

2012 Putnam County Budget Address

“Putnam’s Resiliency: Weathering Two Storms- Hurricane Irene and Budgeting in Extremely Challenging Economic Times”

**Paul J. Eldridge
County Executive**

Mr. Chairman, Honorable Legislators, Honorable Elected Officials, Department Heads, County Employees, and most importantly, the people of Putnam County whom we are all privileged to serve-- Good evening. I’d like to begin tonight’s address with a short presentation of a sampling of the events of the last ten days. **VIDEO**

We just saw images of the devastating power of Hurricane Irene. Throughout Putnam County, as well as much of New York State and the Northeast, we took a severe blow to our roads, bridges and electric transmission infrastructure as well as to our homes and personal possessions. We’ve been knocked down, but we are not out. As difficult as the last 10 days have been, and despite the fact that there had been no electrical power in most areas of our County, the resilience of our residents and dedication of our paid and volunteer services personnel has powered us through this event. As I traveled throughout the County on Sunday,

August 28th, with Deputy Commissioner of Emergency Services, Adam Stiebeling, and Putnam County Sheriff Don Smith, time and again we saw people struggling with the effects of the storm. Struggling yes, but with a rare exception, the overwhelming majority of residents said – “we’ll get through this” or “we’re doing the best we can” and “thanks for coming by, but we’ll be OK”. Our County Highways and Facilities Department responded effectively, as did the Town Supervisors and Councilmembers, and Village Mayors and Trustees, and their Highway Superintendents and crews who knew their town and village road issues. They all responded efficiently and effectively even with their limited resources. Our Sheriff’s Department and local police department personnel, along with our fire departments and ambulance corps personnel were out doing their jobs throughout the storm in the most demanding conditions. On behalf of all the residents of Putnam County, I thank you all for being there when our residents needed you the most. It is also therefore especially appropriate that this address be given here in the TOPS facility tonight.

I was recently asked by a reporter “What went right with the response to this storm?” I replied by pointing out that “Not a life was lost”, and that “There were no serious injuries to my knowledge.” Sometimes we lose

sight of what's critically important. This is not to say that the loss of power for extended periods, the ruining of possessions through flooding and downed trees is not upsetting and heartbreaking. However, possessions can be replaced, human life cannot.

I personally witnessed and experienced the tremendous dedication and caring of our various fire department and ambulance corps personnel, our law enforcement personnel, our round-the-clock Emergency Operations Center team, our E- 911 dispatchers, our P.E.A.R.L. volunteers our Office for the Aging personnel, Red Cross volunteers, and Medical Reserve Corps volunteers who opened and staffed our comfort station in Mahopac and our 24 hour shelter in Putnam Valley, and our Town and County highway crews who teamed with NYSEG and Central Hudson power crews to clear downed trees and wires. Thank you to all of them for their commitment to our residents. And, I especially want to thank the North Highlands Fire Department and Philipstown Ambulance Corps for their dramatic water rescues of residents from the homes on the north side of Rte. 301 in Philipstown. Your expertise and professionalism in traversing surging flood waters to rescue and care for the families from that area is something that I will never forget. Thank you for a job extremely well done! And a special

thank you to Bob McMahon - Commissioner of Emergency Services and Deputy Commissioner Stiebeling, our Sheriff Don Smith, John Tully – Deputy County Executive, and Tom Lannon – Director of Emergency Management. I thank each of you for providing me with your expertise and advice throughout the storm. A special thank you as well to each of our County Legislators who visited our EOC or who called during the storm, and to all of you for actively participating in relief efforts in your districts. Thank you to all of our emergency service workers and volunteers who spent many hours coordinating the response to Hurricane Irene. They reminded all of us that our primary County mission involves protecting and ensuring the health and safety of all our residents. Again, thank you all for your service.

Of course, considering that this is a budget address, I would like everyone to know that, with our government partners, we are currently calculating the cost of the damages caused by Hurricane Irene, and that we will be seeking the maximum available Federal and State reimbursement for Putnam County. I toured devastated areas of our County with both Congresswoman Nan Hayworth on Tuesday, August 30th, and with U.S. Senator Charles Schumer yesterday. Additionally, U.S. Senator Kirsten

Gillibrand had contacted me offering any assistance that we require in our recovery efforts. We have also been in contact throughout this event with State Senator Greg Ball and State Assembly members Dr. Steven Katz and Sandy Galef. Be assured that our State and Federal leaders, along with your County, Town and Village government officials, are working diligently to assure that all Putnam communities and individuals, devastated by Hurricane Irene, will receive their fair share of public and individual assistance.

Turning to the preparation of the 2012 budget, this process has proved to be especially challenging given the anemic state of the economy and the constraints imposed upon us by the property tax cap. As you are aware, the New York State Legislature passed Legislation this year which essentially capped the growth of the County Real Property Tax Levy at 2%, or the rate of inflation, whichever is **LESS**. For 2012, we believe that this cap will be 2%. There are other factors involved in the calculation of the property tax cap, and rather than go through the lengthy process now, I urge everyone who desires more information regarding this cap to read the 12 page draft primer issued by the New York State Association of Counties (NYSAC). This includes information summarizing the key provisions of the

cap, how it is calculated, and a list of frequently asked questions. The primer can be found on the NYSAC website, www.nysac.org.

Additionally, the State Comptroller has scheduled a three hour webinar that we will be attending on September 8th regarding the calculation of the tax cap, which lends credence to the concept brought forth by the Commissioner of Finance, at the State of the County Address held in March, that the County consider revising the budget calendar to later in the year when more necessary information is available. This, however, is a discussion for another day. What I want to emphasize to the Legislature and to the citizens of Putnam County regarding this property tax cap tonight, is that the proposed 2012 County Budget contains a tax levy that is **well within the State mandated cap.**

Specifically, in 2011, the Putnam County property tax levy was \$37,416,775. A 2% increase over this year's budget would therefore equate to approximately \$ 748,000. The 2012 Budget raises the property tax levy by \$654,794 to \$38,071,569, which is a 1.75% increase over 2011. The average single family homeowner assessed at \$283,733 will pay \$947 in County property taxes next year. This represents an increase of \$16

over 2011. I realize that any property tax increase is difficult for the already overburdened real property taxpayer; but a 1.75% increase is unavoidable given that the cost of Federal and State mandated programs, which the County must fund, remain relatively unchanged at their current unsustainable levels. Additionally, there are other very valuable non-mandated services that we should continue to support, but which are in jeopardy of being eliminated due to the consumption of our resources by mandates. I will reference many of these mandated programs later, but I will repeat now the message that has been voiced repeatedly, by not only me but by County Executives and local government officials throughout New York State; that is, substantial real property tax relief can only be achieved through meaningful mandate relief. When Congress and New York State reduce mandated costs, local governments will finally be able to contain real property taxes. The concept is simple to express, and easy to understand, yet is one which has proven to be very difficult for our Federal and State Leaders to achieve. New York State must take a hard look at the levels of programs which it requires of local governments in excess of Federal regulations. Hopefully, the tax cap legislation will prove to be the catalyst for the New York State Legislature to adopt meaningful mandate relief which would greatly reduce costs to local governments, as has been

mentioned recently by Senator Ball and Assembly members Galef and Katz.

I have been involved in the Putnam County Budget preparation process for over 30 years, both as Director of Personnel and as first acting County Executive, and now as your County Executive. At the outset of this year's budget process, I knew that amid the State financial crisis, the newly enacted tax cap and the struggling national economy, one of my most important duties would be to make an already tight County Budget even tighter. With the cooperation of our Elected Officials, Department Heads, and employees, I believe we have accomplished this. I have asked these officials to make difficult decisions, and I have, in turn, made difficult decisions which will affect Putnam County taxpayers in 2012 and which weigh the costs of both mandated and non-mandated essential services against our taxpayers continuing ability to sustain the ever increasing costs of these services and programs.

With the assistance of key personnel, we have adapted to the new tax cap budgeting environment. We have gone through every line of this budget multiple times, cutting expense–line-item after expense- line-item, without

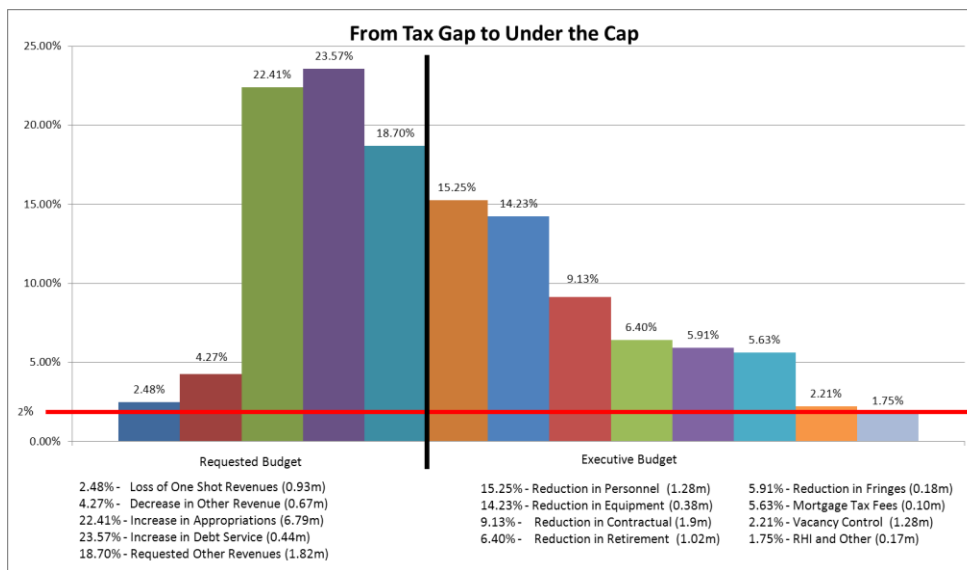
jeopardizing existing **essential** services. Putnam County is well beyond “Doing more with less”, which has been the requirement of the County workforce for over twenty years. We have made every effort to conform the 2012 Budget to actual expenditure and revenue levels without any significant “wiggle room.” There is no cushion in our various department budgets. This trimming of departmental budget lines is the result of reviewing at least 5 years of expenditure experience and in some cases, 15 years or more of expenditure experience. Departments have been left with the minimum resources necessary to properly function, and we have pledged to them that we will oppose any further cuts to their budgets unless we receive mandate relief. We acknowledge that there will be little or no ability for departments to transfer funds between budget lines in the event of unforeseen occurrences in expenses or revenues that will arise next year. To compensate for that, we have raised the general contingency line from \$500,000 to \$750,000 to deal with these types of issues that may occur. We have also included a contingency line of \$25,000 for the board of elections, which may have to conduct a presidential primary in 2012, as well as a \$40,000 line for telephone expenses which have been reduced throughout department lines in this budget based on real and projected

savings generated by the recent County telephone system changeover and audit.

At the behest of the Legislature, we have also addressed the issue of the County significantly under spending its yearly budget, resulting in an increase in general fund surplus. The majority of these savings are generated through our tight spending controls, particularly our policy regarding the filling of vacant positions throughout County Government. Therefore, included in the budget presented here tonight is a vacancy control factor of 2.5% of payroll and benefit expenses (\$1,282,218), which will capture the savings arising from vacancies which we know will occur, but we just don't know when or from where they will occur. Yes, this might delay the hiring of new employees to some extent, but the reality is that civil service laws and procedures prevent the immediate filling of most positions in any event, thereby creating "forced savings." **As for ensuring that this vacancy factor is met, I have personally addressed this with the personnel director returning from a leave of absence next year, and he assures me that he is up for the challenge!**

I would now like to ask Commissioner of Finance, William Carlin, to summarize the significant aspects of the 2012 budget, including the changes which were made in the the initial department budget requests. He will also explain where our funds are spent and how they are raised to meet the needs of our community. I will then return to discuss specific highlights and initiatives within this budget.

Thank You, Paul. Our first graph entitled “From Tax Gap to Under the



Cap”, displays how the initial budget requests from County Departments and Outside

Agencies totaled an 18.68% (\$6.99 million) property tax levy increase, and how this requested budget was modified to the executive budget containing the tax levy increase of 1.75% (\$654,794) which we are presenting tonight. Beginning from left to right, the first bar on this graph indicates the loss of \$927,000 “one-shot” revenues from 2011 that include the loss of Medicaid

stimulus funds (\$620,000), Certified Home Health Agency sale funds (\$250,000), and a one-time settlement payment (\$57,000). This revenue loss alone results in a \$ 2.48% property tax increase and exceeds our property tax cap before we consider a single appropriation or expense contained within this budget.

Second, this budget absorbed a \$671,000 decrease in other revenue which raises the property tax levy to 4.27%. Included in this total are lower jail board in revenues of \$331,000, and state aid losses (cost shifts) of \$227,000 in our health, youth and probation departments.

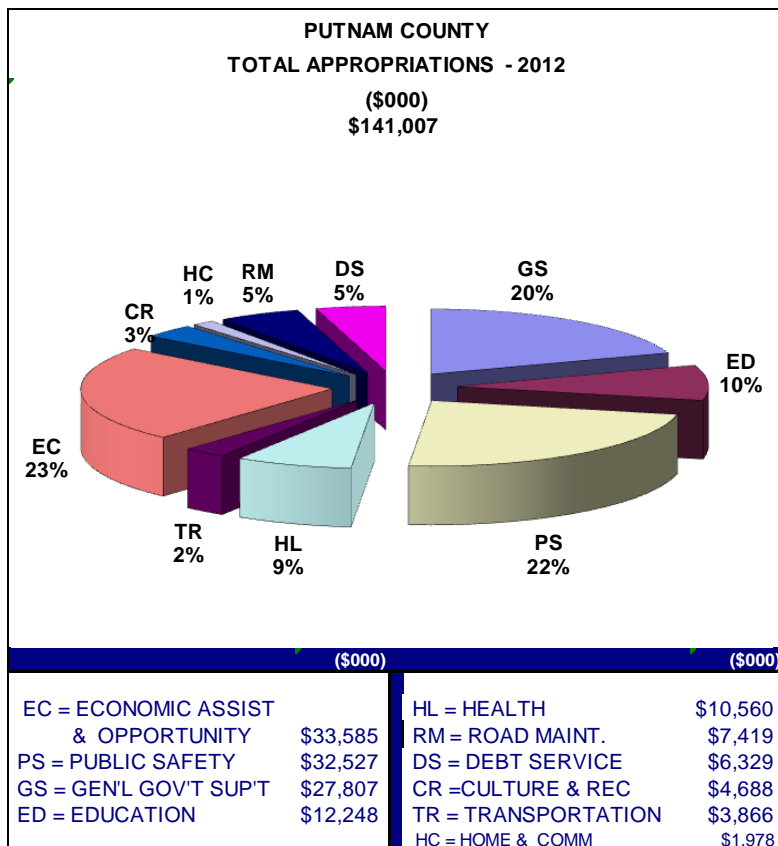
Third, appropriation requests equaled \$6.79 million, increasing the property tax levy to 22.41%. Personnel costs increased \$2.3 million, as 18 new full time positions, along with increased overtime and temporary funds were requested. Equipment costs rose by \$316,000 due chiefly to the desire of some departments to purchase new vehicles. Contractual/Program costs increased by \$1.15 million were highlighted by increases in energy costs, while retirement costs rose \$1.367 million based upon the performance of the NYS and Local Government Employees Common Retirement Fund, of which Putnam County is a member. Fringe

benefit costs (excluding retirement) comprised largely of health insurance costs for employees rose by \$1.66 million. Fourth, debt service costs to fund the County's long term debt payments rose by \$434,000, bringing the property tax levy increase up to 23.55%. Finally, a projected 5% increase in sales tax revenues, based on the performance of the economy through the first half of 2011 (the most recent period for which we have complete results), combined with other revenue losses and lower general fund surplus used (\$164,850), lowered the requested budget tax levy increase to 18.7% (\$6.99 million).

To reduce this gap, we reduced the 18 positions requested to six granted (3 of which are fully funded). These reductions, along with cuts to numerous overtime and temporary funding requests throughout this budget, reduced personnel appropriations by \$1.28 million, thereby lowering the real property tax levy increase to 15.25%. Equipment requests were reduced by \$380,000, an amount below the 2011 adopted budget funding level, lowering the real property tax levy increase to 14.23%. Line by line budget reductions resulted in contractual/program reductions of \$1.9 million, lowering the real property tax levy increase to 9.13%. More accurate retirement cost estimates supplied to the County by

the Office of the New York State Comptroller on September 1, reduced the property tax levy by \$1.02 million to 6.4%. Other fringe benefit costs, combined with both implementation of a higher mortgage tax administration fee which the County Executive will discuss later, and the implementation of the vacancy control factor previously discussed by the County Executive lowered the real property tax increase to 2.21%. Finally, the revenue enhancements resulting from the increase in retiree health insurance contribution rates and use of seized assets funds result in the Executive Budget recommended real property tax increase of 1.75%.

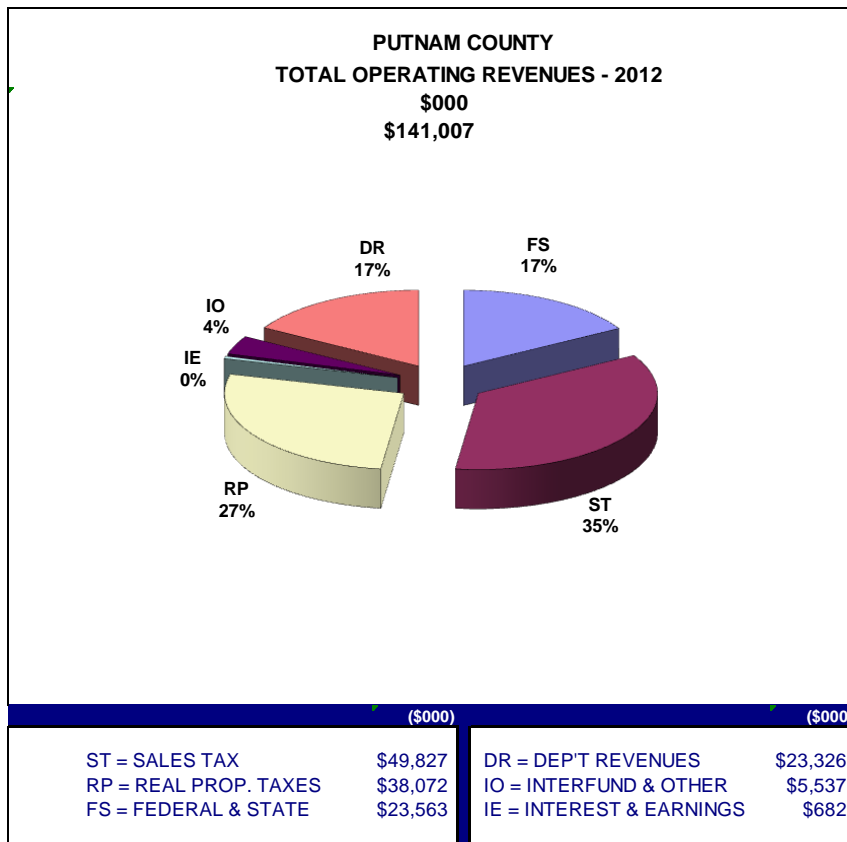
The second graph displays total appropriations, which equal \$141,007,000



in 2012. As in previous years, the largest area of expenditure is in the areas of economic assistance and opportunity, which totals \$33.585 million. The single largest expenditure in the County Budget is the \$9.7 million

allocation for the County share of the State and Federal mandated Medicaid program. This single mandated program represents a whopping 25% of the County real property tax levy. The second largest expenditure in this budget is in the area of Public Safety totaling \$32.527 million. These include the operations of the Sheriff's Department, Correctional Facility, Probation, and the Bureau of Emergency Services. Other areas of expenditure are outlined in this graph by percentage total.

The third graph shows a breakdown of total operating revenues, which also

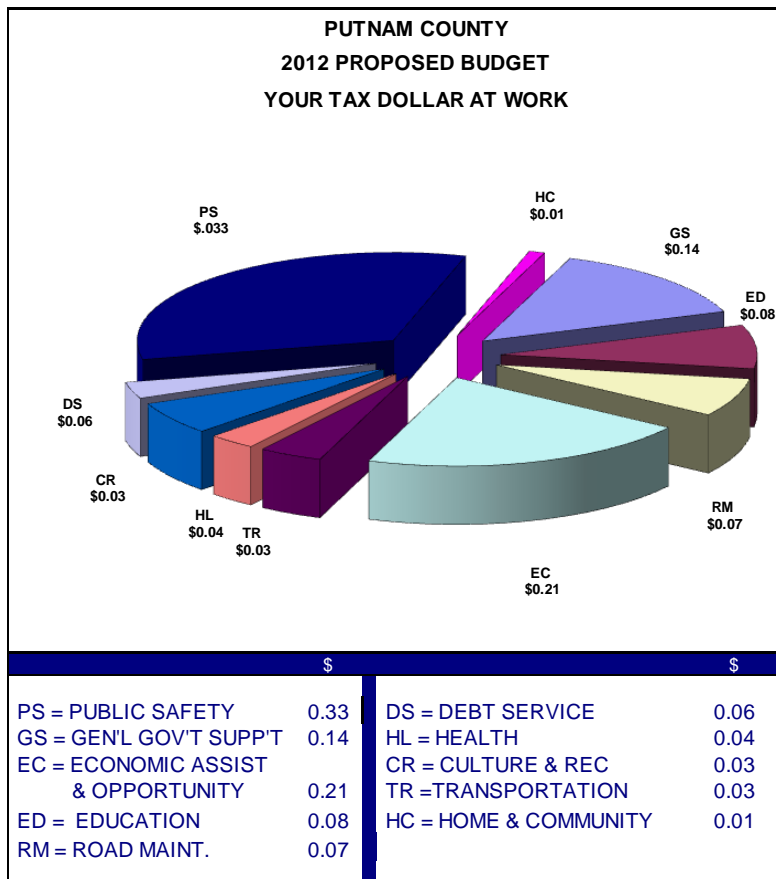


equal \$ 141,007,000 in 2012. Once again, this year the single largest source of County revenue is the sales tax, which is anticipated to generate \$49.83 million for County coffers in 2012.

These revenues are critical to funding the County services that our citizens

need and desire. It was imperative that the County received an extension of the 4% local sales tax rate earlier this year in order to avoid steep increases in property taxes, extreme cuts in County services or a combination of both. The second and third largest revenue sources used to fund the 2012 County Budget are the Real Property Tax (\$38.07 million) and State/Federal Aid (\$23.56 million), respectively.

The fourth and final graph shows “your property tax dollar at work.”



Putnam County spends, far and away, more of your real property tax dollar (33 cents) on Public safety than any other category. This is by design, as this County has always highly valued being a safe community. Economic assistance and opportunity programs consume 21

cents of every property tax dollar, while general government support

consumes 14 cents of every dollar. The further distribution of your property tax dollar is delineated in the graph.

2012 BUDGET HIGHLIGHTS AND INITIATIVES

We are presenting the Legislature tonight with several proposed resolutions in order to implement several policy changes of significant import which are included in this budget.

6N SELF INSURANCE FUND

The first of these resolutions creates a Self Insurance Fund pursuant to section 6n of the General Municipal Law. We are recommending that an initial deposit of \$500,000 be placed into this fund to enable the County to increase its deductible from \$100,000 to \$250,000 per loss occurrence. Increasing deductibles saves significant annual premium dollars which can be banked or set aside for unforeseen events, just as many of us have done with our personal homeowners insurance or collision coverage on our cars. Insurance is for significant, catastrophic events; it's not intended for smaller, manageable occurrences, and this proposed policy change addresses that distinction.

We have not only decreased premiums, however, but we have also expanded our insurance coverage to include liability coverage for our County Dams, which we were able to do by utilizing a small portion of the savings realized by the decrease in premiums. The recent flooding events which occurred as a result of Hurricane Irene have reinforced our belief that the addition of dam coverage is not only prudent, it is imperative.

Additionally, in making this decision to increase our insurance deductible, our Risk Manager Richard Honeck, together with our New York Municipal Insurance Reciprocal (NYMIR) representative performed a cost/benefit risk analysis which included a review of each and every claim brought against the County since it joined NYMIR in 1995. This analysis clearly supports the conclusion that the proposed policy change is a sound one, both legally and fiscally. Specifically, in 2012, the County will save \$172,548 in decreased insurance premiums, while at the same time, expanding its insurance coverage to include the many dams owned and maintained by it. The proposed change in insurance coverage was, therefore, not a difficult decision to be made, but rather, in the face of the statistical data presented, was one of the more obvious changes to be made in the budget.

RETIREE HEALTH INSURANCE

Next, the issue concerning the rising costs of retiree health insurance, although a very complicated one has been addressed in the 2012 budget. Putnam County has, for years, recognized that the exploding costs of Retiree Health Insurance will continue to fiscally strain County Budgets. In 2006, the County Legislature approved the “Putnam County Health Insurance Benefit Reform Resolution of 2006”, a significant piece of legislation that sets forth the criteria for eligibility and contribution rates for health insurance benefits. Five years later, we believe that it is the appropriate time to revise the previously adopted retiree contribution rates to deal with these rapidly increasing costs.

Specifically, the cost to taxpayers for retiree health insurance benefits has jumped by more than 63% from \$2,231,303 in 2006 to \$3,653,407 in 2011. A report prepared by the actuarial consulting group Armory Associates LLC, dated December 31, 2010, included a 20 year pay as you go projection which predicted that the cost of retiree health insurance would rise from \$3.9 million in 2012 to \$5.2 million in 2016.

In an effort to help offset these costs to taxpayers, many of whom have never had this benefit or who have seen their own health insurance coverage either eliminated or dramatically reduced, we have proposed the Retiree Health Insurance Benefit Contribution Reform Resolution of 2011. This Resolution raises contribution rates in a phased-in manner from 2012–2016. In summary, employees who retired on or before December 31, 2006 will have their contributions rise from 5% currently to 7.5% in 2012 and to 10% in 2013. Employees who retired after December 31, 2006, and who were not covered by the DSPBA union contract award, will have their contributions raised by a total of 10% from 2012 through 2016. Surviving spouses who currently contribute less than 50% of the premium cost will also have their annual contributions raised. This was a difficult but necessary decision to be made, since the end result will be to create a significant cost savings for the taxpayers of Putnam County.

Additionally, the proposed resolution authorizes the Personnel Director to evaluate and select a Medigap policy for Medicare-eligible Retirees as a voluntary alternative to the NYSHIP plan. The County will utilize the savings accruing to Putnam County from the difference in premiums to offset the required contribution from the retiree, while at the same time

resulting in no cost for those retirees eligible for this alternative for Putnam County health insurance coverage, creating a “win-win” situation for both the retiree and Putnam County.

PARKS – MAXIMIZING REVENUE

Next, there are several ways that we have proposed to increase the revenue realized from the County’s many parks, trailways, and recreational areas, which are among the greatest assets that our citizens enjoy, and which we will continue to support. First, we are proposing that the County sign an agreement with BikePath Country Inc. to provide bikeway signage throughout our trailways. The County will receive a percentage of the profits, which has been projected to equal \$45,000. We have also included in the 2012 Budget another \$12,000 in revenue from rental of a County-owned house on Austin Road which we have repaired and upgraded, and from revenues realized as a result of the proposed expansion of the concession operations at the County Park. Finally, while Putnam National has felt the effects of the struggling economy, as have all golf courses, we continue to emphasize that the County has **NOT used taxpayer dollars** to fund its operations. This will continue in 2012.

BICENTENNIAL

Putnam County will celebrate its bicentennial birthday on June 12, 2012, and we all are privileged to be a part of this historic moment. In this budget we have included a limited duration position of Bicentennial Liaison to coordinate events throughout the County and we have also included a \$50,000 appropriation in the Historians budget to aid the County in its endeavors to mark this important time in the history of Putnam County. It is expected, however, that this expenditure will be offset by a minimum expected \$25,000 in revenue from the Bicentennial programs and events. We have established a Bicentennial Committee comprised of many County and community leaders to help us prepare for the special events to be held next year.

The theme of our speech tonight is about the resiliency of Putnam and its people. We have highlighted the fact that the people of Putnam County confront the issues that face us, work through them, and then come back stronger than before. Over the past 200 years, Putnam County and its citizens have survived the Great Depression, the Civil War and World Wars, multiple major fires and hurricanes, and the far reaching effects of the terrorist attacks of September 11th. Despite these events, however, the

people of Putnam County keep coming back stronger than ever before. We cannot let the current economic recession keep us from celebrating the spirit of Putnam's people in our Bicentennial year.

OUTSIDE AGENCY FUNDING

The 2012 Budget includes a one- time additional total appropriation of \$43,976 which will be distributed to our outside agencies as an indication of our appreciation for the work that they do in maintaining and improving the quality of life for our citizens. These agencies, such as the Public Libraries, the Putnam Arts Council, and Cornell Cooperative Extension, to name a few, face the same, and in some cases greater, financial pressures as Putnam County, and they have not had an increase in County funding, with a one year exception, since 2003. Each agency will receive an appropriation equal to 3% of our current general contribution to them or \$2,000, whichever is greater. Our current fiscal reality prevents us from doing more, but these agencies have worked with level funding for a minimum of 7 of the last 8 years. We want to make a significant gesture to acknowledge the important work that they do which makes Putnam County such a great place to live.

MORTGAGE TAX REVENUE COLLECTION FEE INCREASE

On a daily basis, Putnam County Clerk Dennis Sant and his staff administer the mortgage tax collections that go to the State of New York and the Towns and Villages within Putnam County. New York State Tax Law, Section 262, mandates that recording officers of the County are entitled to collect an administrative reimbursement fee based upon the actual costs of providing this service. This fee was last adjusted by Resolution #37 in 2005. We are requesting the adoption of an updated resolution prior to the end of this year and an updated resolution again for 2012. Our reimbursement will be raised to \$301,658 in 2012 to reflect the actual cost of salaries and benefits. The County Clerk is presently reviewing these resolutions with the New York State Tax Commission and he will be forwarding them to our office for distribution and approval by the Legislature in the very near future. We also propose that this Resolution be adopted each and every year going forward to properly and appropriately reflect these costs to the County.

MENTAL HEATH TRANSFORMATION

In the State of the County Address in March we spoke of the impact that Federal Health Care Reform and State Medicaid redesign would have on the public mental health system.

While some of the changes to come will reflect recent changes in social and public policy, there is a budgetary impact which is presently being felt by the providers in the public mental health system. As such, we feel that they must be discussed in this budget address.

The Federal and State budget deficits have forced both those governments to make changes in policy designed to reduce the cost of Medicaid. The State alone is seeking a reduction of \$2.5 billion in its 2011-2012 fiscal year.

However, reductions in spending can only be accomplished in 3 ways: by reducing services that are covered, by reducing the number of beneficiaries receiving these services, and/ or by reducing the amount paid for each service.

Our local public mental health care system was built in the wake of the deinstitutionalization of the state hospital system. Where there was once 95,000 New Yorkers in state hospitals, today there are less than 4,000.

The shift to treat people in the community meant establishing a network of local acute care hospitals, like Putnam Hospital Center's 20 bed inpatient unit. It also required the establishment of clinics, continuing day treatment programs, case management services, crisis services, vocational services, and supported residential housing.

The implemented changes proved to be cheaper than state hospitals, and the changes were better. People with mental illness are now treated within the communities in which they live, and they are expected to get better quickly, to get jobs and to have the friendships and relationships that make life fulfilling. In Putnam County these public mental health services are provided by several independent organizations including Putnam Family and Community Services, Putnam Community Services, the outpatient clinic of Hudson River Psychiatric Center, The 2-1-1 Crisis Hotline, People Inc, The Mental Health Association of Putnam, The National Council of Alcoholism and other Drug Dependencies/Putnam, and Search for Change.

Clinic Rate Restructuring, one way to reduce the Medicaid burden, impacts Putnam Family and Community Services. PFCS received an enhanced Medicaid rate. That enhancement maximized federal revenue. It served to subsidize their programs so that they could serve all residents of the county regardless of their ability to pay. The programs in the lower Hudson Valley were expected to be “held harmless” when the new rates went into effect if they transitioned their Continuing Day Treatment Program into a Personalized Recovery Oriented Services (PROS) program. However, the reductions in one program have not been made up by increases in revenue in the other forcing PFCS to face a budget gap much more serious than the other county providers who do not depend on these revenue sources. On the other hand other providers are facing 5% cuts in state aid, and the impact of the closure of Hudson River Psychiatric Center is still to be determined on the services of its outpatient clinic.

As a result, as Commissioner Piazza has previously advised the legislature, PFCS has begun laying off staff as early as this past spring. It’s Board of Directors and its Executive Director Diane Russo must implement other more serious cost cutting strategies in order to keep their doors open, and provide behavioral health care services to the people of Putnam

County. As these cuts and other measures are implemented we will continue to keep the Legislature apprised of the outcomes.

In the coming years, the introduction of Behavioral Health Organizations to manage the care of persons with serious mental illness will change the public mental health system radically. The role of the state and county Mental Health Department may change as well. We are currently studying the impacts on the state and county governmental units in other states where these types of organizations have been given contracts to manage the public mental health system through a managed care scenario.

The future of Health Care is changing for everyone, for the consumers as well as for the providers. The changes will affect a person's mental health treatment, treatment for chemical dependency and regular physical health treatment as well. We have already felt it. Your insurance company will not pay for a name brand prescription but will only pay for a generic. A surgery that used to call for a hospital stay of 3 days is now done on an outpatient basis, or with only a one night stay in the hospital.

This county government does not run and hide from change. It adapts so as to manage change. Our goal throughout the changes being made in the health care system is for our residents to receive the treatment they need to live happy, healthy and productive lives. Though the way the treatment is provided may change, the therapeutic quality of the treatment will remain the objective. We will continue to update the legislature on a monthly basis on these issues.

YOUTH BUREAU PROGRAMS

In preparation of the 2012 Budget, we obviously not only looked at numbers, we closely reviewed programs. In no department is that more apparent than in the Youth Bureau. We have left these programs intact, despite a loss of \$ 68,000 in NYS funding, because our relatively small investment in these preventive services help at-risk youth so they don't eventually require much more expensive programs. For example, Arbor House, a teen runaway homeless shelter, is often used by the Department of Social Services, our Probation Department, and other agencies in the juvenile justice system to divert adolescents from residential treatment. It provides a cooling off period, and a location for family counselors to introduce community supports to the family. With this support a child is

often able to return to his/her family and community, thereby alleviating the need for foster care placement, whether it be family foster care or residential foster care. The cost of a residential facility for foster care for one child for one year is \$150,000. The cost per child in a family foster home ranges from \$8,900 to \$21,700. If we cut the funding to programs that help divert children from more expensive programs we can expect to see increases in many County budget lines. We would also have to increase funding to these mandated programs accordingly. Even with these youth programs in place, the total appropriations for the higher cost alternative that these county budget lines represent currently totals \$ 1.65 million! Clearly, in this case, an ounce of prevention is worth a pound of cure.

PUBLIC SAFETY

As I am sure all the members of the board already know, the county level of government was primarily created to provide for the public health and safety of our citizens. The 2012 operating budget, although tight, will continue to insure that public health and safety remain the highest priority for our county residents and that Putnam County remains a great place to live, work and raise a family. As recently reported by the Department of

Criminal Justice Services, Putnam County had the lowest index crime rate (violent crime and property crime) in the entire State of New York for calendar year 2010. All of us in county government are committed to keeping Putnam County one of the safest counties in America. The tough economic times in which we live, coupled with the fact that Putnam County is surrounded by operation impact counties (counties that are part of the 17 counties that comprise 79% of the crime outside of New York City), causes us to always be concerned about the safety of our residents. We also remain concerned about the war on terror since our county's southern boundary is only 50 miles from New York City and we have two major rail lines, the Harlem Line and the Hudson Line, which are only an hour and 20 minutes travel time away from the city. Also, there are many major roadways that connect Putnam to New York City and the cities in Westchester and Dutchess Counties. This reminds us that we should never be complacent in Putnam, even though we live a life style and have a crime rate that are very different from the big cities. The events of the last two weeks remind us how blessed we are with our Bureau of Emergency Services, our Sheriff's Department and Correctional Facility, our local police departments, our volunteer fire departments and ambulance corps, our advanced life support system, and all of the federal

and state agencies who comprise our emergency services team. Our countywide Emergency Response Team (ERT) which was formed a few years ago, will continue to play a major role in our county's safety and is only one example of the cooperation of our law enforcement and public safety departments. We feel confident that even though the 2012 budget is very tight, that the budget, including its contingency for unexpected emergencies, will keep the citizens of Putnam County safe and help maintain the quality of life we have all come to expect.

PERSONNEL ISSUES

Before I discuss the personnel issues contained within the 2012 budget, I want to thank all of the County employees for the fine job that they do every day in serving the people of Putnam County. This was made even more evident recently in the dedication shown, not only by our responders to Hurricane Irene, but also by our personnel who worked every day last week despite many not having power in their homes. Thank you for your dedication.

I'd be remiss if I did not acknowledge and thank Dr. Sherlita Amler and her health department staff for all their work in helping to make Putnam County

in 2011 once again the #1 NYS County in health outcomes according to the University of Wisconsin Population Health Institute and the Robert Wood Johnson National Study. We wish Dr. Amler continued success as she moves on to lead the Westchester County Health Department in October.

I have the highest regard for our workforce and the quality of services that they deliver. Having said that, there are several changes in personnel expenditures included in our proposed budget. First, while we would have preferred to provide for a small across-the-board increase in this budget, we simply do not have the financial wherewithal to do so. As we have shown, our two percent property tax cap increase was easily absorbed by increases in mandated costs such as Medicaid, and Retirement and Health insurance increases. Our three union contracts expire December 31, 2011, but we still have provided for legally required Step and Longevity increases in next year's budget which amount to approximately \$ 200,000. It is also important to point out that our union employees have received wage increases in every year since 2007, when many members of the public, due to the economy, have not. Our management/confidential personnel have also had their wages frozen in 2007 and again in 2010. While there is no across the board raise funded in 2012 for union or management

employees, we must emphasize that there are no planned layoffs of permanent staff either. We believe, in this economy, layoffs are not the right decision for Putnam County at this particular time, especially in light of the fact that service demand is increasing, **and that in 2011 the County still had 5% fewer total budgeted positions than we did in 1990!**

Second, we have eliminated one vacant management job (litter program manager) and two vacant union jobs (Cleaner and DMV Application Examiner) in this budget, which we believe is a much more appropriate way to reduce the workforce than through layoffs. We have included a \$77,000 sub-contingency appropriation for the Legislature to consider union and management adjustments in 2012, after a thorough review and classification of job functions by the Personnel Department. These adjustments, balanced by other personnel reductions, represent the normal ebb and flow of personnel movement and change. This budget also continues the few salary adjustments that we recommended and that were approved earlier this year.

Third, there has not been a raise in the compensation for New York State judicial salaries nor County District Attorneys since 1999. This year,

however, we have included a raise in the salary for the District Attorney as required by Chapter 567 of the Laws of 2010 enacted by the NYS Legislature. The Special Commission on Judicial Compensation has set binding recommendations that will increase the salary of the District Attorney to \$ 167,300. This raise is to be phased-in over a three year period beginning April 1, 2012. We also have included a raise in the 2012 budget of \$ 7,500 for the Office of Sheriff. While this raise was neither requested nor approved by our present Sheriff Don Smith, we believe it is important, to the extent possible, to maintain a compensation correlation between the two top law enforcement officials in Putnam County.

Fourth, we have recommended that the Board of Election Commissioners who currently work full-time but are paid a part-time salary be phased in to full time salary status over a period of four years beginning in 2012. We believe that this is the fair and equitable thing to do and is especially warranted due to the additional duties and responsibilities assumed by the Board of Elections as a result of the Federal Help America Vote Act (HAVA) legislation.

Fifth, the 2012 budget also includes a Records Management Officer (RMO) stipend of \$ 7,500, which was ended years ago, when the County Records center was largely completed. We are now at capacity in the records center, and we have asked County Clerk Dennis Sant to again initiate the application process for SARA grants to offset the cost of expanding the storage space in its current location. We have included a \$ 25,000 expense and SARA revenue line item to accomplish this purpose. Working with County Clerk Sant and County Sheriff Smith, we believe that we will finally have a solution to the lack of storage space for our records. We will be providing further details of our plan within the next month.

Sixth, there are six new full time positions included in this County Budget, three of which are fully funded. We mentioned the Bicentennial Liaison previously. They include a Typist in the office of District Attorney to continue his asset forfeiture initiative. This position is 100% funded in 2012 through seized asset funds. A position of Financial Systems Manager is included in the Finance Department. On October 1, 2011, the County will begin to go live on new financial software designed to provide access to information and data that the County has not had with our previous software unit but which is desperately needed. The County has made a

multimillion dollar investment in this technology which will continue over the next ten years, and this position will help to insure that the County obtains the maximum benefit from the system. We will need someone to continuously train our changing workforce in using this new software. We will receive system upgrades and technology advances every two years, and we will need someone to implement them. We can never again remain with the same technology for fifteen years and have to start again from scratch. In addition to maximizing the Tyler/Munis system, this employee will also be charged with assessing State and Federal financial systems in such departments as Social Services and the Office for the Aging, and for synchronizing their functions with our new software to gain maximum benefit. Finally, this person will assist the Commissioner of Finance in developing processes to take maximum advantage of the productivity opportunities of this new system.

A proposed Junior Engineer position is included in the highway department to help deal with the administration of an overwhelming volume of capital projects most of which have fallen behind due to the lack of an adequate number of engineering department employees. A new dispatcher position is also provided for in the Office of Emergency Management to handle E

911 calls. This position will be funded through decreased overtime and temporary costs which have been documented by our Commissioner of Emergency Services, Robert McMahon. A new 100% funded Social Services Specialist position in our Medicaid unit will help insure that an increasing volume of Medicaid applications can be processed in a timely manner.

Finally, I am also proposing personnel changes in the Office of County Executive. The knowledge that I have gained about the office since becoming County Executive, combined with my 30+ years working in personnel, lead me to the conclusion that the Chief of Staff position, eliminated a few years ago, must be reinstated. Rather than add a new position to the Office, I am recommending that one of the two confidential secretary positions be reclassified to the position of Chief of Staff. The sheer volume of work existing now, combined with the fact that we will be negotiating three union contracts expiring at year end make this position reinstatement a necessity. Our new County Executive must be given the tools to succeed, and the return of the Chief of Staff position will enable their office to function at its highest capability. Simply put, it is the right thing to do.

VETERANS AFFAIRS

We were truly pleased to announce earlier this year the selection of Karl Rohde as our Veteran's Director. Karl has already been hard at work in increasing the visibility and accessibility of our Veteran's Office to those veterans in need of support and guidance. In order to strengthen our commitment to our veterans, we have proposed the addition of a part-time Assistant Veteran's Director to assist in this effort. The Veteran's Office in Putnam is staffed with all part timers, including the Director. However, their efforts for our veterans go way beyond their minimal part-time pay.

I am pleased to remind everyone that Putnam County will have the honor and privilege of hosting the moving wall entitled the "Cost of Freedom Tribute", at our Veteran's Memorial Park on Gypsy Trail Road in Kent, from October 19th through October 23rd, 2011. The "Cost of Freedom Tribute" honors veterans of all American wars with a focus on WW II, Korea and the conflicts in the Middle East. In addition to the wall, there are additional panels honoring law enforcement, firefighters and the victims of September 11, 2001.

CONCLUSION

Forgive me for taking more time tonight than usual, but these are not usual times. There are numerous other issues that, due to time constraints, cannot be highlighted in this address. Our team will provide updates on these other issues over the course of the budget deliberation process. I believe that our administration has presented a 2012 budget to the Legislature which is balanced and equitable. It allows the County to continue to deliver vital, high quality services to our residents in an efficient and effective manner, yet recognizes our struggling national, regional and local economies, in addition to our residents own, in many cases, challenging personal financial situations. We know that economic times are tough, but we also know that Putnam is resilient, we will get through this and we will come back stronger than before. Be it a natural disaster like Hurricane Irene, or disastrous economic times, we will get through it together.

Finally, in five days we will mark the tenth anniversary of September 11, 2001. As I previously mentioned, we recovered as a community and as a

nation from the tragic events of that day, but we will never forget the ultimate sacrifice made by many that day, and the many young men and women in our military services who continue to make this sacrifice even to this day. Let's also remember all of those brave men and women who put their lives on the line each and every day to keep us safe right here at home – our police officers, our firefighters, our emergency medical first responders and all of those who were out there working in the storm when our citizens were safe at home. Let's also pause and remember two brave members of our community who recently gave their all to keep us safe, Investigator Michael Perry, a Putnam County native, who died in service to the White Plains Police Department and Police Officer John Falcone, a Carmel resident, who gave his life in service to the City of Poughkeepsie Police Department. I now ask that you please join me in a visual and musical tribute to them.

Be it a hurricane, economic recession or terrorist attack, the State of our County, State, and Country is vibrant and strong.

Thank you and God bless Putnam County and God bless America.
Goodnight.

