

**Finance Committee Meeting
February 12, 2025**

Attendees

Committee: Art Merrill, Wayland Gladstone, Wayne Marshfield, George Haynes, John Kosier, Joe Cetta, Eric Wilson
Supervisor: Glen Faulkner
Staff: Sherri Falcone, Beverly Shields, Amy Merklen, Penny Bishop
Guests: Village of Delhi Mayor Jeffrey Gearhart, Village of Walton Mayor Edward Snow, Sr., Village of Margaretville Mayor John Hubbell, Village of Fleischmanns Mayor Samuel Gil

Mr. Merrill called the meeting to order at 10:30 a.m.

On a motion by Mr. Cetta, seconded by Mr. Gladstone, the January 22 committee meeting minutes were unanimously approved.

The sales tax report was reviewed. The February 7 sales tax deposit was sizeable but still down from last year at -0.0403%. Mr. Merrill stated a resolution would need to be presented at the next Board meeting for a legislative request for the continuation of sales tax. Mr. Marshfield questioned what would be required to increase the sales tax percentage? Mr. Merrill said it would not be something that would happen right away. The Clerk said she would look into it. In reply to Mr. Marshfield, Mr. Merrill stated the additional 1% sales tax collection is set to expire on November 30, 2025, but we must start the process now.

Real Property Tax Services – Sherri Falcone

Mrs. Falcone presented a travel authorization request for a staff member to participate in a Zoom training that would count towards CMI certification. In reply to Mr. Gladstone, Mrs. Falcone said Mrs. Cardillo has been approved by the state, and now she needs to be certified.

In reply to Mr. Marshfield regarding a spring foreclosure sale, County Attorney Amy Merklen reported they are working through documentation on the properties. Mrs. Shields said after the foreclosure notice is mailed people have 90 days to contact them. Then there are 30 days before filing, and the court has 90 days to decide, and then the judge has 60 days to sign. It could take up to 5 months after the notice to have the sale.

Mr. Merrill welcomed the Mayors. Supervisors and Mayors introduced themselves.

Mayor Hubbell opened the discussion by asking the committee where they stood with the idea of sharing sales tax not only with the villages but to the towns as well. He stated villages are extremely strapped financially, and they are looking for another source of income, no matter what it is in order to help them out. Villages have only one basic source of income which is property taxes. In reply to Mr. Merrill, Mayor Hubbell explained they share a lot of services with the Town of Middletown and their water department receives a stipend from the Town, however, the lack of cash is the same for all the villages.

Mayor Gil described how Fleischmanns is cleaning up a village property that contained abandoned metal. Currently the scrap metal is being sold, so far bringing in about \$2,500 and ultimately, the village property is better maintained. The money is being used to upgrade village computers and office equipment. He said that the storm drains on Main Street in the village have been neglected for many years and the quotes to outsource the repairs are over \$7,000. They cannot afford to outsource the work, and he has made arrangements for Middletown and Halcott DPW to show his crew how to do the repairs and then the village will do the work.

They are also dealing with a lot of breakdowns in the village. He did impart that they are looking to increase water rents. Speaking for all the mayors, he asked the Committee not to let them down but rather to help them out at this difficult time.

Mayor Snow thanked the Committee for the opportunity to speak and stated they are coming to the committee for help because they really do need it. He said villages do not spend money frivolously, and in some cases villages have more services than some towns. For instance, the Village of Walton has a wastewater treatment plant and a police department. They also have a water system and have to maintain the water system which is underground. This requires a lot of spending. The police department costs about \$600,000 a year. They have received several grants, one for the theatre and one for the pool, but still find they are running short. They get very little help from the City for the wastewater treatment plant, but they did receive a \$600,000 loan from the CWC. He stated they are asking to have a little bit of help. They would negotiate but just want a little help for them to meet the bills so they don't have to raise taxes as much as they do. They have kept within the budget for the past 10 years at 2% but last year they had to go to 3%. He noted it is a challenge to pay police and public works staff higher wages but it is necessary because the pay in neighboring counties is higher. That's why they are here, to see if the committee would try to get a little bit of help to them. They would appreciate it.

Mayor Gearhart mentioned that the Village of Delhi equalization rate is 35% and 74% of village property is tax exempt. He stated that revaluation is not affordable and they must budget for village revitalization and debt repayment. Mr. Merrill held that the supervisors are extremely aware of such issues which they deal with at their own town government.

Mayor Hubbell stated the proposal they came up with is good not only for the villages but for the towns as well. All of the towns and villages add to sales tax revenue, and he believes if they could enhance tourism sales tax will go up and each town would benefit from their proposal as well as villages.

Mr. Merrill reiterated that he believes the best way to distribute money is to not take it in the first place and or to make sure every citizen in the County benefits, not just individual parties.

Mr. Marshfield questioned what amount of revenue would be needed to make the villages whole on their tax foreclosures. Mayor Gearhart said Delhi would need none because they do their own foreclosures. Mr. Marshfield acknowledged that the state pulled \$200,000 of host benefit funds from their budget, to which Mayor Gearhart said he is currently on a state committee to try to get those funds reinstated. Mayor Snow said Walton does not have a lot of foreclosures during the year and that would not be a lot of money. It would not be \$50,000 to \$100,000 maybe more like \$10,000 or \$15,000. Yes, it would be nice to have but not the kind of revenue they would be getting otherwise. He expressed that the number of foreclosures fluctuates every year. Mr. Merrill questioned how the village handles the collection of delinquent water district bills. Mayor Snow said property owners are fined if the bill is late. Mr. Cetta explained that the Village of Walton cannot add unpaid water bills to the property tax bill because the water fund is entirely separate from the village general fund. He said village water districts are different than town water districts. Mr. Merrill said his town only oversees the water district, it is the rate payers who pay the water district, and any unpaid bills are added to the taxes. Further discussion to include village delinquent water bills to the property taxes may be warranted. Mayor Gearhart said Delhi has separate budgets for water and sewer.

In reply to Mr. Merrill, Mayor Snow said their largest budget expense is the Village of Walton Police Department. The wastewater treatment plant and the water department also require a lot of funding. In response to Mr. Merrill, Mayor Snow said they raise water district rates when they have to. He expressed that

it is still not a lot of money. He restated that they are here because they really do need help and they felt that sharing sales tax would show that the County and villages are working together. He expressed that approximately half of the Village of Walton residents are seniors on Social Security, and many of them do not have extra pension income. The Village has to be very careful about increasing rates. He expressed that the village it is not an affluent community. Mr. Merrill stated that it is the same throughout all of Delaware County.

Mr. Wilson shared it is a similar situation for the Village of Sidney Police Department. If they find that they cannot financially afford it, it would in turn come back on the County by having to increase the number of deputies through the Sheriff's Office. He opined that if we don't help, they may have no choice.

Mayor Hubbell stated that there is no police force in the Village of Margaretville, and they are lucky enough that the City takes care of the sewer system. He noted that their largest increase over the past two years has been the cost of insurance. Health insurance has increased \$25,000 and liability insurance has increased \$10,000 to \$12,000 a year, which is more than the 2% that they can raise in the budget.

In reply to Mr. Gladstone, Mr. Cetta stated the mayors originally requested 12% of roughly \$10M which is the difference from what the county budgets and what was received the past three years. The County budgeted roughly \$21M for the last three years. Mayors requested 12% of that excess which equated to \$3.6M. Mr. Marshfield stated that the excess sales tax is \$2M short because at the last meeting they appropriated \$2M more because the 2024 County budget was short. Mr. Haynes explained that every year the budget includes approximately \$7M from fund balance and this year they are using \$6.8M from fund balance. Every \$360,000 increase in the budget is a 1% increase in the tax levy. To confirm, Mr. Marshfield stated that we put \$21.5M of sales tax revenue into the County budget plus we make the budget good with \$7M more from fund balance. Mr. Haynes said it's not likely there is \$10M in excess sales tax because a good portion of that is used in the County budget.

Mayor Gearhart said their proposal was an opening idea. Mr. Snow said they are willing to work any way they can and that something is better than nothing.

Mr. Gladstone questioned what other areas of shared services would be an option for villages. Mayor Snow said that they share in-kind services with the Town as well as DOT services with the County.

In response to Mr. Wilson, Mr. Haynes said a $\frac{3}{4}$ percent increase in sales tax would be more than \$3M; an additional sales tax of $\frac{1}{4}$ to $\frac{1}{2}$ percent would meet the request.

Supervisor Glen Faulkner said the Town of Middletown in many ways provides supportive services to the village. He sees a capacity challenge for the villages, for instance for code enforcement, and the towns could do better by supporting their villages. He noted that money may not be the sole answer. He thanked the committee for having this conversation and stated he believes the villages are desperate. Perhaps a little bit of money at least could buy some time or services while decisions are being made. The challenge is there, and some alternate support wouldn't hurt anybody very much.

Mr. Merrill said he sees this as just the beginning and there are a lot of things to be looked at. He does not, however, believe that just throwing money out there is a resolution. The Committee is very willing to listen and study this out. They don't even have the final numbers yet. None of us know with all these things happening at the federal level of cutting federal funds what that is going to do to the state funds and how much unfunded stuff is going to come down to the County next year. We get unfunded mandates all the time. He explained that several years ago, the state took away Aid to Municipalities (AIM) funding. His township

petitioned the state and got AIM funding back but it is now being paid from state sales tax. Mr. Marshfield questioned if villages receive state aid. Mr. Gearhart said Delhi receives \$31,000.

Mr. Merrill stated that the Committee works very hard to keep the budget under the 2% tax cap. Mr. Marshfield explained that the state would no longer fund the Raise the Age program of about \$2M if Delaware County exceeds the 2% tax cap, and they are very careful about that.

In reply to Mayor Snow, Mr. Merrill confirmed that excess sales tax is not as abundant as it looks. Mr. Cetta stated they are working through this process, but he is on the side to come up with something to help the villages and everybody out. They are still exploring the options.

In reply to Mr. Marshfield regarding the traffic diversion program, Mr. Merrill said his court received a check last month and that revenue is being distributed. Mr. Gearhart stated that his village does not have a court.

In reply to Mr. Wilson, Mr. Merrill said it is too early to make a decision on how funds would be distributed. He said all the options are on the table but they will be extremely cautious about taking away the County's ability to meet our own needs.

Mr. Marshfield reported on research he did for counties sharing sales tax. He found that out of 15 counties similar to Delaware in population, 9 do not share sales tax. Allegany County which has a slightly higher population charges 8.5% sales tax. He noted that there are 10 other counties that charge more than 8% and he noted there are 40 other counties that share because they have a city within their county. Schuylar County set a \$2M limit for towns and villages. Essex County shares .25% to towns and villages. Schoharie County shares 5% with towns and villages based on property values and 2.5% to towns and villages based on population. Orleans County caps their sharing at \$1.366671M. Different avenues are used to determine the %.

Mr. Merrill stated his thought is that they would only be willing to share if there is excess above a set amount. He believes that would be hard to budget because it takes six months to realize what that excess amount is. He wants to protect what the County is getting rather than give it away. Mr. Haynes stated that giving the revenue away would hurt the County in the future if our expenses increase.

In reply to Mr. Marshfield, mayors said they do receive CHIPS funding. Mayor Snow stated code enforcement services provided by the County would be beneficial and could save the Village \$25,000 to \$30,000 a year. He thanked the committee for their consideration.

Mr. Merrill requested preliminary village budgets in order to have more data to work with and said the committee will discuss this further and agreed to meet with the Mayors again in April. He thanked the Mayors.

Mr. Haynes reported that Buildings Superintendent Pete Montgomery came up with \$2M for capital projects to be done in the near future. He suggested allocating \$3M to \$5M to get the capital reserve fund established.

Mr. Gladstone made a motion to enter into executive session to discuss negotiations. The motion was seconded by Mr. Cetta and unanimously carried.

The committee reconvened in regular session.

Travel, equipment, and fill vacancy requests were approved as presented. Upon a motion the meeting adjourned at 12:15 p.m.