
Monroe County Legislature Democratic Caucus



Blueprint for Progress

Solving Monroe County's Fiscal Crisis Without a Tax Increase

Introduction

Monroe County is facing its greatest fiscal challenge in its history. As has been readily acknowledged by the County Administration, we are confronting a budget deficit of over 100 million dollars over the next two years. A crisis of such proportion calls for the end of “business as usual.” We need to find innovative solutions that address these issues. Our solutions, however, must be fair and equitable and resolve the fiscal crisis in a way that does not add to the burdens already shouldered by this community.

Our goal in the development of the Democratic Caucus response to the County’s fiscal crisis, our BLUEPRINT FOR PROGRESS, is a bipartisan effort that puts forth ideas that are *sustainable, viable, easily achieved within the two-year period, equitable, and do not raise county property or sales taxes or cut services*. We believe that this plan accomplishes these goals.

The County Executive made a good first step when she convened both a legislative forum and public forums to obtain input on our financial situation. The ideas that were put forth were creative and progressive. Many that were suggested during the budget forums are reiterated in the BLUEPRINT FOR PROGRESS with what we believe to be an accurate reflection of savings and revenues. We have included viable and achievable ideas originated by the public, Democrat and Republican legislators and the County Executive’s 2004 Budget Advisory Task force report (BAT).

The BLUEPRINT FOR PROGRESS contains cost savings and revenue enhancements that are long term and do not raise general taxes or cut services. The few one-time revenue sources proposed for 2007 will be balanced by the recommended revenue enhancements and savings that aren’t achievable until 2008. This plan does not eviscerate past bipartisan agreements like the Morin-Ryan sales tax distribution plan, as another recently released Republican plan would. This proposal is innovative, bold and challenges each of us to look beyond partisan politics to real solutions for this community.

The BLUEPRINT FOR PROGRESS demonstrates that Monroe County’s crisis can be addressed if we look to bipartisan solutions from the entire community without regard to party affiliation or position. It demonstrates what can be accomplished when we incorporate a wide circle of ideas. Some proposals affect the manner in which the County does business and the way it manages its finances. Some proposals address fundamental inequities in the current budget and contain cost shifts. We, in the Democratic Caucus, have examined these ideas, assessed the potential cost savings, and now are pleased to submit our plan to the community for consideration.

Introduction, continued

Over the next few weeks, we will present the necessary legislation required to accomplish the BLUEPRINT FOR PROGRESS. We invite our colleagues from the Majority to join us on these proposals and urge the County Executive to incorporate these ideas into her budget plan. We will continue to welcome input from the community.

Respectfully submitted,

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Blueprint Proposals

Sources of Revenue

On-Going Sources

Police District

The Sheriff's Police Bureau is currently paid for by all County residents yet provides services to less than half of the Monroe County population, specifically to areas without local police departments. The costs are assessed as part of the General Fund tax levy against *all* property within the County.

Over 56% of taxable property is being charged for a service it cannot access. For example, the towns of Brighton, Gates, Greece, Irondequoit, Ogden and Webster, the villages of Brockport, East Rochester and Fairport and the City of Rochester all maintain their own police departments. Although the Sheriff's Road Patrol has jurisdiction, it does not provide services in these areas. However, residents of these communities are forced to pay for the service.

Nassau and Suffolk Counties have established police districts in which the cost of Sheriff's Police Services is paid for *only by users of the service*. Monroe County should follow suit. This corrects the current inequity in which residents in communities that have their own police departments (more than half of the County) must pay for services that they do not use. Shifting the cost to those who use the service saves the County General Fund an estimated 24 million dollars.

In addition to addressing an inherent inequity in the current system, the creation of a Monroe County Sheriff Police District to be funded by the communities the road patrol serves will cut the County's 2007 forecasted deficit in half, and have a lasting stabilizing impact on County finances.

(Source: Monroe County Budget Sheriff's Police Bureau minus an estimate (the Administration failed to respond to a request for actual numbers) for special services such as the SWAT Team, Navigation Patrol, Airport Security and SCUBA Squad)

| Projected Savings | | |
|-------------------|-------------|-------------|
| <u>2007</u> | <u>2008</u> | <u>2009</u> |
| 24,000,000 | 25,200,000 | 26,460,000 |

Blueprint Proposals

Monroe County Water Authority PILOT

The Monroe County Water Authority has operated with an average \$13 million in net profits each year for the last four years and had an available surplus of over \$40 million on December 31, 2004. Unlike the City of Rochester, which derives \$6 million a year from its water system, the Water Authority does not share its profits with the County. In an effort to cut foreseeable deficits, the County must take the steps necessary to change the way the Authority operates and require that a portion of the surplus be paid back to the County. This can be accomplished by a "Payment in Lieu of Taxes" (PILOT). By paying only a portion of its profits to the County, the Water Authority will be able to maintain an operating surplus to fund the necessary capital repairs while, at the same time, address the financial needs of the County.

(Source: Water Authority financial statements; Can be accomplished through a vote of Water Authority whose board is controlled by the County or a modification of the State enabling legislation)

Collect Rents Due on Frontier Field

The Rochester Red Wings report paying \$200,000 per year in rent to Monroe County for the use of Frontier Field. This rent, however, never reaches Monroe County but is intercepted by the Greater Rochester Sports Authority. This is another example of a benefit that is payable to the County but is intercepted or held by an authority. Frontier Field rent payments should go directly into the County's General Fund to help defray the deficit.

(Source: Financial Statements of Rochester Community Baseball, Inc. and prior year actual data in County budgets)

Accurately Forecast Property Tax Revenue

The County Administration has consistently under-budgeted property tax revenue over the last few years. That is, actual property tax revenue has exceeded budgeted revenue by an average of \$4.4 million from 2001 to 2004. Given the ability of the County to review its tax collection history, it should be able to more accurately estimate what it can expect to collect. Therefore, the estimated revenue should be adjusted upwards. The proposed \$4.4 million in property tax revenue added to the budget in 2007 and in the future represents a conservative projection of the annual underestimation.

(Source: analysis of tax collections from 2001 to 2004 according to the prior year data contained in County budgets)

| Projected Savings | | |
|--------------------------|-------------|-------------|
| <u>2007</u> | <u>2008</u> | <u>2009</u> |
| 7,000,000 | 7,350,000 | 7,717,500 |
| 200,000 | 200,000 | 200,000 |
| 4,400,000 | 4,400,000 | 4,400,000 |

Blueprint Proposals

One-time Revenue Enhancements

Liquidate Unrestricted, Undesignated Internal Service Fund Balances

There are several funds set up within County Departments that pay the costs of interdepartmental services and needs. Sometimes these funds are not expended but stay on the County's books as unrestricted, undesignated Internal Service fund balances. Traditionally, unused balances of this nature are "swept" back into the General Fund. Ninety percent of the December 31, 2004 balances in the Internal Service Funds, excluding Risk Management, would amount to an additional \$4.5 million available for the 2007 budget. Although this is a one-time addition, it balances against other proposals in which the full potential of savings or enhancements will not be realized until 2008.

(Source: Internal Service Funds as reported in the County's 2004 Financial Statements)

Close Outdated Capital Accounts

A review of the budget shows that there are open capital accounts that date back to 1981. These are cases in which the intended capital project is completed and money is left over. County Departments hold on to these balances to supplement their budgets. However, these accounts should be closed to benefit the General Fund by offsetting debt service costs. The County should scrutinize old capital accounts and close those that are no longer relevant. Although this is a one-time addition, it balances against other suggestions in which the full potential of savings or enhancement will not be realized until 2008.

(Source: Conservatively estimated based on data in County Budget)

Collect Past Airport Losses

A 1990 federal court case involving Albany County established that a county is permitted to recover past airport losses incurred prior to 1978, when many county airports were supported by general funds. If Monroe County were to follow Albany County's example, it could recover over \$4 million. Although this is a one-time addition it balances against other suggestions in which the full potential of savings or enhancement will not be realized until 2008.

(Source: Estimate of unrecovered Airport losses prepared by County Finance Department in 1991)

| Projected Savings | | |
|--------------------------|-------------|-------------|
| <u>2007</u> | <u>2008</u> | <u>2009</u> |
| 4,500,000 | 0 | 0 |
| 1,500,000 | 0 | 0 |
| 4,237,000 | 0 | 0 |

Blueprint Proposals

Cost Savings Proposals

Reduce Pharmaceutical Costs

The rising cost of pharmaceuticals not only adversely affects the community but also greatly impacts on the County in terms of pharmacy costs for its employees and the jail population. There are a number of ways to reduce pharmaceutical costs, including pursuing federal Section 340B pricing for jail and correctional facility inmates, as has been done in Texas. A second idea is to promote use of generic medications when high-priced pharmaceuticals are not required, and to negotiate a reasonably priced formulary. This must become a priority item so that the significant impact of pharmaceutical costs on the budget can be reduced.

(Source: County's Office of Management and Budget projection)

District Courts

There currently exists a myriad of town and village courts. Not only does this present system confusion and disparate results for victims and other litigants, it costs the County more than it should to maintain the numbers of assistant district attorneys, public defenders or assigned counsel needed to staff the various courts and the number of Sheriff's deputies needed to transport prisoners. If village and town courts were part of the Unified Court System, they would be eligible for benefits and resources available from the NYS Office of Court Administration.

The County would save money, and services could be enhanced, if village and town courts are consolidated into one district court system, placing them under the purview of the Office of Court Administration. This proposal recommends setting up district courts on the east and west sides of Monroe County and lobbying to have them made part of the State Unified Court System. Nassau and Suffolk Counties have already successfully adopted district court systems.

(Source: County's Office of Management and Budget projection)

| Projected Savings | | |
|--------------------------|-------------|-------------|
| <u>2007</u> | <u>2008</u> | <u>2009</u> |
| 750,000 | 812,500 | 880,625 |
| 1,150,000 | 2,850,000 | 2,935,500 |

Blueprint Proposals

Minimize Jail Recidivism

A Judicial Process Commission report, endorsed by the Monroe County Sheriff, states that about 2,500 people are released into the community from correctional facilities each year. National statistics reveal that approximately 67% of those released are back in jail within three years at a cost, in Monroe County, of about \$40,000 per year. If the rate of recidivism was reduced just 15%, the County could save approximately \$10.2 million per year by the time the program is fully operational.

In order to reduce jail recidivism, the County should develop an initiative that provides intensive case management. Grants from the State and Federal government are available and should be pursued. Although there is an initial expenditure of funds, which will be off-set by grants, the long term savings potential is enormous.

(Source: "Report on Gaps in Services for the Reentry Population : A Proposal for Case Management" issued by the Judicial Process Commission)

Cash Capital Fund

Monroe County currently funds all capital expenditures by borrowing the money (bonding), even on small projects. Under the current practice Monroe County borrows money to pay for routine, relatively small, annual items such as trucks and equipment. This results in hefty finance charges. Monroe County must adopt a new approach to funding small capital improvements by establishing a Cash Capital Fund. Cost savings for this proposal will not be immediately realized, but would bring significant long term savings in coming years. In other words, savings are negative until the equivalent debt for small purchases in prior years is fully paid off , which is estimated to take five years. After that point, substantial annual cost savings will occur.

(Source: 2007-2012 Capital Improvement Plan).

| Projected Savings | | |
|--------------------------|-------------|-------------|
| <u>2007</u> | <u>2008</u> | <u>2009</u> |
| - 250,000 | 1,286,000 | 6,999,400 |
| - 3,050,000 | - 2,318,000 | - 1,571,360 |

Blueprint Proposals

Additional Proposals from the Community, Legislators and the BAT Report

Electronic Bidding

The County can generate savings by using advanced electronic bidding technology and reverse auctioning practices. An estimated 10% to 30% could be saved. Utilizing an average of the anticipated projection, savings of 20% seem achievable.

(Source: Legislator Dobson, Office of Management and Budget)

Cut Utility and Communications Costs

The County should retain consultants and/or auditors to determine ways to decrease utility and communications costs.

(Sources: Legislator Tucciarello, Office of Management and Budget)

Fiber Optics Network Income

Monroe County has an extensive and substantially underused fiber optic network buried in its sewer system. Revenue could be generated by leasing the network to various private entities.

(Source: Legislator Smith, Office of Management and Budget)

| Projected Savings | | |
|-------------------|-------------|-------------|
| <u>2007</u> | <u>2008</u> | <u>2009</u> |
| 2,300,000 | 4,738,000 | 4,880,140 |
| 125,000 | 350,000 | 360,500 |
| 500,000 | 525,000 | 551,250 |

Blueprint Proposals

Additional Savings Based Upon the 2004 Budget Advisory Task Force Report

There are many other proposals to reduce cost and enhance revenue, including, but not limited to:

- Reduce fleet of county vehicles by emphasizing a "pool" system of car use, rather than an employee "take home" policy, and conduct review of vehicle assignments. (\$90,000)
- Sell naming rights for County Park facilities and special events. (\$1,000,000)
- Sell "Pouring Rights" to soft drink providers in Parks, etc. (\$500,000)
- Consolidation of city and county services (IT, Fleet Maintenance, Purchasing, Payroll, etc.) (\$250,000)
- Consolidation within county government (Fleet Maintenance, Records management, inspections, etc.) (\$250,000)
- Increase and refine efforts to secure grants (\$1,000,000)

Forecasted Surplus from 2005

Forecasted Surplus from 2007

Forecasted Surplus from 2008

| Projected Savings | | |
|--------------------------|-------------------|-------------------|
| <u>2007</u> | <u>2008</u> | <u>2009</u> |
| 0 | 4,600,000 | 4,738,000 |
| 3,400,000 | | |
| | 5,062,000 | |
| | | 83,500 |
| | | |
| TOTAL SAVINGS | 50,762,000 | 56,683,500 |
| PROJECTED DEFICIT | 45,700,000 | 56,600,000 |
| SURPLUS | 5,062,000 | 83,500 |