

OFFICE OF THE COUNTY EXECUTIVE

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November 9, 2016

Honorable Donna L. Draxler, Chairman
Chemung County Legislature
203 Lake Street
Elmira, New York 14901

Dear Chairman Draxler 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 2017. This includes both the Operating Budget and the tentative Capital Plan.

INTRODUCTION

It is with great pleasure that I report to you that the 2017 County Budget maintains the tax rate at the current \$6.86 per thousand of assessed valuation. This is the 12th consecutive year that the County has either lowered or maintained the County tax rate. I would again bring to your attention that in 1992 the County tax rate was at an all-time high of \$11.48 per thousand of assessed valuation. Through the hard work and spirit of cooperation between the Executive and Legislative branches, we were able to reduce that record high tax rate by over 40 percent over the last 24 years. This tremendous accomplishment was possible despite the many unfunded mandates put on counties by the State of New York. The local share cost of Medicaid, Temporary Assistance and Safety

Net, Child Welfare, Pre-K and Early Intervention, Indigent Defense, Probation, and Youth Detention, requires that we pay to Albany our entire property tax levy of \$29,146,582 and an additional \$8,946,028 or 22 percent of our sales tax revenues. As I expressed in previous budget messages, it is outrageous and unsustainable to send \$38,092,610 to the State to pay for their programs that we have little or no control over. New York is the only State in the nation that puts this excessive financial burden on County government. These mandates are the primary reason that property taxes in this State continue to be 81 percent higher than the national average. New York State continues to get nearly 25 percent of its revenues from local government. In the other 49 states, the revenue that local government contributes is less than 4 percent on average. Part of this imbalance is that New York State counties spend more on Medicaid programs than all of the other counties in the United States combined or more than what 46 states spend on their total general fund budgets. As in past years, New York counties are still required to fund a large portion of the preschool and special education programs now totaling over \$1 billion a year. The State continues to point out that the greatest obstacle in bringing new people and new business to New York are excessive property taxes. I would contend that if the State eliminated these unfunded mandates on County government, the County property tax could be nearly eliminated. As I pointed out last year, New York State counties raised nearly \$5.5 billion in property taxes on an annual basis, of which \$4.6 billion is sent to the State to pay for these programs. As you know, Governor Cuomo has instituted a hard cap on the local share of Medicaid and has established financial modifications to several elements of this program, making our total mandated local share cost \$385,807 less than the prior year. Although appreciated, a \$385,807 reduction against expenses in excess of \$38 million can hardly be classified as program reform.

The creation of Tier 6 in the New York State Retirement System is also providing us with some badly needed financial relief. Approximately 12 percent of our total retirement costs for our employees are in this Tier and that number will continue to grow as we move forward. Tier 6 requires employees to make larger contributions, eliminates certain enhancements, and lengthens the service time requirements for retirement eligibility. The majority of our employees are in Tier 4 with a contribution rate for the County of 20.3 percent as compared to a contribution rate of 11 percent in Tier 6. Obviously, future retirements will have a very positive impact on County expenses.

Last year, the Governor and the Legislature extended the property tax cap for a period of four years. This legislation, which was initiated in 2011, continues to have a significant impact on reducing the growth on local property taxes. According to the Governor, on a statewide basis, the growth of property taxes is 60 percent less than when compared to prior periods because of the cap. They claim that since 2011, the cap has saved homeowners on average nearly \$800 annually.

The Governor continues to make the case that a primary reason why our State has the second highest property taxes in the nation is partly caused by the excessive numbers of local governments. He still maintains that there are 10,000 taxing districts throughout the State and that this excessive number needs to be drastically reduced. He would argue that this is the primary cause for

the loss of manufacturing jobs and the decline of population in our State. I concur with the Governor that there is an enormous amount of duplication of local government services in our communities that leads to excessive cost to the taxpayers. That being said, it is my opinion that the unfunded mandates of the State of New York that are placed on counties is by far the greater culprit for New York State's property tax burden. The obvious solution to the property tax dilemma in our State is a combination of a reduction in the size of local government and the State continuing to reduce the mandated financial burden on County government.

Governor Cuomo has made it perfectly clear that local governments should not expect any substantive financial aid from the State. He has recently talked about the need to do more in mandate relief for counties but so far he has not mentioned any specific initiatives. Governor Cuomo is still pressing hard for local governments to start or continue implementing shared services arrangements or consolidation initiatives. Even though this year 56 out of 62 counties lived within their tax cap, this was mostly accomplished by spending down their financial reserves to balance their budgets. State-wide county borrowing is on the increase and capital budgets for roads and bridges continues to decline. Non-mandated services continue to be reduced and downsized labor forces have become commonplace. This, coupled with a fairly sluggish economy, including declines in sales tax revenue, is putting great pressure on local governments to maintain essential operations.

The budget that I submit to you holds the line on spending on all programs that are under our control and not impacted by the mandates of the State of New York or the federal government. As I have stated in every budget that I have submitted to the Legislature over the last 16 years, less than 20 percent of our budget costs are under our control. This fact is the reason that the New York State Association of Counties continues to demand that our State government provide additional mandate relief. Without these mandate reforms, it is only a matter of time before all counties will experience extreme financial distress and eventual insolvency. The New York State Association of Counties continues to advise its membership that if the current trend continues, by 2020 the expense of State mandates will exceed County revenues by over \$4 billion. Should this occur, you could see a statewide collapse of all County services.

For over a decade, Chemung County has been a State leader in shared services initiatives. The process has been painfully slow and very contentious in bringing local governments to the table to discuss efforts to reduce costs and combine services. There have been a number of shared services arrangements in the last several years between the County and the City of Elmira and also several towns and villages. The shared services initiatives did take on some new energy when the County established its Financial Restructuring Plan in 2014. This plan changes the sales tax redistribution formula and became the catalyst for several shared services efforts. The shared services that are currently in place are as follows: **The City of Elmira**: Public Works Department; Buildings and Grounds Department; Purchasing Department; Information Technology Department; Civil Service Administration; and, Safety Coordinator. The City also joined our health insurance program in 2016. **The Town of Elmira**: municipal finances through the

County Treasurer's Office. **The Town of Big Flats**: shared Public Works/Highway Commissioner for supervision and administration; and, Information Technology and Big Flats will soon participate in the financial services programs offered through the County Treasurer's Office. **The Town of Baldwin**: Tax Collections Agreement with the Treasurer's Office. **The Village of Horseheads**: currently in discussions to provide financial services to the Village.

The City of Elmira continues to be in severe financial distress. In June of 2015, Moody's Investment Services downgraded the City's General Obligation Rating five steps from A2 to Ba1. This downgrade is unprecedented in that no other City in the State has ever been downgraded five steps in a single rating period. On June 23, 2016, Standard & Poor's Global Rating Service lowered its long term rating on Elmira's General Obligation Debt two notches from A- to BBB. These downgrades reflect the City's strained liquidity and reduced budget flexibility. Both rating agencies gave the City negative outlooks going forward due to continued severe pressure on the City's financial operations. The rating companies also stated that further financial deterioration and failure to materially improve fund balance and liquidity could make the rating go down to junk bond status. If this further downgrade was to occur it would most likely end the City's ability to borrow for short and long range needs. There is no question that the City has a structural deficit in its operating budget and that they have little or no financial reserve. Over the last several months, the City has struggled to present an accurate picture of their current financial situation primarily due to the fact they currently do not have a full-time City Chamberlain. The City is relying heavily on \$2 million coming from New York State's Shared Services Incentive Program which will be awarded to the City for their shared services arrangements with the County. There is a portion of these funds that may be in question because the City initially stated they wanted to consolidate their financial services with the County. Unfortunately, after many meetings between the City, County, and the State, I received a call on Friday, October 28th, from the City Manager, followed by an email stating that he had made a decision, after consulting with the Council, to hire a new City Chamberlain. On Friday, November 4th, the City Manager announced that he has hired a new City Chamberlain. This decision by the City not to consolidate our financial functions will have to be reviewed by the State to see if it will impact the financial aid they were scheduled to receive. As I previously told the Legislature, the State was prepared to make a substantial financial contribution over an extended period of time if the County and City were able to orchestrate a full administrative merger. However, with the recent decision by the City to hire a new Chamberlain, an administrative merger seems highly unlikely to occur. I was extremely disappointed by the City's decision, but I believe after months of discussions and numerous meetings, it is time for us to move on. It would be my recommendation that we continue to honor the agreements we currently have with the City, but not enter into any new shared services arrangements with them at this time. It is my strong belief that the City of Elmira turned its back on a great opportunity to merge our administrative operations and receive a large infusion of monies from the State to pay for this transition.

Concerning the local economy, New York State's economic activity and recovery since the great recession of 2009-2010 continues to be largely uneven and concentrated in New York City. By way of example, on a year-to-year basis, New York State as a

whole added 120,400 private sector jobs between August 2015 and August 2016, a growth rate of 1.5 percent during a period when private employment nationally grew by 1.9 percent. However, an incredible 96 percent of the state's jobs were created downstate for an annual job gain of 2.4 percent for New York City. It appears likely the New York City increase reflects a continuing number of people entering the workforce, while the flat-to-declining unemployment rates in upstate are due to stagnation or decline in the number of people looking for work. The Albany-Schenectady-Troy, Rochester, Syracuse, Binghamton, and Elmira areas all lost private-sector jobs during this period.

Additionally, the latest estimates for change in Gross Domestic Product (GDP) for 2014-2015 as measured by Metropolitan Statistical Area (MSA) also provides a clear and concerning perspective on upstate New York's ongoing economic weakness with Elmira in particular ranking only 345 out of the country's 382 largest metro areas for GDP growth. The compound growth rate for Elmira from 2009-2015 was actually negative 1.7 percent with the most recent period from 2014-2015 equaling less than 1 percent.

It is also troubling information that New York State tax receipts are trending down even further than the previously corrected numbers in the revised financial plan issued by the Governor in mid-summer. An increasing concern for counties is that the soft economic conditions in New York State are largely attributable to weakness in personal income tax collections. This will certainly apply pressure on the New York State budget with potential consequences for New York State funding downstream to schools and municipalities.

These economic conditions are being felt most obviously in Chemung County's sales tax collections which through the 3rd quarter of 2016 are trending down on a year over year basis by 2.63%. Sales tax revenues in 19 counties saw a decline in the third quarter over the same reporting period in 2015. The average sales tax decline of those counties is 1.9 percent. The remaining counties saw an average of just over 4 percent in positive sales tax growth. Sales tax revenues in New York City grew approximately 3.2 percent in the third quarter. For the Southern Tier, the continued loss of sales tax revenues is driven by a fragile economy. The Elmira MSA unemployment rate through September 2016 stands at 5.5% which ranks Chemung County 56 out of 62 counties. The unemployment rate for New York State is 5.1% and nationally it stands at 4.8%.

Rest assured that this troubling set of data points has the full attention of the County Executive's office and I am sure the County Legislature's as well. As you know it is against this back drop with these challenges that Governor Cuomo has presented the Southern Tier Region and Chemung County with a number of unique opportunities to start to reverse the current economic picture.

In the latter part of 2015, the Southern Tier was selected for one of three awards under the Governor's Upstate Revitalization Initiative (URI) program. This program was designed to provide opportunities for communities to address economic challenges and

bring jobs back to upstate New York. Each of the selected regions were granted \$500 million to be used over a five-year period in a bottom-up approach by partnering with the private sector to grow business opportunities in our community.

The URI has now been added to the Consolidated Financial Application (CFA) process as the primary New York State economic development tools available to local governments to encourage business growth and expansion. While there have been start-up pains with the new process, Chemung County has been a significant financial recipient in the first two award cycles. These monies will be focused on two project areas in our County. The first major initiative is the I-86 corridor which is designed to accelerate public/private investments, create job opportunities, advance regional competitiveness, and create magnetism to draw and keep young skilled workforce participants in our area. This project connects and leverages the region's strengths and resources including key physical and innovation assets which have been identified and analyzed. It targets the area starting at the I-99 corridor in Steuben County and goes east on I-86 to Route 13 and includes the exit at the City of Elmira. This stretch of land along I-86 has a large number of developable sites that are in Chemung County. Airport Corporate Park North and the new Airport Corporate Park South, along with the land around the Elmira Corning Regional Airport will be the primary focus of this initiative.

The other development area is known as Elmira Refresh. This undertaking calls for the restructuring of Elmira's downtown core. The project is designed to create an economically healthy, livable innovation district in the heart of our community. It will include the redevelopment of West Water Street, specifically, the currently vacant land where the Rosenbaum's and Harold's department stores were formerly located. The key component of this initiative is designed to create a vibrant commercial, retail, and residential hub that would be bolstered by an existing strong banking industry and government sector. Other venues would include the Clemens Center Performing Arts, Arnot Art Museum, and the Chemung County Historical Society. The First Arena Sport Complex that currently houses professional and youth hockey would be readied for the addition of the Elmira College men's and women's division 3 hockey. There are also potential plans being developed for the construction of a field house in the downtown area that would support a host of athletic programs currently being offered by Elmira College. This would include those programs currently being housed at the Elmira College Domes in the Town of Veteran. This district could also be fueled by the Lake Erie College of Osteopathic Medicine (LECOM), a nationally known medical school that is going through final accreditation for a branch campus utilizing existing buildings on the Elmira College campus. If we are successful in getting accreditation from the Commission of Osteopathic College Accreditation (COCA) and the New York State Board of Regents, the medical school would bring over 350 students to the Elmira College campus over a three-year period. There would also be over 100 individuals performing their residency training at the Arnot Ogden Medical Center and the Elmira Psychiatric Center. As you have heard me say on many occasions, this would be a truly transformational project and would result in new housing, restaurant, and retail development projects in the downtown area. The specifics of both of these targeted areas follows under the heading of Economic Development.

The Elmira Corning Regional Airport (ELM) has been a major factor in our region's economic development strategy. Our Airport is the only facility in the Southern Tier with an 8,000 foot runway that has the ability to accommodate nearly every commercial airplane that is in existence today. ELM has become the State percentage leader in passenger boardings with an increase from 2005 to 2015 of 79 percent. We are now the dominant regional airport in the Southern Tier, for both business and leisure travelers, doing more business than the Greater Binghamton Airport and the Ithaca Airport combined. We offer five Delta jet flights to Detroit every day and non-stop service through Allegiant Airlines to Orlando and Tampa. We are also the base of operations for Corning Incorporated's aviation fleet. Unfortunately American Airlines, which offered a flight a day to Philadelphia, is terminating services at both ELM and the Binghamton Airports. This is a major loss for the Binghamton Airport because American is their primary carrier. The Executive Office, along with the Director of Aviation, Southern Tier Economic Growth (STEG), and McFarland Johnson, our engineering firm, are aggressively pursuing other airline opportunities to fill the gap left by the departure of American Airlines.

Due to our continued dominance in the Southern Tier airport market, we were recently awarded \$40 million in State funding by Governor Andrew Cuomo. This money, which does not call for a local match, will go toward a \$58 million expansion and renovation project. This will include upgraded security, a number of modern amenities, and extensive terminal updates to accommodate larger aircraft and growing passenger service. The balance of the money for this project will come from the FAA and the Passenger Facilities Charges. Only two airports in the State received funding from the Governor and our Airport was the largest award. Extensive work went into the application process to be successful in the Upstate Airport Economic Development and Revitalization Competition award. The fact that we were the largest recipient of these funds is a tribute to the quality of the product and services we provide at our facility. A great deal of credit is deserved by McFarland Johnson, who worked tirelessly in putting this application together. I can assure you that the competition was extremely intense with the New York State Department of Transportation Aviation Division calling my office and McFarland Johnson on a daily basis seeking and reviewing information. When Governor Cuomo came to the Airport to award us this money, he referred to our envisioned facility as the "Airport of Tomorrow". I believe this future updated terminal facility, along with the current construction of the new parallel taxiway to the main runway and the parking lot expansion projects will make ELM the flagship airport of Southern New York.

Our community will be presented with great challenges in 2017. Although sales tax, which is our largest revenue is underperforming, the overall health of County finances remains strong. We have taken many steps in my sixteen years as County Executive to deal with the up and down financial climate of Upstate New York and the many demands put upon us by the State due to unfunded mandates. Despite all these financial pressures, our County has always responded with new and creative initiatives to keep us financially sound. For a small Southern Tier county, we have always worked hard to improve our economic climate by promoting strong business growth opportunities and changing our internal operations to reduce costs. Our most recent initiative was the

establishment of the new hire plan which started in the fourth quarter of 2013 and has resulted in significant savings to our Personnel costs. Since the new hire plan was instituted, there are now 124 employees covered by this new compensation system. The current savings as of November 1, 2016 is \$804,000. If you project five years into the future, the savings for those same employees because of the elimination of the Step system from our plan, would be over \$4 million. Obviously, as more employees leave for other jobs or retire, and new employees are hired, there will be millions of dollars of additional savings over the next decade and beyond. To our knowledge there is no other county in the State who has implemented anything even close to what we have been able to accomplish in personnel cost reductions.

As we are currently doing in the last quarter of this year, we will continue to scrutinize every position in the County when it becomes vacant. We are presently holding a number of positions that are currently vacant as a cost savings effort to get us through the balance of this year. There are certain positions that we have to fill, because if left vacant for any extended period of time, they create operational problems that result in loss of revenues. I believe our Personnel Department, in conjunction with department heads, has done an excellent job in overseeing our personnel vacancy control.

At the end of 2015, our General Fund balance was approximately \$26.5 million. Although we are projecting that we will close 2016 from a slight deficit to a slight surplus, it will be necessary to appropriate \$4 million of our reserve as our local match to receive the \$8.2 million in Intergovernmental Transfer (IGT) for the Chemung County Nursing Facility. The \$8.2 million from New York State is the largest IGT payment that we have ever received. This money has to be used exclusively in the Nursing Facility and will allow us to pay off the nearly \$2 million Nursing Facility debt from prior years. This payment will allow us to establish a healthy reserve at the Nursing Facility and serve as a cushion for future deficits. In the end, this is good news for the County, but it does put a stress on our fund balance. Depending on where we finish 2016, our General Fund balance will be between \$21.6 million and \$24 million. The \$21.6 million represents nearly 12 percent of our budget and would still provide a healthy reserve in these difficult times.

I feel strongly that the economic development incentives that have been given to our community by the Governor, especially the Upstate Revitalization Initiative, Downtown Revitalization Initiative, the Consolidated Funding Act, and the Airport Revitalization Initiative, provide us a once in a lifetime opportunity to revitalize our region. I am very optimistic that if we continue to work together, and continue to be a State leader in innovative programs, we can greatly enhance the quality of life for our residents.

As you review the 2017 program highlights, I believe you will be impressed with the accomplishments of Chemung County government.

2016-2017 PROGRAM HIGHLIGHTS

Human Services Initiatives

Overall, the total requested 2017 budget reflects an increase of approximately \$700,000 in local share. Most recipient expenditure lines have remained unchanged from the 2016 levels. However, we have requested an increase in the foster care expenditure lines as we have seen an increase in the number of youth remanded to our custody as a result of crimes committed in our community. We have also requested an increase in our Early Intervention and Pre-K services for children with special needs. An additional classroom was added during 2016 for Pre-K level services. These children need physical, occupational, and speech therapies. When these early interventions are successful, the children are better able to learn in the classroom. On a positive note, we have requested a decrease in the Cash Assistance lines, as caseloads continue to drop for both Family Assistance and Safety Net populations.

The Department of Social Services continues to strengthen outcome performance reporting that is required from contract providers. During 2016, the Department focused on ensuring providers were meeting performance measures and required corrective action when performance fell short to ensure services were properly provided to our community. The Department has started to conduct audits of the reported information to ensure it is consistent with contractors' records.

Children and Family Services:

During 2016, overall spending for foster care and Juvenile Defenders and Persons In Need of Supervision (JD/PINS) placements has increased. As a result, the Department has increased the 2017 expenditure request by \$600,000 over the 2016 budget. Currently, the spending is significantly over budget for the year, anticipated to be \$1 million at year's end. The spending increase is due to both the number of youth remanded to our custody and the level of care needed to safely house the children.

Total JD youth in care peaked at thirty-two youth in April and averages twenty-eight youth through August. Through intensive efforts of the Adolescent Services Unit to return youth to their families, the Department currently has twenty JD youth in care. For 2017, the Department has partnered with the Casey Family Foundation to develop a Community Plan for the safety of children. With the support of our Family Court Judge and our community, the Department is working to keep children in the community rather than in institutional settings. The Department will focus investments on mentoring opportunities, access to employment and recreational services for youth ages 12-18.

Early Intervention and Pre-K Services:

The total increase requested in the 2017 Pre-K budget over 2016 is approximately \$600,000. The increase is largely due to the addition of a Pre-K classroom. The County now has three classrooms available to serve children ages 3 – 5 with special needs. For Early Intervention, one area of concern is the lack of providers available in our community for speech, occupational, and physical therapy. Children from birth to three years receive these services in the home. It is becoming increasingly difficult to meet the demand in our county for these children.

Medicaid/SNAP and HEAP:

The number of people applying for and found eligible for HEAP and SNAP has decreased over the last year. As of September 30, 2016, the average monthly caseload decline 2016 over 2015 for HEAP was 59 and for SNAP 345. The Medicaid caseload has continued its decline by an additional 6.9% in 2016. The decrease in the Medicaid caseload is associated with the opening of cases on the New York State Health Exchange. Applicants are required to apply through the Exchange, with eligibility still determined at the local level. This function will begin shifting to New York State during 2017. Chronic Care will be the last area of eligibility to shift to New York State due to the extra work associated with determining eligibility for the look-back period for those entering the nursing home level of care. The Department does not expect to transition the Chronic Care cases until late 2018.

Family Assistance/Safety Net:

As compared to 2015, the 2016 average monthly Temporary Assistance caseload decreased by 6%. Currently, there are 596 cases in our community. Of these cases, only 41% are in the Safety Net category, which is the category with the highest local share. The Department continues our emphasis on requiring all employable adults to engage in work activities and seek employment. The Department targeted strategies focuses on Safety Net cases, which carry the largest local share. The co-location and partnership with the Academic and Work Force Development Center continues to be essential in assisting clients to enter and remain in the work force. Ongoing efforts to assist disabled recipients to obtain Social Security benefits will be essential to contain caseload growth. The 2017 expenditure budget has dropped \$500,000 from the prior year.

Increased efforts to detect and investigate fraud will continue to be a priority for 2017. Through our partnership with the City of Elmira and the District Attorney's Office, arrests for welfare fraud have increased in the past year. Our agency is appreciative of the support received to add two part-time investigators. To date in 2016, fraud referrals are up by more than 250 cases.

Child Support Establishment and Enforcement efforts continue to recover approximately \$1 million as repayment of assistance. An additional \$9 million is expected to be distributed within the community.

Mental Health:

The efforts to join behavioral and physical health continue. In April 2015, providers across the state enrolled in a \$6.42 billion project known as DSRIP. Delivery System Reform Incentive Payment (DSRIP) is a federal program operated through the NYS Department of Health (DOH) that is designed to reduce Medicaid avoidable hospitalizations by 25% over the next five years. DOH encouraged providers to organize themselves regionally relying primarily on the large healthcare systems to take the lead role in establishing a Performing Provider System (PPS). The first three years of the five year effort are focused on establishing the infrastructure to assure that each PPS is prepared to be successful in delivering the services as defined by DOH for up eleven projects across each PPS region.

The final two years of this initiative introduces Value Based Payment Reform making the system responsible for its own success or failure utilizing a pay for performance methodology. In preparation for this major change in the financing of Medicaid services, we arranged for a consultant to provide a community training and have continued discussions with providers to assure that they are preparing the infrastructure necessary to make this transition.

The providers in Chemung are part of over 600 agencies in the Finger Lakes PPS (FLPPS) co-lead by the two healthcare systems in Rochester. The FLPPS is geographically the largest collaborative system responsible for Medicaid redesign in NYS. As such, their approved five year award, as determined by attributed lives to the various 600 plus providers, is in excess of \$5.65 million.

Children's Integrated Services:

While the budget for Children's Integrated Services is rather unremarkable, the work to keep youth in the county has been successful. During 2016, no youth were placed in care as a result of a PINS petition. A team from Probation, CIS, the Youth Bureau, Mental Health, and Children and Family Services continues to meet twice a month to discuss our toughest cases to ensure the youth have access to all the community has to offer before pursuing placement out of county. The Department has renewed focus on preventing the migration of children and their families through the continuum of our combined services. The budget impact of this work is reflected in the Children and Family Services placement budget.

ECONOMIC DEVELOPMENT INITIATIVES:

I-86 Innovation Corridor:

The strategic action plan for the I-86 Innovation Corridor is designed to accelerate public/private investments, create job opportunities, advance regional competitiveness and create the environment to draw and keep young, skilled workforce participants. The I-86 Innovation Corridor is located between I-99 in Steuben County and I-86 at the Elmira interchange.

Completed/Funded Projects:

Emhart Glass held their groundbreaking for their newly renovated facility on Kahler Road (Former Sikorsky facility) which will retain 110 jobs and provide for further expansion and consolidation opportunities. This project received approximately \$1.3 million from the URI/CFA process.

DeMet's has nearly completed their 100,000 square foot expansion of their facility on Daniel Zenker Drive which was aided by a \$1.8 million New York State URI/CFA award. The expansion has allowed for the installation of state of the art equipment and the creation of 70 new positions.

Pioneer Credit Recovery was awarded a federal contract that will increase employment levels at their Daniel Zenker Drive location from 300 to 600 jobs and will include several millions of dollars of capital improvements at the former General Revenue Corporation facility.

Three Cities Inc. purchased the former Wings of Eagles Restoration Hangar on Aviation Drive for \$750,000 and will use the facility as an aircraft maintenance facility which will result in the creation of 30 jobs.

Cameron Manufacturing received a \$400,000 URI/CFA grant to purchase a 300,000 square foot facility at HOST in Horseheads that will allow them to consolidate two off-site leased facilities creating production efficiencies and facilitating expansion plans.

FedEx has completed its \$18 million new 150,000 square foot Packaging Distribution Center at HOST in Horseheads which will create 130 jobs.

Pending Projects:

Wayfair, a national home furnishing e-commerce customer service business has selected the former Corning Shared Services Building on Daniel Zenker Drive in Big Flats as the site for a future in-bound call center. The company has indicated they will create 450 jobs over the next three years. The project is pending final New York State approval on a Start-up New York incentive package.

Corning Incorporated has announced its Corning Pharmaceutical Technologies project at its Big Flats Innovation Support Center. This project has a potential investment of up to \$50 million and will create nearly 130 jobs. Corning has invented a new product line, “Glass Z” for the pharmaceutical packaging marketplace and has created a new business division. This project was designated as a Southern Tier priority project under the URI/CFA process.

Micatu has a letter of intent to purchase the 70,000 square foot former Wings of Eagles and Sikorsky facility at Aviation Drive in Big Flats to relocate its corporate headquarters and establish a high tech manufacturing facility for the design and production of a line of optical sensors for the utility industry for use within the smart grid. Micatu plans to create an additional 65 jobs and URI/CFA funding is pending. This project was designated as a Southern Tier priority project under the URI/CFA process.

CemeCon Inc., a manufacturer of carbide cutting tools with high performance coatings which is located at the IST Center in Airport Corporate Park intends to expand its current, 25,000 square foot facility by expanding into another 15,000 square foot facility on the IST campus for the purposes of creating a National headquarters and expansion of its CVD Diamond coating service. These expansion plans will result in the creation of 12 additional jobs. This project was designated as a Southern Tier priority project under the URI/CFA process.

Beecher Emission Solutions Technologies operating under the project name BEST Consolidated Growth will acquire the former Schweizer facility in Big Flats to consolidate its Elmira operations with recent business acquisitions from Pennsylvania and Nevada. The consolidation of these operations will result in the creation of 36 jobs and will allow this facility to be privately owned. This project was designated a Southern Tier Priority project under the URI/CFA process.

Hanover Square Feasibility Study in the Village of Horseheads, has been approved by the Chemung County Industrial Development Agency to prepare an application for New York Main Street grant funding for a mixed use development project to include upper story residential housing. A local developer has been identified.

Elmira Refresh

Elmira Refresh is a plan for the revitalization of Elmira Downtown. The plan was boosted by the recent announcement from Governor Cuomo that Elmira was selected as the Southern Tier Region community that would receive the Downtown Revitalization Initiative (DRI) award of \$10 million. The vision and strategic framework for this plan is built on making Elmira the eastern anchor for the I-86 innovation corridor, a dynamic college community and the development of an attractive community with vibrant neighborhoods by reversing the trends of blight and poverty. The DRI plan will run in coordination with another recent announcement from Governor Cuomo that Elmira would also receive a \$1 million award to develop a strategic plan to reduce poverty and increase social mobility. These City of Elmira based programs will be enhanced by the recent New York State approval of the Chemung County Land Bank. The Land Bank will serve as a tool to remove blighted properties from the tax foreclosure process and be rehabilitated in partnership with private sector developers.

Completed/Funded Projects

Chemung Crossings on Elmira's Southside is a \$15 million mixed use scattered-site development project that is scheduled to break ground in the spring of 2017. The project will involve the revitalization of ten sites in the South Main, West Henry and Harmon Street area. The development will provide 8 buildings that will include 45 apartments and 3,200 square feet of commercial space.

Envision Elmira is a mixed use redevelopment of the former Werdenberg's building in Downtown Elmira. This redevelopment project will receive a \$120,000 URI/CFA grant toward the total project cost of \$700,000 that will include façade restoration, two first floor storefronts, and four market rate apartments on the second floor.

West Water Street Row House Project is a mixed use redevelopment of 389-399 West Water Street. These long neglected properties will receive \$1.2 million in improvements that will result in 16 market rate apartments and two commercial units. This project will receive \$140,000 in URI/CFA support and a \$200,000 Urban Initiative grant.

Anchor Glass has completed the nearly \$20 million furnace re-bricking and equipment modernization that will ensure the plant remains open and will include an increase of 8 jobs. This project received a \$1.3 million URI/CFA grant.

Arnot Ogden received a \$1.5 million URI/CFA grant to address structural changes to the medical campus and reconfiguration of their medical services.

Pending Projects:

Lake Street Property Redevelopment Project will start the process of redevelopment of 118-126 Lake Street which are long vacant and deteriorated buildings. The County, through foreclosure, has taken possession of these properties and the Chemung County Industrial Development Agency and the City of Elmira have applied for a \$500,000 New York Anchor grant to stabilize these structures to include new roof, windows and façade upgrades in preparation for development. The project has developer interest for a mixed use project to include upper story market rate housing and lower level commercial space.

West Water Street Infill Project is a mixed use redevelopment project at the long vacant former Rosenbaum's/Harold's site. The project will include 54 market rate apartments and 16,000 square feet of commercial space. The total cost is \$13 million and has private investment of \$6-7 million. Gap funding for this project and improvements to the apron space and parking garage will be requested from the \$10 million DRI funds. There currently is a \$2.3 million Restore New York grant for this project.

Baldwin Street Redevelopment Project will include the rehabilitation of 110-114 Baldwin Street. The CCIDA has purchased 110 Baldwin Street and the County has through foreclosure taken possession of 112-114 Baldwin Street. This project is in the early stages of determining grant funding in the next URI/CFA cycle in 2017 but a local developer has been identified and will lease some of the space to cover expenses until rehabilitation funding is identified.

The Vecino Group, under the project name Libertad Elmira, will undertake a complete \$20 million renovation of the former Jones Court located on Elmira's North side. The project will result in 94 units of affordable housing and will remove a long blighted property that has been a troubled property for a number of years. This project was designated as a Southern Tier priority project under the URI/CFA process.

Elmira Savings Bank – East Water Street Downtown Anchor Project is an approximate \$1.5 million rehabilitation of the building between Turtle Leaf Café and Swan & Sons which will provide four upper story market rate apartments and commercial space expansion for the two current businesses that abutt these properties. This project received a high rating under the URI/CFA process and a \$500,000 Downtown New York Main Street grant request is pending.

Lake Erie College of Osteopathic Medicine (LECOM) has committed to opening a 350 student medical school on the campus of Elmira College. LECOM continues to work through the accreditation process and will have an opportunity to meet with the national accreditation board in December of this year.

Lake Street Pedestrian Bridge Project has a pending NYSDOT grant request for \$3.7 million that will create a walking/bicycle trail from the north side to the south side of Elmira. If granted, the 20 percent local share can be funded through the \$10 million DRI grant.

F. M. Howell located on Elmira's south side will undertake an \$8 million packaging equipment technology upgrade to improve their global competitiveness in four separate business units that currently provides 182 jobs and this project will result in the creation of an additional 12 jobs. This project was designated as a Southern Tier priority project under the URI/CFA process.

SEPAC located on Lake Road in Elmira is a custom engineering company that manufactures motion control products including clutches and brakes. This project will allow SEPAC to purchase an advanced machining center that will help the company to source higher volumes and retain 34 jobs and increase 12 jobs. This project was designated as a Southern Tier Priority project under the URI/CFA process. SEPAC has also recently informed us that they are pursuing the acquisition of another business division that will create an additional 15-20 jobs.

Elmira Corning Regional Airport

To date, 2016 has been a year of significant changes and events for the Elmira Corning Regional Airport. We have received two grants recently that will favorably impact the airport. First, is the Taxiway A project. This is a project that airport users will notice and not necessarily the general public. It will add improvements to the taxiway that parallels ELM's main Runway 6/24, making for safer entries to and from the runway as well as direct taxiing aircraft around the airport terminal's aircraft parking apron. Presently, aircraft taxi along the edge of the parking apron, using valuable space that is much better used by aircraft parking. The total amount for this project will be \$13 million, with 90% FAA funded, 5% NYDOT funding and 5% funded by Passenger Facility Charges (PFCs).

The second significant grant that was offered is \$40 million from the State of New York toward a \$58 million terminal renovation. In a contest that was entered by 18 Upstate Airports, ELM was one of only two airports to receive a grant. This signals that the Governor's office sees ELM as a valuable asset to Upstate New York and in particular, the Southern Tier and Finger Lakes regions. In announcing the grant, Governor Cuomo specifically pointed out that Elmira Corning Regional Airport has seen significant growth in recent years and is the Southern Tier's choice for almost 50% of airline passengers in the area when compared to Ithaca and Binghamton. Our terminal will get a much needed facelift and we will provide a great first impression to people flying into our region.

One additional and very significant project is the expansion of the airport parking lot. We are presently working with landowners adjacent to the existing lot to increase the parking by 300 vehicles. This will eliminate the need for the parking located across Sing Sing Road that makes for a dangerous situation when pedestrians cross the busy road with typically fast traveling traffic.

Passenger numbers during 2016 have been decreasing. This is mostly attributable to the loss of United Airlines this past April and the steadily decreasing service offered by American Airlines. We have also seen a slight drop in passengers for Delta, the airport's main carrier. Allegiant, who offers the only non-stop service to Florida in the Southern Tier and Finger Lakes Region, continues to add flights and increase its passenger counts. It looks like 2017 may see a further decrease in passenger numbers now that American has announced ceasing service in February. We feel the decrease in 2017 will be a bit slower, as we anticipate that a number of passengers formerly using American will seek similar options on Delta. We continually look to other opportunities with regard to routes so that Detroit is not the only place where ELM passengers can connect. Other options we are looking at include Charlotte through American Airlines, Atlanta on Delta, as well as a few other hubs. We feel the demand has been proven, it's just a matter of finding the airline or airlines that want to pick up the demand.

Highway, Bridge, and Culvert Projects

The Department of Public Works (DPW) will end the 2016 construction season with 24.9 miles (listed below) of county roads rehabilitated through maintenance treatments. We continued our partnership with Steuben County on the full depth reconstruction (FDR) of 5 roads for another 14.7 miles reconstructed in 2016, using Steuben County grinding equipment and saving taxpayer dollars.

FDR	miles	Micro/Slurry	miles	Mill & Fill	miles	Oil & Stone	miles
CR15	4.2	CR21 Wygant	1.6	CR64	1.0	CR16 Jackson	3.7
CR15A	0.3	CR28 Main	0.8	CR72 Bancroft	0.7	CR04 Marsh	2.0
CR16	3.7	CR79 Broadway	0.9	CR75 Arnot	0.5	CR31 Mt. Zoar	2.0
CR41	5.5	CR85 Maple	0.8			CR06 Middle	1.1
CR62	1.0					CR48 McDuffy	3.3
						CR13 Langford	2.2
						CR36 Dutch	4.3
HMA	14.7		4.1		2.2		18.6

Our County bridge crew replaced two large culverts on CR35 (Chambers Road at East Creek and Sturdivant Roads), replaced the bridge on Leach Hill Road, replaced the Town culvert on Pine Valley Road and is currently replacing a large culvert on CR61

(Hillcrest Road). The bridge crew also washed the decks and substructure of over 200 bridges, prolonging the life of the structures. County crews addressed red flag repairs on 5 bridges, preventing the closure of each bridge.

County highway crews completed the paving of the salt and sand storage building, providing approximately 3,500 tons of salt storage. The completed structure replaced the 75-year old wooden auxiliary lean-to structure located southwest of our main salt storage barn.

For improved safety, 2,400-ft of new guiderail was placed along CR01 at the beaver pond, 1,400-ft of new guiderail was replaced on CR62 (Main Street) in Van Etten, another 675-ft was installed on the new Leach Hill Road bridge, Chambers Road culverts, and Pine Valley culvert. County contractors completed pavement striping on 197 miles of County roadway centerlines and 353 miles of edge lines. Our crews have completed 10.5 miles of ditch cleaning, and have added 400 tons of gravel to backup/restore roadway shoulders this year. Our County crews also swept or broomed 240 miles of roads in 2016 and mowed 240 miles of roads 3 times.

The County crews continued to provide assistance on many projects county-wide in conjunction with Town, Village, and City staff. The County DPW operates and maintains the table-grinder for all municipalities in the County, moving from site to site. County forces responded to storm events across the County, making repairs on County and Town routes alike. County crews also assisted by providing trucking on many Town oil and stone projects. Equipment was shared with many municipalities, including several towns and the City of Elmira.

Other projects completed in 2016 include the cutting of trees and vegetation on several County routes, the replacement of 33 lateral pipes, and cleaning of five dry-wells on County routes and three on Town of Southport roads. The County DPW assisted Buildings and Grounds with design and engineering oversight on the repaving of the STEG parking lot, Williams Street Sheriff's parking lot, Youth Bureau parking lot on Harris Hill, loop road at Park Station and the design of the drainage improvements at the Buildings and Grounds office on Madison Avenue. We further completed mowing for NYSDOT and the Towns of Veteran and Big Flats. Topographic surveys were also completed this summer by Engineering students working as interns for two future bridge and culvert projects, and provided drainage surveys and curve layout for our road projects. The interns and other staff also delivered "spray notifications" for our herbicide program, completed curb layout, and installed road name and stop signs in Van Etten. The Soil and Water District completed a few drainage or seeding projects for the DPW this year, including projects on CR04, CR06, CR15, CR16, and CR41.

2016 Highway Major Repair Projects included:

- CR15 - E.SULLIVANVILLE - SR13 > COUNTY
- CR62 - MAIN ST - SR224 to SR34
- CR16 - JACKSON CREEK - Sand Bank Road to END
- CR41 - FEDERAL - CR01 to CR04
- CR33 - HARRIS HILL - CR64 > CR55

2016 Highway Rehabilitation Projects included:

- CR64 - Harris Hill Road to Wells Bridge
- CR72 - BANCROFT - West Hill Road to Davis Street
- CR75 - ARNOT - Chambers Road to Colonial Drive
- CR79 - BROADWAY - Bulkhead Street to City Line
- CR21 - WYGANT - HOST drive to Old Ithaca Road
- CR28 - MAIN - SR427 to City Line
- CR85 - MAPLE - SR427 to City Line
- CR06 - MIDDLE - Roemmelt Road to Smith Road

2016 Highway Preventive Maintenance Projects included:

- CR04 - MARSH - Federal Road to Wyncoop Creek Road
- CR31 - MT ZOAR - End to Arcadia Road
- CR06 - MIDDLE - Roemmelt Road to Smith Road
- CR48 - McDUFFY - SR224 to Langford Creek Road
- CR13 - LANGFORD - Briggs Road to Tompkins County Line
- CR36 - DUTCH - Sagetown Road to Antes Road

2016 Bridge and Culvert Projects included:

- Replacement of BIN 3331920 - Leach Hill Road Bridge
- Replacement of Box Culvert #30 - CR35 (Chambers Road)
- Replacement of Pipe Culvert #32 - CR35 (Chambers Road)
- Town of Catlin - Pine Valley Road Culvert
- Replacement of Box Culvert #12 - CR61 (Hillcrest Road)

In the City of Elmira, County crews additionally completed four miles of “Mill & Fill” paving projects and crack sealed 32 streets. 50 streets, 40 alleys, and Woodlawn Cemetery were patched using the “pothole killer” spray-patching process. Contractors installed 1.4 miles of new concrete curbing and 74 ADA handicap ramps. Further in the City, 375 miles of roads were swept, 25 special events were covered, 23 sinkholes were repaired, numerous signs were repaired or installed, bridge flags were repaired, parking meters were fixed, 41 manholes and 104 catch basins were repaired, 152 catch basins were cleaned, 6 stormwater issues were corrected, 6 asphalt speed humps were installed, 364 trees were trimmed or removed (37 were City Council requests), the Eldridge Park drainage project was finished, pump stations were serviced 26 times, underpasses were cleaned, and 56 tree stumps were ground. County crews also completed leaf and Christmas tree pickup programs, ground and hauled mulch, and completed welding for various agencies. This work is in addition to patching and general maintenance performed City wide.

We were fortunate to improve the overall condition of our fleet equipment with purchases of two new 10-wheel plow trucks, a new brush cutting head for our excavators, and 5 new leased vehicles (fuel truck and four F450 dump trucks.) We also dismantled, rebuilt, and repainted our Under Bridge Inspection Unit, used to repair bridges. Further, our staff refurbished old truck #44 for use in hauling heavy rock, an inexpensive but very useful repurposing of the unit. We will begin refurbishing our Athey Loader later this year. To date this year, the Equipment Services Division completed many hours of work for other agencies, including 25 hours for Soil and Water, 33 hours for Buildings and Grounds, 118 hours for the Airport, and another 30 hours for other County agencies or municipalities. We continued to complete NYS Motor Vehicle Inspections for Chemung County municipalities.

In 2017, County and contracted forces will continue our program of rehabilitation and replacement of bridges and culverts, bridge maintenance and safety improvements through updating or replacement of bridge and approach railing. We plan to rehabilitate or replace 3 bridges (Pine Hills Drive, Pine Valley Road, and Church Street in Breesport). We will also complete bridge maintenance repairs, and install new guiderail on 3 bridges or approaches. Also planned is completion of 20 to 30 miles of pavement maintenance and surface treatments. Planned routine maintenance includes pavement marking on 248 miles of roadway, ditch cleaning, shoulder cutting, and clearing roadside vegetation in advance of our road program and in our annual maintenance cycle.

2017 Bridge and Culvert Projects slated for construction:

- Rehabilitation of BIN 2269090 – Pine Hills Drive
- Replacement of BIN 3357800 – Pine Valley Road
- Rehabilitation of BIN 3330850 – Church Street

2017 Highway and Drainage Projects slated for construction, pending requested budget approval (final projects will be based on available approved funding):

- CR01 - Stormwater system with roadway reconstruction
- CR06A - Millport Hill Road (Chip Seal)
- CR12 - Johnson Hollow Road (Chip Seal)
- CR15 - E. Sullivanville Road (Chip Seal)
- CR16 - Jackson Creek Road (Chip Seal)
- CR31 - Mt. Zoar Road (Mill with HMA overlay)
- CR33 - Harris Hill (Mill with HMA overlay)
- CR33 - West Hill Road (Chip Seal)
- CR33 - Harris Hill Road (Chip Seal)
- CR41 - Federal Road (Chip Seal)
- CR01 - Church Street - Breesport (Paving)
- CR33 - Harris Hill Road (Drainage Improvements)

Other – 2017: Lackawanna Trail Corridor Safety Improvements – City of Elmira to Lowman Crossover (Grant funding)

It should be noted that planned projects are subject to change based on funding, weather, and schedule. Projects slated for completion by County Crews may require assistance from contractors.

Health Center Activities

Nursing Facility

The Nursing Facility has completed multiple building projects in 2016, including upgrading the hot water tank system to control and monitor Legionella bacteria growth in accordance with new state regulations. The facility has worked to develop a Legionella control plan which will ensure compliance. The facility has also completed a major project to replace the air handler unit which provides cool air to the facility, as well as implement electronic health records.

In August, the facility hired Michael Youmans, who replaces Robert Page as Nursing Facility Administrator. Mr. Page will continue to provide support to the Nursing Facility in 2017.

The facility's financial report for 2015 showed an operating deficit of \$1,621,757 and a net deficit after indirect expenses of \$2,008,213. This was the first year showing a deficit after four consecutive years of the facility showing a net surplus. This deficit is the direct result of the facility not yet receiving the 2014 and 2015 Intergovernmental Transfers. However, the facility is expecting payment of \$8,199,765 for 2014, the largest the facility has ever received. The facility is still awaiting notification on the amount expected for 2015. The Intergovernmental Transfers, when received will result in a large net surplus for the facility. Looking ahead to 2017, the major challenges will be the continued transition from traditional Medicaid to Medicaid Managed Care Plans and uncertainty on how the Intergovernmental Transfer funding will be handled in New York State under Medicaid Managed Care. The facility is also anticipating a potential increase in revenue with the addition of its ability to bill for provider services.

With the efforts of the newly formed Human Resource department, the Nursing Facility has seen a big uptick in recruiting and retention efforts. Recruitment and retention will continue to be an important issue as the Nursing Facility moves into 2017. The facility has continued to work with the BOCES program and local school districts to promote the excellent opportunities for a career path in nursing by utilizing the County's tuition assistance program.

The major building project currently planned for 2017 will be the installation of a new nurse call system. The new system will help enhance the resident experience. The facility will continue to explore options to improve resident experience and satisfaction.

Looking ahead to 2017, the facility is expecting to bring a full-time Nurse Practitioner on staff with the goal of reducing hospitalizations, while improving patient experience. The Nursing Facility will also be adding one Registered Nurse, two Licensed Practical Nurses, and four Certified Nursing Assistants to the 2017 staffing plan. The new staffing plan will help alleviate overtime costs, for when staffing levels are lower. Administration will continue to explore options for increased services on-site including IV therapy and respiratory services. The facility continues to maintain a Four Star Rating for staffing hours per resident as well as a Three Star Overall Rating (Out of Five) on the Federal Nursing Home Compare website. The primary objectives for 2017 are to reduce hospitalizations, improve quality measures, and improve upon the 2016 New York State Department of Health Survey.

Health Department

Efforts to establish a new dental clinic under the operation of the Regional Primary Care Network (RPCN) continued at a slow pace throughout the year. By year end, RPCN had confirmed that it was preparing to submit a Certificate of Need application to the State Health Department in November while architectural drawings for renovation of the clinic space were nearly completed. While no exact timetable has been established for this project, the tentative plan is to begin construction in March of 2017 once state approval has been granted. Although this project has faced protracted delays over the past three years, RPCN has made a commitment to the County to see the project through to completion before the end of 2017.

The 2015-2016 flu season was unusually mild and arrived much later in the year than usual. Flu cases were very low in January and February, then peaked in March and decreased sharply in April. Vaccine was readily available, and the number of confirmed cases in the county was lower than usual with reduced severity of illness. No deaths from flu were reported in 2016.

Public Health clinics continued to be very busy throughout the year, especially for investigations into elevated lead levels in children, Lyme disease, tuberculosis, and sexually transmitted disease. Chemung County's success in increased lead testing of children is reflected in both the volume of tests being performed as well as the higher number of elevated lead results in children. The county, and especially the City of Elmira, has a large stock of older homes built before the 1970's when lead paint was widely used. The number of cases of children with highly elevated blood lead levels in 2015 and into 2016 was the highest in the County's history, and each case required both Environmental Health and Public Health investigations and remediation of the sources of lead contamination. To address the growing increase in sexually transmitted disease in the county, which is reflective of trends on the national level, our Public Health clinic began providing STD testing and treatment to inmates in the County Jail.

Cancer Services Program also saw an impressive increase in the number of mammograms provided to women 40-60 years of age who are under-insured or uninsured. Chemung County had the second highest testing rate per capita among all counties in the state in 2016.

Chemung County Health Department received a State Health Department Performance Incentive Award of \$32,000 in 2016 for the outstanding success of Environmental Health Services in conducting and submitting investigations electronically and for the Public Health Clinic's success in testing and treating sexually transmitted disease cases. Both departments received a rating of 100% compliance, one of only two counties in the state to make that achievement.

The Health Department and its local partners in health and human services agencies recognized the emerging public health threat from the nationwide opioid epidemic and modified its Community Health Assessment and Community Health Improvement Plans to address this significant threat to the community's health and safety.

The Home Health Agency continued to demonstrate a stable volume of home care caseload thanks to consistent staffing levels and effective management. Although there was a change in the agency's director of patient services, there was an effective and seamless transition to a new director without any disruption in program services. An unannounced compliance survey by the State Health Department found no clinical deficiencies during the 10 audited home visits conducted by state inspectors. Our Home Health Agency continues to be the largest certified home care provider in the county.

2017 PROJECTIONS:

Emerging diseases like the Zika and Ebola viruses will require re-evaluation of staff training needs and contingency plans. At the same time attention will continue to be high on influenza preparedness, immunization levels and disease screening/treatments as new public health threats arise and as older threats re-emerge with drug-resistant strains. Environmental Health Services can also expect much more workload on public health issues associated with water such as lead contamination and Legionella growth in cooling towers and potable water systems.

The Health Department will be coping with the upcoming retirements of many key staff, including a transition to a new Public Health Director at the end of 2017. The pending retirements of so many highly experienced public health professionals will be a challenge across New York at both the county and state levels. Our Health Department is aware of the significant changes ahead and is working closely with County Administration to develop a timely and organized transition plan so that services to our community will not be adversely affected.

By the fall of 2017 it is expected that a new public dental clinic will become operational to serve Medicaid and underinsured patients throughout the Southern Tier area.

Emergency preparedness planning and exercises will continue to be a major public health role in 2017 as state and federal attention on community and organizational preparedness expands to address an ever expanding array of potential public safety and public health threats, including cyber-attacks, natural disasters, and terrorism.

The significant highlights of the 2017 Chemung County budget are as follows:

REAL PROPERTY LEVY and RATE

The proposed 2017 General Fund Tax Levy of \$29,146,582 is an increase of .5% over the 2016 tax levy of \$29,012,588. 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 remain the same at \$6.86 per thousand of assessed valuation.

GENERAL FUND – FUND BALANCE

We anticipate our December 31, 2016 fund balance to be between \$21.6 and \$24 million after accounting for the IGT local share match in 2016. We are proposing to appropriate \$1,071,181 of the fund balance to budget for the portion of 2017 expenditures in excess of anticipated revenues.

TOTAL APPROPRIATIONS

The budget that I submit to you today recommends Total Net Appropriations for the fiscal year commencing January 1st of \$188,866,724 which is an increase of \$7,903,368 from the \$180,963,356 approved for 2016. Fund spending increases are as follows: Medical Insurance- 32.9%; Elmira Sewer District- 5.5%; Nursing Facility- 5.3%; Workers Compensation- 5.2%; General Fund- .7%; Road Machinery- 0.7% and Airport 0.3%. Funding spending decreases are as follows: Sewer District #1- (12.6%); Solid Waste- (6.8%) and Highway- (.7%).

Spending increases in the areas of the General Fund and Medical Insurance are largely due to the addition of City employees with much of these expenses being reimbursed by the City of Elmira. Without including the shared service costs with the City, Total Gross Appropriations are up 1.8% and Total Net Appropriations are up 2.0%.

SOCIAL SERVICES

I am recommending appropriations to the Department of Social Services for 2017 of \$62,246,619. Last year total appropriations were \$61,184,868. Of the 2017 departmental total, \$19,487,288 represents our local share contribution toward the financing of the Medicaid program, accounting for 67% of our tax levy.

PERSONNEL

This tentative budget proposes to expend \$53,687,854 on payroll which is \$2,511,116 more than 2016. The payroll provides for 968 full-time equivalent (FTE), 29.7 more than last year's 938 FTE's. This number includes 16 new City of Elmira Building and Grounds employees who became County employees.

STATE PENSION COSTS

The mandated State Pension expense will increase from 2016's projected actual of \$6,889,095 to \$7,131,709 in 2017. This represents an increase of 3.5% which is caused by the conversion of City Building and Grounds employees becoming County employees. Without these additional salaries the contribution would have remained the same.

ROOM TAX

I am recommending to you that for 2017, we budget our receipts from the 4% Room Tax at \$676,421. We project to collect \$676,421 in 2016.

SALES TAX

We project 2016 gross sales tax collections to finish 2.6% below 2015. In 2017, we expect collections to remain flat with projected 2016 collections. The sales tax formula change will generate \$1,288,188 of net sales tax proceeds to the County.

CAPITAL PROJECTS

Beginning in 2017, I recommend we borrow \$6,403,544 towards projects in the following departments: Department of Public Works total spending of \$8,366,000 of which \$3,002,544 will be bonded for in 2017; Sewer Districts total spending of \$9,220,000 of

which \$1,160,000 will be bonded for in 2017; Building and Grounds spending of \$1,550,000 which will be bonded for entirely; Public Safety spending of \$205,000 all of which will be reimbursed by the State; and Airport total spending of \$13,821,000 with only a \$691,000 local share. Borrowing of \$6,403,544 exceeds principal reductions of \$5,462,171 by \$941,373.

DEBT SERVICE

For 2017, I am recommending debt services payments for all funds totaling \$6,855,959 versus the 2016 figure of \$7,406,412.

FUNDED PRIVATE NON-PROFIT AGENCIES

For the 2017 fiscal year, which commences January 1st, I am recommending to you that we appropriate \$1,609,892 as aid to the various private non-profit community development and cultural organizations that the County has historically funded. This level of funding shows increases of \$50,000 to Southern Tier Economic Growth as well as a decrease of \$13,579 to the Chamber of Commerce due to the decrease in the room tax receipts.

SPECIAL DISTRICTS

SOLID WASTE:

The proposed budget for the Chemung County Solid Waste District is \$1,452,934 as compared to the 2016 budget of \$1,559,299. 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).

SEWER DISTRICTS:

The Sewer District No. 1 submitted a proposed 2017 budget of \$2,156,566, as compared to \$2,468,228 for 2016. The property tax rate for Sewer District No. 1 will increase from 74 cents per thousand of assessed value to 78 cents. The property tax levy and user rates will be \$153 per year for the average household assessed at \$100,000 that uses 60,000 gallons of water annually.

The Elmira Sewer District submitted a proposed 2017 budget of \$2,988,535, as compared to \$2,834,069 for 2016. The property tax rate will remain the same at 54 cents per thousand of assessed value. The property tax levy and user rates will be \$142 per year for the average household assessed at \$100,000 that uses 60,000 gallons of water annually.

CONCLUSION

Finally, I want to express my appreciation to Steve Hoover, our Director of Budget and Research, Andrea Fairchild, the Accounting Systems and Services Coordinator, and Deputy County Executive Mike Krusen for their 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 and comments on this proposal and welcome the opportunity to provide you with any additional information you may require in your deliberations.

Respectfully submitted,

Thomas J. Santulli
Chemung County Executive