

2009 State of the County Speech

“Putnam County: Controlling Its Destiny”

Robert J. Bondi County Executive

Mr. Chairman, members of the County Legislature, Madame Clerk, Distinguished Public Officials, County Employees, Members of the Media, and, most importantly, residents of Putnam County—Good evening and thank you for taking the time to be present here for the 2009 State of the County address.

As I prepared my remarks this year, I looked back on the speech I gave last year, just to see where we were and to give me a better perspective on where we stand today. Last year’s speech was entitled “*Hard Times, Hard Decisions.*” When I delivered that speech, Putnam County was one of the first to recognize the magnitude of what was coming—the slowdown of the economy, the astronomical rise in gasoline prices, the beginning of record home foreclosures. And, consequently, Putnam County was one of the first to take action to alleviate the negative effects of these serious issues. So, I am here tonight to tell you that because of that kind of foresight, Putnam County is in a far better position than the majority of its neighbors. In short, Putnam County is controlling its own destiny.

Only recently have we heard of measures being considered by other municipalities, New York State and local school districts. They talk about layoffs and cutbacks, about eliminating discretionary programs, about tax increases and pushing off the costs of services to other districts or municipalities. But Putnam County does not need to engage

in this conversation. We addressed these issues almost a full year ago when we took several actions to stem the tide of what we knew was on the horizon. While we cannot be sure how the economy is going to react in the future, due to the preemptive measures that we have taken, Putnam County is poised to weather the rest of this economic storm .

Measures Already Taken

Last year, right after I delivered the State of the County address, we instituted a hiring freeze that continued unabated until a few weeks ago when we filled several selected positions. This hiring freeze was the first of its kind in the region, and only now are other towns, counties and the state considering such a move. While these entities assess the damage wrought by the economic crisis, Putnam County remains strong and has even begun to hire again. To put it bluntly, we were ahead of the curve on this one.

During the last year, in anticipation of the difficult times ahead, we also consolidated and reorganized two areas that were ripe for such a change. We began 2008 by eliminating our separate Recycling Department and bringing it under the supervision of the Environmental Division of the Health Department. This consolidation was a natural fit that reduced staff, eliminated duplicated services, and streamlined the knowledge and manpower necessary to carry out our responsibilities. While we continue to address the environmental concerns that confront the County on a daily basis, we do so in a much more efficient and cost effective manner.

Additionally, during last year's budget process, we identified areas in our Highway Department that we could reorganize, consolidating certain job duties to create a more

proficient and economical department. This reorganization is only in its early stages but we are already seeing savings attributable to the pared down staffing. Yes, both of the aforementioned consolidations required layoffs but we believe we were able to avoid the massive across the board staffing cuts that other municipalities are currently considering due to our foresight and strategic planning. To be honest, Putnam County has been doing this type of reassessment of services and departments for the last 17 years, culminating in a total of 15 consolidations over this time period. And we continue to advocate for further consolidations on all levels. To that end, we are continuing to push for a consolidation of assessment services at the County level to save our overburdened taxpayers even more money. Putnam County was one of the first counties to be recognized by the state for our plan to consolidate assessment services and, although there has been opposition on this matter, we will continue to work with all of the stakeholders to come to some agreement on how to best carry out this common sense measure.

There were many other smaller consolidations that might not have been so evident but certainly reaped us great rewards in 2008. For instance, our District Attorney, Adam Levy, worked in conjunction with our Information Technology Director, Tom Lannon, to consolidate computer and phone systems, thus eliminating the need for a costly outside technology consultant. District Attorney Levy has also been working with the Office of Court Administration to begin an Integrated Domestic Violence Court. Quite often, multiple courts are involved in the prosecution of a domestic violence case. This new court incorporates the many parties and issues involved in such cases into one court, ensuring support and safety for the victim while at the same time creating efficiency in the managing and monitoring of domestic violence cases. In addition, the District

Attorney's office now prosecutes all of our home improvement cases, eliminating the need for outside counsel to handle this matter.

Our Law Department has also undergone a dramatic change in philosophy under the leadership of new County Attorney, Jennifer Bumgarner. While the reliance on outside counsel to handle various legal measures was once a foregone conclusion, County Attorney Bumgarner has drastically overhauled this once common procedure, thereby reducing the budget for outside counsel by over \$200,000. She has accomplished this by bringing in-house the handling of all pistol permit applications, all juvenile delinquent prosecutions and PINS petitions, all guardianship matters and all Health Department administrative hearings. With these and other smaller changes, the Law Department has realized a savings of 9.8% in its 2009 budget.

We would be remiss if we didn't take a moment to thank all of the County employees and Department Heads who have worked diligently to make these types of consolidations successful. The catch phrase in governments all across New York State over the last several years has been "Do More With Less." Here, in Putnam County we have often asked our employees to "Do the Impossible with Even Less." With vacancies going unfilled and staffing levels cut, we know that our employees are stretched to the limit. Yet, the public is still receiving the services that they depend on and we rarely, if ever, receive a complaint to the contrary. County employees have stepped up when called upon to get the job done and we are proud of the quality of care and commitment to the work that they have shown during this time. Government workers are an easy target for the

media during a difficult economy and we want to counter that tonight with our sincere appreciation for the solid job that our employees do, day in and day out.

Putnam County has also taken action in areas over the last few years that other entities are just beginning to consider. For instance, Dutchess County recently announced that they are looking to create a panel to evaluate the amount that their retirees pay for health insurance. Putnam County did this in 2004 and passed a final resolution in 2006 that requires all employees who retire after that date to contribute more significantly to their health insurance on a sliding scale, according to years of service. Again, Putnam's foresight has left us in a better position than our neighbors. Accordingly, New York State is also considering a measure that would raise the number of years an employee is required to work in order to be eligible for retiree health insurance. Currently, a New York State employee need only work for 10 years to receive this benefit—in Putnam County, we require 25 years of service. We know of no other municipality that has such a requirement and it illustrates how far ahead of the pack Putnam County has been in this regard.

Included in the measures that we took this past year to safeguard the economic stability of Putnam County are all the measures that we *didn't* take. Let me explain. While other municipalities, most notably New York State, are cutting funding to entities that depend on them, Putnam County refused to take the easy road and simply push off our responsibilities on others. For instance, in 2007, we took on the expense of administering all of the elections in Putnam County under the Help America Vote Act. This required us to pick up the expenses that had been paid for by each individual Town and Village.

When things got tight, we didn't turn around and charge back the Towns and Villages for this service, although other counties have proposed to do just that. We made a commitment to take on this added expense and we have stuck by that promise. In addition, while other entities were calling for a reopening of union contracts in order to renegotiate promised raises to union employees, Putnam refused to do this. We negotiated fair deals with our three unions and we were not going to renege on those agreements. Likewise, one of our neighboring counties proposed charging back their Towns and Villages for the county-wide sheriff's road patrol. Putnam has not considered this type of cost shifting with regard to vital public safety services. In short, we have remained true to our obligations and, unlike other jurisdictions in our region, we have not pushed off our problems on those smaller municipalities already struggling with their own budget issues.

Yet that is just what New York State is doing to us. Recently, the New York State Office of Children and Family Services informed our Youth Bureau that they should expect a 24.5% cut in funding from the state, retroactive to January 1, 2009. This cut in funding will result in the elimination of the Student Advocacy Program, the Youth Mentoring Program, and a portion of funding that is given to Arbor House, a service by Green Chimneys that helps reunite runaway youth with their families. This current round of cuts is on top of the 8% cut from the State last year which resulted in the elimination of several other Youth Bureau programs and the layoff of 5 part time employees. Should this new round of cuts become official, the County will be forced to lay off another 4 part time employees. We are continuing to lobby the state to restore this vital funding.

Sales Tax Revenue

The above illustrations are just a few examples of how we, here in Putnam, prepared early on to face the financial instability that is now plaguing both our state and our nation. It would be bold of us to proclaim that Putnam is on the cusp of pulling out of this economic decline and we are hesitant to do that; however, we will declare that we are weathering this financial storm with greater strength than most other entities, public and private sector combined. An indicator of that is the position that Putnam County holds in relation to sales tax revenue across the state. Putnam County had the highest increase in sales tax revenue in all of New York State from 2007 to 2008

This increase in sales tax revenue was possible because we valiantly fought for a one half percent increase in the sales tax rate back in 2007. In doing so, we solidly increased the revenue we receive from this source which has kept us in good financial stead during the economic decline. However, our sales tax receipts, and the ability to control our own destiny because of them, are in jeopardy if action is not taken immediately. On November 30, 2009, our 4% local sales tax rate authority will expire and revert back to 3%. In dollars, this translates into a loss of approximately \$13 million. In terms of the cuts in services and the increase in property taxes that will be necessary in order to make up for this lost revenue, the effect is immeasurable. Virtually all discretionary spending, spending that provides the programs that our citizens have come to expect and deserve, would have to be eliminated. We are presenting the Legislature tonight with the necessary Resolution to request an extension of our sales tax rate through November of 2011.

Recently, the Journal News reported that New York State Senate leader Malcolm Smith expressed support for legislation that would raise the amount that Counties could increase their sales tax rate *without state approval* from 3% to 4%. Our own Assemblywoman, Sandy Galef, who Chairs the Assembly Committee on Real Property, was also quoted as supporting this legislation. All Counties have long sought this Home Rule Legislation, and we are imploring the Putnam County Legislature to reiterate our support through the adoption of a home rule message supporting the passage of this vital measure. The economic future of Putnam County can no longer be a pawn in the politics of Albany. The theme of our speech tonight is “Controlling Our Own Destiny” and the ability to set our own sales tax rate is paramount to achieving this goal.

2008 Financial Summary

Despite the abysmal performance of the national economy in 2008, County Government continued to strengthen its financial position. In the General Fund, total revenues (\$114.5 million) exceeded total expenditures (\$110.7 million) by \$3.8 million. As we stated earlier, the actions that we have taken to deal with the national economic crisis have yielded this result. Our hiring freeze was a major contributor to our 2008 fiscal success, as wages and benefit payments came in \$4.7 million under budget. We also captured much of these savings in 2009, reducing the County workforce by 2.5% while keeping County property taxes low. Our continued efforts to reduce spending where possible resulted in the undesignated fund balance increasing to \$14 million. This is the third year in a row that this fund balance has increased and represents a significant achievement in these difficult economic times. While many Governments are announcing multi-million

dollar deficits and draconian measures, Putnam County strengthened its financial position through prudent planning and management of our fiscal affairs.

We must note that Putnam County is not immune to the economic challenges that confront our great nation, and we are experiencing negative effects. Property tax receivables rose by 17% (\$4.6 million), and the finance department prepared a record 68 delinquent tax plans, as landowners have experienced greater difficulty in paying their property taxes. Putnam County, per New York State Law, is mandated in guaranteeing the property tax collections of all municipal governments serving our great County. In other words, the Schools, Towns, Villages, and Special Districts receive their full tax warrants, whether the property owner pays the tax bills or not. This places a tremendous fiscal burden on the County, and emphasizes why it is critical that County government remain strong. County government is the fiscal bedrock on which other municipal governments rely.

Another critical facet of maintaining an adequate undesignated fund balance is that it preserves our excellent bond rating. Our fiscal strength has been acknowledged by the municipal investment community. Putnam boasts a superior Aa3 Bond rating from Moody's, enabling the County to borrow at low interest rates and save taxpayers hundreds of thousands of dollars. In fact, in November of 2008, when the credit crisis was seizing the municipal bond markets and many governments feared that they could not access the capital markets, Putnam County was able to issue \$4.1 million of bonds at the low net interest cost of 4.25%. In an economic crisis, there is a flight to quality investments, and clearly Putnam County is judged as a quality investment. Maintaining

our superior bond rating is crucial as we borrow to build a Senior Center in Kent, close the landfill in Carmel, construct bikeways, and perform road and bridge infrastructure projects throughout the County.

In addition to rising delinquent property taxes, we must be concerned with the 2009-2010 New York State budget. It seems that the size of the state budget deficit rises weekly, and we must acknowledge the likelihood that the final adopted state budget will include cuts in revenue to Putnam County, as noted earlier regarding the Youth Bureau. This Administration will deal with these cuts as we have done previously; we will work with the Legislature to balance the need for services with our citizens' ability to pay for these services. We must be realistic--not all services may be able to continue yet we will act to mitigate the impact of these cuts.

While there are still challenges ahead that we must face, Putnam County is financially stable and we will continue to advocate for measures that will help us remain that way.

Accomplishments

Our accomplishments in 2008 were not limited to simply stopping the bleeding of the poor economy. Even in the midst of a national economic meltdown, Putnam County has been able to achieve great things, at minimal or no cost to the taxpayer. Foremost among these is the recently signed lease for the operation of Tilly Foster Farm. Thanks to the generous donations of Mr. George Whipple and an anonymous donor, the non-profit group Preserve Putnam has entered into an agreement with the County to manage the operation of Tilly Foster Farm well into the future. The goal of Preserve Putnam is to turn

Tilly Foster into a working farm that will provide educational and community events, entirely free and open to the public. Rare breeds of cows and other livestock have begun to dot the picturesque landscape and plans for further activities are already underway. And all at no cost to the taxpayer. Let me reiterate that: The County was able to secure an arrangement that will ensure the protection of a Putnam County landmark, provide recreational activities for children and families, and all without further burdening the taxpayers. If ever there was a true “win-win” situation, this is certainly one of them.

Tilly Foster Farm is not the only place where we have formed partnerships with the private sector in order to achieve great things. When New York State closed down our fire training facility, the County looked for creative ways to fund the building of a state-of-the-art burn simulator. This climate controlled facility will allow our local fire departments to properly train their volunteer ranks. In cooperation with the Putnam County Fire Chiefs Association, our Commissioner of Emergency Services Bob McMahon has set a goal of raising enough money from community donations to fund the site work for the new facility. Due to the diligent fundraising efforts of the Fire Chiefs, we have already raised \$60,000 towards our goal and we have a commitment from a local engineer, John Kalin of Design Concepts Engineering, to do the initial site work pro bono. We hope to begin work on this facility as soon as the weather breaks and we should be able to complete it by July.

In keeping with the theme of partnering, Putnam County applied for and is currently administering three grants that are benefitting Towns and Villages in the County, as well as private industry. The first, a grant for the Putnam County Main Street Partnership

program, will allow the Towns of Kent, Philipstown and Putnam Valley and the Villages of Brewster and Cold Spring to share in \$160,000 in grant funding. The money will be put towards revitalization efforts in those communities including the planning and design of parks, streetscapes, intersections and general traffic flow improvements. A second grant of \$200,000 was received by Putnam County from the Office of Community Renewal to be applied to further façade improvements, parking development, and landscape amenities in the Village of Brewster. A final grant of \$750,000 was awarded to Putnam Hospital Center for a linear accelerator to be used in their new Cancer Center. This project has already created 36 new jobs at the hospital and the funding could only be accessed by Putnam County. These three grant opportunities are perfect examples of how Putnam County government has used its manpower and resources to benefit our local communities and businesses.

Building mutually beneficial relationships with Towns and Villages was not our only focus this past year. Cementing good relationships with our three labor unions was another goal that we set for ourselves in 2008 and we are proud to say that we have achieved just that. Early in the year, we finalized negotiations with the Putnam County Civil Service Employees union, which represents approximately 350 County employees, and with the Putnam County Sheriff's Employee Association, which represents around 75 correction officers. Both of these contracts run through 2011. Near the end of last year, we were also able to negotiate an agreement with the Putnam County Patrolmen's Benevolent Association, the union that represents 75 sheriff's deputies. As was widely reported in the press, this union had been without a contract since 2002, with an arbitration award covering the years 2003 and 2004. Last year, talks again began to break

down and we were unfortunately heading towards another arbitration hearing. Finally, though, at the last minute, the two sides were able to come together to reach an agreement that also runs through 2011. We would like to thank Sheriff Don Smith for his hard work in bringing about these two agreements and for his diligent efforts throughout the entire negotiating process. His presence at the table was a crucial element in both law enforcement contract settlements and we are grateful for all that Sheriff Smith does for the Putnam community. Currently, all three of our labor unions have settled contracts, an enviable situation that Putnam County has not seen in many years.

Finally, we have made great strides here at the County level with regard to recycling and our Solid Waste Management Plan. When the County eliminated its recycling center in 2008, we were not abdicating our responsibility to the environment, as some liked to portray it. We were simply eliminating a duplicated service so that we could focus our efforts and resources towards those measures that are truly needed by our residents. To this end, we met with officials from all of our six Towns and they made clear what they wanted to see the County do to support their recycling efforts on the Town level. They told us that they needed the County to concentrate on the collection of hazardous waste, the education of the community regarding recycling, and updating and enforcing recycling laws. In response to these requests, the County budgeted for our two Household Hazardous Waste days as well as providing each Town with a container for the proper disposal of electronics. We also hired an Environmental Public Health Educator to focus on educating the community as to proper recycling habits. And our Law Department is in the process of updating the local recycling laws so that the Health Department can properly monitor and stringently enforce this legislation. Additionally, we continue to

fund our roadside litter patrols, we have added a “Green Putnam” webpage to the County website, and we are reviewing all of our waste hauler permit applications. All of these measures are included in our new Solid Waste Management Plan, a ten year plan that assesses where we stand now and which will provide direction as to how we can improve in the future.

The Future of Putnam County

Although we revel in these accomplishments and are proud of what we have achieved over the last year, we are not inclined to sit still and be satisfied. Even in the difficult days of a recession, there are still opportunities of which we can take advantage. We will never stop planning for the future of Putnam County, as well as looking for ways to save money while providing good, quality services.

The first and most important thing that we have been working on in 2009 is ensuring that Putnam County is getting as much funding from the Federal Government stimulus package that we can. When President Obama signed the stimulus legislation in February, the package was broken down into two parts. The first part, the FMAP funding, provides designated monies to specified programs such as WIC, food stamps, Medicaid, job training, unemployment assistance and Head Start. These are County administered programs and several of these funding streams were cut by New York State in the last year. Therefore, this stimulus money is crucial if we are to keep these programs up and running. We are working feverishly to ensure that Putnam County receives its fair share of this FMAP funding so that we can keep these programs afloat without an influx of County dollars.

The second part of the stimulus package allows localities to submit specific projects for federal funding. In order to qualify, these projects must be “shovel ready”, cannot be government buildings, and should show the ability to immediately create jobs. As soon as we received the criteria for these proposals, Putnam County submitted an application for federal funding to help finish our bikeways. This is exactly the type of project that the Federal government is looking to invest in. We also formed a team of interested Department Heads to brainstorm ideas that might qualify for this funding. This group developed several proposals including continued funding for the septic repair program, which will end in May due to the refusal of the New York City DEP to provide any more funding. We are hopeful that our proposals will be approved, thus enabling us to provide these necessary services to the residents of Putnam County.

Another way in which we are keeping our eye towards the future of Putnam County is our continued advance of the Kent Senior Center project. As you may recall, we were told in 2008 that we had lost the grant funding that we had worked so hard to get in order to build this new center. After much wrangling between our office and the state, we were able to resecure this vital funding. Since that time, this project has been moving quickly forward. We identified a new site, off of Ludingtonville Road, near Interstate 84, on which to build the new facility. This site is entirely owned by Putnam County and was once the location of an old hotel. Therefore, we do not anticipate facing the same site control and land issues that we had with the previous site. It is also located close to a major highway, providing better access for our senior citizen clients. We have begun the necessary environmental work and a Construction Manager will be named in the next few

days. We expect to break ground very shortly on a building that will be LEED certified. LEED is a national rating system that designates facilities which are designed and constructed as high performance “green” buildings and we expect that the new Kent Senior Center will be the first government building in New York State to garner this prestigious certification.

As always, the County is continually seeking out ways to save our taxpayers money while still providing quality services that our residents need. In this regard, we are always reassessing our programs, looking for inefficiencies and formulating creative ways to better provide these services. For the last couple years, we have been reviewing the viability of our Certified Home Health Agency. For those who are unfamiliar with this program, the County Home Health Agency provides nurses who are sent to patients’ homes upon discharge from the hospital if they need further care or if they have an illness that requires at-home care. This is not a state mandated program but rather a discretionary program that County government has chosen to make available for many years. Putnam Hospital Center currently provides this service in Putnam County as well, and organizations such as the Visiting Nurse Service of Westchester offer such care in other counties.

Our County Home Health Agency does receive limited state reimbursement but the formula for how this is calculated is always changing and it certainly never covers the entire cost of administering this program. Over many years, the State has changed the manner and amount we are reimbursed and it has never been altered in the County’s favor. Consequently, the County continues to lose money administering this discretionary

program. In 2007, we lost roughly \$415,000 and in 2008, we lost roughly \$452,000 providing this service. Because of the extraordinary cost of government overhead and the scaling down of state reimbursements, other counties across New York State have made the choice to either eliminate this service or put out a Request for Proposals to explore other options. For example, Cayuga County recently announced that they are looking to sell their Home Health Agency.

There are other concerns that we have regarding our Home Health Agency, as well. Due to budget constraints, the County is unable to pay the nurses that work for us what other private organizations such as Putnam Hospital and the Visiting Nurse Service pay their employees. Therefore, we have difficulty in hiring and retaining nurses to staff this program. Quite often, we can only attract new and inexperienced nurses for these positions. Our current staff of nurses is excellent and they treat their enormous caseload of clients with expert care and unrivaled compassion. This is evidenced by the numerous letters of gratitude that we receive from our clients. However, without a commitment by the County to continue to invest in our Home Health Agency, we will be unable to support these fantastic nurses in the manner that they deserve.

Therefore, we have decided to prepare an RFP for our Certified Home Health Agency to test the waters and see if there is an organization out there that can better provide this service to the residents of Putnam County. Our decision to do this RFP does not implicitly mean that we are adamant on selling our license and discontinuing our ability to offer this program; it simply means that we are interested in seeing whether or not there is an organization that can supply this service in a better, more cost efficient

manner. We have many requirements that will be included in this RFP, such as a promise to care for those difficult cases that the County seems to be the only one willing to serve. We are also only interested in an arrangement that would require the organization taking on the license for the Home Health Agency to lease back a portion of that license to the County so that we could continue to run some of our other programs which can only be administered under this license.

We are considering this measure because it just makes good sense for everyone involved. Because of the way government is forced to do business, it is undeniable that a private company can supply this service at a lesser cost. That is not debatable. We are also aware that private entities are very much interested in taking on this type of work in Putnam County so there would be absolutely no loss in service. It would simply be a change of ownership, a transfer of who would run this type of program. Finally, the nurses that the County would lay off by eliminating the Home Health Agency would have the best chance of gaining employment with the new provider, as they would have the knowledge and expertise that the new provider would require. Again, this could very possibly be another one of those “win-win” situations that we spoke of earlier.

An RFP is just that—it’s simply a call for proposals. The County would not be locked into accepting anything that doesn’t fit our criteria or promises to provide the same high-quality service. We merely want to explore our options for this particular discretionary program. We believe it is our fiduciary duty to look into any alternative that would keep this service available to the residents of Putnam County while at the same time alleviating the burden on our taxpayers. Should such a proposal present itself, we will work with the

County Legislature to come to an agreement on whether or not we should pursue such an option.

These are just a few measures that we are working on to continue to keep County government as the lowest portion of your property tax bill. We have been the leader in this regard, and we will continue to lead, right to a 0% property tax levy increase in 2009. This is our goal. We cannot make any promises or guarantees but we can persist in carrying on the philosophy and strategy that we believe will get us there. We have heard the cry of the people and we are responding, just as we always have, with responsible management, conservative fiscal policies, and the courage to make the tough decisions. No one knows where the economy will take us in the next several months but we do know one thing: Putnam County will continue to lead the way in helping our residents during this difficult financial time. And we can think of no better way to do that than to have a 0% property tax levy increase as our goal.

Conclusion

Putnam County prides itself on its unique character. We are a bedroom community for New York City, yet with our rolling hills, open spaces and endless lakes, we are a world away from city life. We are small enough to feel like family yet big enough to lead the state in serious financial matters such as sales tax revenue. We are progressive in the issues that we tackle, such as being the first in the state to pass County-wide Social Host Liability laws, yet we remain traditional in our values and respect the history that surrounds us at every turn. We cannot—no, we *will not* identify with the counties around us. We are not like Westchester, Dutchess, Orange or Rockland. Although our residents

may differ in their political or social opinions, on this we are united: We are *Putnam County*, distinctive in the manner in which we address issues and matchless in our resolve in the face of crisis.

It is for this reason that we stand where we do today—strong, undaunted by the economic maelstrom that envelopes us, and always, always moving forward.

Thank you and Good Night.