

# The 2020 Recommended Budget

September 3, 2019

# The Bottom Line

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## ▶ **Stable growth in revenues**

- ❖ Sales tax
- ❖ Tax base

## ▶ **New Priority**

- ❖ Capital Plan - provides a funding strategy to achieve the goal of net-zero emissions in County operations by 2035

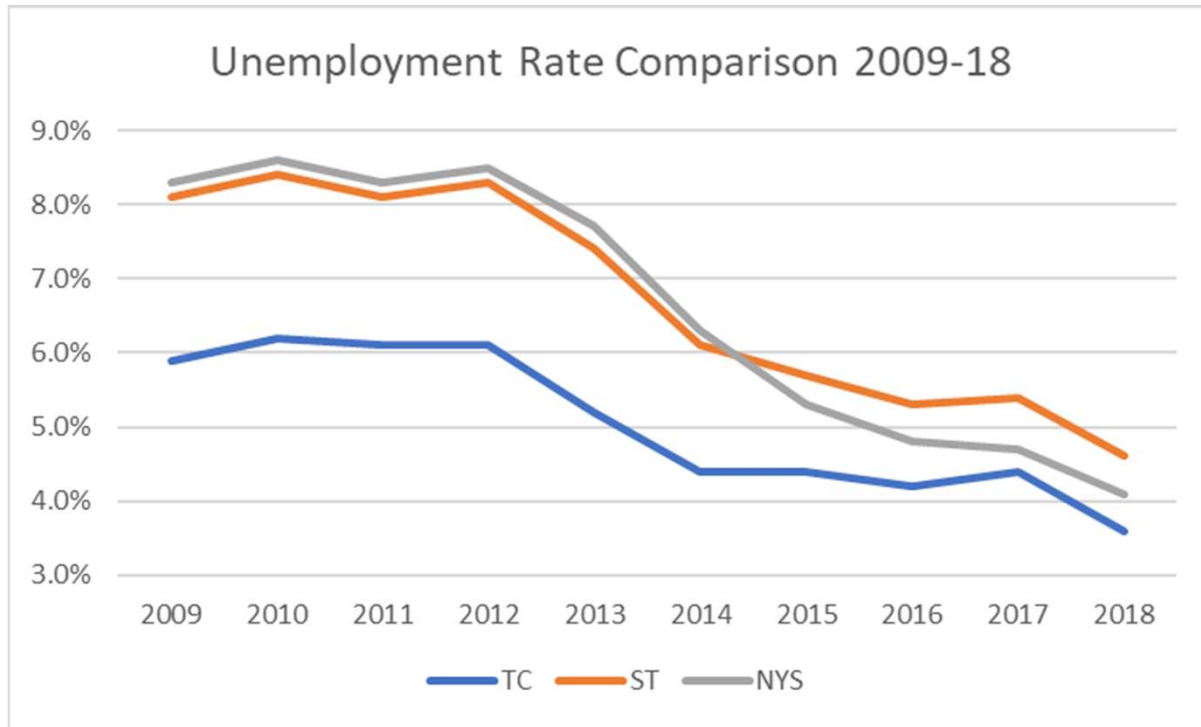
## ▶ **Levy up 2.76%**

- ❖ Rate down for 6<sup>th</sup> consecutive year
- ❖ \$2 increase of solid waste fee

## ▶ **\$15 impact for average home owner**

# Economic & Fiscal Indicators

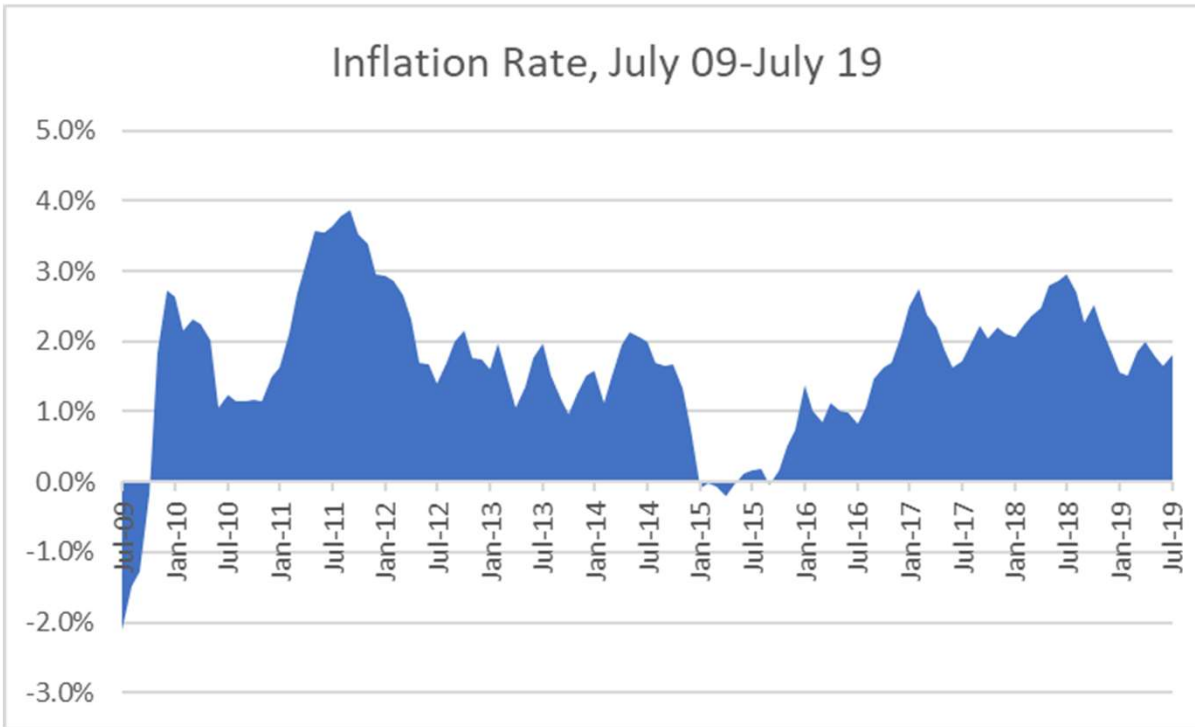
(Factors Affecting the Economy)



NYS Dept. of Labor

As of July '19

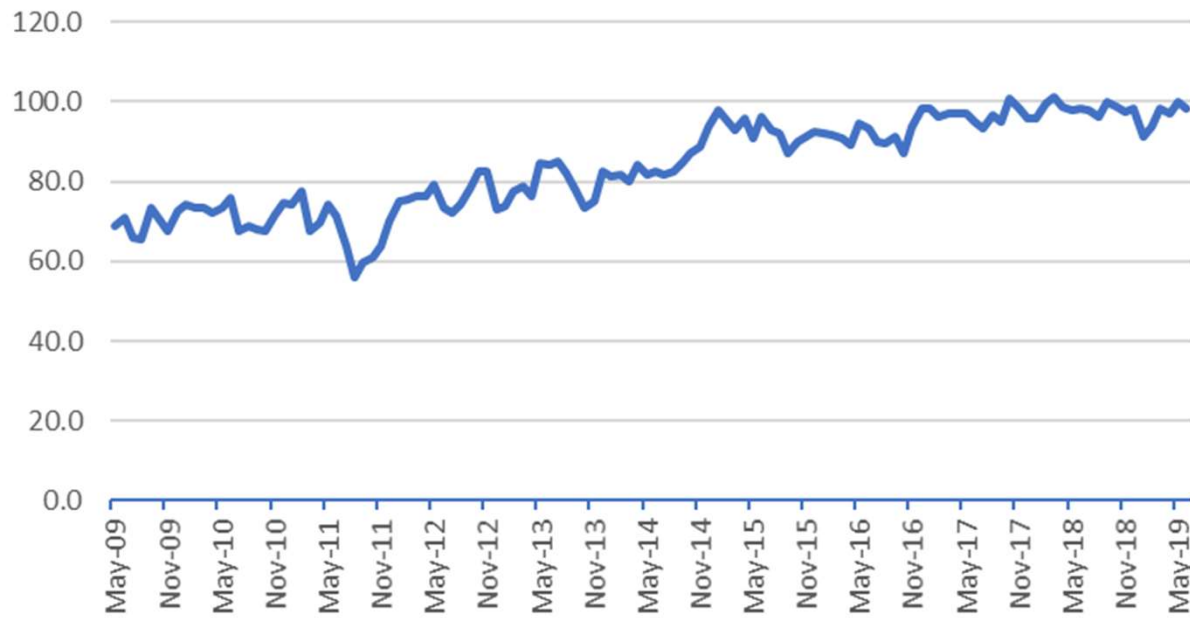
Tompkins County – 3.9%  
Southern Tier - 4.2%  
New York State – 4.2%



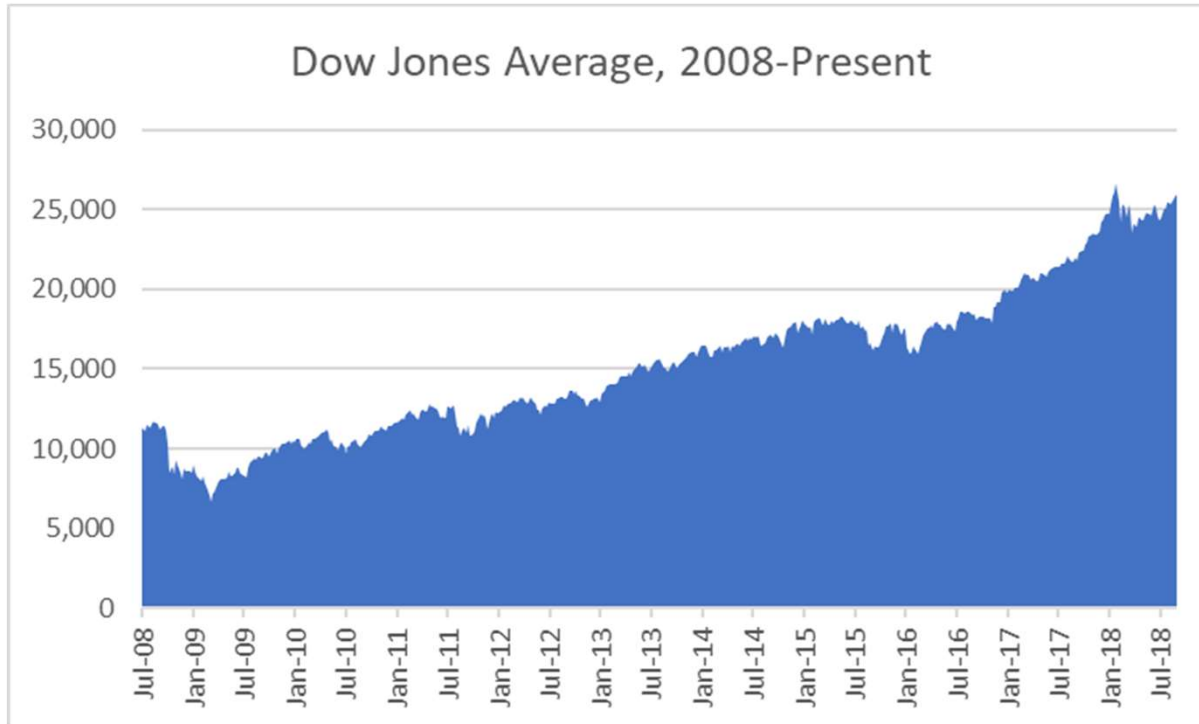
U.S. Dept. of Labor, Bureau of Labor Statistics

July-to-July inflation  
is 1.8%

U.S. Consumer Confidence, May 09 - Jun 19



U.S. consumer confidence  
hit a 14-year high in March  
2018



*Dow Jones Industrial Average*

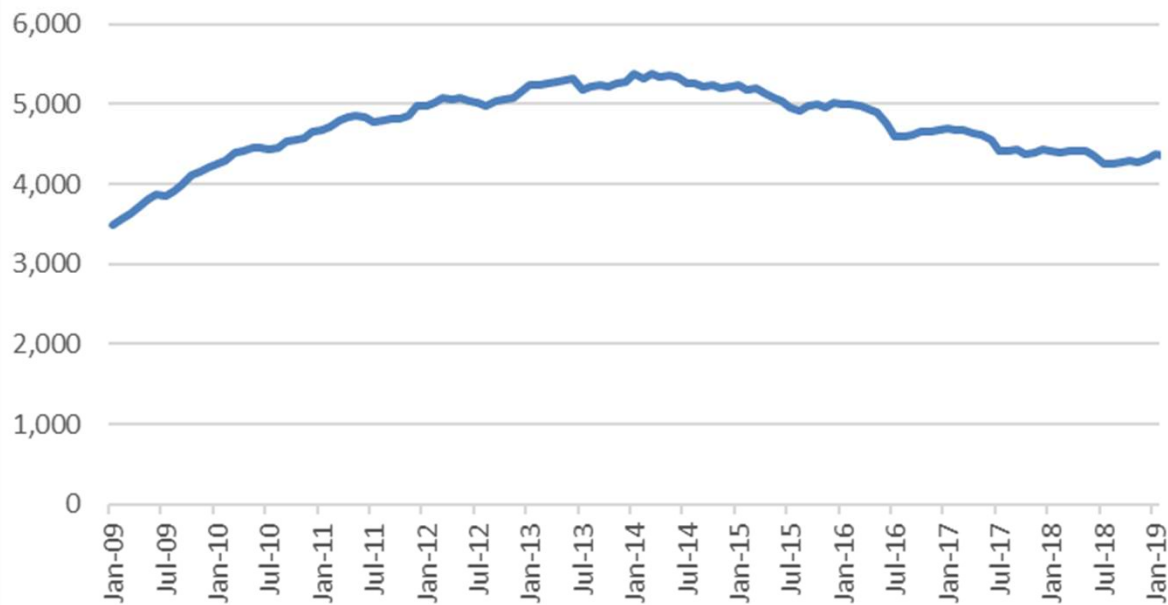
Market still  
performing well,  
despite dip earlier  
this year

# Economic & Fiscal Indicators

(Programmatic Indicators of Need)

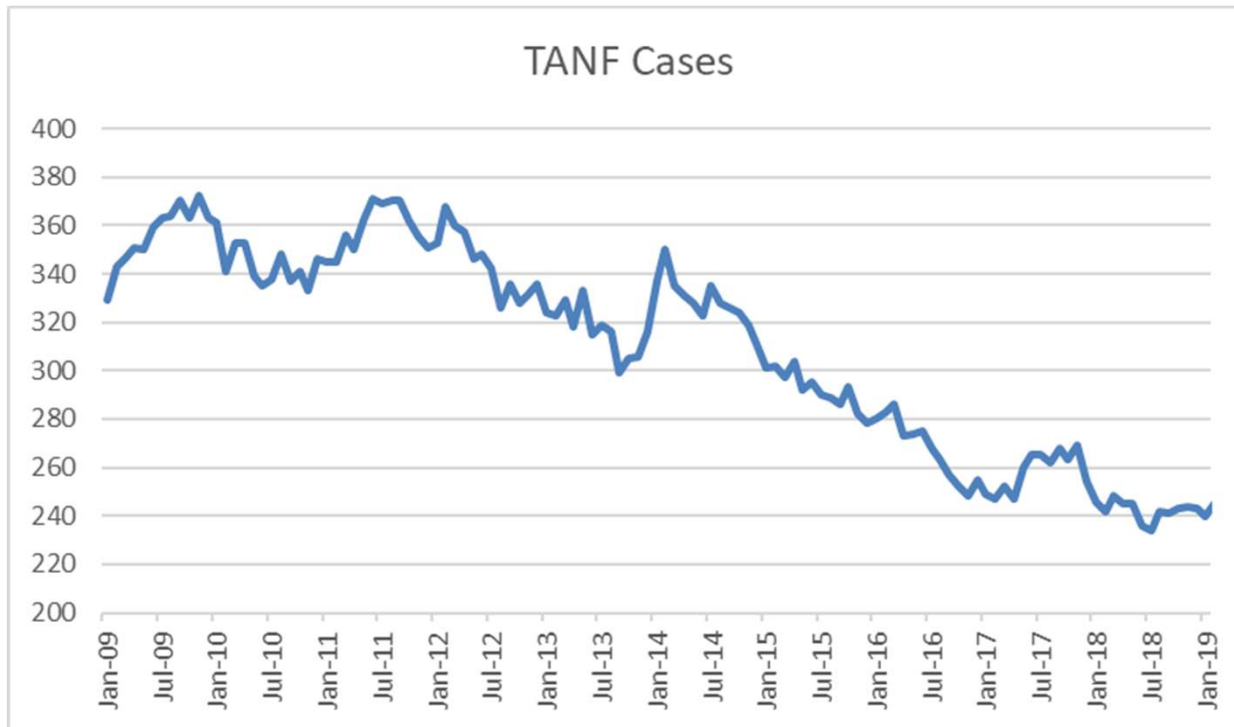


Tompkins County SNAP Cases



<http://otda.ny.gov/resources/caseload>

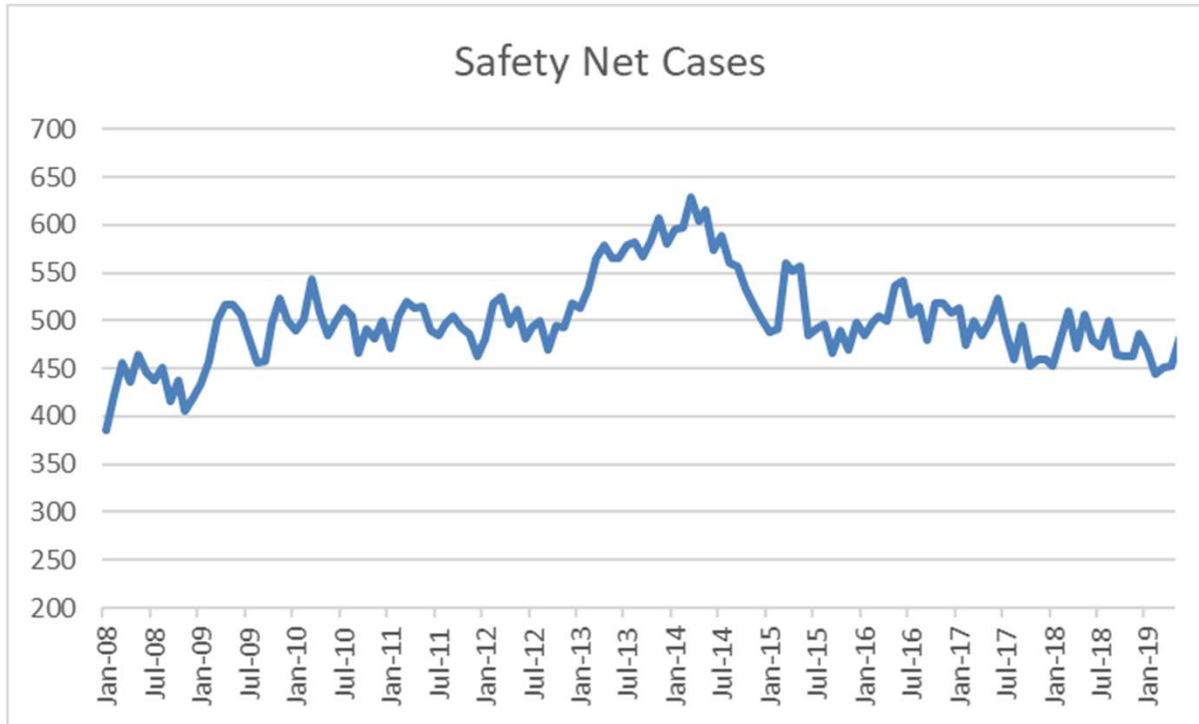
- SNAP (food stamp) caseloads generally declining
- Down 12% from May 2016
- Down 2% from May 2018
- Still 43% higher than January 2008 (pre-recession)



<http://otda.ny.gov/resources/caseload>

- Family Assistance (TANF) cases continue to decline
- Down 13% from May 2016
- Down 3% from May 2018
- Down 28% January 2008 (pre-recession)
- No local cost (or savings)
- 5 year life time eligibility

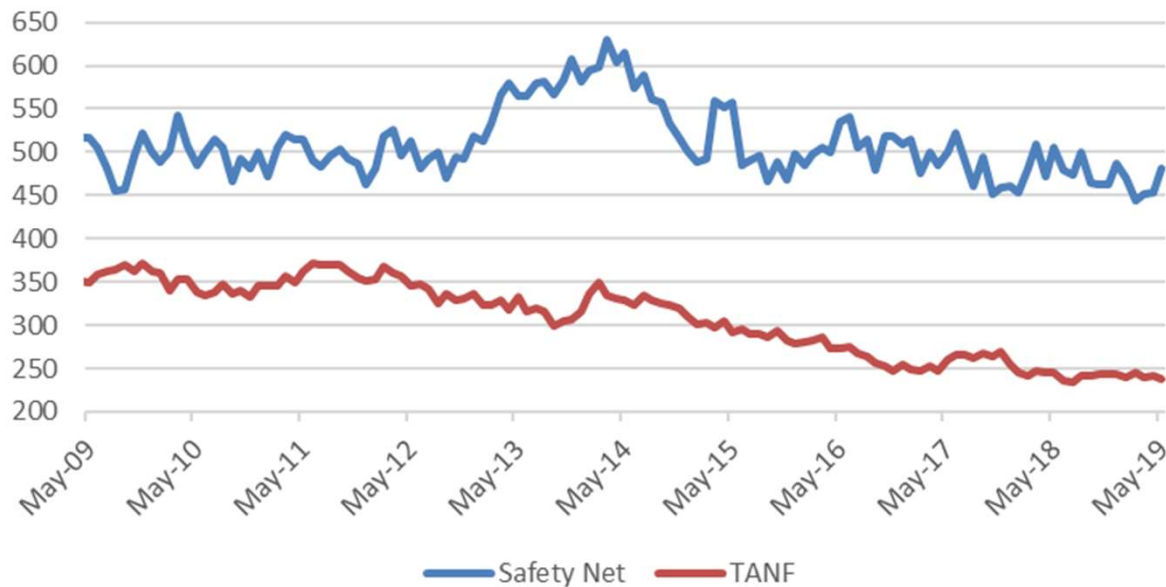
### Safety Net Cases



<http://otda.ny.gov/resources/caseload>

- Safety Net cases remain 25% above January 2008 (pre-recession)
- Down 5% May 2018-to- May 2019
- 71% local funding/ 29% NYS

TANF/Safety Net Transition



<http://otda.ny.gov/resources/caseload>

- Total assistance cases relatively flat from pre-recession
- 8% increase in Safety Net portion of total assistance cases over past 10 years
- Clear shift of cases from TANF to Safety Net
- TANF no local cost – Safety Net local cost
- Homeless shelter is seeing higher numbers than usual.

# Major Budget Drivers

## ▶ Revenues

- ❖ Sales tax
- ❖ Tax base
- ❖ Casino revenue

## ▶ Expenditures

- ❖ Capital Program
- ❖ Labor Costs
- ❖ Unfunded Mandates

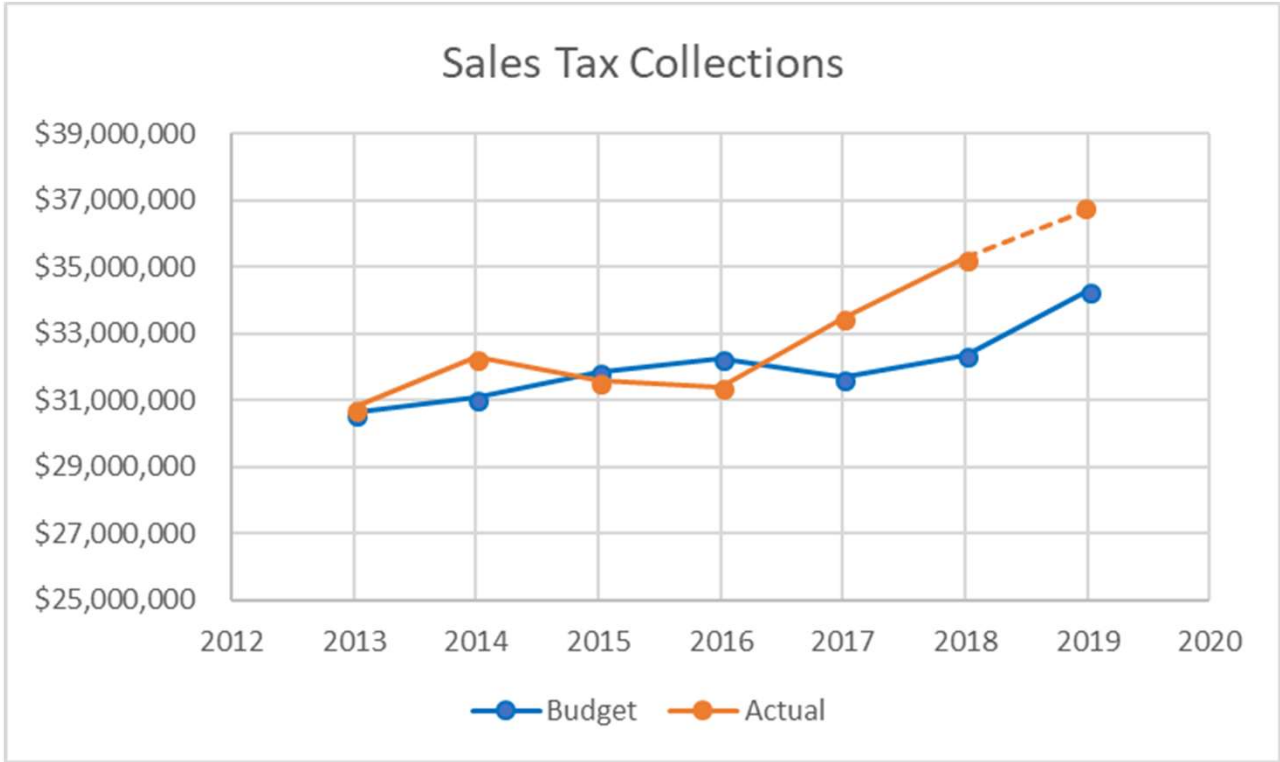
# Sales Tax

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- ▶ Average annual sales tax growth has been approx. 2.0% for past decade
  - ❖ 2.5% for prior 15 years
- ▶ Exception:
  - ❖ -6.07% (2009)
  - ❖ -2.17% (2015) & -.55% (2016)
- ▶ 2017- growth of 6.55%
- ▶ 2018 – growth of 5.41%
- ▶ 2019 - trending growth of 4%

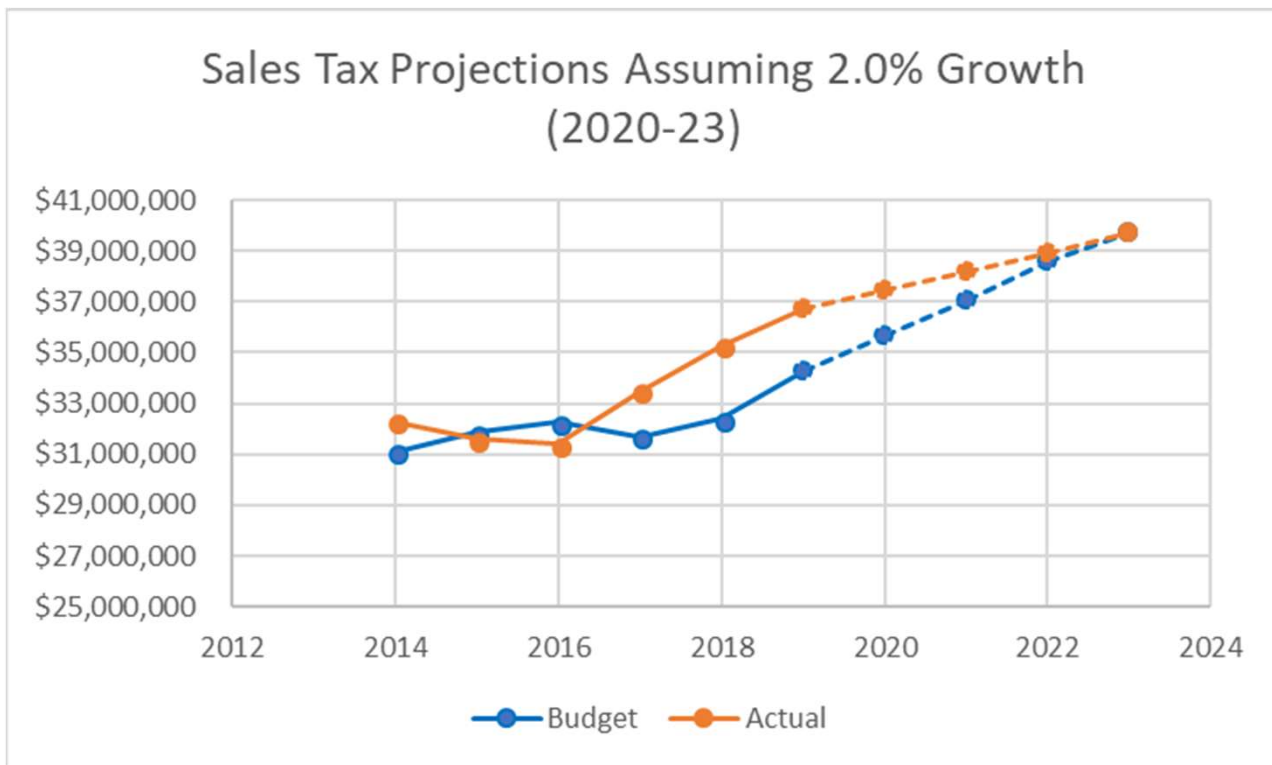
# Sales Tax Projections

Assumes 2019 finishes strong @ 4% growth over 2018



# Sales Tax Projections

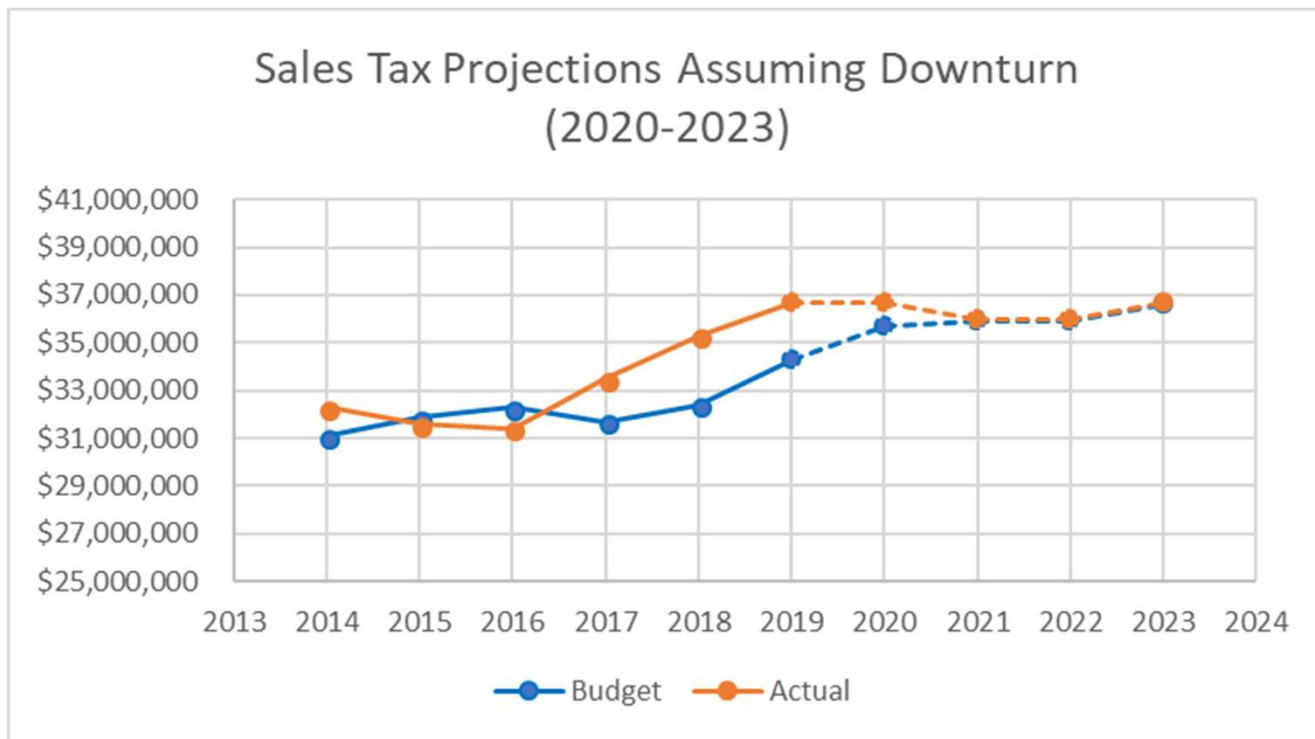
- 2020 Recommended Budget includes 3.98% over prior year
- 2020-2023 experiences the average annual growth of 2.0%
- Annual budget growth for 2021-2023 would be 4%, 4% and 3% respectively





# Sales Tax Projections

- 2020 Recommended Budget includes 3.98% over prior year
- 2020-2023 experiences economic down turn
  - 2020 - 0%
  - 2021 -(2.0%)
  - 2022 - 0%
  - 2023 – 2.0%
- Annual budget growth for 2021-2023 would be .75%, 0% and 2% respectively

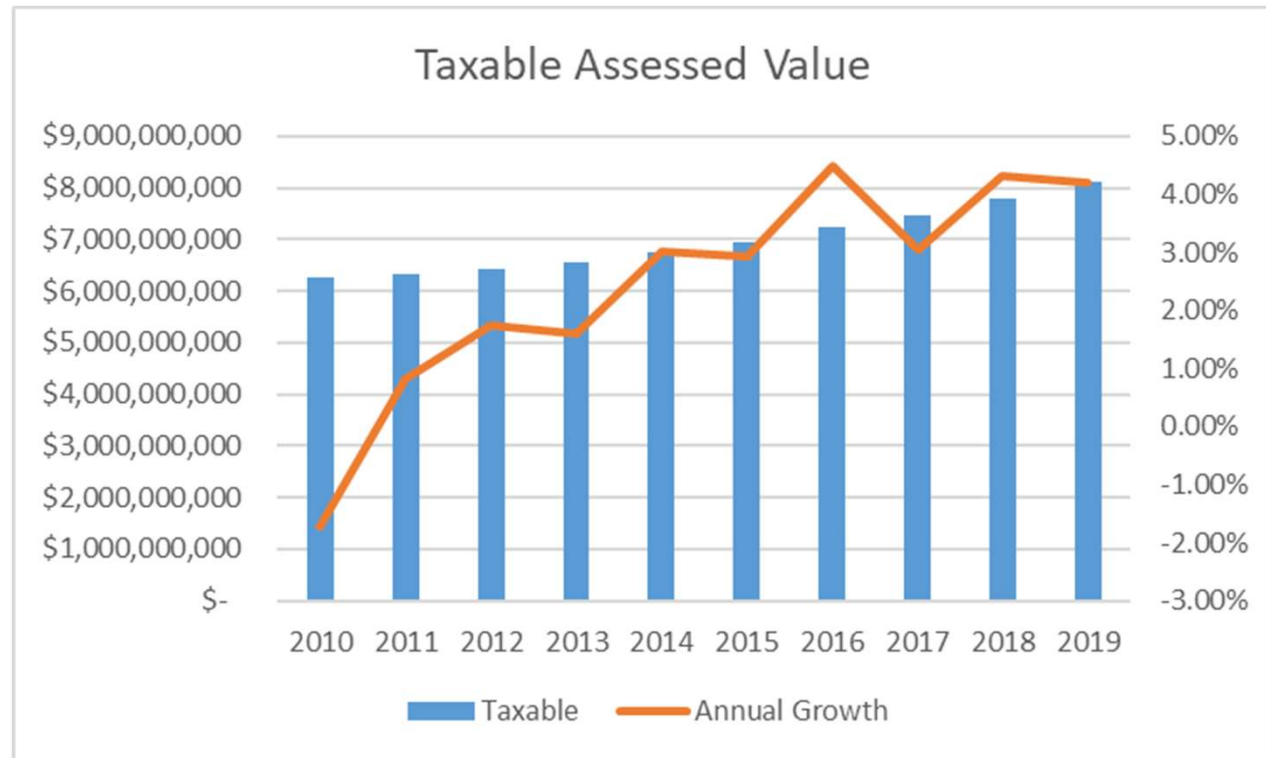


# Sales Tax

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- ▶ Recommended Budget provides for growth with eye on unknown.
- ▶ 2020 budget balances record growth over past two years with the realization that growth will slow in future years.
- ▶ Allows for course correction should economy reverse.

- 4.19% growth in tax base over last year
- 17.0% growth in tax base over past five years
- 29.3% growth in tax base over past 10 years
- Robust growth allows cost of gov't to be spread across larger base



# Casino Revenue

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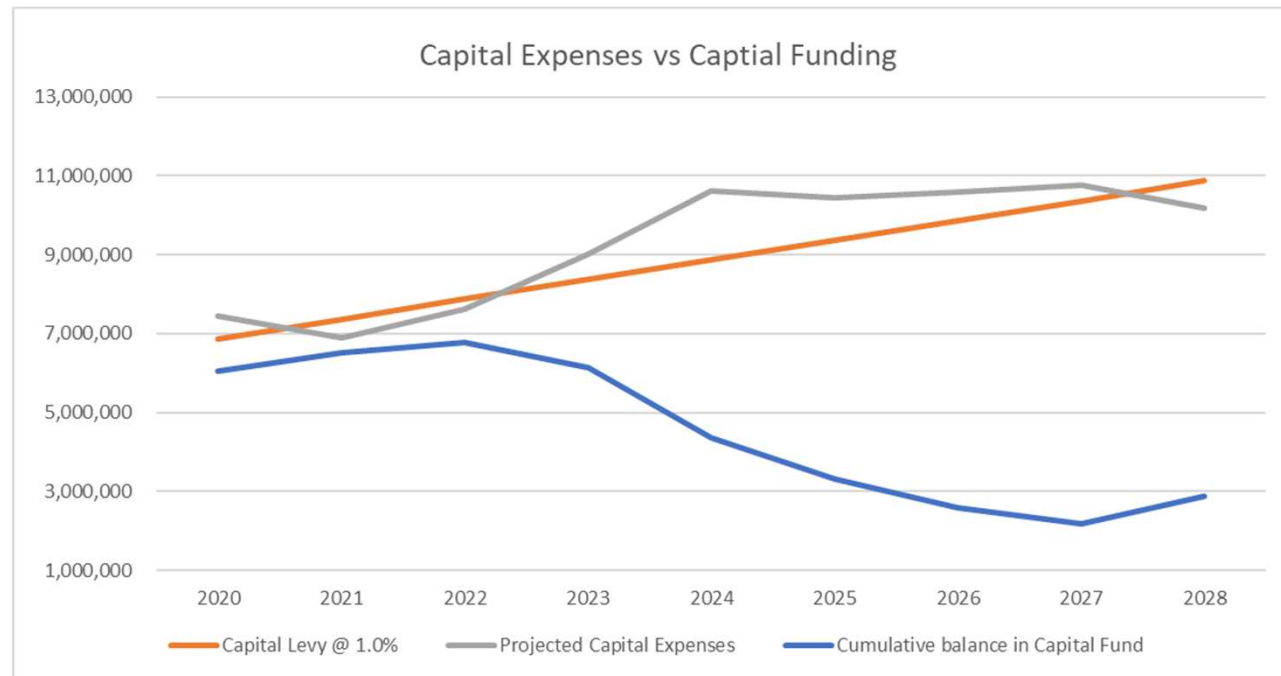
- ▶ 2018 – 1<sup>st</sup> time in Budget
- ▶ Revenue from Tioga and Del Lago
- ▶ 2018 Del Lago experienced bond downgrade & 2019 ownership changes
- ▶ January – July collections of \$1,021,000 – 8% above 2018
- ▶ Growth is likely – increased the budget line by \$300,000 (current budget is \$1.2M)

***Proposed 2020-2024 Capital Plan provides a financial strategy to achieving net-zero emissions by 2035.***

- ▶ Capital Plan proposes approximately \$100 million of investment over the next 15 years.
- ▶ Recommends a policy change in the annual capital appropriation, by allocating 1.00% (compared to the current 0.5%) of the property tax levy to support capital investment.

# Capital Reinvestment

- Designates \$32 million for Green Facility improvements.
- Assumes \$22 million for downtown campus.
- Additional \$30 million for public safety building improvements.
- \$7 million committed to cover airport improvements.
- \$6.5 million for back up dispatch center and system upgrades.
- \$2 million to electrify our passenger fleet.



Cumulative balance in capital fund includes \$2.5M transfer from General Fund unassigned fund balance.

# Fund Balance Policy Update

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- Fund balance in the general fund should take into account a government's own unique circumstances.
- Governments that may be vulnerable to natural disasters, volatile revenue source, or potentially subject to cuts in state aid and/or federal grants.
- These factors should be taken into consideration when considering the appropriate fund balance policy in order to be prepared for changes in financial condition.
- Fund balance policy should include enterprise funds as well.

# Fund Balance Policy Update

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- Current policy is **10%** of budgeted GF revenues = \$19M
- GFOA recommends, “at a minimum, that general-purpose governments, regardless of size, maintain unrestricted budgetary fund balance in their general fund of no less than two months of regular general fund operating revenues or regular general fund operating expenditures.” = \$31M
- Median Aa1 Counties in NYS = **21.6%** & Median Aa1 Counties in US = **31.1%**
- Recommend change general fund balance policy to **18%** of budgeted GF revenues = \$34M



# Fund Balance Policy Update

		<u>Amount</u>	<u>FB as % of Rev.</u>
As of 12/31/18	Unassigned FB	\$ 41,384,887	21.6%
2019	Rollover	\$ (378,000)	
2019	Tioga St.	\$ (1,775,000)	-0.9%
Proposed 2020	Transfer To CF	\$ (2,500,000)	-1.3%
Proposed 2020	One-time OTRs	\$ (1,805,000)	-0.9%
Proposed 2020	Rollover (est)	\$ (115,000)	-0.1%
<b>2020 Year-End</b>		<b>\$ 34,811,887</b>	<b>18.1%</b>

- Fund balance projecting is subject to change – a snap shot in time.
- Assumptions do not consider current year end results.

# Labor Costs

## Wage Growth

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- ▶ White Collar & Blue Collar agreements in place for 2020 – 65% of workforce
- ▶ Budget assumes settlements within parameters
- ▶ Work item of 2020 is to get labor contracts with other units

# Labor Costs

## Workforce

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- ▶ Total of 3 FTE's - limited duration positions for BOE
- ▶ 4.5 FTE's - PW Apprenticeship - Highway
- ▶ 2 FTE's - Deputy positions – Sheriff
  - ❖ Relocation of STOP-DWI program
- ▶ 1 FTE - project management – DOER
- ▶ 1.5 FTE - increase Supervising Attorney to FT & Data Collection position – Assigned Counsel
- ▶ 1 FTE - Chief Equity & Diversity Officer – Cty Admin.
- ▶ 1.5 FTE - criminal justice reforms – DA's Office
- ▶ 1 FTE - Senior Planner – Planning & Sustainability
- ▶ .5 FTE - upgrade to include Deputy Director – WDB
- ▶ 1 FTE - Associate Civil Engineer – Facilities
- ▶ 3-4 FTE - succession planning for various depts.

# Labor Costs

## Fringe

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- ▶ Healthcare premiums up 6%
- ▶ Pension remains flat
- ▶ Overall fringe is up 2% or \$445,000

# Mandates

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- ▶ 5<sup>th</sup> consecutive year local costs are manageable in Human Service mandated expenses
  - ❖ Overall mandated costs are up .90%
  - ❖ Total Increase = \$194,000
- ▶ Criminal Justice Reforms - changes in discover process
  - ❖ DA is requesting additional Paralegal and Investigator = \$162,000
- ▶ Early voting changes require more field techs and clerks
  - ❖ BOE is requesting additional techs, clerks and poll workers = \$160,000 (One-time)
  - ❖ BOE is requesting an addition clerk = \$30,000 (Target)

## Sponsored and Partner Agencies

- ▶ 2% increase in baseline budgets for all sponsored agencies = \$128,000
- ▶ Plus \$372,000 in mostly one-time OTR support for Agencies
- ▶ TC3 – 5% = \$148,000

\*Sponsored Agencies: Cornell Cooperative Extension, TCAD, TCAT, TCPL, Rural Libraries, Soil & Water, The History Center, Human Services Coalition and Agencies, TCAction, SPCA, Recreation Partnership

# Contingency

- ▶ \$900,000 – consistent with prior year base line contingent budget and expenditures
- ▶ **Discontinue** separate \$300,000 OTR for potential jail board outs

# Airport

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- ▶ \$37 million terminal renovation & expansion
  - ❖ \$14.2 million State grant
  - ❖ \$12 million FAA
  - ❖ \$1.4 million (CDBG, NYSERDA, Property sale)
  - ❖ \$10 million locally bonded
- ▶ Est. \$3M in Passenger Facility Charges (PFCs)
  - ❖ May increase with ITH activity and federal changes
- ▶ \$7M has been included in Capital Program as local cost
- ▶ Operations remain flexible with upcoming changes
  - ❖ Customs facility online, airline changes, new flights

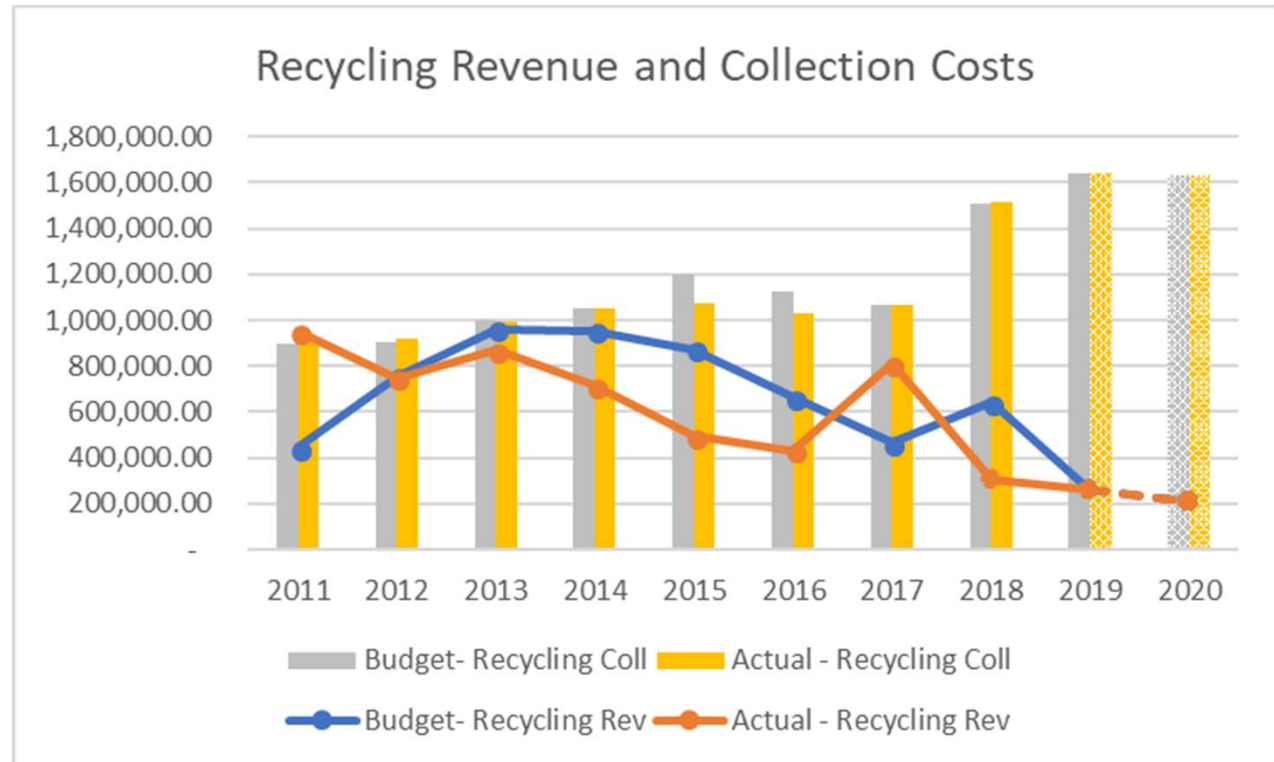


# Recycling & Materials Management

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- ▶ Budget recommends \$2 per unit increase in solid waste fee – from \$58 to \$60
- ▶ Budget recommends additional fee increases for commercial haulers bringing in recyclables
- ▶ Due to increases in expenses and decreases in revenues
- ▶ 2020 Request for Proposal (RFP) development

- Recycling revenue has been in a downward trend.
- 2018 countywide recycling collection increased by \$600,000 under the new 10-year contract.
- Change in recycling revenues & contractual expenses over past two years accounts for a net budget impact of almost \$1 million.



# Recycling & Materials Management

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- ❖ 2019 budget is expected to finish year with a \$400,000 operating deficit due to shortfall in solid waste disposal fee and recycling revenue.
- ❖ The 2020 budget is proposed with a \$310,000 operating deficit.
  - Solid waste annual fee increase of \$2
  - Establishment of fees for commercial haulers to bring recycling to Commercial Ave. facility.
  - Reduction in expenses.

# Recycling & Materials Management

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- ❖ After current year deficit operations and 2020 deficit operations fund balance may be reduced by \$700k. (Current fund balance is \$1.7M)
- ❖ Future year budgets will need to rely less on fund balance.
- ❖ 2020 RFP for operations of the facility.
- ❖ May result in elimination of service or change in delivery of service.

## Major Over Target Requests Funded in Recommended Budget



- ▶ 2020 OTR requests
  - ❖ \$3,123,946
- ▶ 2020 OTR Recommended
  - ❖ \$2,724,966
- ▶ \$1,804,628 One-time; \$920,338 Target

# Major Funded OTRs (Target)

- ▶ Capital contribution – Change policy to 1% of levy to support new Capital Program - \$125k
- ▶ DA's Office - Two new positions – Paralegal and Confidential Investigator - \$164k
- ▶ Highway - Increase for equipment replacement - \$100k
- ▶ Workforce Development Board - Upgrade of part time position to Deputy Director - \$53k
- ▶ Sheriff's Office - 2 Deputy positions and relocation of STOP-DWI program - \$200k
- ▶ Planning - Business Energy Navigator - \$46k
- ▶ Community Outreach Worker - \$40k

# Major Funded OTRs (One-time)

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- ▶ Facilities vehicle & equipment Replacement - \$133,000
- ▶ Municipal Housing Grant - \$30,000
- ▶ Workforce
  - ❖ \$82,000 – 1.5 FTE Assigned Counsel
  - ❖ \$224,000 – succession transition – W&M, ITS, County Clerk, Finance, DSS, Clerk of the Leg.
  - ❖ \$197,000– PW Apprenticeship Program
  - ❖ \$133,000 – Chief Equity & Diversity Officer
  - ❖ \$160,000 – Elections staff for General Election
  - ❖ \$102,000 – DOER Project Manager
  - ❖ \$136,000 – PM/CJC Coordinator & County-wide performance measurement system
  - ❖ \$43,000 – Coordinator for Wellness Court

# Major Funded OTRs (One-time)

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## ▶ Other Agency Requests

- ❖ \$30,000 – CCE – Ops & Efficiency Staff
- ❖ \$110,000 – OAR – College Initiative Upstate
- ❖ \$39,000 – TCAction – Restore lost funding for Amici House
- ❖ \$40,000 – Law NY – Homeless Prevention
- ❖ \$50,000 – OAR parolee/housing case manager
- ❖ \$80,000 – TC3 – Business data analytics project
- ❖ \$40,000 – TCAD – Water/Sewer Study

## ▶ Many others



# Over Target Requests

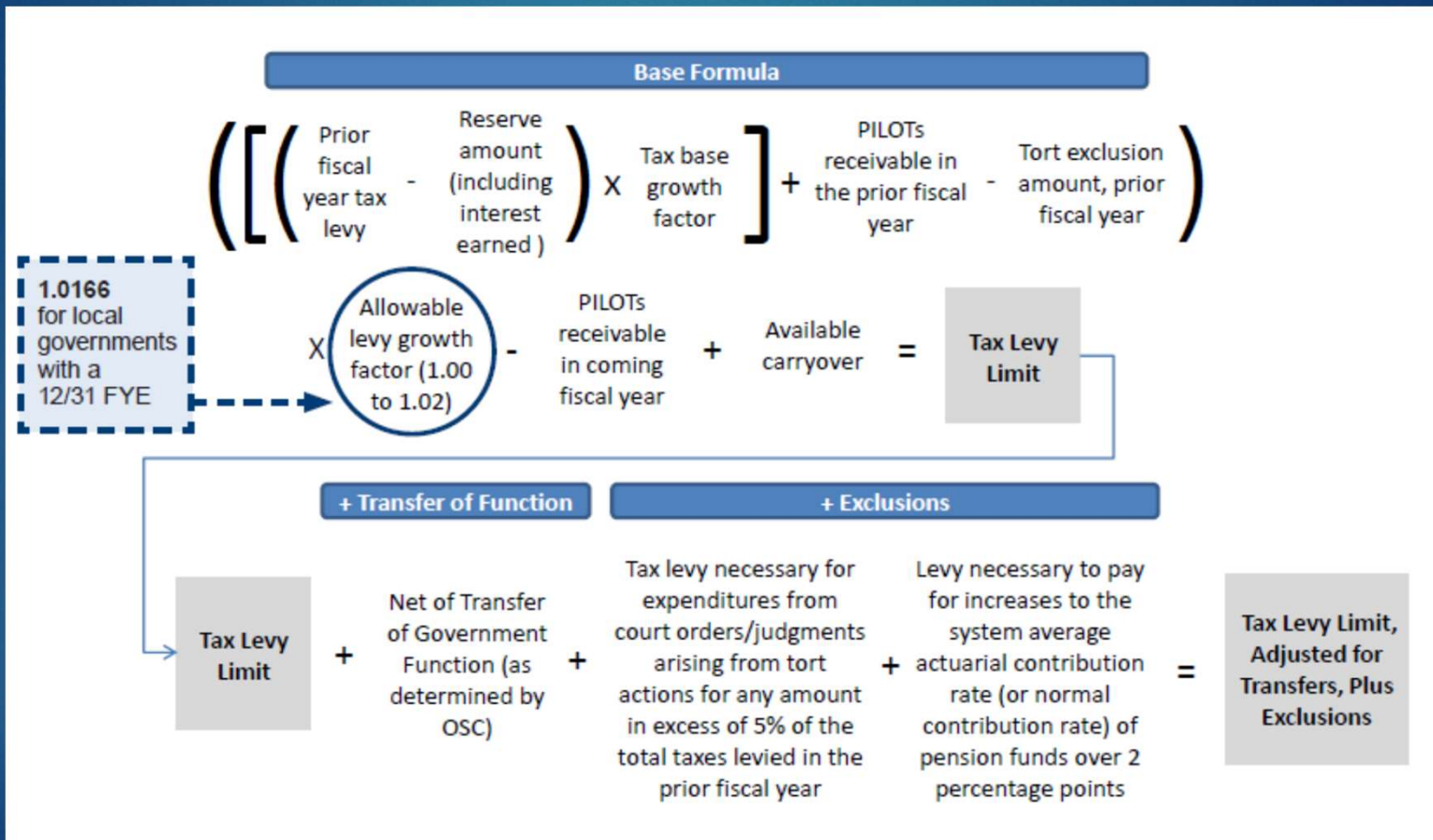
41

	<u>Total</u>	<u>Reserves</u>	<u>Levy</u>
<b>Requested</b>	\$3.12 mil.	\$1.77 mil.	\$1.35 mil.
<b>Recommended</b>	<u>\$2.72 mil.</u>	<u>\$1.80 mil.</u>	<u>\$.92 mil.</u>
<b>Difference</b>	\$.40 mil.	-\$ .03 mil.	\$.43 mil.

# Risks

- ▶ Recycling & Materials Management
- ▶ Airport
- ▶ Sales Tax

# Tax Cap Formula



## Tax Cap (Assumptions)

- ▶ Tax Cap Estimated at 5.41% (\$2.7M)
- ▶ Large roll over from last year = \$716k
- ▶ Tax base growth factor is big contributor
- ▶ Sales tax credits to Town's influences cap

# Approach to 2020 Budget Review

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- ▶ 2.76% levy increase
  - ❖ Meets financial goal set by Legislature
  - ❖ Under tax cap
- ▶ Supports current ops, 2% for agencies
- ▶ Supports new Capital Program
- ▶ Captures sales tax growth

# Total Budget (Millions)

2020	\$191.8
2019	<u>\$187.1</u>
\$ Change	\$ 4.7
% Change	2.5%

# Local Budget (Millions)

2020	\$92.65
2019	<u>\$90.70</u>
\$ Change	\$ 1.95
% Change	2.15%

## Tax Levy (Millions)

2020	\$51.3
2019	<u>\$49.9</u>
\$ Change	\$ 1.38
% Change	2.76%



## Tax Rate (Millions)

2020	\$6.31
2019	<u>\$6.41</u>
\$ Change	(\$ .10)
% Change	(1.58%)

## Average Tax Bill

(\$190,000 median in 2020,  
\$185,000 in 2019)

2020 \$1,200

2019 \$1,187

\$ Change \$12.86

% Change 1.08%

Solid Waste Fee \$2

Impact on homeowner: \$15

# The 2020 Recommended Budget

Tompkins County, NY  
[www.TompkinsCountyNY.gov](http://www.TompkinsCountyNY.gov)