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Honorable Cornelius J. Milliken, Chairman
Chemung County Legislature
203 Lake Street
Elmira, New York 14901

Dear Chairman Milliken and Members of the Legislature:

In accordance with the provisions of Section 503 of the County Charter, I am submitting herewith for your review and consideration, the proposed financial plan for the County of Chemung for the 2008 fiscal year. This includes both the Operating Budget and the tentative Capital Projects Plan.

INTRODUCTION

I am pleased to submit my proposed 2008 County Budget which provides for a tax rate of \$6.98 per thousand of assessed valuation and reflects three consecutive years our tax rate has decreased. This is an important milestone in that it represents an opportunity for us to lower the County tax rate below \$7.00 per thousand after several years of struggling with the fiscal impact of state mandates such as Medicaid. It is also important to note, that in 1992, our tax rate in Chemung County hit an all-time high of \$11.48 per thousand. The tax rate I propose today is 42 percent less than it was in 1992.

Of equal importance, our tax levy since 1992 has seen annualized increases of only 1.3 percent, well below the rate of inflation over this same period. This impressive achievement was made possible by the Executive and Legislative branches of County government working together over the last 16 years. It portrays a community with strong economic vitality and a government that has embraced fiscal restraint with well thought-out spending plans balanced against our role to provide quality services that meet the needs of our citizens. Over the last several years, we have positioned our County to be a leader in economic development and a progressive model for New York State in providing more efficient and effective services. To that end, 2007 has been a year that has seen us achieve many of our financial and operational goals. It is my expectation that we will end the 2007 fiscal year with an operating surplus which will continue to bolster our improving fund balance. Our efforts to control spending and manage the budget resulted in Chemung County receiving a bond rating upgrade this year by Moody's Investor Service. My proposed 2008 Chemung County budget continues this trend of fiscal restraint.

2007-2008 PROGRAM HIGHLIGHTS

Human Services Initiatives

Medicaid Reform:

The Medicaid Cap which was implemented by the Governor and State Legislature in 2006, due in large part to the leadership efforts led by Chemung County, has provided substantial relief to our financial condition over the past two years. By restricting Medicaid growth, which had seen growth in excess of 10 percent annually, we are starting to see the fruits of our labor. The 2006 Medicaid cap of 3.5 percent, and 3.25 percent in 2007 resulted in favorable structural changes to our financial position. As you will recall, in 2004, 96 percent of our property tax levy in Chemung County went to pay for the local share of Medicaid. Though still excessively high, that number was reduced to 81 percent in 2007. In 2008, the cap will limit our local share growth to 3 percent, which will provide additional relief to our taxpayers.

In 2006, a Medicaid Demonstration Project was included in the Governor's budget and was approved by both the Assembly and Senate. This truly was a monumental achievement and was nearly three years in development. This intensive case management Medicaid Demonstration Project included representatives from County administration, Excellus Blue Cross/Blue Shield, Salient Corporation, and several local physicians. With the election of a new Governor in November of 2006, and a total change of administration on January 1, 2007, the implementation of the project has been delayed. With numerous changes at the Department of Health, including a new Medicaid Director, and Medicaid Attorney General, we have spent a great deal of time educating a new administration on the value of our program.

Since the inception of our Demonstration Project, New York State has made some structural changes in the Medicaid program and our Project is currently being reconfigured to accommodate those changes. We are now moving forward with a modified Project that will call for mandatory managed care in our community. Over the next few months, we will be meeting with our local physicians, hospitals, and health care providers to structure this health care model. We still believe that we can reduce current Medicaid costs and limit the growth of the program with proper care and case management. The work that was started in Chemung County relative to our Demonstration Project has already been incorporated into parts of the State's Medicaid system, especially in the area of pharmaceuticals. This has resulted in the establishment of a new statewide formulary for prescription drugs, along with great emphasis on generic alternatives, which has led to significant savings statewide. It is also important to note that the software that was developed by the Salient Corporation for use in Chemung County's Demonstration Project is now being utilized by numerous counties across the state and will soon be utilized by the New York State Department of Health. The Salient Corporation is also working with the New York State Division of Budget for implementation of this software package. This infusion of new business prospects for the Salient Corporation has resulted in significant expansion of this local company.

Department of Social Services:

The Department of Social Services and its Mental Health component continue to provide comprehensive services to those in need in our community. As of September 30, 2007, there were 3,759 active cases in the Department. This is down from 4,210 in October of 2006. Over the last several years, we have been experiencing above average turnover rates among the staff. This problem is not uncommon in the human services field due to the demanding nature of the work. The County Executive's office, along with the Department of Social Services administrative staff, put together a comprehensive plan to address this issue. One of the key factors in resolving this issue was to add positions primarily in the area of child welfare where this turnover occurs and to develop alternate work hours. A staffing plan was put together that would add two new Case Aides, three Caseworkers, a Grade B Supervisor, and a Grade A Supervisor. There were also four new Social Welfare Examiners recommended as part of the plan. This new staffing plan was recommended and approved by the Legislature earlier this year. The Human Services Commissioner, Linda Huffner, stated that the eleven new employees would have no local share additional cost to the taxpayer as many of these positions are covered by Federal and State monies and the local share would be absorbed by the efficiencies that would occur by increased productivity. As part of this process, an evaluation system has been built in to monitor and quantify the success of this endeavor.

In 2006, the Chemung County Legislature approved this County's partnership with the Community Foundation, New York State and the Elmira City School District for the School Readiness Project. This program, which involves children, birth

to age five, is designed to enable more children to come to school academically, socially, and physically ready to learn. The project brings together representatives from the business, health care, human services, educational, and government sectors for the purpose of tackling a glaring lack of pre-literacy skills in many students entering Chemung County schools. This ambitious undertaking is starting to take shape and is beginning to have a positive impact on addressing this problem. This is another initiative that has caught the eye of the State and counties throughout New York. This program, over time, could be the first step in improving the quality of life for children and families who traditionally end up under the supervision of our human services system for extended periods of time. The framework for the School Readiness Project includes four broad program categories: nurse home visits, excellent early care and education programs, parent learning, and health care. This partnership truly shows that this community fully supports the healthy development of its youngest citizens.

In 2008, I will be recommending to the Legislature that we again contract with the Center for Governmental Review Inc. (CGR) to conduct a study of our entire human services system in Chemung County. As they did for us in the field of criminal justice, I believe it is time to evaluate the strengths and weaknesses of our human services delivery system. This will not only include the Department of Social Services, but all of the contract human service agencies within our service delivery network. Our objective would be to look at the services that we provide, how these agencies work together, and the outcomes of the programs we operate. This County, like many, commits millions of dollars to our human services infrastructure. It is important for us to know that the recipients of these services are being impacted in a positive manner and that the taxpayer is getting the most efficient and effective use of these monies.

Criminal Justice

In 2007, we implemented many of the recommendations outlined in the Center for Governmental Research Inc. (CGR) Report, entitled “Strengthening Criminal Justice Practices in Chemung County” and the companion report entitled, “An Assessment of the Chemung County Juvenile Justice System”. As you recall, these two comprehensive reports, reviewed both the Criminal Justice and the Juvenile Justice systems in our community and made numerous recommendations on how to make these systems more effective and efficient. A Criminal Justice Coordinator was hired to oversee and bring together the different components of the Criminal Justice System in the County. Additional staff was also placed in the Public Defender’s and Public Advocate’s offices to help reduce the escalating cost of assigned counsel in our court system. These steps have helped to control costs in our criminal justice configuration.

As of January 1, 2007, we have put into place the following procedures and controls to our Criminal Justice System:

- Entered into a contract with BI Incorporated to supply electronic monitoring equipment for adult offenders. Since the first person was hooked-up on August 31, 2007, 80 jail days have been avoided at a cost of \$103 per day for a total of \$8,240. The electronic monitoring equipment is rented at a rate of \$4 to \$8 per day and users are making partial reimbursement payments. The program is expanding as courts become familiar with its availability and capability.
- Reinvigorated the Work Order Program that is an alternative to incarceration. Since it was re-launched in early 2007, 83 persons have participated in the program. Two have completed their assigned hours and 200 jail days have been avoided at \$103 per day for a total of \$20,600. 81 persons are still actively completing their assignments. The cost avoidance attributed to those still on the program cannot be calculated until they successfully finish their hours, but the impact should be significant.
- In coordination with the County Sheriff, efforts have reduced average daily jail population from 213 in September, 2006 to 186 in September, 2007. The October, 2007 average is 180.
- Established a pilot program to screen the eligibility of persons requesting the appointment of assigned counsel in criminal cases.
- Hired two full-time attorneys to take Family Court assignments. Since January, 2007, a total of 614 cases have been assigned to the two attorneys. This projects to 819 for all of 2007. At an average cost of \$535 per case, this translates to \$438,165 in anticipated savings for 2007 that would otherwise have been paid to private attorneys. This amount is significantly more than the salary and benefit costs associated with this additional staffing and in line with the CGR recommendations.
- Brought together Family Services, the Probation Department, and the Jail to share information about services provided by each.
- Facilitated Family Services' weekly presence in the Probation Department for consultation on pending cases.
- Procured grant by Chemung County Project for Bail for job development training for its clients.

Future undertakings will include the following:

- Development and testing of DSS service contract performance measures.
- Development of programs to address problem of disproportionate minority contacts with juveniles by law enforcement.
- Developing random spot checking program to monitor vouchers submitted by assigned attorneys in Family Court and criminal court cases.
- Developing and testing Juvenile Risk Assessment instrument with DSS, CIS, and Probation to make detention recommendations uniform and informed.
- Addressing the issue of housing parole violators in the Chemung County Jail for protracted stays pending parole violation hearings.
- Developing the Chemung County Cross Training Program to disseminate addiction treatment services information to the criminal justice system.

Our Criminal Justice Coordination Project has caught the attention of numerous counties across the State and received a national award by the Governmental Research Association. The State of New York has also inquired about this undertaking through the Attorney General's office and the Commission on Corrections. We believe this effort will eventually serve as a model for counties across the State.

Inter-Government Service Delivery

Three years ago, Chemung County instituted a Shared Services Task Force. This undertaking has led to a variety of shared services initiatives which continue to be explored by this administration in cooperation with other local governments in our community. Since its inception, our goal has been to bring all segments of local government together to review our service delivery system and look for ways that we can work together, not only to save taxpayers money, but also to deliver services to our residents in a more efficient way. As we have moved forward, many new and innovative initiatives have been discussed. In 2007, we have made positive strides in many areas, but we have also experienced setbacks with some of the initiatives.

Our successes include the combining of the Purchasing Departments of the City of Elmira and the County of Chemung in 2006. We are working with additional municipalities to become part of this shared service. This year, seven municipalities within the County came together and formed a Highway Services Board which has retained a consultant and is reviewing and reconfiguring the operations and services being provided by various municipal highway departments. The discussions have included single source purchasing, county-wide road construction, a county-wide snow removal plan, centralized motor pool, and a county-wide engineering department. Considerable work has been done on the sharing and uniform purchasing of equipment and the redesigning of our highway service delivery system. The cooperation among participating entities has been exemplary, and, I believe in this coming year, a Highway Coordinator will be hired who will report to a county-wide Highway District Board. The State of New York, under its Shared Services Commission, has designated this project as one of the initiatives that they will become involved in. Relative to the shared services initiative, the Transit System and the Highway Services group are studying a new radio system that will allow the highway departments to be able to communicate with each other. The Transit System, which is obviously impacted by the conditions of our County road system, is paying for the study.

We are continuing to explore opportunities for shared services with local police agencies in 2007. The Town of Southport abolished its one-man police force and entered into an agreement with the Chemung County Sheriff's Department to provide a full-time resident deputy for the Town. A similar arrangement, only in part-time capacity, is also being considered in the Town of Van Etten.

A new high-frequency digital radio system went into operation in September and is being used by every police agency in the County. This new system greatly enhances our emergency communication system by offering state-of-the-art technology. The communication system was paid in part by Homeland Security funds with the majority of the cost being paid by Chemung County.

In our Shared Services Proposal that was submitted to the State, we discussed the possibility of co-locating the Elmira Police Department and Sheriff's Department. This was part of a larger plan that called for the Armory Building to be demolished and a new Criminal Justice Building, operated by Corning Community College, constructed in its place. There was also a component of this plan that would have called for the Police Regional Training Academy to be located at this facility. Even though little progress has been made toward this goal, we will continue to explore this opportunity.

Another shared services opportunity that was approved by the State of New York was in the area of fire services. This proposal calls for a comprehensive review of the fire services of all municipalities in our County. It includes an inventory of

all vehicles and equipment, mutual aid plans, insurance ratings, and goals and objectives of each department. The motivation for this proposal is to see how fire services, both paid and volunteer, can work together to continue to provide comprehensive fire services for the community. In mid-October, a meeting was held to discuss this concept and representatives from every fire department, along with the chief elected officials from their municipalities, were in attendance as well as Thomas Wutz, Chief of the Fire Services Bureau from the State Office of Fire Prevention & Control. The consensus of the attendees at the meeting was to move forward with the shared services initiatives. Even though there is still a great deal of work to do, the positive attitude and willingness to work together was a giant step forward.

Despite our past shared services successes with the City of Elmira, including civil service, purchasing, emergency management, training, school resource officers, and Summer Cohesion, new opportunities have been met with resistance and are still in the negotiation stages. We will continue to keep the lines of communication open with the City of Elmira as they strive to get their fiscal matters in order. As frustrating as the process has been, it is in the best interest of the community to continue to pursue shared services possibilities with the City.

Workforce Development

After three years and much discussion, planning, and hard work, the Academic & Workforce Development Center opened in August, 2007 in the former Lagonegro School building on Madison Avenue. This is a major achievement for this administration and the Legislature in our efforts to establish a comprehensive and high quality workforce development program in our County. The Center, which is operated by Corning Community College, will offer numerous educational and training programs for residents of our community. This facility, which has been designed to meet the skilled training needs of local manufacturers, will have an oversight board made up of numerous business leaders in Chemung County. The County Executive will also be a part of the oversight process. The Academic & Workforce Development Center will house offices of the New York State Department of Labor, the Department of Social Services, GST BOCES, and CSS Workforce Development, as well as a child care component operated by EOP. This combination of services, housed under one roof, will ensure that this training facility not only meets the needs of our local businesses, but has the ability to aggressively meet the needs of the unemployed and underemployed of our community.

Corning Community College has developed an extremely comprehensive curriculum to address our needs which will include the highly successful Work Keys program administered by Syracuse University. The Work Keys program measures an individual's current skill level and potential for skill improvement. It also looks at how these skills can be matched to specific jobs within our community by utilizing the job profiling component of the program. A well-trained workforce is key to

keeping, and attracting, new business to our region. We believe that the Academic & Workforce Development Center will help us not only achieve this goal, but serve as a Workforce Development model for the entire State.

Economic Development Initiatives

Economic development continues to be the foundation to the quality of life in our community. Chemung County has always been committed to the retention and expansion of a diverse, quality employment base in our region. Chemung County, in cooperation with Southern Tier Economic Growth (STEG), the Industrial Development Agency (IDA) and Empire State Development Corporation, experienced continued major successes in 2007.

In October of this year, Sikorsky Aircraft Corporation and Schweizer Aircraft celebrated the opening of their Hawk Works helicopter facility at the Elmira Corning Regional Airport. This 100,500 square foot, \$15.5 million facility has already added over 150 new employees to the company. Sikorsky/Schweizer Aircraft is already working on an expansion of this facility which will further increase employment opportunities at the company. Their total workforce is now over 700 people. With Sikorsky/Schweizer, and Lockheed Martin just down the road in Tioga County, we are exploring other economic opportunities that may be available with businesses that support the manufacturing and development needs of both these major aerospace companies.

Synthes USA, a world leader in the development and manufacturing of orthopedic implants, first came to our county in 2001. They initially operated out of a facility located in the Center at Horseheads. In 2004, they constructed a state-of-the-art facility across from the Elmira Corning Regional Airport terminal. This building currently houses 300 employees. In 2007, they expanded this facility by 25,000 square feet at a cost of over \$8 million, creating 100 new jobs. These highly-skilled manufacturing jobs represent significant opportunities for workers in our region.

2007 was also a good year for many of our longstanding manufacturing companies. Kennedy Valve celebrated over 100 years in Elmira, New York. They report that business is strong and they are hiring additional employees. Their workforce currently stands at 440 employees. F. M. Howell & Company has announced plans to build a 50,000 square foot building on Elmira's Southside. This \$5 million investment will add an additional 25 jobs. Thomas & Betts, located in the Center at Horseheads saw over 100 new jobs added to their workforce this year. The company states that their business has been robust and plan to hire more full-time employees in 2008. Anchor Glass Manufacturing Company completed their multi-million dollar rebuild of one of their glass making furnaces. This massive financial commitment is a positive sign that the company is here to stay for the foreseeable future. They continue to be a major employer in our community.

In 2007, after months of negotiations, we were able to reach an agreement with Eaton Electrical Inc. to stay in our community. This company, which employs over 250 individuals, plans to hire an additional 60 people over the next two years. In addition, the sale of the Toshiba Westinghouse 860,000 square foot plant (which houses Eaton Electrical) to a professional industrial development corporation is another major accomplishment. Not only have the new owners upgraded the portion of the plant that houses Eaton Electrical, they will be investing millions of dollars in upgrades to the balance of the building. It is their goal to return this building to a viable manufacturing center.

Fairway Spring, a longstanding business in this community, was recently purchased by the Fennell family. This company faced the possibility of purchase by an out-of-state firm and the later relocation of the facility outside our area. Through the hard work of Chemung County, STEG, the IDA and Empire State Development, the newly named Fennel Spring will continue to have a vibrant future in our community.

General Revenue Corporation, which opened in our Corporate Park in 2005, with a goal of creating 300 new jobs, has exceeded their expectations and is now employing over 500 workers. Fortuna Energy has broken ground on their new North American headquarters in Corporate Park. This \$4.5 million, 32,000 square foot facility, will be an excellent addition to our Corporate Park complex. The project will add 30 new jobs and will take their workforce to nearly 150 people.

In 2008, we will continue to pursue economic development opportunities at the White Wagon Road location in the Town of Chemung and will start the work to run utilities to our new Corporate Park South in the Town of Big Flats. Both of these sites have prime locations on our new interstate that I believe will create hundreds of jobs over the next several years. The recently completed and adopted Economic Strategic Plan, conducted by Chemung County and Southern Tier Economic Growth, has both the economic vision and the strategies to continue to attract new businesses to our region.

The \$74.2 million Interstate 86 Horseheads Bypass project was opened this summer and has completely altered the transportation system in our community. For the first time, travelers can make their way through Chemung County on I-86/Route 17 without stopping for at-grade crossings. Interstate 86 has been, and will continue to be in the future, a prime factor in businesses relocating to our community. The eventual completion of the Interstate project, the linking of future I-99 in Pennsylvania all the way to I-88 and I-81 in Binghamton, will place us on a major transportation corridor.

Retail Development Initiatives

Chemung County continues to be a regional shopping center for the Southern Tier of New York and the Northern Tier

of Pennsylvania, as we approach nearly three million square feet of retail space in the Towns of Big Flats and Horseheads. Developers Diversity Realty (DDR), which currently owns Consumer Square, has committed over \$76 million in its development of Southern Tier Crossings which is located on the site of the former A&P Food Processing Plant. This investment includes significant infrastructure upgrades to the eastern end of County Route 64. This year we have seen the opening of Kohl's Department Store and Circuit City Electronics. In early 2008, we will see the opening of one of Upstate New York's largest Super Wal-Mart Stores at Southern Tier Crossings. This project, which is still in its infancy, will ultimately create over 1,000 jobs and generate real property taxes that are 500 percent higher than when the A & P Plant was located on that site. This number will increase to 1,000 percent over the next 10 years. This retail project, along with Consumer Square and the Arnot Mall complex, all of which are located just off Interstate 86, will continue to insure our position as the retail hub in our region. 2008 should see numerous new stores opening at the Southern Tier Crossings shopping complex. This will have a continued positive impact on our sales tax revenues.

Elmira Corning Regional Airport

The Elmira Corning Regional Airport (ECRA) continues to be a strong economic force in our region. Passenger service is a major indicator of the health of an airport. In 2007, the number of people who boarded commercial flights at our Airport is considerably higher than 2006. July, 2007 enplanements were almost 40 percent higher than in July, 2006. In August and September, we were over 20 percent higher than the prior year. It appears that very competitive fairs at ECRA have resulted in many people returning to our Airport. The leakage to Rochester, Buffalo, and Syracuse is down dramatically. It is very possible that in 2007 the number of enplanements will exceed 100,000 at ECRA.

Under the direction of our new Airport Manager, Ann Crook, I believe we will see many new progressive initiatives. Ann, in just a few months, has developed strong relationships with all of our Airport tenants, service providers, and local officials. She is reviewing all of the policies and procedures at ECRA and in 2008 will be bringing forth new proposals concerning operations at the Airport. She is exploring new airline opportunities for both the traveling public and the business community in our region.

We continue to make significant investment in ECRA. We now boast the longest runway in the region which will enhance future business and traveling opportunities for the residents of the Southern Tier. The quality of our Airport, which is located on an interstate, opens the door for considerable economic opportunities including continued expansion of the Sikorsky/Schweizer Aircraft Corporation.

2008 will be another solid development year at our Airport. Many of the projects that we started in 2007 will come to fruition and several new projects will be undertaken. The following is a project status report for 2007 and what we can look forward to in 2008:

Runway 6-24 Rehabilitation and Installation of Runway Centerline Lights:

Total Project Cost	\$5,259,918
Federal Grant	\$4,996,922
State Grant	\$131,498
Local Funding	\$131,498

This project is estimated to be completed on schedule and within budget, even though it started late due to delays in Federal funding. The bulk of the project is a total rehabilitation of the pavement of our main runway. It also includes installation of runway centerline lights. Once FAA equipment installation to supplement the centerline lights is complete, takeoff distance minimums will be reduced, which will mean less flight delays and cancellations during foggy conditions. The coordination for this project was complex as it required restrictions on the use of our main runway. By involving the airlines and other airport users in the project design we were able to keep disruptions to a minimum.

Airport Master Plan Update:

Started in 2004, the Chemung County Legislature accepted the final report of the Airport Master Plan in August, 2007. The plan projects modest and steady growth in use of the airport over the twenty-year planning horizon. It recommends facility maintenance and development projects which will be necessary to support anticipated future use of the airport. This plan will allow the County to develop a Capital Improvement Plan to maximize Federal funding for Airport Improvements.

Terminal Entrance Door Improvements:

The revolving door at the Airport terminal main entrance became nonoperational and was closed early in the year. Rather than replacing it with another revolving door, it was determined that a minor remodel of the entrance to include sliding doors would require less maintenance and work better for passengers. This redesign will include an entrance vestibule with sliding doors on the east and west sides of the vestibule and better access to the main passenger lobby area. The entire project will cost approximately \$150,000 and will be completed by the end of the year.

Rental Car Parking Lot Improvements:

This project began in 2006 and includes expansion of the rental car parking lot to provide additional parking for our peak operating periods and complete rehabilitation and restriping of existing pavements. Total project cost, funded out of local capital funding was \$258,000.

2008 Project Status:

“A” Apron Rehabilitation

“E” Apron Expansion

These two Apron projects are currently in the design phase. We are requesting FAA funding to construct these projects in 2008. It is not clear when this funding will be available. Having the designs completed and the construction ready to begin will position Chemung County to accept Federal funds on very short notice. I am hopeful that these two projects will be funded in 2008.

Environmental Assessment:

The bulk of this project will take place during 2008. It is anticipated that final approval will come in the spring of 2009. This environmental assessment will review all potential environmental impacts of projects proposed for construction in the short term planning horizon of the Airport Master Plan. This will include the potential construction of a taxiway parallel to the main runway, and an extension of Runway 6-24. Work on any of these projects will not proceed unless a finding of no significant impact is reached for the project.

Airport Access & Drainage Improvements/Parking Lot Redesign:

Total Project Cost	\$3,000,000
Federal Grant	\$1,000,000
State Grants	\$ 998,315
Local Share	\$1,001,685

This project, currently in the design phase, will redesign traffic flow through the airport entrance and front curb, as well as the main parking lot. Improvements to drainage in the area will allow rehabilitated pavements to maintain their good condition for a longer period of time. Improvements will allow clearer, streamlined traffic flow and will improve the appearance and usability of the airport entrance.

Airport Financial Management:

The Airport Manager will address airport rates and charges, and leasing policies in 2008 with an eye towards making the Airport financially self-sufficient. Updating the Passenger Facility Charge Program, updating all Airport tenant lease agreements, and structuring a fiscally-responsible capital improvement program, will all be a part of this effort.

Highway Service Projects

As I have said every year, County roads continue to be a major priority of this administration. Chemung County should be very proud of the condition of its roadway network. Comprehensive traffic studies are currently being conducted in the Horseheads/Big Flats area through a cooperative effort consisting of the County, Towns of Horseheads and Big Flats and NYS Department of Transportation. The Schoor DePalma Engineering firm, out of Pennsylvania is providing the technical data for this effort. With the tremendous growth of retail stores, the Corporate Parks, and the Airport, every effort is being made to meet the needs of the traveling public. This is especially true as we work to tie in our local road systems to Interstate 86.

In 2007, we paved over 16.3 miles of roads, replaced four bridges and two culverts. Maintenance pavement treatments encompassed 16 miles, along with 16.5 miles of cutting and ditch cleaning. We also erected 7,500 linear feet of new guardrails and over 400,000 meters of pavement markings. We completed a major reconstruction of the extremely busy intersection of Hickory Grove and Colonial Drive in Big Flats. In 2008, we will do major paving on nearly seven miles of County roads with maintenance pavement treatments, totaling 20 miles. There will be four new bridge replacements, new guardrails on 10 bridge approaches and 500,000 pavement markings. 9.7 miles of maintenance paving will be conducted along with 15 miles of shoulder cutting and ditch cleaning.

Solid Waste Management Initiatives

In September, 2005, New England Waste Management Systems of New York (NEWSNY) took over the operational management of the Chemung County Solid Waste Management District. This two-year relationship between NEWSNY and

the County grows more positive every day. The landfill continues to go through a transition that is improving the operational and environmental quality of our landfill. Periodic visits to the landfill and the area surrounding the facility clearly indicates that NEWSNY is a first-class landfill operator. Millions of dollars have been spent by NEWSNY for new equipment, monitoring wells, scales and cell improvements. The landfill has never looked better including the entrance to the facility and the area that abuts it. In the very near future, we should receive official notification from Federal highway officials that a full interchange has been approved, in the area known as Reeds Tavern, which will serve as the primary ingress and egress to our landfill from I-86. As you recall, this recommendation was sent to Federal officials by the New York State Department of Transportation several months ago. All of the remediation issues that were raised by the Army Corps of Engineers regarding wetland areas have been resolved.

As our partnership with NEWSNY continues, we will not only realize the \$93 million in lease payments to be paid over the life of this 25 year arrangement, there will also be numerous other capital projects. This will include cell closure and cell development, construction of a methane gas conversion facility, a hydroponics greenhouse and an environmental stewardship education center. We continue to look forward to working with NEWSNY to make our landfill one of the most environmentally friendly solid waste facilities in the State.

The significant highlights of the 2008 Chemung County budget are as follows:

REAL PROPERTY LEVY and RATE

The proposed 2008 General Fund Tax Levy of \$24,200,030 is \$1,275,547 more than the 2007 actual tax levy which was \$22,924,483. If you approve this proposal, the full value tax rate, which is the average of the City of Elmira and the eleven towns within the county, would tentatively be \$6.98 per thousand of assessed valuation, a decrease of 4 cents per thousand from the 2006 approved budget. This represents a 1% decrease in the tax rate.

TOTAL APPROPRIATIONS

The budget that I submit to you today recommends Total Net Appropriations for the fiscal year commencing January 1st of \$164,222,499, an increase of \$7,130,173 from the \$157,092,326 approved for 2007.

Of this \$7,130,173 increase in net appropriations over last year, \$3,692,284 represents an increase to Department of Social Services programs, most of which were mandated services, including the Medicaid program. Of the remaining

\$3,437,889 increase in appropriations, approximately \$2,500,000 can be attributed to payroll expenses for our 966 FTE's, including approximately \$1,500,000 in salary, \$785,000 in health insurance and \$370,000 in employee fringe expenses which includes worker's compensation, FICA, and state retirement. These increases are consistent with collective bargaining agreements for our union employees and comparable 4% salary increases for our single rate employees. Nursing facility operations costs are up \$843,921 and highway projects and road machinery increases total approximately \$300,000. The remaining additional increases can be attributed to various departmental expense account increases which include such costs as printing, supplies, and travel, as well as slight increases in sewer district costs and solid waste.

SOCIAL SERVICES

I am recommending appropriations to the Department of Social Services for 2008 that total \$68,680,391, an increase from the \$64,988,107 that you approved last year. This increase equals \$3,692,284 of which approximately \$532,446 is local share. Of the departmental total, \$18,555,086 represents our local share contribution toward the financing of the Medicaid program. Even though Medicaid is once again projected to experience double digit growth in our county in 2008, the Medicaid cap will limit our local share increase to 3.0%.

PERSONNEL

This tentative budget proposes to expend \$44,300,619 on payroll for 966 full-time equivalent employees, an increase of approximately 5 positions from the number approved at the time the 2007 Budget was adopted. In the 2008 budget, I am recommending an approximate 4% salary pool for increases for "single rate" managerial/confidential employees. In addition, union employees will see increases consistent with collective bargaining settlements which have been approved by the legislature.

STATE PENSION COSTS

The mandated State Pension expense will decrease in 2008. As a percentage of salaries, the rate in 2008 will come down to 8.1% from 9.1% in 2007. Our pension payments will decrease from \$3,810,332 in 2007 to \$3,574,895 in 2008.

ROOM TAX

The 2007 actual room tax is projected to finish at \$476,602, which is \$51,602 over the budgeted figure of \$425,000. I am recommending to you that for 2008 we budget our receipts from the 4% Room Tax at \$450,000.

SALES TAX

For 2008, I am recommending to you that we budget revenue from the 4% sales tax at \$32,744,595, which is a 3.0% increase over the \$31,790,869 we anticipate we will receive through December 31st, 2007. This increase is consistent with the average sales tax increases we have seen over the past few years and as our retail sector grows I am optimistic we will see this trend continue.

CAPITAL PROJECTS

For 2008, I am recommending to you that we undertake \$11,183,000 in Capital Projects, of which \$3,940,250 represents the local share. Highway projects account for \$3,360,000 of this total, while improvements at the Airport account for \$4,590,000. The remainder is for countywide equipment purchases and improvements including \$1,050,000 for Sewer District projects, \$1,490,000 for Nursing Facility upgrades, \$557,000 for E911, and \$136,000 for Building and Grounds. To undertake these various projects, which are detailed in the body of the budget document, I propose that we borrow \$5,153,000. This borrowing will neither exceed our past historical norms nor will it approach the level of debt of our neighboring counties.

DEBT SERVICE

For 2008, I am recommending debt services payments for all funds totaling \$6,879,586 vs. the 2007 figure of \$6,751,485.

FUNDED PRIVATE NON-PROFIT AGENCIES

For the 2008 fiscal year, which commences January 1st, I am recommending to you that we appropriate \$359,662 as aid to the various private non-profit community development and cultural organizations that the county has historically funded. This appropriation is \$155,000 less than last year due to the restructuring of the Cooperative Extension. Funds previously allocated to the Cooperative Extension have been reclassified into various county department budgets for direct programs.

SPECIAL DISTRICTS

SOLID WASTE:

The proposed budget for the Chemung County Solid Waste District is \$3,133,402 as compared to the 2007 budget of \$3,048,052. With the privatization of our Solid Waste facilities, all associated costs with the landfill will be paid for by our private partner, New England Waste Systems of New York (NEWSNY).

The full value Solid Waste tax rate per thousand will decrease from 29 cents to 26 cents per thousand. This tax will be eliminated over the next three years.

SEWER DISTRICTS:

The Sewer District No. 1 submitted a proposed 2008 budget of \$2,249,103 as compared to \$2,222,874 for 2007. This represents an increase of \$26,229 from the prior year or 1.2%. The property tax rate for Sewer District No. 1 will increase from .90 cents to .97 cents per thousand of assessed value. The property tax levy will grow by \$84,068. User rates in 2008 will increase from \$68 per year to \$75 per year for the average household.

The Elmira Sewer District submitted a proposed 2008 budget of \$2,957,419 as compared to \$2,926,404 for 2007. This represents an increase of \$31,015 from the prior year or 1.1%. The property tax rate and property tax levy will remain the same. User rates in 2008 will increase from \$81 per year to \$88 per year for the average household.

CONCLUSION

Last year, I concluded my budget message by stating “I do believe we have entered a new chapter in the revitalization of Chemung County. This budget I present to you today is a budget of promise and hope; a budget that holds government accountable for its actions and demonstrates that we are functioning responsibly for the taxpayers of our community.” I stand by that statement. However, as I travel throughout the community, whether I am talking to citizens on the street, addressing civic groups, or meeting with business leaders, the number one topic of discussion is always the excessive taxes in this community and in New York State. Upstate New Yorkers continue to pay 51 percent more in state and local taxes than the national average. On January 12, 2007, US News & World Report conducted a study relative to real estate taxes paid on owner occupied homes for 2005 as a percentage of median home value in counties with population over 65,000. Of the top

twenty counties for real estate tax burden in the nation, thirteen were in New York State. Chemung County ranked 10th. This study was based on a homeowner's total tax bill which includes school, county, and city, town, or village taxes. This study was an indictment of the overall tax structure in New York State and should remind all of us that we must be vigilant in our efforts to control governmental growth.

In 2006, we were able to provide some relief to our taxpayers by reducing the average tax rate by 2.9 percent. In 2007, we, through the combined efforts of the County Executive's office and the Legislature, were able to reduce our tax rate an additional five percent. As I stated at the beginning of this budget message, I am proud to say I will again recommend that we reduce our tax rate by an additional one percent, making our full value tax rate \$6.98 per thousand of assessed valuation. Of the fifteen counties that surround us, only two will have a tax rate less than \$7 with the average tax rate being \$9.48. I believe this shows that county government is working diligently to provide tax relief to our constituents. In 1992, our tax rate was \$11.48 per 1,000 of assessed valuation and sixteen years later we will have achieved the lowering of the tax rate to \$6.98. This is a forty-two percent decrease over that time period. Together we have made a difference. We have been fiscally responsible. There is no better barometer of our financial condition than the fact that Moody's Financial Services upgraded our bond rating to a Baa1 rating in 2007.

Our work is not over; it is the goal of this administration to achieve a bond rating of A3 within the next two years. This will not be easy. We have been able to build a fund balance which is approximately five percent of our General Fund budget. The bond rating companies and the NYS Comptroller recommend that we achieve ten percent of our General Fund budget. This objective is possible if we remain fiscally responsible.

It is extremely important to note, as the Legislature reviews this budget and as we begin a new year in January 2008, that the Governor and the Comptroller are stating that they could face a \$4 to \$5 billion deficit. As we have seen in the past it is often local government that suffers when the State has to control its financial appetite. Despite the financial pressures that continue to be placed upon us and the uncertainty of the national economy, I still believe 2008 will be a good year for Chemung County. Continued fiscal responsibility by County government, the potential for more economic development in our community, the coming together of more shared services initiatives, continued fine tuning of our criminal justice system and a comprehensive review of our human services infrastructure, will be the foundation of a county that continues to be on the cutting edge.

Finally, I want to express my appreciation to Steve Hoover, our Director of Budget and Research, and Andrea Fairchild, the Accounting Systems and Services Coordinator, for their tremendous efforts in the preparation of this financial plan. They have once again done an outstanding job in developing a document that is extremely comprehensive, yet easily understandable and user friendly. I look forward to your review of this proposal and welcome the opportunity to answer any questions that you may have on any of the provisions contained herein.

Respectfully submitted,

Thomas J. Santulli
Chemung County Executive