



2017 Ulster County Executive Budget Address

Good morning. Before we begin, I would like to share a poignant moment that happened just the other day. It was early Monday morning and I was in my office working on the County budget. It was the first really crisp day of Fall and it was still dark out; and something caught my eye. As I looked up from my desk, I saw an absolutely breathtaking picture begin to form just outside my window; the sun was rising and the sunbeams began bathing the steeple of the Old Dutch church and the gold of our historic courthouse, stretching all the way to the spectacular Catskill Mountains – all at the exact same time.

It was beautiful and it caused me to pause and reflect. It reminded me again exactly why we focus so hard on getting the County budget right; why we embrace reform, even when it is hard, and why we focus on sustainability. We do it all because we care so deeply about the people of Ulster County, about the future for our children, about our history, and about our extraordinary and pristine natural beauty.

As we come together this morning to discuss the 2017 Ulster County Budget, I find it helpful to remember precisely what a municipal budget is really all about. At its core, it is about people. It is a spending plan that highlights priorities while ideally helping an entire community better shape its future.

Having said that, I have been fortunate as County Executive, along with a great team, and in partnership with our Legislature to design nine years of innovative municipal budgets that, in some small part, have helped transform Ulster County government and better prepare us for the future. As a reformer I know full well that some years can be more challenging than others; but I also know that no year is ever easy because there are always more wants and needs than there will ever be available resources.

2017 also presents us with a very special set of challenges. Ones that will require us to once again fully prioritize spending, embrace change, and continue with the belt tightening efforts we have brought to all corners of my administration.

We do this because that is what is required to deliver serious results, and the major reforms we have made in the past have worked and better positioned our community to respond to new challenges. This is why we are fortunate to have a great deal of good news to talk about. Ulster County's economy continues to improve - unemployment numbers are down, housing data is up, and this year's \$325 million dollar budget once again lowers County property taxes for families, individuals and local businesses. Taxpayers who, by the way, know exactly how hard it can be to make ends meet and certainly do not need a big tax increase from us.

So, I'm pleased to say Ulster County Property taxes are going down, again.

Not only while we continue to fund critical services for not only the most vulnerable among us such as our children, seniors and families in need but also while we aggressively invest in a brighter future through infrastructure, education, job training, economic development and public safety initiatives. However, before we can invest we first have to identify and overcome our challenges.

Let's talk openly about the unique challenges we will face in 2017 as well as the practical solutions that we have included in this budget.

First, second and third on the list of challenges is healthcare costs. This year has unfortunately delivered the "perfect storm." Unsustainable escalations are happening all across our nation and healthcare costs are becoming a huge problem for governments, businesses and citizens as well. The reality is, these costs are outpacing tax caps, cost of living increases and any reasonable analysis.

Locally, they are now being compounded by increased utilization and an unfortunate dispute between one of our major local healthcare providers, Health Alliance, and the County's major health insurance carrier, Empire Blue Cross/Blue Shield. This dispute has left thousands of people in the untenable status referred to as, "out of network," resulting in a very costly problem.

First, more individuals and families are forced to seek healthcare options at places like Vassar and Northern Dutchess hospitals as well as other healthcare providers just to remain "in network." The impact to the County's finances is being felt through higher rates and higher expenses.

Additionally, if and when the HealthAlliance and Empire/Blue Cross dispute is settled, we will likely face sharp increases to the County's health insurance costs. The total projected impact to Ulster County's budget for 2017 is an increase of over 20% or a staggering \$4.5 million. Adding to the complexity of this challenge is the fact that HealthAlliance is a critically important part of our community, a key healthcare provider as well as a major local employer.

Though this dispute is between a healthcare provider and an insurance company, the fact is that our people are being impacted, so my administration is taking proactive steps to help ensure our employees and their families are once again back "in network" as soon as possible.

Another major expense in the 2017 County Budget results from the County absorbing the full cost of the Town and City governments' "Safety Net" expenses, as well as finalizing the takeover of all of their election costs. The total additional cost to the County for 2017 is \$7.2 million and the combined five year total of the local relief we have provided is a massive \$29.2 million.

Next, on our list of challenges are the County's own personnel costs. We are blessed to have one of the finest municipal workforces you will find anywhere. They accomplish an extraordinary amount of work each and every day serving the great citizens of Ulster County. But the fact remains, the County's overall payroll and benefits are still up millions of dollars and that type of growth is unsustainable. This issue is having an impact everywhere, not just departments such as DSS, or our Health Department or even DPW; it is also affecting areas like our road patrol and jail operations.

Let me be clear - I have an enormous amount of respect for the incredible and selfless job that our Sheriff does with his team every single day. They play a critical role in keeping our County safe and I hope everyone continues to keep our recent loss in their hearts, as they remember exactly how special our law enforcement personnel are and how dangerous their work can be.

With all that said, we also cannot ignore another reality - the gap that is growing between our revenue and expenses. The budget for our Sheriff's office is \$31.4 million or a full 40% of the county tax levy.

Unfortunately, there has been a dramatic decrease in the amount of revenue we receive for boarding-in outside inmates which helped offset some costs. Our Sheriff has been working diligently on multiple strategies, including one that reduces the "Equipment and Contractual" lines in 2017 by \$250,000 below last year's level;

and in total he has reduced his overall budget request this year by over half a million dollars; and I am greatly appreciative.

So, whether it is lost revenues, or the high cost of providing safety net and elections relief, or even the unprecedented spike in our healthcare costs, there is no question we are facing serious challenges. But the good news is we also have significant experience, and a great deal of success, designing comprehensive solutions to protect critical services while still protecting our hardworking taxpayers too.

Embracing reform is a philosophy that has guided us from the very beginning, even when it has meant making difficult decisions and having controversial conversations. As a result, the taxpayers of Ulster County, both families and local businesses alike, have benefited and the government has continued to get better.

In order to accomplish this, over the past 5 years Executive controlled departments within County government have reduced costs by over \$35.7 million; and in the 2017 budget when Healthcare costs are removed, spending in the Executive branch is down roughly \$4.1 million when compared to the 2016 adopted budget. This greatly helps offset those rising healthcare expenses as well as helps meet some of our other serious challenges, although this model cannot last forever.

Solving the types of challenges we face continues to evolve and comes in many forms. For example, the Economic Development efforts we have made to positively impact our local economy, along with the partnerships of so many others, have worked and unemployment levels in Ulster County are down. In addition, I am pleased to say the number of people requiring Temporary Assistance is also down reducing our DSS costs by nearly \$1.5 million.

Aggressive position management has also helped, including the reduction of positions without layoffs saving over \$1 million in payroll and benefits costs. Due to our robust Tourism, Agricultural and growing Tech based economy; our sales tax revenue is projected to increase by \$1.7 million more in 2017.

I also believe it is important to acknowledge the Ulster County Legislature, who with their relatively small operating budget, still chose to amend their allocation request downward by over \$50,000 to better participate in our county-wide belt tightening efforts.

In addition to those actions, we must also take further steps if we are to ensure essential County services remain strong in the long term. This is why we are proposing a targeted retirement incentive for 2017 to assist eligible

employees with retirement healthcare costs as well as reduce the potential need for future layoffs. I want to be clear - this will not be an across the board retirement incentive. Instead, it will be extremely targeted focusing only on eligible positions that will not be refilled.

Municipal budgeting in general is a delicate balance of ensuring essential services while still protecting taxpayers and it can be profoundly affected by highly volatile components such as sales tax collections.

Let's talk about sales tax because, like all New York counties, the revenue we receive from sales tax plays a huge role in funding essential government operations. Fortunately, a significant portion of that sales tax revenue is also generated by the thousands of non-residents who visit our beautiful community and that is one of the many reasons why we work so hard to attract more and more tourists to our amazing County.

To give you an idea, the 2017 sales tax estimate for Ulster County is roughly \$111,000,000 million, up a responsible 1.55% from last year and it accounts for over 34 % of all the revenue we receive to ensure we can provide every single service we can, as well as those of all our contract agency partners.

However, predicting sales tax totals is no easy task and because it is so important, it is critical that we be both responsible with our predictions, as well as prepared in the unlikely event that those predictions fall short. Every two years, New York State legislation is required just to maintain the same sales tax rate that currently exists. Although I wish these sales tax extensions were not needed, they are; and they are essential to fund the litany of unfunded or under-funded State mandates that New York counties are required to pay.

Along with the County legislature, I fully anticipate a smooth and responsible extension this upcoming year; but, as someone entrusted to protect our taxpayers, I also cannot ignore the possibility that an unexpected disruption could occur. It has happened before and that disruption ultimately cost the County, the City of Kingston and our Towns a combined \$5.4 million.

As they say, we must prepare for the worst while we hope for the best. Accordingly, the 2017 Ulster County budget includes a proactive plan that protects important, but discretionary spending, for remarkable outside contract agencies who partner with us every day to provide a wide array of critical services; while we also ensure that we do not unwittingly commit to spend taxpayer dollars that we simply do not have.

Going forward we will pay our contract agencies on a quarterly basis; and assuming everything goes smoothly, possibly even pay them ahead of schedule to assist these amazing organizations with their always challenging cash flow needs.

In the unlikely event that June passes, which is the last regularly scheduled State Legislative session, without Ulster County receiving its authorization, then something has to change. The reality is the County and City of Kingston, as well as our towns, would be facing the loss of millions of dollars. In that type of emergency, the fourth quarter allocations for contract agencies would immediately be suspended to help partially offset what would be a multi-million dollar shortfall.

Now we fully recognize exactly how important all of these valuable agencies are and I pray that this scenario is never forced upon us; but simply put, we cannot spend money that we do not have or irresponsibly undermine the very foundation of public health and safety by ignoring this possibility. Designing solutions to these problems are never simple, but Ulster County government has continued to innovate and evolve and the changes we have made have consistently benefited our residents and protected our taxpayers.

Another example of this has been designing a new solution to the complex issue of ensuring high quality family court services for our children and families without allowing a crushing \$20 to \$30 million additional burden to be forced upon our taxpayers. We simply refuse to accept the typical government solution of “raising taxes and increase spending” every time there is a new challenge.

This November the citizens of Ulster County will have an opportunity to approve an important public referendum relocating Family Court operations from the costly, currently rented facility in uptown Kingston to this very building, that is a largely vacant, County-owned facility less than a mile away from our current Family Court location. This referendum is required by law because the Court would be moved roughly 800 feet outside the City line, and the potential budget implications are huge.

First and foremost, we should note that doing nothing is not an option, especially with a clear directive from the New York State Office of Court Administration which includes the potential loss of State aid directly associated with inaction.

In addition, and I want to be clear, approving the proposed relocation will likely avoid a much more costly solution, as well as a multi-year delay resulting from the planning, environmental, acquisition and construction costs associated with a new facility or any other option.

Not moving forward with the proposed relocation would also require the County to continue with its costly triple net lease with a private land owner for additional years while we pay all the rent, all the property taxes and all the maintenance costs to the combined tune of \$394,000 per year; and we should note that it will not solve the problem.

As far as capital costs go, other Family Court options are likely to add between \$10-20 million more depending upon the particular choice, all of which would directly and negatively impact our County taxpayers.

That is why after my team's thoughtful evaluation and the overwhelming bipartisan vote of the Ulster County Legislature, I have decided to fully support the relocation of Family Court operations to the county-owned building we are in right now; and I urge voters to join me. In addition, I would like to invite everyone to tour this facility at the end of this presentation. Simply put, moving Family Court operations here provides the best of all possible outcomes at the best possible price for taxpayers. These are exactly the kinds of decisions we make in the County budget every single year.

Challenges aside, let's discuss areas of significant investment as Ulster County looks to shape its future.

It is hard to believe, but we have now passed the five year anniversary of Hurricane Irene and the incredible devastation that it brought to our County and so many others. During that time I saw first-hand the bravery and dedication of our first responders and I also saw up-close and personal, just how fragile our infrastructure had become and how badly it had been ravaged.

The County's roads and bridges, just like many in our nation, were built primarily in the 1950's and 1960's with huge government subsidies that were then inexplicably followed-up by very little money for maintenance, and even less for replacement. Not only did our roads and bridges deteriorate, but the costs to repair and replace them eventually became overwhelming. As we have all seen, nobody was thinking about making things radically better.

But with an influx of some additional state and federal funding, we decided to do something about it. We combined that funding with the structural savings my administration had created by rethinking County operations and invested that money at unprecedented levels in an infrastructure program we called "Building A Better Ulster County;" and the results have been nothing short of extraordinary.

Along with our incredible partners in labor, our DPW has not only replaced roads and bridges at a record setting pace, but we have also been rethinking our roads and bridges every step of the way to create wider shoulders, greater connectivity to rail trails, safer routes to schools for our children and bridges designed with significant community input instead of just imposing them. The new Carmine Liberta Bridge in New Paltz is a great example of this type of community involvement, and it is being completed as we speak; while the rebuilding of the historic 100 year old plus Wallkill Bridge in the Town of Shawangunk is another example of our next series of upgrades which is scheduled to begin construction in the spring of 2017.

Since there are decades of neglect to overcome, we are continuing with our “Building A Better Ulster County” initiative in 2017 with \$15 million dollars more, taking our three year total for this radical overhaul of our infrastructure to over \$46 million.

Now, in addition to our focus on roads and bridges, I am also proud to say that Ulster County is the most environmentally friendly county in the entire State of New York. We have been recognized both state-wide and nationally for delivering on the promise of renewable energy, real conservation efforts and smart building and environmental policies that are becoming models for many communities around us. We have been working hard to set the bar high as the only net carbon neutral county in the state, and through Executive Order, we are the only county that requires 100% of our electricity to come from renewable resources.

In addition, included in this budget is a “transparency initiative” that details our energy conservation savings on each County building, making us eligible for a \$250,000 dollar NYSEERDA grant and moving us closer to becoming the first county in New York to achieve silver level status as a Climate Smart Community; and by the way, we are already the only bronze level Climate Smart county in the entire State.

Environmentally speaking, it is the partnership with our County Legislature in the development of a Green Fleet policy that I may be most proud of. This policy helps promote alternative fuel vehicles and sets clear, aggressive and measurable goals for our County fleet by the year 2020. In order to support this forward thinking policy we’ve installed a series of electric vehicle charging stations at nine Ulster County facilities and we will be installing six more as a result of a major state rebate program; plus, we are working with Central Hudson and other local municipalities to expand Ulster County’s ever growing network of charging stations.

In recent years, we have purchased a number of alternative fuel vehicles and the successes have been amazing. These vehicles can travel three times farther on a single tank of gas, saving taxpayers money and further reducing the overall carbon footprint of Ulster County government.

It is my great pleasure today to make another important announcement: ladies and gentlemen, with the addition of the 11 new plug-in hybrid vehicles included in the 2017 Ulster County Budget, my administration has now met and exceeded our Legislature's aggressive 2020 Green Fleet target a full three years ahead of schedule. I would like to thank our legislature and its leadership for their ongoing partnership on this issue; it is proof positive that working together we can deliver meaningful results that are good for our residents, good for our environment and good for the bottom line.

Now looking to the future, this budget also expands upon Ulster County's incredibly strong commitment to education. We recognize that access to higher education is more than just a want, it has become a necessity. It is the fastest and most direct route to achieving the American dream. If we are to ensure real opportunity for everyone and fundamentally impact generational poverty, then providing access to college is crucial. That is why I am so thrilled that the new Kingston Center of SUNY Ulster is open, thriving and providing new opportunities for many who would otherwise have no way of attending college.

In addition, the main campus in Stone Ridge continues to evolve in amazing ways and we are blessed to have the visionary leadership of College President Dr. Alan Roberts.

In this budget, Ulster County provides over \$6.4 million to our community college just in operating support alone. That places us in the top four counties in the state for percentage of community college operating assistance. Additionally, we are providing \$400,000 this year in debt service payments to help offset their capital expenses.

Also, we are now funding a new program to assist some of our most disadvantaged youth; one that is designed not only to improve access to higher education for individuals with enormous obstacles, but also to provide the kinds of support necessary to maximize their success. It is not just about getting someone into college, it is about helping make sure they have the tools to graduate and to change their life. All of this is done with the ultimate goal of interrupting the cycle of generational poverty and providing real access to the American dream for everyone.

Now I would like to take a brief moment to address another area that is very important to me, even though the dollar value is not very high. I care deeply about helping all those American Veterans who have fought for our freedoms, especially those who really struggle when they return, some even finding themselves homeless. I believe we owe our soldiers a debt of gratitude that we can never truly repay, so I am proud to represent a

community that in an instant, came together, embraced a dream, and created a national model with our Patriots' Project. In the process we functionally ended Veteran homelessness in Ulster County together!

I thought after 24 months it was appropriate to highlight the results and review the real budgetary impacts of the Patriots' Project. Because of unprecedented community involvement from hundreds of generous individuals and organizations, there is absolutely zero outstanding debt on the Patriots' Project; no bonds, no loans, nothing.

Since our model functions in conjunction with VA support for individuals receiving care at the Patriots' Project, there's also no additional County cost except those minimal expenses associated with basic lawn mowing, heat and electric that are under \$25,000 per year out of a \$325 million County Budget.

This home has the capacity to house and help eight Veterans in need at any one time. To date, the Patriot's Project has served 53 formerly homeless Veterans with transitional housing and services that have transformed many of their lives; of those 53, 43 were Veterans from Ulster County. Our ability to help those Veterans not from Ulster County only takes place when there is an open bed. We should also note that helping those additional non-Ulster County Veterans did not cost Ulster County taxpayers even one extra cent. However, it does speak to the real need for more of these facilities in other communities.

I hope this answers any outstanding questions, but I would also like to remind everyone that we don't ask these brave individuals if they are from Ulster County when we put them in a foxhole, or in a far off desert to fight for our Nation, we only ask them to be Americans; so as long as I am the County Executive, we will continue to do everything in our power to help all American Veterans no matter where they are from, all while we work to repay an unpayable debt.

Whether the budget numbers we are discussing are large or small, in the end, it is about the positive impact the investment makes on our community.

As we conclude, let us discuss the totals from this and the thousands of other investments this budget makes across our great County as we work together to create a brighter more sustainable future.

In the area of spending, our total appropriations for 2017 will be \$325 million with our top five areas of spending being: D.S.S., public safety, general government operations including the sales tax we distribute to our towns and the City, employee benefits and transportation including UCAT and DPW/Highway. The County's overall revenues are projected to be \$231 million dollars and come primarily from sales tax as well as State and

Federal aid. When we offset the 2017 appropriations by revenues it leaves us with a subtotal County Cost of \$93.2 million. Then, after we apply the appropriated fund balance of \$16.3 million, we are left with the real property tax levy for next year, the amount we actually collect from our residents to deliver absolutely all government services.

That number is \$76.9 million, a reduction from last year of .25%. This means that Ulster County's 2017 property tax levy is not just less than last year, it will actually be less than it was after the very first budget I ever presented as County Executive all the way back in 2010. To put that fact into context, it means that working together we have profoundly reformed County government and continue to do so. We have improved access to services for everyone and we have lowered the county property tax burden for all of our hardworking taxpayers for 2013, 2014, 2015, 2016 and now 2017. I could not be more proud of everyone who has been involved in making that happen. It is a testament to what is possible when we work together, when we respect our taxpayers, and when we embrace reform.

Ladies and gentlemen, the 2017 Ulster County Budget is designed to be a thoughtful, priority driven spending plan that, as always, puts the best interests of the people first. It ensures more essential services than ever before, while it once again delivers lower property taxes; but even with all of that, the fact remains it will require reform and shared sacrifice, so we have much work ahead.

My entire team looks forward to working diligently with the Ways and Means Committee, our Legislative leadership and the entire Legislative body to ensure the best possible budget for all our citizens.

In the process, we will never forget that it is not our budget and it is not our government; instead, we have the honor and privilege to work for the great people of Ulster County. It is their money, it is their budget, and they have every right to demand the best - to demand a budget that provides for those most in need, a budget that invests in the future, and a budget that ultimately ensures that Ulster County will forever be the finest place anywhere to live, work and raise a family.

Thank you.