

Mr. Chairman, Members of the Legislature, and Members of the Community:

Leading and Managing in Hard Times

In recent days, all eyes have been on our nation's Capitol as we marked another historic moment in our still young nation. With little argument it can be stated we are living through some of the most challenging of times faced by our country in generations; the very strength of our country and will of our people are being harshly tested.

It is the current national and global economic turmoil that most affects us. It affects us daily - in our personal lives, in our communities, in the short and long term, on Main Street as well as Wall Street, and at every level of government. Over recent months, weeks and days during a time of Presidential transition, we have watched those in Washington primarily, but also in Albany, react and respond to these challenges, for good or for bad.

Individually, we have our own expectations as to the degree of government's role in resolving the crucial problems before us. But we all look for assurances that the government is not just throwing good money after bad; we need assurances that we aren't mortgaging the futures of our children and grandchildren without collective return; we rightfully demand assurances that fundamental change will in fact correct the problem and not create a bigger one – all while not allowing this crisis to occur again.

As the Presidential transition was completed on January 20, 2009 and he accepted the ever daunting responsibilities imposed on every president of the United States, President Obama spoke of the realities before us. He spoke of a “collective failure to make hard choices...” He said the time for “putting off unpleasant decisions” is gone. The country will move forward with programs that work, but end those that do not. He noted managers of taxpayers' dollars must spend wisely and do business in the light of day. These welcome words coming from Washington are familiar ones here in Dutchess; this administration has been advocating and practicing this message for many years.

Improving our Economic Development Capacity

Our local economy has always been and will continue to be a top priority. We are all necessarily concerned about the economy on a global and national scale and, of course, in our own locale. The news has been daunting, the unemployment rate is climbing, construction is in a wait-and-see mode and families as well as businesses are holding back.

Dutchess County, like other counties across the state and the nation, continues to feel the impact of the current economic recession. As the jobless rates hit all time highs nationally, Dutchess County's unemployment rate rose to 6.1% in December 2008, compared to 5.5% in November and 4% in December 2007. This was the highest December posting since 1993 when IBM, Dutchess County's largest employer, underwent a massive downsizing. The NYS Department of Labor predicts January will

be even worse, and we felt the impacts of recent job actions at IBM that apparently eliminate 900 to 1,000 jobs. Other businesses are also cutting back and some are being forced to close.

Too many Dutchess families are hurting. The news from their employer for hundreds of our local IBM families has been devastating this week. We understand the fear and uncertainty that this news brings to them and their families. We also understand the stress for the families at Circuit City, NXP and many others who worry about their employment situation. County government's primary mission is to provide services to our residents – there are many ways in which we can help our families. Dutchess County is a caring community and help is just a phone call away.

When individual members of our community suffer setbacks, we feel the pain as a whole community and seek to move forward to better times. Early in my administration in the 1990's when we experienced the fallout from IBM's massive downsizing, I convened a summit consisting of local leaders throughout the county to review our situation. As a result, we organized as a county to better direct economic activity. Since then, the Dutchess County Economic Development Corporation (EDC) with substantial funds provided by county government has increased its capabilities and developed into the central component of our strategy to retain and attract businesses. The companion Industrial Development Agency (IDA) and Workforce Investment Board (WIB) have played key roles in promoting economic development, promoting job creation and diversification, and ensuring our local workforce remains competitive in an ever-changing environment.

The massive layoffs in the 1990's shook our foundation, so we created a strong institutional structure to rebuild our economy. We developed a solid business model based on **diversification** to reduce our reliance on one single employer entity. New companies such as Atlantis Energy Systems, Solid State Cooling and Dorsey Metrology International created hundreds of new jobs for our economy. While at one time IBM was an overwhelmingly dominant employer in Dutchess with approximately 25% of the workforce, it now a more modest level of 10%.

Despite IBM's current job actions, it maintains a significant presence as a member of our business community. We must remember IBM still employs over 10,000 people in its two facilities in Dutchess and serves as an anchor for other business attraction activities. It strengthens the county's ability to recruit other businesses. IBM's business model of developing technologies through partnerships with other vital global brands such as Hitachi, Sony, Toshiba, Infineon and Samsung is important to our economy as these companies also employ significant numbers as well.

Since the summit in 1993, overall employment grew from 112,300 to 137,300 at the end of 2008. Unemployment dropped from a high of 10.1 percent in 1993 to 4.2 percent as recently as last April. We are extremely fortunate to have the stability of other institutional employers including our five local colleges, three hospitals, and several large

state facilities. Importantly, the existing base of supply businesses and manufacturers are no longer dependent on a single company as their customer base.

The institutional structure we built then is still in place, but with some improvements and refinements along the way, it is even better and stronger today. Our economic development program has taken advantage of available opportunities in the region and succeeded in creating new jobs. In 2008, private employers in Dutchess County increased investments by more than \$600,000,000 and EDC assisted 36 businesses with financed deal structuring.

In 2008, our Industrial Development Agency (IDA) facilitated \$28,000,000 of private funding for expansions at Marist College and Millbrook School. The IDA also awarded three year grant funding to the Hudson Valley Agribusiness Development Corporation to develop, promote, enhance and strengthen the agricultural industry in the Hudson Valley region – a vital component of our diverse local economy.

We have positioned ourselves to take advantage of the movement toward green technology and job opportunities. Our EDC recently hosted a NYSERDA Seminar so business attendees could take advantage of energy-saving efficiencies and has worked in cooperation with the IDA to establish a “green” revolving loan fund to assist businesses with green initiatives. The IDA worked in partnership with our Dutchess Community College to host the “Greening Your Business” conference last spring to help businesses maximize green opportunities. The WIB is utilizing new available resources to train incumbent workers and companies moving into “green industry” and for skill upgrading. Training opportunities can be provided on the job, through E-Learning, and on a customized basis. Opportunities also exist for unemployed individuals to establish individual training accounts.

We have the same determination to respond to economic necessity today as we had during earlier setbacks. While our local economy is stronger and more stable than it was before, we face very different circumstances in the global, national and state economy. We have new challenges and obstacles in front of us. When we responded to the large IBM downsizing a decade and a half ago, the economy of the northeast region was strengthening and there were exciting growth prospects that we could and did take advantage of. Many of our local economic development capabilities that allowed us to harvest opportunities over the last decade are today being adversely impacted and there are far fewer opportunities.

Our very successful Economic Development Zone program, staffed by the EDC and chaired by DCC President David Conklin, includes 272 certified businesses and has processed \$6.09 billion of investments since its inception in 1994. However, Governor Paterson’s budget proposal includes restructuring of the Empire Zone Program which would seriously limit our ability to promote economic development and job growth at a time when it’s most needed. State lawmakers are currently deliberating the Governor’s proposal and it may be months before the final impact is known.

Metro-North has been a vital connection in our economic wellbeing. In 1993, approximately 3,000 passengers a day traveled on the Hudson line; now that number has almost doubled with more than 5,500 passengers rides each day; every year, the number grows. Our proximity and linkage to New York City is one of our strongest economic assets. But in order to help fund the MTA, a commission appointed by the Governor is recommending a payroll tax that would impose a one-third of 1 percent tax on all businesses in the MTA region in order to raise \$1.5 billion for MTA's operating costs and capital plan. This proposed "mobility tax" would require every employer in Dutchess County to pay a tax equal to one-third of 1 percent of wages paid. Many local businesses are already struggling to survive without another tax added to the existing taxes that have already placed New York as the most costly state in the nation to do business. In the three year cycle from 2005 to 2007, the MTA collected approximately \$78 million in mortgage tax and sales tax revenue from Dutchess County.

Overall the economic landscape has changed rapidly. We are going to face struggles just like communities across our nation are facing. We will be dealing with increased competition, all going after the same few business recruitment opportunities out there. But because we have been here before, we have the advantage...we are already well positioned and we are ready. We have the institutional structure already in place to capture what new business opportunities there are, but we still need to work even harder and smarter than ever before. We need to be proactive and aggressive to keep our local economy strong. The need for connection to lines of authority and communication among varying economic development institutions has never been more critical.

For this reason, I am announcing the formation of an *Economic Development Cabinet*. This group will act as a coordinating team, sharing information and discussing respective insights on international, national and local conditions and emerging opportunities – all with the goal of strengthening the integration of the organizations for the full benefit of the customers they all serve – our businesses and our workforce.

This team of professionals initially will consist of the Chair and the President of the Economic Development Corporation, the Chair of the Industrial Development Agency, the Chair and Director of the Economic Development Zone, the Chair and Director of the Workforce Development Board, the Chair and President of the Greater Southern Dutchess Chamber of Commerce, the Chair and President of the Dutchess County Regional Chamber of Commerce, the Chair of the Dutchess County Planning Board and the Commissioner of Dutchess County Planning and Development. I have asked Roger Akeley, Commissioner of Planning and Development to chair the Cabinet activity.

This broad Economic Development Cabinet will meet regularly. It is my expectation that this form of communication, this single conversation, will help all the participants be vigilant about emerging economic indicators, help identify new directions in our economic and job creation strategies, and ensure a full collaboration of relevant activities.

The tourism industry was a key component of our recovery strategy in 1993 helping us to further diversify and strengthen our economy, offering new opportunities for small

businesses. It will continue to have a significant impact in the future as one of our largest industry segments, generating significant returns to the County.

Last year, Dutchess County Tourism received a \$50,000 grant from the New York State Department of Agriculture and Markets to implement a “Farm Fresh Getaway”. This joint program with Metro-North was continued in 2008 and exceeded all expectations. The program doubled its impact and brought almost 1,300 people to Dutchess County farms from New York City on weekends from June through October. There were six itineraries with 22 partners involved, including, farms, farmers’ markets, area arts and business associations. This is crucial support for the viability of our agri-businesses.

Dutchess County Tourism was appointed by me as the lead agency for the Dutchess County Quadricentennial events. Planning and coordination of local activities is actively underway with a broad committee of county and municipal interests. Hudson Valley Tourism developed the *Everything Dutch* brochure to highlight the Dutch heritage. Dutchess County Tourism created and designed a special Quad website which will officially be launched soon. Planning and implementing activities to promote the Quadricentennial will continue with increased emphasis throughout the year.



Tourism’s website continued to become increasingly interactive with 117 “spotlights”, new web video pages, Top Ten Lists, Personal Growth sections, and other features with new pages and sections added. The website had 643,000 visitors in 2008 and it helps bring visitors and their money to support Dutchess County’s small business infrastructure.

As a community, we have experienced economic setbacks and pain before, delivered with even harsher blows and more devastating impact. It is worth repeating a section of my 1993 State of the County when summarizing our economic situation at that time:

County government cannot by itself create private sector jobs. We cannot heal IBM nor can we have a quick fix to create thousands of jobs overnight. The private sector and local business leaders can take charge with their entrepreneurial spirit. We in government can and should join with them to achieve the common objective of business diversity and growth. As public officials, we must all help to create the climate, the attitude and foundation for prosperity to enable entrepreneurs to flourish. Many of us recognize the unfriendly business environment created by New York State. However, we in Dutchess must use the assets we offer to compete in the economic marketplace.

And we got back up after that fall, got to work, and not only rebounded, but thrived. Many members of our community contributed to our successful economic rebuilding after thousands of jobs were lost in 1993 and 1994, and we know we can count on the

strength and “can-do” attitude of our community again as we move forward in these challenging times.

***Government, Like Business, is Cyclical:
A Strong Fiscal Position Pays Off***

It’s been said over and over again these are historic and unsettling times. Families, businesses and government alike are anxious to know when the uncertainty will end, when the recovery will begin and how we can transform today’s financial challenges into opportunities. Given today’s economic conditions, we are facing a new fiscal paradigm that redefines the way all levels of government do business. We must continue to plan and prepare to meet these challenges and make the most of opportunities that lie ahead.

In my 2009 budget message in November of last year, I spoke of the reality that *county government cannot be all things to all people* and that *county government cannot spend what it does not have*. While I have made these points many times previously and have always believed them to be critical in prevention of the incremental creep that can suddenly drown government and the taxpayers who pay for it, the current economic crisis surrounding us at home and abroad gives this reality a sense of urgency that perhaps did not exist for some in the past. I am well aware my 2009 Executive Budget presented hard choices, but I also understood it needed to. Quite sincerely, I was disappointed there was not a complete and open discussion “in the light of day” of some of the very same proposals now appearing in other budgets, including Governor Paterson’s proposed state budget and those of local school districts. I regret the County Legislature’s Majority put off unpleasant decisions because I believe the reality is we have more tough decisions to make before times get better.

It is impossible not to acknowledge and accept there are new realities. In past addresses and during other difficult fiscal times, I have talked about staying within the boundaries of the county’s core mission and I have fought vigorously to uphold that important principle; we should not overreach or spend more than our taxpayers can reasonably afford to fund. But when we must make a funding commitment, I have insisted we must also get the maximum value of each and every dollar we spend to improve the lives of our residents.

We in Dutchess County are not immune from the economic struggles that exist in Washington and everywhere. We must be cautious in our approach to governance, and we can not allow for erosion of the strong fiscal position this administration has built and fought to maintain. Our strong fiscal position has helped not just our government, but our community by helping to grow and maintain an economic climate that allowed for and strengthened our business and jobs diversification over the past 15 years.

Dutchess County housing sales for December are down nearly 23% compared to the previous year with foreclosures in 2008 up 11.7% over last year. The county’s 2009 tax base dropped by more than \$1 billion due to declines in the housing construction market, the overall decline in home values, as well as the reassessment activity over the past few years at the municipal level.

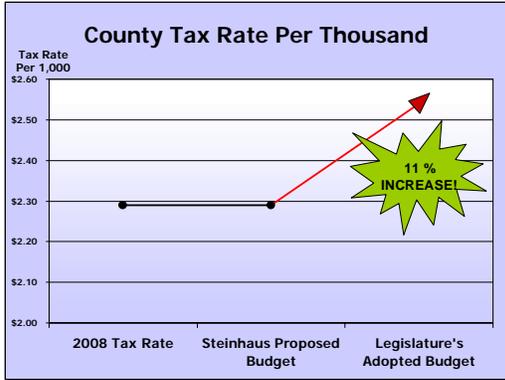
Sales tax and mortgage tax revenues needed to fund programs and services for residents have declined sharply in the past year with further shrinkage projected for 2009 based on the current economic climate. Other economically sensitive revenues have also been negatively impacted including: County Clerk revenue from land related filings is down due to the slowdown in the housing market; interest earnings are down due to a decline in anticipated rates; and permit fees are down due to a slowdown in construction.

At the same time, the demands on our health and human services agencies have increased as families struggle to make ends meet. For the current heating season, applications for HEAP Home Heating Assistance have increased to 878 compared to 717 last year. The 24/7 HELPLINE operated by the Department of Mental Hygiene saw a 9.6% increase in calls in 2008 for assistance, from 15,950 in 2007 to 17,650. The Health Department's Adult Immunization program has recently seen a doubling of its average attendance. In January 2009 the Department of Social Services reports a total caseload for its TANF, Safety Net, Medicaid, SSI, Food Stamp and FHP programs to be 23,000 versus 20,700 for the same period in 2008. It is likely these trends will continue throughout the year.

The 2008-2009 state budget enacted last April coupled with Albany's August 19th cost cutting session resulted in a loss of nearly \$5 million to the County in 2008 and 2009. As New York State's fiscal picture continues to worsen, it's likely the 2009-2010 state budget when adopted will have an even more painful impact on County Government finances. On January 7th, Governor Paterson in his State of the State address cautioned, "... the state of our state is perilous...New York faces an historic economic challenge, the gravest in nearly a century."

The Governor's address came three weeks after the release of his 2009-2010 Executive State Budget intended to close a projected \$13.7 billion state budget deficit. The Governor's plan also includes a Deficit Reduction Plan to address the current year \$1.7 billion deficit. The state budget proposal includes significant reductions to state aid for all counties, including Dutchess, that would have a severe impact to these health and human services which have historically been part of our core mission. Worse, many of the proposals are applied retroactively limiting the options available to address the loss of state reimbursement for costs already incurred for the County's current fiscal year.

For all the reasons just cited, I proposed a 2009 Dutchess County budget with decreased spending, a decreased tax levy and one that held the tax rate flat at the 2008 level of \$2.29 per thousand in order to deal with the fiscal realities surrounding us. However, the County Legislature's Democrat majority rejected my plan and chose instead to adopt a budget that includes a spending increase, tax levy increase and a county property tax rate increase of 11% at \$2.54 per \$1,000 of full market value.



Regrettably, the Legislature’s majority chose to increase property taxes at a time when homeowners and businesses are already hurting.

As always this administration will continue our fiscal stewardship to manage the \$396.5 million budget based on the current economic climate and the county’s financial picture. In fact, we have already notified not-for-profit agencies from which county government purchases programs and services that funding adjustments

may be necessary later this year based on the final state budget outcome and the economy’s impact on our revenues. Just like families and businesses, we as county government must continue to keep spending under control – we can’t spend what we don’t have.

While the change in Washington’s administration also brings uncertainty, there is new information about some fiscal relief that will be directed to counties. This proposal includes a one time increase in federal Medicaid matching funds (FMAP) that would be directed to the State and counties, which share the cost of Medicaid in New York State. New York State is one of only 11 states in the nation where counties pay a local share of the state’s Medicaid program.

Medicaid continues to be the single largest mandated program for county government. The 2009 county budget includes \$39.2 million for Dutchess County’s share of Medicaid paid by local county taxpayers. This one time funding proposal may help us continue to provide services during this economic downturn without further transferring a larger burden of this program to local property taxpayers, many of whom are struggling themselves. We are in regular contact with the New York State Association of Counties (NYSAC) who is currently in discussions with Albany lawmakers to ensure these federal dollars are used as intended to fill gaps caused by economic losses, not to offset other state cuts or new cost shifts to counties.

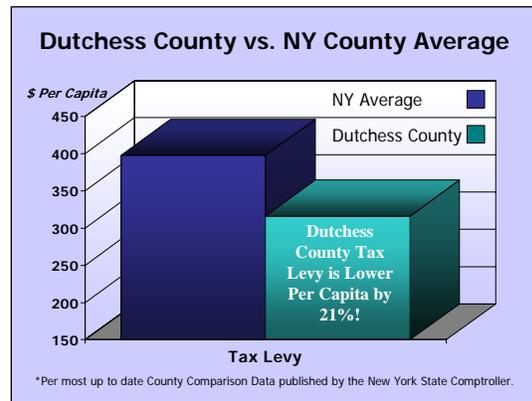
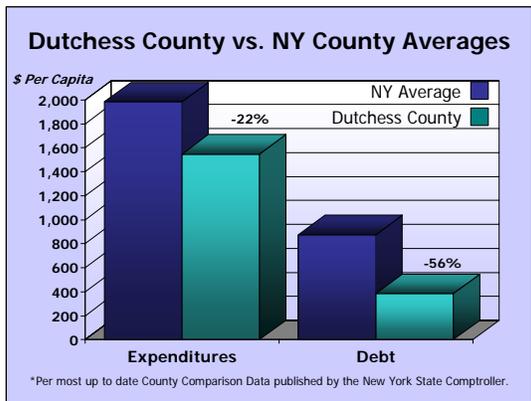
Costs for the stated mandated Early Intervention and Preschool Children’s Services programs are projected to be almost \$23 million. Mandated costs for day care, juveniles, foster care and public assistance programs are projected to be nearly \$88 million. With cuts in state funding inevitable, we are hopeful the final state budget will include provisions that allow counties greater flexibility to administer these programs in the most efficient and cost effective manner.

Other non-discretionary costs factor heavily into county spending. State pension costs to fund our employees’ retirement, health insurance costs for employees and their families, and workers’ compensation combined total nearly \$34 million in 2009. Energy costs for county government are estimated at \$4.9 million as we continue to be impacted by the same costs families and local businesses are facing. While energy costs have gone down

in recent months, these costs continue to be volatile with the obvious exposure of higher future costs.

As we prepare to close the books on 2008, we know 2009 will likely bring even more fiscal stress. The economic recession is impacting Dutchess County with continued shrinkage in sales tax and mortgage tax revenues. Typically, our strong local economy has produced reliable annual growth in sales tax revenue. However, 2008 year-to-date sales tax revenues are down compared to 2007. Upon receiving the remaining 2008 payments they are projected to end the year below budget, leaving a gap of \$1.7 million. This is a clear indication the economic recession has caused a decline in consumer and business activity. Mortgage tax revenues through December are down 33% compared to budget estimates. Sales tax and mortgage tax estimates for 2009 reflect a further expected decline as analysts predict the economy is not expected to rebound until later this year or early next year. This raises concern not only for county government but also for the cities, towns and villages that receive mortgage tax distributions and with whom the county shares a portion of its sales tax revenues.

Dutchess County government is recognized as a leader throughout New York for our innovation, partnerships and collaborations. We have built this success through prudent fiscal management, working smarter, and always learning from our past as we prepare for our future. Dutchess County has fared better than most counties, and we continue to accomplish this with fewer employees today than in 1992 when I took office. We have been able to control costs and respond to our fiscal challenges through the continued restructuring of our workforce. In fact, the 2009 adopted budget reduces the workforce by another 38 full time equivalents through attrition and realigns several other positions to achieve greater efficiencies and cost savings. We continue to foster collaborative partnerships with community agencies and local businesses and to maximize our investment in technology to work better and smarter with the limited resources available. Focusing on program outcomes and evidence based practices, we've been able to insure we are providing the best and most cost effective services for taxpayers' dollars.



Dutchess County continues to stand out as a statewide model. Dutchess County government taxes its residents 21% less per capita and spends 22% less per capita than the statewide county average. Our indebtedness per capita is an impressive 56% below the statewide average. Of particular importance to Dutchess County property taxpayers, the county property tax levy totals only 19.8% of the County’s constitutional taxing limit. Dutchess County’s outstanding indebtedness represents a mere 4.8% of the constitutional debt limit.



Just days ago, Moody’s Investor’s Services, our bond rating agency, once again confirmed Dutchess County’s Aa2 bond rating, substantiating the county’s sound and prudent fiscal management. Moody’s states, “the rating reflects the county’s satisfactory financial position, sizable tax base and above average wealth levels and modest debt burden.” This enviable rating reflects the county’s financial position despite the economic challenges facing all New York

counties. Only two counties statewide are higher than our Aa2 bond rating.

However, Moody’s expects the county’s financial position to face near-term pressures resulting from the county’s reliance on economically sensitive revenue streams, ongoing expenditure pressures, a growing appropriation of fund balance and the potential for state cost shifting to the county. Moody’s believes the maintenance of a stable and satisfactory fund balance will be a key consideration in future ratings, making it more important than ever we continue our prudent and pro-active fiscal management.

The Moody’s rating was assigned as part of a recent refunding of bonds previously authorized and issued to pay for necessary capital improvement projects including highway and bridge infrastructure, buildings improvements and technology upgrades. I am pleased to tell our taxpayers this refinancing will save them more than \$1 million over the life of the borrowing. Working with our financial advisors, county government continually evaluates opportunities in the market place to reduce the debt burden on our property taxpayers. The timing was right to take advantage of lower interest rates now before rates are driven up by the inflationary bubble that typically occurs when the economy rebounds. This is just one example of the pro-active policies we practice everyday to work smarter and achieve taxpayer savings.

Through strategic, multi-year planning and strong fiscal management we’ve positioned county government to best address the needs of our residents in the short term as well as the long term, in good times as well as hard times. We’ve built a strong external and internal management infrastructure to strengthen our service delivery systems, promote problem-solving and achieve outcomes. As we continue to feel the impact of the economic recession and resources become more severely limited, our capital and

institutional infrastructure investments, a few of which are outlined below, better position us to address these challenges:

- Our investment in the *Eastern Dutchess Government Center* in Millbrook to better serve Central and Eastern Dutchess residents.
- Our investment in the county's *911 and Emergency Response Center* strengthens our emergency management and response infrastructure.
- The *Criminal Justice Council* through the collaboration of our Council members is an important component of our problem solving infrastructure. The Council's coordinated, strategic response to the complexities of the criminal justice system positions us to address the potential of higher crime rates due to the economic recession as well as the impact of state budget cuts on our criminal justice delivery systems.
- Our *Health and Human Services Cabinet* has strengthened collaborations and connections among our health and human services departments and community agencies producing better outcomes for families. In these stressful economic times, this health and human services management infrastructure is needed more than ever to maximize limited resources to address the challenges of increased service demand. The Center for Government Research (CGR) reported, "In the face of the extremely difficult economic climate, more and more counties will be looking to create exactly the type of central coordinated management of human services that Dutchess currently has in its Health & Human Services Cabinet."
- The *Dutchess County Children's Services Council (CSC)*, an initiative I announced in my 1998 State of the County address eleven years ago, has become an integral part of our health and human services problem solving infrastructure. This public-private partnership has proven significant positive outcomes helping to increase youth volunteerism, address children's health issues and establish and maintain opportunities for positive youth activities throughout the County. With the uncertainty of the state budget impact on youth services, the CSC's role will become even more critical.

All of these factors bode well in our efforts to sustain county government's foundation during these tough economic times and position us for the future.

I must state once again the reality we are faced with – policymakers and taxpayers alike must come to terms with the challenges we face. We must live within our means and county government cannot be all things to all people. We must and will work harder to weather this economic storm with fiscal discipline and political backbone.

It's important we take stock of where we've been, where we are and where we expect to be in the future. While uncertainties lie ahead, history has shown that recession is cyclical and our local economy, as well as the state, national and global economy will eventually

rebound. It's inevitable there will be more tough decisions ahead. We will continue our strong fiscal stewardship, strategic multi-year planning and make the hard decisions now so county government can sustain our solid financial position and emerge stronger in better times.

While we continue to be prudent, maintaining the county's capital assets must remain a high priority. Long range financial planning as represented by our capital plan is necessary to continue a pattern of orderly growth and required maintenance and to assure the well being and financial stability of the County. It is important capital expenditures are distributed over a period of time to avoid wide fluctuations in the property tax impact. Anticipating capital needs eliminates emergency projects, ensures maximum utilization and efficiency of the county's resources, securitization of our assets, and acts as a catalyst to encourage investment of private capital in Dutchess County.

Managing Our Future Needs

Many of the initiatives that will move Dutchess County Government forward in the future require small investments, while others require significant investments. Some of the significant investments necessitate the use of debt service. As already noted, our indebtedness per capita is an impressive 56% below the statewide average and our outstanding indebtedness represents less than 5% of the constitutional debt limit. We will continue our cautious and prudent approach to debt service.

Bonding is a necessary tool to ensure the foundation of Dutchess County Government remains strong, enabling us to maintain our infrastructure, perform critical service functions and enhance the quality of life for our residents providing assets that will be conducive to business attraction and investment in our community. As with any tool, we must always strive to use the right tool for the right job at the right time.

Each year, considerable time and effort is spent in creation of the annual Capital Improvement Program. The program establishes project priorities over a five year period including projects to be financed for the current year. Projects are based on the needs of our ever changing county, current costs and funding availability. Each project is carefully scrutinized by a committee made up of executive staff and legislators and meets strict criteria of balancing need and cost. We have established a strong history of carefully managing our Capital Improvement Program by focusing on projects that promote greater efficiency, while always seeking to control our debt service cost and the impact on the County's operating budget.

In the past year, we have seen examples of just how well our capital investments truly pay off. Wise use of bond financing has enabled us to better serve our residents at the *Eastern Dutchess Government Center (EDGC)*, which we opened last August. Our investment to re-use, redesign and renovate a previously existing county facility is now paying dividends for the residents in the eastern and central portions of our county, who can access valuable county services from many departments including Health, Social Services, Probation, Veterans and Youth Bureau without the necessity of traveling to Poughkeepsie. Bonding allowed us to incorporate an energy efficient geothermal heating

and cooling system into the design as well as many other green building features, making the EDGC the County's first "GREEN" building.



The EDGC is a great example of our bonding investments delivering maximum value – county government is saving money by reducing operational costs including the road time for Poughkeepsie based staff and heating and cooling costs. The environment is benefiting from our reduced use of fossil fuels to heat and cool the building and county residents are saving time, fuel and money as they take advantage of this more convenient

location. The EDGC positions us to more efficiently handle the increased service demands we have started to see and expect to increase as the weakened economy forces more of our residents to utilize government support.

Bonding has also allowed us to recently complete our new Emergency Response *Emergency Operations Center (EOC)* and provide our local fire, police and emergency response personnel with top quality training facilities. Our community is blessed with dedicated volunteers who protect our county in times of emergency. We need to maximize the efforts of our volunteers who donate their time and their talent to protect our community by providing quality training programs that help to keep our volunteer ranks sustainable. The new EOC features a Learning Lab – a tiered training classroom with multi-media systems that allow for enhanced classrooms training as well as distance learning courses. Local fire and EMS personnel will be able to take advantage of federal and state training courses via satellite feed, again saving time, fuel and money. The geothermal HVAC system, like the one at the EDGC is reducing our use of non-renewable fossil fuels while providing county taxpayers a more cost effective method for heating and cooling.

Other recent public safety investments have included the Simulcast Radio Dispatch System and tower site improvements. These investments are critical so that the Department of Emergency Response can deliver on its mission of providing a strong, reliable, communications system to emergency first responders and law enforcement. The new Simulcast system has improved radio transmission coverage for the County's police, emergency and fire personnel with clear, audible dispatches, allowing them to swiftly respond to emergency calls and aid residents without delay.

It may seem logical to some, during the fiscally challenging times we are currently facing, that we hold off on all of our capital projects and push them out to the future when we see a positive turnaround in the economy. This approach however, with the certainty of inflationary pressures that will accompany a recovery, can prove to be penny wise but pound foolish. Also, while several projects listed in the 2009 capital plan will

most likely be delayed, there are some critical expenditures that cannot be pushed out to the future or else they may be pushed out of our reach.

Thanks to our prudent, cautious approach to debt service, Dutchess County government is positioned to make the necessary investments to our facilities, infrastructure, road networks, and equipment to ensure the needs of county residents will continue to be met.

Currently before the Legislature is my proposal to replace and upgrade the E-911 telephone communications system. As we do with every investment, we analyzed the system to determine how we should proceed. Should it be updated; replaced; or left as is? In an emergency situation, a missed call is not merely an inconvenience, it is potentially a tragedy. Our goal is always a zero failure rate. We have a strong communications foundation, but that foundation is showing signs of wear and tear. Our analysis showed the current system has become antiquated and is no longer supported by parts, technical support or software. As we cannot risk a breakdown in our critical E-911 system, the prudent course of action is to move forward with a new system to serve the emergency needs of our residents. As I mentioned earlier, we made a successful investment in a Simulcast Radio Dispatch System ensuring our emergency first responders can quickly and clearly hear a dispatch out of the E-911 Center. However, that investment will be wasted if we cannot be certain the communications lines into the E911 Center from our residents will remain operational.

In just a few short weeks, construction will begin on our new *Highway Operations and Engineering Headquarters* on Route 44 in the Town of Poughkeepsie. The original complex dates back to the 1930s and a modernized building is necessary to accommodate the County's changing needs. The Legislature approved the construction of 7,700 square feet of new space to house both highway operations personnel and engineering staff in more functional up-to-date facilities. During the design process, it was determined the new facility would benefit from a geothermal system and could be smoothly worked into the construction plans. I included this important alternate energy proposal in the Building and Facilities bond that I sent to the Legislature last spring. Although the Legislature's leadership finally committed to revisit the Building and Facilities bond after ten months of delay, they have again delayed their review of the request from January to February. With the project slated to begin construction in the coming weeks, early February will be the last chance for the Legislature's majority to support this geothermal system to reduce the County's dependence on fossil fuels and reap valuable ecological and economic benefits for county residents. We are hopeful it isn't already too late.

We have already seen the success of the geothermal system as I mentioned earlier at the EDGC. After experiencing the tremendous volatility in energy prices last year, the projected \$33,000 savings in annual fuel costs provided through the geothermal system would provide the County with much needed cost stability. We are already making a significant investment to build a much needed, modern Highway Complex. We need to maximize that investment to take advantage of an opportunity to make it even better.

At our County airport, which serves as an important economic asset, we will make improvements to our runways and remove obstructions by leveraging Federal Aviation Administration (FAA) grant funding. Actual capital expense for the county will be less than \$15,000. However, if we were to hold off on this project in order to wait for the economy to turn around, we would forfeit the federal grant dollars and then the total cost to the County to make these necessary improvements would be more than \$560,000.

Other priority capital requests required to maintain our county parks, highway and bridge infrastructure, county equipment and vehicle fleet will likely be forwarded to the Legislature in the coming months. Other projects included in the 2009 Capital Improvement Plan may be scheduled through the course of the year after we have a better picture of the state budget and economic impact on our sales tax and mortgage tax revenues, as well as information on the federal stimulus dollars. Additionally, and importantly, there are practical constraints of staff resources that necessitate capital projects roll out over a 12 month business calendar cycle.

We are pleased legislative leadership has reconsidered our offer which they previously rejected to have the County's financial advisors and bond counsel provide a presentation to the legislature. Informed bonding decisions require an understanding of municipal financing and when best to take advantage of opportunities that won't hurt in the short term yet can be hugely beneficial over the long term.

As mentioned, we will be closely monitoring the federal situation as officials seek to finalize the much anticipated infrastructure stimulus package which is being designed to reinvigorate the workforce by using federal money to build and rehabilitate infrastructure, focusing on "ready to go" projects. Both parties in Congress are already hard at work on this plan, and it is expected to be finalized in February.

We have already been proactive in reaching out to our federal officials in an effort to position Dutchess County projects for priority projects. Last December, I provided both federal officials and the state with Dutchess County's list of shovel ready projects including highway, bridge, sewer, water and other community building projects that follow smart growth principles, improve our infrastructure and will generate job creation.

Maximizing Operational Efficiencies

As stated earlier, many of the initiatives that will move Dutchess County Government forward in 2009 are innovative and forward thinking, requiring only small investments of operational funds to deliver a high rate of return through enhanced productivity, greater efficiency and improved levels of customer service for our residents.

Technology has changed the way the world operates and it has certainly changed how Dutchess County Government does business. In uncertain economic times, our commitment to technological innovation becomes even more critical as a tool to strengthen partnership and cooperation among county departments, local government and community agencies as it allows each to reap the benefits of improved productivity and efficiency.

The efforts of our national award winning team in the Office of Computer Information Services (OCIS) continue to provide residents with greater access to county services and information on a 24/7 basis via our county website www.dutchessny.gov. In 2008, Dutchess County Government was recognized for the fifth consecutive year as one of the top ten digitally advanced counties in the nation!

In 2009, we will continue to use technology to streamline county government, get more done for fewer dollars and make county programs and services more user friendly for our residents. Many of the initiatives we move forward with this year have little or no additional cash appropriations and taxpayers will benefit from enhanced customer service.

OCIS will launch an electronic payment pilot to accept credit card, debit card or Automated Clearing House (ACH) banking transactions from applicants who wish to pay Civil Service exam fees online. This electronic payments pilot will also include park reservations fees. This will make transactions far more convenient for the public, no need to travel to county offices, (again saving time, fuel and money) or the post office to mail the payments. There are also significant advantages for County government including time savings, added security and reduced check processing costs.

OCIS will team up with the Personnel department for the implementation of on-line employment applications. Job seekers will be able to take advantage of the internet for information about County job openings and will be able to submit applications online without the delay and cost of snail mail. Applicants will also be able to copy, update and resubmit future applications with considerable ease.

Those seeking employment with the County undergo background investigations based on fingerprinting. Personnel will utilize new technology to streamline that process in 2009. Currently, potential employees submit to traditional paper and ink fingerprinting and results of a NYS Criminal background check generally take about two weeks to receive. In 2009, the Personnel department will move forward with *Live Scan Fingerprinting* technology. Applicants' fingerprints will be captured electronically and we will have the ability to expand investigations— all for a greatly reduced turnaround time of 2 to 3 days.

In 2009, the Department of Social Services has approval from the NYS Department of Health to begin an electronic distance nursing home application pilot with Wingate Nursing Home. Currently, Medicaid application requirements make it necessary for nursing home representatives to come into county offices to handle patient applications. The new pilot program will allow both nursing home representatives and DSS case managers to utilize computers equipped with cameras to complete the nursing home application online and fulfill the "face to face" interview requirement for Medicaid nursing home applications. This will save travel time, reduce waiting room time and speed up the Medicaid application process. If the pilot is as successful as we anticipate, we will look to expand this service to other nursing homes.

Dutchess County's website www.dutchessny.gov has become increasingly more important to local residents and County operations. County website usage has skyrocketed in recent years, with a dramatic 1,500% increase over the past years in web pages served. Nearly 1,000,000 web pages are accessed every month including our popular *ParcelAccess* web site application.



To keep the County's web site fresh and current, OCIS completed a major facelift for the site in 2008. Major enhancements were also completed in 2008 to *ParcelAccess*, the joint project between the county's Real Property Tax (RPT) department and OCIS, where residents, property owners, professionals and prospective buyers with on-line access to map-based parcel and assessment information from the comfort of their home or office. An impressive 650,000 transactions per month are completed through *ParcelAccess*. Some of the new, improved features of *ParcelAccess* include property tax estimator, property

photos, County Clerk filed map search, advanced search tools for comparable assessments and property sales, plus more. These enhancements were completed through a \$105,000 grant from the NYS Office of Real Property Services (ORPS) awarded to the County based on a joint application with 20 local municipalities.

In 2009, OCIS will continue to make enhancements to the county website to make it more accessible and to provide information users need quickly and easily. Some of the enhancements planned include:

- **Speech Enabling.** With a click of a button, web visitors will be able to hear text on each page read aloud. This low cost, important enhancement will make our website more accessible to those who have visual impairments or literacy challenges.
- **Website Language Translation.** OCIS will integrate free Google functions to the web site that will allow web visitors to view the text in a variety of different languages. As our population becomes more diverse, this option will make our site easier to access for many of our residents at no County cost.
- **Integrated County Calendar** – residents will be able to utilize the website for a simple, consolidated view of County Government's ongoing activities and events.

The Department of Planning & Development will be working to design a web based mapping tool to communicate data from the watershed mapping project. Residents will be able to plug in their address to learn what watershed they live in and how upstream and downstream basins can affect their water quality. The web project will show how the County's land area divided by watershed basins for all the small stream reaches, and compute statistics on land cover, land use, impervious surface, zoning, population and more. This information will allow homeowners to become more conscious of how their daily actions affect the water quality in their area.

Not only will residents benefit from new website enhancements in 2009, local governments and community agencies will also be able to take advantage of new features.

The GIS team at Planning & Development will introduce an interactive version of the countywide *Centers and Greenspaces* map to recognize potential natural and agricultural greenspaces for long-term protection, suggest possible priority growth centers, and highlight existing local plans that support the smart growth concepts. This will be a particularly useful tool for communities as they work to promote a coordinated *Centers and Greenspaces* strategy as part of local planning and zoning updates, as well as to coordinate smart growth with transit routes.

As the economic situation has declined and governments at every level have looked for ways to reduce expenses, there has been much discussion about the value of shared service and collaboration. This is **not** a new idea for Dutchess County Government. Looking for ways to consolidate services and cut costs while still providing maximum value for our residents has **always** been how this administration operates. From the salt shed the County built in partnership with the Town of Beekman in 1993, our senior picnic partnership with 20 municipalities that I began when I first became County Executive, the Dial-A-Ride partnership with twelve municipalities, our annual vehicle auction in partnership with local towns and neighboring counties to the inter-municipal rail trail maintenance agreements for the *Dutchess Rail Trail*, we have found hundreds of ways to collaborate for greater efficiency.

In 2009, we will continue our successful tradition of shared services and collaborative partnerships to find new opportunities to provide greater value for our residents with improved service, more efficient operations and reduced costs for both County Government and our municipal and community partners.

The Real Property Tax department will continue its close relationship with the Dutchess County Assessor's Association and work together to bring more educational opportunities to the assessors. This will allow local assessors to earn State approved continuing education credits required for their continuing certification without the time commitment or cost to travel to Albany.

Our award winning Department of Central Services will continue to work in partnership with local municipalities, surrounding counties and other community agencies to seek the

most cost-effective purchasing arrangements through the *Hudson Valley Municipal Purchasing Group* established by Dutchess County in 2002. These purchasing arrangements provide for the best possible prices on basic necessities of operations such as fuel, copier services, janitorial supplies, auto parts and more. For example, other agencies can now take advantage of the County's preferred pricing for green cleaning products. In 2008, Dutchess County Government adopted a new purchasing policy requiring products used on a daily basis to clean and maintain facilities to be "green" or "environmentally preferred" with the goal of providing a healthier environment for the public and employees through cleaner facilities and reducing exposure to cleaners, solvents, and other hazardous materials. In 2009, cooperative bids will go out for bulk paper purchasing as well as small maintenance repair parts. Additionally, the Central Services print shop continues to be available to all local municipalities to save costs on their printing needs. New technological improvements have made it even easier for municipalities to submit their print jobs online, saving time and travel expense. When we can save money on necessary purchases such as nuts and bolts or printing, then we are working smarter.

Healthy Partnerships and Community Collaborations

We will partner with the City of Poughkeepsie to take advantage of a \$160,000 NYS Department of Health *Primary Prevention Lead Grant*. We will join together to establish a collaboration with various entities to identify high risk housing with conditions conducive to lead poisoning. Home owners and landlords will be educated, and we will collaborate with building inspectors and housing agencies to further reduce the incidence of childhood lead poisoning.

We will continue our successful *Dutchess County HEART Safe Community initiative*, honoring organizations and communities that promote and support CPR training and provide public access to defibrillation through strategic placement of automated external defibrillators (AEDs) for use by public safety professionals and other trained community members in order to increase cardiac arrest survival rate. Last year, I had the pleasure of designating fourteen community and municipal organizations as ***HEART Safe*** community members. This month, we will honor 8 more organizations who have gone the extra mile to be ***HEART Safe*** and we look forward to adding new community designations in the fall.

In 2009, the Department of Health will also be reaching out to local mid-size businesses in order to partner with them to coordinate a *Worksite Wellness* initiative. *Worksite Wellness* will focus on chronic disease prevention activities for employees, which include addressing heart disease, cancer, diabetes, and obesity, through the promotion of healthy nutrition, physical activity, and smoking cessation. By encouraging worksites to promote smoke free environments, encouraging an increase in physical activity and health nutrition, and supporting individuals to make everyday healthful choices in their lives, our residents will improve their personal health.

The Office of Probation and Community Correction will continue its successful collaboration with The Astor Home for Children on the J-RISC program which has been

proven to reduce recidivism in youth age 11-18. Dutchess County was one of only seven counties to be awarded full grant funding for this program from New York State thanks to our demonstrated use of evidence-based programming, our history of successful collaborative efforts and the data collection that substantiates our positive outcomes.

Another successful partnership the Office of Probation will continue in 2009 includes the **restorative juvenile justice program** with the Mediation Center of Dutchess County. This project will assist victims and impress on offenders both the consequences of their behavior and ways to “repair” the harm that has been done. Additionally, the department will continue its partnership with the City of Poughkeepsie School District, where Probation Officers teach the **G.R.E.A.T** curriculum to middle school youth. The G.R.E.A.T curriculum is designed to help youth make appropriate choices and avoid gangs, drugs and other forms of negative behavior.

One of the hallmarks of the Dutchess County Office for the Aging (OFA) is its collaboration with community volunteers to enhance and provide services. According to their latest volunteer survey, the roughly 330 volunteers and volunteer groups working for the Office for the Aging provided an average of 9.3 volunteer hours per month. This translates to a total of over 36,800 hours a year!

When OFA volunteers were asked why they continue to volunteer, the following factors were overwhelmingly cited: the positive feelings they receive, the connections they make with the people they serve, volunteering makes them feel needed, and the fact that they enjoy helping others.

During 2009, the Office for the Aging is planning a *Civic Engagement* initiative to motivate even more baby boomers and older adults to become involved in community volunteering. Our April Engagement Fair will directly target the many new retirees or new adult residents of our county who may want to volunteer, but aren't sure how to get started or where they are needed. The Office for the Aging will be looking to “bridge the gap” by bringing together these adults who are looking for a “new community of belonging” and the organizations that need them.

As the economic climate continues to change around us, we will continue to foster partnerships that allow our residents to seize opportunities for growth and stability in our county through home ownership. Last June, I announced our partnership with the Community Foundation of Dutchess County, to promote and expand the service capability of Hudson River Housing's *NeighborWorks HomeOwnership of Dutchess County*, a division of Hudson River Housing that serves as a one-stop shop to provide all of the services and training customers need to shop for, purchase, rehabilitate, insure and maintain a home. This \$100,000 partnership enabled the Center to add an additional full-time Housing Counselor to educate first time homebuyers and households in foreclosure. Since the launch of our successful partnerships, more than 300 customers have received counseling and education, allowing them to obtain and sustain homeownership thanks to financial literacy classes, post-purchase education and foreclosure prevention counseling.

Currently, we are being challenged for sure. But as Dutchess County works with all of you to move forward, it is our spirit that will emerge the victor. This spirit will be nourished by our common regard and united purpose. It will conquer the temptation to simply bunker down and hide. Our fears will be temporary and our work will be enduring.

This year we celebrate the 400th anniversary of Henry Hudson's voyage of discovery. His spirit guided him over uncharted waters. As we celebrate this year, we stand to rediscover who we are and what we can accomplish.

Today, we also find ourselves navigating uncharted waters. The times demand both fortitude and resolve. Let these qualities continue to underwrite our endeavors, private and public alike, as we work to advance our present economic base into an even more promising future.

As we face economic challenges here at home, we remember and thank the men and women in our military who are serving overseas in a far more challenging environment. May God bless them and keep them safe.

William R. Steinhaus
Dutchess County Executive
January 30, 2009