

## MINUTES

Draft 2/25/09

### BUDGET, CAPITAL, AND FINANCE COMMITTEE

**FEBRUARY 23, 2009 3:00 P.M. SCOTT HEYMAN CONFERENCE ROOM**

Present: J. Dennis, Chair; P. Mackesey; M. Koplinka-Loehr (appointed temporary member); M. Robertson (appointed temporary member); K. Herrera (arrived at 3:30 p.m. due to the incorrect time on her agenda )

Excused: M. Hattery and N. Shinagawa

Staff: C. Covert, Clerk of the Legislature; D. Squires, Finance Director; J. Mareane, County Administrator; N. Jayne, Administration; P. Carey, Social Services Commissioner; M. Lynch, Public Information Officer; J. Kippola, Contracts Coordinator; L. Holmes, Office for the Aging Director; A. Fitzpatrick, Personnel Commissioner

Guests: S. Locey, Health Consortium Consultant; D. Sanders, Project Manager for Health Consortium

#### **Call to Order**

Mr. Dennis called the meeting to order at 3:20 p.m. Legislature Chair Koplinka-Loehr temporarily appointed himself and Legislator Robertson to the Committee as there was not quorum.

#### **Changes to Agenda**

It was MOVED by Ms. Mackesey, seconded by Ms. Robertson, and unanimously adopted by voice vote by members present, to add the resolution entitled Authorization to Accept an Award of a Grant from the Community Foundation to the agenda.

It was MOVED by Mr. Dennis, seconded by Ms. Mackesey, and unanimously adopted by voice vote by members present, to add the resolution entitled Adoption of Cash Management and Investment Policy to the agenda.

It was MOVED by Mr. Koplinka-Loehr, seconded by Ms. Mackesey, and unanimously adopted by voice vote by members present, to add the liaison appointment to the TC3 Board of Trustees to the agenda.

#### **Approval of Minutes**

December 16, 2008 and January 26, 2009

It was MOVED by Ms. Mackesey, seconded by Mr. Dennis, and unanimously adopted by voice vote by members present, to approve the minutes of the December 16, 2008, and January 26, 2009, meetings as presented. MINUTES APPROVED.

#### **Report from the Committee Chair**

Mr. Dennis said the Committee will meet the second and fourth Monday of each month at 3:00 p.m. [time was changed to 3:30 p.m. later in the meeting]. He believes the one primary concern this committee will have this year is adjusting to the actions by the State and Federal governments. It will be a difficult year looking at the issues the County may face; however, the County is in good shape at this time, it will be challenging.

#### **Report from the Finance Director**

Mr. Squires reported the County's audit is expected to begin on April 6<sup>th</sup>. A request has been made that an audit committee be appointed and available to meet prior to the audit beginning. Following a brief discussion, Mr. Dennis and Ms. Mackesey agreed to serve as a members of the audit committee.

Mr. Squires distributed a copy of the 2009 Sales Tax Distribution Summary report and said for the month of January the County's sales tax is down. The second report Mr. Squires distributed and reviewed was the 2008 Contingency Appropriations as of February 23, 2009. The Legislature annually approves a resolution authorizing the Finance Director to make year-end adjustments to clear certain deficits. The report identifies those adjustments with one of the largest adjustment being in the Assigned Counsel in the amount of \$326,768 and \$345,000 for Jail Board-outs. To date the total adjustments made is approximately \$1 million and said he basically used all the money in the contingency. The one account pending with an overrun is the utilities line. Although there is currently money in the account he has been informed of insurance bills that are charged to that account and is unclear of the status at this time.

Ms. Herrera arrived at this time. Mr. Dennis thanked Ms. Herrera for coming and said there was an error on the agenda and that the committee meeting schedule for this year is 3:00-5:00 p.m. Ms. Herrera believes the agenda was late in being distributed and expressed concern that the policy in terms of public notice is not being followed. She strongly encouraged transparency in how the County does business.

Mr. Squires continued his report and said he has started to close out the 2008 books and that there are still many unknowns. If the books were to be closed out now, there would be a decline in the fund balance of approximately \$1 million. He commented that the Airport was able to absorb the \$200,000 purchase of the T-hangar property the County took over late last year.

#### **Report from the County Administrator**

Mr. Mareane said he would keep the Committee informed as more information is known about the Stimulus Plan. Ms. Younger and Mr. Marx attended a session today sponsored by the Governor's office on how some of the procedures would be handled and said he has not yet spoken with them to discuss the meeting. Mr. Mareane said discussions are continuing with the Corrections Officers and CSEA White Collar unions. The pilot plan efforts with AES Cayuga are still underway. However, the deadline is March 1 and the bond holders have not yet signed off on the pilot plan. It is uncertain if they will sign by the deadline and said it will need to be dealt with in some way. A joint meeting with the Department Heads and Legislature is being planned including setting an agenda for the meeting.

#### **Report from the Public Information Officer**

Ms. Lynch said the Public Information Advisory Board meets the fourth Thursday and at the March 26<sup>th</sup> meeting the group will begin discussions on the community budget forum held in the Fall. She asked that any comments or thoughts concerning program elements and format of the forum be given to her.

#### **Presentation – Health Insurance Consortium**

Mr. Locey said he would answer any questions that have come up following the presentation to the Legislature on February 17<sup>th</sup>. He would also like to discuss the financial aspects of the program. He addressed one of the questions raised the evening of the presentation to the Legislature concerning agencies such as TCAT being able to join the consortium. His firm did some research and found an opinion from the insurance department concerning soil and water conservation districts and believes it to be very similar. The short answer to the question is no and said Article 47 of the Insurance Law refers to General Municipal Law and municipal corporations. Municipal corporations are narrowly defined and do not include soil and water conservation districts or any authorities. As TCAT raised the same question, they have been informed that State legislation would have to be changed to include them as one of the

entities. Ms. Herrera reminded the consultant that TCAT is a non-profit agency and is a 501 (c) corporation.

In response to a question raised by Ms. Herrera concerning health care coverage for the various bargaining units. Mr. Locey said from the benefits perspective the consortium will be the vehicle to provide the benefits to the members. For each benefit plan authorized by the consortium there will be a premium equivalent rate identified for that particular plan. From the employer perspective the consortium will not get involved with dictating to employers or collective bargaining groups how they have to manage their business in terms of negotiations between the employer and the employee program. The consortium will only provide the vehicle for giving the health insurance benefit and determining what the premium equivalent rate cost will be for that benefit.

Mr. Locey said once benefit plan designs are completed meetings will be scheduled with employee groups including collective bargaining groups and retirees.

At this time, Mr. Locey provided an overview of a Sample Article 47 Financial Model and a model from the County of Albany, although it is not a consortium but a consolidated plan which is very similar.

Mr. Locey outlined the expectations or goals of the program as it begins is to make the program as efficient and stable as possible. He reiterated his comment from previous meetings that there will be no diminishment of benefits.

### **County Administration**

#### **Resolution**

It was MOVED by Ms. Herrera, seconded by Ms. Robertson, to approve and submit the following resolution to the full Legislature for approval. Mr. Mareane explained the purpose of the resolution and said personnel is the largest part of the budget and the one area that can be controlled to keep finances in-line. If the budget is managed through personnel, it is best if it is done by attrition. Currently there is a process to make decisions to fill vacancies which lies with departments and Department heads. Each Department Head takes that responsibility very seriously and manages that function very well. However, what is lacking is the knowledge of the County's finances as a whole such as a loss of State Aid or a decrease in sales tax. Mr. Mareane said in his position he can watch over the entire County budget especially in the environment that now exists.

At this time, Mr. Mareane explained how he believed the process would be managed. He commented that it is very similar to the policy in Onondaga County. This resolution has been discussed with the Department Heads and fully vetted. He spoke about the cross accountability and that a quick response would be given when a position can be filled and how long one would remain vacant. He will report to the Legislature on a monthly basis in terms of the positions being held vacant and the reasons for that.

Ms. Herrera asked why Legislator Kiefer voted against the resolution at the Government Performance and Workforce Relations Committee. Mr. Mareane said Ms. Kiefer had requested an appeal process be included in the resolution.

Ms. Herrera also spoke about the reporting out of this information and asked that she be made aware of where the information could be obtained.

Ms. Robertson said she also spoke to the issue of an appeals process and also would like to have language added to the resolution. She is not prepared to amend the resolution at this time, but will bring an amendment to the full Legislature for consideration. She also expressed concern with the reporting out of information and believes in addition to the Government Performance and Workforce Relations Committee, the program committee should be informed as well.

Mr. Mareane said he envisioned a report in the form of a matrix that showed by department which position(s) are being held, how long, and the reasons for the delay. This information could be attached to the committee agendas. In response to the concerns for an appeals process, he thought that after 90 days of a position being held, the department could appeal to the Government Performance and Workforce Relations Committee.

Ms. Robertson believes the matrix as referenced above should be provided to the full Legislature.

Ms. Herrera spoke briefly about the appeal process and expressed concern that it could make the resolution too complex. She supported the comments suggested above by Mr. Mareane. Ms. Carey said the issue of an appeal process was not discussed at the Department Head meeting and does not believe department heads feel it is necessary.

Ms. Robertson said another concern was raised at the Government Performance and Workforce Relations Committee relating reclassifications submitted by employees. Ms. Carey said it is her expectation that the County Administrator and Commissioner of Personnel would work with the Department Head and that it would be handled within the Department.

In response to a question by Ms. Herrera concerning the matrix, Mr. Mareane said the report would be given to the Government Performance and Workforce Relations Committee. He said he would also provide the report to the full Legislature. The Committee agreed to add said language to the resolution.

Ms. Robertson said she continues to be unclear about the appeal process.

A voice vote resulted as follows on the resolution: Ayes – 5, Noes – 0. RESOLUTION ADOPTED.

**RESOLUTION NO. - ESTABLISHING A PROCESS TO FILL VACANCIES OR  
CHANGE POSITION CLASSIFICATIONS**

WHEREAS, labor costs represent the largest single expenditure in nearly all governmental budgets, including the budget of Tompkins County, and

WHEREAS, the County's ability to respond to changing economic and budgetary conditions depends in large measure on its ability to control its labor costs, in part through the strategic management of normal workforce attrition, and

WHEREAS, the decision to fill a vacant position currently rests with the affected department head, and

WHEREAS, County department heads have managed this process responsibly, basing the hiring decision on both the need for the position and the resources within the department to support the cost of the position, and

WHEREAS, while the current decision-making process can and does consider the budgetary resources of the department, the process does not allow for consideration of the overall resources and current and future budget condition of the entire County, and

WHEREAS, a central, fiscally-based review of departmental recommendations to fill vacant and to reclassify existing positions would enhance the County's ability to maintain a balanced budget, and

WHEREAS, the fiscal challenges facing the County are expected to grow as the result of a global economic downturn that has had a particularly severe impact on New York State, resulting in a projected 2009-10 State budget deficit of \$13.7 billion and increasing the need for the County to respond to rapid budget changes, and

WHEREAS, the County Legislature, which is responsible for resource allocation and spending, desires to establish a process to review the necessity for filling vacant positions or changing position classifications to provide an additional tool to manage the County's finances, and

WHEREAS, this process shall include the review and approval of requests to fill any permanently or temporarily unfilled position, including positions unfilled by virtue of the incumbent's disability, Project Assistant positions, or requests to increase hours of existing employees for the purpose of assuming the caseload or workload of a vacated position for the duration of the vacancy, now there fore be it

RESOLVED, on the recommendation of the Government Performance and Workforce Relations, and the Budget, Capital and Finance Committees, That any and all personnel changes, including filling vacant positions and reclassifying existing positions, shall be subject to review by the Commissioner of Personnel and County Administrator and final approval by the County Administrator,

RESOLVED, further, That the County Administrator shall report to the appropriate standing committee responsible for personnel on a monthly basis regarding the status of all vacant positions or reclassifications requested by department heads, and such report shall be distributed to the full Legislature,

RESOLVED, further, That relevant committees shall update related County policies and procedures.

**SEQR ACTION:** TYPE II-20

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### **Sheriff's Department**

#### **Resolution**

It was MOVED by Ms. Mackesey, seconded by Ms. Robertson, and unanimously adopted by voice vote by members present, to approve and submit the following resolution to the full Legislature for approval:

**RESOLUTION NO. - APPROPRIATION FROM GENERAL RESERVE FUND FOR THE PURCHASE OF SPEED RADAR SIGNS FOR THE TOMPKINS COUNTY SHERIFF'S OFFICE AND THE ITHACA POLICE DEPARTMENT**

WHEREAS, Tompkins County STOP-DWI Program is providing the Tompkins County Sheriff's Office and the Ithaca Police Department each with a Speed Radar Sign to promote traffic safety in high risk areas throughout Tompkins County, and

WHEREAS, STOP-DWI fine money was collected and placed into a reserve fund and is available for uses that promote public safety, and

WHEREAS, funds are intended to cover the full cost for the speed radar signs, and

WHEREAS, there are no budgeted funds within the 2009 STOP-DWI Program budget to cover these costs, now therefore be it

RESOLVED, on recommendation of the Public Safety and the Budget and Capital Committees, That the Director of Finance is hereby authorized and directed to make the following budget appropriation for the purchase of the equipment:

FROM: A4250	Reserve Fund	\$12,000
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TO: A4250.52220 Departmental Equipment \$12,000

RESOLVED, further, That the County Administrator is authorized to execute the required documents.

**SEQR ACTION:** TYPE II-20

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**Resolution – Fair Share Tax Reform Act of 2009**

It was MOVED by Ms. Robertson, seconded by Ms. Mackesey, to approve and submit the following resolution as revised to the full Legislature for approval.

Mr. Koplinka-Loehr was excused at this time (4:45 p.m.).

Ms. Robertson spoke briefly about the resolution and believes Assemblywoman Lifton will be sponsoring the Assembly bill.

Ms. Herrera spoke in opposition of the revised resolution as it was not included with the agenda. She reiterated her comments about process and that committees should not be adding or handing out items at meetings on a regular basis as she does not believe it is fair to the public.

For the record, Ms. Robertson stated the following are the only changes she is proposing:

- Changing the word “Senate” in the title to “Legislature”
- 8<sup>th</sup> Whereas – adding Bill numbers
- 9<sup>th</sup> Whereas – correct 5 percent to 3.5 percent
- Last Resolved – add Senator Dean G. Skelos and Assemblymember James Tedisco

A voice vote resulted as follows on the resolution: Ayes – 3, Noes – 1 (Herrera), Excused – 1 (Koplinka-Loehr). RESOLUTION CARRIED.

**RESOLUTION NO. - SUPPORTING THE “FAIR SHARE TAX REFORM ACT OF 2009” IN THE NEW YORK STATE LEGISLATURE, TO IMPROVE EQUITY IN TAXATION FOR NEW YORKERS AND HELP CLOSE THE STATE'S PROJECTED BUDGET GAP**

WHEREAS, New York State faces a budget gap of at least \$13 billion in the 2009-2010 fiscal year, and

WHEREAS, The Executive Budget proposes billions of dollars in cuts to schools, healthcare providers, and other essential community services, which will lead to increases in class sizes, teacher layoffs, hospital and nursing home closings, longer wait times in emergency rooms, and deep cuts to hundreds of important programs such as housing assistance and homeless shelters, and

WHEREAS, The Governor has also proposed some 137 new taxes and fees, such as reinstating the state sales tax on clothing under \$110 and increasing fees for license plates, which fall disproportionately on middle- and low-income New Yorkers, and

WHEREAS, Governor Paterson has described his budget proposals as necessary to “share the pain” across the citizens of the state, and

WHEREAS, During the last 30 years, New York has reduced income tax rates on the wealthiest New Yorkers by more than 50% (from 15.375 percent to 6.85 percent) and eliminated high income tax brackets, so that working class families and the very rich pay the same tax rate. Today, New Yorkers who make more than \$40,000 a year are subject to the same marginal tax rate as those who make \$400,000 or \$40 million, and

WHEREAS, New York has replaced this lost revenue over the years by implementing more regressive taxes and fees that disproportionately impact low- and moderate-income New Yorkers, including cost shifts to local governments that force increases in property taxes, as localities struggle to cover costs of essential and mandated services, and

WHEREAS, As a result, currently the richest 1% of New Yorkers pay 6.5% of their total income in state and local taxes, while the poorest 20% of New Yorkers pay 12.6% of their income in taxes, and

WHEREAS, The Fair Share Tax Reform Act of 2009 (S.2021; A5912 ) would *raise more than \$6 billion in revenue to nearly halve the projected budget shortfall, while reforming New York's tax code to make it fairer, more progressive and in line with neighboring states, and*

WHEREAS, The Fair Share Tax Reform Act of 2009 would slightly increase tax rates for the top 3.5 percent of New Yorkers, as follows:

- by 1.4 percent for those with taxable income of more than \$250,000 (from 6.85 percent to 8.25 percent);
- by 2.12 percent for those with taxable income of more than \$500,000 (from 6.85 percent to 8.97 percent); and
- by 3.45 percent for those with taxable income of more than \$1 million (from 6.85 percent to 10.3 percent), and

WHEREAS, There is no evidence that moderate tax rate increases at the top levels induce outmigration. In fact, after New York passed a temporary surcharge on higher-income taxpayers in 2003, the number of high-income returns grew by 30% while the surcharge was in effect. Evidence from New Jersey shows that since 2004, when that state raised the tax rate on half-millionaires by 2.6%, the number of people earning at least \$500,000 has grown by 70% and people have not left the state as a result, and

WHEREAS, In December, more than 100 New York State economists, including Nobel-prize winner Joseph Stiglitz, endorsed (<http://www.fairsharereform.com/economists>) a proposal similar to Fair Share Tax Reform, saying “We are concerned...that steep state budget cuts will exacerbate the economic downturn and harm vulnerable low- and moderate-income New Yorkers....Economic theory and historical experience gives a clear and unambiguous answer: it is economically preferable to raise taxes on those with high incomes than to cut state expenditures.”, and

WHEREAS, *more than 150 of the state's religious leaders endorsed Fair Share Tax Reform in an open letter (<http://www.fairsharereform.com/clergy>) to Governor Paterson and Albany legislators in December 2008, saying: “We implore you to ask those New Yorkers who are most well-off to share in the sacrifice and give up a little bit more of their income for the good of our State. A slightly higher contribution from New York’s wealthiest residents would significantly reduce the need to cut important healthcare and education programs so severely.”, and*

WHEREAS, According to a Quinnipiac poll (<http://www.quinnipiac.edu/x1318.xml?ReleaseID=1245>) in December 2008, voters support, by 84 to 13 percent, raising the state income tax on people who make more than \$1 million per year, now therefore be it

RESOLVED, on recommendation of the Budget, Capital and Finance Committee, That the Tompkins County Legislature agrees with Governor Paterson that all New Yorkers should share in sacrifice in these difficult fiscal times, especially those most financially able to do so,

RESOLVED, further, That the Tompkins County Legislature calls on the New York State Senate and Assembly to pass the Fair Share Tax Reform Act of 2009, as one of the actions needed to close the state's budget shortfall, raising \$6 billion by slightly raising income tax rates for the top 5 percent of New York taxpayers, and therefore eliminating the need for some of the devastating cuts to the most vulnerable of our citizens,

RESOLVED, further, That copies of this resolution be sent to Governor David Paterson, New York State Senator Leader Malcolm Smith, Senator Dean G. Skelos, Senators Eric T. Schneiderman, Jeffrey D. Klein, James L. Seward, George H. Winner, Jr., and Michael F. Nozzolio, Assembly Speaker Sheldon Silver, Assemblymember James Tedisco, and Assemblywoman Barbara S. Lifton.

**SEQR ACTION:** TYPE II-20

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**County Administration**

Resolution

Ms. Herrera stated that she also makes comments about process at the Facilities and Infrastructure Committee meetings as she believes it is harmful when items are being added to agendas.

It was MOVED by Ms. Robertson, seconded by Ms. Mackesey, to approve and submit the following resolution to the full Legislature for approval. Mr. Mareane explained the funds are from the quality-of-life fund that was invested with the community foundation and is used as an incentive fund. He said it will be administered through his department and the intent will be to recognize incentives by county employees for their innovative ideas during these difficult times. The money may be used to hire someone to facilitate meetings with employees, used as seed money to get something started that will save money, or used as an employee recognition and reward system. The details for the structure of the program are not yet worked out. Ms. Herrera said she will support the resolution if the money is not used for a project or program already underway or that last minute decisions will need to be made. Mr. Mareane said he will be reporting on program design to this committee.

A voice vote resulted as follows on the resolution: Ayes – 4, Noes – 0, Excused – 1 (Koplinka-Loehr). RESOLUTION CARRIED.

**RESOLUTION NO. - AUTHORIZATION TO ACCEPT AN AWARD OF A GRANT FROM THE COMMUNITY FOUNDATION**

WHEREAS, the County Administrator has been notified of a grant award from the Community Foundation in the amount of \$10,000 to create an Innovation in Management Excellence program, and

WHEREAS, the innovation grant represents a means of creating a system that encourages Tompkins County managers and employees to collaborate on fresh and innovative concepts that lead to streamlined and/or cost-effective processes, and

WHEREAS, the County Administrator shall be responsible for the design and implementation of the innovation program, now therefore be it

RESOLVED, on recommendation of the Budget, Capital, and Finance Committee, That the County Administrator or his designee execute all contracts and documents related to this award, and

RESOLVED, further, That the Director of Finance is directed to make the following adjustments:

Budget Transfer

Revenue:	1239.42705	Gifts & Donations	\$10,000
Expenditures:	1239.54400	IME	\$10,000

**SEQR ACTION:** TYPE II-20

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**Finance Department**

Resolution

It was MOVED by Ms. Mackesey, seconded by Ms. Robertson, to approve and submit the following resolution to the full Legislature for approval. Mr. Squires stated this resolution is done annually. The State Comptroller's office has guidelines for the authorization of how the County handles its money.

Ms. Herrera does not believe it is appropriate to vote on the resolution at this meeting as the information was handed out at the meeting and she has not had the opportunity to read it. Mr. Squires

said the resolution could be considered at the next committee meeting but should be adopted before the auditors come in.

Ms. Mackesey agreed to withdraw her motion. RESOLUTION WITHDRAWN.

### **Liaison Assignment**

#### **TC3 Board of Trustees**

It was MOVED by Ms. Mackesey, seconded by Ms. Robertson, and unanimously adopted by voice vote by members present, to approve the appointment of Duane T. Randall as the liaison to the TC3 Board of Trustees for 2009.

### **State Budget Briefing**

Mr. Mareane distributed and reviewed in detail the Estimated State Aid Reductions from the New York State Proposed Executive Budget. He said the document is a compilation of information received from departments and agencies over the last few months. It identifies the impacts affecting departments directly and agencies closely tied or affiliated with the County. The total potential impact for departments is approximately \$1.7 million and for agencies it is \$1 million. This document does not include all the potential cuts as not all departments and agencies responded in time to have their information included.

Mr. Mareane said he will continue to look at the County's budget and the lobbying efforts will also continue. He believes the State will pass some of Medicaid savings to the County; however, he is not sure of the amount but believes it could be between \$2-\$2.25 million in 2009 and a smaller amount in 2010. His goal is to keep the budget in balance this year with all the changes that will be taking place at the State and Federal levels.

In response to Ms. Mackesey's questions about the State offering retirement incentives, Mr. Mareane said he has not heard of any proposals and commented that it actually can be very costly for counties if the positions need to be filled.

Ms. Carey commented that her department is likely to see an increase in the mandated items as more people will be coming in for services such as temporary assistance, food stamps, etc.

Mr. Mareane said the approach is the County should start considering contingency plans and how the County will get through this. He will continue to work closely with the Legislature.

### **Adjournment**

The meeting adjourned at 5:40 p.m.