

**Budget and Capital Committee
May 29, 2007
3:30 p.m.
Scott Heyman Conference Room**

Present: M. Koplinka-Loehr, R. Booth, K. Herrera, N. Shinagawa (excused at 4:00 p.m.)
Excused: M. Hattery,
Staff: D. Squires, Finance; S. Whicher, M. Lynch, P. Younger, N. Jayne, County Administration;
M. Pottorff, Legislature Office; B. Grinnell-Crosby, Health Department
Guests: WHCU

Called to Order

Mr. Koplinka-Loehr called the meeting to order at 3:34 p.m.

Changes to the Agenda

The following resolution(s) was added to the agenda:

- Authorization for a Public Hearing – Tompkins Cortland Community College Operating Budget – 2007-2008

Approval of Minutes of May 14, 2007

It was MOVED by Mr. Booth, seconded by Ms. Herrera, and unanimously adopted by voice vote by members present, to approve the minutes of May 14, 2007 as submitted. MINUTES APPROVED.

Comments from the Public

No member of the public was present.

Chair's Report

Mr. Koplinka-Loehr had no report. He thanked Mr. Booth for providing the Legislature with a Committee report at the last meeting in his absence.

Finance Director's Report

Mr. Squires reported he attended a meeting with TC3 and Cortland County representatives to review financing of the TC3 Master Plan. He said there are some issues that exist related to the strategy of financing the project. He said the sponsors learned they may be called upon to borrow another \$1.8 in additional funds next year because of a cash flow situation. Mr. Squires said the assumption Tompkins and Cortland Counties have been operating under is that after the sponsor share, both counties would be held harmless for any extra debt service above that. He said the College was operating under the assumption that the sponsor-share for the cash flow of the project is principal only and Tompkins County was talking about the amount borrowed and the interest.

Mr. Squires said this could be a problem in the long term if their cash flow stream is not going to meet the ultimate borrowings if both sponsors have to borrow additional money and we won't know that until the end of 2007. He said part of the issue has been the time it takes for State reimbursement. He said it will not be a problem in the short-term and it will only be a problem if the County's debt service

exceeds \$700,000 a year, but noted if the County did borrow additional funds to assist the College with its cash flow situation there would be the issue of being held harmless for borrowing, in addition to lost potential interest earnings from investing those funds. Mr. Koplinka-Loehr asked what would happen if the County did not agree to borrow any additional money. Mr. Squires said the College does not have the legal authority to borrow money. Mr. Squires distributed and explained a document outlining the campus expansion financing plan.

Mr. Squires agreed with Mr. Booth's statement that at the present time the County is paying \$298,000 over budget to carry the bonds on this project; in the worst-case scenario, the County could end up paying \$560,000.

Mr. Koplinka-Loehr said this is an item Mr. Squires is bringing to the Committee for informational purposes and he will continue to meet with TC3 representatives to resolve the difference in the interpretations of "hold harmless". He asked Mr. Squires to report back to the Committee if additional information becomes available.

Mr. Shinagawa was excused at 4:00 p.m.

**RESOLUTION NO. – AUTHORIZATION FOR PUBLIC HEARING – TOMPKINS
CORTLAND COMMUNITY COLLEGE OPERATING BUDGET
2007-2008**

MOVED by Mr. Booth, seconded by Ms. Herrera, and unanimously adopted by voice vote by members present, to approve the following resolution and submit and submit to the full Legislature.

WHEREAS, Tompkins Cortland Community College is a joint enterprise of Tompkins County and Cortland County whose budgets must be acted on by each county, now therefore be it

RESOLVED, on recommendation of the Budget and Capital Committee, That a public hearing be held on June 19, 2007, at 5:30 o'clock in the evening thereof in the Legislature's Chambers of the Tompkins County Courthouse, 320 North Tioga Street, Ithaca, New York, concerning the 2007-2008 operating budget request for Tompkins Cortland Community College. At such time and place all persons interested in the subject matter will be heard concerning the same,

RESOLVED, further, That the Clerk of the Legislature be and hereby is directed to place such notice of public hearing in the official newspaper of Tompkins County.

SEQR ACTION: TYPE II-20

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Report from the County Administrator

Mr. Whicher had no report.

Ms. Lynch reported the Public Information Advisory Board met last week and started discussing the community budget forum that will be held in September.

**RESOLUTION NO. – APPROPRIATION FROM CONTINGENT FUND – REPLACEMENT
PAY – HEALTH DEPARTMENT**

MOVED by Mr. Booth, seconded by Ms. Herrera, and unanimously adopted by voice vote by members present, to approve the following resolution and submit and submit to the full Legislature.

WHEREAS, the Health Department has an employee out on medical leave for greater than two months in the Community Health Services Division, and

WHEREAS, the Fiscal Policy of Tompkins County allows for replacement pay from the Contingent Fund, now therefore be it

RESOLVED, on recommendation of the Health and Human Services and Budget and Capital Committees, That the Director of Finance is hereby authorized and directed to make the following budget appropriation:

FROM: A1990.54440	Contingent Fund	\$1,495
TO: A4016.51000513	Account Clerk Typist	\$1,075
A4016.58800	Fringes	\$ 420

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Sales Tax Intercept (or “Medicaid Swap”)

Mr. Squires distributed a sales tax table showing receipts and explained the total historic distribution. The State has authorized a one-time opportunity to exchange future Medicaid expenses for a fixed percentage of sales tax distributions. Participation in the sales tax swap requires adoption of a resolution by the September 18 Legislature meeting. The rationale behind this is that in certain instances, shifting the Medicaid liability (which will increase annually by no more than 3% a year) to the State, in exchange for a fixed share of sales tax may be an effective strategy of restraining pressure on the property tax swap.

Mr. Squires said the State has developed a formula that is designed to produce an equivalent share of sales tax income to recover the existing Medicaid share of each County, the share calculated for Tompkins County is .0083. He looked at 2006 and applied the factor and stated if the swap were in effect for that year it would have resulted in almost an identical outcome. He believes; however, that Tompkins County’s sales tax base will consistently exceed three percent and thinks pursuing a swap would not be in the best interest of the County.

Mr. Booth clarified that counties are being asked to trade future Medicaid increases for a certain percentage of sales tax. Mr. Squires explained how the calculation would be made and how much the State would reduce the County’s sales tax if this option were chosen. He also explained that this option is valuable to counties who are in a declining area and have low sales tax growth but does not think it is appropriate for Tompkins County.

It was MOVED by Ms. Herrera, seconded by Mr. Booth, and unanimously adopted by voice vote by members present, to take no action on this option. It was also agreed that a presentation should be made to the full Legislature with an explanation of why a recommendation is not being made to pursue this option.

Solid Waste Refund List

The 2007 Solid Waste Annual Fee Refund List was presented to the Committee for information only.

Reviewing Revenue Options and Cost-Saving Strategies

Mr. Koplinka-Loehr summarized that at the August 17, 2006 department head meeting a request was made to get together in cabinets and to examine ways where savings could be achieved in the budget. Those efforts led to “Legislative Directed Reductions (LDR’s)” as well as proposals and other ideas. At

end of the fall budget process a survey of legislators was conducted to prioritize some of these ideas and those were later rated by the Legislature. Mr. Koplinka-Loehr said there was a lack of coherence about choosing cost-saving priorities at the end of the year and he and Ms. Younger were asked to come up with a more sustainable plan for how proposals for cost savings or new revenue strategies are reviewed on a regular basis internally by the organization and brought forward.

At the last meeting the Committee briefly reviewed a memo entitled "Proposal to develop a process for routinely identifying cost efficiency measures" and provided direction to move forward to assemble a work team and develop a charge. That is the proposal before the Committee today. Mr. Koplinka-Loehr said he is ready to either 1)request that the Chair of the Legislature create this subcommittee and appoint its membership, or 2)form a subcommittee of the Budget and Capital Committee to meet this organizational need.

Mr. Whicher explained several struggles during last year's budget process that resulted in the LDR process. He said he does not want to move forward with this work team strategy until there has been an opportunity to present the information to department heads. The Committee agreed and directed Mr. Whicher to present the documentation to department heads, request feedback, and to report back to this Committee.

Ms. Younger said the subcommittee and charge has value across the board as it is consistent with the goals established by both the Budget and Capital and Government Operations Committees.

Ms. Herrera said there needs to be steps in place to assess where there are areas not performing well and also how to become more efficient. She likes the proposal being put forward as being a starting point.

Mr. Booth suggested the Subcommittee on Core Performance be established as a pilot.

This item will be presented to the Committee after a discussion takes place with department heads.

Rollover

The Committee briefly reviewed the information pertaining to certified rollover for use in 2007-2008 presented in agenda packets. The information, broken down by department, included surplus funds from 2005 that were used or rolled forward in 2006-2007 and surplus funds available in 2007-2008.

RESOLUTION NO. – ESTABLISHMENT OF 2008 COUNTY FINANCIAL GOALS

MOVED by Ms. Herrera, seconded by Mr. Koplinka-Loehr. Ms. Herrera said it is important for the Legislature to give the organization a clear guideline (noting the failed Ithaca City School District Budget on May 15th) even though this resolution represents a higher goal than she would have liked. Mr. Booth said he will support this to get it out of committee, but he is more comfortable with the previous version because he thinks it represented a more realistic goal. A voice vote resulted as follows: Ayes – 3, Noes – 0, Excused – 2 (Hattery and Shinagawa). MOTION CARRIED.

WHEREAS, Tompkins County, as part of its budget policy and process, wishes to establish the framework for the budget over the next year, now therefore be it

RESOLVED, on recommendation of the Budget and Capital Committee, That the Legislature establishes the goal of a maximum tax levy increase of 2 percent (2%) for 2008 resulting in a .5 percent

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tax rate increase for 2008 also resulting in a projected decrease of \$1,700,000 in locally controlled spending over 2008 projections, and use 2008 to begin a process to stabilize the rate of tax levy increase,

RESOLVED, further, That the County Administrator shall be charged to recommend modifications to employee health and prescription costs and further consolidations of departments and functions where opportunities exist for improved efficiencies.

SEQR ACTION: TYPE II-20

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Adjournment

The meeting adjourned at 5:03 p.m.

Respectfully submitted by Michelle Pottorff, TC Legislature