

Report of the

**Strategic Planning Task Force**

to the

**Oswego County**



**Legislature**

**August 2005**

## **Task Force Members**

Hon. Fred Beardsley, Legislator, Chairman

Hon. Michael Kunzwiler, Legislator

Hon. Russ Johnson, Legislator

Hon. Barry Leemann, Legislator

Hon. Douglas Malone, Legislator

Hon. Greg Osetek, Legislator

Hon. John Kruk, County Treasurer

Stephen P. Lyman, County Administrator

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## REPORT TO THE OSWEGO COUNTY LEGISLATURE

from

### *The Strategic Planning Task Force*

#### BACKGROUND

In March 2004, Oswego County Legislature Chairman Russ Johnson convened a Task Force on Strategic Planning to provide the Legislature with an understanding of key issues facing county government in the coming years, and to develop a strategy for meeting the critical needs of the County's citizens within available means.

While the value of strategic planning has been endorsed by a number of organizations operating in vastly different environments, for Oswego County there was a particular sense of urgency to initiate this process. The County witnessed in the last two decades a substantial erosion in its manufacturing base. Like other counties in New York, Oswego's finances were stressed by ever-increasing costs for entitlement programs, principally Medicaid. As home to several large electric generating facilities, Oswego County was greatly affected by the transition of the energy industry from a highly-regulated model to one more market-driven.

The confluence of these factors resulted in a serious decline in the County's financial position. The County's unappropriated funds were utilized to maintain services and hold down taxes. As costs for mandated items continued to grow, it was necessary to enact double-digit property tax increases, as well as a 1% increase in sales tax. This was still not enough to prevent elimination of funding for long-standing programs or to avoid lay-offs of County employees.

Operating under a sense of crisis, the County Legislature was forced to make many difficult choices within relatively short time frames. The burden of these decisions was made greater by the understanding that more unpopular choices would likely confront the Legislature in the future.

The Legislature recognized that it would continue to be challenged to apportion finite resources among competing needs. Given that reality, how does the Legislature determine what services are most needed and desired by its residents, now and in the years to come? What is the most efficient means to deliver those services? What is the financial outlook for the County, and what practices need to be employed to prevent fiscal crisis?

The Strategic Planning process was initiated to provide the Legislature with a framework for decision-making. It was not intended to answer all the questions that currently face Oswego County; but rather, to provide a frame of reference for the Legislature as it formulates policy. This Task Force report contains a number of recommendations for action by the Legislature (and in fact, many of these are already in process). Just as importantly, the report identifies the major policy areas over which the Legislature can exercise its discretion. This report is meant to serve as a starting point for policy making in Oswego County in the coming years.

## **THE PROCESS**

The work of the Task Force was accomplished by five sub-committees, comprised of volunteers across a broad section of the community. Membership on committees included representation from the fields of organized labor, business, industry, local governments, education, and economic development. Committees were provided by the Task Force with broad charges (a list of committees and initial charges is attached), but were encouraged to pursue independent lines of inquiry as circumstances dictated.

The Committees were facilitated by representatives from the County Legislature. From the outset, it was the conviction of the Task Force that the Legislature needed to be fully invested in the planning process. The Strategic Planning process was initiated *by* and *for* the Legislature – it was not something being done *to* the Legislature. A conscious decision was made not to employ the services of a consultant to guide the process. While unquestionably a consultant would have been helpful in organizing meetings, developing agendas and completing reports, the County's past experiences indicated a different approach might be in order. The Task Force was interested in an end product that was broadly endorsed, even if the process to achieve it was a little rough around the edges.

Sub-committees met frequently, and drew upon a variety of sources for information. Four committees (Finance, Mandated and Optional Services, Economic Development and Intermunicipal Cooperation) submitted reports at the conclusion of their deliberations, while one (Infrastructure) submitted reports as particular areas of inquiry were completed. The number of person-hours volunteered for this process was in the thousands. The entire County owes a large debt of gratitude to the dozens of citizens who donated so freely of their time to this effort. (Many volunteers said that the only thanks they wanted for their efforts would be for the Legislature to take action on their recommendations).

## RECOMMENDATIONS

The County Legislature utilizes a committee structure to assist it in accomplishing its responsibilities. Departments are assigned to various oversight committees, and one committee, Finance and Personnel, provides an additional level of oversight over any matters having a fiscal impact.

This structure creates a healthy dynamic tension for reconciling the need to invest resources to provide effective delivery of services, as identified by jurisdictional committees, with the imperative that the County live within its means, the prime objective of the Finance and Personnel Committee. The reports of the sub-committees reflect this tension. There are several recommendations for greater investment by the County in transportation, communications, economic development, tourism promotion, and water and sewer infrastructure. At the same time, the Legislature has been cautioned that the current rate of taxation is high and that the County needs to maintain higher levels of reserves.

The challenge to the Steering Committee was to somehow integrate these opposing forces into recommendations that would be meaningful for the Legislature, not contradictory. What follows is a synthesis of sub-committee recommendations that, when taken together, provide the County Legislature with a consistent, yet flexible, policy framework.

## FINANCE

### **1. Stabilization of property tax rates is imperative.**

Discussion: Oswego County's property tax rates are comparable to other counties in the region; however, there is a strong sense that property taxes in general are too high. Business development is particularly sensitive to property tax increases, and property taxes disproportionately impact homeowners on fixed incomes. It is imperative that County government continues to exercise restraint over all discretionary spending, and rely less on property taxes for funding operations.

#### *Current Status*

*The tax rate for 2005 was kept at the same rate as 2004. It appears that the 2006 rate will also remain level.*

**2. The County needs to maintain a 10% unappropriated balance in the general fund.**

Discussion: Maintenance of fund balance is critical for coping with unexpected expenses and avoiding sharp spikes in property taxes. The Legislature needs to employ discipline in order to maintain fund balance at a targeted level. The use of fund balance as a stop-gap measure to avoid spending cuts or artificially lower property taxes is a practice to be avoided.

*Current Status*

*The unappropriated fund balance at the close of 2004 stood at \$16.8 million, or 10.85% of the 2005 budget. The continuation of controls on spending and conservative budgeting practices should ensure that this level of fund balance will be maintained in 2005.*

**3. The Legislature needs to take an active role in establishing guidelines for issuance of Payment in Lieu of Taxes Agreements.**

Discussion: PILOT agreements are a useful tool in encouraging business growth and for resolving unique property tax issues, particularly those involving the nuclear power plants. The Industrial Development Agency acts on behalf of the County in the development of PILOT agreements; thus it is essential that the Legislature participate in the process of developing guidelines. It is incumbent upon the Legislature to provide the IDA with direction regarding its desires in this matter.

*Current Status*

*Periodic meetings between the Chairs of the IDA and the Legislature have been initiated to ensure coordination on this and other issues of mutual concern.*

**4. The Legislature needs to support efforts to adopt a uniform sales tax throughout the County.**

Discussion: The cities of Fulton and Oswego imposed a sales tax for many years prior to enactment of a sales tax by the County. Just as with the County, the sales tax has enabled the cities to provide services without sole reliance on property taxes. Not surprisingly, each jurisdiction acts to maximize collections within its boundaries. The concern is that growth in the area as a whole is inhibited by the imperative for each municipality to pursue its own self-interest. For example, the County perceives minimal benefit from promoting development within the cities, such as through support for Empire Zones, IDA loans, or marketing by Operation Oswego County. Conversely, the cities perceive it to be counterproductive to participate in regional efforts at development. This balkanization of development efforts puts the County and the cities at a competitive disadvantage with respect to jurisdictions that have achieved equitable sales tax

distribution arrangements whereby all benefit from growth, regardless of where it might occur in any given instance.

Sales tax is an indication of the strength of an area's economic base. A healthy retail sector creates jobs within a region. The concern for decision makers should not be how to divide a finite revenue source, but to promote the growth of the economy that gives rise to sales in the first place.

*Current Status*

*Discussions have been initiated with the Mayors of Fulton and Oswego on this issue, but common ground on an approach that would be perceived as advantageous to all parties has not yet been found.*

**5. The County should have a greater focus on pursuit of grants; the Planning Department is uniquely qualified to respond to this need.**

Discussion: County government departments have sought and received federal and state grants through their own initiative; however, these efforts could be greatly enhanced if line departments had support from staff with expertise in grantsmanship. It is recommended that the Planning Department be designated by the Legislature as the grants office for the entire County, given its demonstrated experience in this area. It will be necessary for the Economic Development and Planning Committee to take an active role in providing direction to the Planning Department regarding the Legislature's priorities for grant opportunities.

*Current Status*

*Pending review.*

**6. The County should continue to employ a budget development process consistent with County Law.**

Discussion: New York State County Law prescribes a process for development of the budget that consists of departments submitting request to the budget officer; the budget officer reviewing requests and presenting a unified tentative budget to the Legislature; and the Legislature taking such action on the tentative budget as it deems appropriate. This process provides greater accountability to the Legislature for development of a budget consistent with its direction, and provides legislators with a better information base for making decisions on individual items within the budget.

*Current Status*

*The 2006 budget is being developed consistent with this recommendation.*

## OPERATIONS

- 1. The County should be prepared to rethink the rationale for providing non-mandated services as circumstances warrant. Examples of departments that warrant this kind of examination are Planning and Promotion and Tourism.**

Discussion: Oswego County, like many other counties, has developed programs over the years to meet community needs when there were no other entities available to deliver services. The County has provided those services effectively and can justifiably take pride in the quality of its efforts. Understandably, a department that devotes its heart and soul to providing a needed and valued service develops a sense of ownership. It is nevertheless the case that County government must continuously reevaluate the imperative for providing non-mandated services as changes occur in the external environment. The County's role with responsibility to provision of non-mandated services is to ensure that they are available in the community, and to provide them directly only when necessary.

### *Current Status*

*The sub-committee of the task force that dealt with non-mandated services developed a great deal of base-line information that will be helpful for this analysis.*

- 2. The decision whether to provide certain functions by county staff or through contractual arrangement needs to be made on a case-by-case basis.**

Discussion: There are several tasks necessary for the conduct of County business that could be performed either in-house or by vendors – vehicle maintenance, printing, messenger services, meal preparation, legal services, paving, etc. For each of these tasks, a separate analysis needs to be performed regarding the most effective and efficient way to get the job done. Departments need to develop objective standards for performing these analyses, and do them on a periodic basis.

### *Current Status*

*A cost-benefit analysis of selected functions will be incorporated into the 2006 budget development.*

- 3. There are significant opportunities for improving the effectiveness of government and lowering its cost throughout Oswego County through greater cooperation among governmental organizations. The Legislature should designate a specific entity to serve as a catalyst for intermunicipal cooperation.**

Discussion: There are several examples of successful cooperative arrangements between and among municipalities within Oswego County and beyond. Many more areas with similar potential have been identified. The chief barrier to implementation

appears to be inertia; that is, an infusion of energy is needed to transform current business practices. It is appropriate for County government to take responsibility for establishing a permanent vehicle for identifying opportunities and overcoming barriers to change.

*Current Status*

*The final recommendation from the Committee (see below) would address this issue.*

**4. Funding for authorized agencies should be based on effectiveness in addressing core County responsibilities.**

Discussion: There are several community agencies that now, or have in the past, received annual lump sum grants from the County. There are no established criteria to determine which agencies receive funding, and at what level. Agencies that request unrestricted funding should be prepared to provide evidence of the results of their efforts.

*Current Status*

*Authorized agencies requesting funding for 2006 will be required to specify how county funding is utilized, and demonstrate what results are achieved.*

**5. The County plays a key role in promoting economic development. A favorable climate for business investment includes a well-developed infrastructure, stable tax policy, and safe communities.**

Discussion: County government has engaged in a number of activities intended to expand the economic base – marketing, tax incentives, industrial parks, revolving loan funds, incubator buildings, etc. Neither the successes nor failures of these efforts should divert attention from the County's chief opportunity for job creation – maintenance of a climate conducive to investment. Market forces will ultimately determine which ventures will be successful, but County government can, and should, increase the chances for survival of all businesses within its borders.

*Current Status*

*Property tax rates for businesses will remain stable in 2006 and the foreseeable future. A capital plan is in development that will identify infrastructure improvements that will be needed in the future to support business expansion.*

**6. The County Airport is a valuable resource and an asset for economic development efforts. A more entrepreneurial management arrangement is needed to allow for fuller utilization of the airport.**

Discussion: The Airport generates enough revenue to allow it to function with a relatively small subsidy from the County. It is likely that the subsidy could be eliminated entirely if the airport's managers had greater flexibility to pursue additional revenue sources, e.g., construction of hangars to meet identified need. Legislative oversight ensures that public funds are expended appropriately; however, the need for accountability should not inhibit maximization of the airport's potential. Professional management of the airport would enable the Legislature to exercise its fiduciary responsibilities while supporting a more business-like operational model.

*Current Status*

*The New York State Department of Transportation has made available funding for development of a business plan for the airport. State DOT will be contracting with an experienced consulting firm for a business plan that provides financial planning and economic development services business/economic development opportunities, and recommends a strategic course of action. The project is scheduled to begin in September 2005.*

**7. The County's solid waste management system is at a crossroads and the Legislature needs to take steps to ensure its viability over the long term.**

Discussion: Oswego has been a leader in the development of a comprehensive solid waste system. It has a state of the art landfill with many years of utility before it; a waste-to-energy plant that has diverted a large percentage of waste from the landfill, while meeting the energy needs of one of the County's leading manufacturers; and a competitive tipping fee structure. What the system lacks, however, is a financial plan that adequately addresses capital needs and makes provision for future closure and replacement costs. As well, the County is facing threats to its revenue base from regional landfills that can offer lower tipping fees because they are not burdened by the responsibility of providing public benefits that do not generate revenue.

The Legislature needs to make a commitment to fully fund all system costs – current operations, capital needs, and closure/replacement costs. Alternative models should be analyzed and a decision made as to which best meets Oswego County's needs.

*Current Status*

*The Legislature authorized the retention of Cashin Associates to undertake a review of the County's solid waste system and to provide recommendations/alternatives for its operation and financing over the long term. The study is scheduled for completion*

*in November 2005, and is intended to provide a framework for decision-making by the Legislature.*

At the conclusion of any planning effort, there remains one critical question – who will ensure that the findings and recommendations are carried out? As can be seen from the remarks on the current status of each recommendation, much progress has already been made towards implementation. Clearly, however, much work remains to be done; in fact, in some cases, it is apparent that the work will never truly be finished.

The members of the Committee were unanimous in their commitment to these recommendations, and to the process that produced them. The Committee shared the view that the Legislature needs to establish a mechanism for ensuring that these recommendations are acted upon, and that Oswego County incorporate strategic planning into its everyday business. Towards that end, the Committee has one final recommendation:

**The General Operations and Law Committee should be retitled the Strategic Planning Committee and be given responsibility for conducting on-going planning efforts and overseeing implementation of the recommendations contained in this and future reports.**

Discussion: The current rules of the Legislature charge the Government Operations and Law Committee with, among other duties, dealing with all matters relating to the creation of new County departments and matters affecting the county's organizational structure, as well as relations with municipal, state and federal governments. A change in name is not intended to be cosmetic, but reflective of the Legislature's desire to institute a process for planned change. The role of the Committee would be to initiate change, not just react to it.

