

Minutes
 Budget Hearing
 Planning & Economic Development Committee
 Audit & Control Committee
 Monday, September 30, 2019 Rm# 331&333
 Gerace Office Building

Members Present: P.E.D Odell, Starks, Chagnon, Proctor (Absent: O’Connell)
 A.C. Chagnon, Gould, Nazzaro (Absent: Muldowney, Niebel)

Others: Tampio, Dennison, Hansen, Geise, Aldrich, McCord, Borrello

Chairman Odell called the budget hearing to order at 2:45 p.m.

Chairman Odell: Before we start Kathleen will give us an overview.

Mrs. Dennison: Just a quick overview of the materials that you have, I apologize to the Audit & Control Committee that will hear this overview multiple times. The materials start with the tentative budget binder- this is the document that is posted on the county website for public view. For our purposes, mostly we’re concerned with the first section in the operating budget because that gives us a summary of the tax rate and the tax levy. So, as you heard from the County Executive’s presentation there is a flat tax rate, so we’re still at \$8.37 per thousand dollars of valuation and a levy of \$63,593,000. Beyond that and a couple of other sections the tentative budget book is mostly the budget detail by department. It is in order by the organization number, but it is just at the classification level no line item detail. We are generally going to use the information in the next section, which is behind the black divider. Again, these items are in order by the organization number and what we’ve been asking the individual departments to do is to walk us through the materials that you have in your binder for their organization. For today we will mostly be on organization number 37 and you will find there a local share summary- a summary of the FTE’s and then the budget for the organization as well as the page for each individual department with comments. Behind the summary is the line item detail. We’ve been using the line item detail just if there are specific questions that any of you would like to ask. We also have in the front of your binder there’s a rolling 12 month actual results that compares July 2018 to June 2019 versus the adopted budget for 2019 and the proposed budget for 2020. There are also five year projections of cash flow appropriations and revenues.

Just to point out a couple of general comments about the budget as I indicated, there is no change in tax rate. There is approximately \$1 million use of general unobligated fund balance. The base pay that’s in the budget- the base pay or the personal services item includes base pay increases for contracts that have been settled. It definitely includes step increments for all individuals, but the contracts that are settled would be the Sheriff’s Union, Sheriff’s Lieutenants, and the part time deputies and there is a 2% increase for managers. That is the standard recommendation that is built into the budget for any managerial personnel. There is no increase in base pay for the two contracts that are not settled, which CSEA 6300 and the corrections officers. So, again, no increase in base pay for the largest union.

And then just a couple comments on health insurance. In the 2019 budget we had very favorable conditions for health insurance- only about a 2% increase in rates and we had in the

2019 budget a lot of employees migrated from the higher PPO health plan to the high deductible health plan, so the 2019 budget when compared to 2018 had a drop in the health care rates for a lot of individuals because they're on a lower cost plan. In the 2020 budget unfortunately some of those people are migrating back to the PPO, so we have some people that are now going back to a more expensive health plan and we have a 6% increase in health insurance rates as opposed to a 1.8%. So, when we look at health insurance costs this is for all operating departments in the A, the D and the DM funds. The health insurance costs budget to budget is about \$1 million from 2019 to 2020 and the health insurance surcharge is up almost \$500,000. So that's a big hike up whereas last year when we were looking at 2018 budget to 2019 budget the health insurance costs were actually going down by \$700,000. So, we have a big swing that affects all departments.

And then just one other kind of book keeping comment. When you look at the retirement budget- in past years we've budgeted the retirement in all kinds of different tiers and plans and this year we just budgeted as one lump sum, so you'll see if you look at the account level detail some big changes from budget to budget. We're going for a budget safer plan from (*inaudible*) tier 4 to a budget this year of zero because it's all lumped into one account. That's the overview.

Chairman Odell: Thank you so much for that insightful overview. Any questions from our committee? Audit & Control? Very good. We're going to move on. Today we are dealing with the community planning and economic development budgets. Who wants to start off?

Mr. Geise: I'll say a few things. I'm Mark Giese. I'm the deputy county executive for economic development. I oversee the department of planning and development and I'm the CEO of the IDA if you didn't know that and I'm joined by my colleagues George Borrello, who I think you know and Don McCord, who I think you know. Don is the director of the division of planning and community development. Also, my colleague Nate Aldrich who we hired in July. I don't know if you know Nate, but he graduated from UB planning school and has been working for the Northern Chautauqua Community Foundation for a few years and did a stint with the county planning department as well, so we're really thrilled to have Nate who's a huge asset to this community.

So, what I would like to do real quick is just kind of give a real quick overview of the local share and then Don and I will tag team to talk about both the division of economic development and the division of planning and community development. I don't know if you want to say anything now or if you want to wait?

(*Cross-talk*)

Mr. Geise: So, I'm referring to the first local share summary sheet. This department has done a very good job over the years at holding the line on the local share and we've done it once again with a slight reduction in the total local share. There was a slight decrease in economic development, slight decrease in community contracts and a slight increase in the (*inaudible*.) In terms of the positions, we're the same as we were last year. We're at 6.5 full time employees between the two divisions. 5.5 in community development, which includes the watershed coordinator and Don and several other folks and then in the division of economic development we have one and that's Nate. Do you want to pick it up from here, Don?

Mr. McCord: What's your preference? We have a summary- a budget summary sheet, which blends both divisions together or we have a total of six sub-departments. We'd be glad to go over the total budget or if you would prefer we could jump right in the-

Mrs. Dennison: Generally we've been skipping over the-

(Cross-talk)

Mr. Geise: So, you can see that the personnel services had an increase of \$23,000. That's from the- the position this year in 2019 was funded as a planning technician and we hired a special projects coordinator, so there is a difference in the salary and the benefits for that. So, you'll see that that's about a \$30,000 difference. Next page- slight increase in contractual- slight increase in the occupancy tax. That's because we projected a slight increase next year over this year.

Legislator Chagnon: Mark, can I back you up to 6420? What's the \$30,000 occupancy tax for administration? Is that something new?

Mr. Geise: Yeah, so obviously our division of economic development is administering the occupancy tax- the 3% occupancy tax and there is a lot involved in that. Just to give you an idea- and right now there's no allowance for that. Some of the- I've got about 15 of the tasks involved here- the annual budgeting of the County Executive's Office, the finance department including forecasting growth, advertising, website updates, responding to applicant requests for information, monitoring, participation in the review and scoring of projects, writing resolutions for off-cycle projects, attending PED and Audit & Control legislative meetings, contract development, securing all insurances, working with contractors and so on. I've got a list here of about 20 different tasks that are associated with that. So, what we're asking is if we can allocate some of the funding and it keeps us under the 10% of occupancy that is allowed for admin and brings us only to about 7%. So, that's what we're doing there is allocating that funding from occupancy tax (*inaudible*) revenue line to the division of economic development for administrative purposes.

Legislator Starks: Are those things new or is it just that the money part is new? Somebody has been doing these things all along, correct?

Mr. Geise: Yes. Somebody was doing those but then we had a restructuring of the departments and now we have economic development and we have planning and community development and under the division of economic development we're administering the 3% occupancy tax. I've been doing it. I don't think you want me doing that. It's not the best use of my time and we hired Nate, so part of Nate's job will be to administer the 3% occupancy tax program. We don't have anybody else.

Legislator Starks: So it's because of the restructuring piece that we did like a year ago.

Mr. Geise: Yes.

County Executive Borrello: Also, we've expanded. Now that we've added this partnership for economic growth- the countywide partnership for economic growth, that has been added to the responsibilities of the economic development department. So, we are overseeing that as part of that countywide strategy, which has obviously been something I've been talking about since day one as County Executive how important it was for us to be able to have everybody working together countywide, so Nate's going to be the manager of that as well. So, if you added- we added that additional responsibility to our overall portfolio of responsibilities within that department as well.

Mr. Geise: And to be honest with you, real quick, a planning technician really would not have the skill set required to do all of these things, so it's important for us to hire somebody that could actually do those things.

Mr. McCord: And just for clarification, we used to have a full time clerical and that is now a half time clerical. So, that full time (*inaudible*) under the realignment when we reduced that to a half time we took a portion of the occupancy (*inaudible*) for the watershed components and ED took a portion of the 3% and is managing that portion. So, we had reduced but we're increasing on the other side of the budget.

Mrs. Dennison: If I could just add a little bit of additional information? There is one exhibit in the tentative budget book- it's at the back of the operating department (*inaudible*.) We're talking a little bit about it now, but we'll get into it with some of the other departments. There is a detail of the occupancy tax and how that is broken out by the different programs. So, it's the last page in the operating budget tab. It just shows some additional details. And the other item I just wanted to clarify when talking about positions- Mark's position as deputy county executive is not in the planning budget. His position is budgeted in the County Executive's office. That was amended into the 2019 budget, but just so you know when talking about the one position in planning that Mark's position is not included in this budget.

Legislator Chagnon: Exhibit B3 is the distribution of the occupancy tax excluding \$30,000?

Mrs. Dennison: No, the \$30,000 is included in here.

Legislator Chagnon: Where does it show up?

(*Cross-talk*)

Legislator Chagnon: O.K. There was \$21,600 in there last year?

Mrs. Dennison: It was proposed, but it was removed. In the (*inaudible*) in administration the \$40,000 and the \$12,000- that is- we did split it out this year. In the past it was \$52,000 all in finance and then the law department got a revenue and we thought it was kind of dumb to appropriate it in finance and then transfer it over to law, so we just split that out to make it a little cleaner, so \$40,000's going directly to finance and \$12,000 directly to law, so there's no overall change there and then the \$30,000 for economic development is a new item in that classification.

Mr. Geise: Just for clarification it's about 30 contracts we manage.

Chairman Odell: The addition of the \$30,000 will be going towards the administration of the contracted 3% programs?

Mr. Geise: Yes.

Chairman Odell: As part of the realignment- I guess I'm just having a little disconnect. The off-cycle grants- that's still being led through Kathy's office?

Mr. Geise: Yeah, but it all comes to us and we put the resolutions together and we put the contracts together and all that.

Mr. McCord: I'd just like to say it's been a little confusing because originally it was under the Legislature and now with it being part of the County Executive's budget, even the competitive process we participate with Andrew Nixon and his committee when the decisions are being made.

County Executive Borrello: Just to be clear, this is something that changed a few years ago. Our state legislators at the time decided that they wanted the occupancy tax to go into part of the county executive's budget. So, that was not a shift that occurred here, it occurred with our state legislators who changed it in Albany through their legislative action.

Chairman Odell: Thank you.

Legislator Nazzaro: You're allowed to have up to 10% in administration and you're at 7.4%? My only question- the \$30,000- how did you come up with that number?

Mr. Geise: I actually did- I wouldn't call it a time study, but I estimated out of these 25 tasks the level of effort at about 10 hours a week, which is about 520 hours per year at the cost range of Nate and I came up with \$30,000.

Mr. McCord: That's salary and benefits.

Legislator Nazzaro: You're saying a quarter of this time?

Mr. Geise: Yes. The next page there's a slight increase in the occupancy tax on the contractual side.

Legislator Nazzaro: With the new hotels opening up and everything? I don't want to be over-estimating, but that seems very small considering the amount of new facilities that have opened up.

County Executive Borrello: As part of the 2019 budget we figured in additional revenue from the Chautauqua Harbor Hotel and the Double Tree didn't open until this year, so that's-

room rates are not as high as the Harbor Hotel and there's not as many rooms. So, that was not as significant of a bump, so we figured in a rather modest increase. I think your room nights are going to go up overall. We have now had a full year with the Chautauqua Harbor Hotel-

Mr. Geise: 3%-

County Executive Borrello: Last year we figured it in and this year we added on having already calculated the biggest bump, which would have been the Chautauqua Harbor Hotel into the 2019 budget, so we added on to that.

Mr. McCord: The good news is if we come in higher the revenue will go into the-

Legislator Nazzaro: Absolutely. I just wanted to make the observation that it was because the one in Celeron opened up when?

County Executive Borrello: August of 2018. So we had four months of that in 2018 and then we'll have a full year of it this year. That's why in the 2019 budget last year we calculated an increase. I think now, as Don said, if we're conservative and the numbers come in higher that goes into the reserve, but if we overestimate it's going to come out and then we've got a problem.

Legislator Nazzaro: No, it's O.K. to be conservative.

(Cross-talk)

Legislator Chagnon: If you look at the preliminary dashboard report that Kathleen just put out is that the 2019 budget is higher than the 2018 budget, but the percent received year to date this year versus last year is actually lower, so we're not keeping up with the budget in 2019 as well as we did in 2018. So, that gives me- on the side of caution that makes sense to me.

Legislator Nazzaro: How does our five percent occupancy rate compare to other surrounding counties here in Western New York?

County Executive Borrello: We looked at that previously. I think we're right there. I think Erie County is like 6%. It's been a little while since I looked. Across the state, even in New York City- some of them aren't percentages, some of them are flat rates per room night, so they're not all a percentage. Last time I looked into that because I was thinking the same thing we weren't the highest, we weren't the lowest. We were probably in the middle of the pack.

Mr. McCord: Just my general experience, and this is just antidotal, because I do pay attention to it and I'm always surprised it seems consistently like it's about 11%.

County Executive Borrello: But there's other fees. This is just the county bed tax. You've got cities that have their own bed tax, so if you just look at strictly just the county portion we're right there. It's when you add in their city fees. You've got cities that charge a fixed dollar

amount per night as just a city tax on- when you add up all the taxes including sales tax it ends up being like 18%, but only a small portion of that is county related.

Legislator Nazzaro: And I know this has to go through home rule?

County Executive Borrello: Yes, they'd have to go back-

Legislator Nazzaro: I just wonder at what point- I know this has been around for a long time-

(Cross-talk)

Legislator Nazzaro: At what point do we want to consider looking at possibly requesting that it might be raised to 6% and have 3% go to the lakes. I know it's a whole process just like when you do sales tax, but this is one of those items that hopefully as tourism grows here we can generate more money for our lakes and tourism.

Chairman Odell: What we learned last fall when we took our little road trip to Tompkins County to Ithaca. They're 6% I believe, but nothing went to lakes and waterways. It all went to tourism.

County Executive Borrello: We're very unique here. We're the only one that- first of all, we're one of the few that actually dedicates all that money back to tourism and I think we're the only one that actually splits it between tourism and lakes and waterways that I'm aware of in the state. So, we have a- I think it's great the way we do it but I agree with you.

Legislator Nazzaro: I like it, I'm just saying if we could generate another one or two percent. I know this may not be the proper time, but I think it has- especially with the condition of our lakes and waterways for people coming in to visit. Again, personally when I book a room I look at the overall cost I don't break down the occupancy- I may look at it, but I would have stayed there regardless.

County Executive Borrello: I think to your point when you look at what we did this year with Chautauqua Lake in particular and we were able to dedicate more resources and how that resulted in better water quality and reaction of people, the value of having that extra money particularly in the lakes and water ways side which is a huge return on investment. I agree with you. I think it's important.

Legislator Nazzaro: I think it's a way to generate more revenue for a good purpose.

Chairman Odell: Exactly. We do appreciate your conservative estimate in growth, so hopefully we'll over perform.

County Executive Borrello: If I could just make one more comment- you look at all the things we do in county government and you look at this budget in general and what we get in the

term for what we put into it- for the dollar amount that goes into this budget, the return on the investment there is huge.

Mr. Geise: I'm on the community contracts page- no change.

Mr. McCord: And there's the planning page 8020. We have an overall decrease. There was a slight increase in staffing costs largely due to contractual step increases that are automatic with the placement of where our staff is in their career ladder at this time. I'm sorry- they'll go to a step three if they remain with us and that's an automatic step increase. We decreased our contractual and employee benefits went down. The other thing is as you're aware, last year we had a contract with the Health Network to do a food policy counsel. Our original agreement with them was for \$15,000. We were able to get them to increase that to \$20,000, so we've had a \$5,000 revenue increase as well.

Chairman Chagnon: O.K., questions on that section?

Legislator Gould: We're talking 8020?

Mr. McCord: Yes.

Legislator Gould: 4110?

Mr. McCord: Let me go to detail-

Legislator Gould: Top of the page- 5 of 7- operating expenses in 2017 they were \$44 and in 2019 they were \$2,300. Why \$2,300?

Mr. McCord: Because of the multiple realignments that have occurred within the department it's very hard for us to look at a 2017, 2018, 2019 comparison. As far as the \$44- at that time the \$44 was for a combination of things kind of flowed in between economic development and planning because it was all one department at the time.

Legislators Gould: So you just put zeros there. The actual of 2019 should be zeros.

(Cross-talk)

Mr. Geise: I think that was because of the restructuring. We had to split everything, so the division of economic development has to have operating supplies too.

Mr. McCord: I can only speak to 2019 at the moment. I can say that for me and anyone who's known me over the years, it was announced to us as department heads very early on that 2019 was a challenging budget year. So, we have been extremely conservative with anything that we have done in the year 2019 as far as purchases on any kind of supplies or any kind of operating thing. If it's not needed we haven't done it. That doesn't mean that that's sustainable over a long term, it just means that that's been our philosophy because that was the message that was passed down to us. As Mark said in the beginning of this presentation we have always really

worked hard to not only return value, but to work within the confines of what the Legislature and the County Executive have given us for a given year.

Mrs. Dennison: I just want to echo that and say that planning and development budget is small but they've been very responsive to looking for opportunities to approve upon their budget. So, I think what Don is aiming at is that they haven't spent it this year, but they have been very tight in controlling their budget and would like to give themselves a little bit of room in 2020.

Legislator Gould: I have one about the other contractors too, about half way down the page. \$2,000 in 2019? 4590.

Mr. McCoy: 4590, right? \$132,000 to \$2,000? They money that you see in there from the 2019 amended budget- the \$132,000 is reflective of money that was transferred in there for B2CI grant application. We don't expect to complete that this year. We are working on that and appraisals are being done right now on parcels along the trail right away to get easements. This is a parks grant and that's why it went up so much. If not, we'll do an accrual to move some of the money forward to the 2020 budget depending on where we are December 31st.

Legislator Gould: That's the total amount of money?

Mr. McCoy: Yeah. That's the total amount for that particular line. That's the one grant that came in under other contracts.

Chairman Odell: You brought that in 3 months ago?

Mr. McCoy: It's been about a year now, but with parks reducing its staff and the nearest parks representative being in Ithaca, it's taken a little while to get it up and rolling.

Chairman Odell: O.K.

Mr. McCoy: The next budget is the watershed budget and the watershed budget is also reflective of an increase in the occupancy, so there is a budget increase there of \$20,709. That is in revenue as well as in expenses. Those funds largely go towards the project line. If you flip to the back you'll see the detail on your 2% occupancy tax budget. If you have specific questions about the 2% we have \$103,500 budgeted for the watershed coordinator. (*inaudible*) for watershed, \$10,000 to the watershed conservancy, \$35,000 to soil and water, \$39,500 to a variety of smaller lakes and initiatives, \$10,000 to the sewer agency and then \$241,430 which is the project money for projects.

Mrs. Dennison: Again, you can see all the numbers that Don just relayed on the occupancy tax exhibit in the tentative budget section.

Mr. McCoy: If there are no questions about the watershed the last subdivision is simply for the lake gauge and there's an estimated 3% increase, which we now know is fairly accurate because we do have a proposed contract in place from USGS and that comes within a dollar of

what was budgeted. The small revenue increase you see there is from south and center and their portion of the overall (*inaudible.*)

Clerk Tampio: Mr. Chairman, could I make a comment? It might be helpful for the committee members on the exhibit B3 for the occupancy tax if we could put the adopted previous year amounts so they can see the change between year to year. I have that with me, but you guys don't have that. So, maybe next year going forward-

Mrs. Dennison: And we could include another copy of it in the section 37 in the detail too.

Chairman Odell: Let's make that happen for next year. Any other questions at this point?

Legislator Nazzaro: Nothing at this time.

Chairman Odell: It was stated before and County Executive Borrello stated as well this \$2-\$3 million budget, which is relatively small in the big scope of county operations, (*inaudible*) a little bit of growing pains, but it's going in the right direction. The studies for example, are showing measurable and quantifiable results. (*Inaudible*) I can testify to some of the hard work I've seen firsthand, especially on Don's side. A year ago I think you were acting as director, planner, custodian and admin at the same time and it didn't go unnoticed and even this year the supplies were down because he was painting the office himself. If you get a chance to visit him in the Welch building it's pretty impressive and that's the attitude that wins wars and it doesn't go unnoticed. So, thank you very much. Anything else?

MOVED by Legislator Starks, SECOND by Legislator Proctor to adjourn.

Unanimously Carried (3:28 p.m.)

Respectfully submitted and transcribed
Kathy Tampio/Clerk, Olivia Ames/ Deputy Clerk/Secretary to the Legislature