

Nassau County Legislature Office of Legislative Budget Review

Review of the 2006-2009 Proposed Capital Improvement Plan and 2006 Capital Budget



Eric C. Naughton,
Director, Office of Legislative
Budget Review

REVIEW OF 2006-2009 CIP

TABLE OF CONTENTS

(1) Capital Budget and Multi Year Planning Process 1-11

(2) Buildings 12-13

(3) Equipment 14-16

(4) Infrastructure 17

(5) Recreation, Parks, & Support Services 18-19

(6) Property 20

(7) Public Safety 21-24

(8) Roads 25-26

(9) Technology 27-28

(10) Traffic 29-30

(11) Transportation 31

(12) Building Consolidation Plan 32

(13) Sewer and Storm Water 33-34

(14) Tax and Judgments 35-36

(15) Open Space 37




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Inter-Departmental Memo

To: Hon. Judith A. Jacobs, Presiding Officer
Hon. Peter J. Schmitt, Minority Leader
All Members of the Nassau County Legislature

From:  Eric C. Naughton, Director
Legislative Budget Review

Date: March 3, 2006

Re: Four Year (FY 2006 – 09) Capital Improvement Plan

The Administration has developed a four-year Capital Improvement Plan (CIP) that it believes best addresses the capital needs of the County and falls within the fiscal constraints established in the Multi-Year Plan (MYP). The CIP is required by Section 2219 of the Nassau County Charter. In the attached review that follows the Office of Legislative Budget Review has provided a general overview and has tried not to judge the decisions that have been made or to determine the accuracy of all of the projected cost estimates. The projects are grouped by category and we have highlighted the ones that are new to this year's plan by underlining them.

The new debt issuance for general capital improvement projects in FY 06 totals \$99.1 million. The budget also includes \$25.0 million in non-borrowed funding for this category of projects. In addition, the FY 06 budget allocates \$20.8 million for the Building Consolidation Program, \$5.0 million for tax certiorari and other judgments, \$16.7 million for the Sewer and Storm Water Authority and \$10 million for Open Space.

As seen in the chart on the following page, the four year authorization for capital improvement projects is \$508.3 million.

Project Category	General Capital Improvement Authorization Plan				
	FY06	FY07	FY08	FY09	4-Yr. Total
Buildings	\$9,950,000	\$33,900,000	\$45,400,000	\$51,650,000	\$140,900,000
Equipment	5,200,000	4,150,000	5,000,000	4,575,000	18,925,000
Parks and Recreation	10,850,000	8,000,000	8,550,000	10,400,000	37,800,000
Property	1,000,000	2,000,000	2,000,000	3,200,000	8,200,000
Public Safety	31,821,382	30,420,000	7,295,000	15,150,000	84,686,382
Roads and Traffic	30,330,000	25,350,000	26,295,000	16,100,000	98,075,000
Information Technology	8,575,000	9,050,000	5,000,000	1,000,000	23,625,000
Traffic	9,225,000	7,850,000	3,700,000	3,200,000	23,975,000
Infrastructure	11,300,000	22,900,000	16,990,780	5,900,000	57,090,780
Transportaion	5,853,650	3,477,500	2,625,500	3,027,500	14,984,150
Total	\$124,105,032	\$147,097,500	\$122,856,280	\$114,202,500	\$508,261,312

The four year totals for the other categories are as follows: Building Consolidation (\$71.1 million), Open Space programs (\$50 million), Sewer and Storm Water Improvements (\$104.7 million), and Tax Certiorari and Judgments (\$90 million).

All of the projects included in the Capital Plan are prioritized based on the following criteria:

- Health and safety risks: projects to correct existing or potential hazards to the public or to County employees
- Legal mandates: projects may be required to meet obligations of a consent order requiring, for example, improvements to the sewer system, or renovations for compliance with the American Disabilities Act. Other legally mandated projects, such as those required to comply with building codes may not have to be completed on any specific schedule.
- Impact on the requesting agency's ability carry out its mission or the County's ability to meet public needs.
- Impact on the County's operating budget: Potential to enhance revenues or reduce costs
- Non-County funding sources: County funds can leverage a significant investment of other dollars.
- Potential economic impacts: Positive impacts for business or community development

One project I would like to comment on is the new HR System, budgeted at nearly \$15 million over the next three years. A concern we have is that we have not seen the Strategic Plan that led to the decision to make such a major upgrade. The County needs to be careful to choose a system based on its ability to follow best practices rather than one that will be adapted to the County's current practices. It would be beneficial if the Administration could demonstrate the cost benefit of this project.

On the positive side, from the four short demos that OLBR has seen, we have determined that the companies being considered for this project are recognized in the HR System arena and should be capable of providing these services to the County.

If my office can be of any further assistance, please let me know.

cc: Hon. Howard Weitzman, Comptroller
David Gugerty, Majority Counsel
Joe Davenport, Commissioner of Public Works
Tom Stokes, Deputy County Executive
Dan McCloy, Special Assistant to Minority
Richard Luke, Executive Director, NIFA

The Capital Budget and Multi-Year Planning Process

A capital improvement plan (CIP) is a financial planning, budgeting, and management tool that identifies public facility and equipment requirements, places these requirements in order of priority, and schedules them for funding and implementation.¹

A capital improvement plan (CIP) describes the system of roads and bridges, water supply, wastewater treatment, public safety investments and information technology systems that support activity in our communities. Nassau County's CIP is a four-year plan that identifies all capital projects expected to be funded during that period, subject to annual review and revision. The capital improvement budget, on the other hand, is the spending plan for the current fiscal year only. Because capital expenditures are a major component of local government spending, maintaining a separate capital budget is a substantial contribution to the County's improved fiscal choice.²

In addition, the practice of creating a multi-year capital improvement plan has reached such wide-scale acceptance, that absence of a plan may be viewed as a credit negative.³ In particular, the CIP offers credit market analysts assurance that the government has carefully planned for its future capital requirements and has evaluated the financial resources likely to be available to meet those requirements. Because capital assets have long-term costs and benefits, are large, multi-year and non-recurring, long-term comprehensive planning enables a government to better budget its scarce resources over time.

The 2006-2009 CIP allocates \$508.3 million over the next four years. The County's capital improvement budget for FY 06 is \$123.4 million. The capital budget amount represents \$99.1 million in debt, and \$25.0 million in non-County funding, excluding the Building Consolidation Program, the Open Space Program, Tax Certiorari and Judgments, and Sewers. The largest pieces of the FY 06 capital budget are Roads at \$30.3 million, or approximately 24.5%, and Public Safety at approximately 25.8%, or \$31.8 million.

The new capital debt in FY 06 totals \$99.1 million (excluding the Building Consolidation Program, Sewer & Storm Water Authority, Tax and Judgments, and Open Space). In recent years, debt funding under the capital budget had been capped at approximately \$70 million dollars annually in order to accommodate the annual \$100+ million in bonding for tax judgments. FY 06 will be the first year tax certiorari and judgments will be paid from the operating budget. The Administration has slowly increased the cap due to: 1) the improving fiscal condition of the County, 2) the transition to pay-as-you-go financing of property tax refunds, and 3) the improvement in the administration of the capital program.

Due to the transition to PAYGO financing of property tax refunds starting in FY 06, the working capital category of Tax and Judgments in the capital budget has been reduced from \$135.0 million in FY 05 to \$5.0 million in FY 06. Shifting to PAYGO to fund tax grievances, which are considered operating expenses will be viewed favorably by the credit ratings agencies.

¹ Joseph, J. (1994). *Debt Issuance and Management: A Guide for Smaller Governments*. Chicago, IL: GFOA

² Mikesell, J. (2003). *Fiscal Administration: Analysis and Application for the Public Sector*. Belmont, CA: Wadsworth

³ FitchRatings

REVIEW OF 2006–2009 CIP

Strong emphasis is also placed on capital projects that are already in progress since projects in progress represent resources that have already been expended and otherwise committed. For the most part, projects in progress continue into the following year unless there is a compelling reason against such an undertaking or funding transfers from one project to another. In the FY 06 capital budget, new projects make up \$12 million of the budget, or approximately 12% of the \$99.1 million in FY 06 new debt issuance.

The Capital Planning Process

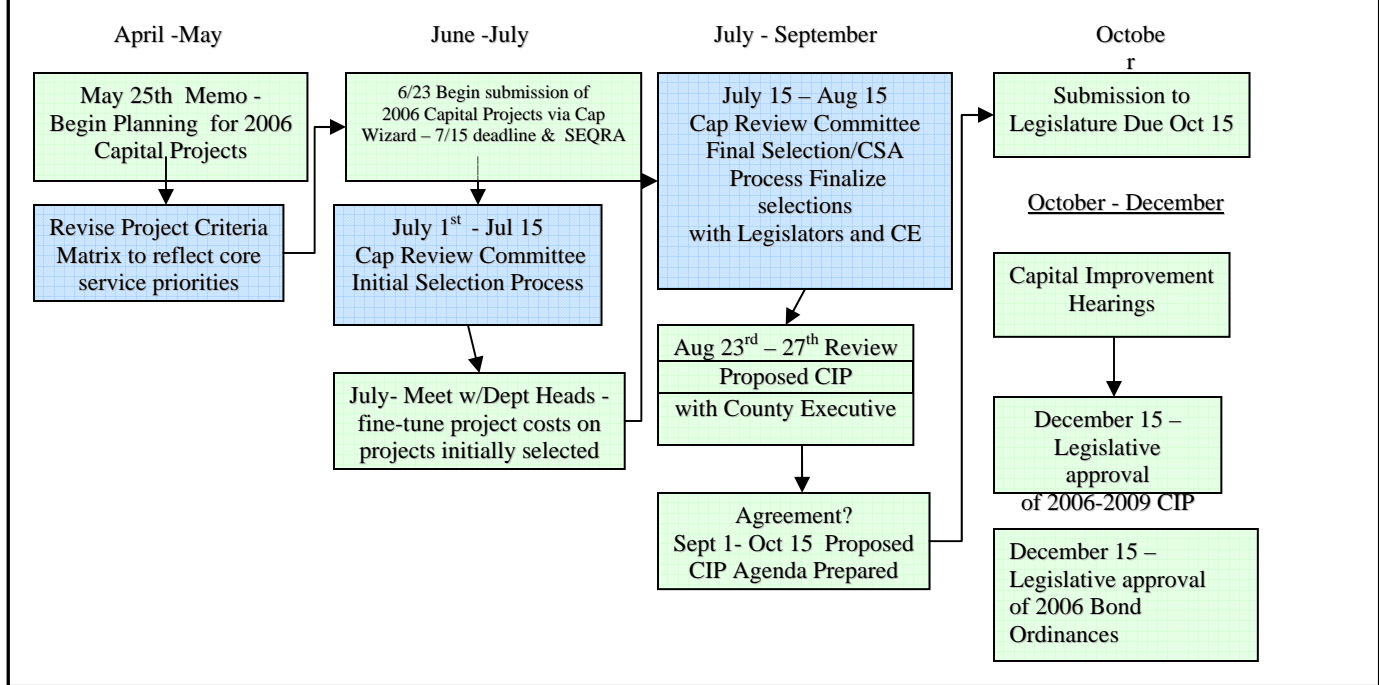
The capital planning process for each fiscal year begins in the spring. The first step in the capital planning process is for the project managers of each capital improvement category to submit requests to the Deputy County Executives who perform a preliminary review of the proposed projects. This review helps to streamline and expedite the selection process. During the first year that the CIP had been adopted by the current Administration, over 200 projects were submitted for review. The excessive number of projects resulted in an inefficient, complex and time-consuming capital plan process for the County.

After the Deputy County Executives review the projects, the next stage in the capital planning process is for the Capital Review Committee (the Committee) to examine the projects requested. The Committee's initial project selection begins July 1. During this initial phase the Committee meets with the department managers to fine tune project costs that have been initially estimated. From July 15 through August 15, the Committee will determine the final selection and further prioritize projects based on the following criteria:

- health and safety risks
- legal mandates
- impact on the requesting agency's ability to carry out its mission or the County's ability to meet public needs
- impact on the County's operating budget
- non-County funding sources
- potential economic impacts

After the Committee determines its final project selection for the proposed CIP, the County Executive will review the proposed program. On October 15, the CIP is submitted to the Legislature. The Capital Improvement hearings take place after the submission. The hearings allow the Legislature and the public to inquire about projects submitted within the plan. According to Local Law, the capital budget ordinance is voted on by the County Legislature by December 15. Also by December 15, the County Legislature votes by resolution to adopt the four-year capital plan, which is consistent with the adopted capital budget ordinance. The following chart illustrates the proposed CIP budget development calendar for FY 06.

Proposed CIP Budget Development Calendar for FY 2006



Source: Nassau County Department of Public Works

Revenue Sources

A critical component of the capital planning process is to examine present and anticipated revenue and expenditure profiles to determine the financial cushion available for new projects. Particularly important is the status of existing debt issues, estimated growth profile of the tax base, and potential for new revenue sources. Choices also need to be made about whether to finance by borrowing, by use of capital reserve funds, or from current sources.

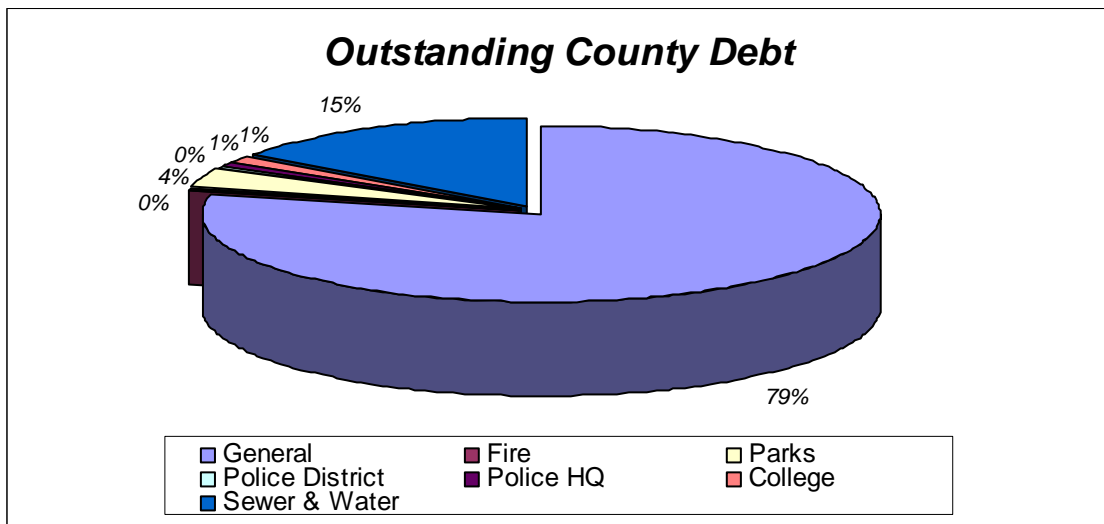
The County's capital expenditures are organized into a fund for general capital projects and one for sewer and storm water projects (SSW). A full range of potential resources have been identified to fund capital expenditures from these two funds. First, long-term debt may be issued through General Obligation Bonds (G.O.). Presently, bonds funding current and proposed capital projects include County and NIFA issues. The County's total debt service payments for 2006 are expected to amount to \$290.0 million. As previously mentioned, this amount includes an anticipated \$7.0 million in debt service costs based on \$99.1 million in capital spending for 2006. Also included in the County's total debt service are NIFA set-asides of approximately \$146.4 million which represent the debt service on the borrowing that NIFA has done on behalf of the County. The debt service principal and interest payments for all of the County's borrowing appear in the Debt Service Fund, which is part of the operating budget.

Debt servicing is defined as the semiannual payment of coupon interest and the maturing principal on municipal bonds issued to investors to finance projects identified in the County's four-year capital plan.

REVIEW OF 2006–2009 CIP

If issuing its own debt, the County must assess what borrowing options offer the most cost effective means of financing the project. For example, if the capital improvement is for a revenue-generating system, the use of revenue bonds may make better sense than using up the limited general obligation bonding capacity. The marketing of tax-exempt bond issues should be the culmination of a process that considers the type and term of the debt to be issued, the method of sale, credit quality, appropriate disclosure activities and investor relations.⁴

As of September 30, 2005, Nassau County had \$2.7 billion in debt outstanding. Approximately \$1.4 billion of the County's outstanding indebtedness is attributed to tax refund payments. The following graph depicts outstanding debt by fund. The largest portion of debt resides in the General Fund due to tax refund payments; the second largest portion of debt has been issued for Sewers.



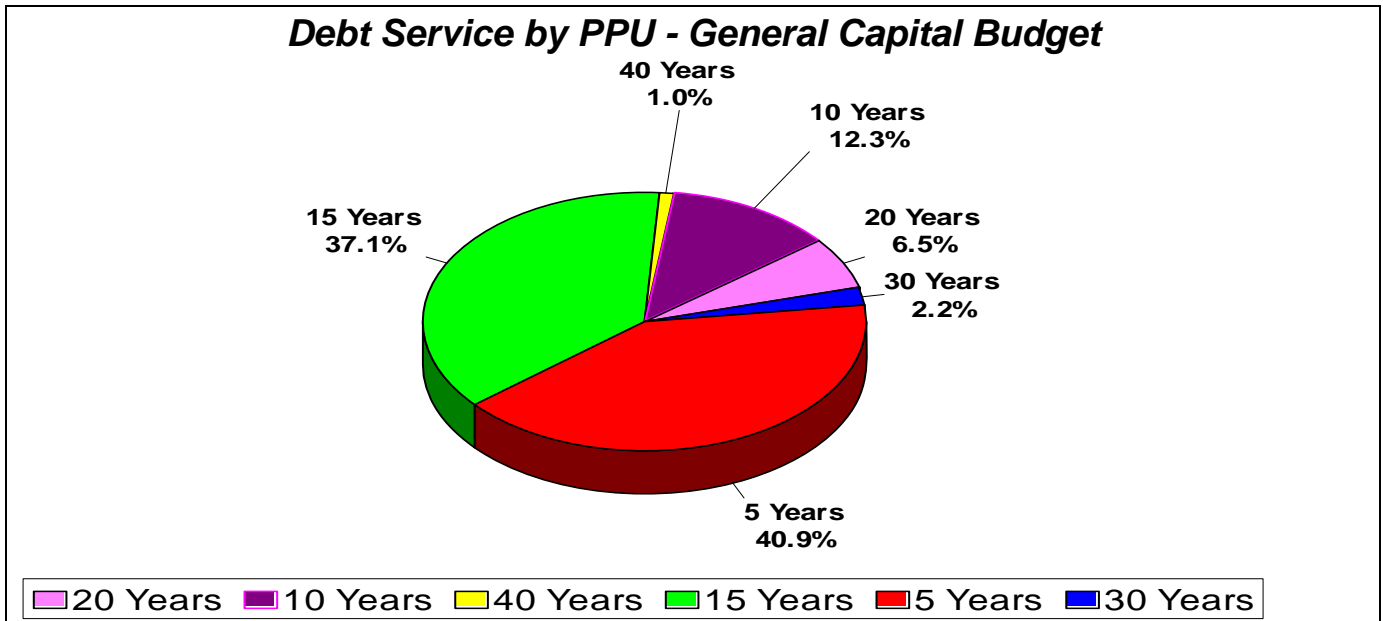
Other revenue sources include carryovers from prior years, PAYGO, tax levies for the sewer districts, property sale proceeds, private contributions and grants. Grants have been provided by the Federal Transit Authority (FTA), New York State Department of Transportation (NYSDOT), Dormitory Authority of the State of New York (DASNY), State Revolving Fund (SRF), State Highway Improvement Program (SHIPS), and the Consolidated Local Street and Highway Improvement Program. Nassau Community College projects, traffic engineering and sewer district projects receive support from these grants.

Currently, the Administration is developing a Serial BAN Program whereby the County will issue a series of short-term borrowings (Bond Anticipation Notes), which will be repaid from long-term borrowing when project related costs have been identified. Bond Anticipation Notes, or BAN's, are a means of interim financing in anticipation of a future bond offering. The Serial Ban Program is similar to commercial paper programs as a cash management tool used to provide interim funding for capital expenditures that will ultimately be funded from another source such as a grant or long-term bonds. The County is prohibited from issuing commercial paper under Local Finance Law.

⁴ Chan, Y. (2004). Use of Capital Budgeting Techniques and an Analytic Approach to Capital Investment Decisions in Canadian Municipal Governments. *Public Budgeting & Finance*, (24), 2. (Summer, 2004).

BAN's may be issued when the total proceeds of a bond issue are not needed immediately or when the long-term issue is intended to include several different projects that have different startup dates and construction schedules. In addition, short term borrowing lessens the risk of arbitrage, or investing borrowed funds in a higher rate-of-return investment, which is not permitted on a municipality's tax-exempt proceeds under IRS regulations. It is anticipated that the issuance of short term BAN's will result in a cost savings to the County due to lower interest costs, flexibility and ease of use.

The New York State Local Finance Law governs the issuance and structure of debt by municipalities in New York State. Accordingly, debt may be issued for capital improvements and other discreet purchases, but may not remain outstanding longer than the period of probable usefulness (PPU) of each project as determined by statute. For a bond issue comprising several uses, the issue may not remain outstanding longer than the weighted average of the PPU's of each object or purpose. The bulk of Nassau County's debt constitutes Serial Bonds issued under these guidelines. The chart below shows the 2006 capital project budgets by PPU.



Best Practices in Capital Budgeting and Planning

A capital budget process helps decision makers select between individual projects for funding while keeping expenditures within a total resource constraint. Capital outlays, however, are different from other expenditures in that they yield benefits for many years, or result in the acquisition of property that has a long life. Therefore, a best practice approach to a government's capital spending must keep pace with its infrastructure needs institutionalized in a properly managed annual capital budget and a systematic capital plan.⁵

John Mikesell (2003), a professor of public finance and policy analysis at Indiana University, specializing in state and local government finance, suggests that the use of capital budgets in public organizations has strong equity and efficiency advantages. First, because the capital budget must be

⁵ Ibid.

financed as opposed to revenue raised currently (taxes, charges, grants, etc.) residents entering the area taxpaying pool after the construction receive project service only by sharing the appropriate contribution.⁶ Therefore, handling high-price, long-life projects through a debt financed capital budget has strong equity advantages.

Further, the use of capital budgets can also improve decision efficiency. In a combined budget, big-ticket investment looks expensive relative to consumption (operating expenses), even though the true cost of that investment (i.e. depreciation) occurs over many years. Separate consideration in a budget where deficits may be financed and annual balance is not required provides important opportunities to improve equity between generations and among local citizenry pools. In other words, the spending program in a capital budget can be covered either by revenue raised currently or by borrowing on the promise to repay from future revenues.

Since capital projects serve the citizenry for many years beyond the purchase, financing non-recurrent projects with long-term service flows is viewed by both academics and practitioners as a management tool useful for:

- determining the amount of infrastructure and equipment spending required to accommodate anticipated growth and development or other service needs;
- forecasting future capital demands in relation to current revenues, level of outside assistance, and borrowing capacity; and
- providing adequate time for the advance planning that is required to effectively implement capital projects.⁷

The need for best practices in the capital investment process is well documented.⁸ Nassau County's CIP includes several items identified as best practices in the capital planning process. For example, over the past three years, the County formalized the capital budget and multi-year capital improvement plan to manage its capital assets more efficiently. The County also created a Capital Program Office to prepare, coordinate and streamline the capital budget process. The Office also tracks and monitors the status of capital projects against the approved budget and project schedule and ensures that funding is in place for the advancement of approved projects. Monitoring is a particularly important component of good capital management as it minimizes the likeliness of cost overruns and delays. As we go forward, more information on capital projects will be available to the public, elected officials and County employees, including quarterly status reports, summary status reports, and an improved data management system. The summary reports will provide detail on the percentage of spending of the budget compared to forecasted spending, the percentage of projects on schedule, behind schedule, ahead of schedule, the percentage of projects in planning, design and in construction, and the actual compared to projected contract start dates.

⁶ Mikesell, J. (2006). *Fiscal Administration*

⁷ Joseph J. (1994). *Debt Issuance and Management: A Guide for Smaller Governments*. Chicago, IL: GFOA

⁸ Ibid.; Vogt (1996); GFOA

Following Joseph (1994), a leading contributor to capital planning practices and policies literature in public organizations, the critical stages that constitute an effective capital budget and improvement process follow.⁹

Establish capital improvement policies

According to best practice directives prescribed by the National Advisory Council on State and Local Budgeting (NASCLB), components of good capital management include written policies regarding a long-term comprehensive plan, program monitoring and asset maintenance.¹⁰ These characteristics help better manage the capital program and in turn reduce costs, increase efficiency, improve the alignment of investments with capital needs and improve credit quality.

In terms of capital financing, the main argument for written policies is based on the ground that adherence to debt policies furnishes signals to the credit ratings, capital markets and taxpayers that the government is well-managed and should meet its obligations in a timely manner. Second, those affected by political and administrative decisions on capital investments and debt should have access to those policies and be able to know the process that yielded those decisions (Creel, 2000; Sneed, 1998; Miller, 1996).

Joseph (1994) argues that in the absence of policies and procedures to monitor capital investments, it is difficult for public officials to evaluate long-term consequences of their decisions and make informed policy judgments on behalf of their citizens. Larkin & Joseph (1991) propose that debt policies prescribe specified goals and legitimate the forces of government that result in an efficient and equitable public administration.

The County has been successful in establishing a formal process for project review and acceptance. The Capital Review Committee plays an active role in selecting projects. The committee consists of the Deputy County Executive of Budget and Finance, the Commissioner of Public Works, the Capital Program Director, the Budget Director, the Treasurer, and the Director of County Operations. The Committee meets regularly to review the status of the County's projects, review requests for new capital spending and borrowing, monitor project cash flow budgets and expenditures and track project status relative to projected draw schedules.

According to the Maxwell School Campbell Public Affairs Institution and *Governing Magazine*, out of forty counties evaluated in 2001, Fairfax County received the highest grade of A-.¹¹ Some of their best practices include the use of a CIP committee and a project selection process based on a ranking system.

In addition, Nassau County has kept pace with industry standards by establishing a formal written debt policy. A municipality's general obligation debt, when expressed as an amount per resident, is used to measure the reasonableness of its debt. This ratio is considered a basic benchmark, which measures the

⁹ Joseph, J. (1994); Weterman, N. (2004). *Managing the Capital Planning Cycle: Best Practice Examples of Effective Capital Program Management. Government Finance Review*, (June, 2004); Daun, M. (2004). *Managing Major Capital Projects. Government Finance Review*, (June, 2004).

¹⁰ Members of the NASCLB include: the Council of State Governments (CSG); Government Finance Officers Association (GFOA); International City/County Management Association (ICMA); National Association of Counties (NACo); National Conference of State Legislatures (NCSL); National League of Cities (NCL); United States Conference of Mayors (USCM); and the Association of School Business Officials (ASBO).

¹¹ Nassau County did not contribute to this research.

burden of debt placed on the size of the population supporting the debt and is widely used by analysts as a gauge of an issuers' ability to repay debt. Generally, per capita debt of around \$600 is considered low and greater than \$2,500 is considered high. In 2003, the debt per capita for AAA rated counties were Average - \$1,969; Median - \$2,057; High - \$4,509 and Low - \$215. Further, if annual debt service expenditures get too high, the municipality's expenditure flexibility is reduced. Debt service is a fixed cost and its increase can indicate excessive debt and produce fiscal strain. If the ratio exceeds 15%, it is considered a potential problem. Ten percent is considered good. Nassau County's per capita debt amounts to approximately \$1,937. The percentage of the County's debt service to expenditures is 12.61%.

Perform a capital asset inventory

A best practice component is to perform a capital inventory of physical plant, including equipment and other items that fall within the definition of capital items.

An up to date capital inventory system should include data delineated by: 1) age, 2) assessment of its condition, 3) degree of use, 4) capacity, and 5) replacement cost. Such an inventory can assist the government in estimating needs for renewal, replacement, expansion, and retirement of existing capital stock. It can also contribute information for the repair and maintenance portion of the operating budget. An accurate inventory with corresponding conditions assessment helps to determine what repairs are essential and can also be used to implement replacement schedules. It is important to recognize the importance of maintenance and the danger of deferring it. Postponement of maintenance will result in higher operating costs and service disruptions. Maintenance should be included as a high priority in the selection of projects. A continuing policy of deferred maintenance will produce high operating costs, excessive breakdowns and interruptions, and premature replacement. Implementing an up to date inventory system with condition assessment can assess whether previous efforts and investments are paying off.

In line with capital asset inventory best practices, one of the Administration's new goals is to monitor asset performance. This will allow the County to calculate the value of the capital asset investment. A capital asset that is not performing as planned can end up costing a government in both productivity and dollars. The capital plan also includes project #99501 **Infrastructure Assessment** to hire a consultant to assess the status and potential costs to maintain and repair the County's infrastructure.

An accurate asset inventory is also essential to comply with GASB Statement 34. One of its provisions requires local governments to report the value of infrastructure assets, including roads, bridges, water and sewer facilities and dams. The statement requires fixed asset records to be maintained in a complete, accurate and detailed manner with the associated depreciation expense. It is required that these assets be reported in the government-wide statement of net assets and depreciation expense in the statement of activities. Under this ruling, the minimum requirement is to report major infrastructure assets acquired in fiscal years ending after June 30, 1980.

Adopt ranking standards

Ranking projects is beneficial to the selection of capital investments for the plan. The Committee sets priorities to select the County's capital projects. Projects are prioritized based on the urgency of need, state or federal mandate requirements, the likelihood of outside funding and strategic objectives outlined by the County Executive. As mentioned previously, the Committee will determine the final selection

and further prioritize projects based on 1) health and safety risks, 2) legal mandates, 3) impact on the requesting agency's ability to carry out its mission or the County's ability to meet public needs, 4) impact on County's operating budget, 5) non-County funding sources and 6) potential economic impacts.

Identify projects

The success of the program depends largely upon the extent to which the government's various departments and agencies are willing to recognize the practical limits to capital spending and make realistic requests for funding. Capital requests are ranked according to specific criteria so that requests can be evaluated more easily when putting together the government's overall capital plan. Capital projects have been scaled back in recent years due to the significant amount of bonding required to settle tax certiorari judgments. As mentioned previously, in recent years, the Administration has capped the annual capital budget at approximately \$70 million dollars in order to accommodate the annual \$100 million bonding for tax judgments. However, FY 06 has been the first year tax certiorari and judgments will be paid from the operating budget.

Assess funding sources

A best practice in the Capital Planning process is to examine present and anticipated revenue-and-expenditure profiles to determine the financial cushion available for new projects. Particularly important is the status of existing debt issues (i.e. Will any debt issues be retired soon? Will funds be available to meet contractual debt service – principal and interest – payments? Are there needs for extra funds for early bond retirements?), estimated growth profile of the tax base, and potential for new revenue sources. Choices also need to be made about whether to finance by borrowing, by use of capital reserve funds, or from current sources.

Approve plan and budget

After the budget has been submitted, the County Legislature can deliberate each and all items and statements of all persons who were heard at the hearing.

The County has adopts a capital budget and multi-year plan. Each year, the capital improvement plan is reviewed, revised, and extended another year so that it always encompasses a multi-year period. Nassau County's multi-year plan extends over a four-year period. According to a capital management survey conducted the Maxwell School Campbell Public Affairs Institution by Governing Magazine, the vast majority of counties have long-term plans. Nineteen counties have plans of five or more years. In New York City, in addition to the four-year plan, the city also developed a longer-term 10-year strategy to issue every two years. The strategy sets long-term priorities to balance capital expansion, maintenance and replacement.

Public Participation

Citizen input is viewed as a means to increase the level of trust in government, and to educate citizens about government activities. In addition, extensive citizen participation can make it easier to implement controversial infrastructure improvements. Public participation frequently provides decision makers with information about the public's perception of community needs and its willingness to incur new costs. However, many governments are struggling with how best to structure citizen participation mechanisms. Presently involving citizens in Nassau County's budget process relies primarily on public hearings. Ebdon & Franklin (2004) suggest a variety of direct participatory mechanisms during budget

development that may increase the utility of citizen input and determine needs and service satisfaction levels. These information-gathering methods include: 1) citizen surveys, 2) public meetings and 3) citizen advisory committees.¹²

Despite the benefits of these methods, citizens may not have the appropriate information to make informed decisions. Attendance at most community public meetings is quite low. Moreover, although advisory committees provide the opportunity to develop expertise on public issues, these mechanisms necessitate time and effort by both administrators and participants that may not be available. Active citizen participation requires in-place systems of volunteerism and activism in the community. In addition, members may not be representative of the entire County (Miller & Miller, 1991; Watson, Juster & Johns, 1991).¹³ Other studies have also revealed that the “willingness-to-pay” problem or the discontinuity between citizens’ demands and their willingness to pay taxes is directly related to an individual’s perception of government performance (Simonsen & Robbins, 2000).¹⁴

Public administration and finance literature suggest that participation efforts in the budget process are effective if they include the following “best practice” recommendations:¹⁵

- Participants are representative of the broader community
- Participation is open to large numbers of participants
- Input occurs early in the budget process
- Participation includes two-way communication between public and County officials
- Decision makers consider citizen input
- Input reveals sincere preferences of citizens, such as willingness-to-pay considerations and budget tradeoffs

Conclusion

Public sector capital expenditures represent investments in the acquisition and/or replacement of long-lasting physical facility assets that provide a continuing service to citizens for many years. Since such facilities represent very large investments of public resources, usually exert their effects over many decades, and are not easy to modify once built, a systematic planning and budgeting process is vital in making decisions about the construction and financing of these public facilities. The reliance on debt financing to frequently support these projects also constitutes the preparation and maintenance of a capital budget separate from current service expenditures contained in an operating budget. However, the interrelationships between the two should also be kept in mind.

Because decision-making processes about capital spending are consequential in the year they are made and have major implications for future budgets, judicious debt management practices must be implemented as a critical tool for long-term budgetary and financial management decisions. By adopting a formal capital budgeting model, elected officials, professional administrators, the business

¹² Ebdon, C. & Franklin, A. (2004). Searching for a Role for Citizens in the Budget Process. *Public Budgeting & Finance*, (Spring)

¹³ Miller, T. & Miller, M. (1991). *Citizen Surveys: How to Do Them, How to Use Them, What They Mean* (Washington, D.C.: International City Management Association); Watson, D., Juster, R. & Johns (1991). Institutionalized Use of Citizen Surveys in the Budgeting Processes: A Small City Case Study. *Public Administration Review* (51), 3 (May/June 1991)

¹⁴ Simonsen, W. & Robbins, M. (2000). *Citizen Participation in Resource Allocation*. (Boulder, CO: Westview)

¹⁵ Robinson, S. (1991). *Capital Planning and Budgeting*. J. Petersen and D. Strachota (Eds.) *Local Government Finance: Concept and Practices*. Chicago, IL: GFOA

REVIEW OF 2006–2009 CIP

community, and citizens will be better equipped to make informed choices. How governments consider capital investment planning and budgeting is crucial to the fiscal integrity of our public institutions and effective and efficient public administration.

Buildings

The FY 06 capital budget includes \$10.0 million in new debt for new building purposes, which accounts for 10.1% of the total proposed County issue debt of \$99.1 million. The 2006 Capital Budget includes \$3.0 million of new building projects distributed as follows: 1) \$100,000 for the Rehabilitation of Hangar No. 7 in Bethpage; 2) \$1.0 million for the replacement of Salt Storage Domes; 3) \$1.5 million devoted to the rehabilitation of the Aquatic Center Building; and 4) \$400,000 for Museum Inventory Storage located at the King Kullen Warehouse. Although the Department of Public Works, Parks and Recreation and General Services manage these projects, the buildings category budget and capital improvement plan will affect all County agencies and departments.

The proposed four-year CIP for building construction totaling \$140.9 million includes funding for ongoing rehabilitation and construction of various County structures. These funding levels are scheduled to increase in the out-years with \$33.9 million set-aside for 2007, \$45.4 million allocated for 2008, and \$51.7 million in place for 2009.

The descriptions below detail the new capital projects receiving funding in 2006, followed by highlights of ongoing general government facilities.

Rehabilitation of Hangar 7, Bethpage - \$100,000

The four-year plan includes new funding of \$1.1 million for the upgrade of the fire protection system and the HVAC at the Grumman Hangar No. 7. Funding for this new project includes the issuance of \$100,000 in new County debt and a total of \$1.1 million, phased out over several years.

Aquatic Center HVAC Replacement - \$1.5 million

The Aquatic Center, located in Eisenhower Park, opened in the spring of 1998 and was the host site for the 1998 Goodwill Games and the 1999 Phillips 66 National Swimming Championships. The Aquatic Center regularly hosts large events such as the 2006 FINA World cup Swim meet. The plan of financing for this new project includes the issuance of \$1.5 million in new County bonds in 2006 and a total of \$7 million, phased over several years. This new funding will make possible the replacement of the existing HVAC system and subsequent failing equipment (i.e. ventilation system and corrosion of light fixtures) that has hindered the normal activities of the Aquatic Center, as reported in the 2006 Capital Budget and Financial Plan. Presently, the County is in litigation regarding the faulty design/installation of the system. Since newer and refurbished HVAC units are more efficient, this project is forecast to reduce County operating expenses. However, it is likely that the operating budget will increase if the HVAC system is found to be undersized.

Replacement of Salt Storage Domes - \$1.0 million

Total authorization for this new project over the next four years is \$4.0 million, \$1.0 million of which is scheduled for the FY 06 Capital Budget. This project will replace eight existing salt storage domes in need of repair. The new domes will be designed to allow maximum storage of modern equipment, which will allow the facility to operate more efficiently.

Museum Inventory Storage, King Kullen Warehouse - \$400,000

A new project scheduled for the 2006 budget, the construction of an inventory storage facility at King Kullen Warehouse will control the environment of important museum pieces not on display at the

REVIEW OF 2006–2009 CIP

County's museums. Because the storage facility will be temperature and humidity controlled, it is likely that the Parks Department's operating budget will increase.

The Family & Matrimonial Court Planning/Design project is an ongoing capital undertaking requiring a total authorization of \$102.0 million, of which \$5.0 million has already been expended. Included in the Capital Plan, \$22.0 million is set-aside for 2007, \$30.0 million is allocated for 2008, and \$45.0 million is in place for 2009.

As part of the "No Wrong Door" policy of the Health and Human Services agencies, this project will enable the continuation of the planning and design phase to determine the feasibility of building a new Family & Matrimonial Court, to replace the existing Family Court that is in disrepair. It is anticipated that construction will begin in 2008. Impact on the project's operating budget is indeterminate at this time. Other funding sources will be identified in order to fit the improvement of the court facilities within the County's annual debt issuance cap at approximately \$100.0 million annually.

In addition to the **Family & Matrimonial Court Planning/Design** project described above, the 2006-2009 Capital Plan includes funding for eleven other projects, which are currently underway. These projects include: **Glen Cove Bulkhead Improvements (90015)**, **Various County Buildings Backflow Prevention Phase III (90023)**, **Various County Facilities – General Construction (90400)**; **Various County Facilities – Electrical Construction (90401)**; **Various County Facilities – HVAC Construction (90402)**; **Various County Facilities – Plumbing Construction (90403)**; **Various County Buildings Roof Renovation 2004 (90618)**, including: Buildings 50, 113 and Aviation Building 45 at Mitchel Field; Welwyn Garage in Glen Cove; Maintenance Garage in Old Bethpage; Correctional Center E Satellite facility, Maintenance Building in Manhasset; Pump House at the Tanglewood Preserve; Garvies Point Storage Building 1 in Glen Cove; DPW Maintenance Garage in Inwood; Nassau Hall and the Chelsea Maintenance Garage in Muttontown; Williams House and Powell West Barn in Old Bethpage; Maintenance Building in Port Washington. **Various County Building Electric Service and Engineering Upgrade (90617)**; **Seaford / Roosevelt Garage Consolidation (90622)**; **Various Asbestos and Lead Abatement (90625)** and **American / Disabilities Act – Phase II Construction (90981)**. The four-year funding total for these projects is \$128.4 million.

Equipment

The FY 06 Equipment budget includes \$5.2 million and the total authorization is \$27.8 million. All of the equipment projects included in the equipment section are completely funded from County Debt. There are a total of 13 projects with four of them being new projects. In 2006, the plan incorporates \$2.0 million for new projects. Funding levels for the out-years consist of \$4.2 million being set-aside for 2007, \$5.0 million allocated for 2008 and \$4.6 million in place for 2009.

The new projects will consist of the **Office Equipment Replacement Program (98341)**, **Automation of Fuel Sites and Vehicles (98062)**, **Health Department Equipment Replacement (11511)** and **Hydraulic Vehicle Lift Replacement (98061)**.

Automation of Fuel Sites and Vehicles (98062) - \$750,000

The Automation of Fuel Sites and Vehicles project will automate all County fuel sites. The County currently has 22 fuel sites that provide fuel for the County vehicles. The County has recently retired a couple of the sites and anticipates removing at least one more. The fuel sites are used to store gasoline and diesel fuel that is utilized by the County fleet. The County fleet consists of approximately 1,461 vehicles. The County anticipates the automation will replace hand written documentation, provide accountability and ensure accuracy. According to the County administration, the automated system would be capable of providing electronic vehicle records and usage reports.

The project has a total authorization of \$1,250,000, allocating \$750,000 in FY 06 and \$500,000 in FY 07.

Office Equipment Replacement Program (98341) - \$700,000

The Office Equipment Replacement Program will establish an annual program that will replace large pieces of office equipment such as copiers County-wide every five years. The program will require the replacement of 20% of the copier fleet annually. The department indicated that the normal useful life for a copier is 5 years. The administration anticipates the program will assist in maintaining a current copier fleet. The current inventory of copiers is 507. The county maintains two types of copiers, convenience and high-end copiers. The department plans to replace the high-end copiers in 2006 and begin replacing the convenience copiers in 2007 and 2008. The following chart categorizes the age of the copier fleet.

RANGE IN AGE	TOTAL	PERCENT OF FLEET
ZERO TO FIVE YEARS	497	98.0%
SIX TO ELEVEN YEARS	9	1.8%
TWELVE YEARS AND OLDER	1	0.2%
TOTAL	507	

Source: Department of Public Works

The plan for the program has a total authorization of \$2.8 million allocating \$0.7 million for each year of the CIP.

Health Department Equipment Replacement (11511) - \$300,000

The Health Department Equipment Replacement project will purchase new laboratory equipment. The majority of the equipment acquired through the project will be environmental instruments which test for water, soil, and air contaminants. The average age of the equipment being replaced is 18 years. The

REVIEW OF 2006-2009 CIP

project has a total authorization of \$1,275,000, allocating \$300,000 in FY 06, FY 07 and FY 08 and allocating \$375,000 in FY 09.

Hydraulic Vehicle Lift Replacement (98061) - \$250,000

The Hydraulic Vehicle Lift Replacement project will replace outdated and unsafe lifts. The department believes the project would increase work flow due to the increased capacity of the new lifts. The description of the project indicates that 11 vehicle lifts will be installed, nine of which will be replacements. The current vehicle schedule includes 1,461 vehicles. The total authorization for the project is \$250,000, all of which is allocated in FY 06.

There is one existing project, the **Road Maintenance Equipment Replacement (98060)** program that will require an additional \$2.0 million in FY 09. The project has a previously authorized budget of \$2.35 million, of which \$500,000 is designated for FY 06. The total FY 06 proposed budget will be funded with County debt. The project involves the replacement of equipment such as duty trucks, sweepers, grass tractors, basin cleaning equipment, trailers and other equipment utilized to maintain Nassau County roadways.

The **Snow Removal Truck Replacement (98092)** project will replace snow removal trucks at a cost of approximately \$100,000 per vehicle. The description of the project states that 16 vehicles will be replaced annually. However the \$1.0 million funding in FY 06 will be used to purchase approximately eight vehicles. The current vehicle schedule includes 112 vehicles of which 72 or 65% of the trucks are over twelve years old. According to the department, the accepted industry standard for snow vehicle replacement is 10-12 years old.

The following chart reflects the range in age for snow vehicles:

RANGE IN AGE	TOTAL	PERCENT OF FLEET
ZERO TO FIVE YEARS	12	10%
SIX TO ELEVEN YEARS	28	25%
TWELVE YEARS AND OLDER	72	65%
TOTAL	112	

Source: Department of Public Works

In addition, this project includes the purchase of other equipment in the replacement schedule such as, road sweepers, payloaders, basin cleaning trucks, and other road maintenance trucks and equipment. The trucks are multifunctional as they are equipped with plows and sand and salt distribution systems that can be disconnected without having to fully remove the sand and salt distribution system in the spring. The truck can be used as an all purpose debris, pick up and dump truck, as well as an asphalt transport, pick up and hauling truck and for other road maintenance activities and functions.

The total authorization for this project in the capital plan is \$7 million. Out-year spending includes \$1 million to be spent for FY 07, \$2.0 million in FY 08 and \$1.0 million in FY 09. The department will try to replace as many vehicles as possible based on availability. This project is cost beneficial since the department currently continues to sink money into vehicles with minimal salvage value.

The **Fleet Management Life Cycle Vehicle Replacement (98105)** project has a FY 06 budget of \$1.3 million and the total authorization for FY 2006-09 is \$6.0 million. The existing project is for the

REVIEW OF 2006–2009 CIP

county-wide replacement of approximately 865 vehicles such as light trucks, pickup trucks, SUVs, cargo vans and suburban type vehicles. In FY 06, the plan calls for the purchase of 60-70 vehicles depending on state contract availability, which encompasses a wide group of departments including Parks, Public Works, the Sheriff, DA and Fire Marshall.

There is one other project, **Facilities Management Light Trucks (98090)**, that provides funds for replacing trucks or vehicles. The project includes a FY 06 budget of \$0.2 million and replaces the County work trucks in the DPW Division of Facilities Management. The remaining two projects for FY 06 are the **Mosquito Control Equipment (98180)** and the **Printing Equipment Replacement Project (98340)**. The FY 06 proposed budget of \$150,000 for the **Mosquito Control Equipment Project** is funded from County debt. The project will include the acquisition of excavating and ditching vehicles, mowing apparatus and four-wheel drive vehicles, a small cleaning crane and marine equipment. It is anticipated that the equipment to be used in the salt marsh, drainage and other areas in the county. The **Printing Equipment Replacement Project** will include the replacement of four printing presses, two high volume copiers, five pieces of binding equipment and a processor. The project will have a FY 06 budget \$100,000.

Infrastructure

This category addresses pressing infrastructure needs throughout the County. The plan anticipates spending \$11.3 million in both County debt and non-County funds in FY 06 and a total authorization of \$57.1 million. The plan incorporates funding for 12 on-going projects and two new projects. The two new projects which utilize roughly half of the budgeted capital funds will address infrastructure needs at Nassau Community College. The remaining funds will be divided among nine on-going projects.

There are two new College capital projects in the category of Infrastructure:

NCC Fire Alarm Upgrades (70073)-\$250,000

NCC Fire Alarm Upgrades (70073) is a modernization project of the campus' aged fire alarm system with a new code compliant centralized system. The project issues County debt of \$250,000 in FY 06 and \$250,000 in FY 07.

NCC Emergency Generator (Field House) (70078)- \$100,000

The **NCC Emergency Generator project (70078)** at the field house which is designated as a Nassau County Evacuation Center will provide for the installation of an emergency electrical generating system.

Other ongoing projects include the **NCC Life Science Building (70040)** with a total authorization of \$40 million of which \$19.6 million is a carryover from FY 05 and \$20.4 million has been allocated to the 2006-2009 Plan. The project is in the final stages of consultant selection. The programming/design phase is expected to begin in several months. Design fees are likely to be approximately \$2-\$3 million.

The NCC Master Plan Phase II Construction project (70050) issues debt of \$500,000 in FY 06. The project will fund the rehabilitation to the Façade of the County Center Building (CCB) Building. **The NCC Refurbishment of Plaza (70065)** contains carry forwards of \$3.6 million to complete the project in addition to \$400,000 in the 2006 budget and \$5.0 million through 2009.

The current capital plan incorporates \$28,440,780 to fund nine other on-going projects. According to the plan, \$7,250,000 of County Debt within the Infrastructure category will be issued in FY 06 to fund these projects. In 2006, 52% or \$4,100,000 million of the County Debt issuance will be used for project **Various County Projects (99206)**. The monies will be used to purchase equipment and planning, design, and construction activities within each legislative district. Other infrastructure projects receiving funding in 2006 are **Tree Planting Various County Roads & Storm Water Basins (66015)**, **Requirements Contract Curbs and Sidewalks (66050)**, **Requirements Contract Roads/Drainage/Bridge/Joints (66302)**, **Beacon Hill Landfill Improvements (81056)**, and **County Storage Tank Replacement Program (81060)**.

Parks and Recreation

This category incorporates all of the capital projects for the various County parks, museums and other public locations throughout the County. The FY 06 budget includes \$10.9 million for these projects and the total authorization for FY 2006-09 is \$152.1 million. The FY 06 proposed Parks capital budget consists of 45 total projects, 8 of which are new projects.

Over 95% of all the projects new and old are funded solely through County funds. These projects are for improvements, refurbishments, repairs or development of various public locations. These types of improvements include parking lot renovations, lighting and irrigation upgrades and installations, infrastructure improvements and pond enhancements. The lifetime total of the eight new projects is \$8.8 million and will require 2006 new debt authorization of \$2.7 million. These projects will proceed when approved by the Legislature.

The funding for new projects **Museum Row Economic Development Plan (41859) - \$100,000** and **Eisenhower Lake Rehabilitation and Project Use Study (41401) - \$200,000** are for studies and plans related to future development and rehabilitation. The \$300,000 spread across these two projects will be used to explore development and access needs at two specific locations.

While it is understood the funding included in new projects **Various County Parks – Irrigation Systems Installation (41860) - \$200,000** and **Various County Park Buildings – Infrastructure Improvements (41861) - \$750,000** will be spread across various County locations, it would have been helpful if the project descriptions had included information regarding the disrepair at the facilities being renovated and details of how needs were accessed.

County Pools Improvements and Code Compliance (41858) - \$250,000

Pool improvements, one of the new projects will require the most funding over the life of the new plan. This project will be used to fix potentially hazardous conditions at various pools, reconstruct the ventilation system at the Aquatic Center and build pool chemical storage areas at various locations to comply with code.

Parks Maintenance Equipment Replacement (41855) - \$450,000

This project will replace equipment that is used to maintain parks and preserves. The new equipment will be used for mowing, chipping dead trees and removing snow from paths.

Stannards Brook Park (41857) - \$400,000

The funds allocated for this project are for the removal of trees, the construction of a playground area and the restoration of eroded areas of the park.

Garvies Point Paths and Improvements (41856) - \$300,000

This project will upgrade existing paths between Gravies Point and the neighborhood biking and walking system. Also included will be construction of a new bicycle path to the museum as well as reconstruction of the existing stairway.

Carry over projects, approved in previous years, constitute the bulk of the \$152.1 million proposed plan.

REVIEW OF 2006–2009 CIP

The largest issuance of new debt (\$900,000) in 2006 is for project **Various Parks Path/Roadways/Parking Resurfacing (41834)**. The most expensive carry over project is **Various County Parks Bulkhead Replacement (41823)**. This project is partially funded by New York State under the environmental bond act and the County can apply for reimbursement as soon as expenditures are made. The County will receive \$2,050,000 from the federal government after the initial outlay. The bulkhead project was started May of 2002 has spent \$11.9 million to date.

The following 21 carryover projects were previously authorized and have no budgeted expenditures over the life of the plan. The total authorization of these projects is \$76.6 million. Some of the projects are not near completion, and will be eliminated due to the prioritization of limited funds. Some parts of these incomplete projects will be eliminated while others will be incorporated with other new and current County-wide projects.

Mitchel Park Athletic Complex (41475)
Mitchell Field Phase I (41470)
Tackapausha Museum Renovation (41685)
Roslyn Grist Hill Restoration (41420)
Nickerson Beach Improvements (41334)
Fine Arts Museum Addition & HVAC (41516)
Mitchel Park Multi Use Stadium (41476)
Welwyn Shoreline Restoration and Development (41694)
Various County Parks Pond Dredging and Desilting (41802)
Fine Arts Museum Site Improvements (41515)
Firefighter Museum Matching Grant (41490)
Various County Parks Rehabilitation of Athletics Fields (41832)
Various Parks Miniature Golf (41840)
Sands Point Park Seawall Rehabilitation (41363)
Bay Park Facilities Redesign (41037)
Sands Point Park Phase I Alarm System (41361)
Memorial to the victims of September 11, 2001 (41816)
Bailey Arboretum Handicapped Restroom (41005)
Various County Parks Golf Driving Ranges (41948)
Vietnam War Memorial (41800)
Tanglewood Preserve Building Rehabilitation (41715)

To date, \$3,687,000 has been spent on improving outdoor lighting at various locations for the **Various Parks Outdoor Lighting Rehab (41829)** with an additional \$1.5 million projected for the life of the plan. Most of this money will be spent through the year improving the poor lighting conditions.

Property

Capital funding for the property category in the 2006-2009 Plan is \$8,200,000. The debt will be issued for one on-going project, Land Acquisition.

The funds reserved for project **Land Acquisition (9B480)**, will be used to purchase property and easements needed for various County entity to implement projects. For example, these funds support road improvements undertaken by the County. According to the plan, funding of this project will occur in all years of the plan. The County will issue \$1,000,000 of County debt in 2006, \$2,000,000 in 2007, \$2,000,000 in 2008, and \$3,200,000 in 2009 to support this project.

Project **Underhill Property (9E485)** included in the property category is complete and will be closed out.

Public Safety

The Public Safety portion of the 2006 Capital Plan is comprised of eight Police Department projects, seven of which were included in previous plans, two Medical Examiner projects, included in prior years' plans, four for the Correctional Center and two plans for the Fire Commission. Also included are one project for the Probation Department and one County-wide radio system. The total 2006 capital budget for these projects is \$31.8 million.

The projects listed below are new to the Capital Plan, two of which will have no impact in 2006 since they begin in 2008 and 2009 respectively.

Police Department Automated Fingerprint Computer Upgrade (50207) - \$500,000

This new project to the 2006 budget will replace the outdated automated fingerprint identification (AFIS) with a modern system that includes palm printing. This project, which includes a total authorization of \$1,200,000, is awaiting legislative approval and is scheduled for implementation in 2006. The vendor will no longer be able to provide service or maintenance to outdated equipment and software.

The current AFIS system, which will not be maintained after December 31, 2006, is the third system the department purchased from Printrak (the first was in 1984). This system allows the police department to search fingerprints recovered at crime scenes and to store all fingerprint cards electronically. Printrak will no longer be able to maintain the current system due to software upgrades and its inability to obtain hardware. The new system, to be installed in the same office as the current system, will be capable of doing what the current system does with the added benefit of searching and storing palm prints

Police Department Renovation of Outdoor Pistol Range (50404) - \$0

The 2006 budget does not include any funding for this project but the total authorization for FY 2006-09 is \$7 million. The project is for the renovation of the Nassau County Police Department's outdoor pistol/rifle range, including all down range, backstop and target areas. It is targeted to begin in 2008 and 2009 with allocations of \$3,500,000 in each year.

Covered within this project will be the recovery of lead from downrange areas and berms, management of groundwater runoff, noise abatement through construction techniques and functional landscaping. Additionally, there will be improved projectile containment through construction of a new backstop as well as improved illumination and communication systems. The renovation will address current safety concerns existing at the range, provide a venue to conduct law enforcement firearms training for decades, and address concerns of surrounding communities regarding personnel safety, noise, and environmental issues.

Public Safety Academy (50682) - \$0

This is the last new public safety project in the 2006 Capital Budget. It is for the construction of a new Public Safety Academy on land to be provided by Nassau Community College on their Garden City campus. It has no impact on the 2006 budget since it will not begin until 2009.

The eight current Police Department projects for 2006 include, \$16 million for an **Interoperable Radio System, (50590)**, \$0 for a **Computer Aided Dispatch System (50570)**, \$2 million for **Police**

Department Helicopters (50624), \$500,000 million for an **Automated Fingerprint Computer Upgrade (50207)**, \$1 million for **Precincts and Auxiliary Precincts Renovation and Modernization (50680)**, \$750,000 for **Specialty Vehicle Replacement (50622)**, \$500,000 for an **Ambulance Replacement** project (**50619**), and \$325,000 for **Bullet Proof Vests (50617)**.

Motorola, the vendor for the **Interoperable Radio System** was awarded the contract for this project in March 2005. The **Computer Aided Dispatch System** project is still in the planning stages and vendor selection has not been completed. It is anticipated that this project will have no impact on the operating budget. The first of the three **Police Helicopters** to be replaced is targeted for purchase sometime in 2006 with the remaining two scheduled for purchase in the next two consecutive years. Currently, four precinct houses, the 1st, 5th, 7th and 8th Precincts, are being considered for the **Precincts and Auxiliary Precincts Renovation and Modernization** project designed to address the physical plants of each house. The **Specialty Vehicle Replacement** project initiates a four year replacement program for police vehicles such as emergency service rescue trucks, cargo vans, surveillance vehicles and other related specialty trucks that have become unreliable due to age. To date, 29 vehicles have been purchased, 15 received in 2005 and the remaining 14 to be delivered in 2006. It is anticipated that the new vehicles will decrease operating costs since they will require less maintenance than those currently in the fleet. The **Ambulance Replacement** project follows the same plan as the **Specialty Vehicle Replacement** in that it will also follow a four year replacement cycle and will decrease operating costs due to the reduced maintenance required of the new vehicles. Currently, 10 ambulances have been purchased in 2005. The Ambulance Bureau has not yet determined the number of ambulances to be purchased in 2006 although \$500,000 has been allocated for the project. Nassau County police personnel, AMTs and probation officers have been equipped with state of art bullet resistant vests as a result of the **Bullet Proof Vests** project which will continue through 2009.

Seven other Police Department capital projects are included in the Capital Plan but have no impact on the 2006 capital budget since they have been completed or removed from the Plan. Their inclusion in the Plan is a result of carry forwards from previous years. Two other police department projects, new to the FY 2006–09 Capital Plan, **Renovation of Outdoor Pistol Range** and **Public Safety Academy**, are not scheduled to begin until 2008 and 2009 respectively, and have no impact on the 2006 capital plan.

The Medical Examiner will receive \$200,000 in 2006 for the **DNA Laboratory (14004)** and \$100,000 for the **Medical Examiner Equipment Program (14003)**. The Correctional Center projects include the **Jail Alarm and Sprinkler System Replacement** project (**51042**) for \$2 million, the **Jail Kitchen Retrofit (51044)** for \$550,000, the **Jail Vehicle Replacement (51451)** for \$500,000 and \$300,000 for the **Jail Six Year Master Plan (51037)**. Another Correction Center project, **Hempstead District Court Space Adjustment (51017)** has been removed from the Plan since it would create a redundancy with the County's Building Consolidation Plan. The 2006 Fire Commission projects are **Fire Comm/911 Modernization and Relocation (52025)** for \$500,000 and **Fire Service Academy, Various Improvements (72490)** for \$300,000. **The Juvenile Detention Center Renovation (22016)** for \$600,000 is the Probation Department's 2006 capital project and is still in the first phase of this three phase project that was introduced in the 2005 capital plan. Phase I is a needs evaluation of the detention center in order to comply with all current state codes for such facilities including security, heating and cooling and upgrading fire alarms. Phase II is the design and preparation of bid documents and Phase III is construction of the project.

REVIEW OF 2006–2009 CIP

The **DNA Lab** was a new creation in 2004 and is 95% complete. Some additional computers for the laboratory management information system are required before completion which is scheduled for the end of 2005. Annual operating expenses will increase due to the establishment of this new project. Conversely, the ME's **Equipment Program** project will reduce operating expenses due to the efficiency of the new equipment which will require less maintenance. Construction on the **Jail Alarm and Sprinkler System Replacement** will take approximately a year and a half once the design phase has been completed. The design phase has been delayed due to staffing issues and emergencies at the Correctional Center so scheduled visits had to be postponed, delaying the project. In order to comply with New York State Department of Health regulations for temperature and sanitation the **Jail Kitchen Retrofit** project will purchase new equipment such as ovens, food carts and dishwashers that will enable the Correctional Center to serve food to inmates and staff alike at the temperature required by the health code and sanitize pots, pans and dishes as required. The **Jail Vehicle Replacement** project will replace those trucks, cars and buses that are used to transport prisoners and staff throughout New York State and respond to emergencies. These vehicles have outlived their useful life and require repairs that have exceeded their value. To date, 20 vehicles have been purchased with another 26 scheduled for 2006. The funding for **Jail Six Year Master Plan** will be used for a consultant evaluation for the renovation/replacement of the existing facility. The buildings have exceeded their useful life and maintaining and repairing them has become cost prohibitive. A consultant selection process will begin soon.

A feasibility study is currently underway for the **Fire Comm/911 Modernization and Relocation** project. The Communications Bureau (CB) of the Nassau County Police Department is currently upgrading several major systems that will improve their services to the community. Projects to upgrade the County Radio System; CADD/RMS; and e911 are underway. These systems upgrades are expensive and will require additional infrastructure and spatial needs for the CB and Fire Communications operators. The current facility located in the Bunker at 1490 Franklin Avenue in Mineola is undersized, and has inadequate power and ventilation to withstand the systems upgrades as proposed. Installation of these upgrades at the current facility would result in costs to upgrade the space and replicate those systems at a later date should a new communications center not be realized in time.

Preliminary designs exist to move the Police and Fire Communications Center to 1194 Prospect Avenue. Design of the build-out for the communication center is underway and will continue until the early third quarter of 2006 at which time bidding of the project will occur. The current expectation for award is early fourth quarter 2006. Construction and commission of the space will occur during 2007. At the conclusion of the project the Police & Fire Communications Center at 1194 Prospect Avenue will be the primary hub for the County's Police and Fire Communications; the existing facility in the bunker will become the backup facility. The plan also includes space for the Fire Marshal and their vehicular storage to move from leased space in 899 Jerusalem Avenue to this new facility.

The **Fire Service Academy, Various Improvements** is an ongoing project for continued improvements at the Fire Service Academy for Burn Buildings Z, L and K. 2006 is the last year the Plan has allocated funding for this project.

The final public safety project for 2006 is for \$200,000 for a **Countywide Radio System – Addition of 5th 800MHz Site**. This has been an ongoing project and the addition of the 5th site was completed in

REVIEW OF 2006-2009 CIP

March 2005. A study is now being done to determine if further enhancements are required to the County Wide Trunked Radio System.

Roads

The FY 06 budget includes \$30.3 million in new debt and total FY2006-09 authorization is \$98.1 million. The majority of the FY 06 budget is allocated to **Resurfacing Various County Roads (61587)**. The funding includes \$18.5 million in FY 06 debt with approximately \$5.0 million anticipated in reimbursable aid from the State program CHIPS (Consolidated Highway Improvement Program). The capital plan allocates a total authorization of \$58.5 million for road resurfacing over the next three years. The goal is to resurface each County roadway once during a 15-year cycle, depending upon traffic volumes and surface wear. The budget is calculated based on resurfacing 125 lane miles annually. However due to rapidly increasing energy prices, funding may fall short to complete the entire 125 miles.

There are three new capital projects in the category of Roads. The descriptions below detail the new capital projects receiving funding in FY 06 through FY 09:

Wheatley Road Drainage Improvements (60039)- \$100,000

This project is located in a large tributary area where runoff from County roads is inundating private property and homes. The extent of the investigation for this project will be from Whitney Lane to Andover Place. The study phase will attempt to determine the best solution for collecting runoff. Solutions being considered include the creation of a recharge basin or using techniques to redirect the flow of the runoff. The project is scheduled to be completed by December 31st, 2006.

Park Street Drainage Improvements (60045)- \$100,000

This project is for improvements to the Park Street Drain to help remove standing water from Park Street and its adjacent local roads and properties during storm events. The capital plan allocates an additional \$3.7 million over the next three years.

Franklin Avenue Streetscapes (61020)- \$300,000

This project will revitalize the downtown business district on Franklin Avenue in Hempstead via the installation of new sidewalks, brick work, benches, Victorian style lights and trash receptacles. The plan includes \$300,000 in FY 06 debt and \$2.7 million in FY 07.

Other ongoing projects with significant debt issued for 2006 include \$2.1 million for **Woodbury Road in Woodbury (61270)**, \$2.0 million for **Guy Lombardo Avenue Improvements (6101A)**, \$1.5 million for **Rockaway Turnpike in Cedarhurst (61680)**, \$1.0 million for **Lido Boulevard Improvements (60010)**, \$500,000 for **Hempstead Avenue Drain Improvements (60040)**, \$500,000 for **Quaker Meeting House Road Drainage Improvements (60041)**, \$500,000 for **Glen Cove Road at Northern Avenue (61039)**, \$500,000 for **Brookside Avenue Improvements in Roosevelt (61082)**, and \$500,000 for **Babylon Turnpike (61089)**.

The **Guy Lombardo Avenue Improvements (6101A)** project includes a total lifetime authorization of \$7.2 million of which \$2.0 million is included in FY 06 debt for the rehabilitation of the avenue. An additional 1.2 million is anticipated as part of the Transportation Equity Act (TEA). After the avenue is rehabilitated, a resolution passed last Spring, authorizes the transfer of Guy Lombardo Avenue to the Village of Freeport.

REVIEW OF 2006–2009 CIP

The Woodbury Road in Woodbury (61270) project includes \$2.1 million in FY 06 new debt to improve the intersection of Woodbury Road and Syosset Woodbury Road in Syosset. Approximately \$1.6 million is anticipated in non County funds from the TEA.

The Rockaway Turnpike Cedarhurst (61680) project issues \$1.5 million in FY 06 for construction to widen Rockaway Turnpike. Construction is estimated for completion in June 2007.

The purpose of the **Lido Boulevard (60010)** project is to calm traffic. This project includes \$3.0 million in total authorization, including \$300,000 carry forward budget, \$1.0 million in FY 06, \$1.0 million in FY 07, and \$700,000 in FY 09.

The **West Shore Road at Mill Neck (6179A)** project includes a \$212,585 carry forward budget and \$1.0 million in FY 06 debt issued for the reconstruction and rehabilitation of sections of the roadway. Currently options are being evaluated for design improvements of this road including the addition of a bike path.

Technology

Technology projects will allow the County to operate more efficiently and effectively. Citizens will be able to obtain better and more accurate information from the County website. The FY 06 Capital Budget includes \$8.6 million for Technology and the total authorization for FY 2006-09 is \$23.6 million. All projects new and old are for the design, analysis and implementation of new computer hardware and software. The proposed technology Capital Budget includes but is not limited to two new projects and five ongoing projects that will require new debt in FY 06.

The following projects are new to the proposed technology Capital Budget:

Departmental Technology Equipment Replacement (97113) - \$1,400,000

This project will require \$1.4 million of County debt in FY 06, \$1.0 million in FY 07, \$1.0 million in FY 08 and \$1.0 million in FY 09. It will address technology equipment which will assist agencies in meeting their business needs and improving the efficiencies of government.

Traffic Parking Violations Agency Computer System Replacement (97114) - \$1,000,000

The current aging 10-year old Traffic and Parking Violations Agency (TPVA) Computer System is unable to support new technologies and the added demands of the agency. The new system would enable TPVA to manage the increased requirements for traffic and parking collections and processing default judgments with enhanced coding and scanning capabilities and advanced report writing and accounting functions.

Ongoing projects with FY 06 debt funding include s **DPW Management Information System (97008)**, **HR, Payroll and Benefit System (97101)**, **Assessment Cluster Workflow System (97102)**, and **eGovernment (97103)**.

The project for **DPW Management Information System (97008)** supports the acquisition and upgrade of the County's Department of Public Works integrated financial management and accounting system. The department is currently identifying equipment that will enhance the capability of financial planning of capital projects.

The **HR, Payroll, and Benefit System (97101)** will be financed with the carry forward budget of \$2.2 million and \$4.0 million in additional County debt for a total of \$6.2 million in FY 06. The Capital Plan allocates \$6 million in FY 07 and \$2 million in FY 08 for a total lifetime authorization of \$15 million (including the \$800,000 spent in FY05). Unlike the current system the new payroll system can be integrated with the County's financial system and will have a training module to assist users. The software will replace NUHRS with new HR/Payroll/Benefits system and will automate the current manual time and labor entry process. The planning phase of the project, which was awarded to Accenture has now been completed.

The **Assessment Cluster Workflow System (97102)** contains a carry forward budget of \$750,000 and issues \$850,000 in FY 06 and \$1.0 million in FY 07. This is a new two-phase project to acquire an information technology system that will enable the Department of Assessment, the Assessment Review Commission, the Treasurer's Office, and other County and local government agencies to share property assessment and tax certiorari data. The RFP which was originally scheduled for July was delayed until

REVIEW OF 2006–2009 CIP

October 2005 due to the complexity, requirements gathering and the need to complete analysis of a market survey.

The **eGovernment (97103)** project contains a carry forward budget of \$2.5 million, \$1.3 million of new debt in FY 06, 1.1 million in FY 07 and \$2 million in FY 08. The eGovernment initiative was previously funded through the Technology Fund. The Administration established 13 eGovernment online applications that have enabled citizens to pay for parking tickets, purchase public safety permits, lookup or file complaints for home contractors, determine Medicaid eligibility, purchase leisure passes, reserve golf times, apply for DPW permits, register for County Bids, receive bid notifications, search/download County bids, appeal property taxes, sign up for exams, submit complaints and report waste. Going forward the eGovernment Task Force will be evaluating 29 additional applications for implementation.

Other ongoing projects with significant carry forward budgets from previous authorized funds include **Assessment Data Processing System (97007)**, **Integrated Financial System (97013)**, **Disaster Recovery Plan (97104)**, **Case Management (97105)**, **NIFS Upgrade (97109)**, and **Student Registration System (97112)**.

Of the \$5.0 million in total authorization for **Assessment Data Processing System (97007)**, approximately \$824,000 million will be carried forward. The existing Wang hardware has reached the end of its life cycle and the vendor is phasing out its support of the product. As a result, the assessment system must be migrated to a new computer system.

Of the \$10.9 million total authorization for **Integrated Financial System (97013)** approximately \$1.7 million will be carried forward. This project will fund the acquisition, upgrade and installation of the integrated financial management and accounting systems, including computer hardware and software in connection with the replacement of NUMIS, the budget preparation and accounting systems in use by the County of Nassau.

The carry forward budget for **Disaster Recovery Plan (97104)** includes the total authorization of \$950,000 to provide the County the ability to restore data center operations and business continuity in the event of a disaster.

The carry forward budget for **Case Management (97105)** includes the total authorization of \$1.1 million to select a County-wide enterprise case management system. This software package will create a system to interface with individual agencies. County agencies that will benefit from this system include ARC/Assessment, Consumer Affairs, Probation, Economic Development and Civil Service.

The carry forward budget for **NIFS Upgrade (97109)** includes the total authorization of \$2.5 million to upgrade the County's financial system and improve reporting capabilities.

The project for **Student Registration System (97112)** includes a \$4.9 million carry forward budget. This project will allow students attending Nassau County College to register online.

Traffic

The FY 06 budget for traffic related capital projects includes \$9.2 million and the FY 06-FY 09 total authorization is \$24 million. In FY 06, \$4.6 million will be funded from County debt and the remaining \$4.6 million will be funded from non-County debt. The non-County sources are comprised of various federal aid programs. There is one new traffic project included in the CIP **Countywide Traffic Master Plan (62200)** with a total authorization of \$0.5 million. The remaining projects are ongoing from the FY2005-08 capital plan. Funding levels for the out-years consist of \$7.9 million being set-aside for 2007, \$3.7 million allocated for 2008 and \$3.2 million in place for 2009.

Countywide Traffic Master Plan (62200) - \$300,000

The new project will create an overall transportation master plan for Nassau County roadways and certain transportation related facilities. The plan will include an examination of all existing and future transportation projects as well as an exploration into new technologies. As mentioned above, the project has a total authorization of \$0.5 million of which \$0.3 million is allocated in FY 06 and the remaining \$0.2 million is allocated in FY 07. All of the funding in FY 06 for the project will be funded from County debt.

Project **Traffic Signal Construction and Modification – Phase VII (62017)** will require requesting \$3.0 million in additional authorized funds bringing the total authorization to \$25.9 million. \$1.5 million of the additional funds will be allocated in FY 06 and the remaining balance of \$1.5 million is allocated in the out-years. The budget for FY 06 is being funded from County debt. The project involves additions and modifications to the existing 1,600 traffic signals and other traffic control devices County-wide. Such additions and modifications will keep the County in compliance with the NYS Vehicle and Traffic Law.

Project **Traffic Durable Pavement Markings Phase II (62154)** will require \$0.4 million in additional authorized funds. The additional funds will be distributed evenly in FY 08 and FY 09. The project involves the installation of durable pavement markings on County roads. The installation would fulfill the requirements of the NYS Vehicle and Traffic Law. According to the department the new markings have shown an effective life of five to seven years.

The **Federal Aid Durable Marking Program (62153)** requires debt issuance of \$850,000 in FY 06 and FY 07. The project needs \$784,000 in additional authorized funds. The additional funds will be distributed in FY 07. The project installs new thermoplastic pavement markings to remain in compliance with State codes.

A major portion of the FY 06-09 budget is allocated to projects **Traffic Computerized Signal (Central Ave/Rockaway Turnpike) (625454)**, **Traffic Peninsula Blvd Signal Head Replacement (62190)** and **Traffic Computerized Signal System Update (62160)**. The Traffic Computerized Signal at Central Avenue and Rockaway Turnpike includes a budget of \$3.7 million which is allocated evenly between FY 06 and FY 07. In FY 06, \$1.5 million of the budget is being funded from non-county sources. The Traffic Peninsula Blvd Signal Head Replacement Project includes a budget of \$2.8 million of which \$1.0 million is allocated in FY 06 and the remaining \$1.8 million is budgeted for FY 07. The FY 06 budget includes \$0.8 million of non-county sources. The Traffic Computerized Signal System Update has a FY 06 budget of \$1.7 million and a FY 07 budget of \$1.0 million. The FY 06 budget has included

REVIEW OF 2006–2009 CIP

\$1.4 million in Federal funds through the Federal ISTEA and TEA-21 programs. The FY 06-09 CIP also includes project **Traffic Sign Replacement– Phase V (62313)** with a budget of \$0.3 million.

The following existing projects, **Traffic Computerized Signal (Hempstead/Atlantic/Forest Aves) (62453)**, **Traffic Incident Management System – Old Country Road (62560)** and **Traffic Signal Conduit & Interconnection Phase II (62003)** have been previously approved but are not scheduled to receive any additional funds. The Traffic Computerized Signal at Hempstead, Atlantic and Forest Avenues is currently under construction and is approximately 20% complete. The project has \$2.0 million remaining from its original budget of \$9.0 million. Construction for the Traffic Incident Management System at Old County Road is expected to commence in December 2005 and be completed in December 2006. The project has \$1.3 million remaining from its original budget. The Traffic Signal Conduit & Interconnection Phase II project should commence construction in May 2006 with an anticipated completion date of December 2006. The project had \$0.9 million in its original budget.

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REVIEW OF 2006–2009 CIP

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REVIEW OF 2006–2009 CIP

Transportation

Capital funding for the transportation category in the FY 2006-09 Plan is \$14,984,150. The debt will be issued for both on-going and new projects. The plan incorporates funding for two new projects commencing in 2009. In 2006, \$5,853,650 of County debt will be issued to fund seven on-going projects. According to the Plan, transportation funding will continue in the out-years with \$3,477,500 of County debt issued in 2007, \$2,625,500 issued in 2008 and \$3,027,500 issued in 2009.

MTALIB2009 FTA GRANT/SEC 5307 NY90-XX (91058) - \$2,027,500

This project is scheduled to receive \$2,027,500 of funding in 2009. These funds will enable Long Island Bus to purchase buses and bus related equipment. The funding allocation utilized for this new project centers around Federal Transportation Authority (FTA) grants which require Nassau County to cover 10% of the total project cost. According to Long Island Bus, the cost per bus is \$350,000. When combined, the Federal, State and Local funds will enable Long Island Bus to purchase approximately 58 buses. The County's 10% is shown in the Total Authorization line. The additional 90%, paid by the FTA and the New York State Department of Transportation (NYSDOT) is not shown.

MTALIB2009 FTA GRANT/SEC 5307 NY90-XX (91059) - \$1,000,000

The current capital plan includes \$1,000,000 of funding in 2009 for this project. With these funds Long Island Bus will purchase buses and bus related equipment. The funding allocation utilized for this new project centers around Federal Transportation Authority (FTA) grants which require Nassau County to cover 10% of the total project cost. According to Long Island Bus, the cost per bus is \$350,000. When combined, the Federal, State and Local funds will enable Long Island Bus to purchase approximately 29 buses. The County's ten percent share is shown in the Total Authorization line. The residual ninety percent of the cost will be paid by the FTA and the New York State Department of Transportation (NYSDOT) and are not detailed in the capital plan.

All of the on-going projects receiving funding in 2006 also represent 10% County shares required for reception of a Federal Transportation Authority grant. These projects are **MTALIB 2002 SEC 5307 GNT NY90-X464 (91043)**, **MTALIB 2004 SEC 5307 GNT NY90-X505 (91046)**, **MTALIB 2004 SEC 5307 GNT NY03 (91047)**, **MTALIB 2005 SEC 5307 GNT NY90-XX (91048)**, **MTALIB 2005 SEC 5307 GNT NY03-XX (91049)**, **MTALIB 2006 SEC 5307 GNT NY90-XX (91051)**, and **MTALIB 2006 SEC 5307 GNT NY03-0X (91053)**. These projects will be completely funded and completed in 2006; there is no funding of these projects in the out-years. These funds will be used in Long Island Bus's quest to maintain operating efficiency and capacity by continually replacing outdated buses, equipment, and miscellaneous facility items.

Capital funding for 2007 and 2008 will be used to fund four on-going projects. These projects are **MTALIB 2007 SEC 5307 GNT NY90-XX (91054)**, **MTALIB 2007 SEC 5307 GNT NY30-0X (91055)**, **MTALIB 2008 SEC 5307 GNT NY90-XX (91056)**, and **MTALIB 2008 SEC 5307 GNT NY03-0X (91057)**. Like the previously described projects, these funds reflect the 10% County share required for a Federal Transportation Authority grant. These funds will be used to maintain existing Long Island Bus vehicles, facilities, and equipment.

Building Consolidation Program

Capital funding for the building consolidation program in the 2006-2009 Plan is \$71.1 million. The debt will be issued for two on-going projects, **County Office Campus Construction (90230)** and **Supreme Court Parking Lot (90624)**.

The capital project **County Office Campus Construction (90230)** incorporates 17 individual projects. All of the projects center around the renovation of the Old Nassau County Courthouse and 1 West Street as well as providing housing for the executive and legislative branches of government. Funding sources have already been identified for 10 of the projects. The \$64.6 million of new funding included in the plan will be used to fund some of the unfunded projects. The plan anticipates most of the new funds to originate with real estate sales.

The intent is to use most of the new funding for the 911/FireComm Relocation project. The 911/FireComm project requires additional funding to move the Communication Center for Emergency 911 and Fire Com from its present location at Police Headquarters to the new selected site at 1194 Prospect Avenue. The new location will act as a primary hub the County's Police and Fire Communications; the existing facility in the bunker will become the backup facility. The planning and constructing of the new center will require approximately \$13 million in FY 06 funding, \$32 million in FY 07 and \$5 million in FY 08. However, these funds may be utilized towards some of the other unfunded projects which include, Board of Elections, Records Center, Miscellaneous Swing Space, Management Fees, Probation Department Relocation, Improvements to Nassau County Jails. The Board of Elections project incorporates making improvements to 400 County Seat Drive to meet the requirements for the new voting machines being chosen by the Board of Election. The County plans to relocation the Probation Department from 101 County Seat Drive. Funds from the Probation Department relocation project will be used to facilitate this move.

According to the plan, the 2004 bond-funded projects, Portico Restoration, Old Courthouse, Leg. Chamber & Utilities, and Relocation to 60 Charles Lindbergh Blvd, will be underway during the 2006 through 2009 time frame.

Additionally, during the 2006 through 2009 time period seven projects, funded from Real Estate proceeds, will be underway. Currently there is roughly \$7.5 million of Real Estate proceeds available for these projects. Unfortunately these projects are currently estimated to cost approximately \$7.7 million. However since the Real Estate Department is selling property everyday and the commencements of the projects will be staggered, OLBR does not anticipate any problems in securing the additional \$200,000. These projects include Design, IT Data Center, Hangar #7 Boiler Replacement, Family & Matrimonial Court, Design & Program Management, Roosevelt & Seaford Garage Consolidation, and Program Management.

The 2006-2009 capital plan incorporates \$6.5 million in FY 06 funding for project **Supreme Court Parking Lot (90624)**. Through this project, additional parking spaces will be secured to replace those lost due to part of the sale of 101 County Seat Drive. Currently it is estimated that spaces will be need for 1,000 vehicles.

Project **Underhill Property (9E485)** included in the property category is complete and will be closed out.

Sewer and Storm Water

The FY 06 budget for Sewer and Storm Water is \$23.8 million and the authorization for FY 07-09 is \$104.7 million. The \$23.8 million includes \$16.7 million in County debt for FY 06, \$7.0 million in County Self-Funding and \$90,000 in non-County funding. The **Cedar Creek Sludge Dewatering Facility Improvement (3C057)** project, issuing \$12.5 million in FY 06 new debt and containing a total authorization of \$37.4 million, makes up 53% of the total sewage debt for FY 06. This facility is experiencing mechanical failures as it approaches the end of its useful asset life. The project includes replacing the existing sludge dewatering belt filter presses or centrifuges, improvements to the HVAC/odor control system and miscellaneous electrical, architectural, plumbing, etc. improvements.

The descriptions below detail the new capital projects receiving funding in FY 06 through FY 09:

Health Dept Birches Sewage Collection System (33991)- \$300,000

The capital plan includes debt of \$300,000 in FY 06, \$750,000 in FY 07, \$2.0 million in FY 08 and \$325,000 in FY 09 for a total authorization of \$3.4 million. The funding is required to design a collection system to be established with the Town of Oyster Bay which will be incorporated as a new sewer assessment area in the County wide sewer district.

Bay Park & Cedar Creek Digester Rehabilitation (35100)- \$300,000

The capital plan includes debt of \$300,000 in FY 06, \$1.0 million in FY 07 and \$1.0 million in FY 08. This project will focus on the cleaning and rehabilitation of the existing anaerobic digesters at the Bay Park STP and Cedar Creek.

Lateral Sewer Repair (35101)- \$250,000

The capital plan includes debt of \$250,000 in FY 06, \$500,000 in FY 07, \$500,000 in FY 08 and \$500,000 in FY 09 for a total authorization of \$1.8 million. The four year plan will evaluate, repair and rehabilitate approximately five miles of small diameter sanitary sewers for the protection of groundwater from domestic sewage and industrial wastes.

SSW Buildings Roof Repair (35102)- \$500,000

The capital budget includes debt of \$500,000 in FY 06 and \$3.0 million through FY 09 capital plan for a total authorization of \$3.5 million. The project will replace and rehabilitate various roofs on buildings located at the Cedar Creek Water Pollution Control Plant, Bay Park Sewage Treatment Plant and Pump Stations throughout the County.

Various County Parks Pond/Bulkhead Replacement (35103)- \$400,000

This project includes debt of \$400,000 in FY 06 and \$1.0 million in FY 09. This is the second phase of a multi-phased plan to dredge and replace rotted bulkheads in various pond parks.

SSW Master Plan (35105)- \$250,000

The capital budget issues \$250,000 in FY 06 debt and \$500,000 in FY 07 debt. The plan is to evaluate the current and future wastewater treatment needs of the Bay Park Sewage Treatment and the Cedar Creek Pollution Control Plants.

REVIEW OF 2006–2009 CIP

Cedar Creek Instrumentation Upgrade (3C066)- \$0

The FY 06 budget does not include any funding for this project. The FY 06-09 Capital Plan issues \$50,000 in FY 08 and \$100,000 in FY 09 for a total authorization of \$150,000 to analyze the existing instrumentation at Cedar Creek.

Storm Water Pump Stations Construction (80019)- \$0

The capital plan includes \$500,000 in FY 07 to address the construction and rehabilitation needs at storm water pumping stations.

Whitney Drain Rehabilitation (35104)- \$0

The FY 06 capital budget does not include any funding for this project. The Capital Plan allocates \$250,000 in FY 07 and \$1.5 million in FY 08 to rehabilitate the severe erosion of the Whitney Drain.

Rehabilitation of Various Public Works Waterbodies (35106)- \$0

The FY 06 capital budget does not include any money for this project. The Capital plan allocates \$500,000 in FY 07, \$2.0 million in FY 08 and \$4.0 million in FY 09 for a total authorization of \$6.5 million. This project is for the aquatic restoration and rehabilitation of Udall's Mill Pond, Cedar Point Lake and Twin Ponds.

SSW Authority Motorized Equipment Replacement (98041)- \$100,000

This project includes \$100,000 in FY 06 debt and \$500,000 in FY 07, \$750,000 in FY 08 and \$1.0 million in FY 09 for a total authorization of \$2.4 million. This project will fund the replacement of critical Sewer and Storm Water Authority Equipment.

Other ongoing projects with significant funding in FY 06 include \$1.0 million for **Bay Park Permanent Lighting Replacement (3B118)**, \$900,000 for **Bay Park Hot & Chilled Water Piping System Replacement (3B200)**, \$500,000 for **Cedar Creek Air Flotation Facility Rehabilitation (3C055)**, \$1.0 million for **Cedar Creek Various Roof Replacement (3C065)**, \$1.3 million for **Pump Stations Rehab (Cedar Creek, Roosevelt and Massapequa) (3P305)**, \$600,000 for **Pump Station Rehabilitation (Whitewood Drive, Massapequa) (3P310)**, \$500,000 for **Cedar Creek Air Flotation Facility Rehabilitation (3C055)**, and \$1 million for **Cedar Creek Motorized Equipment Replacement (98040)**.

A place holder project for **undetermined projects (99999)** is included in the capital plan to identify consistent annual spending in the out years even though specific projects have not yet been determined. This project allocates \$13.9 million in FY 09.

Tax and Judgments

The proposed FY 06 Capital Budget includes \$5.0 million in the project category of tax and judgments. All of that amount will be utilized for the payment of **Other Judgments/Medical Litigation (9C480)**. There are no new projects in this category.

The County continues to be liable for any medical malpractice that occurred at the Nassau County Medical Center during the period the County administered the institution. At this time there are few remaining open cases. Currently the County issues debt for payments greater than \$100,000, and plans to transition to PAYGO financing of this expense, except in the case of significantly large settlements. Due to existing carry-forward funding of approximately \$30 million, the County will issue debt of only \$5.0 million in FY 06, then \$30 million in 2007, \$25 million in 2008, and \$0 in 2009 for the payment of judgments. As the capital funding decreases, the operating funding will increase. As presented in the Multi-Year Financial Plan 2006-2009, “To make this transition both reasonable and achievable, particularly in the wake of the shift to PAYGO financing of property tax refunds, the administration proposes increasing the appropriation in the operating budget for judgments and settlements of \$5 million in 2007, \$10.1 million in 2008, and \$13.7 million in 2009.”

Excluding tax certiorari cases, the County expense for settlements and judgments totaled \$30.8 million in 2002, \$32.8 million in 2003, \$18.3 million in 2004, and \$16.1 million in 2005. During that period the amount funded through the operating budget ranged from \$2.2 million to \$6.6 million.

The FY 06 Capital Budget does not include any new funding for **Tax Certiorari Judgments (9A413)**. This marks a turning point in the County’s financial treatment of property tax refunds, with 2006 being the first year that the issuance of long term debt will not be used to fund this expense. However, OMB’s Summary of the Fiscal 2006 Proposed Budget indicated that, “Before the close of the 2005 year, \$50 million in current-year surplus funds...will be transferred in to the Capital Projects Fund to permit the County to make property tax refund payments in 2006.” The Capital Budget as originally proposed did not include that amount. On December 19, 2005, the Legislature amended the project to allow for the deposit of \$50 million in operating funds. Of this amount \$40 million of operating resources have been identified, as of the time of this writing. The sources of the \$40 million include \$25 million in recoveries related to the recognition of prior year 840 account deposits into the capital projects fund. The 840 account contains revenues, such as state and federal grants, that are deposited to retire debt service for various General Fund projects. The second component represents approximately \$15 million in recoveries of 2003 storm water expenses from the Sewer and Storm Water Resources District.

As a way to ease the strain that the shifting of the tax certiorari expense will put on the operating budget, the Administration has identified \$90 million in one-time revenues and expense relief that will be used to pay refunds. These transitional funds will be utilized over the next three years, as follows: \$50 million in 2006, \$25 million in 2007, and \$15 million in 2008. As reliance on the Transitional Funds decreases, the recurring benefit of the Medicaid cap will provide the savings necessary to complete the transition to PAYGO financing of the tax refunds. The amendment discussed above will add \$50 million of transitional funds to the 2006 Capital Budget. In 2007 and beyond the refund expense will be accounted for in the operating budget.

The NIFA legislation includes specific language allowing the authority to issue bonds to finance up to \$790 million in tax certiorari settlements and judgments. Of that amount, a maximum of \$15 million

REVIEW OF 2006–2009 CIP

can be issued in 2006 and \$10 million in 2007. However, as a result of the County's program of accelerated payment of property tax refunds, the NIFA limit on tax cert borrowing was reached in FY 05. A total of \$250.7 million in refunds was paid out in 2005, including \$54.1 million in Refund Without Settlement escrow deposits.

It should be mentioned that the County is still facing significant liability in ongoing litigation involving its assessment of the property of several utility companies, including Keyspan and New York Telephone/Verizon. The utilities challenged Nassau's practice of assessing special districts under its four-class system, claiming that State law does not allow for such differentiation. The Appellate Division of State Supreme Court agreed, but did not order the County to refund the overpayment of taxes as that would cause "fiscal chaos." That decision was reversed by the Court of Appeals in March of 2004, and the cases were remitted to State Supreme Court so that a hearing could be held to determine the amount of the refunds, and whether paying that money back would result in financial hardship for the County. The County has estimated that its liability may be as high as \$200 million. Although the proceedings are expected to resume sometime in 2006, the County Attorney's office does not expect a final resolution for at least another year.

Other Judgments / Workers Compensation (9C481) has no spending scheduled. The County released a Request for Expressions of Interest (RFEI) on May 30, 2005, to various banks, insurance companies and other financial institutions for an initiative to offer individuals on permanent disability a lump sum payment to settle their claims. The payout would have been funded through the issuance of debt. Only two submissions were received and the County wanted at least three prospective bidders before issuing a Request for Proposals (RFP). The RFP would have sought actual bids for the disposition of the targeted cases. The County is investigating new options to package, market, and transfer and/or satisfy this liability in a way that will produce savings.

Open Space

The purpose of this project is to preserve Nassau’s remaining open space from development. This is a new project which will proceed upon approval by the Legislature. The total authorization required for this project is \$50 million including an FY 06 cost of \$10 million. Available land in Nassau County will also be purchased with proceeds from land sales as stated in Local Law #9 of 2001.

Local Law #9 of 2001 established the Nassau County Open Space and Parks Advisory Committee (OSPAC). The OSPAC legislation directs the County Comptroller to establish a fund entitled the “Open Space Fund” and the County Treasurer is directed to open an interest bearing account in the name, Nassau County Open Space Fund. The Comptroller shall place into the Open Space Fund the entire net proceeds of any sale of open space land, and 3% of the net proceeds of any sale of County owned developed land. Developed land or real estate is defined as fields, meadows, pastures, woods, moors, marshes, plots, lots and sections that have erected buildings or structures of houses affixed to land. Open space is defined as any parcel of land or area of land essentially unimproved or set-aside.

The only allowable use of monies from the Open Space Fund is for the acquisition or purchase of open space, parks, areas of recreational, cultural, archeological, habitat or historical significance or land of an environmentally sensitive nature in Nassau County. Said acquisition or purchase will only occur after a recommendation is made from OSPAC as set forth in the amendment and approved by the Legislature.

Land in Nassau County (undeveloped and developed) can sell for prices between \$1000 and \$1 million per acre depending on the location and condition of the land. In addition, sales are made sporadically. Annual receipts from land sales have ranged from \$1 million to \$20 million over the last twenty years.