



Michael P. Hein
County Executive

2013 Executive Budget Speech

To begin with, I would like to thank the Town of Rosendale for hosting the 2013 Executive Budget presentation. We are taking the unique step of delivering this speech in a community-based setting for a very specific purpose: the great Town of Rosendale is a fine example of the countless amazing places throughout New York State being negatively impacted by fiscal challenges that are beyond their control. As the County Executive, I am committed to doing everything in my power to serve and protect all 183,000 residents of Ulster County.

The 2013 Ulster County Executive Budget is designed to protect families, seniors, and to solve a series of long-standing problems with straight forward solutions. It protects property taxpayers at the County, town and City levels while it still ensures essential services for those in need. It strengthens the County's financial foundation through recurring savings, reforms and consolidations, and it does not shy away from the difficult decisions needed to help grow our economy and make Ulster County government more sustainable.

This budget includes:

- A plan for almost \$11 million dollars in taxpayer relief to the towns and the City of Kingston over the next three years, as we transition to a 100% County takeover of Safety Net expenses.
- An honest solution to the unavoidable \$23 million debt and volume problem at the RRA.
- Restructuring of Ulster County's economic development efforts to make them significantly better.
- A vision for the future that grows our tourism economy with dramatically expanded rail trail availability.

On top of all this, the 2013 Executive Budget delivers the first County-wide property tax cut in over a decade.

Now at this critical juncture, solving Safety Net, as well as the RRA's past debt problem, while enhancing economic development and cutting taxes are all essential. But the fact remains, none of this is free. To make these important changes possible, very difficult decisions are also included in this budget.

- To ensure Mental Health services remain available now and long into the future, we have had to restructure portions of Ulster County's Mental Health operation. This restructuring is a must, but it has also been gut wrenching.

- To pay for increased road and bridge work resulting from more frequent and severe storms, as well as to accommodate additional traffic loads, we have had to propose a modest vehicle registration fee of \$5 for passenger cars and \$10 for commercial vehicles.
- And to respond to the continued growth of unfunded mandates and reductions in State aid, while still ensuring essential services, the hard but necessary choices have been made to reduce County spending by \$3.6 million dollars.

Those difficult choices are precisely what allowed us to begin the process of absorbing Safety Net expenses with great sensitivity to “ad valorem” communities rightfully concerned about tax equity. Those same difficult choices have allowed us to begin this process without being forced to recapture any portion of the towns’ sales tax allotment.

As the County Executive of Ulster County, and previously as the County Administrator, I have had the privilege of preparing County budgets totaling over \$2.4 billion. All while insuring essential services for the citizens of Ulster County during some of the most trying times in our history. This experience has provided me with valuable insights, a certain level of perspective, as well as a deep appreciation of just how much is at stake for the citizens of Ulster County.

Unlike many years ago, the challenges facing county governments now are no longer cyclical, they are actually structural. What that means is that things are not going to get better on their own. Action is required. It is also worth noting, there is no more low hanging fruit. As I have said all along, government must change.

Because my administration understood this early and never shied away from making what some perceived as bold choices, we have consistently been able to deliver innovative budgets that protect taxpayers, streamline County operations and ensure essential services.

This experience has taught me many things, but two facts have become abundantly clear. First, the State Legislature is not likely to save New York counties from unfunded State mandates anytime soon. In fact they have actually compounded the problem by cutting State aid for many of the very programs they mandate we deliver. And last month, the Governor made it clear in a pre-budget statement that municipalities should not expect any growth in State aid.

Second, in this environment, if New York counties want to ensure essential services and protect property taxpayers, they have to be willing to implement fundamental changes to how they deliver many essential services. For those municipalities unwilling to change, I can assure you they will not escape the harsh consequences of basic math. Some New York counties are now operated by control boards, and others have seen their credit ratings plummet to junk bond status. I firmly believe that for New York municipalities refusing to take bold and decisive action, bankruptcy may ultimately become a very real possibility.

That said, I can assure you, working together, we will not allow that to happen here. As sobering as the challenges are, our community has a proven track record of reform and a strong willingness to embrace change. In fact, I believe that because of our community’s strength, we actually have a tremendous opportunity to address long-standing issues and improve the quality of life for the people of Ulster County, both now and long into the future.

As we examine the difficult choices we will face, I think it is of great value to put our past actions into context and to show exactly why we do what we do. More importantly, what would have happened if we had not made those difficult but much needed choices in the past? This chart clearly shows why, with our partners in the County Legislature, we have instituted major reforms and why we must

continue. The bottom line is, if we had not implemented past reforms, then property taxes, because that would have been the only place left to turn, would have cumulatively increased by 66% since 2009. Instead, we have held them virtually flat. That, among other positive things, is directly tied to the value of this new form of government.

There is no question that Ulster County's move to a Charter form of government was a big idea that delivered bold change. Designing a compassionate solution for our nursing home crisis was another big idea that is delivering bold change. And the STRIVE Project that relocates a community college satellite into the heart of Kingston is yet another big idea. Ladies and gentleman, big ideas and bold change are exactly what are needed if we are to thrive in a highly competitive global economy.

Just like in our budgets of the past, this budget too will include what some may view as big ideas and bold changes. That is important because the great people of Ulster County have every right to demand that their leaders deliver results.

I believe all elected officials serve the exact same taxpayers. I cannot and will not allow towns or the City of Kingston budgets to explode because of Safety Net costs, even if it means we have to make difficult decisions at the County level. So my administration has built a bridge that provides for immediate relief to local budgets while also providing added time for our State Legislators to hopefully deliver real and honest mandate relief.

This budget includes a fiscally responsible three year "phase in" that completely takes over the Safety Net expenses from the towns and the City of Kingston, a problem that has existed since 1946. A problem, by the way, that Legislators like Pete Loughran and so many others have made the cornerstone of their public service. I also want to recognize Legislator Kevin Roberts for his intense efforts in examining this issue.

This action delivers \$1.7 million of direct local relief for towns and the City of Kingston in 2013, at a time when they need it most. Over the next three years it will provide almost \$11 million dollars in total relief for local budgets.

The Safety Net issue has grown into more than just a trivial dispute over who pays for what between towns, the City of Kingston and the County. It is now threatening to cause widespread and irreparable damage to the towns and the City of Kingston's ability to deliver essential local services. But at its root, the Safety Net problem really stems from yet another severely under-funded State mandate.

It's appalling that New York is one of only three states in our nation that chooses to fund this State initiative on the backs of local taxpayers. That said, if the State Legislature will not provide relief, we have to look for our own solutions. In this budget we have proposed a strategy to solve this problem once and for all.

Like Safety Net, the RRA has been yet another longstanding issue that is threatening to implode. I'm not here to rehash the past or to place blame, but these are the facts:

- The Ulster County government is responsible for \$23 million in past debt incurred by the RRA and as unfortunate as this is, it's unavoidable.
- The County must also pay something known as a "net service fee" every year. Basically, the County property taxpayers must subsidize the operating losses incurred by the RRA. There is no limit on that number and we are now facing a high likelihood that the net service fee could

skyrocket if volume levels at the RRA fall off. The net service fee projected by the RRA for 2013 is \$2.5 million and there is a serious danger of escalation.

Before I go on, I want to take a brief moment to recognize and thank the special committee on the RRA. This special committee is chaired by Legislator Rich Gerentine and he is doing a great job, and I know they have more work still ahead. I also want to publicly acknowledge the hard work of Legislators Ken Wishnick and John Parete on this issue. This committee has thoughtfully and systematically reviewed the numerous options with respect to solving the massive debt and volume issues at the RRA. Their work has been admirable and my administration looks forward to assisting them in implementing what appears to be the only viable solution left.

In this budget we are proposing something we refer to as “modified flow control.” A local law would require the vast majority of solid waste produced in Ulster County to move through the RRA. Virtually overnight this should eliminate the need for a net service fee. But this is about more than just that, the enabling flow control State legislation was, at its core, designed to encourage recycling and protect the environment.

An additional benefit to this action would be a dramatically improved competitive environment for smaller local trash haulers. This is accomplished by leveling the playing field with respect to tipping fees. Right now, large trash hauling companies with heavily discounted tipping fees have virtually squeezed out all local competitors, creating a monopoly for themselves.

In addition to this law, the RRA board itself must take important steps for this solution to reach its full potential:

- First, the RRA Board must create a dual fee structure: one for municipalities and another for private haulers.
- Second, they must break out fees for delivered vs. non-delivered trash.

This multi-tiered approach is designed to protect taxpayers in our towns and the City of Kingston. Simply put, as hard as it is, this solution addresses the volume and massive debt problems at the RRA and doesn't kick the can down the road.

As part of this reform-based budget, I am also committed to restructuring Ulster County's economic development efforts. We as a community must do everything in our power to spur job growth and strengthen local businesses.

Though the board and staff of UCDC and the IDA have made Herculean efforts, the fact remains that the current UCDC/IDA model is broken. It is inefficient, disjointed, and in its current form leads to fragmented and duplicative economic development efforts. I believe the people of Ulster County deserve better. With the changes we are proposing, economic development efforts will be better. On top of being better, they will also be done for hundreds of thousands of dollars less.

My administration has a proven track record of delivering results, whether it be moving local projects through the regional councils, helping local businesses over bureaucratic hurdles or even successfully restructuring the County's tourism operation in support of our \$420 million dollar local tourism industry.

When I think of the hard work my administration has done, nothing is more rewarding than the countless statements from tourism-based businesses like Rocking Horse Ranch owner Steve Turk

who said, “The County Executive’s impact on Tourism has been exactly what we needed at exactly the right time.”

I also want to be clear that as we move to restructure economic development, I have great respect for Legislator Jim Maloney, his Vice-Chair Legislator Pete Loughran, and the entire Economic Development Committee. This budget is designed to strengthen that partnership as we work to grow Ulster County’s economy together.

To get there, we have to be honest about the fact that the Ulster County business community has lost faith in the UCDC/IDA model. A message they have delivered loud and clear by not providing major private sector funding to the UCDC and by resigning from UCDC’s board in droves. Because in many counties economic development has much greater funding through private sector dollars, restructuring for us, is a must.

As I said earlier, I do not believe this is an issue with UCDC’s board or its employees. But I do believe the problem has to do with the UCDC/IDA structure itself. In fact, though many IDAs have come under scrutiny and harsh criticism from the State Comptroller, I have great faith in many of our IDA board members and as such I still believe that if the IDA’s role is clearly defined and strictly limited, it can be an effective tool in assisting core economic development efforts. That said, they are not and should not ever act as an economic development agency unto themselves. They are ostensibly a financing mechanism, no more and no less.

In this budget I am recommending the formation of a new Office of Business Services, a division within the County’s Planning Department. It will function as the single point of access for economic development in Ulster County to better coordinate efforts among Empire State Development, Regional Councils, the IDA, the Legislature, town and City officials, as well as other stakeholders. Most importantly, it will accomplish all this at the speed of business.

This model will function with a Council of Economic Advisors. It will enhance partnerships with the Legislature’s Economic Development Committee as well as the private sector, while retaining the watchdog responsibility of our elected officials by not simply throwing taxpayer money at an outside agency. It leaves intact the Shovel Ready Committee, the IDA and the Revolving Loan Fund Committee, all of which are appointed exclusively by the Ulster County Legislature. As we seek to facilitate a smooth transition, I am very pleased to announce that this new model has the complete support of UCDC’s Chairman of the Board.

My administration looks forward to discussing this plan in even greater detail during this year’s upcoming budget hearings. And as part of this overhaul of the economic development structure, I will also be extending an offer to the IDA to administer their operations, much the way UCDC currently does. This service will provide the people of Ulster County and the IDA with increased transparency and much greater accountability. This recommendation is in complete alignment with Minority Leader Dave Donaldson’s thoughtful legislation calling for exactly that, a resolution that rightfully gained the full support the entire County Legislature.

Economic development in Ulster County is much more than just this. We have been working with advanced manufacturing companies to grow this emerging segment of our economy. And we have made sacrifices in other areas to be able to maintain funding for Cornell Cooperative, in support of our \$500 million agriculture industry, something Legislators Wayne Harris and Hector Rodriguez have been tireless fighters for.

To strengthen our role as a unique tourism destination, while enhancing quality of life issues, we continue to look to the future. Expanding our network of rail trails is critical to Ulster County's future. That is why I will be proposing a plan to convert much of the Ulster & Delaware rail beds into rail trails available for walking, biking and hiking. This effort will leave intact the existing tourism railroad attraction operated by the Catskill Mountain Railroad, but it will open up over 32 miles of trails, much of which winds past the Ashokan Reservoir, and provides some of the most breathtaking views of the Catskills. This, by the way, would be a great place for the NYC DEP, and the NYS DEC and Parks & Recreation to participate in helping Ulster County's economy grow.

This rail trail conversion will have an immediate short-term as well as a long-term economic impact. First, the existing railroad tracks are a valuable asset that will be decommissioned and sold, generating a one-time revenue of approximately \$650,000. Or, with the potential sale of the rail line to a not-for-profit like the Open Space Institute or one of the many others, it may well generate additional revenue as well as create enhanced avenues for grant opportunities. The long term value of this plan is almost incalculable: tourism dollars, community fitness, business attraction and quality of life.

In addition, this plan supports the goals of creating the healthiest County in New York State and fighting childhood obesity, while highlighting our pristine environment. And by adding to the tourism magnet that is the "Walkway over the Hudson," an inter-connected U&D corridor with the O&W corridor which runs along Rt. 209, as well as the Hudson Valley Rail Trail and the Walkill Valley Rail Trail, Ulster County will be well on our way to creating the single largest interconnected rail trail network in the State of New York. This vision will result in a tremendous new, world-class tourism asset to add to our already long list of world class tourism attractions.

As exciting as all this is, I believe the most exciting part of the 2013 Executive Budget is the fact that it does not raise County property taxes one cent! In fact, the 2013 Ulster County Executive budget actually includes a small but symbolic property tax cut which we have included to act as an example, encouraging other municipalities to utilize the millions of dollars in Safety Net relief we have provided to deliver real property tax cuts of their own. This property tax cut is the first in Ulster County in over a decade! And to protect County property taxpayers, I can assure you, I will also veto any attempt to override the tax cap.

As I said earlier, none of this is free.

- Providing millions of dollars in relief to our towns and the City of Kingston;
- Taking steps to save our County road patrol, which is endangered by budget pressures;
- Delivering essential services; and
- Cutting property taxes has meant making difficult choices.

It has meant rethinking how we deliver some of our services and it has meant utilizing a new revenue stream to help pay for at least some of it.

I think it is also important to acknowledge that without Governor Cuomo's leadership and courage in absorbing the 12½% local match for infrastructure repairs in the wake of Hurricane Irene, some of the positive actions included in this budget would have simply been impossible. For that we owe Governor Cuomo a debt of gratitude.

But the fact remains, with the State Legislature's unwillingness to fix the mandate problems, the challenges before us are no longer cyclical. Instead they have become structural. The solutions in

this budget must be more interconnected than ever before. This multiyear plan relies heavily on a series of components all working together to resolve long standing and complex problems without jeopardizing the County's fiscal stability.

And to achieve these results we have cut spending by \$3.6 million in the 2013 budget by restructuring:

- Real Property into Finance
- Economic Development into Planning
- Stop DWI into Probation
- As well as a major reorganization of Mental Health

With respect to mental health services, my biggest concerns are always for our residents and ensuring services remain available. That said, as a result of dramatically reduced State aid and additional State demands, our current service model is completely unsustainable. This is something I warned of last year.

I believe in these financially challenging times County government's role must continue to evolve in order to work within our limited resources and transition to a more sustainable organization. We must utilize professional expertise to ensure high quality services for people in need. We can no longer afford to be an organization trying to cling to the idea of providing every single service in-house with less and less money available to do so. That model can only lead to compromised service or in the end to higher taxes or no service.

The new model we are bringing forward has been designed in conjunction with and with the ongoing support of the New York State Office of Mental Health and is fully supported by Ulster County's own Commissioner of Mental Health. Under this plan, as Ulster County transitions away from in-house service delivery, we are fortunate to have a highly qualified provider of children's services available in Ulster County starting January 1, 2013: the well respected Astor Services for Children and Families, a community based non-profit organization that has provided children's mental health services across the Mid-Hudson Valley since 1953. Astor Services for Children and Families is able to help children meet life's challenges and reach their full potential at no cost to the taxpayers of Ulster County and more importantly, with no loss of services.

Additionally, my budget preserves the funding for the "Kids Together" program which serves children experiencing social, emotional, or behavioral difficulties. Further, this budget continues to provide for a comprehensive network of not-for-profits for our adult services while operating in a more cost effective way. I fully appreciate that changing from the status quo is often painful.

The bottom line is, without these changes there will be massive growth in the County taxpayer's contribution to the Mental Health Department in addition to the \$3.1 million County taxpayers already fund. It is either that or with this restructuring combined with the expansion of outside providers, not only will County taxpayers save \$1.5 million, but quality services will remain available for those in need.

There is no question that reshaping service delivery intelligently and compassionately in an environment of escalating State mandates takes time. Our goal has always been to restructure County government into a more sustainable organization. This budget continues that because the math simply does not work for the previous system any longer.

This year, we once again aggressively managed vacancies, and with the support of Legislators Aiello and Provenzano and the entire Personnel Committee we offered an employee buyout program. We also restructured operations to reduce overall county staffing levels and since I have always believed in leading by example, the County Executive's Office has continued to cut staffing and personnel costs at a greater percentage than almost anywhere else in County government. Since taking office, the Executive staffing levels are now down over 20%.

Between 2009 and 2012 the County workforce has been reduced by 213 positions. The 2013 budget continues this difficult but necessary process by proposing the reduction of:

- 18 position through a separation incentive
- 44 through the removal of vacancies, and
- Unfortunately 28 through layoffs in our Mental Health Department

As always, we will do everything in our power to assist impacted workers by placing them on priority lists utilized to fill future vacancies.

Above everything else, the County's ability to continue to provide essential services in these challenging times is a testament to our amazing workforce who have risen to the challenge time and time and time again, and who should constantly be commended. A great example of that is our Department of Public Works, one of the five major non-mandated areas within County government. They are operating with 24% less staff than then when I took office. Plus, two years ago, by better utilizing technology, they tackled the harshest winter in 20 years and last year they took on the worst natural disaster in our County's history in Hurricane Irene. Now, with an additional investment, we expect to save over \$300,000 in 2013 and over \$600,000 annually going forward by utilizing cutting edge technology to improve overall snow removal.

As we look to restructure, cut spending and protect property taxpayers by tackling the Safety Net issue, we as a government must also acknowledge the need for revenues to support essential services. But I also believe property taxes should be the last resort, since they are a regressive tax that impacts people regardless of how many services they use. We as a County also cannot ignore the fact that additional traffic and more frequent and severe storms are damaging our roadways and infrastructure at an alarming rate.

Since the state has not relented on mandates, the 2013 budget does include a local vehicle surcharge to provide new revenues to support our transportation infrastructure. This revenue is broad based and as a user fee is significantly more- fair than simply taxing property owners. To put this fee into perspective, there are 36 other New York counties that already have this nominal surcharge in place. In addition to helping fund our growing infrastructure needs, this surcharge will go along way to protecting those brave men and women whose job it is to protect all of us: the Sheriff's Road Patrol.

In an environment where we are now forced to spend over 100% of all County property tax dollars to pay for State mandated programs, I want to repeat that over 100% of all County property tax dollars go to pay for State mandated programs, large areas that are not mandated, like the Sheriff's Road Patrol, are at extreme risk. This fact has also added even greater importance to the need to deliver innovation and change within the 30% of the County budget not mandated by the State.

The major non-mandated areas are:

- Our Community College

- Golden Hill
- DPW
- Mental Health
- Sheriff Road Patrol

We are moving forward with the STRIVE Project. Among other things, STRIVE:

- Improves access to higher education for inner city youth
- Puts surplus County properties back on the tax rolls, and
- Centralizes health and human services departments

The STRIVE Project is also designed to help the community college's business model, and hopefully offset future subsidy increases.

With respect to Golden Hill, this budget fully funds operations for the balance of 2013. The cooperation between the Ulster County Legislature and my office, as well as the hard work of the LDC and the critical role of Legislator Jeannette Provenzano have ensured that this compassionate transition remains on schedule, while our residents continue to receive the quality care they so richly deserve.

After making major changes like these to large non-mandated cost centers like the community college, Golden Hill, the Department of Public Works and now, in this budget, to the Mental Health Department, that leaves only our Sheriff's Road Patrol. We have had to work extremely hard making cuts in other areas, designing a new revenue stream and consolidating other departments to protect our Sheriff's Road Patrol. Simply put, I am doing everything in my power to protect public safety.

I know many are unaware until there is an emergency exactly what our Sheriff's Office provides: swift water rescue teams that were lifesaving during Hurricane Irene, search and rescue operations, drug dogs, police training, river patrols, the Ulster County Mobile Incident Command Center, as well as hosting the (EOC) or Emergency Operations Center in case of a disaster.

I believe the most important function of any government is to provide for the safety of its citizens. This budget also reaffirms my administrations commitment to law and order by providing a much needed additional Corrections Officer at the jail plus another prosecutor in the DA's office to hold dangerous criminals accountable.

I also believe that as the policy board, the Ulster County Legislature has an obligation to do what many other counties are now doing, to conduct a comprehensive study of the current law enforcement coverage, in order to address equity issues, any gaps in service, as well as the economic viability of the entire system.

People have a right to feel safe in their homes but they also have the right not to be taxed out of them, a philosophy the Chair of this committee, Legislator Rich Parete has consistently supported. Especially since the Sheriff's budget has now become the second largest cost center in the County behind DSS after we exclude Golden Hill. So in an effort to improve while protecting law enforcement funding, we will be consolidating our Stop DWI efforts into Probation. Analysis has shown that too much of the past budget for DWI prevention (30%) was being spent on administrative costs rather than direct efforts to stop drunk driving. By moving STOP DWI into the Probation Department, more money (89%) will now go directly to frontline drunk driving prevention efforts to make our streets safer.

As we innovate, restructure and improve in the 30% of the County budget that is not mandated, we have to be frank about the challenges we face.

- Pension Costs: Mandated contributions to the State Retirement Fund are without question a budget buster, impacting county governments and taxpayers everywhere. Employee pension costs in Ulster County were up almost 3,700% since 2002, and that was last year. To highlight the un-sustainability of these costs, is the fact that the mandated pension costs for this year alone have gone up another \$2.8 million to \$19.5 million. That means the total since 2002 is now an increase of over 4,300%. That number is more than just staggering, it means something to Ulster County families. Ultimately it has the potential to break local governments.
- State Aid: The amount of aid the State provides has continued to be reduced. This is in effect a back door de-funding of existing mandated programs, an action that negatively impacts the revenue side of our budget and in the end, puts our local taxpayers at additional risk.

I want you to see the enormity of the gap between what is mandated by the State and how much less the State actually provides in aid. Only 12% of the County's revenue comes from the State, and that number is falling, yet the State mandates over 70% of our expenses, and that number is climbing. Mandates continue to make up over 70% of our budget. Even though the Governor has frozen the rate of increase in Medicaid, the County's share of DSS has now exceeded \$50 million.

Though Ulster County government has five labor unions, one operates with slightly different guidelines: the PBA, the bargaining unit for the Sheriff's Road Patrol. As the County Executive, one of my many responsibilities is negotiating labor contracts for the County and I take this role very seriously. I strive to balance the need to properly compensate a tremendous workforce with the reality that our taxpayers are being pushed to their limits.

There is one potentially multi-million dollar expense associated with these negotiations that neither I nor the County can control, an expense that may well be imposed upon Ulster County taxpayers since the New York State Legislature has previously granted police personnel binding arbitration. There is the potential for a multi-million dollar expense to be added to the Sheriff's road patrol this year. As a result, we have responsibly budgeted for it, but it is likely to have a dramatic impact on payroll costs for the Sheriff's Road Patrol both now and long into the future.

But all of the other challenges combined do not present the level of danger that unfunded mandates do. The real question is, with all the challenges confronting us: How can we deliver essential services without breaking our taxpayers? The answer from my administration has always been, embrace change, find innovative solutions and always put the needs of the people ahead of the wants of the politicians. As we look at the tax cap, sales tax, fund balance and the County's tax levy, my administration never forgets exactly who it is we work for.

In a unique situation brought about by the a refinement of the tax cap by the State Comptroller's Office, combined with the previously unaddressed Safety Net issue, the tax cap for Ulster County in 2013 is actually less than the 2% many people associate with the "Tax Cap" law. The actual tax cap limit for Ulster County in 2013 is 1.37%. But the fact remains, as the County Executive, I do not want to raise property taxes at all.

Under the category of good news is the fact that sales tax revenues in Ulster County appear to be stabilizing, so we have conservatively projected sales tax for 2013 at \$90.1 million, an increase of only 2.5%. From a fund balance perspective, as we work through a multi year solution to protect our

property taxpayers we have allocated \$10 million from the general fund balance to offset expenses. That is \$850,000 less than last year. As a result, there is now \$14.8 million left, or 5 % of the general fund. I am committed to rebuilding our County's fund balance through thoughtful planning, effective management, and responsible budgeting. These concepts have allowed us to maintain a strong bond rating in the midst of serious financial storms and that fiscal responsibility has served our taxpayers well.

The County's 2013 tax levy is \$78,730,408, 0.16% less than 2012. This again marks the first tax decrease in Ulster County since the year 2000 and the second time my administration has delivered a budget at or below 0% to protect over-burdened families in this time of great need. But the fact remains, all the positive changes we have made, all the sweeping reforms we have instituted and all the major problems we have solved can still be undone by the State Legislature. If they cannot find the courage to address mandate relief for local governments, it is undeniable that unfunded mandates will quickly become a statewide recipe for disaster.

The truth is, there is no magic formula for designing successful County budgets or for running an effective County government, only hard work, long days and tough choices. As a result, I am proud to say much of the sweeping reforms we have accomplished together, both in this budget and over the past three years, conventional wisdom said could not be done. We have designed this budget around three key principles:

1. Protecting taxpayers
2. Bringing straight forward solutions to longstanding problems, and
3. Ensuring essential services remain available for people in need.

All in an era in which fundamental mandate relief from the State Legislature has remained highly elusive. I cannot fix what the State Legislature has broken, but I can attempt to buffer their inaction with this budget. So in this budget we have:

- Cut County property taxes
- Provided almost \$11 million dollars in relief over the next three years to protect town and City of Kingston taxpayers with our phased in Safety Net plan
- Provided major reform that overhauls the County's economic development efforts
- Provided a responsible solution to the \$23 million unavoidable RRA debt
- Provided difficult but thoughtful solutions to the fiscal crisis at Mental Health that was threatening to endanger services.

And in this budget:

- We have made the hard choices throughout County operations in order to preserve the Sheriff's Road Patrol
- We have cut spending \$3.6 million
- In addition to that, we have kept funding for our amazing contract agencies at virtually the same level as last year to protect the valuable services they provide all across our County
- Among other things, this budget also lays out a vision to help grow our tourism economy with dramatically expanded rail trail availability.

Add to all of this the fact that this year my administration, in conjunction with the County Legislature, maximized property tax exemptions for seniors, first-time home buyers, our Veterans, as well as our disabled citizens. Plus, with the leadership and cooperation of Legislator Tracy Bartels, we became

the first New York County to provide sales tax exemptions for both residential and commercial solar panel installations. Above all else, with this budget Ulster County property taxpayers are protected. Their property taxes do not go up, they actually go down.

I look forward to working with the County Legislature through the 2013 budget process. As we review the details with Ways and Means, we are fortunate to have responsible and experienced Legislators like the Chairman, Rich Gerentine as well as Deputy-Chair Don Gregorius and Legislators Provenzano, Harris, Rodriguez and the rest of the Ways & Means Committee.

In conclusion ladies and gentleman, though I do not believe in change solely for the sake of change, we as a community must not fear change, especially if we are to reposition Ulster County to compete in a highly competitive global economy.

Now as we stand here in the beautiful Town of Rosendale, it reminds me that we all face similar challenges. Whether it is a county or a town government, or more importantly, a family sitting at the kitchen table trying to make ends meet, limited resources and intense budget pressures demand we do things differently. We are. It is my great hope that the Safety Net relief we provide will be used primarily to lower property taxes. But the fact remains, important public needs are suffering as a result of the current financial climate.

To end where I began, we are here in the Town Rosendale for a purpose: to illustrate the real world benefit of what we are doing. We all know the swimming pool at the Rosendale Recreation Center was closed all summer long and is still in a state of disrepair right now. We cannot allow this to continue. I am thrilled to announce that when fully implemented, the \$67,000 of annual Safety Net relief to Rosendale could go a long way to covering a yearly bond payment to repair the currently shuttered Rosendale Community Pool. Ladies and gentleman, I believe this pool can and must reopen.

Though in the end, the decision is one for the Town Board Members of Rosendale to make, I hope Safety Net relief will allow this beloved and once vibrant community facility to provide wholesome and healthy recreation to all the children and families of this entire region for many years to come.

If you want to understand what this budget is really all about, it is about children and adults, it is about families and seniors, it is about taxpayers and small business owners, and it is about now and about the future. Ultimately, it is about making Ulster County the finest place anywhere to live, work and raise a family.

Thank you.