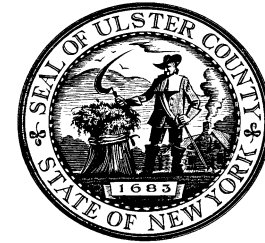


2012
EXECUTIVE BUDGET MESSAGE

October 5, 2011

Hon. Frederick J. Wadnola, Chairman
and Members of the Ulster County Legislature
Ulster County Office Building
PO Box 1800
Kingston, New York 12402



Dear Chairman Wadnola and Legislators:

With this innovative budget, my administration has further streamlined operations and guarded taxpayers against significant tax increases. The Ulster County budget process began with a challenge that was largely due to increases in state mandated expenses, employee pension and health care costs and reductions in state and federal aid. In addition this budget was created amidst the most difficult financial conditions in the County's history and in the aftermath of both Hurricane Irene and tropical storm Lee. Despite these difficult conditions, innovative and transformational solutions are being presented to continue services while protecting taxpayers and better positioning Ulster County to compete in an ever changing global economy.

This budget will transform Ulster County government by eliminating duplication and expanding shared services by having the New York State Attorney General's office handle consumer complaints from Ulster County, discontinuing chemical dependency services delivered by the Mental Health department as there are private not-for-profits in the community that also deliver these services, and beginning the process to secure the future of Golden Hill. The simple reality is that to deal with the many challenges we are facing in 2012, government must change. There simply are no other options. For Ulster County to thrive, people of courage must step forward, difficult decisions must be made, and as a community, we must rekindle that very same spirit of change that led us to restructure our entire form or government.

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When drafting the 2012 Executive Budget, I began with my administration's commitment to protect taxpayers and the knowledge that the State tax cap is a reality and will be in effect through at least 2016, so the focus of the budget is long term sustainability. Using the formula produced by the New York State Comptroller's Office, which takes into account retirement growth exemption, Ulster County's total levy limit for 2012 was \$79,313,704 million, which would have equated to a 3.08% tax increase. My budget proposes a property tax levy which is .6% lower than the actual levy limit. The 2012 tax levy proposed is \$78,860,389 or a 2.49% difference between the 2012 tax levy and the 2011 adopted tax levy.

I have identified 2012 as a year of significant need and this budget utilizes fund balance in order to bridge a revenue gap as Ulster County transitions to a more sustainable organization. In order to protect taxpayers from a massive tax increase, we have allocated \$10.85 million from the general fund balance to offset expenses. The estimated general fund balance at the end of 2011 is expected to be \$22.9 million. This will leave us with \$12.1 million general fund balance in 2012 or 4.28% of the general fund.

I firmly believe that "shared services" play a pivotal roll in the evolution of government. As a County we worked hard in 2011 to promote this cooperation whenever possible and for shared services to reach their full potential they have to expand. So, to accomplish this and to better streamline our operations, the State Attorney General's office has agreed to handle all of the consumer complaints from Ulster County.

Additionally, I have set public safety as a top priority in 2012. This budget keeps the Sheriff's Department fully staffed and total spending for both the District Attorney and Sheriff's Departments have actually increased total spending from the prior year. To keep Ulster County safe, I have also recommended an additional prosecutor, specifically to prosecute gang and drug crimes.

Ulster County will move forward with the continued realignment of the Mental Health Department and the Department of Public Health. As part of this process, Ulster County will no longer operate a Chemical Dependency Unit allowing Ulster County to

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reduce the workforce by 8 full time positions in this area. Additionally, to further streamline the Mental Health department, the 2012 Executive Budget removes 11 vacant but previously funded positions. The total payroll savings associated with these actions is \$1.12 million.

Finally, this budget includes an innovative and transformational plan for the future of Golden Hill. For nearly a decade, the decision regarding the future of Golden Hill Health Care Center has been delayed. I want to make one thing clear, my administration is fighting to keep Golden Hill open and the plan included in this budget is the only responsible way to do that. In this two phase plan, we transition the nursing home to a private operator. We will do this by creating an LDC or a Local Development Corporation. This LDC will function like a bridge until future savings from this and other budgetary actions can take effect. Failure of the County Legislature to adopt this plan will move the closure of the facility forward and that is totally avoidable. There are no other long-term sustainable options. So this plan offers a compassionate alternative to closure.

I ask that the Ulster County Legislature join me in supporting the plan for saving Golden Hill. There is still time to act. You see, while some may talk about saving Golden Hill, the truth is, this plan is the only one that actually does.

In closing, the 2012 Executive Budget provides for the delivery of essential services, protects taxpayers and sets Ulster County on a sustainable path for the future. In a time when many New Yorkers are struggling with their bills, it is my great hope that bi-partisan support will be shown for a budget that sets the foundation for a sustainable financial future.

Respectfully,

Michael P. Hein
County Executive