

Fellow Legislators, Employees, Citizens and taxpayers:

For the second time in as many years as Chairman, it is my honor and privilege to present the state of our County address.

As residents of Cortland County we continue to face serious financial challenges of declining revenues, mandated and non-discretionary spending requirements, increasing health and retirement costs and the continuing damage from the overall economic downturn.

These are very difficult times, but as we all know, difficult times don't last, but good people do. I would like to take this opportunity to thank my fellow Legislators, County Department Heads and all our employees for their ongoing efforts to make Cortland County a better place.

I would be remiss if I did not acknowledge the cooperation and dedication demonstrated earlier this year by all three CSEA 6550 units (Big Unit, Civilian, Corrections) in negotiating a fair and reasonable labor agreement that recognizes the financial challenges we face as a community.

The proposed 2 % tax cap on property taxes is certainly welcome news. Regrettably, what state officials promised but now refuse to acknowledge is the root cause of high property taxes; state driven mandated spending that state legislators have repeatedly voted, each and every year, to impose on county governments. A tax cap, without mandate reform, is disingenuous at best, and only plays to the emotion of the public. Make no mistake about it: local property taxes will continue to increase as long as the State continues to shift the cost of State programs onto county taxpayers.

In Cortland County a 2% tax cap on a \$31,102,392 tax levy equals \$622,048. The increase in our Medicaid payment alone to New

York State in 2012 is projected at \$927,676, which, in and of itself exceeds the 2% tax cap by over \$300,000.

The top nine mandated state programs in Cortland County and the cost to taxpayers is as follows: Medicaid \$9,124,249; public assistance \$1,189,546; child welfare \$2,686,000; preschool special education \$3,069,300; early intervention \$1,101,455; probation \$1,298,733; indigent defense \$917,424; youth detention \$182,000; pensions \$2,763,446. In 2012, the increases alone in these nine mandated programs are estimated at over \$2M or over three times the tax cap representing a 6.5% increase on the current tax levy. If the State took back just the expense of the Medicaid program, a 2% cap would not be necessary as we'd be looking at a 30% reduction in the tax levy. That would be true fiscal reform.

Counties have virtually no say in the cost of state mandated programs, and are powerless to stem the tides of escalating costs associated with them. The state mandated programs consume 72 cents of every local tax dollar collected which in turn are sent to Albany to pay for the state's own programs. The State increases its own spending on the backs of county taxpayers and then implements an unobtainable tax cap which local officials must exceed just to cover State spending increases, and then (State) will undoubtedly blame local officials for increasing taxes. Albany eats steak and sends us the bill.

If state officials do not address the root cause of the problem of high property taxes – unfunded mandates in general, then counties will have to continue to eliminate and dismantle more and more community-based programs and services to stay under the state imposed property tax cap. These programs include critical programs for the aging, local road and bridge maintenance and repair, sheriff road patrols, and park services, to name only a few. In essence, nothing can replace true fiscal reform, nor can there be any backdoor exits from responsibility. True reform is about

government making tough decisions, not avoiding them. This must include the elimination of issuing increases in state mandated services without the accompanied funding, as well as the end of the practice of shifting previously state funded services to the county, and therefore our taxpayers. Without this reform, at the current trend, our taxpayers are left holding the bag, and an empty one at that, since after paying the mandated costs, there will be very little left for local services.

Despite the ill-conceived actions of Albany, we in County government must not delay making difficult decisions within our authority to provide real, much needed and long overdue financial relief to our overburdened taxpayers – NOW!

As the following table illustrates, the preliminary estimates for next year’s budget project an almost \$4.4 million or 14% increase in the 2012 tax levy.

	2011	2012	Projected Increase/Loss-	% Tax Levy Increase
Medicaid	\$9,124,249	\$10,051,925	\$927,676	2.99%
Public Asst (FA,SN,EAA)	\$1,229,500	\$1,708,500	\$479,000	1.54%
Child Welfare	\$2,686,000	\$3,021,000	\$335,000	1.08%
Preschool Special Ed	\$3,069,300	\$3,073,348	\$4,048	0.01%
Probation	\$1,298,733	\$1,447,197	\$148,464	0.48%
Indigent Defense	\$1,118,620	\$1,198,620	\$81,689	0.26%
Youth Detention (NSD)	\$182,000	\$220,000	\$38,000	0.12%
Pensions	\$4,002,915	\$4,118,166	\$115,251	0.37%
Salaries	\$25,303,212	\$25,482,488	\$179,276	0.58%
Health Insurance	\$10,000,000	\$10,700,000	\$700,000	2.25%
Telecommunications	\$0	<u>\$1,386,453</u>	<u>\$1,386,453</u>	<u>4.46%</u>
SUBTOTAL	\$58,014,529	\$62,407,697	\$4,394,857	14.15%
Solid Waste Fund	-\$736,635	-\$661,000	-\$661,000	2.13%

One of the issues that we must decide, sooner rather than later, is the ongoing financial losses in the Solid Waste Fund and the future of our County Landfill. Highway Chairman Dave Fuller and his Committee solicited proposals from qualified firms to prepare a

report and propose operational and developmental strategies with the goal of economic improvement.

In October of last year, EnSol, Inc. delivered the Landfill Alternatives Report that concluded the County Solid Waste Fund operates at a deficit and faces unbudgeted liabilities associated with the closure and post-closure of the Landfill. The current compliment of equipment and manpower can handle far more waste disposal volume and the legislated tipping fee far exceeds local market rates and therefore does not attract adequate volume to match the operational capacity of the Landfill. The site on which the Landfill is located has adequate geology and area for expansion.

The EnSol Report recommended the County accept additional waste commodities and develop a Beneficial Use Determined (BUD) commodity as a substitute for daily ground cover as well as a flexible pricing schedule based upon volume and regional location to capture a larger market share as short-term alternatives to start to reduce the current Solid Waste Fund deficiency.

Implementing short-term alternatives will provide time for further discussion on the long-term alternatives while providing much needed revenue to offset our current losses.

EnSol's long-term alternatives included developing the Site into a regional, solid waste disposal facility by expanding the Site to allow increased tonnage, which in turn would increase revenue. Another alternative is to lease the facility to a major, private, waste management company. The company could then expand the site into a regional, solid waste management facility.

The expansion of the site into a regional, solid waste management facility furnishes the maximum valuation of the asset, with a net value of over \$35M to the taxpayers in the County over an

estimated 35-year life. This is a text book example of a public-private partnership that will create new, significant revenue stream, maintain and create job opportunities and more efficient operation that will prolong the life of the landfill. A new and significant revenue stream that is not tax-based benefits all taxpayers, not just those with a vested interest in maintaining the status quo. This is an example of true fiscal reform.

Two things are certain with the landfill: 1) Cortland County does not have the financial resources needed to upgrade operations to the degree necessary to compete in the \$52 billion global waste industry, and 2) County taxpayers cannot and should not be expected to endure these kinds of financial losses. It is the responsibility of this Legislature to protect and preserve these hard earned tax dollars.

New technologies and changes in the municipal waste industry allow private companies to operate landfills more efficiently and effectively than smaller operations like ours. Without significant investment, the County will be unable to employ these new technologies designed to improve our environment, reduce the volume of municipal waste and increase revenue. Regulatory agencies such as the US EPA and NYSDEC require strict adherence to regulations designed to ensure that our environment is protected from landfill contaminates. These same regulations continue to increase operating costs and put pressure on a landfill's ability to operate profitably. Future regulatory requirements have the potential to substantially increase operating costs which would further erode the ability of a smaller operation such as ours to succeed.

Leasing the landfill would effectively take the county out of the business of operating the facility and eliminate all future obligations and costs associated with its landfill operations. By leasing to a larger operator, the County will realize improvements

that will extend the life of our facility and increase profitability over the long term.

It is critical that we meet the objectives established by the Legislature: debt elimination, maximization of future cash flow and long-term disposal security. If we meet these objectives we can provide immediate relief to our taxpayers by not having to raise taxes even further to pay for more vital, local services.

Concerns have been raised regarding the expansion of the landfill, some valid, some intended to distract, mislead and confuse Legislators and citizens alike. Tales of pending doom are common when diminishing or eliminating the role of local government in the private sector, but rarely are they accurate. No legislator should be bullied or shy away from implementing true fiscal reform at the first sign of controversy. It is incumbent upon all of us to seek the truth and verify its accuracy.

I believe when all the facts are fairly presented, we will find as have many other counties across this state, public- private partnerships with professional expertise can safely, responsibly and very profitably operate environmentally sound landfills to the benefit of the taxpayer.

Current losses in the Solid Waste Fund account for over 2% of the current tax levy. I cannot in good conscience ask the taxpayer to continue enduring this kind of financial burden when there are viable alternatives that would reduce, if not eliminate these losses and provide immediate relief to our taxpayers. We must act in the best interest of all taxpayers because they all have a vested interest in the profitability of this facility.

Make no mistake about it, without new revenues to offset the increasing costs of state mandates, the County will be forced to cut human service programs that are of vital importance to those who

rely on them. I am talking about senior citizen programs. I'm talking about public health programs, mental health programs, sheriff patrols, and highway maintenance. It is irresponsible for us to dismantle these vital human service programs and at the same time throw away valuable tax dollars on the landfill, especially when we have the opportunity to make the landfill profitable and save these vital programs.

As I stated earlier, we continue to face serious financial challenges. Despite these challenges, we must continue to comply with other federal mandates to insure the general health, safety and welfare of our citizens is maintained and enhanced.

The Federal Communication Commission (FCC) issued a mandate that – on or before January 1, 2013 – all public safety and industrial/business licensees operating on broad band spectrums migrate to 12.5 kHz technology or utilize a technology that achieves equivalent efficiencies.

JPS Chairman Mike Park and his committee on judicial public safety have overseen the development of a much-needed system that not only complies with the federal mandate of narrowing banding, it will increase the current emergency communications coverage area from about 50% presently to about 95% upon completion in 2013 and provide the ability to communicate with all other emergency providers whenever necessary. Obviously, protecting the public is expensive and this system comes at a high price; \$15 million.

Annual repayments totaling approximately \$1.3 million are set to begin in 2012. In an effort to spare County taxpayers as much of this expense as possible, the Legislature submitted requests for Home Rule Bills to both the New York State Assembly and Senate for an estimated \$271,000 in new revenues from increased landline and cell phone surcharges. In addition, several grant applications

have been submitted by multiple funding agencies to subsidize the new system. It has been my hope that we would reverse the current losses in the Solid Waste Fund and apply those annual losses toward the communication system's \$1.3 million annual debt.

We must continue to identify economic improvement in the delivery of quality community services as well. When mutually beneficial it could mean developing public-private partnerships and other times it may mean divesting ourselves of certain services where we are at a competitive disadvantage, particularly when competing with the private sector.

Case in point is the County's Community Home Health Agency (CHAA) program. For many years the County provided home care services through the Community Home Health Agency. In 2006, NYS granted a Certificate of Need to St. Josephs of Syracuse to offer home care services in Cortland County to meet an increasing demand. Since that time, the Cortland County Public Health Department has implemented a variety of efficiency strategies in the program in an effort to remain competitive and minimize the cost to County taxpayers.

The decision by NYS to eliminate grant funding to local government operating within a county with another service provider prompted Health Committee Chairman Tony Pace and his Committee to investigate divesting ourselves of this program and identifying a reputable service provider that would enhance the quality and level of care our citizens deserve. The decision to sell the CHAA was made easier when HCR demonstrated it had the necessary resources to provide quality care in a compassionate way to our citizens and at the same time eliminate the cost to our taxpayers.

I am very pleased that the County employees, who were interested, accepted new, higher paying jobs with HCR and others who

elected to stay in County employment were able to transition to other positions within the Public Health Department. In the end, staffing was reduced by 16 with an annual savings of \$180,000.

Mr. Pace's Health Committee also achieved great success in improving efficiencies in the initial evaluations in the County's Mental Health programs this year. In June 2010 Mental Health had an average client waiting list of 56 clients with a wait time of approximately 96 days for the 1st appointment and no-show rates of 50%. With structural changes and policy revisions, by July 2010 the waiting list had been exhausted, the maximum waiting period was 10 days and no-shows were reduced to 20%.

Legislator Newell Wilcox and the Buildings and Grounds Committee brought forth a \$2 million energy savings project through a National Grid rebate program and the state Power Authority for lighting upgrades in all the County facilities and boiler and chiller replace in the County Office Building and County Courthouse. When totaled and combined, these two \$1.9 million energy savings projects will reduce the County's annual utility costs by \$160,000 and pay for it in about 11 years. The total lighting upgrade and control plan will cost the county approximately \$180,000 after \$116,000 in rebates. With annual savings estimated at \$86,000, the project will pay for itself in a little more than two years. In addition to providing an annual savings of \$180,000 in utility costs, the lighting will be vastly improved by increasing the daylight spectrum brightness from 75% to 95%.

Two older model and ineffective boilers (1973, 1987) in the Courthouse will be replaced. Four boilers in the County Office Building will be replaced by two, more efficient boilers. The total cost of the boiler and chiller replacement and management energy upgrade project will cost approximately \$1.7 million and yield an annual savings of approximately \$75,000.

I would also like to commend Budget & Finance Chairwoman Kathie Arnold and those committee members for their efforts to rectify long-standing and significant deficiencies that have been identified in the annual audits regarding the oversight of the Counties financial records. The County is a \$120 million corporation funded largely with tax dollars. It is imperative that the Legislature and all County Departments have timely access to accurate financial information to make informed and insightful decisions. I have every confidence that Kathie and the Committee will see to it.

It is certainly an honor and my privilege to serve the public as Chairman of the County Legislature. It is not always an easy job but one that brings me great satisfaction anytime we act in the best interest of our citizens and improve the quality of life here in Cortland County. I am proud of our accomplishments this past year and look forward to working with my fellow Legislators in dealing with the realities of the current economic situation as we go forward. As I have stated previously, we will continue to face serious financial challenges and the 2012 budget may very well prove to be the most challenging of all, but with your support I will continue my efforts to bring financial accountability, fiscal responsibility and true fiscal reform to taxpayers of Cortland County. Thank you and God bless.

Sincerely,

R. Jack Williams