

“Laying the groundwork for future generations”

MaryEllen Odell

County Executive

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Chairman Sullivan, Legislators, Elected Officials, County Department Heads, County Employees, and most importantly, the citizens of Putnam County that we all serve, good evening and welcome to our eleventh and final State of the County Address. I want to begin tonight by thanking all the citizens of Putnam County that have given me the honor and privilege of serving you for the past 3,772 days, and I want to let you know that I will continue to do my very best in performing this job that you have entrusted to me right through my last day of December 31, 2022. While the term “lame duck” tends to be associated with elected officials “cruising” in their final year, I want to assure the people of Putnam County that that term will not apply to my administration. Tonight, we set forth a vision laying the groundwork for a better quality of life for future generations, and its implementation will require our dedicated efforts through the remainder of our term. We will continue to meet the challenge of fulfilling our fiscal and social responsibilities to our constituents right through our last day of public service.

FINANCIAL SUMMARY

Tonight, we have presented to the Legislature, pursuant to our fiscal responsibilities contained in the County Charter, a financial report detailing the fiscal results of 2021. This report includes detailed information regarding revenues, expenses, state & federal aid, and fund balance. The Legislature can review this report at your convenience, but now we will review financial highlights, and how our fiscal stewardship has paved the way for the initiatives that we will propose this evening.

First, we want to let everyone know that the Fiscal State of Putnam County Government is **STRONG**. The fiscal management of this County by our administration, working cooperatively with the Legislature and other County Elected Officials since November 2011, has enabled us to weather economic challenges created by the housing bubble low in 2012 right through the past two years of the COVID 19 pandemic. To demonstrate how we have improved our financial position, let’s review the following facts:

DEBT MANAGEMENT

On December 31, 2011, Putnam County debt totaled \$ 105,024,700, consisting of \$ 88,024,700 of long-term bonds and \$ 17,000,000 of short-term notes. On December 31, 2021, County debt equaled \$ 64,108,207, consisting entirely of long-term debt. Total outstanding debt has **DECREASED** by \$ 40,916,493 (39%) over this ten-year period and short-term cash flow borrowing has been eliminated. Also, the County had incurred \$ 8.5 million in NYS pension debt and fully paid it off early, savings taxpayers approximately \$ 1 million in avoided interest costs.

UNASSIGNED GENERAL FUND BALANCE

A key indicator of the County's fiscal health is the amount of unassigned general fund balance. This fund balance is key in enabling the County to cope with the economic uncertainties we now face due to global and national economic instability. Issues such as inflation, the invasion of Ukraine, and supply chain shortages can create an economic downturn or slowdown that can require our fund balance to stabilize our financial position. On December 31, 2011, this fund balance equaled \$ 18,142,836. On December 31, 2021, this fund balance is estimated to be \$ 68,000,000, and increase of \$ 49.8 million in total dollars over this 10-year period. Obviously, factoring in cost of living increases over the past 10 years this unassigned fund balance needs to be higher to provide a necessary cushion against unanticipated economic pressures.

BOND RATING

Moody's Investors Service is a bond rating agency that **INDEPENDENTLY** rates the bond issuances of municipalities for potential investors. Putnam County's bond rating in 2012 was Aa2, which was increased to our present rating of Aa1 in 2019. The last Putnam County rating assignment in August 2021, stated that "The County benefits from strong fiscal management", and further mentions conservative budgeting practices as a strength. The benefit of this strong rating is that it has enabled the County to refinance old outstanding bond issues and issue new bonds at record low interest rates, saving taxpayers over \$ 1,000,000 in avoided interest costs, while making the sharp debt reductions mentioned above a fiscal achievement. Our Aa1 rating is the highest rating among New York State Counties, and the highest rating that we can achieve due to the mandates faced by County Government that are outside of our control. In fact, there is **NO** Aaa rated New York State County by Moody's, period.

PROPERTY TAX CAP

A hallmark of Putnam County Government's fiscal stability has been the presentation by our administration (and subsequent adoption by the Legislature) of County Budgets that stay within the NYS Real Property Tax Cap every year. Tonight, we are pleased to announce that we will continue this tradition in our final budget. In fact, due to our strong financial position we intend to submit a 2023 County Budget for consideration by the Legislature that **freezes** the real property tax levy. We will not propose a tax cut that will create future budget problems, but maintain our responsible, conservative budgeting approach to balance our social and fiscal responsibilities.

Our strong financial position has enabled us to present tonight investments in the County's future, which we will discuss now.

AMERICAN RESCUE PLAN ACT (ARPA)

In early January of 2022, the US Treasury issued the Final Rule regarding the expenditure of ARPA funds. This rule goes into effect April 1, 2022. Once the final rule was issued, our administration, began soliciting our county departments, not for profit agencies, and local towns and villages for proposed projects to

spend Putnam County's \$ 19,097,507 allocation. These submissions were due to us on February 28, and are we are presently in the process of evaluating the many proposals that we received and intend to submit an allocation plan to the Legislature by May 1 for your review and consideration. We have received proposals that total much more than our \$ 19 million allocation, so funding decisions will have to be made regarding which projects are funded and how much funding they receive. A guiding principle that we will base our allocation plan on is making investments with our partners to benefit our constituents not only now but in the future. We will be looking to make infrastructure investments in mental health, substance abuse, food insecurity, clean water, roads, bridges, and buildings that will aid in the recovery from the COVID 19 pandemic. We have secured the services of a consultant to help ensure that a final allocation plan complies with the US Treasury final rule. We believe that these investments should strengthen the County for future generations, as they will be paying for ARPA.

SALES TAX REVENUE SHARING

For years, local municipalities have requested that the County share sales tax revenues. The fatal flaw in these early plans was that they failed to account for the fact that the County budget expenses are 70% Federally & NYS Mandated, and that focusing solely on the diminishing the County's major revenue source without consideration of these expenses could lead to the County having to increase debt, and/or cut services to meet the reduction in revenue. Also, these plans failed to recognize the many ways that Putnam County already shares sales tax by assuming costs like community college tuition (\$3.3 million per year) and election costs (\$2 million per year) that can be charged back to towns. We also note that New York State has mandated that our local sales tax be used to fund aid to municipality (AIM) payments to our towns and villages totaling \$ 382,000 annually. Additionally, the County guarantees unpaid school and local taxes, depleting county coffers by over \$ 26 million per year.

Recently, we were presented a proposal regarding sharing sales tax called "share the growth", which took an important step forward in that it began to recognize County fiscal pressures and acknowledged that this sharing might not occur if there is no revenue growth. We have been working in recent weeks with proponents of this plan Town of Philipstown Councilman Jason Angell and Village of Cold Spring Trustee Eliza Starbuck to further develop this plan to ensure that it doesn't hinder the fiscal strength of your County Government. Our plan will:

- 1) Acknowledge that the County already does share sales taxes and intends to continue paying the community college tuition and board of election costs without charging back the towns.
- 2) Account for the county ability to share revenue with local municipalities based on the entire fiscal position of the County, including taking into consideration fund balance and mandated expenses over which the County has no control.
- 3) Recognize that this cannot be counted on as a regular revenue stream for town and villages, and that funds should be used for infrastructure improvements and not be relied on for general budget purposes.
- 4) Funds allocated by the County will be distributed based on population as determined by the 2020 Federal census.

I would now like to call upon Jason Angell to make a few brief comments regarding this initiative.

Before we discuss specific funding allocations, it is important to review the principal reasons why we can make these allocations in the first place. Our sales tax revenue growth has been strong because we, along with many colleagues throughout New York State, supported legislation to tax internet sales. It was unfair to our main street businesses that their sales were subject to sales taxes while internet sales were not. The Courts recognized this, and internet sales taxes went into effect to create a level playing field between local and internet businesses. Putnam County has benefitted greatly from this legislation, as internet sales in Putnam as a percentage of total sales are among the very highest in New York State.

Recently, while others have adopted an approach of exempting a portion of sales on clothing and footwear Putnam has not. We don't believe that this is sound fiscal policy that will truly benefit our residents. Rather, we have repeatedly sought to institute "sales tax free" weeks around back to school time that would create a tangible benefit that our residents would recognize. We encourage future administrations and Legislature to pursue this option in the future.

As we stated earlier, we cannot fund every ARPA project to the amount requested by the towns and villages, many of them vital infrastructure projects. We received many proposals to get these vital projects done, and we intend to help provide funding to our local municipalities to complete them.

Therefore, tonight, we are recommending that the County Legislature allocate \$ 10 million, (\$ 5 million from ARPA funding, and \$ 5 million from the sales tax allocation plan) to be sent to our local towns and villages based on population' according to the 2020 Federal Census. Each Legislator and the municipalities that they represent will need to develop a spending plan to accomplish the completion of projects within the allocations provided in the table below.

MUNICIPALITY	2020 Census Population	Allocation Percentage	Sales Tax Funds Allocation	ARPA Funds Allocation	Total Allocation
Town of Carmel	33,576	34%	1,718,884	1,718,884	3,437,769
Town of Kent	12,900	13%	660,401	660,401	1,320,801
Town of Putnam Valley	11,762	12%	602,142	602,142	1,204,284
Town of Patterson	11,541	12%	590,828	590,828	1,181,656
Town of Philipstown	7,221	7%	369,671	369,671	739,341
Town of Southeast	15,550	16%	796,064	796,064	1,592,128
Village of Brewster	2,508	3%	128,394	128,394	256,788
Village of Cold Spring	1,986	2%	101,671	101,671	203,342
Village of Nelsonville	624	1%	31,945	31,945	63,890
Total	97,668	100%	5,000,000	5,000,000	10,000,000

We have provided the Legislature tonight a copy of ARPA guidance and the Final Rule as issued by the US Department of Treasury to assist you in this developing specific funding plans. We will also provide the proposals that we received from the towns and villages for County ARPA funding. Our administration stands ready to provide technical assistance as needed as you make specific funding decisions. The \$ 10 million allocated from County coffers, combined with the \$ 11 million that the towns and villages received directly from ARPA, will provide our local towns and villages **\$ 21 million** to accomplish important projects.

PUTNAM COUNTY SHERIFF UPDATE

Next week, our administration will be forwarding to the Legislature a budgetary amendment transferring funds placed in sub contingency to the Sheriff's budget to equip our deputies with body cameras. These cameras will protect the safety of both our police and the public and were a priority item brought forth by the Putnam County police reform panel. Here tonight to update us regarding body cameras and other items pertinent to the Sheriff's Department is newly elected Putnam County Sheriff Kevin McConville.

COVID 19 – UPDATE

Over the past two years, your County Government has responded to the challenges created by the COVID 19 pandemic. Our Department of Health, led by Commissioner Michael Nesheiwat, was at the forefront of our response to this public health crisis. Commissioner Nesheiwat, Supervising Public Health Nurse Kathleen Percacciolo, and our entire Public Health team conducted 96 COVID 19 vaccination clinics in 2021, administering almost 25,000 vaccinations! They were assisted by the Putnam County Medical Reserve Corps, a group of dedicated volunteers that have spent many years training for a pandemic scenario. At the end of December 2021, the emphasis switched from COVID 19 vaccinations to COVID 19 testing. There was no NYS testing site nearby, and on short notice our EMS provider, Ambulnz stepped forward to perform drive thru testing in Putnam County from 5-7 days per week (depending on weather). Over a 47-day period from late December of 2021 thru mid-February of 2022, Ambulnz performed 9,011 tests, helping the people of Putnam County navigate this crisis. Our Health Department, First Responders, and all essential County Employees that helped us weather this pandemic, we thank you. We believe that we are past the worst of this crisis now. On March 8, 2022, we had 1 person in Putnam County hospitalized due to COVID 19. We will likely have to live with COVID 19 forever, but it will not define us or deter us from continuing to improve Putnam County for our citizens.

EMERGENCY PREPAREDNESS

In recent years, Putnam County has experienced much more intense weather events such as storms that have made emergency preparedness more important than ever. To help our citizens prepare for these emergencies, our administration will be rolling out a family guide for preparing for emergencies in Putnam County. In addition to being a valuable resource regarding emergency preparedness, our guide will encourage volunteerism in local fire departments, EMS corps, and the Medical Reserve Corps. This first responder community is vital to Putnam County, and it is important that our residents participate in ensuring successful emergency responses.

CONCLUSION

In leaving tonight, I want everyone to know that our administration is looking forward, not back. The COVID-19 pandemic has taken an incredible toll on all of us these past two years. As Government leaders, I feel it is our responsibility to focus on the future and make life better for our residents. I believe that the initiatives we have announced tonight and will be working on until our last day in office to complete, will accomplish this goal. I want to thank the county elected officials, department heads, and employees that work hard every day serving the people of Putnam County. I am thankful for having an incredible team and there is a member of our team that I would like to acknowledge for his almost 30 years of service to Putnam County. Bill Carlin, our Commissioner of Finance, has been the guiding light for fiscal responsibility. He has always understood the importance to balance our social responsibility and fiscal responsibility as government leaders. Putnam County has endured many challenges, that's for sure. Putnam County as has enjoyed many successes. That's for sure. As such, I would ask that we include in the record this evening that Bill Carlin, has always risen above and always with distinction. Bill Carlin is absolutely the true definition of public servant. Thank you, Bill for your leadership. We are grateful to have not only called you a colleague, but a true friend.

Tom Feighery, our Deputy County Executive who answered my call to step up and help during the most difficult time in our tenure, the height of the COVID pandemic, I cannot thank you enough. You have been an integral part of getting projects done for the people of Putnam County.

Patricia Simone, our Chief of Staff, you have been with me every day navigating the interactions between our office and 700 County employees, all while keeping our calendar moving successfully. Thank You.

Finally, to Terry Oliver our Confidential Secretary, thank you. Every office usually has one person that handles the office dynamic, keeping everything running smoothly, doing what needs to be done so everyone can succeed. Terry, that is what you have been to our office.

Finally, I'm going to close tonight by thanking all the people of Putnam County for entrusting to me the honor and privilege of being your Putnam County Executive.

I ask that you continue to pray for the innocent and beautiful families, and brave soldiers fighting for independence in the Ukraine. Pray for safety for the people of Poland and Hungary and other Eastern European countries who are standing in solidarity against Russia and the tyranny of Putin.

Pray for Peace and God Bless our Putnam County and God Bless these United States.

Good night and thank you.