

ULSTER COUNTY EXECUTIVE

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Hon. Terry Bernardo, Chairman
and Hon. Members of the Ulster County Legislature
Ulster County Office Building
PO Box 1800
Kingston, New York 12402

Dear Chairman Bernardo and Legislators:

This budget message will be different than those of the past because the challenges we are now forced to address are different as well as unique. In addition to the significant issues that face county leaders all across New York State, we in Ulster County are now forced to overcome even more obstacles. I am referring to the loss of \$4 million due to the "Cahill Crisis".

I have always believed in dealing with issues directly, regardless of how difficult they may be; and this one is no different. At last week's press conference, we took steps to protect property taxpayers and hopefully limit the damage of the "Cahill Crisis". With our proposed solution and the partnership of the Ulster County Legislature we can avoid the potential and devastating loss of over \$22 million in 2014.

Assemblyman Cahill made a public commitment to restore Ulster County's sales tax extension no later than February 1, 2014. We intend to use a county "sequestration" model, which has been built into the budget. Approximately \$2 million in targeted spending has been moved into Contingency. This spending has been directly linked to the potential February collection of the 1% sales tax extension. Whatever revenue Kevin Cahill can not restore from the estimated \$2 million in sales tax will have to be offset with a spending reduction. This plan will ensure that the County's budget will remain in balance.

Despite the unfortunate actions of Assemblyman Cahill, the 2014 Executive Budget has the largest spending decrease in County history, proposing to reduce appropriations by \$23.7 million. This has been a multi-year effort and I am extremely proud of our efforts to protect taxpayers while continuing to ensure more services are available than ever before. It is important to note, however,

that without the loss of sales tax due to the "Cahill Crisis" we would have delivered a budget with a second consecutive tax decrease.

The Executive Budget continues my Administration's effort to restructure County Government into a more sustainable organization through consolidations and reorganizations. We have reassigned members of the Golden Hill Transition Team into what we have named the A.C.E Division, which stands for Accountability, Compliance and Efficiency. This new unit will be dedicated to providing taxpayer relief through the intense oversight of all operational areas and through the enforcement of my Administration's goals of government accountability, compliance and efficiency.

Between 2009 and 2014 the County's workforce has been restructured and realigned to decrease personnel costs, resulting in a personnel position count reduction of 32%. We are currently at position count of 1,317 total benefited positions, a level we have not seen since before 1987. Furthermore, the County has reduced personnel expenses by \$13.5 million from 2013. But most importantly, I am incredibly pleased that the 2014 Executive Budget does not include one single layoff of a County employee.

Sales tax revenues in Ulster County were anticipated to grow by 1.6% from the 2013 projected amount, but due to Assemblyman's Cahill's actions, we are projecting a decrease of -3.4% in 2014 with the potential to experience greater losses if the Assemblyman does not fix what he broke.

I believe that protecting our taxpayers is critically important, and I am proud to share with you that the 2014 Executive Budget holds the property tax levy flat. This is the third time since I took office that I have presented a budget that does not increase property taxes. The 2014 Levy is set at \$78,730,408.

We have recommended an increased appropriation from the General Fund Balance of \$13.2 million. This appropriation reduces the available General Fund Balance to 3.7%. It is important to understand that without Assemblyman Cahill's actions, we could have appropriated \$4 million less from the General Fund Balance, which would have left the available General Fund Balance at 5.1%. The New York State Comptroller considers a healthy available General Fund Balance level of between 5-10%. This fund balance must be rebuilt.

Ulster County is truly an amazing place and I am blessed to be the County Executive. In addition to having breathtaking natural beauty, and a long list of other tremendous assets, we are blessed with the most important asset of all; we have remarkable and resilient people. It is for those people, the great people of Ulster County, that my administration fights.

Respectfully,



Michael P. Hein
County Executive