ECFSA Finance Committee Meeting
June 7, 2011
Erie County Library Auditorium

Present: Chairman Oliverio, Secretary Keysa and Executive Director Vetter

Guest: Budget Director Gregory Gach

Chairman Oliverio: "Good morning, today is June 7, 2011. This is a meeting of the ECFSA finance committee. Here today with me are Secretary Keysa and Executive Director Vetter. The only thing on our agenda is the budget and four year plan. We have Mr. Gach, the County Budget Director here to speak on that. Before we do that, Secretary Keysa would you like to cover the minutes of the previous meeting."

Secretary Keysa: "Yes Mr. Chairman you have before you the minutes of the finance committee meeting of December 10, 2010. They are ready for approval at this time."

Chairman Oliverio moves to approves, Secretary Keysa seconds and the committee votes unanimously to approve the minutes of the December 10, 2010 meeting.

Chairman Oliverio: "Alright, we will move right into the budget and four year financial plan. Thank you Mr. Gach for being here. We received the revised plan that contains some significant changes from the initial plan that we received earlier this year. I understand that some significant work went in to those revisions. I also understand that you have a brief presentation this morning so why don't you take over from here."

Budget Director Gach: "Thanks and thank you for having me here this morning. As you mentioned you have the revised four year plan. It has changed in a lot of significant ways from the last one you approved provisionally, primarily because we have more data. The last plan was prepared in June, July and August of last year and since then we have closed out 2010 with an approximate $24 million surplus. I just released the April BMR so based on that new information we made some changes to the plan. The major changes to the plan that are outlined in your letter, we went with a 2% property tax assessment growth for all three years of the outlying years instead of 3% in the other two years. This is really based on two things. We are hoping that assessments will grow at 2%, last year it only grew by 1.8% but in past years it grew at 5 – 6 %."

"We don't have any assessment numbers yet. The town assessors are completing their roles and will be sending in them in over the next few months so we will have tentative final roles sometime in August. At that point we will have a better idea of whether or not we have attained 2%, less or more. The other thing that we were talking about is a property tax cap in New York State. The latest version is running at 2% so we looked at that as a tax cap and 2% is the maximum that we could go up anyway. There are some loopholes in the latest version that has been proposed that allows for pension increases. In the version that was there before there were a couple of options; one was an increase in certain social services programs like Safety Net and a couple of other minor ones for capital work. So we believe 2% is reasonable given our history of growth and if there is any tax gap the 2% should be attainable."

"The other thing is that our 2010 sales tax numbers came in with roughly 2.4% growth over the previous year and the great news on sales tax is that for the last 7 months, sales tax has grown by roughly 5.5%. The last check that came in this month was up just south of 2 % but that is similar to what happened last month and then the next check was up 20% so we believe that this a reasonable number to use at this point. We will be looking at it again and have one more reconciliation before releasing the budget in October but so far this looks pretty good."

"Another major item that we have changed in the budget and the four year plan which has been reported extensively in the press yesterday and today is the elimination of 300 jobs. I have given your ED a report as to where those jobs are coming from. In my BMR I released last week there are 183 vacancies in full time, and RPT position. We have gone into an extensive lock down on filling vacant positions. Basically the only positions that are being filled are public safety and on a one by one consideration; if it is required by some type of mandate or is a revenue generating position. We believe the 300 based on about 200 vacancies as of June 2nd, we expect there will be more vacancies throughout the year."

"The other thing that we are looking at is a variety of Six Sigma and management initiatives. We are looking at a number of different areas we believe we can get at least 67 from process improvement eliminations. Our new Six Sigma person, Jim Milton has done a yeoman's effort in getting down and dirty as I call it. He has been sitting in the different departments, looking at things, coming up with ideas to improve the processes of things that they are doing. Mail sorting right now what he found was that when mails was brought into the sorting room it was put on one side of the room take a handful of mail, walk across the room, sort it out walk across the room, etc. It gets even worse than that particularly in the DSS mail room, there are multiple locations in the Rath Building where they sort the mail for the Hens and Kelly building into four areas. After they are done with the sorting they grab the four send it over to Hens and Kelly in a box and then somebody over there then goes and takes the box and again puts the mail at one end of the room and sorts it to the other end of the room."

"It's those types of things that we are looking at. They seem rather simple but they are the type of things that Mr. Milon has been coming across as well as some administrative issues that believe it or not some of the items supervised by some supervisors were determined by how big the room was. So if you could only fit 6-8 in a room that is what you were supplied with. If you have ever been anywhere in the Rath building the metal walls come down with a crow bar so it is a simple thing of taking down a few walls and that supervisor can now take down 12-16 people which eliminates that need for an additional supervisor. So it is those types of things as well as some major initiatives that I mentioned in my last letter which includes a deep look into the way social services applications are handled. In some instances it was noted that an incident was documented 8 different times and put into different systems that was updated repeatedly. What we are doing know is updating in to a system that is talking to one another. So now the information only has to be input one time and the information is available for all different departments. Our IT Director is meeting in Albany this month to go over with state social services, a very exciting program that we are interested in that will basically computerize our entire process. An applicant will go in, fill out questions in the system and the system will then determine what programs they are eligible for. This is as opposed to a person, where an applicant would go to a person and he would determine that that applicant was eligible for food stamps, that person would then go to the food stamp desk, he is also eligible for Medicaid and that goes to the Medicaid desk and so on and so on. This would actually determine where it goes immediately bottom line it will make the process much more efficient. It will be very transparent to the clients out there and eliminate the need for a paper trail handled by a lot of people. We have discussed this many times here."

"One of our major overtime issues is in the Holding Center. This is not only just for the guards but we are in the process of automating all of our medical records over there. Pass inmates as well as existing inmates. So for past inmates who show up, essentially what will happen is that the nurse will bring up an inmate's medical records and have the ability to say "Alright Mr. Smith are you still being treated for high blood pressure, are you still taking these drugs, etc, etc.?" So the records are already there and we have already gone the initial triage of collecting information on the inmate, speeding up the process and eliminating a lot of hands and people involved in collecting information on this inmate. So we are fairly certain that 300 is an attainable number. The other thing we looked at is the county cost of these positions. The 410 jobs that we eliminated last year were typically high county share portions. We looked at a lot of position that were 100% county share or over 50-60% and brought efficiencies in there. Now we are looking at the smaller county positions. The attitude in the county is that if the job does not cost us anything, then who cares. We are now looking at those positions that do not cost us anything and weighing our options."

"So we are using a 25% county share for the 300 positions that we are eliminating. We will find out in October when we release the budget but we feel that 25% of County share for 300 positions is attainable. The other thing we did was the average salary is slightly less then $40,000 to come up with a gross savings of a little over $12 million and net county share savings of about $3 million. If you eliminate these three hundred jobs, there will be less health contract. The 2011 budget has just less than 3,700 health contracts, if we eliminate 300 position we are down to 3,360 which is an 8.2% drop in contracts.

What we have right now are 63% family, 37% are single and what I have on that hand out is the annual cost for these services increased by 8% to come close to $3million savings in family and $600,000 in single or $3.6 million in gross savings in health insurance. Again using 25%, that comes out to $900,000 so the 300 eliminations will result in roughly $15.8 million in gross savings and just less than $4 million on the county share side."

"We have recently sent over to the ECFSA, a grant request for a new equipment purchase project that we would like to install. In the past the ECFSA has given us money for buying vehicles. In the past before that we would use bond money. So what we are saying is we would like to pay cash. The savings that we would save from this will be a result of not running our vehicles into the ground. We use them long enough and then cannibalize them for parts, and it costs us money to maintain the fleets. Our vehicle guy Gerry Sentz and Mr. Higgins came up with the ideas, that is basically copying the governments in the area of buying a new vehicle, using it for a year and then trading it in. The then using that trading cost to of set the cost of a new vehicle and what this will do is always allow us to have new vehicles that will be covered under the warranty so we don't have to worry about repairing the vehicles. We have already sent your Executive Director a sheet with the numbers and I understand Mr. Sentz and Mr. Higgins will come visit you later with a presentation. That is an innovative program that encourages the elimination of borrowing for recurring expenses."

"Our debt service as Mr. Keysa has always asked me, We need to go on a debt diet. The first plan I showed you had $50 million dollars in borrowing every year, the last plan had $40 million and this plan has $25 million in borrowing; a 50% reduction from just a few years ago. As a matter of fact the report that I sent over to the Authority for their estimates as well as the comptroller for his estimates are right around $25 million depending on the one project."

"What you will also notice is we came up with a new category called non recurring debt. Non recurring debt include big items like the HSBC Arena, the types of things that you do once in a generation. You take those things out of our borrowing plan and well as taking vehicles out of the plan, the past administration used to borrow $6 million for CHIP's. All that $6 million that used to be borrowed is now being paid out of levy every year; so it is paying for recurring expenses with recurring revenue and eliminating the need for debt. So we believe $25 million is a reasonable amount going forward absent anything major."

Chairman Oliverio: "Mr. Gach could I interrupt for a quick question? Do you expect to keep that $25 million over an extended period of time, outside the scope of this 4 year plan."

Budget Director Gach: "Yes, the past administration, as one of my appendices shows. Back in 2007, we had $562 million of outstanding debt. If we continue on this plan we will drop to $372 million which is the difference of $190 Million in debt and that is a product of two things. It is basically paying off roughly $45 million each year while only sustain $25 million. So yes, we think it is maintainable as long as there is nothing major out there and we don't foresee anything major. "

"We did the big rehab at the Convention Center for $7 million, we are not going to have to do that again. The new courthouse that was built in the last decade. So will not be looking at that again. We look at those types of projects as not being on the horizon. So we think we can do this plan and reduce the debt."

Secretary Keysa: "Just one question here. Your non recurring debt , where are you looking to fund that from?"

Budget Director Gach: "As you see in the plan this year we are funding part of that which is ECMC debt through fund balance and next year we will be paying that or out of the levy, There is no use of fund balance in the last two years of this program. Right now, looking at 2015, it doesn't appear that we will need it. As my fund balance appendix B shows, based on where we are with fund balance bases on where we are at the end of 2010 with all the adjustments, we believe that we will have an excess of the 5% charter requirement which we look at as being a rainy day fund.

Executive Director Vetter: "Mr. Gach if we are talking about the Appendix B, I really wanted to go through that because there is a lot of information there. To get to the heart of the chart, right now the county's unrestricted fund balance is just under $67 million. To put that in order of magnitude with the 5% because there are two different ways that has been calculated. One is the budget minus the transfers to the municipalities for sales tax and the other is on the gross budget. So on the gross budget it is about $1.3 billion which is about $65 million at 5%. At this rate it meets the 5% threshold. Going forward, I am assuming because your are using about $3million in fund balance for those non recurring debt items but there is an anticipation of a $10 million surplus this year which given the most recent BMR and the issue with the property tax, $ 7.9 million that is in the courts right now, that $10 million doesn't seem unreasonable at this point given operations and outside factors. Just to take this chart at it's simplest because there is a lot of information, what it is really saying is that this year we have $65 million, next year you are anticipating about $77 million minus the $3million so you have $74 million. That still meets the 5% threshold. That is pretty much this chart in a nutshell. "

Chairman Oliverio: "If I may weigh in because I think it is important that this is clear because one of the disputes or debates within the ECFSA was if it was 5% of the whole or if it was 5% less of the whole. (Secretary Keysa is in agreement). Some former members was very strident on that issue and some were very strident on the other side. So Mr. Gach if I understand this correctly, no matter what side of the argument you are on, this plan complies with the charter."

Budget Director Gach: “That is the whole point of this chart; it is to show that no matter how you make the calculation we are above the 5% charter amount.”

Secretary Keysa: “At the bottom of the chart in appendix b, you are showing your interpretation of that chart which is less than the interpretation we have had and less than the interpretation the County Comptroller has had.”

Budget Director Gach: “Well the County Comptroller has cited at a number of meetings the lower number but regardless of that, this shows $29 million above the lower number and if you go with the higher number that would reduce that by about $12 million, so we would still be about $16-17 million beyond.”

Secretary Keysa: “I just want to note that there is that difference from our interpretation as to what you have in the appendix.”

Chairman Oliverio: “I think it is also important to know that whatever number you pick, the lower number of the other, that is available by a votable legislature if there is a big rainstorm that we need money to take care of the catastrophes that might come up or things that we didn’t anticipate.”

Budget Director Gach: “That is why I called it our emergency fund.”

Chairman Oliverio: “I view the use of surplus over 50 and this is just my personal opinion especially to be used against non recurring debt to be a good use of surplus because Mr. Keysa suggestion of a debt diet and this Authorities reiteration of that over and over again is correct especially when you look at places like Nassau County. It appears that this is taking the debate, no matter where Mr. Poloncarz stands to the Legislature stands, out of play and I think that is very positive. The debt diet that this Authority has recommend appears to be taken seriously with these types of numbers and I think that is very very good. Take a look at Nassau County if anyone thinks that a debt diet is not important. “

Secretary Keysa: “My fear in you calling it a rainy day fund is that people view it as being relatively easy to access and it is really for catastrophic incidents and that is also why I favor using the higher number rather than the lower number. I congratulate you that in either case the numbers are going to exceed even the higher number here. “

Executive Director Vetter: “And this is using the higher number without any adjustments, the just under $67 million on the Counties book and audited financials for 2010 right now.”

“You prepared this worksheet of the job elimination and I thank you for that. It is very informative and the ECFSA has talked about eliminating some of the jobs as a means for the County to save money over time. No one likes to see employment cut however if the ECFSA was looked at cost saving items over the years this is one of those issues the

Authority was extremely strident especially when you take into consideration the benefits associated with employees and your estimate of over 25% county share is a fair one. I think you will probably know more as the year goes on."

Budget Director Gach: "I really think it will be higher but I wanted to go with as low a number; something that we were comfortable with."

Chairman Oliverio: "So that is a conservative estimate as far as you're concerned but as I read your summary there is almost $4million in savings. Thanks for creating this sheet, I think it is very informative."

Budget Director Gach: "I would like to thank Mr. Vetter for assisting me with that.

Executive Director Vetter: "Mr. Chairman, If I could, on the vacancies themselves, this was a comment I made at a legislature finance committee meeting that the county seems to have stepped it up in terms of vacancies for 2011 and the county was looking at 130 vacancies last year with 400 more jobs out there. This year the county is at 180 which is an additional 50 jobs with 400 less to come from. That takes some work and takes some management. I have been in Mr. Gach 's position. There is always pressure to fill vacancies but you have to do that in a prudent way."

Chairman Oliverio: "Thank you Mr. Gach, if you are done with you presentation, we'd like to ask you a few questions. One of the things that I look at and as you know I'm not the biggest supporter of trying to figure out what happens in years 3 and 4 because it is difficult. Here you have a 2% increase in assessment growth which is down from what your original four year plan and you also have a sales tax growth of about 3%. I assume that is just based on trends over the years and typical growth as we pulled out of the recessionary period."

Budget Director Gach: "Right, as you say in the past I have brought over 10 – 15 year trends. The comeback was "well what is going on now? " So what was happening during that recession was it was going down or bouncing along the bottom. I think we can all agree that the recession has essentially ended. There is some talk of double dip on real estate. We seem to be having a non job added recovery period. What has happened is if you look at the last 6-7 months we are up almost 6% growth. We have had a few reconciliation periods in there and they are good as well. 3% is the average. If you go back over ten to fifteen years , we were at 3%. Even in the recession years it was about zero but if we get back to normal, 3% is easily attainable especially with the strong Canadian dollar. They are definitely coming here and we are taking advantage of that."

Chairman Oliverio: "I think it would be much easier if there was a down turn, to have sales tax revenue dip a little bit to manage when you use a base figure of 3% versus 5-6% which would make this authority say "go back to the drawing board." 3% is at least in the ballpark and doable. If you get more then 3% then we're good; hooray and if it goes down, it I is not likely to go down to say 0.5% so I am happy to see that you have not used the 5-6% increase that we are experiencing right now."

Budget Director Gach: "Quite frankly, if it does grow more than that, we will probably do the same thing we did this year. When the 2010 numbers came in greater then we anticipated and generated a $24 million surplus was designated it for expenses that usually get borrowed for. We have eliminated some of the issues that we were experiencing here, the lock up is scheduled for an October 1st turn over to the city and even if that doesn't happen we have an agreement with the city that they will increase their payments to us. The city parks were turned back to the City. The ten year amortization program was paid off by surplus and one time fees associated with ECMC were paid off rather then borrowing for that. So we are looking to take care of issues like that rather than spend it on recurring expenses."

Chairman Oliverio: "Just one more question, it wasn't in your list of questions but I have kind of been following this. As we look at the proposed tax cap that is coming out Albany, I think the real item that will set the tone are the exempt tax. As I understand at this very moment we don't know exactly what those are going to do. I assume that neither you, the County Executive or the Legislature have any idea either."

Budget Director Gach: "I have seen different versions out there but I am not sure what exactly will be passed but I have no clue what they will be right now."

Chairman Oliverio: "Alright, when you look at the exemptions that might be included, I have seen some versions and they are across the map, is there anything implicate in your answer about the growth in the levy by 2% as constrained by the tax cap? Are you counting on any relief with exemptions as part of that calculation of the value of the levy?"

Budget Director Gach: "At this point no. What we have in there is our best guess at what assessment growth is going to be. We ratcheted it down from 3% to 2%, so what the tax cap number says it's going to be is where we have left it."

Chairman Oliverio: "So are you telling me then, the exemptions can only help you?"

Budget Director Gach: "Exactly. The exemptions would allow us to raise taxes more."

Chairman Oliverio: "Sorry about asking a question of the agenda, I just wanted to make sure that the exemptions were not built into the 2% and the increase in the levy, and then really our worries about the exemption are less then would be normal. I just don't want any of that out there floating around."

Budget Director Gach: "No, if all that happened was the 2% cap, end of story, this plan would work."

Secretary Keysa: "I haven't been paying that close attention to exemptions but are they considering one for bonded indebtedness? I think there could be a constitutional question on that"

Budget Director Gach: "Yeah you have the constitutional tax limit on debt and actually payments for debt service are beyond any caps right now. So there is an issue, I had a discussion with Todd Miles, our bond counsel; there is a problem there to limit property tax growth and then what happens to your bonds. Bonds are issued with general obligation bonds/ full faith and credit and the ability of the municipality to raise taxes to whatever amount it is they need to raise in order to pay the debt. So that is an issue."

Chairman Oliverio: "Before I let Secretary Keysa and Mr. Vetter go, it seems that in the three years that I have been on the board and with Mr. Keysa who is the veteran here, this is really the first time that I have seen gap closers and information that made me understand a little more about how the budget and plan can work. This is the type of stuff I like to see and I hope you will continue to give us this type of information. This made it a lot easier, compared to some of the things that we have seen in the past. I appreciate that and must have taken a lot of hard work. This follow up is pretty well documented as far as I can see."

Budget Director Gach: "I would just like to thank the Authority because what you are seeing here is a culmination of three plus years of Lean six sigma, better management and really using our team of County commissioners to better manage County government. That is what you are seeing in front of you here. That is what has led to 410 jobs and that is what will lead to 300 plus jobs. Let's be honest, if you take away 700 jobs, it takes away those huge gaps from what was in the first plans. In the first plans I wasn't sure how many we could do but now we have done it and we are continuing to do it. As I said Mr. Milton has really gotten in to the nitty gritty. Mr. Milton said we have enough belts out there, let's use them; that is what he is doing and that is what you are seeing. So when people say they cannot quantify the savings of lean six sigma, all I say to them is look at this budget."

Secretary Keysa: "I go back, part of the reason for the creation of this Fiscal Stability Authority in part was that hatchet that was taken 6 years ago now without the regard of the function of government. That kind of massive cuts, I think it was 10% at the time does cut people but it doesn't look at the functioning of government. I am much more encouraged by someone looking at that function by function with cuts being accomplished but still delivering a service. One of the things that concerns me, it is always a question of how the county functions once you are done with this. This goes back to the Sheila Keys days when she had an absolute cap of $20 million on bonding and so forth. That probably put off a few years of work that needed to be done. Then the complete hands off or unrestricted bonding that took place in the Giambra administration that doubled the debt of the County. There is always question of are we protecting the infrastructure, are we reinvesting in an appropriate fashion. Your bond issuances are going to be reduced by $40 – 25 Million. Do you feel comfortable in doing that and addressing the essential infrastructure needs?"

Budget Director Gach: "Yes, I have discussions with our DPW folks, our Environment and Planning folks and our Parks folks and we believe our basic need $25 million will work. Keep in mind that a good chunk will go to roads and bridges where we are heavily leveraging state and federal aid. In some cases we only pay 5% of a project. Is every road and bridge up to 100% today? No it will probably never be because there are so many roads and bridges but we are attacking the problem and the County has also addressed the dam issue. The County owns 8 dams that the federal government is now looking into. Again we are not going to be doing anything big; $25 million is adequate to meet the needs to keep the infrastructure going. We firmly believe that.'

Secretary Keysa: "Obviously that depends upon pulling out the non recurring because I think when we looked at the old $20 Million cap that included the non recurring in there."

Budget Director Gach: "Exactly. Just for example we took the $11.5 million out for bonding for ECMC; we took the $7.5 million out for ECC. We are doing those types of things. So when those issues come up we are going to turn them into pay as you go cash. I hope there aren't any issues like that out there. We are doing what families are doing; we are doing what every government should be doing: we are cutting our expenses, lowering our debt and living within our revenue. We are not looking to raise sales tax rates or property tax rates. We believe that at the way things are going right now $5.03 on property is attainable and we see that as staying for this plan."

Secretary Keysa: "You had $23 million in the fiscal year 2010 for capital projects. Your submission lists a reduction of $14.9 in the 2011 capital projects because of the designation. D you want to just go over that for me?"

Budget Director Gach: "Sure, The difference is that when we did the $23 million in designations that also included other than 2011 capital projects. For example ECC North was originally a 2012 project. So that wasn't in there. The $.5 million for the Darwin Martin House was not in there, the $250,000 for the library to renovate the second floor was not in the budget as well as the $300,000 for the cultural agencies capital needs. So the differences between the budgets are those items."

Chairman Oliverio: "Do we expect numbers from the state at any time on assessment growth as well."

Budget Director Gach: "The state gives us the equalization rate but the assessment rates come from each individual town/village assessor. I think they have just finished their period of grievances so they will start to download to Joe Maciejewski, our director or real property the values and that starts next month around August and usually get finalized in September. Right now I don't know but we will know in a couple of months what numbers we are looking at for assessment for next year."

Executive Director Vetter: "A couple of other issues. Our favorite issue, Overtime? I think in the BMR it was established as an issue for 2011, I think in the plan that transferring the lock up would eliminate or restrict that issue. I have two questions, one given that the lock up is not going to happen until later in the year would you anticipate some residual financial impact for 2011? The second question is with the transfer of that lock up that it would take care of the entire issue or just some of the issue."

Budget Director Gach: "I don't know if it will take care of the entire issue but I think it will take care of the majority of the issue. I've been in almost constant contact with the Sheriff and the undersheriff on this, in fact I got a ten page memo from the undersheriff singles spaced which is interesting but bottom line is once the lock up is gone the main reason for the overtime in the holding center will disappear. The Sherriff division overtime was tied to a number of items particularly because 23 sheriffs of the PBA retired because of the new contract provision requiring them to pay health insurance. We just graduated a class so that should mitigate the sheriff overtime issue. Health department issues and medical care at the holding center just to give you an idea of the innovations that we are doing. Up until last month the health department was in the process of getting paper records in to the computer and we were using health department employees for over time. One of the results of Mr. Milton looking at Six Sigma in the departments was to identify 12 employees that we could redeploy. So instead of paying overtime for health employees we used regular clerical employees in the county to accomplish this on their own time to do this work and we are also doing this in probation. So the overtime issues are being address and so, well I will be honest with you. I have been working here for 26 years; there is always an overtime issue. It never goes away and quite frankly, correct use of overtime is productive. If we use overtime in places that really take care of issues as opposed to let's just throw another body in there. That body comes with health insurance but If I can use overtime, not have to get an extra body, not have to incur additional costs, it is a good management tool and that is what all we hope this will come down to, a good management tool. The overtime issues that appear in 2011 and again I think the BMR breaks this out. The savings in other areas will offset it. Would I like to use those savings for other things? Sure but we do have issues at the lock up and w do have issues in other areas and until we get rid of the lock up we are going to have issues and we are not going to know what is going to happen but in my discussions with the Sheriff and the Undersheriff they are willing to make changes wherever they can be made."

Chairman Oliverio: "I think two things on that point; if anyone went to experience the lock up and such, sending it over there makes absolute sense. The handoffs process that has been going on for all of these years is totally inefficient. Secondly, once it happens, you can bet that this Board is going to take a look at that overtime and see what has happened from the Sheriff's point of view. Because there should be. There are no more exchanges; deputies should not be taking inmates 35 feet away so I will be very interested in what the Sherriff has to say come 2012 because those numbers must change. It is impossible for them not to. That is one thing that we are going to be looking into."

Budget Director Gach: "As I am going to be looking at."

Chairman Oliverio: "We have one more question; the county has a number of large labor contracts that have expired over a long period of time. What are the county executives opinion on whether that is going to continue and has anyone thought of the contingency if the Legislature imposes one? I am not very familiar with the legalities of that. Has there been any talk about large labor union contracts and what is going to happen with them?"

Budget Director Gach: "I won't get into the nitty gritty about what takes it from the negotiating table to the legislature but let's just say it goes to the legislature for an imposition. They can only impose economic raises or just the wage scale. If they impose a raise they are also required to identify a fund source. Given the way that the budget is, I think that the only funding that they could identify is the fund balance which would require a 2/3rds vote. Quite frankly in my discussions with the legislators, there are some who would like to give out raises, I don't think there is a $2/3^{rd}$ vote to do that. If it does happen it would come out of fund balance, I am guess but I don't know where else they would get it from."

Secretary Keysa: "I don't have any more questions but just want to say how please I am with the presentation and the quality of work that we have received which is so much better than what we were given under one of the previous Budget Directors of the Giambra administration."

Chairman Oliverio: "I echo what Mr. Keysa said. This is the best budget and four year plan I have seen in my three years or so. Whether you agree or disagree with the margins and some of the assumptions, this is certainly reasonable in my view. This is also a plan that can be managed, which is important."

"So I think when we meet with the full board next week, I will recommend that they support this."

Secretary Keysa: "My recommendation would be to approve the plan as we have it here."

Chairman Oliverio: "So on Tuesday we will have a full board meeting to consider approval of this. Mr. Gach as long as you don't think anything dramatic will happen from this time until then; I will take a motion to adjourn."

Secretary moves to adjourn the finance committee meeting, Chairman Oliverio seconds and the board votes unanimously to adjourn.

Respectfully submitted,

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Daniel Oliverio
Chairman

June 7, 2011