



MEMORANDUM

Date: Monday October 31, 2011

To: The Honorable Legislature of Greene County, NY
411 Main Street Suite 408
Catskill, NY 12414

From: Shaun S. Groden
Greene County Administrator

Re: Submittal of "In Process" Budget for FY 2012

Attached please find appropriate documentation outlining the Budget for FY 2012 for residents of Greene County. As you know, this budget will need to accommodate recent legislation proposed by the Governor and approved by the State Legislature which requires the County to meet a maximum threshold increase on the Tax Levy. Known as a "2% Tax Cap" on real property taxes, this action has caused a delay in the release of this budget. However in the end, this budget has met these guidelines.

The Governor's premise to limit tax increases included "exceptions" or variances to our budget formula. Specifically, it enables all local governments to increase the levy above a 2% calculation by expanding the allowance to absorb the annual increase in State managed Pension systems. That is, the Governor has allowed local governments to increase the levy by more than 2% while proclaiming that we have met its principle. Invariably, this nuance will generate confusion with the residents.

In fact, this budget could have exceeded last year's levy by as much as 5.5% while meeting his legislative intent. With that said, it will be difficult at best to explain to the citizens that we have met the requirements while actually increasing taxes above the cap. In the end, this legislation will make it much more difficult to provide mandated and non-mandated services to the community. It is our projection, that over time, without real mandate relief, Greene County will be forced to reduce or scale back services that the residents have come to depend on. To do otherwise, will require the County Legislature to override the Governor's program. Yet this is deemed untenable since much publicity has followed its (Tax Cap) development and adoption.

As proposed, this budget will increase the county levy by \$454,630 (+ or -) or an even 2.0%. This has been accomplished only after reducing the existing budget (FY2011) by approximately \$2.2 mil including the elimination of 42 positions. This budget will include five (5) additional positions to be eliminated. It will also call for the establishment to two new accounting funds, to be outlined later.

It should come as no surprise, the budget will also need to address the long term repairs for infrastructure damage caused by Hurricane Irene and Tropical Storm Lee. Assuming the county receives its full share of reimbursement from FEMA and the State, we will be required to budget 12.5% of the total cost of the storms. As of today, there is no final or estimated total storm damage cost. Therefore, it must be understood that for every \$1 mil in repairs contemplated, the county must contribute \$125,000.00. This additional cost must be borne within the limits of the Tax Cap. Consequently, it is the policy objective of this proposed budget to appropriate \$250,000.00 for which may be used in conjunction with the issuance of serial bonds for all long term repairs. It is recommended that since the damage from the storms resulted in variations of damage, any serial bonds that may be issued be done so with a ten (10) year amortization schedule.

This proposed budget also calls for the establishment of defined Capital Improvements Plans (CIPs) that will address long term replacements of facilities and equipment. It is imperative the Legislature review and adopt required budgets for such items as large highway equipment, facility HVAC, roof repair/replacement and finally I.T. items such as computer hardware and software. It is considered essential to remain "in front of the curve" and accept planned obsolescence.

Secondly, it is requested that with the adoption of the FY 2012 budget a second fund, entitled Health Care Fund, be established. It is the intent of such a Fund to transfer direct, dollar-for-dollar expenses of all health care and Rx costs from this Fund. The goal is to provide stability within the operating funds by removing the possibility of large variations in expenditures on an annual basis. The operating funds would transfer consistent funds each year, with all remaining dollars being held in reserve for future years' costs.

Part of the increased spending within this proposed budget relates to the State's mandated increase in the Department of Social Services. At the required 3% increase, the program will expand spending by approximately \$300,000.00. While there are currently bills introduced in the State Legislature to reduced and eliminate this program, the Governor has very explicitly stated that the State cannot afford to absorb such costs. Therefore, this budget does not recommend jeopardizing appropriations levels on the "if-come" that the State can override the Governor. In addition, the state has reduced funding aid to our operations, increasing the difficulties that the county has in meeting the Tax Cap restrictions. In total, this proposed budget will absorb approximately \$448,000.00 of additional expense due to state actions. Yet, the Tax Cap limits the increase of the Levy to approximately \$440,000.00. It therefore begs the question, what has been accomplished by the Governor, when he limits our ability to pay for state mandated services while providing no mandate relief? This county will be hard pressed in the future to meet a 2% maximum levy increase, without real or fundamental mandate relief.

Also, the State has submitted to the County its estimated invoice for the cost of State run pension system for County employees. At this time, the increase is approximately \$900,000.00 above the current year requirements. There seems to be no interest at the State level to make any changes in the Pension program that would provide relief to local governments for Pensions. Therefore, this community can expect to receive annual increases that will continue to place severe stress upon the budget.

In conclusion, this proposed budget will meet the community expectation of maintaining a maximum threshold of the property tax levies. Yet it has done so by reducing county employment, reducing long standing county services, and by stretching the budget dollar to extreme lengths. Any unforeseen emergency in the year, will require reallocation of funds from other program areas in order to maintain a balanced budget.

We ask that a public hearing be called as soon as is practicable. In addition, Legislative sub-committee meetings may need to be reserved, for those who wish to interview Department Heads and seek clarification on appropriation amounts.

Thank you for the opportunity to submit this proposal. I look forward to the review process and trust that the adopted budget for FY 2012 results in a solid and realistic document.