



Onondaga County Legislature

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2019 BUDGET REVIEW- WAYS & MEANS COMMITTEE REVIEW OF WAYS & MEANS COMMITTEE DEPARTMENTS - September 17, 2018 Brian May, Chairman

MEMBERS PRESENT: Mr. Jordan, Mr. Knapp, Mr. Ryan, Mrs. Williams, Mrs. Ervin

MEMBERS ABSENT: Mr. Plochocki

ALSO PRESENT: Chairman McMahan, Mr. Rowley, Mr. Burtis, Mrs. Tassone, Ms. Cody, Mr. Buckel,
Dr. Chase, Mr. Holmquist, Mr. McBride, Mr. Bush, *see also attached lists*

Chairman May called the meeting to order at 10:24 a.m. and asked Legislator Jordan to lead the Pledge of Allegiance. Chairman May asked for a moment of reflection to keep priorities, motives, and objectives aligned with the folks that legislators serve.

Chairman May:

- Open committee meeting of the Ways & Means Committee
- Members of the Committee will have first priority to ask questions, followed by other legislators
- Will try to keep really good order – approach each other with respect and professionalism
- Most important thing that we do – defines agenda for the year, sets limits on what can be done and creates opportunities for the coming year
- Different process this year – everybody needs to be flexible
- Goal is to stay focused on task at hand; items needing to be addressed further will be identified and referred to the program committee
- Thanked the county executive, administrative team & department heads for providing a very solid proposed budget
- Includes funding for capital projects, programs; fund balance used less than ever before; tax rate already historically low – now 1¢ less

Chairman May referred to the challenge of Raise the Age, which permeates the whole budget. Some good information has been provided through the committee process. That information needs to be correlated with any missing information within the budget document. In a few spots, Raise the Age is the only explanation, and more than that has to be understood. He does not want committees to get too mired down in something that the committee process itself has done a really good job of vetting out.

Mr. Morgan introduced Tara Venditti, Management & Budget - Deputy Director, Don Weber, Real Property Tax Director; and Phil Britt, Financial Operations – Deputy Director

COUNTY GENERAL, OTHER ITEMS, pg. 3-33

Mr. Morgan:

This budget includes funding for the CVB, now Visit Syracuse, Erie Canal Museum, OHA, the County's memberships, and dues, and our contribution to the Village Infrastructure fund.

The Contractual Expenses account includes \$6,655,000 for the following:

- Village Infrastructure Fund - \$4.5 million – unchanged from this year's budget
- Convention and Visitors Bureau - \$2.1 million - \$120,000 increase related to the Film Commissioner moving to Visit Syracuse. It is salary, related benefits, and associated costs.
- Syracuse Nationals - \$25,000 – has been in the budget for many years

The OHA is funded at \$187,970. The Erie Canal Museum is funded at \$71,138. These two organization are outside of CNY Arts that are tied to the 22% of ROT.

The all other expenses line, budgeted at \$94,018, is for countywide memberships and dues for NYSAC, NYS County Executive's Association, audit fees for the County's deferred savings plans and other County wide expenses.

The transfer to grant amount of \$250,000 is to support the Greater Syracuse Landbank; 2018 had not funding for the landbank – request to the county for more.

Contingent account - \$50,000 decrease related the Shared Services Council that was never released from contingency. At this point in time, there isn't any plan to have it released.

The first revenue line, Non Real Property Tax Items, is the ROT required to fund CVB, OHA, and the Erie Canal Museum.

The County Services revenue line is monies collected from 401B plan vendors to cover the cost of plan audits.

Miscellaneous revenues include write-offs for stale dated checks.

Mr. Rowley:

- \$120,000 to Visit Syracuse – is there an offset in the Economic Development Department for that position and those dollars

Mr. Morgan:

- There isn't at this point in time. Economic Development is \$0 local dollars – taking it out would take the revenue out. It's budget neutral; don't budget local for Economic Development

Chairman McMahan:

- Assumes the revenue for Economic Development is from the IDA; is the position still in the Economic Development Department

Mr. Morgan:

- Yes

Chairman McMahan:

- Moved the money over but never technically eliminated the position in this budget

Mr. Morgan:

- Correct

Mr. Buckel:

- Landbank – will there be terms or restrictions on the county funding or will it be an unlimited cash grant

Mr. Morgan:

- It hasn't been discussed at this point in time – in the past there has been restrictions on deconstruction

Mr. Buckel:

- Does the county have an intent to limit the funds for non-city or is it simply on the purpose

Mr. Morgan:

- At this point in time, it is a general allocation. If it passes, those things will be considered as they go into the contracting phase
- Fairly certain that the funds are meant for city properties

Chair McMahan:

- Traditionally, each year, there has been some restrictions on the money – whether half of it goes to the Landbank to use any way it wants; some years it has been that money has to get targeted in communities where there have already been investments; some years it was deconstruction or demolition
- Usually at the end of the process there are some strategic restrictions to it after legislative input

Chair May:

- Spoke to Katelyn Wright, Landbank – asked for information that was received in the past: listing of inventory; what has come on/off over the past few years

Mr. Morgan:

ONCENTER REVENUE FUND, pg. 3-35:

- Account for operations of the OnCenter; don't budget for each individual line; only the subsidy. At the end of the year, the Comptroller's office brings in the actual activity from the operation of the OnCenter.
- Budgeted at \$2.7 million, it includes \$1.25 million for the OnCenter subsidy including the SMG management fee, \$250,000 for capital improvements – a \$50,000 decrease. In working with SMG, they identified the ability to reduce their requests for their subsidy. The other expense is \$1.2 million for Facilities Maintenance support - try to keep that flat.

COUNTY GENERAL UNDISTRIBUTED PERSONNEL EXPENSE, pg. 3-37:

- Where typically budget for potential contract settlements. OCSBA contract is being negotiated, and DSBA ends this year. Negotiations are in different phases. There are no funds being budgeted for potential contract settlements. If there is a settlement of OCSBA this year or next, we will have to figure out how to pay for it. There would be a retro in addition to going forward.

Mr. Rowley:

- There is no consideration in this budget for M/C increases if that goes – would it be taken care of in a similar way – figure out how to pay for it, or go to the next budget

Mr. Morgan:

- There is no proposal from the executive for raises for M/C's
- If the legislature wanted to add them, they would have to figure out where to get money from

Chair May:

- The CE's presentation included a comment that a committee be formed to evaluate the salaries and where the county wanted to go in the coming year

Mr. Rowley:

- Was anticipating that if something happened, we would act on it, and we would need money

Mr. Morgan:

- This budget does not propose that at this point
- At some point in the future it will, because M/C's continue to get outpaced by union employees every time they get a contract approved; didn't think that 2019 was the right year to ask for a raise for M/C's

Mr. Ryan:

- Clarification - repeat that about OCSBA – nothing budgeted for retros or raises going forward

Mr. Morgan:

- The contract is out, ended at the end of last year; currently being negotiated – might be headed for an arbitrator
- At this point, the budget doesn't include anticipation of a settlement
- Different strategies – i.e. put a dollar figure out there and say that is all the money we have
- Premature to start factoring something in for that

Mr. Ryan:

- If we agreed and it went beyond that to do a settlement, mediation or interest arbitration – and they agreed to somewhere in the middle of what the County is proposing and what OCSBA is proposing, how would we pay for it

Mr. Morgan:

- Either spending cuts somewhere else or fund balance
- Typically when an agreement settles, we don't run right over and ask for money – we monitor it
- It is a big union so there is no way that their existing budget could absorb it
- Will monitor it; as we get closer to where we believe they will run into the red based on projections, would typically come over and fund it to the level that we need to
- When settled off budget cycle, the first option always is to try to absorb it somewhere – that's not possible with CSEA and 2200 employees

Mr. Knapp:

- Will the \$186,000 budgeted this year going to be used

Ms. Venditti:

- That's for the nurses, NYSNA – we will see how the year ends

Mr. Morgan:

- They have an agreement through 2020 – we will monitor the account and if we need to move money in from here, that's what we will do

Chair May:

- County general – provision for salary and wage - \$186,000 left

Mr. Morgan:

- If not needed to move over; it will drop to the bottom line

Chair May:

- Is there anything left in Van Duyn balance

Mr. Morgan:

- No – has been exhausted for a couple of years
- In this budget the Van Duyn expenses were moved into the general fund
- No longer accounting for Van Duyn in a special revenue fund -- next year's budget includes approx. \$3 million for legacy costs fully borne by the general fund

Mr. Rowley:

- Will legacy costs continue to be segregated in the budget going forward

Mr. Morgan:

- Yes

Chair May:

- Interfund transfer – are we supporting a lot of retirees in that area

Mr. Morgan:

- Yes -- the main costs left for Van Duyn are retiree health and workers compensation claims
- When we still own – need it there were a lot of claims – done well with settling claims where it makes sense – will be around until person settles or is no longer with us; same with retiree health care costs

COUNTY WIDE TAXES, pg. 3-39

Mr. Morgan:

This page depicts our estimates of property tax, sales tax, and anticipated use of fund balance incorporated into the 2019 budget.

The first line item includes our proposed property tax levy, adjusted by estimates of unpaid current year taxes and payments of delinquent taxes. Our estimates for deferred and uncollectable taxes as well as prior year tax collections are based on historical collection rates. We anticipate approximately \$13.8 million of deferred and uncollectable taxes and \$14.2 million of prior year tax collections in the 2019 budget. The property tax levy is \$145.6 million, a \$3.9 million increase when compared to the 2018 levy. This levy increase reduces the tax rate to \$5.04 per thousand and maintains a levy well below the tax cap.

- The growth rate factors for the calculation of the tax levy limit bumped up significantly based on inflation. In the budget we could have proposed closed of \$5 million in a levy increase without piercing the tax cap. That's \$5 million that you would never get back going forward.

The second line labeled "Non real Property Tax Items" is our \$272 million estimate of sales tax revenue. We estimate 2018 sales tax collections will finish 3.5% higher than 2017 actual collections and assumes growth of 3% above our estimate for 2018.

- Right now we are experiencing 9% growth in sales tax; have had 4 straight payments that have kept us at that level of growth. We have collected an additional \$17 million through the same period this year compared to last year. We share some of that with the City. The economy is strong, gas prices are up, and sales tax is pretty much up across the state.

The last line is the \$1.5 million required in fund balance to balance the 2019 budget. However, the \$1.5 million is just a place holder with the expectation that the County's share of its shared services proposal related to Medicare Advantage will be received from the state in 2019 as an offset.

- We are calling this fund balance, but is referring to it more as a placeholder. As part of the Shared Services Plan, there was a project that included the City of Syracuse, City School District, and the county to go out jointing to purchase Medicare Advantage coverage for Medicare eligible retirees. A consortium was formed, not a legal entity, but did bundle purchasing power and went out and got a very competitive rate. Estimated savings was \$4.4 million total; that's what was included in the Shared Services Plan. Our estimate of our share is \$1.5 million.
- Direction and instructions were recently received on how to apply for that money – can't apply until the end of the year because you have to show the savings for the year. Will get submission in as soon as possible in the New Year to pull that money down. When the money comes in, we are not going to spend it – will let it go to the bottom line and replenish fund balance – obviously keeping everything else in a billion dollar budget constant. The goal coming in was to try and not use any fund balance.

Chair McMahon:

- Is the \$1.5 million a one-time number or do we get that each year

Mr. Morgan:

- Yes – a one-time matching payment from the state for shared services that we can prove and attest to that saved money
- The initial savings is getting a cheaper rate on Medicare Advantage to begin with - recurring

Chair McMahon:

- Sales tax – you are budgeting 2018 at 3.5%
- It's important that everybody cools their jets on the 9% number
- Won't have 9% sales tax growth year over year

Mr. Morgan:

- Correct – only included that statement because it is something he has never seen

Chair McMahon:

- For years have been trying to figure out if there really a rhyme or reason how we get these payments and if the growth is real or does the state manipulate it
- Wants to have expectations – gas prices are up; have had a successful bowling conference, people are spending money because the economy is better, but...

Mr. Morgan:

- That is why you see fairly conservative budgeting – 2 yrs. in 2015 and 2016 where we didn't grow at all

Chair McMahon:

- Missed \$14 million of revenue there

Mr. Jordan:

- What are you projecting to be the total sales tax as of the end of 2018

Mrs. Venditti:

- County share would be about \$264 million; there is a display in the fiscal summary

Mr. Jordan:

- Appropriated fund balance is showing \$5 million; are we anticipating actually using that or hoping we are not going to have to touch any of that

Mr. Morgan:

- Right now the projections that were brought down to Wall Street are close to a budget surplus of \$4.3 million. That is using 3.5% sales tax growth. The hope is to finish stronger than that and are able not to use any of the \$5 million.
- Hopefully we can add more to it – on top of the \$5 million

Chair May:

- A real salient point – we have to make up some lost ground from the last couple of years
- The number is around \$14 million

Chair McMahon:

- It's cash in the budget that we never got

Mr. Morgan:

- We ended 2016 using almost \$16 million in fund balance
- It was almost all because of not hitting the sales tax mark
- It was the conversation that we had in NYC – heard the CE speak about maintaining that AAA, but their eyes are open on this
- When you have a sensitive, volatile form of revenue supporting your budget, you are subject to swings.
- They really put a lot of strength and merit on the county's willingness to raise property taxes – that's a sure thing. It gives bond holders and potential bond holder's comfort, knowing that the local government is going to pay its debts, and that is one of the ways that it can.
- They usually don't have knee jerk reaction; they want to see something over a period of time before they make rash decisions, but we talked about how the '17 and '18 budget really contracted our spending.
- Lost 200 employees for '17 budget, close to \$8 million – haven't filled those positions for the most part; '18 – gross and general fund budgets were lower than the '17 budget – those are credit positive things, but there is only so much you can do on the expenditure side when you have rough patches of not meeting the revenue mark

Mr. Jordan:

- Would imagine that Wall Street/bonding agencies also look at our use of fund balance
- If we are using savings to basically make our budget balance, I would imagine they are not going to look terribly favorably upon that.

Mr. Morgan:

- They look at a number of factors; obviously fund balance is huge
- You draw on reserves of \$23 million over a 2 year period, they are going to take notice of that
- The context of the conversation was that "it is a rainy day fund, and it was raining" -- that is what we used to close the gap.
- But we didn't just sit on our hands – with cooperation of legislature, did some real cutting
- Departments are strapped; this budget attempts to at least get some vehicles back, get cash in DOT instead of borrowing so much for road work – those are the priorities
- Trying to support a couple of departments a little more on the overtime and temporary salary lines to ensure they can operate their services and provide a high level of service
- With a little bit more rosier outlook on revenues – in this budget trying to strategically invest where we need to
- All of the agencies brought up the draw on reserves

Mr. Fisher:

- Heard consistently from Wall Street – what do you do when you start to have an increase in revenues
- They don't want to see the budget bouncing back to higher levels
- They want to see surpluses replenish the fund balance
- Can't replenish the fund balance by adopting a budget with a surplus in it – we are required to pass a balanced budget
- Only way to get up from the 9.3% is to run a surplus – means continuing to be conservative with revenue forecasts and hope to exceed them. If we do, we run a budget surplus.
- If we run a surplus, we don't need to use fund balance to balance the budget, even if some were appropriated.
- In future years if still tight with revenue estimates and expense, might run a surplus. If you get \$5, \$6, or \$8 million – are now up above the 10% fund balance.
- In my time here – have been up over 12% and there was a lot of clamor to spend it; shouldn't hold on to so much of it
- Do not want to over correct – want to use some fund balance to balance the budget without getting dependent on it
- If you plug your gap every year with fund balance, Wall Street gets really anxious about it

Mr. Rowley:

- Comment on tax levy and tax cap formula: a little uncomfortable leaving so much on the table in terms of the tax cap formula - there is \$4.7 million on the table
- To Mr. Morgan's point – there is a compounding affect every year that you don't utilize that ability to tax

- Certainly wouldn't suggest as a legislator that we raise taxes to the tax cap level, but wouldn't be averse to raising taxes a little bit because the budget to budget increase this year on the tax levy is 2.7%. If we had to raise taxes 2.7% next year, we'd have a bigger base to raise that tax on, we wouldn't have to raise as much.
- There is a fine line between keeping taxes low and being fiscally responsible.
- Urged legislators to have an open mind in this budget and future budgets going forward

INTERFUND TRANSFERS, pg. 3-41.

Mr. Morgan:

These are simply the transfer of general fund dollars into OCC, the Road Fund, Library and so forth. It is the local dollar portion of those budgets. You will review these items when you review the budgets for those departments. As you'll see, the 2019 budget includes funding for Van Duyn directly from the general fund and not as an interfund transfer. Legacy costs including retiree health, and worker's compensation will require an estimated \$3.9 million in support from the general fund.

The main increases are for county road fund and road machinery – trying to increase and bump up cash for road work to support the work plan. We went down to nearly zero cash for this year. This in an attempt to take a baby step towards getting pay-as-you-go back up, as well as \$3.2 million for vehicle purchases. There are some real old plow trucks – some back to 1999, 2000, 2001 – have in excess of 150,000 miles on them. DOT didn't get any vehicles last year, and got 1 or 2 the year before.

The debt service portion is the amount needed to cover debt for OCC and Oncenter complex.

The services other gov't – education revenue is college chargeback revenue used to offset OCC debt and is being budgeted at \$600,000.

The interdepartmental revenue line is the offset to indirect costs which is prepared by the Comptroller's office.

Mr. Knapp:

- Where is the chargeback for OCC

Mr. Morgan:

- In county-wide allocations

DEBT SERVICE, pg. 3-43

Mr. Morgan:

Reflect countywide debt service including WEP, Water, and the General Fund. The 2019 budget includes gross debt service payments of \$66.9 million.

- GO bonds principle and interest is going down from the 2018 budget
- EFC is bumping up – borrow money through EFC to fund sewer projects when eligible
- Year to year – even with offsets, staying flat with debt service
- As we peak, will see it bump up the next year or two but then debt service is slated to continue to drop starting in 2023
- Product of slowed down new authorization over the last few years, specifically in general fund and have borrowed lower amounts of money the last couple of years
- Issuing \$50 million in a couple of weeks – to catch up on projects that were upside down – have already put the money out, done the work, and now have to replenish the cash

Transfers from the General fund into the debt service fund were mitigated by using RBD, college chargeback collections to partially offset OCC debt, surcharge revenue from our land line and wireless surcharge, and Oneida exclusivity payments.

Mr. Jordan:

- Asked for clarification – borrowing \$50,000 to replenish cash that we advanced on projects

Mr. Morgan:

- For almost all capital projects – we fund them in the first instance and borrow money on the back end to replenish that cash
- That way don't have to sit around and wait to go issue debt to start the projects
- \$20 of the \$50 million is strictly for projects that are complete and need to be balanced out
- With sales tax increase in payments, it is improving our cash position
- Have been a couple big projects entered into that took a while to set up and get claiming going – specifically the Solvay project – have that rectified
- To date have brought in \$6 - \$7 million of the money put out with a pay app out there for quite a bit more
- Finally got to a point where ESD was responding and starting to let the payments flow – that will help our cash position

Mr. Rowley:

- Interested in seeing a debt service projection over the next 10 years

Mr. Morgan:

- It's in the CIP book – it's a mix of scheduled, authorized and unissued, and proposed

Chair May:

- How are the Oneida payments trending

Mr. Morgan:

- Well – the most recent payment was for the 2nd quarter – the largest one we have had, approx. \$885k
- Average debt service on amphitheater is \$2.8 million – have collected in excess of \$3 million for all the complete years. The first year was only three quarters the first year.
- Excess continues to accumulate in the reserve, along with the \$150,000 in sales tax required to be set aside every year
- Initial \$5 million that the legislature approved for construction of the amphitheater – that was casino money as well – we issued the entire amount to build the amphitheater. Because we built it so quickly, the debt service came on quicker than the typical projects. We had to divert those casino payments to pay the debt service and take it away from fully funding that \$5 million
- Have been monitoring the collections in contrast with debt service and was comfortable enough to move \$500,000 to that project at end of last year.
- Thinks under \$2 million is left that still needs to be transferred into that project to make it whole

Chair May:

- Will the CIP discussion enable us to look at the debt that is coming off – will we be able to visualize it for last year, this year, etc.

Mr. Morgan:

- Yes – Mr. Petrela has an exhibit that shows new debt – you can do the math and see the debt that is coming off

Chair McMahon:

- CIP book – it's proposed debt, not authorized yet – it shows the debt service coming off
- Over the last few years we have had more coming off than going on

Mr. Morgan:

- Correct

Mr. Fisher:

- CAFR will show the total interest being paid – already started to come down
- Total interest this year is \$16-\$17 million; a couple of years ago it was approximately \$25 million
- Tend to borrow on very short maturities – some of the bonds that were issued early in Mahoney administration are being paid off; creating other monetary advantages

Mr. Knapp referred to the amphitheater fund – debt security stabilization – where the excess Oneida money and the \$150,000 sales tax goes every year, and asked to be provided with what is there to date.

COUNTYWIDE ALLOCATIONS, pg. 3-45

Mr. Morgan:

The “All Other Expenses” line is the estimated \$2.6 million cost of college chargebacks for County residents attending a community college outside Onondaga County.

There was quite a bit of discussion about this when OCC brought their budget over. Enrollment is down across the state in community colleges

The next expense is the expected cost of tax certiorari settlements budgeted at \$200,000. This is the estimated payment back to residents who successfully challenge their assessment and are due a refund of improperly assessed County tax.

- There are a couple of big ones out there right now – ShoppingTown, Great Northern. If it is more than \$200,000, we adjust it at year end with year-end authorization.

The final expense item is the \$90.7 million sales tax revenue we share with the City and schools.

In the revenue section, the \$10 million in “Other Real Property Tax Items” consists of two items:

- PILOTS of \$2.4 Million
- \$7.6 million of interest and penalties on delinquent taxes.

The Interest and Earnings account is our investment income. Our investable balances earn an estimated .32% return in the 2019 budget.

- We are starting to see some movement – hope that as we go into next year and the following year, that we start to see some growth. Seeing some short term and longer term CD rates bump up. As the market continues to adjust, hopefully can have some substantial earnings on our cash.

Chair McMahan:

- Assumes we will take ShoppingTown to auction – tax certs won’t even apply there because we hold the town and school district harmless
- County is the only government entity really owed money in this situation

Mr. Morgan:

- It’s up to \$7 million

Chair McMahan:

- Have the notices gone out that we are taking this on auction day in October
- What we do here will set the temp for what happens with Great Northern

Mr. Morgan:

- Hold an auction every October and this is a property that is in it – signs went up last week

Chairman McMahan:

- Has been a lot of discussion in this committee over the past few months about cash position – that is \$7 million that we are owed today that would be in our accounts

Mr. Morgan:

- It happens in a lot of other cases too – not to that extent – have other municipalities out there that know that we make them whole and they take advantage

Chairman McMahan:

- Village of Marcellus knocked down a \$300,000 building and put it on our rolls and now they want us to give it to them for free
- There is some abuse; something that should be looked at – tightening up if we are going to offer these benefits
- Very important that we take a hard line on ShoppingTown so we don’t run into these issues with Great Northern

Mr. Fisher:

- There was an issue in Lysander with Anheuser Busch Brewery – they felt like they had been over taxed – ultimately there was a settlement; they got some of their money back

- Can't rule out this happening here – ShoppingTown was bought at an auction—they believe that is the marketplace speaking; the town is saying that they are still assessed for the full value before they purchased it
- We make them whole at the higher rate
- Same thing happens in Clay – they can make their own decision – can hold them to the higher assessed value. At the end of the day, some court decides that wasn't the right valuation, every taxpayer outside that town makes out for it
- Towns have an incentive to fight and get the other towns to pay for the difference between what the fair tax should be and what a court might decide
- Something to think about – whether you want to encourage the towns in those cases to tax at the higher level, even though some court might ultimately decide that wasn't the right tax to be levied and we make them whole regardless

Chair McMahon:

- In this case, we are owed \$7 million, even if a court came in and said it should have been taxed at a lower rate, we get paid \$3 million
- We aren't going to be out any money; we are going to be getting a check because we have already paid it all out

Mr. Fisher:

- I don't think Anheuser Busch paid the back taxes – ultimately we agreed to accept less than what was owed
- In the meantime, all the other towns and the city paid for the Town of Lysander and Baldwinsville School district to be made whole

Chair McMahon:

- Without question it is a substantial benefit to the towns, villages, and school districts

Mr. Buckel:

- With the way our hold harmless deal is structured, if we settle with a taxpayer who is delinquent and we have already paid the towns, we cannot go back to the towns?

Mr. Fisher:

- I don't know if we can; I know that we didn't – didn't go back to the town or school district – we just said that we will accept the fact that we made you whole

Mr. Buckel:

- \$7 million is a lot to give up if we were to make a settlement

Mr. Weber:

- We can chargeback the towns and schools for their share
- If this were to settle – say the property owner had paid the tax and was still contesting the assessment, normally they would get a refund of their money
- In this case it happens to be unpaid, so we are adjusting the unpaid balance
- If they had paid the taxes and still weren't happy with the assessment, we would refund just the county share of the tax. The town and school would refund their own share.
- We could, if we had to adjust the unpaid balance, charge back the towns and school districts for those shares. A decision was made at the time to hold them harmless, as it was such a significant amount of money.

Mr. Knapp referred to sales tax to other governments – that is the city and the school districts – asked for a breakdown of what each school district gets.

Mr. Rowley:

- Regarding the discussion on tax certioraris and how towns assess properties – with all due respect to Mr. Fisher, I think it is a little bit more complicated than that.
- Has worked in town government – have lawyers and assessors involved, and in Clay we are cognizant of the way we assess properties.
- We make sure our assessment practices are acceptable so that the state doesn't come in and force our hand in terms of a revaluation, etc.
- These big properties aside, in the normal course of business when a property goes delinquent, the county takes a lien on that properties and gets to assess taxes and penalties on that.

- In some cases, I would argue that the county makes out because not only do they get the back taxes, but they get the interest through penalties that they assess as well.

FINANCE, Page 3-77

Mr. Morgan:

I'm here today to present the Finance Department budget which includes Management and Budget, Financial Operations, and Finance Administration. I also oversee Risk Management, a two person operation at this point.

Finance Administration

It collects delinquent taxes and other revenues owed to the County.

As a part of our tax collection responsibilities, we also run an installment program for the repayment of back taxes and, as the last step in the enforcement process, we auction tax delinquent property.

The legislature approved \$600,000 in 2015 to support a new countywide tax collection software application. The County Real Property Tax Office successfully went live on January 1, 2018. Since April 1, 2018 property owners have had the ability to pay delinquent taxes online using a credit card or e-check resulting in approximately \$1.5M collected to date. Seven of the county's fifteen villages successfully implemented the software for their collections on June 1, 2018. Five of the county's twenty five school tax collectors successfully implemented the software on September 1, 2018 and town tax collectors and the City of Syracuse will begin implementing on January 1, 2019.

- Part of the approach with this project was to offer the software to towns, villages, and school districts – free to use. In exchange we offered to cut our fee to producing tax bills in half, from \$2 to \$1.
- For 2018 they were all charged \$1. Going into 2019, if there is no indication that the municipality is going to move towards this software, we are going to go back to \$2. You will see a revenue adjustment for next year to account for that.
- For villages that are live, taxes in the first instance can be paid on line – non delinquent taxes. As the towns and school districts get on line, you will be able to pay your county taxes on line in the first instance eventually.
- The whole initiative is to ease the burden on Mr. Weber's shop, which spends a lot of time using manual processes and information coming in different forms and formats from the towns, villages, and school districts. So far, it seems like it's been a success.
- Mr. Weber has done a great job with going out and meeting with the municipalities, working them through the software. It will be a win/win once we get everyone on board; help Mr. Weber be more efficient down the road.
- Prof. Svcs – increase of near \$90,000 – increase licenses to buy for municipalities that have come on board that are using it.
- Svcs Other Govt revenue – up \$172,000 – best calculation – estimating where we will be charging \$2 or \$1 producing tax bills. Mr. Weber went through and determined based on relationships/communications with municipalities – who will be on it next year and who won't be
- Part of Shared Services Plan - \$300,000 savings if all municipalities get on board

Division of Management and Budget

As you know, the Budget Office is involved in the preparation, monitoring, and enforcement of the County's \$1.3 billion budget.

- Have less and less resources in my office
- Continue to try to produce a responsible budget in the most efficient way we can – a lot of credit goes to Mrs. Venditti – has improved non-value added steps
- Produce the budget with less than half the staff of what we used to have
- This year was stressful with depletion of resources that were not filled – will continue to do that

Division of Financial Operations

The division currently supports a number of departments from a fiscal operations perspective and continues to streamline processes to become more efficient. We are recommending to centralize DOT's fiscal operations into Finance in 2019.

- Increase in salaries – majority related to 4 fiscal positions from DOT being transferred to Finance
- If approved, will approach centralization of those finances like we have with everybody else
- It's a process; employees get anxious – don't move their seats and have them do something different on Jan. 1.

The proposed budget to support the Finance Department is \$9.8 million—with \$5.3 million in direct expenditures and \$4.5 million in indirect appropriations.

\$7.8 million, or 80% of the finance budget is for wages and benefits. Most of the rest of this budget goes for expenses tied to our tax enforcement programs—to advertise delinquent properties and the auction, pay for title searches and process serving fees, and so forth.

Revenues are generally in line with this year's levels aside from svcs. other govts.

- Bumped up interest in earnings for \$70,000
- Sale of Property – decrease \$50,000 – amount of money that is collected over and above at the auction.

The “non-real property tax” item is the Finance Department's charge to the Room Occupancy Tax for the collection and enforcement of the Room Tax. This is the same as 2018.

The Co Svc Revenue account is primarily made up of fees charged to delinquent taxpayers to cover the administrative expenses of tax collection and enforcement—for the cost of legal ads, title searches, certified mailings, and staff time we spend to collect back taxes.

The Svc Other Govt account is the revenue we receive from towns, villages, and school districts to maintain their tax rolls and print their tax bills. This account also includes \$139,000 in revenue from the Syracuse City School District to support county resources to perform purchasing requisition services. The funds will support two account clerk positions and associated fringe benefits.

The Interest & Earnings account is essentially a portfolio management charge by Finance for investing and managing the County's funds. The money comes from interest earned on those funds, and is used to offset the cost of the Finance Department's Treasury function.

The Sales of Property Account, is the amount of money we receive from the tax auction in excess of the amount of taxes due. If, for example, we sell a property for \$1,000 that has \$800 of delinquent taxes on it, the \$200 excess is deposited into this account. The account also includes \$2,600 in tax map sales.

And last, the Other Misc. Rev account contains fees for administering tax installment accounts plus wire transfer fees and unclaimed accounts. It also includes a charge to the Tobacco Securitization Corporation for costs we incur to administer the on-going administrative tasks of the securitization.

Our interdepartmental revenue account is our charge to WEP and the Water Board for preparing their tax bills as well as charges to the departments we support through the Financial Operations Division.

Mr. Jordan:

- Increase in personnel of \$556,000 – how much of that is salary & wages adjustment and how much of that is transferring over positions from DOT

Ms. Venditti:

- DOT transfer is approx. \$250,000; salary and wage is approx. \$80,000 – it doesn't add up to \$556,000
- Last year Mr. Morgan talked about the shared services plan to bring everyone onto the E-tax software system, which was budgeted in a grant – that money was about \$140,000 of salaries in the grant fund budget. It is now back in the operating budget.

Mr. Morgan:

- Just like the one-time payment of \$1.5 million that is anticipated for Medicaid Advantage, we front loaded what we believe we are going to get for E-tax shared services
- Put some of Mr. Weber's expenses related to staffing and software system into the grant – when that money comes in will go to the grant and offset it
- Since it is one-time payment, we have to pull those expenses back into the operating budget
- Resources weren't added; will have a one-time shot of money that we won't get until 2019

Chair May:

- DOT is coming on – what is left to integrate into Financial Operations

Mr. Morgan:

- A few small ones on the edge of finishing – main ones are Parks & WEP

Chair May:

- Do you envision them coming over

Mr. Morgan:

- WEP is a tough one – in its own fund, offsite – it's a lot of money and a lot of intricacies
- Parks – hopefully will look on the horizon, maybe 2020
- DOT is important work, some complex with federal and state funding – will make sure we don't rush that and will get it right
- Mr. Britt and Ms. Smiley have done a fantastic job of making that operation efficient
- Have lost, and are proposing next year to not fund a couple of positions of people that we know are retiring – they are operating with less people – pride ourselves on providing a high level of service to the departments
- Overall it is a success – it has been a work in progress

Chair May:

- It is the right thing to do – agreed from the beginning – centralize as much as you can

Mr. Fisher:

- Electeds – Sheriff's is integrated; others are not

Mr. Morgan:

- It's not our call – it's their choice

Chair May:

- How many people on the 103

Mr. Morgan:

- Have 1 part time person; use it interchangeably for special projects; summer help

Mr. Weber:

- Has one 103 employee also

Chair May:

- Grants budget - \$50,000 that is not explained

Ms. Venditti:

- In Risk Management – anticipated every year from the state for OSHA training efforts

Mr. Morgan:

- Training from State Department of Labor - we don't have the expertise to provide

Chair May:

- Fiscal operation – processing of big reimbursements – do we have people dedicated to that process; it is spread out; is it staffed adequately
- It was a blip for a while; seem to be tracking back to where we want to be

Mr. Morgan:

- It varies – that specific project was unique – someone who isn't in Financial Operations was responsible for that
- There is a grants unit in Financial Operations – dedicated to keeping track of reimbursement for those expenses
- On the whole we are in line with where we need to be in terms of collecting money that is owed to us

- That was an instance where there was a lot of factors that delayed that money flowing
- Believes it is flowing fairly well now; It still takes 120 days to get paid; at least the funds are flowing now

Mr. Knapp:

- Thanked Mr. Weber for the carrot approach on the software – has highly recommended to all of his towns that they switch over not only for the financial reason, but for ease of operation
- How many do you see coming over

Mr. Weber:

- Hope is to eventually have everyone on board
- Only 10 people in my operation – in going out and training 45 tax collectors, it is much easier if we have a handful come on at a time – they get comfortable and can train each other
- Response has been good and is hopeful

Mr. Knapp:

- You have spoken to towns about training the trainer

Mr. Weber:

- Have some school tax collectors now who are also collecting town taxes in January – will have a little bit of experience right after the school cycle – hopefully they can help us train

Mr. Rowley:

- Has questions regarding the insurance fund

Mr. Morgan:

- It will be reviewed at the Personnel Department’s presentation

The meeting was adjourned at 11:50 a.m.

Respectfully submitted,

Deborah L. Maturo

DEBORAH L. MATURO, Clerk
Onondaga County Legislature

ATTENDANCE

2019 Budget

COMMITTEE: *Ways & Means Review of Ways & Means Depts*

DATE: *9/17/18*

NAME	DEPARTMENT/AGENCY
PLEASE PRINT	
<i>ARON KAUFER</i>	<i>DmB</i>
<i>Mark Matt</i>	

ATTENDANCE

2019 Budget

COMMITTEE: *Ways: Means Review of*

DATE: *9/17* *Ways: Means Depts*

NAME	DEPARTMENT/AGENCY
PLEASE PRINT	
<i>Matt Campbell</i>	<i>DMB</i>
<i>Donald Weber</i>	<i>RPTS</i>
<i>Philip Butts</i>	<i>Finnings</i>
<i>Bob Andrews</i>	<i>City of SYR.</i>