

ULSTER COUNTY LEGISLATURE

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MINUTES

NOVEMBER 5, 2020

SPECIAL INFORMATIONAL MEETING: PROPOSED 2021 BUDGET PRESENTATION

Powered by Zoom Meeting. Meeting ID: 920 4272 7579, By Telephone (646) 558-8656

5:30 PM

MEETING CALLED TO ORDER BY CHAIRMAN: 5:34 PM

PLEDGE OF ALLEGIANCE TO THE FLAG AND MOMENT OF SILENT MEDITATION:

Led by Legislator Herbert Litts.

ROLL CALL: Present: 18 Absent: 5 (Legislators Fabiano, Gavaris, Lopez, Parete and Ronk)

Note: Legislator Parete arrived at 5:49 PM.

SPECIAL INFORMATIONAL MEETING: Capital Markets Advisors will present their analysis of the 2021 Ulster County Budget. (See Transcript for Details)

CMA Attendees: James Nytko, Tom Vouzakis, Margaret Guarino, Diane Castaneda

Other Attendees: Kathryn Heidecker, Chris Kelly, Comptroller March Gallagher, Chris Quirk, Deputy County Executive John Milgrim, Deputy County Executive Marc Rider

Motion by Legislator Litts, seconded by Legislator Bartels to adjourn the meeting. All in favor.

MEETING ADJORNED: 6:54 PM

AGENDA

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NOVEMBER 5, 2020

NEXT MEETING:

Three Public Hearings on the Proposed 2021 Ulster County Budget and the Proposed 2021 – 2026 Capital Program are scheduled for:

- Monday, November 9, 2020 – Powered by Zoom Meeting, Time 6:00 PM
- Tuesday, November 10, 2020 – Powered by Zoom Meeting, Time 6:00 PM
- Thursday, November 12, 2020 – Powered by Zoom Meeting, Time 6:00 PM

The next Regular Meeting of the Ulster County Legislature will be held on November 17, 2020 at 7:00 PM. Further Meeting details shall be forthcoming.

Ulster County Legislature
**Special Informational Meeting on Proposed 2021 Ulster County
Budget & Proposed 2021-2026 Capital Program**

**Meeting Transcript
November 5, 2020**

Chairman Donaldson

Now I'll begin this meeting. So, there it is. I want to call this meeting to order. And we'll stand for a pledge to the flag. Herb, can you please lead us?

Legislator Litts

Yep. Hang on.

Legislator Litts

I pledge allegiance to the flag of the United States of America and to the republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

Chairman Donaldson

Please be seated. Vicky.

Clerk Fabella

Roll call. Archer.

Legislator Archer

Here.

Clerk Fabella

Bartels.

Legislator Bartels

Here.

Clerk Fabella

Bruno.

Legislator Bruno

Here.

Clerk Fabella

Cahill.

Legislator Cahill

Here.

Clerk Fabella

Corcoran.

Legislator Corcoran

Here.

Clerk Fabella

Criswell.

Legislator Criswell

Here.

Clerk Fabella

Delaune.

Legislator Delaune

Here.

Clerk Fabella

Donaldson. Dave you're on mute.

Chairman Donaldson

All right. Here.

Clerk Fabella

Fabiano. (Absent at time of roll call)

Clerk Fabella

Gavaris. (Absent at time of roll call)

Clerk Fabella

Greene.

Legislator Greene

Did you say Greene.

Clerk Fabella

I did.

Legislator Greene

Sorry. Yes, I'm here.

Clerk Fabella

Haynes.

Legislator Haynes

Here.

Clerk Fabella

Heppner.

Legislator Heppner

Yeah, here.

Clerk Fabella

Litts.

Legislator Litts

Here.

Clerk Fabella

Lopez. (Absent at time of roll call)

Clerk Fabella

Maio.

Legislator Maio

Here.

Clerk Fabella

Parete. (Absent at time of roll call)

Clerk Fabella

Petit.

Legislator Petit

I'm here but I'm on the phone. So, I guess it doesn't count.

Chairman Donaldson

I think it does count because you're not voting on anything.

Legislator Petit

Okay, thank you.

Clerk Fabella

Roberts.

Legislator Roberts

Here.

Clerk Fabella

Ronk. (Absent at time of roll call)

Clerk Fabella

Uchitelle.

Legislator Uchitelle

Here.

Clerk Fabella

Walter.

Legislator Walter

Here.

Clerk Fabella

And Wawro.

Legislator Wawro

Here.

Clerk Fabella

(18) present and five absent.

Clerk Fabella

Tonight's presentation is for Capital Markets Advisors (CMA) to present their analysis on the proposed 2021 Ulster County Budget. Muted.

Chairman Donaldson

Yep. I just realized that. This is an Informational Meeting for the Legislature. CMA will present their analysis of the Executive's Budget. And after that, Legislators may ask questions. And, you know, they will field whatever questions you wish to ask. We can stay as long as you wish. And then the report will be posted on our website after the meeting.

Chairman Donaldson

And along with that, CMA, just for information, their draft was sent to the Ways and Means on Tuesday, late afternoon. They had it for the day, until Wednesday. At around 2:30ish it was sent to all the Legislators. And then the County Executive was given to the close of the day, on Wednesday, so that he could look through for any issues that he felt, not that it would be changed in any way or form. But I felt the respect for him to have that to go through. And he did look through it, and apparently, he's happy about it; thought it was a good report.

Chairman Donaldson

And so, at this point, I'd like to just hand it over shortly for Lynn Archer to introduce the member's CMA, and then they can start their presentation. Lynn.

Legislator Archer

Thank you, Chairman.

Legislator Archer

During the summer, Ways and Means Committee met to discuss the selection of the consultants to review the County Executive 2021 Proposed Budget. There were many groups that came before us. Capital Markets was who the group chose.

Legislator Archer

We knew that with the challenges of COVID, it presented, and the uncertainty of the time, that this was really going to be an extremely difficult couple of years. CMA's background and experience, their approach and methodology to this engagement, and the partnership they were looking to build and establish really resonated with all of us.

Legislator Archer

As the Chairman mentioned, the process was a little different this year than in years past. First off, drafts were sent out and folks got a chance to look at it. I know that you all didn't

have much time. And but it's a pretty comprehensive report. But even skimming the report, I think you may have been given some food for thought.

Legislator Archer

Senior Partner Margaret Guarino, and her team are here to give us the overview tonight, and answer any questions you may have. And in my mind, this is the first look and I'm sure we'll have additional questions as we review their report in more detail.

Legislator Archer

Welcome Margaret, I'm going to turn the meeting over to you and your team.

Margaret Guarino

Thank you very much, Lynn.

Margaret Guarino

Well, first, before we start anything, I really want to thank the dedicated members of the County Legislature for this opportunity. It has really been our pleasure, and it's been pleasant to get this done, although tough, because of a timetable and because of COVID.

Margaret Guarino

I also want to thank the members of the Ways and Means Committee, and especially members of the Legislative staff, Amber Feaster and Natalie Kelder, were extraordinary and invaluable in the help that they gave us during this time. Because like I said before, it was really a very stringent timetable. So, them getting us the information we needed timely, and making sure that we all had it was really extraordinary. So, we thank you guys very, very much.

Margaret Guarino

I also wanted to say how much we appreciate the cooperation of the County Executive, his administration, and his staff members of the departments we interviewed. They were very cooperative and really answered our questions without hesitation.

Margaret Guarino

At this point, I want to introduce my team, which is James Nytko. I know he's on. He really headed up a lot of the interaction between Amber and Natalie and getting the bulk of this work written and done. Tom Vouzakis. He was instrumental in the interviews. And Diana Castaneda who we always tout as our credit person. And she was very gracious to give us her insight on how this all affects your credit. Even though that wasn't part of the assignment, we put it in the report.

Margaret Guarino

So, how did we come up with these findings? What did we actually do to analyze the proposed budget? Well, first of all, we took this extremely seriously, especially during COVID. We found it was a really important thing to consider when we did this report. Secondly, my husband and I are commercial real estate taxpayers in Ulster County. So, it was important to me personally. And James grew up in a neighboring Dutchess County. So, he's very, very familiar with Ulster.

Margaret Guarino

The engagement details of what we actually were trying to get done is, of course, the Commission hired us in September of 2020. It was a very stringent timetable. We had many unique considerations because of COVID-19. But we successfully, I believe, adapted our approach to account for this and its impact.

Margaret Guarino

Our approach really was we conducted several video conference interviews with the County officials and the departments. We found that, and we've always done that when we do our report, because that gives us an insight that you don't get by just looking at the budget. And we thought that was extremely important.

Margaret Guarino

We performed the comprehensive review of the financial documents. We accumulated data on comparable municipalities, because we wanted to benchmark many of the things we were saying to ensure where we thought you were. So, that was important. And we certainly participated in many conversations with other industry professionals.

Margaret Guarino

How did we analyze this? Well, primarily we looked at budget best practices and processes. We looked at your revenues, your expenses, your fund balance, your indebtedness and capital improvement planning and efficiency strategies. And that's the key when we interview your departments whether we can see where there's efficiencies that could be fixed. Secondary, the department-level operations and certainly the demographics and socioeconomic environment, because we know that also impacts the budget.

Margaret Guarino

Now to go through the details of this report, I'm going to turn it over to James, but certainly I'll be available when they ask questions.

James Nythko

Well, thank you, Margaret and Tom, I, you know, we did prepare a PowerPoint presentation just to kind of guide the conversation today. Tom from our team is going to run that. So, Tom, I don't know if you have the button available on your, on your Zoom, but if you could share your screen just to so we can go through the PowerPoint.

James Nythko

Great, if you could just go a couple slides down, Tom.

Tom Vouzakis

Sure.

Tom Vouzakis

Everyone can see this, right?

James Nythko

I think that's, I think that's a good starting point. Okay, well, thank you.

James Nythko

You know, I'd like to start the conversation about, you know, kind of the meat and potatoes of our analysis, I really, by talking about the type of information, you know, that we utilize during the investigation. It really boils down to, you know, kind of two different areas. You know, physical documents, you know, whether they're available online, or documents that we had to request, you know, from the County. You know, those being, you know, prior year's budgets, audited reports, resolutions that have either been passed, you know, by the State or the County, various press releases, financial documents.

James Nythko

But there's only so much information that you're able to gather from those, it's just ink on paper, which is why when we started this process, we'd reached out and requested meeting with at least some of the key departments of the County. It's good when you know, you're going through and doing conducting analysis of the budget to really have a full understanding of the drivers behind the budget. And generally speaking, when you're speaking to the department heads, you know, they're really kind of able to give us that that level of detail. And, you know, in our perception, it really just kind of adds to, you know, the analysis that, you know, that that we're conducting.

James Nythko

Move on Tom.

James Nythko

Some of the constraints that, you know, we came across and doing this, obviously, Margaret had mentioned, it was a very strict timeline. We only had about a month or so, to go through and, you know, with the actual proposed budget, so we had to kind of expedite our review. Basically, COVID is extremely unique. You know, this is not something that we've had to go through in prior years. So, it really kind of, you know, gave us a big hurdle that we had to cross.

James Nythko

When we first looked at it, you know, one of the thoughts as well, you know, can you go back to look at, you know, typical recession? The answer, you know, clearly is, no. You know, in a typical recession, you know, there's still people patronizing, restaurants, goods are still being purchased, people are still spending some funds and entertainment, just at reduced levels.

James Nythko

You know, COVID resulted in a full halt of the economy. So, you know, in doing our analysis, you know, it didn't really make sense to go back and look at trends from 2008, or from a typical, you know, typical recessionary period. We had to really kind of, you know, dig down deeper and figure out, you know, how did we need to impact our methodology to account for COVID. We spent a lot of time doing that, you know, reviewing documents that were put out, either by New York State, by various associations. Even speaking with other peer counties, and speaking with the departments on you know, their methodology for coming up with some of the, you know, the drivers in the budget.

James Nythko

Tom, can you just move on one more? So, you know, in a typical... you can go back one more, Tom.

James Nythko

So, in a typical year, you know, one of the driving things in conducting a budgetary review would be doing, you know, trend analyses. Looking at, you know, what is the historic budgetary appropriations been. The historic revenues that you've put in, and, you know, happy to have you been in, in in achieving those. And we can kind of, you know, build out a nice foundation. But nevertheless, with the COVID pandemic, you know, it really kind of impacts our ability to forecast with any level of certainty.

James Nythko

So, as a result, you know, we had to supplement those trend analyses. And the way that we did that, is we used benchmarking. And we conducted a number of different variants tests.

You know, with the benchmarking, what we're looking to do is compare some of your key line items and key revenues, key expenditures, to some of your peer counties. And, you know, we actually reached out to a few of those entities, as well, just to have discussions with them as to well, you know, we see you forecasted, you know, State Aid at this level, or you know, another county we see that you had this level of a decrease. What was your thought process? You know, these counties were speaking to us. So, you know, we felt that that was very helpful in our analysis.

James Nythko

So, now to speak just a little bit, you know, give you an overview of revenues. This seems to be kind of the really the big question mark for 2021. You know, as a result of COVID, there's a significant amount of unknowns that are really under the direct control of the County. And a lot of those could severely, and significantly, impact your key sources of revenue. So, we know for you know, there's going to be some inherent level of risk, it's going to be in the 2021 Budget, just depending on you know, what happens, we don't know if there's going to if there could possibly be a resurgence? We don't know. Could the government potentially shut down? If it's bad enough? At that point? We don't know. But that's going to have a big impact on the revenues that are generated by the County.

James Nythko

Sorry, somebody have a question?

Margaret Guarino

No, go ahead.

James Nythko

Yeah. So, you know, sales tax, obviously, it's the largest source of revenue for the County and constitute over 35% of your governmental funds. In the 2021, budget, sales taxes reduced by approximately six.

James Nythko

Now, if you look at the various different counties across the State, you would see that Ulster County is typically more reliant on sales tax than a typical New York county. So, if you're looking at a county, that's perhaps, you know, further out in Western New York, Northern New York, they have less of reliance on sales tax, which it's important to consider when conducting the review, because sales tax is extremely sensitive to economic fluctuations.

James Nythko

So, if something does happen, and you know, unfortunately, there's another shutdown because of COVID, we know that this is going to be a heavily impacted area. So, whereas

we're conducting a review, we'd wanted to caution the County, that this is an area that obviously needs to be monitored extremely, extremely closely, and it may need to be adjusted accordingly. If there is again, a resurgence of COVID, the 6% reduction, you know, may not be enough. Again, if there is a resurgence.

James Nythko

Real Property Tax, there's a couple things that we wanted to me...

Margaret Guarino

Excuse me James, go back to the last slide. Yes, explain the chart to everyone, please.

James Nythko

So, this chart here is just to give you an idea of, obviously this, you know, sales tax is a bit of an unknown factor, because COVID could impact and it and could impact it dramatically. So, this chart here, you'll see it shows if there is a reduction over the year, and this is again, this is on an annual basis, this isn't monthly, your sales tax revenues do come in on a monthly basis. So, this is an annual reduction.

James Nythko

But it goes to show you that top line where it says 2021 proposed budget all the way to the right. Currently, right now there's \$120 million, that's budgeted for sales tax. So, if you go down, it shows you what would the impact be for 5% reduction, 10%, 15%, 20%, so on and so forth.

James Nythko

So, the 5% reduction, you can see \$6 million, it's that red number in the middle column. And that'll show you, and the right, what would be, you know, the amount that you received on an annual basis. Again, I would just want to draw attention, this is not, obviously, on a monthly basis, this is for a reduction on an annual basis.

Legislator Criswell

Can I a quick question. So, where's that reduced 6% appear?

Margaret Guarino

They had already reduced it. This is what's budgeted.

Legislator Criswell

It's already baked into the \$120 MM?

James Nythko

Correct.

James Nythko

So, then by comparison to the...

Legislator Criswell

So, the 5% percent that would make an 11% reduction, in reality?

James Nythko

Well, the starting point is the 2021 amount that's in the proposed budget. And that's a reduction from the 2020. So, the 6% is a reduction from the 2020 amount.

Margaret Guarino

From last year, yeah.

Legislator Criswell

Thank you.

James Nythko

Absolutely.

James Nythko

So, your next key source of revenue is Real Property Taxes. And there's a couple areas that we want to draw attention here. In addition to the COVID pandemic, there is a State imposed Real Property Tax cap. Now, that's 2%. There can be various, there can be various items that can be added to that. So, it's not a true 2%.

James Nythko

One thing we wanted to draw to your attention with the tax cap, the last several years, the County has not exceeded that that tax cap, but something that the Legislature and the County may want to consider doing is passing the legislation to exceed that tax cap, even if you're not actually going to do it. And the reason that we wanted to suggest and bring it to your attention is for credit rating purposes.

James Nythko

Now, just like any individual person, the County has a credit rating. The County is very well rated. Now, when the rating agencies conducted their review, they're looking at you know, kind of two really key important things. Your ability to repay your debt. And your willingness to repay your debt.

James Nythko

Now when we are, you know, bringing information to their attention if we see that you've been passing that legislation to exceed the tax cap that speaks directly to your willingness to pay. And it's generally a nice little checkmark, that's easy to get on, you know, on your credit rating. We've seen them mention it in reports, you know, number of times, we always bring it to their attention if we see entities doing. So, you don't have to exceed the tax cap. But we always think that from a credit rating perspective, it's a nice way, and a quick way, to get a positive mark from them.

James Nythko

Now, some of the other considerations that we want to discuss with you real property taxes, is New York overall is considered to be one of the highest taxed states in the country. Okay. I believe it ranks fourth, overall, if you do a peer comparison. So, why does this matter?

James Nythko

When you factor in the COVID-19 pandemic, there's going to be stress to taxpayers and their ability to pay comes into question. There's going to be a point and a limit on entity's ability to repay their taxes. Now, it's very important, particularly from a County, if you consider a County, you're not necessarily just on the hook if folks are not paying their County portion of taxes, but there's school districts and towns that you then have to make whole. So, that's something that needs to be considered, as well. If you have to make large payments to, you know, the school districts, because it turns out that folks, you know, the economy shuts down again, there's a resurgence, you know, you need to consider that what are those payments that are going to be going. So, from our perspective, you know, we do feel that, you know, it's best to be conservative, and, you know, not exceeding that 2% tax cap is a positive thing.

Legislator Cahill

James, may ask you a quick question?

James Nythko

Absolutely.

Legislator Cahill

So, what percentage of counties actually passed that 2% enabling legislation? Do you have any information on that?

James Nythko

I don't have information on who has actually past it, perhaps and not exceeded it? We could look into that. I could certainly use them for you. You know, but, you know, I can also share with you some examples of some other local governments that have passed it. And you know that it's made it to their credit ratings.

Legislator Cahill

Thank you.

Chairman Donaldson

I believe, doesn't the Town of Ulster do that every year? I believe.

Legislator Cahill

Yeah, they do. Every year, the Town of Ulster Town Board passes that enabling legislation, but they have yet to exceed it. But our guy was a finance guy, or supervisor was a head, had a career finance prior to being the supervisor. So, explains why he does it. Thank you.

James Nythko

It always makes sense. It's just an easy thing to point out to them on your call. And they'll say, Oh, that's that sounds good. We realized that, you know, I realized that a couple years ago, when we were on a rating call with a town in Westchester, they've been they had, you know, for four or five years, they had done it. And we, we pointed it out on a call with Moody's. And you know, it, we ended up speaking to them for quite some time. And it, it made it into their ultimate report how positive it was. So, we always, it's always a recommendation that we make now.

James Nythko

So, Tom, if you can move on one more?

Margaret Guarino

No, we're on State Aid now

James Nythko

Oh, I'm sorry. Okay. So probably the biggest question marks, in terms of revenue right now, is State Aid. You know, the State is not putting information out right now, as to what type of cuts they're going to, you know, they're going to institute this year.

James Nythko

Speaking to all the departments, they had, you know, the same thing. It's really, it's your best guess as to what's going to happen with State Aid right now. Because they're not

putting that type of information; they're not putting it out right now. We don't know what areas they're going to cut.

James Nythko

There's also a close linkage between, you know, what the Federal government is going to end up doing and the types of aid that they're going to provide to the State. Because unfortunately, you know, it's kind of rolls down. So, the decisions that get made at the Federal level, impact the State, which then impacts the County.

James Nythko

So, it's probably of all the revenue sources, the biggest question mark of all in 2021. So, again, similar to the table that we provided for sales tax, this shows you what potential impacts could be on State Aid revenue, if there are reductions.

James Nythko

Now, one thing that we read was a report that was put out by the Office of the New York State Comptroller, and they had a nice table that they put in there, which, you know, showed projections on what happened during 2020 and what could happen in 2020. And the reduction they put in for State Aid in that in that report was 20%. So, we don't know, again, what's going to happen in 2021. But it's possible that there could be a decrease to that level.

James Nythko

Now, it's not to say that other counties are, you know, going through and reducing State Aid by that by that level. We just want to caution you that there's a real, it's a real area of concern, just because again, that information is not being provided by the State.

James Nythko

So, the flow of this table shows you the same way, the top line 2021 proposed budget all the way over to the right where it's just under \$53 million. That's what's presently the amount that's in the 2021 proposed budget for State Aid. The numbers below that show a 5% reduction all the way down through a 25% reduction.

James Nythko

Federal Aid. You know, a lot of the same kind of concepts follow through from State Aid. Now, Federal Aid, it's entirely possible that the County could receive some COVID reimbursements during 2021. So, you may not see, you know, as many declines in this source of revenue. But there's going to be a lot of decisions that are made which could potentially impact the Federal Aid that ultimately is received by the County.

James Nythko

And I've mentioned before, one of the areas that we tried to focus in on was doing Budget Variance Analysis. So, what that means is we look at, well, these are the amount that you had budgeted in any given year, and what actually came in. And this was an area that we typically saw, there was a lot of negative variances coming in. So, we just wanted to bring that to your attention. You know, we think that this is a revenue source that should be kept as conservative as possible, again, because of the COVID pandemic, and again, because of the variances that we had noticed in doing our review.

James Nythko

The Hotel Occupancy Tax, we wanted to bring this to your attention from doing it appear as benchmark analysis, it seems that the County's rate is considerably lower than most other counties in the State. You're between the 2% and 3% tax rate for that. Most counties charge between 4% and 5%. You know, so, this is an area that could easily be doubled.

James Nythko

You know, there's some concerns with this. So, we want to caution you that because, you know, obviously with the COVID pandemic, and people can't travel, they're not going to be, you know, staying in hotels. But we wanted to bring this to your attention.

James Nythko

Also, you know, there may not be a large impact on County residents. Because, you know, the tax is going to be on folks that are visiting the County. So, it's going to be you know, people that are coming from outside of Ulster County, staying in Ulster County. So, the burdens not going to fall within, you know, the on the County taxpayer per se.

James Nythko

Departmental Revenues, again, there's a certain level of risk here, depending on what happens over 2021, relating to COVID. There's a number of different types of service charges and usage fees that are charged for the counties, and they could be impacted in different ways. You may still be able to receive revenues for some, some other sources of that may be reduced because of that. So, there's certainly risk that's present here. This is one area that was increased, you know, for 2021 in the budget, it was our perception that perhaps it should be a little bit more conservative, you know, maybe keeping it to what we've seen in in prior years would probably be the recommendation that we would make.

James Nythko

So, expenditures. You know, a quick overview on this, you know, as we were discussing the revenue portion, again, that the takeaway message there is, there's a lot of question marks. And a lot of those question marks, unfortunately, are not in your direct control.

Expenditures, on the other hand, when you consider what's going on right now, with the COVID pandemic, this is an area that you do have some level of control over.

James Nythko

So, this is something that we really wanted to spend some time focusing in on and saying, alright, well, what can we do here and make certain that, you know, the County, if God forbid, some of these revenues do not come in on, you know, how can we make sure that there's a certain level of control that you do have over these expenditures.

James Nythko

One thing that we wanted to, you know, make note of, we're going to talk a little bit now about personnel. You know, personnel and wages and salaries and benefits are your largest expense. And it's like that for, you know, basically any municipal jurisdiction.

James Nythko

When we conducted our departmental interviews, the departments had indicated to us that, you know, when we questioned them about their workforce, it was generally either, you know, appropriately staffed, it was right-sized. Or a couple departments, in the conversations I mentioned, well, maybe we could even, you know, see a couple reductions without, you know, impacting our services.

James Nythko

Again, we didn't speak to every department, this was just, you know, kind of the larger key departments of the County. But our team has conducted these interviews, you know, for several municipalities across the State. And this is, you know, highly uncharacteristic, that, you know, the departments would indicate to us that, you know, it's right sized. You know, Margaret can tell you, it's typical, that they'll come back and tell you that they're, they're short-staffed, they need more employees. So, it's just a highly unusual response.

Margaret Guarino

We have never, we have never had people tell us this. In all the interviews I've done through my career, including major countries and territories. I've never heard anyone say this, it was very unusual. Go ahead, James. Sorry,

James Nythko

No, okay, Tom, you can go one more, because it goes into our next thing.

James Nythko

So, we know in 2020, is in response to COVID pandemic, there was a hiring freeze that was implemented by the County. You know, it's our understanding that there was also a

retirement incentive in which 125 individuals opted to take advantage of that. We were advised that approximately 80 of those positions would like to be hired by the County. Our suggestion was a continued hiring freeze during 2021, in which only essential employees would be rehired.

James Nythko

And it was our feeling, that to make sure that this is objective, you know, the Legislature, County Executive, everybody should participate in this process in determining what's an essential employee. What do we absolutely need in order to provide services to our residents, to not impact them?

James Nythko

Now, again, from the expanded perspective, we know that we have some level of control. Personnel, wages, salaries are your biggest expense. And there's a possibility here in a way that you're able to control that. So, this is our, you know, probably our biggest recommendation, as far as the expenditure sources go, we think that you need to, you know, keep a hiring freeze. We think that process needs to be objective. And again, it's to ensure that if we see that there's a tremendous cut in State Aid, or one of your other, you know, key sources of revenues, we can try to do our best to strategically control your expenditures, to match that reduction.

James Nythko

And the reason that you want to do that is you want to, you don't want to risk developing a structurally, a structural imbalance in your finances in which those revenues and those expenditures come out of sync. We want to do our best to keep them line in line, so that we're not developing gaps.

James Nythko

Another area of the workforce that we noticed was four out of five of the current collective bargaining agreements, the union agreements are expired. Now, they're not expired for very long. But we do understand with COVID, that the negotiations have been placed on hold.

James Nythko

We just want to bring something to your attention with these. When you're meeting with the collective bargaining agencies, you know, there's a chance that you could have to make retroactive payments to when those contracts had gone, you know, when they had finally expired.

James Nythko

Now, we've seen with other counties in New York, Westchester most recently, they didn't budget for those payments. And you, there's reasons why you wouldn't necessarily budget for those payments. But it could result in very large draws on fund balance, if you have to make retroactive payments. So, there's a certain level of caution here. So, we just wanted to draw your attention to that area and make certain that you know, that you're aware of the potential risks.

James Nythko

So, the budget actual variances, what we didn't know, when we looked at the revenue side, there was certainly you know, some areas of red in which there were negative variances. Meaning that the amount you budgeted compared to what you actually receive was negative.

James Nythko

On the expenditure side, it was generally, you know, positive all across the way. Which is typical. You have to have, you know, some level padding in the budget, just to make sure that there's, you know, a little bit of wiggle room. But, you know, as far as our impression goes, it seemed that there was, you know, a little bit of excessive slack on the expenditure side. So, we do think that there is, you know, that suggests that there's some room for, you know, future reductions.

James Nythko

One of the other key areas that we had looked at is, you know, Fund Balance. You know, Fund Balance is, essentially, like your rainy-day funds, some money that you have in the bank.

James Nythko

There's different types of Fund Balance. There's Unassigned Fund Balance, which is the most liquid probably, you know, from, you know, credit rating agencies perspective, or from your financing team's perspective. That's the best type of Fund Balance because you know, you can use it for whatever you need. Now, there's also different types of reserved funds, they can only be utilized for a specific purpose.

James Nythko

So, we wanted to spend some time going through and looking at you know, the trends. How has the Fund Balance been used in the past, how's it being utilized in the current year's budget, and you know, what, what could be some of the expectations for that. Depleting your fund balance to large degree, obviously, could leave you exposed. Particularly if you're making large appropriations into the budget.

James Nythko

There's only so long that fund balance can go before it's, you know, fully depleted. If you're utilizing it to bring your budget into structural balance. When that Fund Balance is no longer there, you would see that your expenditures now don't match your revenues and you have a gap that's baked into your budget. So, you want to be very careful and strategic in the way that you're utilizing your Fund Balance.

James Nythko

Now in the General Fund, the budget message itself discusses about an appropriation of \$11.8 million. One of the things that we noted is that doesn't necessarily include the Appropriated Reserves. These reserves were in the General Fund, we didn't see reserves being appropriated in other funds. But in the General Fund, there was about \$1.5 million of reserves that were being appropriated. Now, it's not to say that they weren't in the budget, but they were in the detail of the budget. They weren't mentioned in, you know, kind of the upfront summary portion of the budget.

James Nythko

We looked at a couple of other counties to see how they handle that, you know, perhaps that was, you know, common that the reserves aren't necessarily discussed. But from the few counties we've looked at, you know, we had had noted that they were they were including the reserves, in that front portion. So, it was our recommendation to at least, you know, bring those up front. So, it's transparent, and it's clear. So, everybody knows what is actually being, you know, pulled down in the Budget. If you include those reserves. You know, it's not an \$11.8 million appropriation, it's actually about \$13.2.

James Nythko

So, the Tax Stabilization Fund, you know, we understand that there's been some conversations regarding this. We think that you need to be very careful, due to the potential risks in, you know, from COVID-19, in 2021. You know, as we noted before, when discussing the Real Property Taxes, you know, as a County, you have to make whole, the town's and school districts. So, you know, we think that some of these funds should be held on to, for a period of time, just, you know, in case there are gaps that are seen. So, we just really wanted to, you know, to bring that, to your attention. You know, there's some caution surrounding that.

James Nythko

Fund Balance in some of the other funds. Again, we looked over a period from 2006 to 2021. Seeing, well, what's been appropriated? Has, those appropriations been increasing? Have they been declining?

James Nythko

What we found was in the Community Development Fund, there was really no appropriation of Fund Balance, which, you know, would make sense for the purpose of that fund.

James Nythko

And the County Road Fund, there was a rather large increase that seemed to be a little bit more in the recent years. If you looked over the period, it was, you know, equates to close to an 800% increase in appropriations. Road Machinery Fund kind of followed a similar trajectory, just not quite to that level, over the period measured, it was about 175% of an increase.

James Nythko

We also did a peer benchmark on Fund Balance. We looked at information that was provided by New York State, and that compared your level of fund balance, you know, your available funds to all other counties across New York State. It also compared to other what they call Mid-Hudson Region Counties. And by comparison, Ulster's Fund Balance was a little bit lower. It wasn't, you know, significantly lower than the Mid-Hudson counties, but it was, you know, fairly lower than the average for all counties across the State as a whole. So, we wanted to bring that to your attention as well.

Legislator Archer

James, this is Lynn. On the County Road Fund, the 800% increase and the Road Machinery Fund, 175%, we've had a concerted effort on infrastructure, is that unusual compared to some of the other counties?

James Nythko

I didn't look at the increases in in Fund Balance from some of the other counties, but we would be happy to do that and provide that information to you as soon as possible.

Legislator Archer

Okay. Thank you, James.

Legislator Litts

James.

James Nythko

Yes.

Legislator Litts

Could it be some of that increases due to the fact that in the past couple of years, New York has had, it's called the New York Bridge Program, and also Culvert New York, where the counties have been getting, you know, funds from the State on a new funding source?

James Nythko

I wouldn't believe so. Because this is the Fund Balance, it's being appropriated. And, you know, those funds would likely be, if you're receiving them in the same year, they would likely show up as either, you know, grant funds or some sort of revenue, not necessarily an appropriation of the Fund Balance.

Unidentified off-screen speaker

Okay.

James Nythko

So, the policy recommendation that we had in discussions with some of the departments is brought to our attention that the County does have a Fund Balance Policy. But it's been some time since it's been reviewed, you know, evaluated and revised. So, we thought that it would make sense to update that now. And in particular, kind of address, you know, recessionary times or, you know, what do you do in times when there's, you know, a real fiscal crisis. This is one of our policy recommendations.

James Nythko

We did a conducted a pretty detailed analysis of your debt and types of debt that you're issuing. We looked at, you know, the, your debt limit, which is essentially how much debt can you actually have outstanding at any given point in time. Believe it or not, the State does provide a calculation to determine that.

James Nythko

You have, you know, one of the areas we look at is something that's called a Cash Flow Borrowing. Now, Cash Flow Borrowings are common if you have, say, for instance, you have a big chunk of money coming in, in February. So, you have a, you know, a \$30 million source of revenue that's coming in, in February. But in the month of December, where, you know, the month of January, you have a number of large payments that need to go out, and you don't have the cash flow to, you know, to cover it. You can issue debt to kind of bridge

you over. When you issue the funds, and you pay off the obligation when those when the revenues are realized.

James Nythko

The County hasn't done that, in several years. You know, what they have been doing is adopting resolutions to reserve the right to do that, if God forbid, there, you know, there was an issue or a problem. They proactively adopt to two resolutions one for, it's called a TAN, which is Tax Anticipation Note. So, that's specific to real property taxes. The other one is called a RAN, Revenue Anticipation Note. And that's for, you know, other key sources of revenue. We think that that's a, you know, that's a fair practice. And the reason being is when you're adopting these resolutions, you know, you have to some, sometimes there's a timing concern, because you have to, have to get on a one for your legislative meetings. So, it's not an immediate thing. So, this kind of preserves the right, if God forbid, there is an issue, you can get into the markets as quick as possible to resolve that.

James Nythko

But not issuing those notes is also really, you know, something that's, that's positive. It's common, when you start seeing entities issuing for these types of purposes, it's very difficult to stop issuing. You know, there's usually some sort of gap that's developed, you know, in your finances, in your cash flow. So, to the extent that you can avoid having to do that, you know, it's certainly a positive thing.

James Nythko

We reviewed your outstanding Bond Anticipation Notes. Now, Bond Anticipation Notes are short-term, you know, debt obligation. Like the name kind of states, you know, you're issuing those in anticipation of a long-term serial bond down the line. Currently, one thing we noted is the County has some outstanding Bond Anticipation Notes, which are set to mature a little bit later this month.

James Nythko

In doing a little research, we can see that those notes were partially being renewed with new Bond Anticipation Notes, but a portion of them was also being paid off with long-term serial bonds or being permanently finance. The sale date of those was actually today. So, we weren't able to, you know, factor in a number as to what type of interest you'd have to pay on those.

James Nythko

But we wanted to bring to your attention that needs to be something that's looked at prior to the actual adoption of the budget to make sure... because right, as it stands right now, there's, you know, estimates in the proposed budget for, you know, at the time what they

thought that the rates would be, but now there's the minute that those obligations are sold, you're going to know what the actual rates are. So, the budget should be adjusted accordingly to make sure you have actual rates that are in in the budget.

James Nythko

And the same thing, the County had recently issued Refunding Bonds, which it's like, you can consider those like if you're refinancing your home or something else, you're refinancing bonds that are already outstanding for level of debt service savings. So, the County did issue some Refunding Bonds in September of this past year. But from what we could see, it didn't look like those new payments had been incorporated into the budget. So, we just wanted to bring that to your attention too because it should be adjusted to include the accurate payment.

James Nythko

Similar to the recommendation we had for Fund Balance Policy, we noted in our conversations with the departments that there's not currently a Debt Management Policy in place. That's the best practice you know by the Government Finance Officers Association by the New York State Comptroller's Office. So, we wanted to bring that to your attention. We'd recommend, you know, enhances transparency. Again, something you can point out to the credit rating agencies. They like hearing that you have policies in place, you know, detailing exactly what you're going to be doing. So, we would recommend that the County develop and adopt a formal Debt Management Policy.

James Nythko

We did review the Capital Improvement Plan. We have a summary in our report that you can take a look at. One thing that we had noted in the 2021 Capital Improvement Plan is that there's no funding sources in the summary tables, you know, kind of up front, again. Not to say that the detail isn't in the full Capital Improvement Plan, but it's kind of mixed in throughout all the different projects would be very difficult to extrapolate that information.

James Nythko

We looked at prior Capital Improvement Plans of the County, and it seems like 2000, I believe it was, going from memory, believe 2017 prior, the funding sources were included in some of the summary tables. So, it was a recommendation of ours, that perhaps you include the funding source in that summary table.

James Nythko

What I mean, again, by that funding source is how you if you're going to if you're the intention of the Capital Improvement Plan, is to issue X number of dollars for a project,

how is it being paid for? Is it being paid with the expectation that grant funds are going to be coming in for that project? That it's going to be coming out of, you know, the County's cash? Is there debt that's going to be issued for that purpose? So, you know, we believe that that should be included in the in the upfront summary tables.

James Nythko

Particularly this year, with COVID, and our recommendations on some of the expenditures. We also wanted to highlight some possible efficiencies. Things that you could perhaps look at to mitigate, you know, either staffing reductions, or if God forbid, you know, there is a resurgence of COVID, that's significantly, you know, impairs, your revenue sources.

James Nythko

Key areas, you know, we've seen other counties develop a clerical pool. Now, clerical pool, essentially, is you have general employees, they're able to serve different departments, you know, maybe administrative positions, whatever the case may be. I know, Suffolk County had implemented one a number of years back, and they, they found it to be, you know, very successful, and they were able to generate, you know, a lot of a lot of savings because of that.

James Nythko

Shared Service. Shared Services is something the State has been pushing for the last several years. You'll see in our report, if you go through, we have a fairly comprehensive write up of common areas, where we see Shared Services now, you know, at the County level. There may be some opportunities here for you to enhance Shared Services. Perhaps there's areas which you could work with some of the local jurisdictions that would generate some revenues for you. Or it could generate some efficiencies. So, you know, we would recommend just to take a look at that area of the report and some of those different, you know, ideas and different areas that that other folks have, have looked at.

James Nythko

Information Technology. You know, we spent quite some time having discussions with your Department of Information Technology. You know, we found them to be extremely efficient. You know, they seem to be very skilled, knowledgeable, experienced. You know, they've identified that they have some capabilities. So, we think that you should work very closely with them. And, you know, try to see, you know, with these employee reductions are there, you know, manual tasks that perhaps could be automated. You know, there's generally a large level of savings that can be achieved, if you strategically utilize, you know, the Information Technology Department. And it seemed, again, just based on our, our interviews with the staff members there, they did seem extremely proficient.

James Nythko

So, with that, you know, we'll, we'll turn it back to you. And we're happy to answer any questions that you may have.

Chairman Donaldson

All right. Does anyone have any questions?

Legislator Cahill

Yeah, I have. I have one quick one, Dave. In the appendix. We talked, they talked about a long-term plan, Economic Development Plan, not having one since 2003, or something like that. But I think that we just released the Ulster 2040 plan, not too long ago, within the last few months. I'm trying to find it in here, and I don't remember exactly which one it was in.

James Nythko

Might be the Comprehensive Plan. Tom, do you recall? I know that... I believe the Comprehensive Plan and there may be some adjustments that are made annually by the by the Planning Committee, but I don't know if there's been a full....

Legislator Archer

There hasn't been a full review, even the 2040, while informative, was a finite piece and it was an engagement process. It wasn't a full comprehensive review.

Legislator Cahill

Okay. So, that, yeah...

Legislator Archer

It's not, it's not quite the same thing, but it is an informational piece that should inform directionally, you know, what's happening at the County level, or some of the economic growth.

James Nythko

It makes sense to look at areas like that, particularly now, again, not to have to keep talking about COVID. But one of the things that we, that we've seen resulting from this is a large number of folks that are now coming up from the City. You know, they're looking to move up into this area. That can have some changes in your general landscaping. So, you want to make sure, you know, that you're being strategic in the decisions that you make, and you know, that you're taking advantage of, you know, any opportunities that that are presented because of that.

Legislator Archer

So, can you give me some examples of what you mean? Because when I think of that, from a government perspective, I think about it from, you know, additional services potentially required that we had not anticipated. But what are you specifically referencing there?

James Nythko

Well, I think...

Legislator Archer

I'm sorry, one thing, can we take off the slideshow? Because I can't see when people have their hands raised. Great, thank you.

James Nythko

So, I think what we mean, there is, you know, the zoning. You know, things, things of that nature. Comprehensive plan is generally kind of step one, but you know, looking at the zoning and making sure that you're able to accommodate, you know, the types of businesses that you need, and if there's changes in that, that need to be made that, you know, you're, again, being strategic and making sure that your foundation, your framework is accurate and appropriate to handle those changes.

Margaret Guarino

This is Margaret. But you also want to know what your potential increase in revenue and expenditures are over the years, depending on what developments are being proposed. That's something that, you know, we've done in many places, but certainly something that you should look at. And it's something that the rating agencies like to see.

Legislator Archer

Eve.

Chairman Donaldson

Legislator Walter.

Legislator Walter

So, I have five things, but I'm going to not ask you to answer them, but maybe just jot them down. And then you can get back to me, or us, with them afterwards, if that's okay. Because I know we're running out of time.

Margaret Guarino

Sure.

Legislator Walter

So, the first one is, we didn't want to do any predictive analysis because of COVID. But because we do have some quarterly, like Sales Tax and Property Tax, some of it happens, we do know, during COVID, is it possible to do some kind of trajectory that maybe gives us a best case/worst case scenario? So, that we might have some sense of where it is going into 2022? I can't remember what that...

Legislator Archer

2021.

Legislator Walter

Well, going into the next year, because that's where the predictive analysis. So, that's one.

Legislator Walter

The second is, if you could, and again, not now, but for sales tax, and without COVID there, just this question of, are we typically too conservative? And I would also love to have some sense of why we're more reliant on sales tax than some of the other counties? Like what are they... what do they know that we don't know? Or what do we know that they don't know? But such that...

Legislator Walter

The third is, for the Hotel-Motel. I don't know if you've incorporated that we are, I hope any second now, going to have an agreement with Airbnb, which, if you look at our Comptroller's Report, would project a large, a lot more revenue from that. And so, if you could incorporate that into that, I think it's RV14, that concept of what it would be once that agreement is finally implemented. Because during COVID, our Airbnb numbers have dramatically increased. So, that could be a great source of revenue, especially if COVID continues,

Legislator Walter

Four. And I'll be really quick, I just have two more. To know about missed opportunities of State funding. Just in my world. I know that for Office of Indigent Legal Services, there's a lot more staffing that could be covered by these kinds of grants. So, it'd be great to know what our missed opportunities are, that could be funded by State money that really might be more solid?

Legislator Walter

And then the last one is, we spend a lot of money on software and IT. Software for payroll, software for various things. It'd be great to know, one, if our IT could handle... What we could do in-house rather than paying these third-party companies. And especially getting

into shared services, some of these things that maybe we could do in-house and then it could apply for multiple different departments.

Legislator Walter

And that's all I've got. Thank you.

Legislator Archer

Thanks, Eve.

Chairman Donaldson

I have one question that... You had something on the Budget Variance Analysis, on general expenditures. Could you explain that? You pointed out that the Expenditure Variance Analysis and pointed out that it's a disproportionately positive expenditure variances and suggested excessive of slack in the budget. What do you mean by that? Can you explain that better?

James Nythko

Absolutely. So, there's two things...

Chairman Donaldson

It's on page 41 of the draft.

James Nythko

Sure, there's two things that we that we look at to come up with that number. We look at what did you budget and what actually came in. So, if you know, you budgeted \$5, but you had \$6 come in, you would see there's a positive variance of one. If you budgeted \$5 but \$4 came in, it was given a negative variance of one.

James Nythko

So, if you see, you know, large, positive variances on the expenditure side, it could be indicative that, you know, you're budgeting expenditures that are, you know, really kind of too high. Now, to be safe, and to protect yourself, you do want some level of padding in, on the expenditure side. So, you know, if you think, you know, you're going to spend \$5, you know, maybe budget \$6, to be safe, in case there's, you know, an issue, but you don't want to be budgeting \$7. So, from our perspective, it just seemed that there was, you know, the positive variances that were noted for the expenditure side, you know, just seem to be a bit large.

Chairman Donaldson

All right, thank you. Any other questions? Tracey?

Legislator Bartels

Yes, thank you. So, following on, on that question, given that I can't find the page right now. But given that over time, that variance is diminishing. One thing that this presentation has given me concern about is the variance in the revenues. You know, you talk about departmental revenues estimates increasing over time. And, and all these... and the State revenues, the Federal revenues. So, I'm concerned about how those two things are going to intersect. I'm wondering... I guess one of one of the questions is, let's start with the departmental revenues. When you spoke to the departments, or the budget director, did they tell you why they're increasing the revenues and what they're basing that on, given this current environment?

James Nythko

It varied by department. You know, some departments indicated that it was done on, based on historic numbers in the past. But it just really, it varied from department to department.

Legislator Bartels

Okay, and then in terms of Federal Aid, which we see as a revenue, your analysis showed that there was a negative variance annually. And so, the recommendation would be that we would be more conservative in estimating that variance, given what we're about to face?

James Nythko

Yes. Our recommendation was to be a bit more conservative. The one thing we would want to note is there are some Federal funds which could be received because of COVID, which could technically inflate some of that. You know, some of that. So, it's a little bit... the Federal Aid is a little bit more unique than some of the other sources of revenue from our perspective.

Legislator Bartels

Because again, if I'm to understand the, the variance on the expenditure side, has the function of being a padding for us. Whereas the variance on the revenue side...

James Nythko

Correct.

Legislator Bartels

Is exactly the opposite of that. So, as we're seeing a declining expenditure variance historically, in this report over time, and we're facing what we're facing, while we're still budgeting for a, you know, an increased positive variance on revenues, it just, it gives me.... Seeing this is very helpful to me. Because I have never seen this laid out over the course

of multiple years in one space. So, especially in this moment, it gives me real pause. And I feel like I'm going to have more questions for you once I get into it more deeply.

Legislator Bartels

If I can ask one more question right now. And that's if you could take a moment to really explain your recommendations related to the Tax Stabilization Fund on page 56 of the draft? Because this is something that's before us at this moment. In this... in our current Legislative resolution cycle.

James Nythko

Absolutely. So, you know, the Tax Stabilization Fund, really, it's meant to be a buffer. You know, it's meant to kind of keep your tax rates, you know, at a stable level, you know, moving forward.

James Nythko

There's some question marks now in 2021, because of COVID. You know, because New York State is a relatively high tax state to begin with, you know, and with 2017, some of the tax laws change. So, you know, there's, you can only claim a certain level of tax reductions on your income taxes. So, the concern is, if there is a stressed tax base right now, and we see a resurgence, and you know, folks get to that point where it becomes the breaking point, and they can't pay those, you know, their property taxes, you know, you're kind of on the hook. You know, both for yourself, and to make whole, you know, the towns, the school districts.

James Nythko

So, from our perspective, it really just, it makes some sense to preserve those funds, as long as possible, unless they're an absolute necessity. You know, they should be kept, as, you know, as a backup. Particularly in 2021, with all of the, the unforeseens.

James Nythko

And again, from you know, I know, we've kind of discussed this a couple times tonight, but from the perspective of like, rating agencies, you know, they always look at these things in kind of a, an interesting way as well. And Fund Balance is one of the key areas, you know, that they always hone in on. And they like to see, obviously, the more Fund Balance the better, from their perspective. And that's because, you know, at the end of the day, that's, that's your safety net. If a real problem ever arises, you can draw on those funds, you know, to utilize them to, you know, to stabilize things.

James Nythko

You want to see, anytime you're using Fund Balance, you don't want to use it for job types of, you know, types of.... You would want to use your Fund Balance for like a one shot, you know, kind of thing. You don't want to be utilizing it necessarily to, you know, for a long-term, you know, type of reason to structurally balance, you know, your operations long term.

Legislator Bartels

Can I ask one more question?

James Nythko

Sure.

Legislator Bartels

So, you also noted, and I'm going to ask separately, if you can, well... You also note in the County Road Fund, the Road Machinery Fund, and the Debt Service Fund, fairly extreme increases in those funds since 2016. Should those increases give us pause? Can you speak to how that could impact the 2021 budget overall?

James Nythko

I think it's alarming that it was, you know, such large increases in you know, particularly some of the more recent years. And in in 2021, you know, they seem to kind of spike up pretty, pretty quickly.

Legislator Bartels

And how to how, I mean, how, how should we approach that? And what's your recommendation with regard to those proposed increases?

James Nythko

Well, I mean, I guess, I suppose our recommendation would be to, you know, perhaps lower them, you know, to the extent possible. You know, they may, you know, I don't know specifically what they're being utilized for. But we may need to actually get some information from, you know, from the finance department specific to that. But we just wanted to point out, particularly, just that large increase over the over the trend. Because it did seem to be, you know, a bit more recent. So, we don't want to see that, you know, the General Fund, for instance, is now starting to, you know, try to lean on that in some way, shape or form, as well.

Margaret Guarino

Yeah, we... this is Margaret. What you should really do, and it's something that should be done, is look at what the money is geared for. You know, match the money up with the money in the fund. And see if anything, if there's any kind of padding that should be a pause for you, when you're looking at your budget. That's something that usually is a separate analysis, but certainly something that should be done.

Chairman Donaldson

Legislator Litts.

Legislator Litts

I mean, I think what you need to also do is look at the cycle. Every so many years, things are replaced. For instance, last year, we spent \$495,000 on a new paver. That's usually on a 15-year cycle. So, if you talk to the department head and look at their replacement cycle, I think we'll see the ebb and flow in their budget. Because large ticket items come through every 12 or 15 years. So, in the past couple of years, we've been buying some very large ticket items that need to be replaced.

Chairman Donaldson

Legislator Uchitelle, did you have a question?

Legislator Uchitelle

Yep. Yes. Thank you, Chairman Donaldson.

Legislator Uchitelle

My question relates to the Hotel Occupancy Tax. I sense your surprise in our tax being as low as it is, I share that surprise. And I'm curious in any of the analyses you've done for other municipalities, if you've ever had to report on a drop in hotel occupancy, the raw volume of hotel occupancy, as a result of bringing the tax in line with neighboring counties?

James Nythko

We've never had to report on it, prior.

Legislator Uchitelle

Thank you.

Chairman Donaldson

Anyone else that hasn't asked the question. Yeah.

Legislator Heppner

Yeah, Chairman Donaldson, this is Jon.

Chairman Donaldson

[Inaudible]

Legislator Heppner

Thank you. Just going back, again, to the infrastructure topics we were discussing. So, that 8% increase starting back in 2016 to 2021. That is all just 800% increase was what was budgeted? Because we just went through our Capital Plan. And a lot of times these plans in the past, these additions are added to the Capital Plan, and so on, but they're not actually acted on. So, that money kind of actually spent. So, that's essentially, if I'm correct, 800% increase on what's been budgeted, but not actually what's been spent out of the fund?

James Nythko

Correct? It's the...

Margaret Guarino

Exactly.

Legislator Heppner

Yep. And then so my follow-up question, just confirming that, do you see a problem with that general practice? Because, you know, for example, like I said, we just had a joint meeting of Ways and Means and Public Works, where we went over, you know, the Plan, something we've done two years in a row. And like, there's definitely been, you know, ones that I've carried over years and years that haven't actually been executed. Or taken action on us money allocated to, but they continue to be budgeted for. Do you have concerns with that practice? Or is that common from your experience?

Margaret Guarino

I think continuing have projects in the Capital Plan over years is a very common practice. We see that a lot. It's the increase that we question. Why such a large increase? Is there money in there that isn't really earmarked for Capital Project, but sort of being parked in there? That's our concern. So, that's why we brought it up.

James Nythko

And when you see, when you typically see large appropriations of Fund Balance, Fund Balance against that your rainy day, you know, savings, it's just it's indicative of a structural imbalance. You know, why are you drawing on, you know, your reserves, just to kind of, you know, to balance budget doesn't necessarily mean we see an appropriation like that,

that, you know, that level of funds is going to going to be spent. It just means from a structural perspective, it's indicative that, you know, something's not balanced as it should be.

Legislator Heppner

Thank you.

Chairman Donaldson

Legislator Archer.

Legislator Archer

I have... Yes, we're, you know, in the Capital Plan, we're planning multi-year. What's your position on multi-year budgeting or strategic planning, so that we're viewing more than one year at a time?

Legislator Archer

[Loud background noise]. Sorry, I don't know what that was.

Margaret Guarino

I could address that.

Legislator Archer

Okay, thanks.

Margaret Guarino

We are conducting in many cities, towns and counties are conducting five-year plans. And in a five-year plan, you look at a status quo, as if, what would it look like if when you're trending increases, when you're trending revenues, with nothing happening in the next five years? Then you look at it with proposed projects. Both, now as you brought out, Lynn, services and revenue from increased tax base, and things like that. And then you look at sort of, if we could have it all, this is what it would look like. That's a planning document. That's a document that the rating agencies absolutely love, and certainly something that is a tool, not only for the County, but for the Legislature. And it's a very good tool.

Legislator Archer

And during COVID, and with all the uncertainty, is it still something that can be beneficial as we navigate through the unknown?

Margaret Guarino

Yes, because a five-year plan, the way we do it, is a live document. It's not a document set in stone. So, we can review it monthly, we can review it every three months, six months, yearly, whenever there's a big event or change, or COVID, those numbers will change. And it's really a live document. And one that it stays with you for the five years. We don't see planning more than five years because it's such an unknown, it would be, you know, a fairy tale. But five years is what the rating agencies like. It's what we conduct. And, you know, I don't want to sound like I'm selling us, but it's something you should do.

James Nythko

But it's probably more critical during, you know, economic crisis. I think, you know, if you looked into it, you would see, it's considered a best practice by the Government Finance Officers Association, it is considered a best practice by the Office of the State Comptroller. And if you read some of the State Comptroller's best practices on the topic, what they'll specifically tell you is that it's even more important in times, recessionary times, or times of financial crisis, which certainly, you know, the COVID pandemic would, you know, would fall in that category.

Chairman Donaldson

Legislator Criswell.

Legislator Criswell

Yeah, I just wanted to say, I really like the trajectory of this particular conversation. Especially in light of the Ulster 2040 comment that was brought up before. I thought, you know, if we're looking at a strategic plan, and we've got an economic plan, and we've got the trajectories all working in the same direction, that's where we should be heading. So, yeah, to that.

Chairman Donaldson

Legislator Bartels.

Legislator Bartels

Can I just ask for pages 42 to 47. That's where you do Expenditure Benchmark Analysis of Ulster County against neighboring counties by sort of department, or category spending. Could you provide the backup that you used in each of those categories? What went into the analysis for public health spending, for transportation spending, etc. Just because this is really interesting information to me. It's, it's going to inform longer term decisions. But it's interesting to see where we rank against our neighboring counties in terms of spending on public safety versus recreation. But using the recreation example... on public safety, I could pretty easily guess probably which departments you put into it. But in the recreation,

I'm not sure. I don't know if you put all of tourism in that or if you put the pool, etc. So, if you could just provide the backup for that, that would be helpful.

James Nythko

Absolutely.

Legislator Bartels

Thank you.

Chairman Donaldson

Anyone else have any questions?

Legislator Walter

I have a just procedural. So, when would we expect responses, or any kinds of changes related to the elements that we brought up? I can't call on you, Lynn... but

Chairman Donaldson

That's up to us to [inaudible]

Legislator Walter

From the consultants?

Chairman Donaldson

The consultants, I think it's in our... basically, in our ballpark now.

Legislator Archer

So, if I may, Chairman.

Chairman Donaldson

Go ahead.

Legislator Archer

One of the things that I said earlier, in conversation with CMA, is that, you know, we have a lot of data, a lot of information. We have some requests out to them based on tonight's presentation, I would like to regroup and figure out what's the best way to, once everybody's had a chance to really do a deep dive with the report that they were given. How can we have some conversation and exchange, get the additional information that was requested tonight, but have more conversation and understanding, thought process and assumptions behind some of the things they propose.

Legislator Archer

So, we've got to work that out. But I do envision there an opportunity to be able to put more questions on the table. How we do that, and in what group, and what setting, we have to figure that out.

Margaret Guarino

We will make ourselves available.

Legislator Archer

Great. And you have the... and we'll follow up. I think Amber and Natalie probably captured some of the questions that came out tonight, the additional information request. So, we'll try and put that together, and get back to you, and say here's what we heard, and when can you provide it? So, we can at least get that to the Legislators who asked the questions. And share it with the general population.

Margaret Guarino

Okay.

Chairman Donaldson

Any other questions?

Chairman Donaldson

Alright, first, I want to thank everybody for showing up. But not only that, but actually making this meeting run quite smoothly, it almost ran by itself. And I'm getting very impressed with us as a group, to be honest with you. If you think about it, when this all began, the COVID all began, many places, actually, many Legislative bodies actually did not have meetings. In fact, we were the only one in the State that continued with regular meetings right off the bat. And I think we not only continue with regular meetings; I believe we've had more committee meetings than we've ever had.

Chairman Donaldson

And that, in many ways have benefited, particularly the newer Legislators, who actually, they may have ended up showing up to all the meetings because it was so easy for them to do. And as a result, that they got themselves up to speed quite quickly. Also, I'm actually very impressed with the new Legislators on how they took advantage of that. And I think I had a conversation with Peter Criswell, not too long ago. The only problem, of course, is you're not quite building the same relationships you have when you're in with... when you're meeting in person. You know, you're not going across the street for a beer and having further discussion you, shall we say? I know people say, well, that's not what you should

be doing. I don't know. But I, I've known that for, you know, I've been politics very long time. And as you know, many things get solved off the floor with the casual conversation.

Chairman Donaldson

I'm so I'm actually very impressed, with particularly tonight was even more impressive, because everybody actually worked very well. I think I could have went to the bathroom and stayed there. And the meeting just kept running well. So, I want to thank everybody for that.

Chairman Donaldson

We do have public hearings on the budget coming up. And that's Monday, November 9, Tuesday, November 10. And Thursday, November 12. Each one of them are at 6pm. They will be Zoom meetings. And then the regular meeting of the Legislature will be held on November 17. And that's at seven o'clock, further meeting details will be forthcoming. So, if any...

Legislator Archer

Chairman?

Chairman Donaldson

Yeah, go ahead, Legislator Archer.

Legislator Archer

Yes, thank you so much. I just really, I want to reiterate with some said earlier. The fact I CMA did an amazing job. But without our team, our financial team there helping set up meetings every step of the way, getting the information, it would not have been as thorough and helpful, I think a review, if there wasn't a good teamwork and partnership and getting it all done. So, thank you to the team. Thank you to CMA. I think it's.... I'm thrilled with what we have. And I think that it is something we all will take away and really have some insight, like we never had before. And that's the way I feel about it. So, hopefully others feel the same way. So, I just really wanted to thank them for the effort they put into this. And it was a lot of effort to get what we got. And meeting with department heads on top of it. So, it really was a job well done. Thank you.

Margaret Guarino

Yeah, absolutely. Everything put funneling everything through Amber and Natalie was a terrific way to get that information flow moving quickly. And we had to move quickly because of the timetable we were under. So, I again, I thanked you before, but I'll thank both of you, again, for that. Thank you.

Chairman Donaldson

Yes also, while we're at it, I want to thank Legislator, Archer for her leadership on this. He did a great job; I really appreciate it.

Legislator Archer

Thank you.

Chairman Donaldson

And I also want to thank the County Executive for cooperating. And in fact, though, we may have wanted better cooperation at points. But in the end, this was the most cooperative effort on a budget and analysis that we've had, as long as I've been here. So, and that's what actually counts toward the County Executive part, because, of course, I was here before that, but this was very cooperative on the Executives part.

Chairman Donaldson

And I'm really looking forward to... we have a lot of items in there that we need to be taking a look at. And we have to cooperate on those at the same time. And I'm looking forward to that cooperation amongst the Legislature and the Executive on this, and the work that we have to do.

Chairman Donaldson

So, anyway, I'd entertain a motion to adjourn. You're muted.

Legislator Litts

So, moved.

Chairman Donaldson

All righty. Seconded?

Legislator Bartels

Second.

Chairman Donaldson

Alrighty. All those in favor?

Legislative Members

Aye.

Chairman Donaldson

Alrighty, meeting adjourned.