued leadership through these challenging times and for their professional approach to the budget.

Thank you to the Legislature for establishing the policy guidance and responsiveness to community needs that has shaped the 2022 budget. As a result of that guidance, the County is well positioned to provide effective and efficient services, invest in the public's infrastructure, sustain our partner agencies, and maintain our strong fiscal health.

A special thanks to my colleagues, old and new in the County Administration department. Assuming the role of Interim County Administrator is daunting under the best of circumstances; during the budget process it is especially challenging. Amie Hendrix, Deanna Carrithers and Dominick Reckio have all assumed greater responsibilities to assist during this transitional time and I thank them for their steadfast leadership and collegiality. Dan Nolan and Samantha Fralick joined the County Administration team during the frenzy of budget preparation and immediately immersed themselves in the complex and challenging budget process. Autumn Edwards proofed, formatted and produced the budget book and scheduled of all the meetings and presentations in the process. Our summer Project Assistant David Ogden performed multiple proofing and calculation tasks. Former County Administration colleagues Kevin McGuire and Jason Molino made themselves available for questions and guidance throughout the process. It is through these collective efforts we have produced the 2022 budget.

I look forward to working with the Legislature in the coming weeks to arrive at a 2022 spending plan that aligns with the priorities and values of our community.

Sincerely,

A handwritten signature in cursive script that reads "Lisa A. Holmes".

Lisa Holmes  
Interim County Administrator