

Minutes of the Erie County Fiscal Stability Authority

Finance Committee Meeting

October 7, 2019

Present: Chair James Sampson, Director Barry Weinstein, Director Peter Marlette, Director Craig Speers, Director Catherine Creighton, Director Oliver Young and Executive Director Kenneth Vetter

Chair Sampson: "Some county folks are here to give us a presentation on the 2020 proposed budget and financial plan. I'll ask the county to do an overview of the submission and ask Ken to do his overview from an ECFSA perspective and we ask the county to respond to questions he provided to the people who are here from the county."

Chair Sampson: "Before we do that, I'd like to ask that we approve minutes of the last meeting. You should have them in your packet. I would entertain a motion to approve the minutes."

Moved: Director Marlette

Seconded: Director Speers

Vote 5-0 to approve

Chair Sampson: "Scott, would you like to start the presentation."

Mr. Brylewski: "My name is Scott Brylewski, Deputy Budget Director. Mark Cornell, from the Budget Office is also here with me. Bob Keating, the Budget Director, couldn't make it today, but certainly, if there are any questions for him, he will follow-up. The budget itself, is simple and straightforward. There is a decrease of 2.48% in the tax rate which boils down to \$0.12 per thousand of assessed value. The effective tax rate is \$4.72 for the county. The community college chargebacks will be eaten by the count in the amount of \$4.4 million. Sales tax is projected to increase 1.5% in 2020 over 2019. We are proposing \$60 million in road and bridge work. We continue to retire more debt than is issued this year. What is new is all county labor unions are under contract. Most of the salary increases are due to New York State mandates as well as contract provisions."

"Even the Buffalo News reported at first view the budget appears to be conservative and responsible. I look forward to any questions you might have and I'm ready to answer any questions you might have in the short time we've had to prepare for the meeting."

Chair Sampson: “Instead of asking questions first, Ken, could you give us an analysis of your sense of the budget and financial plan.”

Mr. Vetter: “I think there is an item from the Editorial Board that accurately describes the budget. It’s representative. This appears to be a conservative budget. For instance, sales tax revenues are projected for 2020 to be less than the increase of 2019 of about 3.8%. Property values are higher than anticipated in the budget and we have looked at certain social services programs like Medicaid and Family assistance and the trends are flat or going down, which appears to be good news for the county.”

“The major items in the budget appear to be in good condition, except for overtime, that has been a problem for the county for years. The only other item we are looking at in this early stage of analysis is the county’s assumption of no or much reduced cash flow borrowings in the budget. There is generally \$2 million budgeted for cash flow borrowing. Last year the county did \$80 million in cash flow borrowing. The legislature is authorizing \$50 million this year.”

“The risk items are threefold at this point, one being the overtime, the interest for revenue anticipation notes and the third being if the economy starts tanking, things like sales tax that comprise 31% of the budget might not meet budget, if the economy does what it did in 2008.”

Director Speers: “I have some questions on the holding center. Most of them center around page 260. I understand that under bail reform there’s been a considerable drop in inmates at the holding center. What do you think the impact will be on that overtime in that area if their daily headcount is down substantially?”

Mr. Brylewski: “We do anticipate it will be decreasing. Given the newness of the legislation, we didn’t feel comfortable with putting it into the budget. It’s conservative, keeping the overtime status quo, but hopefully in future years we can start reducing that overtime.”

Director Speers: “I noticed the overtime budget on that line was down about \$1 million, which is great. If this continues to pan out in the current pattern, with the occupancy staying low, it can be even better.”

Director Creighton: “Do we have numbers yet on the number of occupants?”

Mr. Brylewski: “I do not have numbers on the jail population presently. Everything I have is anecdotal.”

Director Speers: "I have questions on page 264, the jail health component. Do you think we have enough staffing for the health care segment of that service?"

Mr. Brylewski: "My understanding is that we do, based on what has been requested by the Sheriff's Department. Given what's happened in the jails over the last few years, there is a valid concern. However, it is my understanding that those levels are appropriate. If we receive additional information, we will look at it."

Director Speers: "Do you know if there are any state grant programs that could be applied for, for additional staffing for that health care function?"

Mr. Brylewski: "Not to my knowledge."

Director Speers: "For the Sheriff, I didn't see any line for the marine or mounted divisions."

Mr. Brylewski: "It looks like they are rolled up within the aviation portion, but we will confirm that."

Director Speers: "In Book B on parks and highway, there is \$300,000 there for parks equipment for updates. I'm assuming that's for motor vehicle equipment. Do you think that's sufficient?"

Mr. Brylewski: "That specific request was done in conjunction with the new Parks Commissioner. That is a dollar figure Commissioner Schinzel is comfortable with. You're taking about the capital portion in book B."

Director Speers: "DPW Highway Division, capital spending was \$2.5 million. I'm assuming that's mostly for snow removal equipment."

Mr. Brylewski: "That would be my understanding, as well and I believe that was an increase over last year's budget."

Director Marlette: "I am pleased with the budget. It's realistic and conservative. I am happy we have the current union contracts resolved. What's on the horizon?"

Mr. Brylewski: "That should be set forward on page 46 of the budget message. In a one-year time period, SUNY Erie administration as well as faculty and the librarians for next year."

Director Young: "I have a question about employee retirement. Some employees are retiring early to take advantage of free retirement health insurance coverage. In 2020 you have to contribute. Will that be a positive or a negative?"

Mr. Brylewski: “We don’t have retirement numbers yet. We do anticipate that will be a positive on the bottom line because when you have people with more seniority, they will be at a higher step. New people come in at step zero. There can be a vast salary difference. The administration is having a very aggressive succession planning by way of training for succession as well as training-up other positions. We can’t anticipate every single person who is going to take advantage of it but in the vast majority of departments those positions have already been analyzed and there is an anticipation that would happen. We are expecting a large group of retirees this year chiefly because of that health insurance incentive.”

Chair Sampson: “Tell me more about what you’re doing with SUNY Erie and potential maintenance of effort. How much is the maintenance and how does the capital component paly into that?”

Mr. Brylewski: “I know as more of the capital component moves over to maintenance of effort, the operating support increases.”

Mr. Vetter: “It increases by about \$400,000 and in the plan going forward, the amount goes up by an extra \$970,000 per year as compared to the previous version.”

Director Young: “The county can change that whenever they want?”

Mr. Vetter: “Yes.”

Mr. Brylewski: “We can increase it.”

Chair Sampson: “When we talked to the SUNY Erie folks a few weeks ago, they talked about a substantial request for capital borrowing. I believe the amount is about \$13 million per year. What does your budget recommend for this coming year?”

Mr. Brylewski: “It may have gone up slightly. I don’t have the 2019 book in front of me. I’m going by recollection right now. They have been asking for the \$13.5 million and we put in \$3.75 million for 2020. For collegewide equipment there’s \$1,080. That’s listed on page 137. In the financial plan, we have included the \$13.5 million as a reference.”

Chair Sampson: “So, what you’re saying is that you are including substantially less than the college is requesting for 2020.”

Mr. Brylewski: “Yes.”

Chair Sampson: “I think they were requesting \$2 million for early retirement?”

Mr. Vetter: "They were requesting \$2 million for early retirement and \$1 million additional per year for an increase in maintenance of effort."

Chair Sampson: "On to the change in the age of responsibility, last year during the presentation everybody was very comfortable that the State was going to reimburse the County. I believe that has not occurred."

Mr. Brylewski: "Reimbursements have not occurred. My recollection is that a plan has been submitted to the State but that the claims process has not yet occurred. So, we don't have any State dollars coming back yet."

Chair Sampson: "Are you realizing that as income or absorbing the cost?"

Mr. Brylewski: "We are absorbing the cost because we have to with the anticipation, they will be coming but we are not recognizing anything until it actually comes."

Chair Sampson: "Do you have a sense of how much that is?"

Mr. Brylewski: "I believe it was set forth in the County Executive's message. For 2020 we are expecting to spend \$1.2 million over the previous year. I don't have the 2018 figures."

Chair Sampson: "Any impact on the Holding Center?"

Mr. Brylewski: "I don't have any numbers on that Mr. Chairman."

Chair Sampson: "Is there a similar situation with the District Attorney's office?"

Mr. Brylewski: "The criminal justice reforms, change in speedy trial and bail reforms. There is no plan for reimbursement of that. We are sending \$1.15 million as set forward in the County Executive's message."

Chair Sampson: "Foster care is decreasing by \$3.4 million."

Mr. Brylewski: "I believe that's one of the questions we received. I believe we supplied that information."

Chair Sampson: "What is an appropriate fund balance for the county? The County has added close to \$30 million over the last 8 years. Have we ever had that discussion about what is the appropriate fund balance?"

Mr. Brylewski: "I don't know in the past if the county and this body has had that discussion. We have talked about it at the county and we are more comfortable with the fund balance where it is now. The fund balance is within the appropriate percentage for what some would call a rainy-day fund."

Director Speers: “When the President of SUNY Erie was here, one of the things he made clear was that there is a need for increased capital spending on the North and South Campuses because of the outdated facilities. Bob Keating also said there’s a limited amount of funds that can be raised for capital spending. One of the suggestions was for SUNY Erie to apply to SUNY for some type of capital grant to help with renovation of those campuses. That is one thing we did pass on to SUNY Erie. See if you can get money from SUNY instead of local sources, which are limited. I hope the state would provide money for criminal justice reform. I suspect this is impacting every District Attorney’s office in the state, these extra costs for speedy trial and everything else. I’d press DCJS for.”

Director Weinstein: “Do you have projections for the 2019 budget surplus?”

Mr. Brylewski: “I don’t have that information with me today.”

Mr. Cornell: “We will have it relatively soon. We are completing our Budget Monitoring Report next week and there should be a rough first anticipation of year end positive variance.”

Director Young: “Back to Criminal Justice Reform, with the bail reform, you would anticipate fewer incarcerated inmates. Which means the ratio of inmates to correctional officers should decrease, right? That should also reduce overtime, right?”

Mr. Brylewski: “Given the newness of the legislation we don’t have hard numbers. We are trying to be as conservative as possible, that’s why the overtime number in the budget is where it’s at.”

Mr. Vetter: “With regard to the additional positions in the health department, the state has mandated lead levels go from 1.2 micrograms to 0.5 micrograms, I’m assuming the reimbursement for this is the same as it is for the department, not a zero thing.”

Mr. Brylewski: “Yes, it’s 36%.”

Chair Sampson: “What’s the trend on payments to ECMC?”

Mr. Brylewski: “As set forth in the budget book, we are having regular conversations with their finance people, their chief fiscal officer. By the way, I am on the ECMC board as a non-voting member. For the recommended 2020 budget we are showing about \$30.6 million, then up to \$37.8 million and \$42.8.”

“That has to do with the usage of the credits we have. It stays fairly stable between 2022 and 2023 at \$42.9 million.”

“Before we close, I’d like to echo what others have said and the editorial at the Buffalo News said, this is a conservative, responsible budget that makes our job easy and we like that. We look forward to seeing you on October 21st.”

Chair Sampson: “With no further business, called for a motion to adjourn.”

Moved by: Director Weinstein

Second: Director Speers

Approved unanimously.

Respectfully submitted,

James Sampson
Chairman
October 7, 2019