

# State of the County 2009



Gregory J. Edwards

Chautauqua County Executive

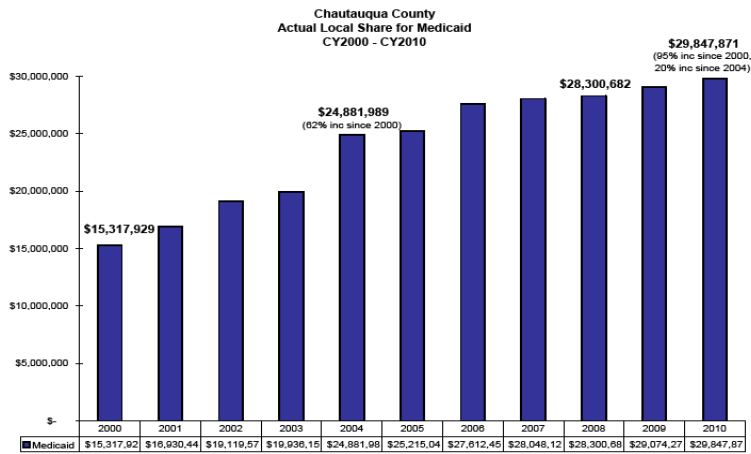
February 25<sup>th</sup>, 2009

Legislature Chairman Ahlstrom, Majority Leader Kindberg, Minority Leader Croscut, and the entire Chautauqua County Legislature; Thank you for giving me a few moments on your agenda to deliver my State of the County address for 2009.

Fellow County employees, friends, special guests and taxpayers of Chautauqua County I appear before the Legislature this evening at a historic period in the life of our State, and our Nation. We are in the midst of what virtually everyone agrees is a severe recession. Our Federal Government has already borrowed billions of dollars for bailouts, and now has passed legislation that has over 700 billion more dollars, all of it borrowed, and scheduled to be spent in the near future. Worse yet our State faces over a 47 billion dollar deficit, that has resulted in our Governor presenting his Executive budget for this upcoming year which includes over 80 new or increased taxes and fees, cuts in many sectors of service, with a promise of much more of the same in the years ahead.

In light of these sobering facts one would expect that my State of the County would be full of doom and gloom for the future of our County setting forth an upcoming year, full of increases in taxes, elimination of essential services, and heavy reliance on debt to cover our costs of delivering the State's services.

There have been many challenges introduced to Chautauqua County over the last year, and many more on the near horizon and I will take a moment to review just a few.

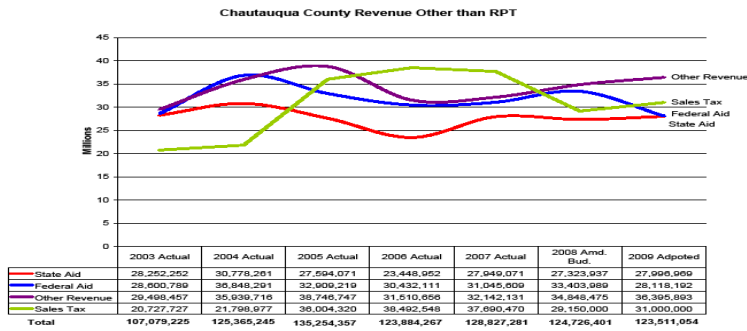


The graph above shows that from 2000 to 2010 our local share expense for Medicaid will almost double, from approximately 15 million dollars in 2000 to almost 30 million dollars in 2010. This requires the tax payers of our County to pay to the State almost 30 million dollars from our hard earned wages for this one bill. Every year this goes up and every year new tax dollars must be found for this payment to NY State. Currently over 50% of all of the County property taxes paid in Chautauqua County go to cover this one bill from Albany.

## 2006 Kaiser Family Foundation

State	Total Medicaid Spending FY 2006	Total State Spending FY 2006	
South Dakota	\$67	\$2,29	1
North Dakota	\$94	\$3,95	2
Montana	\$73	\$4,45	3
New Hampshire	\$1,07	\$4,75	4
Vermont	\$66	\$4,86	5
Illino	\$1,04	\$5,29	6
Colorado	\$67	\$5,71	7
Wyoming	\$41	\$5,28	8
Phoenix Island	\$1,07	\$5,71	9
Maine	\$1,19	\$7,09	10
Nevada	\$1,37	\$7,44	11
Idaho	\$1,47	\$7,71	12
Utah	\$1,47	\$7,94	13
Nebraska	\$1,61	\$8,72	14
Alaska	\$69	\$9,38	15
Kansas	\$1,79	\$11,43	16
New Mexico	\$2,08	\$12,41	17
Iowa	\$2,11	\$14,89	18
Mississippi	\$1,79	\$14,92	19
Arkansas	\$2,01	\$15,36	20
Colorado	\$2,01	\$15,89	21
Oklahoma	\$2,17	\$16,49	22
South Carolina	\$4,89	\$17,06	23
Missouri	\$6,77	\$18,61	24
Oregon	\$2,84	\$20,21	25
West Virginia	\$2,99	\$20,92	26
Kentucky	\$4,79	\$21,67	27
Indiana	\$5,14	\$21,81	28
Louisiana	\$6,81	\$21,87	29
Connecticut	\$4,11	\$21,99	30
Tennessee	\$6,98	\$21,99	31
Arizona	\$6,16	\$21,76	32
Minnesota	\$6,66	\$22,12	33
Maryland	\$6,69	\$22,69	34
Washington	\$5,79	\$23,89	35
Texas	\$6,94	\$24,89	36
Georgia	\$6,84	\$25,44	37
Wisconsin	\$4,61	\$25,43	38
Alabama	\$3,88	\$25,73	39
North Carolina	\$5,16	\$25,29	40
Massachusetts	\$6,81	\$26,89	41
Michigan	\$6,18	\$26,76	42
New Jersey	\$7,94	\$26,76	43
Illinois	\$11,18	\$29,62	44
Ohio	\$11,22	\$31,49	
Pennsylvania	\$11,74	\$31,37	
Texas	\$11,18	\$31,47	
New York	\$4,72	\$39,24	
California	\$7,47	\$71,11	
<b>Total</b>	<b>\$10,000</b>	<b>\$1,949,000</b>	

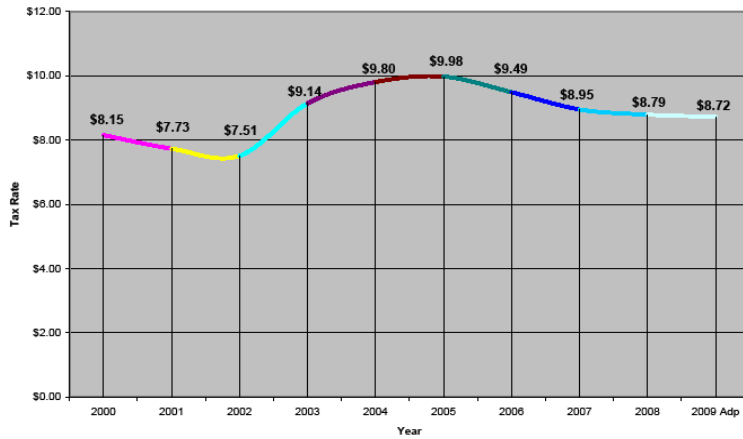
NYS spends over 45 billion dollars for our Medicaid program every year. That one budget line in our State budget exceeds the total State budgets of 42 states and there is no indication from Albany that this level of spending is going to be reduced.



Other Revenue includes Departmental Income such as County Clerk and DMV fees, Meals on Wheels, Interest Income, Fines and other miscellaneous revenues.

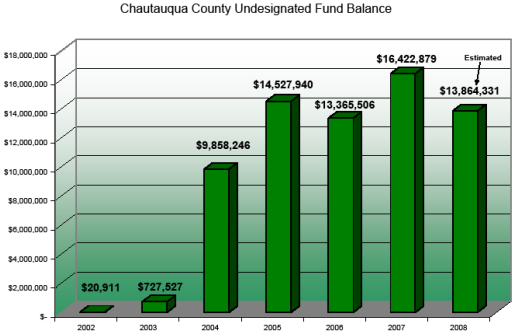
At the same time our Medicaid obligations have continued going through the roof, our revenue from Federal and State sources have been declining. In 2005 we received over 135 million dollars, yet this year in 2009 we are budgeted to receive less than 124 million dollars, a loss of over 11 million dollars in revenue to run County operations.

Chautauqua County Real Property Tax Rate

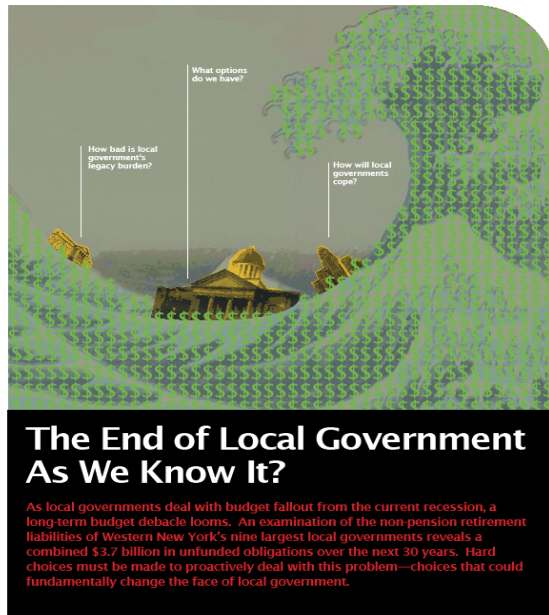


With these undeniable factors impacting on our finances it would be reasonable for the people of our County to assume that as taxpayers we would be facing steep increases in County taxes, and reduced services as is currently happening at the State level. This has been true in the past when our County property taxes were raised 33% from 2003 to 2005 and sales tax was raised 18%. However, during the last four years the County property taxes have been reduced 12.6%, sales taxes have been eliminated on many purchases and our General Sales Tax rate has been reduced from 8.25% to 7.75%, one of the lowest rates in the State. Despite our current challenges we can continue to achieve reductions in our taxes if we continue to be fiscally prudent going forward.

# Undesignated Fund Balance



I know this is true because while we have been cutting taxes we have also been prudent in other areas of our finances evidenced by our fund balance, which represents the equivalent to a tax payer's savings account. The New York State Comptroller has issued opinions supported by our auditors, and Bond rating institutions directing Counties to maintain a fund balance between 5% and 15% of their revenue. In 2002 our undesignated fund balance was less than \$21,000, representing less than two tenths of one percent of our revenues. Now, in 2009 our fund balance is 13 Million dollars approximately 13% of our revenues. This increase in our savings occurred at the same time that we were paying down the debt created by a self funded insurance plan in 2005 that was \$2,246,000.00 and now is less than \$1,100,000.00.



## The End of Local Government As We Know It?

As local governments deal with budget fallout from the current recession, a long-term budget debacle looms. An examination of the non-pension retirement liabilities of Western New York's nine largest local governments reveals a combined \$3.7 billion in unfunded obligations over the next 30 years. Hard choices must be made to proactively deal with this problem—choices that could fundamentally change the face of local government.

Public Entity (ranked by Unfunded Liability)	What should have been allocated in 2007-2008? What was allocated in 2007-2008?	If funding to meet the Annual Required Contribution had been paid entirely through property taxes, how much would taxes have risen?
<b>Buffalo City SCHOOL DISTRICT</b> 30-year Unfunded Liability: \$1,081,714,000 Per Capita Liability: \$3,988 Annual Revenue: \$90,265,000	What is the ANNUAL REQUIRED CONTRIBUTION: \$105,805,000 What was PAID IN 07-08: \$40,736,000	92.5% INCREASE \$855
<b>Buffalo CITY</b> 30-year Unfunded Liability: \$495,508,800 Per Capita Liability: \$3,468 Annual Revenue: \$27,281,000	What is the ANNUAL REQUIRED CONTRIBUTION: \$27,138,000 What was PAID IN 07-08: \$21,834,000	46.5% INCREASE \$590
<b>Erie COUNTY</b> 30-year Unfunded Liability: \$736,191,567 Per Capita Liability: \$906 Annual Revenue: \$1,373,783,000	What is the ANNUAL REQUIRED CONTRIBUTION: \$76,709,432 What was PAID IN 07-08: \$17,484,977	22.7% INCREASE \$117
<b>Niagara COUNTY</b> 30-year Unfunded Liability: \$511,229,833 Per Capita Liability: \$1,833 Annual Revenue: \$354,827,076	What is the ANNUAL REQUIRED CONTRIBUTION: \$29,433,809 What was PAID IN 07-08: \$8,619,575	20.4% INCREASE \$163
<b>Niagara Falls City SCHOOL DISTRICT</b> 30-year Unfunded Liability: \$263,898,804 Per Capita Liability: \$4,818 Annual Revenue: \$164,277,087	What is the ANNUAL REQUIRED CONTRIBUTION: \$17,865,713 What was PAID IN 07-08: \$6,242,640	46.4% INCREASE \$98
<b>Amherst TOWNSHIP</b> 30-year Unfunded Liability: \$133,824,339 Per Capita Liability: \$1,538 Annual Revenue: \$141,640,575	What is the ANNUAL REQUIRED CONTRIBUTION: \$13,070,382 What was PAID IN 07-08: \$3,181,327	21.7% INCREASE \$104
<b>Cattaraugus COUNTY</b> 30-year Unfunded Liability: \$126,631,500 Per Capita Liability: \$1,556 Annual Revenue: \$158,821,000	What is the ANNUAL REQUIRED CONTRIBUTION: \$13,284,720 What was PAID IN 07-08: \$2,733,366	21.6% INCREASE \$249
<b>Chautauque COUNTY</b> 30-year Unfunded Liability: \$25,282,000 Per Capita Liability: \$189 Annual Revenue: \$354,007,000	What is the ANNUAL REQUIRED CONTRIBUTION: \$3,063,000 What was PAID IN 07-08: \$1,087,000	3.6% INCREASE \$31
<b>Williamsville Central SCHOOL DISTRICT</b> 30-year Unfunded Liability: \$1,039,823 Per Capita Liability: \$16 Annual Revenue: \$158,389,000	What is the ANNUAL REQUIRED CONTRIBUTION: \$122,535 What was PAID IN 07-08: \$31,123	0.1% INCREASE \$1

30-year Unfunded Liability: The sum of unfunded pension retirement benefits already earned by the sum of unfunded pension retirement liability for a 30-year period.

Annual Required Contribution (ARC): The annual payment necessary to meet non-pension retirement obligations.

While cutting taxes, paying past due bills, and developing our savings account to meet State guide lines, Chautauque County became the first County in the State to recognize and fund our GASB 45 obligations. The Regional Institute of the University of Buffalo completed their January Policy Brief entitled "The End of Local Government As We Know It?" that can be viewed at [www.regional-institute.buffalo.edu](http://www.regional-institute.buffalo.edu).

This report analyzed the legacy burden of non-pension benefits and confirmed that Chautauqua County had a 30 year liability of 25 million dollars compared to Cattaraugus County at 124 million dollars and Erie County at 736 million dollars. We have already recognized and funded this liability with deposits of over 13 million dollars in our designated fund balance and this work puts Chautauqua County at the head of the class in this area. We are an example of how to manage this obligation through negotiation with our workforce on benefits, properly account for these expenses and budget for the future.

How were we able to achieve this significant track record of successes in these challenging times? There is no single answer, but it is due in large part to the commitment of all of the Department Heads, and employees of our County to a more fiscally prudent approach to our operation, and a focus on performance in providing the services and programs that we fund with tax payers money.

Since 2006 I have reported on many of these efforts resulting in merging of departments, elimination of waste and duplication of services, renegotiation of contracts saving hundreds of thousands of dollars, and many other cost savings initiatives. Over the last year we continued to pursue these goals and have successfully implemented changes and new initiatives that continue to save tax payer dollars. While it would be impossible to recount for you this evening all of the work of each of the Departments in County operations, I will provide you with some highlights.

## Methane to Electric

We have successfully navigated most of the challenges that have been placed in our way to convert this harmful gas emitted from landfills into clean green electric energy. We will begin construction of the physical plant in May and are scheduled to begin producing electricity 4 months later in September of 2009. This will result in a projected 2 million dollar revenue to our county over the course of 12 months giving us a non-tax resource to reduce yet again the pressure on our property tax payers. This exciting new production is occurring due to my work with a professional team from our Finance, Legal, Development, and Public Facility departments, and our developer IES. I have also asked IES to market our elimination of Methane through flaring for 'green credits' and the early reports confirm that we should be able to see a return of even more dollars for this positive impact on our environment.

## Finance Department

Our Finance Director Darin Schulz who also acts as our Insurance Director has worked closely with our insurance brokers Flex Care on our new health insurance package. Together we have delivered a new health insurance package through the Western NY Alliance that saved the County over 2.6 million dollars from the projected costs for 2009.

Our overall health insurance costs for the last three years have increased less than 3% in a market where single year increases for most employers have been over 10%. In addition as a member of the Western NY Alliance Chautauqua County has taken the lead in opening the door for other municipalities and employers to join this consortium to drive down their costs for insurance and improve the health of our residents.

## Veterans Services

Last year I hired our new Director of Veterans Services Troy Smith after the retirement of Jim Hurley. Troy has continued the progress in this department providing more services to more Veterans. The Chautauqua County Veterans Service Agency has completed over 23,000 contacts with Veterans over the last 4 years with a staff that consists of the Director, 2 Service Officers, and 1 full time and 1 part time staff assistants. This contact rate ranks our County 3rd out of the 62 Counties in the whole state for volume of efforts on behalf of Veterans. This Department has also been leading the way securing Medicaid savings with our demonstration project saving over \$623,000 dollars and increasing the benefits received by our Veterans. We were able to acquire a Disabled American Veteran's van to transport our Veterans to the Erie Pennsylvania VA Hospital, and a new bus to transport our Veterans to the VA Hospital in Buffalo with our number of Veterans using this service increasing over the last three years. We also have new and exciting developments in the office itself, we are relocating our Veterans Service Agency office to 610 West Third Street, the same building that is home to our Office for the Aging, and the new Veteran's Clinic operated by Sterling Medical located just across the Third Street Bridge in Jamestown. This will be yet another dramatic improvement in the services for County Veterans.

## Department of Development

The Department of Development and Planning began last year to create a new Comprehensive Plan for our County. As I have stated on numerous occasions, the last comprehensive plan was done in the late 1970's that projected what we as a County looked like in the late 1990's. Nothing had been done to address this lack of direction for over 15 years. Failure to plan is planning to fail, so I directed Bill Daly and his team to undertake this significant project and great progress has already been made and over the next year all of the residents of our County will have the opportunity to partake in the creation of a plan to drive our growth and development for many years to come.

In addition the Development Department and the CCIDA have been instrumental in the historic levels of investment that have occurred and continue to occur by businesses in our County. In each of the last three State of the County Addresses I have highlighted this work, and tonight will just assure you that progress is continuing on a rapid and impressive pace in this arena.

## Human Services

The Human Services Departments were successful on a wide range of issues this year on behalf of our residents, despite the challenge that much of their work is dictated by the mandates placed on them by the State of NY. The Mental Hygiene Department secured a 9 million dollar grant beating out competition from across the nation which will enhance services for our County. In addition to these efforts the Departments of Social Services, Office for the Aging, Mental Hygiene, Probation, and Youth Bureau have been working in a collaborative, coordinated effort to deliver services that will result in significant improvements in efficiency and cost containment. Equally important will be the improved customer service that this will provide to our residents who are served by these professionals each year.

## Health Department

The Chautauqua County Health Department continues to deliver for the people of our County. This County Department works every day to ensure that our communities and those that live in them are as safe and healthy as possible. While it would be impossible to convey all that this group of professionals does in this address, a few statistics will provide some insight into what they do for all of us.

Our clinics operated by this department are staffed with 15 nurses, 4 aides, 2 nurse practitioners and 6 clerical staff. During 2008 these 27 employees saw over 6,570 patients, and an additional 3,319 individuals attended our walk-in Immunizations clinics.

This group also managed over 3,602 visits to our family planning and STD clinics, and administered over 2,600 HIV tests.

Our Environmental Health Service team which is comprised of 9 field staff assured that our living and eating establishments were safe in 2008. They completed 636 food service inspections, 496 animal bite inspections, 328 private sewage permits were issued, 270 investigations of violations of the Public Health Laws, 266 adolescent tobacco use inspections, 175 children's camps, and campground inspections, along with over 230 other inspections. This is not a complete list but merely a representative sample of their accomplishments this past year.

We also have a group of Water Specialists in the Health Department. This team of just 3 professionals inspected 59 public water supplies, everything from small restaurants to municipal systems, and schools, and analyzed over 3,504 drinking water samples in their State certified lab. In addition they analyzed 1,060 non-potable water samples including wastewater and beach samples. They also assisted 400 private home owners who had water samples that tested positive for bacteria, including trouble shooting possible causes and methods to disinfect their wells.

Special projects were undertaken to computerize all of the septic system files in the County, develop a GIS application to computerize system inspections, and developed an application for mapping private water wells to protect water quality when citing septic systems.

This is also the team of professionals who took on a major project at my request to complete a full analysis of the status of the municipal water systems in our County. They completed this task for the Northern portion of the County after investing over 700 hours in this effort which is now the foundation for the work being undertaken by a number of municipal leaders in our County to form a north county water district. The report can be seen in its entirety at [www.co.chautauqua.ny.us/health/healthframe.htm](http://www.co.chautauqua.ny.us/health/healthframe.htm), under the heading Drinking Water Reports. This is an excellent example of how County forces can be a critical part of the process of professional analysis leading to evidence based decisions on possible consolidation, and regionalism.

### What does our future hold for us?

This recession has the capacity to impact negatively on all of us. No one will be untouched by these trying times. However over the last three years we here in Chautauqua County have built significant capacity to deal with these challenges. Capacity in our businesses as they have experienced historic levels of growth, expansion and job creation. Capacity in our County Government to make difficult decisions to find more efficient ways to do what we are asked to do by New York State and our constituents. Capacity to come together to do what is expected of us despite differences in our party affiliations to do and accomplish what is essential to help our County prosper.

Last year I challenged all of us to find a way to work together in meaningful duties to allow our children and their children to look back with pride in our accomplishments. I challenged us to define ourselves by our common goals to accomplish continued improvement in the quality of life in our County. I am pleased to report that we did just that last year and have much to be proud of. This year is going to be a year of significant trials, but we have shed much of our negativity, stepped out with confidence and encouraged those who live work and worship here to join us in our endeavors. We will need this proof of success through partnership to not only survive but thrive in these challenging times ahead.

As this year progresses I will continue to improve our services as a County Government and our work with our municipal partners through shared services, consolidation, and transfers of responsibility where appropriate. The County will continue to take the lead investigating opportunities and giving assistance to all of our partners to make decisions based on facts and business analysis and not get mired down in the trap of "it has always been done this way", or jump heedlessly into the latest fad that does not improve the delivery of necessary services to our tax payers.

We will continue to invest in and support the businesses that provide jobs to our residents by fighting against the efforts in Albany to kill our IDA and Empire Zones which would eliminate two of the most valuable assets we have to keep and draw jobs to our county.

We will continue to support the growth we are experiencing in the development of green energy and technology, with methane, wind power, and other energy initiatives. We will produce new energy and draw new attention to our efforts with our second Energy Conference October 23 and 24, 2009.

We will continue to assist our municipal partners and other employers through the Western NY Alliance which can lower the cost of providing health insurance for the people of our County. This will create healthier employees, and reduce costs for employers resulting in less tax and more jobs.

We need to continue to be committed to reducing property taxes on the people and businesses that pay these bills, and we can deliver reductions in these taxes for 5 years in a row if we work together.

I am asking all who are here tonight and those who belong to this great County to join me in forging ahead with a focus on what we can continue to achieve with a commitment to making the right decisions, at the right time, for the right reasons. We must not fall prey to the infighting and blame games that are occurring in so many of the regions around us. Our future is bright, our opportunities can be limitless if we focus on all 139,000 people who make their homes in this great County, and the resources we have at our disposal to meet their needs.

May God bless us in our work, our servicemen and women who are protecting us in areas around the world, and may God bless America in the days ahead.