

November 1, 2005

**To Bradford Kendall, Chairman of the Dutchess County Legislature; Members of the Dutchess County Legislature; and Residents of Dutchess County**

The 2006 proposed budget I present to you today decreases spending, decreases the tax rate and distinguishes Dutchess County as having an impressive 20% lower per capita spending compared to other similar size counties across the state. This budget maintains the core services and programs vital to our County residents, and offers some new promising initiatives – all while realizing a decrease in the County government tax rate. Determined spending constraint coupled with a successful economic development agenda resulting in vibrant and sustained economic activity are important factors in my ability to lower the tax rate in the proposed Executive budget.

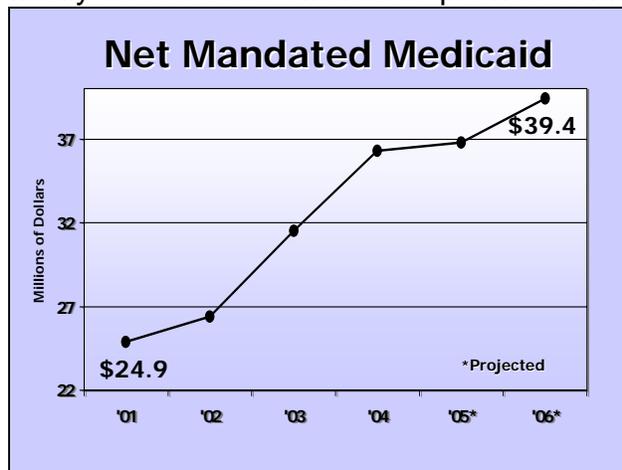
While economic growth has brought many benefits to Dutchess County, major fiscal challenges will always be present. As we have learned over the past few years, it takes only a small handful of factors to strain a county budget and negatively impact years of good work. We must be ever cognizant of these potential and real factors that are primarily out of our control but as I will discuss later never completely outside our ability to plan for and manage. I have stated numerous times in the past, we must resist efforts to be all things to all people and avoid the County government becoming the funder of last resort. Our taxpayers cannot afford that now, it is not sustainable over future years, and it is not a responsible approach to our shared fiscal stewardship. Yet that does not mean we cannot initiate new programming when it's clear a modest investment of dollars has the potential to reap large dividends in the future.

Dutchess County is a dynamic and successful community with a revered quality of life. The many proactive and strategic programs and services we have created and supported over the years have positioned County government and the larger community to prosper – this Executive budget will help enable this trend to continue. We take great pride that collaborations among our many and varied County departments and agencies, as well as with the Legislature, partnerships with community agencies and a careful, forward thinking approach are all part of the creative solutions in this budget that lend to our plan for the future.

## Mandates & Other Costs Beyond Our Control

Approximately \$275 million is spent annually in Dutchess County for Medicaid through providers and health organizations, funded via a combination of federal, state and county tax dollars. Dutchess County pays approximately 25% for most Medicaid services, as do other New York State counties, a startling number since it is by far the largest local share in the nation. In a typical month there is a Medicaid caseload of more than 14,000 people in Dutchess County.

The 20 year fight by county leaders against the state's unfunded Medicaid mandate finally forced state officials to provide some relief to counties through a new controlled



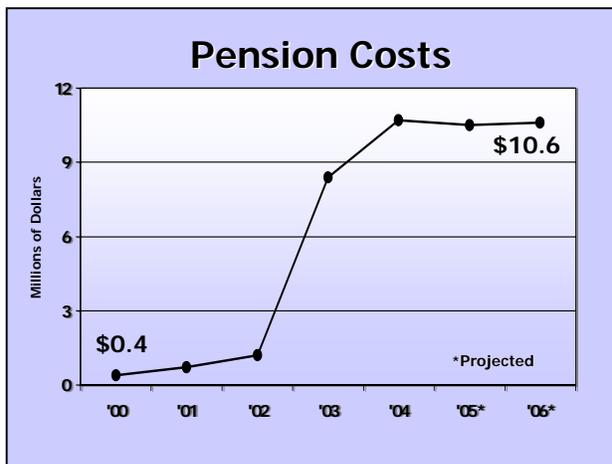
growth formula of an annual escalator percentage over a county's 2005 base year Medicaid costs. While not the true "cap" most had hoped for, this new funding formula slows the growth of Medicaid costs to the counties. However, the Medicaid formula also redirects Medicaid revenues that previously flowed to the county. This new Medicaid funding method will still have a net cost increase to Dutchess County taxpayers of \$2.6 million in 2006.

The Medicaid legislation relieves counties of the liabilities associated with prior year appropriations set aside to cover Medicaid bills, which come in after the end of the year. These prior year Medicaid appropriations represent approximately \$13 million of taxpayer dollars previously raised to fund these outstanding Medicaid obligations. I feel strongly these dollars should be used for the purpose intended - to fund Medicaid costs. I am proposing a **Medicaid Stabilization Plan** which will set aside these appropriations to deal with the state's planned 2006 mid-year adjustment, as well as the new Medicaid growth projected over the next three or four years growth which will reduce the burden on our taxpayers moving forward.

Additionally, it is uncertain whether a new governor and state legislature elected in twelve months will change or eliminate the Medicaid relief included in this year's state budget. We know from past experience New York state has a history of not fulfilling their funding commitments. For example, NYS Education Law dictates the State shall provide 40% of operating costs for colleges for which a program of "full opportunity" is provided. Dutchess Community College complies with this provision, however, the state has never met this funding commitment even though the law requires it. Moreover, a 1989 New York state statute mandating the provision of services to children three to five years of age with disabilities pledged the state's five year phased-in 75% share of the cost of the program but has never reached that level of contribution, required by law.

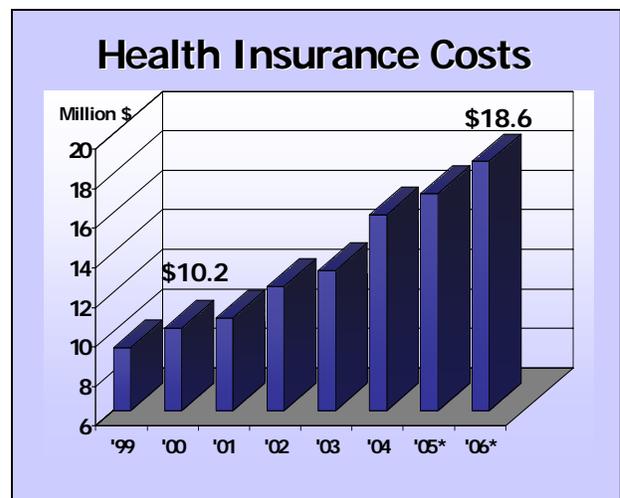
Through a program I initiated in 1993 in my first ever Executive budget, Dutchess County has worked aggressively to identify fraud by those individuals who receive Medicaid and other social services benefits, targeting those who hide income and other information. As a result of these efforts, we have successfully saved or avoided the expenditure of millions of taxpayer dollars. I recently announced Dutchess County has joined the New York State Association of Counties (NYSAC) **VerifyNY** Medicaid fraud and abuse detection project. NYSAC, in cooperation with IBM, is offering this opportunity to a limited number of counties as a pilot demonstration project. This new initiative will allow counties for the first time to recapture monies that have been incorrectly or fraudulently billed by providers, an expanded effort far beyond our prior efforts limited by law to recipients.

As part of the **VerifyNY** initiative, I have included funding for next year in the Department of Social Services for two temporary auditors to analyze the **VerifyNY** data and work with the DSS Fraud Investigation Unit to weed out fraud, waste and abuse of taxpayer dollars. I have also included funding for an analysis of our Medicaid Transportation Program to ensure the program is operating at maximum efficiency.

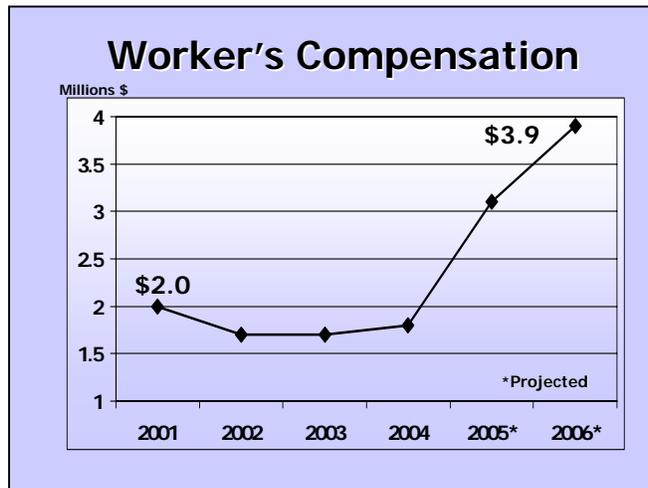


While state mandated pension costs to fund our employees' retirement paychecks have spiked dramatically in past years from just \$380,000 in 1999, pension costs have stabilized and will remain flat in 2006. The 2006 proposed budget appropriates \$10.6 million for a full year of retirement system contributions. Our preliminary 2005 bill from the NYS Retirement System due this December is estimated at \$10.5 million.

Health Insurance costs for County employees and their families total \$18.6 million in 2006, an increase of \$1.5 million over this year, and have spiraled up more than \$8.4 million in the last 6 years reflecting the nationwide trend in the insurance industry. This past year we have seen an increase in enrollment in our health insurance plans from employees and their families not previously enrolled. This is due in part to reductions in benefits or increased contributions required by other employers, making our plans more attractive. Our more substantial benefits granted to County employees, and at a lower cost to staff than



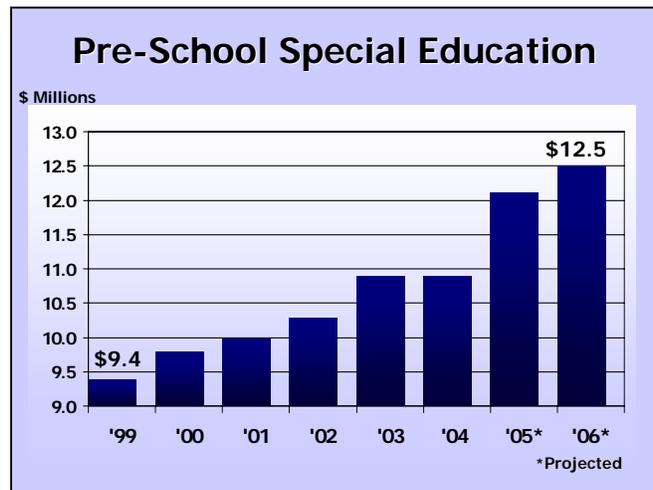
typical with other employers has caused this “magnetic” effect attracting others to our health coverage. Recommendations developed by the Health Insurance Task Team I created in 2004 are currently being negotiated with the unions which will directly impact the cost of health insurance. It’s important we continue to provide quality health care coverage at a cost as reasonable as possible to taxpayers and our employees and retirees.



Workers Compensation costs will increase by \$800,000 next year for a total increase of \$2 million in just the last two years. We are seeing more claims from the Sheriff’s Office for both deputy sheriffs and correction officers. A court decision broadening the scope to include any injury or illness that a deputy sheriff or correction officer receives while working is compensable under General Municipal Law 207c continues to have a very negative impact on our claims experience. Over the last 2 ½ years, expenses relating to

claims from the Sheriff’s Office employees who make up only 17% of the total County workforce have totaled over \$3 million or 48% of the total expended.

Costs for the state mandated Preschool Special Education Program (T&E) in our Health Department are projected to rise sharply this year with a request for an additional \$1 million going before the County Legislature this month. This additional need is primarily due to multiple retroactive rate adjustments authorized by New York State with one adjustment alone being \$470,000. In addition, a rate increase for a new mandated program for autistic children is estimated at \$250,000. The increase is also due to the type of services and length of services required for the children in this program. The cost for this program is projected to increase another \$400,000 next year.

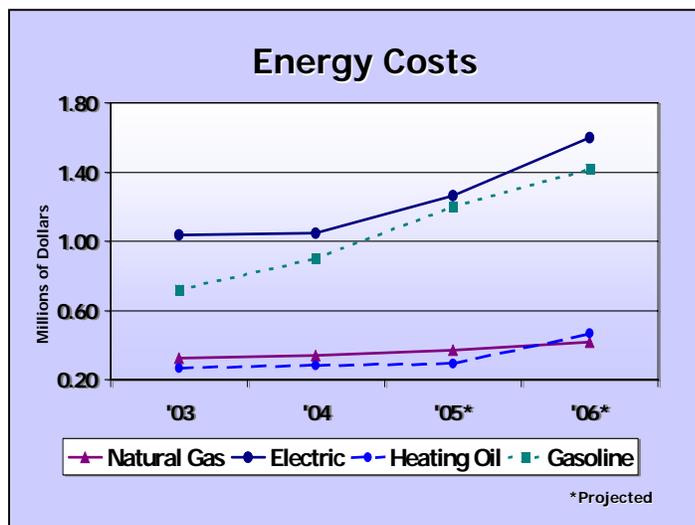


New federal and state mandates continue to challenge our fiscal stability. The implementation of the Help America Vote Act (HAVA) which requires counties to take over responsibility for services previously provided by the cities and towns will have long term fiscal consequences. While New York State will pay for all or the majority of the cost of the new voting machines, the ongoing maintenance, storage, transportation and setup of the machines, as well as compensation and training of election inspectors will be entirely at the expense of the County government. In the absence of an

implementation plan which was requested from the Commissioners of the Board of Elections on multiple occasions, it is not possible to accurately determine a budget for these costs. Therefore, the Board of Elections will need to submit their plan directly to the Legislature for consideration. The Legislature will need to consider the issue of charging back municipalities for these costs. It is our understanding Legislators have already begun some discussion on this matter.

The two positions of Election Commissioner have been adjusted to half time hours and compensation. This is more reflective of the two incumbent commissioners work schedule. Since the duties of the office exist in this manner under the two present commissioners, one can only reasonably conclude that part time status and part time compensation is all that is required for the administration of the duties of the office. Most importantly, it cannot be justified to taxpayers that full time salary and benefits be paid for employees working part time hours.

An additional higher expense is required next year for the County Resource Recovery Agency whose operational costs for garbage disposal are subsidized by the County budget. This is required under an agreement between the county and the RRA approved in 1984. The 2006 subsidy or “net service fee” of \$4.1 million is a significant increase over the \$2.25 million appropriated in 2005 as the agency will begin to pay for the installation of \$14.5 million worth of federally mandated environmental improvements to their physical plant. My goal in 2006 is to explore alternatives for funding this net service fee so it does not continue to be a direct drain on the County operational budget.



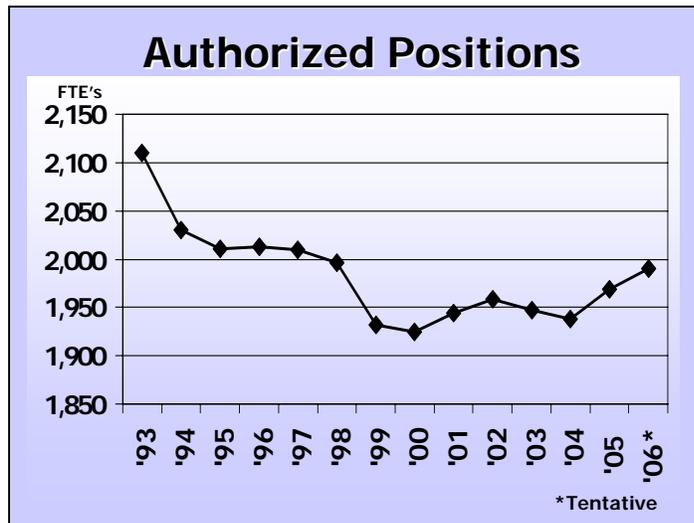
The volatility that already existed in the energy markets intensified as a result of hurricanes Katrina and Rita. This impact will be felt sharply as we face many of the same higher costs families are facing: heating fuel and electricity for our large complex of County buildings as well as gasoline costs incurred for the Sheriff’s patrol, LOOP buses, highway department equipment and other County vehicles. This impact is also reflected in higher costs charged by our vendors due to increases in their expenses for transportation,

materials and supplies. The increased gasoline costs for our Mass Transit buses require a minimal increase in bus fares, the first fare increase in over ten years.

I am proposing the purchase of three hybrid vehicles as part of the annual vehicle replacement plan, an initiative which I know is important to our Legislature to preserve the quality of our environment and which will also save on fuel costs.

## New Initiatives

Over the past three years, we have cut 27 positions from the County government workforce and some departmental budgets were cut to unsustainable levels due to financial demands beyond the control of county government. As a result, we fell seriously behind in several high priority programs and service areas which are important



to me, and I know are important to County legislators and our residents. In 2005 we provided resources to realign, restructure and reallocate to address some of those areas in County government with compelling needs. The 2006 budget continues this strategic approach of realigning our workforce, and I have highlighted some specific examples in this message. While we are adding a net increase of 24 targeted positions, it's important to note we still have fewer county employee positions today than in 1992 when I took office.

## Health & Human Services Cabinet

The 2006 budget includes funding to continue the successful *Health & Human Services Cabinet* initiative created in 2005 to focus on coordination of service delivery and better outcomes for families. This high-level executive management team made up of Commissioners and Directors from Health, Mental Hygiene, Office for the Aging, Probation and Community Corrections, Social Services, Veterans Services, and the Youth Bureau have been meeting since May to develop operational guidelines, set goals and design a framework to analyze the performance outcomes of County programs.

This cross systems communication has already proven effective for the County by proactively addressing Medicaid related issues to control costs (*VerifyNY*), sharing of information on services and emerging issues, discussion of fiscal priorities, and an exchange of internal best practices to improve operational efficiency. The Cabinet's value as an ongoing forum was instantly recognized since it provided the communications structure and relationships to quickly organize a County initiated community leaders committee to assist arriving Katrina evacuees with intermediate services after the Red Cross' emergency services.

This more holistic approach to the County's human services delivery system has been a top priority of mine and that is why I am supporting several expanded or new initiatives to improve the quality of life for all Dutchess County residents that reach across age groups and departments.

## **Seniors**

We have considered it a key objective that the Office for the Aging continues to be successful in meeting the challenges of our senior citizen population to lead productive, independent lives and remain in our community close to their families and friends. With the growth in our aging population, this budget maintains funding for our core programs for seniors, including the nutrition and exercise programs we launched in 1997 that are so popular. The program was expanded in 1999 and I am proud to say today it is by far the largest program in New York State with over 1400 participants and 55 locations. For 2006, I have funded a new Community Services Worker to respond to the growing number of senior citizens and their families who need additional insurance counseling for Medicare Part D, social security, long-term health care, home and adult day care services or personal emergency response systems. A new Case Manager in CASA is funded to handle increased caseloads and keep the elderly at home rather than being forced into nursing homes.

## **Emergency Housing**

I have also provided \$97,500 to fund emergency housing for the homeless as requested by the DC Housing Coalition, under the leadership of Departments of Mental Hygiene and Planning, to meet the short term needs of families and individuals who are unable to find permanent housing in our tight rental market. This Executive initiative will fulfill the year round unmet emergency housing needs for those ineligible for TANF or Safety Net support.

## **Community & Child Health Initiatives**

Dutchess County has a higher than average number of cases in several different types of cancer. Each and every one of us has been affected by cancer either directly or indirectly through family members, friends or co-workers who have battled this dreaded disease. Although annual mortality rates have decreased, the number of new cases has increased. While many types of cancer are preventable, the implementation of comprehensive prevention strategies is difficult mostly due to a lack of coordination among partners. That is why I have included \$60,000 to fund creation of a *Cancer Control Council* in 2006. This collaborative initiative will enable the Dutchess County Department of Health to bring the partners together to create and implement the local *Comprehensive Cancer Control Plan*. Specifically, this funding will provide for consultant resources to guide and assist with the formation and staffing of the Council, a major community forum and dedicate funds to proactively address the top priority decided upon by the Council for the first year through education and screening enhancement in our community.

As part of my commitment to children's health, I am expanding the very successful, comprehensive *Tobacco Use Prevention* and *Childhood Obesity* programs for young people with an allocation of \$525,000. This is part of our *Child Health Initiative (CHI)* created in 1999. This brings our multi-year funding commitment with the *Children's Services Council* to an impressive total of nearly \$3 million! *CHI* funded services discourage our youth from smoking and work to increase their healthy eating/exercise

behaviors. Using researched-based, effective prevention strategies and survey data to measure impact, *CHI* has already achieved success with our middle school students and teens.

Last year I funded a joint initiative with the Legislature for an international Lyme Disease conference held in Dutchess County. This year I have again included funding of \$35,000 in the Health Department for continued research on this important cooperative health initiative.

As an additional commitment to the children of our County, I am supporting a new *Early Childhood Coordinated Children's Services Initiative* in the amount of \$71,000 to create a comprehensive system of care in Dutchess County for our early childhood population. This has been recommended by DSS Commissioner Allers, Legislator Marcus Molinaro and the *Dutchess County Zero to Three Partnership*. Under the leadership of Dr. James McGuirk, Executive Director of Astor Home for Children, the *Early Childhood Coordinated Children's Services Initiative* will provide necessary service coordination for infants and children, birth through four years old, who are at risk for foster care placement or abuse and maltreatment. The goals for the multi-agency project will be increased access for families to community based preventive services; improved, effective coordination of services with the families' active participation; decreased referrals to our social services system; and identification of gaps or barriers in the current child development system.

In addition, this budget includes new resources of \$35,000 for a *Healthy Baby Initiative/Safe Baby Awareness* campaign I believe can spread life saving information for new parents and caregivers on quality childcare guidelines and how to avoid physical harm to babies through inappropriate handling by caregivers. The campaign will include a media component to raise awareness on the harm of shaken baby syndrome for any adults involved with young children: grandparents, neighbors, friends, babysitters as well as parents. Brochures printed in English and Spanish will reach over 10,000 families and caregiver with information on critical health related issues for our youngest most vulnerable residents.

### **Veterans**

In order to better serve our veterans and their families, including our returning service men and women from the Gulf war area, I am adding a part-time staff position to our Veterans Services Agency. This will also provide for better outreach to the Beacon and Pine Plains satellite offices. The department's budget includes a new *Veterans' Services Public Awareness* campaign to provide information for local veterans on the County's increased property tax exemption for Veterans and update on services for veterans and their spouses. By educating our veterans on how to obtain their full federal provided benefits, we reduce the potential burden on County funded services and help them receive the well deserved recognition for sacrifices they made for all of us.

## **Preserving Our Environment**

With the extensive growth Dutchess County has experienced in residential and commercial development, particularly in the southern part of the County, it's extremely important we take steps to protect our environment. To address this issue, I have included the addition of a new Sanitarian position for the Health Department's Beacon District Office to handle this increased workload and to comply with state and County mandatory sanitary code requirements.

Dutchess County has many public water supplies and private residences relying on ground and surface water as their drinking water source. In 2004, Chairman Kendall created the *Groundwater Protection Subcommittee* to review the need for a County water protection plan. Under the stewardship of Legislators LaFrance and Swartz, the committee has developed a work product with several recommendations - some easily applied - for overall water protection strategies. The subcommittee acknowledges "...the conservation and protection of a natural resource like water needs a multi-faceted approach...". In recognition of this ongoing work and the recent passage of Resolution No. 205203 requesting the Commissioner of Health to look at options for a public education outreach program on issues related to private well water, as well as our own commitment to educate individual homeowners on steps they should take to assess and ensure the quality of their individual water supplies, I have added \$85,000 to the Health Department's budget to wage a comprehensive, multi-faceted public education and public awareness outreach campaign in 2006.

## **Maintaining & Enhancing Our Infrastructure and Parks**

As we sustain economic growth and development in Dutchess County, traffic issues continue to impact both the safety and quality of life of our residents and visitors. County government owned and maintained roads cover 394 miles with 17 traffic signals. These lights must function efficiently with minimal downtime to maximize the efficient and safe flow of traffic. The proposed budget includes funding to implement the findings and recommendations of the 2005 consultant studies and will ensure our County traffic lights are working properly and are efficiently and economically maintained.

As we fully assess the impact recent storms have had on our roads, bridges and drainage structures throughout the County, we must stay focused on completing the \$73 million capital project program and the 23 locally administered federal aid projects. I am recommending the addition of an Engineering Aide for Public Works to help with the expanding workload and to provide the necessary support to our design and drafting resources. This position is essential to our infrastructure responsibilities and critical to sustaining economic development efforts.

During last winter, Public Works depleted our inventory of ice control materials. Our concerns about another severe winter combined with a significant jump in the cost of materials has given rise to an increase in this expense of \$240,000 or 42%.

On average, Dutchess County's Public Works Highway Engineering fee schedule rates are well below those of other counties. In addition, the requirements of engineering services have grown in size and complexity. The typical process requires more detailed analysis, review and inspection at various stages of the project as well as additional documentation and paperwork, especially with major commercial projects. Our plan is to increase rates to a reasonable level spread over a two year period.

Our County parks are a valuable asset contributing to the enjoyment and quality of life for many of our residents. Just last week I announced the opening of the County's new *Quiet Cove Park*, a cooperative effort between Dutchess County and New York State. *Quiet Cove Park* is a terrific addition to our County owned parks inventory, and I know people will appreciate its quiet beauty and spectacular view of the river. *Quiet Cove*, located in the northern part of the Town of Poughkeepsie, is 27 acres of land that was formerly part of the Hudson River Psychiatric Center property. Improvements to this park are scheduled to be continued over the next three years.

The 2006 budget includes several enhancements and initiatives to expand and preserve the County's park and recreation facilities. The inclusion of \$35,000 and a cooperative relationship with the Town of Poughkeepsie will result in the addition of an in-line skating/roller hockey rink and basketball court at *Bowdoin Park*. *Bowdoin's* rink will serve the increasing need for a sport that has seen tremendous growth over the past decade. I have also included \$30,000 in funding for a continued concert program for the new amphitheatre at *Bowdoin* and look forward to supporting a concert series in 2006 that offers diverse family entertainment. *Wilcox Park* in northern Dutchess will see the construction of a new pavilion in the spring of 2006. This pavilion will be located on top of a rolling hill overlooking the scenic waterfront, have a full kitchen facility, and will be the largest our County parks division offers.

We have many incredible settings to see the natural beauty of Dutchess County. Coming shortly in 2006 and 2007 will be the awesome *Dutchess Rail Trail*, an 11-mile linear county park running through the middle of the County, which could very well be the crown jewel of our parks system.

I've included funding for a new cooperative initiative with the Sheriff for a dedicated *ATV Patrol* to guard and protect those areas of our County which are not easily accessible by typical automobile sheriff patrols, most importantly our rail trails, Central Dutchess Waterline and public parkland. The County has invested millions of dollars in these important infrastructure projects and we must protect our investment. That is why the 2006 budget includes two new Deputy Sheriff-ATV patrol positions as well as two new ATV vehicles and equipment for this dedicated patrol.

### **Debt Service & Capital Plan**

The County's recent decision to participate in the a tobacco refinancing along with approximately 20 other counties will result in savings of approximately \$2.4 million in annual debt service spending in 2006 with additional savings in future years. This strategic decision positions us to fund other important capital projects such as airport improvements and repairs, security upgrades and other improvements in County

facilities, highway and bridge improvements, improvements for the new *Quiet Cove* waterfront park, improvements for *Wilcox* and *Bowdoin parks*, the *Harlem Valley Rail Trail* extension and *Dutchess Rail Trail*, open space and farmland protection, and Dutchess Community College renovations for the education of our workforce.

### **Planning & Economic Development**

The Dutchess County Economic Development Corporation (DCEDC) and Tourism Agency are essential components to the economic vitality of Dutchess County. DCEDC plays an integral role in sustaining our County as a business friendly community with strong investments, solid job growth and a balanced approach to development. This past year was one of transition for DCEDC, with key stakeholders conducting a visioning process to clarify the mission of DCEDC and identify essential programs to carry out that mission. The 2006 budget includes \$325,000 for DCEDC to fund a carefully thought out plan for business attraction, retention and expansion, economic community affairs and empire zone funding. The budget also includes \$619,719 for tourism activities that promote Dutchess County as an attractive tourism location.

The Environmental Management Council (EMC) provides valuable services related to agricultural redistricting, support for the conservation advisory commissions and water resource management tasks. As an entity created by the County Legislature, EMC is required to operate under the oversight of an administrative and fiduciary sponsor. At the present time, EMC has been unable to secure a sponsor for 2006. While the future of EMC is uncertain, I have included \$130,000 in the Planning and Development Department to fund environmental services programs important to the County.

### **Public Safety & Volunteerism**

In June of this year, Farmers Insurance Group, the nation's third largest Property & Casualty Insurance group, ranked Dutchess County one of the most secure places to live in the U.S. "Living, working and raising a family in a safe, secure area is important to many people" the insurance group said, "... we'd all like to find a place to live or work that provides us that feeling of well-being."

Keeping our community safe and providing our residents with a sense of "well-being" is one of my top priorities and is critical to the quality of life for our residents and families. We only have to look at the front page of the daily newspaper or turn on the television to see the devastation in the Gulf States, Florida, or Pakistan or recall the events of 9/11 to know how important preparedness is to our community. I have included several important initiatives for next year to accomplish this important objective.

Today, we live in a world where we all must expect the unexpected. I believe it is a primary goal of County government to protect our residents. One of the best ways we can help is to give them the knowledge and expertise to effectively deal with emergency situations. I have scheduled a training and information session this month to help local municipal leaders and school administrators improve their emergency planning and preparedness. For 2006, I have included funding for the expansion of this program to include a major outreach program to County residents. This new emergency

preparedness program will provide tips, suggested emergency preparation kits and information on what to do in the event of a large-scale emergency or disaster.

The final report of the “*Changing Times in the Fire Service*” committee, an offshoot of the COMEVOL forum held in 2003 maintains what we have known for some time – communities nationwide have a recruitment and retention challenge within the ranks of the volunteer fire and EMS departments. We must do more to shore up our volunteer numbers and avoid taxpayers having to foot the bill for an increasing number of paid firefighters. To address this issue, the budget includes funding for a *Comevol Follow-up Forum* to be held in 2006. I have also included funding for a *Volunteer Recruitment & Retention Public Awareness and Outreach Program* as well as three new part time County Fire Instructor positions to assist with the delivery of needed training courses for the volunteer firefighters of the County. For 2006, I have included \$75,000 for these outreach programs to support and enhance emergency preparedness.

Another area of focus for 2006 is the *Medical Reserve Corps*. The MRC existed only as a concept in the fall of 2002, with no local, state or federal model to follow. Today there are over 250 local volunteers with a goal to expand to over 1,000. A new MRC Coordinator position will have responsibility to strengthen the recruitment, training and organization of the civilian volunteers to support county efforts in the event of a large-scale natural disaster or bio-terrorism event.

Also included in the proposed budget is \$25,000 to support a comprehensive public education and outreach of the “ICE” cell phone plan to encourage public use and ensure awareness by police, fire and emergency responders. The acronym “ICE” (In Case of Emergency) means next of kin notification can be entered into cell phones so first responders know who to notify in the event of accident or injury. I know this initiative is important to the Legislature, particularly Legislator Rolison, who recently sponsored legislation to promote the use of the “ICE” cell phone plan.

The creation of a Director of Security for County government buildings and facilities is also included. Reporting to the Commissioner of Public Works, the director will be responsible for securing all County buildings and implementing technology and procedures to ensure safety in and around County facilities working closely with the Dutchess County Sheriff.

Although our County is a recognized state leader in supporting and building community partnerships to increase youth development opportunities and services for our young people, there still are a number of our youth who feel disengaged from their schools or their communities and lack positive, caring adult role models. Because of this void in their lives, they turn towards gang involvement for a sense of belonging, structure or financial gain.

### **Criminal Justice Initiatives**

In this budget I have set aside \$115,000 for our *DC Youth Gang Prevention Initiative*. The recent City of Poughkeepsie’s Juvenile Violent Crime Needs Assessment identifies “collaboration and unity” as a priority in addressing youth violent crime. I plan to use our

Youth Bureau and DC Workforce Investment Board resources and proven collaborative experience in working with youth and various sectors to build a community approach to reducing local youth gang involvement and youth violence. This initiative will support youth programming that provides an alternative, safe culture and incorporates the nationally identified effective youth gang prevention strategies of mentoring with caring adults, linkages to support services, work readiness skills development, internships and career exploration.

I continue to support the Criminal Justice Council's best practices approach to reduce recidivism through the use of treatment court models and other sanctions. To handle the increased workload of the Drug Court, Family Treatment Court and the proposed Mental Health Court, I have included funding for a new Assistant Public Defender and secretary positions and two new Mental Hygiene social workers. The social workers will assist Probation staff by identifying individuals who are mentally ill or chemically dependent and screen for alternative programming at the earliest point. The new Family Drug Court will replicate the successful City of Poughkeepsie Drug Court model and target JDs and PINS youth. This will require a new case manager for the Children Services Division and Senior Office Assistant in Social Services and another Probation Officer. The ultimate goal for these specialized courts is to maintain the individuals in treatment and decrease their criminal justice involvement in the long term.

### **Working Smarter**

My budget also acknowledges the important operational needs of our independently elected officials with proposed funding for a new Accounting Clerk in District Attorney Bill Grady's Office to consolidate all grant, financial and budgetary activities freeing up attorneys and other legal staff to deal with prosecution work. I have also provided funding as requested by County Clerk Lafuente for a new "Q-matic system" for the lobby of the Wappinger Department of Motor Vehicles Office.

The 2006 budget includes some cost savings initiatives which are overdue in our Central Services Department. This department has lagged behind in several service areas in the last few years due to significant budget constraints brought about by the state mandates. In spite of these constraints, our staff continue to provide quality services to the departments and agencies within County government, while working to reduce overall operating costs. The 2006 budget provides funding for a new Auto Mechanic as a cost avoidance effort to maintain our County fleet, reduce outside repair costs and extend the useful life of vehicles. Additionally, a new Program Assistant is proposed to handle the Procurement Card Program we will be implementing. This program will save four times the cost of the position when fully implemented as well as hundreds of staff hours for departments. This is just one example of how we proactively search for creative business solutions to operate County government more efficiently and make better use of the taxpayer's money.

Protecting our historical assets is an initiative I know is important to all of us and to our residents. The funding and implementation plan I proposed last November to the Legislature for moving forward with a County Historian was not accepted in its entirety by the Legislature. Therefore, the time line and schedule originally anticipated was not

able to be implemented as planned. However, working with the Personnel Department, we are in the final stages of the hiring process for the Historian position and we have asked a number of community residents to participate as an advisory work group to assist and guide the strategic planning for the office. The proposed budget includes funding to move forward with this important initiative. Additionally, I have included funding for a new clerk for the County records center to handle the increased volume of records storage and retrieval, a function of the longevity and maturity of County government. Also included is \$20,000 to finish repairing libers and to restore old maps in the County Clerk's Office.

Technology has become the backbone of many County and municipal day-to-day activities. Business makes this type of investment everyday and if we are to operate County government like a business, so must we. The new financial management system (FMS) scheduled for implementation in January will provide hundreds of County staff with new tools and resources necessary to do their jobs more efficiently and effectively. It also provides the framework for e-Government applications allowing the public to process financial transactions over the Internet. Funding for temporary help during FMS implementation is included in the seven core departments and will be charged back to the FMS bond. The new criminal justice management system (CJMS) scheduled to go live the first quarter of 2007 will further integrate our criminal justice and safety departments and will allow for real-time information sharing with outside public safety and law enforcement agencies. The system will provide 500 County criminal justice staff including Deputy Sheriffs and District Attorneys with the tools and resources necessary to do their jobs better. Ultimately we achieve an important priority to me and that is the added safety and security to Dutchess County residents. The Office of Computer Information Systems (OCIS) budget includes \$160,000 for maintenance/support costs for these two new systems.

Our new map-based computer aided dispatch system (CAD), a key component of the CJMS has a goal to "go live" in summer 2006. As part of this, a major Geographic Information System (GIS) initiative is underway to identify the exact geographic location of every addressed structure in Dutchess County. This "point file" will also provide the precision that 911 dispatching requires. Aside from its use for CAD, the "point file" will be the foundation for many other County GIS-based initiatives including being invaluable in pinpointing needed services for our Office for the Aging, other human services departments and our public safety departments. In 2006, staff from Emergency Response will be working cooperatively with OCIS to move this project forward.

Additionally, resources are included for technology in Mental Hygiene to provide the tools to work more efficiently allowing more staff time spent helping clients. We look forward to continuing this collaborative teamwork with our departments as we move forward with our technology initiatives. Using technology to improve efficiencies while maximizing the effectiveness of our programs is just one example of the creative business solutions I will continue to press to implement.

## **Law Enforcement/Corrections**

The law enforcement and corrections budget totals \$31.6 million for 2006 and is the second largest net to County costs in our government, after Social Services. Our community is fortunate to have an exceptionally dedicated group of men and women who serve our County as Deputy Sheriffs under the direction of our capable Sheriff Anderson. The work they do to protect our neighborhoods and families is appreciated by everyone.

Over the past few years, the growth and development of our County has occurred at a rapid pace. County law enforcement duties have expanded and shifted with the growth in population and changing demographics. With the changing dynamics in law enforcement responsibilities, crimes and complaints related to domestic disputes, youth gang violence, white collar crime and homeland security issues have become more common. Overtime has climbed significantly in the Sheriff's Office despite three new Sheriff's Aide positions added in 2005 to free up deputy sheriffs for patrol and reduce overtime. As I noted in my budget message last year, I believe a comprehensive staffing analysis of the Sheriff's Office is needed to determine the appropriate staffing levels, tasks and functions required in view of these changing needs in our community. I know this was an issue the Legislature had planned to review last year, and Sheriff Anderson has indicated to me his support for this endeavor. With the reduced inmate population due to the loss of the state variance and recognizing it as one of our highest cost centers, I believe a similar review of the staffing needs at the Jail is essential. I have included funding for a comprehensive staffing analysis of both the Sheriff's Office and the Jail in 2006.

Earlier this year, the NYS Commissioner on Correction pulled the County's variance to exceed the housing capacity at our Jail. The Commission continues to demand Dutchess County build an unaffordable new 300 bed facility which would cost County taxpayers the staggering cost of an estimated \$13 million in the first year of operation representing a potential increase of nearly 20% in the County tax levy. While this would reduce the cost of housing out inmates in other facilities estimated by the Jail at \$2.3 million for next year, the expense would be dwarfed by more staggering increases in staffing, facility operating costs and debt service for an expansion. A new jail of any size will have a colossal fiscal impact on County government leaving a multi-million dollar gap in the operating budget and jeopardizing the valued programs and services provided to our resident taxpayers.

However, before we build new jail space, we must consider what is causing current jail population totals and consider less expensive options. We have done an excellent job establishing alternate sanctions for low level crimes and diversion programs for adults which have not only helped to reduce the number of inmates but also holds them accountable. Our Criminal Justice Council continues to identify targeted strategies which are less expensive solutions than a bigger jail.

One thing is crystal clear, we don't need nor can property taxpayers afford an additional 300 beds now or in the near future. The only logical reason for the state forcing us and many other counties to enlarge our facilities is so the state can continue to house their prisoners in our facilities. The annual cost to house New York State parole violators in our County jail costs our local taxpayers nearly \$3 million each year. While these costs do not appear as a separate line item in our budget, we must continue to absorb these expenses within our institutional structure for inmate housing, food, clothing, medical and other costs, all of which are mandated by New York State.

This is why we need to have our state legislators fight for county property taxpayers in Albany instead of defending state edicts. They have the ability and the responsibility to speak out and take action on our behalf. The state can help us by removing their state prisoners and giving back Sheriff Anderson the waiver while we pursue less expensive options or by enacting legislation that would reimburse counties for the cost of housing their state prisoners. Sadly, this legislation to pay the County the cost of housing state prisoners has been pending in Albany without support from our state delegates. The fact is our tax rate would be nearly 4% less if we were not forced by New York State to spend nearly \$3 million housing their state prisoners.

### **Budget Facts**

Sales tax supports approximately 35% of total spending. Year-to-date sales tax revenues have grown 3.6%. We projected 3.7% growth for 2005 and believe we are on target to achieve that goal. However, some moderating in the growth rate of the economy is expected which will reduce the growth in our largest source of revenue, the sales tax. The outlook for the region is increasingly uncertain over the next 18 months given the rise of energy prices and interest rates. A predicted cold winter could likely cause consumers and businesses to cut back on spending in order to pay high heating bills. Higher interest rates will slow mortgage refinancing. New car purchase incentives in 2005 will provide a boost to this year's sales tax, however, sales for next year will likely be less as consumers shift sales that would have occurred in 2006 into 2005. Gasoline prices have increased and while they moderated at \$2.55 recently, could still be prohibitive for some consumers when they start paying higher heating bills. Eventually the impact from higher oil prices and interest rates could begin to restrain growth. This is likely to occur in 2006, therefore, our sales tax estimate of \$132.5 million projects a more modest 2.5% growth for 2006.

A healthy local economy driven by proactive economic development policies and multi-dimensional strategies, coupled with a new construction and a strong housing market has brought \$4.7 billion growth in our true value property assessments reaching \$29.6 billion this year. This represents documented evidence of our successful economic, business and jobs development efforts by the sixth year of significant growth following many years of decline in the early 1990's.

The Tentative Executive Budget before you of \$368.4 million actually achieves a decrease in spending of .5%. With the \$4.7 billion growth in our true value



assessments, the County property tax rate of \$2.59 per \$1,000 of full market value is a decrease of 26 cents per \$1,000 or 9% compared to 2005. This tax rate will save the “average” owner of a \$250,000 market value home \$65 next year, going from approximately \$713 to \$648. The 2006 proposed budget represents the 10th tax cut out of 14 budgets and includes a lower County tax rate per \$1,000 in 2006 than it was in 1991.

Although the County’s property tax rate per \$1,000 of assessed property value will decrease, the impact on an individual tax bill can vary from town to town based on local assessments and state equalization rates, both factors beyond the County’s control. The County’s share of the property tax bill accounts for just a little more than about 13% of the average homeowner’s annual property tax bill, the remainder of which is comprised of school taxes, municipal (town, village or city) property taxes and special district taxes (i.e. fire).

Rebuilding our fund balance and maintaining our fiscal stability is one of my top priorities and is a stated goal of the County Legislature. Not only have we achieved a tax rate decrease for 2006 but we’ve done so proudly with no appropriation of fund balance. It’s important to note our undesignated fund balance at the end of 2003 had dwindled to a mere \$7.6 million compared to \$25.6 million just four years earlier, placing us dangerously below the 5% minimum threshold recommended by *Moody’s Investors’ Services*.

In 2004, we made significant progress toward achieving the requirement to replenish and stabilize our “rainy day funds” by continuing to apply fiscal constraint, aggressively pursue state and federal aid reimbursements and promote economic development. As a result, we were able to rebuild our reserves with an increase of \$15 million in our audited financial statements for 2004 compared to 2003.

While our improved fund balance and cash position is encouraging, we must plan carefully and position ourselves to face future financial exposures. Good financial stewardship requires proactively addressing the funding needs of pending union contract settlements for County employees, a potential national economic downturn or even new state Medicaid mandates resulting from future growth formula changes or cap elimination.

Another important goal of mine which I know is also important to the Legislature is to regain our Aa1 rating to avoid higher interest rates on our substantial borrowing activity. Moody’s has advised we must reduce our reliance on uncertain revenues such as sales

tax and other one-time or unpredictable revenues if we are to accomplish this goal. To this end, I have not included a revenue estimate for the refund of prior year accounts payable items in the 2006 budget. Our independently elected Comptroller Richard Noel and Deputy Comptroller Fred Pizzuto have been successful in working with our County departments this year to lean out prior year encumbrances which are no longer needed to a point where it's unlikely we will see this same level of revenue again next year.

\*\*\*\*\*

As the new year unfolds, Dutchess County government will continue to maintain our strong fiscal stewardship and budget management to insure the taxpayers' money is spent in the most responsible and prudent manner. We must maintain a solid fiscal foundation to position our County for the future.

In closing, I wish to express my thanks to my entire Executive Office, and especially to our skilled, hard working Budget staff, to all my Executive Department Heads and to the independently elected officials for their assistance, understanding, cooperation and support throughout the development of the 2006 Executive Budget.

Sincerely,

WILLIAM R. STEINHAUS  
County Executive

NOTE: The Capital Budget plan and message is attached and submitted with the tentative operating budget and levy resolutions.