

Overview of the Fiscal 2007 Executive Budget

NASSAU COUNTY OFFICE OF LEGISLATIVE BUDGET REVIEW

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October 10, 2006

Government Services Committee

*Agencies Scheduled to
Testify:*

Assessment

Nassau County Clerk

Nassau County Treasurer

Public Works

*Department of
Recreation, Parks, &
Support Services*

Minority Affairs

Human Rights

Information Technology

Department of Planning

NASSAU COUNTY LEGISLATURE

Hon. Judith A. Jacobs,
Presiding Officer

Hon. Peter J. Schmitt,
Minority Leader

Hon. Diane Yatauro,
*Chairperson, Government
Services Committee*




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Inter-Departmental Memo

To: Hon. Judith A. Jacobs, Presiding Officer
Hon. Peter J. Schmitt, Minority Leader
Hon. Diane Yatauro, Chairperson of Government Services Committee
All member of the Public Safety Committee

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

Date: October 6, 2006

Re: FY 07 Budget Hearing – October 10, 2006

Enclosed please find preliminary reviews of the FY 07 budget and Multi-Year Plan (MYP) for the specific agencies scheduled to appear before the Government Services Committee. In order to better evaluate the Proposed Budget, in our analyses we have included tables of historical expenditures and revenue. In addition, in looking at staffing needs we also compare the proposed FY 06 budget to actual staffing levels for the last four years.

My staff and I remain ready to provide any additional assistance the Legislature may require in consideration of the proposed budget and Financial Plan.

cc: Hon. Howard Weitzman, County Comptroller
David Gugerty, Majority Counsel
Joe Nocella, Minority Counsel
Richard Luke, Executive Director, NIFA
Dan McCloy, Special Assistant Minority
Fran Evans, Chief of Staff
Roseann D'Alleva, Majority Finance

GOVERNMENT SERVICES COMMITTEE

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ASSESSMENT

The mission of the Department of Assessment is to provide accurate and equitable assessments for the properties within Nassau County, and to update the assessment roll annually. In addition, the department administers the New York State STAR Program and processes applications for local school district tax relief and reductions.

Historical Expenditures						
	FY 03	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Actual	Projected	Exec.	Proj./Exec.
Full-time Headcount	128	153	202	251	235	-6.4%
Salaries	\$5,872,328	\$7,015,631	\$9,514,557	\$11,736,968	\$12,587,466	7.2%
Misc OTPS	469,105	612,475	818,299	1,192,705	1,192,705	0.0%
Contractual Services	2,035,407	1,001,067	5,952,738	1,302,367	2,405,106	84.7%
Total	\$8,376,840	\$8,629,173	\$16,285,594	\$14,232,040	\$16,185,277	13.7%

In January of 2003 the first roll based on the county-wide reassessment was published. At that time the Department of Assessment began to develop the resources necessary to perform the ongoing annual revaluation required to keep the assessment up to date. At first the department relied on the professional services provided via contract with Cole Layer Trumble (CLT), the company that had conducted the reassessment. The contractual services costs vary from year to year as the FY 04 and FY 06 CLT costs were pre-paid in the prior year. In FY 03 the CLT costs were budgeted for in the Miscellaneous department, rather than in the Assessment Department. As can be seen in the chart above, however, the department's headcount has increased from 128 full-time positions in FY 03 to the 251 positions currently on payroll, with a related rise in salaries from \$5.9 million to \$12.6 million in the proposed budget. This staffing up has been directed towards developing the in-house expertise to annually update the roll and to administer the small claims assessment review proceedings.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Proposed	Proposed vs Adopted	Proposed vs FY 06 Proj.
AA	Salaries	\$11,375,158	\$11,524,449	\$13,306,927	\$12,587,466	\$1,212,308	\$1,063,017
BB	Equipment	332,707	332,707	332,707	332,707	0	0
DD	General Expenses	859,998	859,998	859,998	859,998	0	0
DE	Contractual Services	1,502,367	1,302,367	2,405,106	2,405,106	902,739	1,102,739
	Total OTPS	2,695,072	2,495,072	3,597,811	3,597,811	902,739	1,102,739
	Grand Total	\$14,070,230	\$14,019,521	\$16,904,738	\$16,185,277	\$2,115,047	\$2,165,756

The budget proposed for the Department of Assessment is \$16.2 million, a \$2.1 million, or 15.0% increase over the current year. The additional funding is requested for salaries (\$1.2 million) and contractual services (\$902,739).

The proposed contractual services line includes just under \$1.0 million dollars for Cole Layer Trumble, now Tyler Technologies, for continued assistance with the annual update. The CLT contract was originally for a term of six years, beginning in 2003, at \$4.5 million annually. The agreement was renegotiated to reduce the cost for the remaining years of the contract. The total amount paid for 2005 through 2006 was \$4,999,900. The FY 06 budget does not include funding for the CLT contract because the \$2.0 million due was pre-paid in FY 05.

Other services provided by contract include field pictometry aerial imaging, data processing maintenance and mainframe code modification. The department also has an agreement with an employment agency to provide temporary workers when needed. The remainder of the OTPS codes are staying at the current year's amount.

The salaries budget is increasing by 10.7%, from \$11.4 million to \$12.6 million. This results from the annualization of the salaries for the 59 new positions that were authorized in the current year's budget. Those positions were funded at \$1.5 million, or 50% of annual salary, in the expectation that the hiring would be staggered throughout the year. OLBR is projecting that salaries in the current year will exceed budget by about \$150,000.

Proposed full-time headcount of 235 is 12 positions less than in the current budget, and 16 fewer than the 251 employees that were on payroll as of October 1, 2006. The proposed full-time salaries allocation will be insufficient to fully fund the number of positions currently filled. Without attrition, a deficit of approximately \$386,000 would result.

The department is made up predominantly of CSEA members, with a small number of ordinance employees. The County Assessor, an elected official who serves as Chairman of the Board of Assessors, and the members of that Board, make up the remaining the staff. The CSEA contract will provide a CPI-based salary adjustment as of January 1, 2007 of 3.5%, in addition to a step increase. Authorized part-time staffing will remain at seven positions.

Department of Assessment Staffing Analysis						
	<u>FY 06 Adopted</u>	<u>Sept-06 Actual</u>	<u>FY 07 Request</u>	<u>FY 07 Executive</u>	<u>Exec. vs 06 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	247	236	265	235	(12)	(1)
Part-time and Seasonal	7	7	7	7	0	0

The budget as proposed contains 30 fewer full-time positions than were requested by the Department of Assessment. These were on a line labeled “Empty” which contained lump sum funding in the amount of \$857,861. The new hires were to be used for small claims cases and assessment roll update. The positions eliminated, which were budgeted for half salary in anticipation of staggered hiring, were Real Property Tax Specialists, Commercial Industrial Assessor Appraisers, Statistician, and various clerical, accounting, and administrative support staff. Although all of the positions were removed, funding of \$138,400 was included in the proposed budget. This is intended to fund next year’s graded service plan steps for CSEA employees and the hiring of interns.

Historical Revenue						
	FY 03	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Actual	Projected	Exec.	Proj./Exec.
Rents & Recoveries	\$0	\$2,571	\$1,153,173	\$0	\$0	0.0%
Department Revenues	230,715	193,850	176,210	154,561	245,000	58.5%
State Aid	368,527	870,370	1,362,144	850,000	800,000	-5.9%
Total	\$599,242	\$1,066,791	\$2,691,527	\$1,004,561	\$1,045,000	4.0%

The chart above shows the recent history of the revenues received by the Department of Assessment. In FY 05 \$1.2 million was booked for rents and recoveries. This resulted from the disencumbrance of funds for outside counsel to handle small claims assessment cases, which were taken back in-house. State aid has fluctuated somewhat. Starting in FY 04 the department began to receive state aid of \$5 per parcel for the annual updating of its roll. Department revenues have been fairly constant over the period.

REVENUE BUDGET						
Revenue Class	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Exec. Budget	Variance Exec. vs Adopted 06	Variance Exec. Vs FY 06 Proj.
BH Department Revenues	\$245,000	\$154,561	\$245,000	\$245,000	\$0	\$90,439
SA State Aid - Reimb. Exp.	800,000	850,000	800,000	800,000	0	(50,000)
Total	\$1,045,000	\$1,004,561	\$1,045,000	\$1,045,000	\$0	\$40,439

The proposed FY 07 revenue budget is unchanged from FY 06. The County will continue to receive \$5 per parcel for its updating of the roll. Although Nassau has some 416,000 parcels, the state caps its aid at \$500,000. The department also receives state aid for costs associated with the implementation of the School Tax Relief program (STAR), which provides a partial exemption from school property taxes for owner-occupied, primary residences. The amount received in FY 05 for STAR related reimbursement was \$370,000, and approximately \$350,000 is projected for the current year and \$300,000 in FY 07.

The department collects fees for such services as the sale of tax maps, property record cards, and various reports. These are booked as departmental revenues. While the budget is remaining flat in FY 07, the FY 06 actuals are coming up short by \$90,000.

OFFICE OF THE COUNTY CLERK

The Nassau County Clerk is the County Registrar and Clerk of the Supreme and County Courts. The Office records all real estate transactions and maintains all court records in civil and matrimonial proceedings.

Historical Expenditures						
	FY 03	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Actual	Projected	Exec.	Proj./Exec.
Full-time Headcount	90	90	99	101	102	1.0%
Salaries	\$3,655,999	\$3,950,128	\$4,475,648	\$4,862,599	\$5,425,383	11.6%
Misc OTPS	155,552	145,349	195,344	250,000	502,600	101.0%
Contractual Services	61,434	248,449	60,000	325,000	354,375	9.0%
Total	\$3,872,985	\$4,343,926	\$4,730,991	\$5,437,599	\$6,282,358	15.5%

The chart above shows actual expenditures for the County Clerk since FY 03, with a projected amount for FY 06. Salary expense has been rising over this period due in part to contractual labor agreements. While the authorized full-time staffing level has remained relatively constant at approximately 100, there has been a growing reliance on part-time employees and overtime to handle rising service demands. In FY 03 part-time clerks were paid \$102,878, and overtime costs were zero. Those totals increased in FY 05 to \$253,184 for part-time clerks and \$62,147 for overtime. The proposed budget includes \$562,103 for part-time clerks and \$174,896 for overtime. The cost of contractual services began to increase in FY 04 when equipment maintenance was moved from miscellaneous OTPS. The FY 07 budget for miscellaneous OTPS represents an increase of 101.0%, and results from the addition of postage costs.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Executive vs Adopted	Variance Executive vs FY 06 Proj.
AA	Salaries	\$4,932,286	\$4,862,599	\$6,111,201	\$5,425,383	\$493,097	\$562,784
BB	Equipment	143,770	125,000	142,000	142,000	(1,770)	17,000
DD	General Expenses	140,000	125,000	140,600	360,600	220,600	235,600
DE	Contractual Services	354,375	325,000	354,375	354,375	0	29,375
	Total OTPS	638,145	575,000	636,975	856,975	218,830	281,975
	Grand Total	\$5,570,431	\$5,437,599	\$6,748,176	\$6,282,358	\$711,927	\$844,759

The proposed FY 07 budget is increasing by \$711,927, or 12.8%, to \$6.3 million. OTPS makes up \$218,830 of that amount, all of which is to be used for general expenses, specifically for a postage delivery line. The volume of mailing has been unusually large during the current year due to the Office's success in addressing a processing backlog associated with residential filings. As each item is completed, the accumulated paperwork can be sent to the applicant. This cost, which has been picked up by the central mailroom in Constituent Affairs, will be given its own line in the Clerk's budget. It is expected that the backlog will be eliminated by the end of this year. The contractual services line is remaining flat. The Office has contracts for document recording and imaging software and equipment repairs.

Salaries make up \$493,097 of the proposed budget's increased expenses. This amount will cover the January 1, 2007 3.5% COLA for the Office's CSEA staff, plus the addition of 10 part-time and 20 seasonal employees. Although overtime was not budgeted for in the current year, through September \$175,000 has been spent. The proposed FY 07 budget includes \$125,000 for overtime.

Nassau County Clerk Staffing Analysis						
	<u>FY 06 Adopted</u>	<u>Sept-06 Actual</u>	<u>FY 07 Request</u>	<u>FY 07 Executive</u>	<u>Exec. vs 06 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	102	101	121	102	0	1
Part-time	50	30	60	60	10	30
Seasonal	20	17	40	40	20	23

As shown in the chart above, the proposed full-time headcount for the Clerk's Office is remaining unchanged at 102. The Clerk did, however, request an additional 19 positions which were not included in the Executive budget (requested salary funding of \$686,000 was also eliminated). The following titles were requested: one Clerk I, five Clerk II, five Clerk Laborers, one Accountant II, one Cashier I and six Messengers. As justification for these positions, the County Clerk has cited the growing volume of the Office's workload, much which is a statutory obligation. The verification and scanning of judgments has increased by approximately 41% over 2005. Filings associated with Integrated Domestic Violence Orders have grown 246% since 2005. Court transfers are expected to grow by 248% in 2006 to 1,400. Grievances for judgments and settlements have reached an all-time high of 76,000 per year. This is the highest number of assessment reviews by any county in the State.

The chart below shows the Office's authorized headcount since FY 00. The increasing reliance on part-time and seasonal employees is clearly evident, while the full-time number has remained flat. According to the Office, part-time and seasonal personnel only have a limited impact because it takes over a year's training for even a full-time employee to effectively contribute.

Authorized Headcount								
	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07
Full-time Staffing	101	100	101	101	102	102	102	102
Part-time	15	15	15	13	34	50	50	60
Seasonal	20	20	15	17	20	20	20	40

The additional full-time staff requested would not necessarily generate more revenue but are seen as essential to maintain an acceptable level of service to the public. If headcount remains flat and rising demand for services continues, the result will be poor customer service, increased backlog, erroneous records and non-compliance with New York State law. There are state statutes and obligations which require documents to be filed within a specific time-frame. This is a critical issue with court documents. On October 2, 2006, County Clerk Maureen O’Connell sent a letter to the County Executive, in which she strongly disagreed with the proposed budget’s elimination of her requested additional full-time staff, and reiterated the negative impact that this will have on her Office’s ability to provide acceptable customer service.

Historical Revenue						
	FY 03	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Actual	Projected	Exec.	Proj./Exec.
Fines & Forfeits	\$267,319	\$181,651	\$212,195	\$200,000	\$200,000	0.0%
Departmental Revenue	15,422,327	18,530,227	15,947,305	14,783,506	14,021,000	-5.2%
Total	\$15,689,646	\$18,711,878	\$16,159,500	\$14,983,506	\$14,221,000	-5.1%

The chart above shows revenues realized by the Clerk’s Office since FY 03, with a projected amount for FY 06. The 20% increase in departmental revenue in FY 04 was primarily due to increased housing activity and refinancing sparked by low interest rates. Departmental revenue has been steadily decreasing since the high in FY 04. A decline of 7% is expected in FY 06 and 5% in FY 07.

REVENUE BUDGET						
Revenue Class	Adopted	OLBR	FY 07	FY 07	Variance	Variance
	FY 06	FY 06	Dept.	Exec.	Exec. vs	Exec. Vs
	Budget	Projection	Request	Budget	Adopted 06	FY 06 Proj.
BD Fines & Forfeits	\$200,000	\$200,000	\$200,000	\$200,000	\$0	\$0
BH Departmental Revenue	16,500,000	14,783,506	14,021,000	14,021,000	(2,479,000)	(762,506)
Grand Total	\$16,700,000	\$14,983,506	\$14,221,000	\$14,221,000	(2,479,000)	(\$762,506)

A shortfall of 10.4% is projected in departmental revenues for the current year. This line was highlighted as a risk in OLBR’s Review of the FY 06 Executive Budget. The Clerk’s Office estimates that 80% of the departmental revenues may be attributed to real estate refinancing and transactions. According to the Mortgage Bankers Association, new home sales are projected to decline about 16%

and existing home sales are projected to decline between 8% and 9%.¹ The housing market has experienced a slowdown as interest rates have increased. Interest rates are now 6.18%, the Mortgage Bankers Association expects interest rates to be 6.7% by the end of 2007. The proposed FY 07 departmental revenue budget is 5.2% less than OLBR's FY 06 projection.

Mortgage Bankers Association				
Long-Term Mortgage Finance Forecast				
Interest-Rate				
30-Year Fixed Rate Mortgage				
	Q1	Q2	Q3	Q4
2006	6.2%	6.6%	6.5%	6.4%
2007	6.5%	6.5%	6.6%	6.7%
Source: September 12, 2006 MBA Forecast				

The following chart lists various fees collected by the County Clerk:

County Clerk Fees	Deeds	Mortgages & Agreements	Satisfaction of Mortg.	Assignment of Mortg.	Amount
Basic Deed	Yes	-	-	-	\$124.00
Recording Fee	Yes	Yes	Yes	Yes	\$25.00
Per Block Fee	Yes	Yes	Yes	Yes	\$10.00
Per Page	Yes	Yes	Yes	Yes	\$3.00
Endorsement Page	Yes	Yes	Yes	Yes	\$3.00
Equalization & Assessment Fee (RP-5217)	Yes	-	-	-	\$75.00
CPLR 8021 Fee	Yes	-	-	-	\$5.00
NYS Transfer Tax per \$1000	Yes	-	-	-	\$4.00
Equalization & Assessment Fee-other prop.	Yes	-	-	-	\$165.00
Deed-All other property types	Yes	-	-	-	\$214.00
Mortgage Affidavit (if any, in duplicate)	-	Yes	-	-	\$5.00
Cross Reference (each)	-	-	Yes	-	\$0.50
Each additional Satisfaction of Mortgage	-	-	Yes	-	\$3.50
Basic Satisfaction of Mortgage	-	-	Yes	-	\$41.50
Each additional Mortgage Assigned	-	-	-	Yes	\$3.00

Many fees are controlled by state mandate. The state and federal governments receives a portion of the fee collected.

¹ "Housing Activity Continues to Show More Evidence of a Slowdown", Mortgage Bankers Association, September 25, 2006

COUNTY TREASURER

The County Treasurer manages and invests County funds, maintains banking and financial relationships, oversees the County's bond program, maintains an accounting of receipts and disbursements collects tax delinquencies and conducts the annual Tax Lien Sale. The Office has been organized into three units: Debt and Investment; Tax Sale and Records; Tax Certiorari and Accounting.

Historical Revenue						
	FY 03	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Actual	Projected	Exec.	Proj./Exec.
Interest Penalty on Tax	\$22,455,742	\$22,683,567	\$21,369,228	\$23,614,269	\$24,650,000	4.4%
Fines & Forfeits	11,879	13,840	8,801	6,847	10,000	46.0%
Investment Income	6,143,324	9,909,883	17,316,057	19,722,502	19,600,000	-0.6%
Rents & Recoveries	92,912	15,578	578,107	61,932	0	-100.0%
Dept Revenues	568,146	879,557	542,436	687,037	420,000	-38.9%
Pay Lieu Tax - Payment	0	0	4,298,403	0	0	0.0%
Special Taxes	5,632,158	5,114,033	5,227,960	4,612,069	3,096,250	-32.9%
Total	\$34,904,162	\$38,616,458	\$49,340,992	\$48,704,656	\$47,776,250	-1.9%

Historically revenue has increased from \$34.9 million in FY 03 to \$47.8 million estimated for FY 07 due primarily to investment income. Investment income is generated as the County invests excess cash in certificate of deposits, money markets and time deposits and repurchase agreements. The significant jump in investment income in FY 05 results from rising interest rates and increased cash flow borrowings. Interest penalty on taxes have remained steady from FY 03 to FY 07. Interest penalty on taxes include interest on taxes, tax sale expense, penalty on delinquent taxes, differential lien interest, tax lien advertising fees and listing fees for tax delinquent properties. Special taxes include the Belmont admissions tax, the hotel/motel room tax and the entertainment tax. Historically, special taxes have steadily decreased. The dip in FY 05 results from the hockey league strike. The 32.9% decline in FY 07 special taxes results from the entertainment ticket surcharge tax and the hotel/ motel tax.

REVENUE BUDGET

Revenue Class		Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Exec. vs Adopted 06	Variance Exec. Vs FY 06 Proj.
BA	Int Penalty On Tax	\$24,000,000	\$23,614,269	\$24,650,000	\$24,650,000	\$650,000	\$1,035,731
BD	Fines & Forfeits	8,000	6,847	10,000	10,000	2,000	3,153
BE	Invest Income	13,473,840	19,722,502	18,000,000	19,600,000	6,126,160	(122,502)
BF	Rents & Recoveries	0	61,932	0	0	0	(61,932)
BH	Dept Revenues	440,000	687,037	420,000	420,000	(20,000)	(267,037)
TX	Special Taxes	4,560,000	4,612,069	3,425,000	3,096,250	(1,463,750)	(1,515,819)
Total		\$42,481,840	\$48,704,656	\$46,505,000	\$47,776,250	\$5,294,410	(\$928,406)

The proposed revenue budget of the Treasurer’s office is increasing by \$5.3 million, or 12.5% to budget. This increase is mostly due to greater investment income. Due to rising interest rates and cash flow borrowings, investment income has accumulated. The FY 06 projection of \$19.7 million results in a surplus of \$6.2 million. The FY 07 budget is in line with the current year’s projection.

The special taxes line of the Treasurer’s Department revenues is where the County budgets for the entertainment tax, a portion of the hotel/motel tax and the Belmont admissions tax. Special taxes are decreasing by \$1.5 million from the FY 06 budget to \$3.1 million in FY 07. This decline results from all three pieces that make up the budget: the entertainment tax, the hotel/motel tax and the Belmont admissions tax.

The hotel/motel tax is a 3% sales tax attached to the nightly room rental rate. Earlier this year the State extended the bill retroactively from January 1, 2006 to December 31, 2007. The collections of this tax are budgeted in the Treasurer’s department, the Parks General Fund and the Parks Grant Fund. In FY 05 the County Treasurer received 75% of the collections. The extended bill changes the allocation of the sales tax in FY 06 and FY 07. In FY 06 the Treasurer’s department will receive half of the amount received in FY 05 or 37.5%. The Parks Fund and Parks Grant Fund will receive the remaining 62.5% to promote tourism and provide assistance to museums and the Old Bethpage Village for new exhibits. In FY 07 the County Treasurer will receive 25% of the 2005 amount or 18.75%. With gross revenues anticipated of \$3.5 million, the Treasurer’s Office has budgeted \$656,250 for its portion of the hotel/motel tax. This is a conservative estimate. Please refer to the appendix for more details on the distribution of the hotel/motel tax.

The entertainment tax is a ticket surcharge of \$1.50 on all tickets sold at a County venue with a seating capacity in excess of 2,500. Colleges, universities and facilities operated by OTB or a non-profit racing association are exempted from charging the ticket surcharge. The FY 07 budget is decreasing \$600,000 from \$3.0 million in FY 06 to \$2.4 million. The FY 06 projection of \$3.0 million is on target with the FY 06 budget. The decrease expected in FY 07 if because of lower State remittances.

The Belmont admissions tax is a tax collected upon entering the racetrack. Payments are scheduled to be made semi-annually while the racetrack is in session. The two racing seasons are May through July

and September through November. Through the first three-quarters of FY 06, \$51,000 has been collected. In FY 05 \$167,000 had been collected from the racetrack tax. The FY 07 budget is decreasing \$20,000 from \$60,000 in FY 06 to \$40,000.

Departmental revenues are collected from such sources as the holding of cash bail, fees for bounced checks and court and trust fund cases. This revenue source is decreasing from \$440,000 in FY 06 to \$420,000. The FY 06 projection for departmental revenues is \$687,000; therefore the FY 07 budget appears achievable.

Interest penalty on taxes, increasing by \$650,000, is made up of interest and penalties collected on late and delinquent taxes, and various tax lien related items. Proposed legislation includes revenue fee increases for advertising notices of tax lien sales to adjust annually by the Consumer Price Index (CPI). The FY 06 projection is \$23.6 million or \$386,000 under budget.

Historical Expenditures						
	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Projected	FY 07 Exec.	% Change Proj./Exec.
Full-time Headcount	45	44	44	45	45	0.0%
Salaries	\$2,193,196	\$2,328,473	\$2,509,006	\$2,662,619	\$2,674,614	0.5%
Misc OTPS	269,508	256,467	253,751	310,581	312,100	0.5%
Contractual Services	1,100,443	490,854	1,006,225	559,260	586,560	4.9%
Other Expenditures	2,000,000	0	10,843,332	0	25,000,000	*****
Total	\$5,563,147	\$3,075,794	\$14,612,314	\$3,532,460	\$28,573,274	708.9%

As shown in the headcount chart above the headcount has remained stable from FY 03 through FY 07. The increased salaries from FY 03 can be attributed to annual COLA increases. Contractual services have decreased from \$1.1 million in FY 03 to \$587,000 in FY 07 due to a decrease in miscellaneous contracts. The \$1.0 million spent in FY 05 included expenses paid to hire an arbitrage consultant to advise the County on arbitrage policies.

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Executive vs Adopted	Variance Executive vs FY 06 Proj.
AA	Salaries	\$2,683,193	\$2,662,619	\$2,674,614	\$2,674,614	(\$8,579)	\$11,995
BB	Equipment	9,913	9,120	10,100	10,100	187	980
DD	General Expenses	327,675	301,461	302,000	302,000	(25,675)	539
DE	Contractual Services	559,260	559,260	586,560	586,560	27,300	27,300
87	Other Suits & Damages	0	0	0	25,000,000	25,000,000	25,000,000
	Total OTPS	896,848	869,841	898,660	25,898,660	25,001,812	25,028,819
	Grand Total	\$3,580,041	\$3,532,460	\$3,573,274	\$28,573,274	\$24,993,233	\$25,040,814

The proposed FY 06 budget is increasing significantly by \$25.0 million to \$28.6 million in FY 07 due to the addition of \$25 million in other suits and damages. This amount has been added to the Treasurer’s budget to pay tax certiorari payments. Previously, tax certiorari payments were paid from the County’s Capital Budget.

The FY 07 budget for salaries remains unchanged at \$2.7 million. The budget includes a 3.5% CSEA contractual salary increase effective January 1, 2007. However this increase has been offset by a reduction in overtime. In FY 05, as part of the Assessment and Assessment Review reform initiative, the department increased staff and overtime to help accelerate tax refund payments. This was necessary to bring the outstanding liability down to a manageable level so that the County could stop borrowing to fund the payments.

The FY 07 budget of \$302,000 for general expenses includes office supplies, equipment maintenance and postage expenses. The contractual services budget is increasing minimally by \$27,000 to \$587,000.

**County Treasurer
Staffing Analysis**

	FY 06 <u>Adopted</u>	Sept-06 <u>Actual</u>	FY 07 <u>Request</u>	FY 07 <u>Executive</u>	Exec. vs <u>06 Adopt</u>	Exec. vs <u>Actual</u>
Full-time Staffing	47	45	45	45	(2)	0

The proposed FY 07 staffing is a decrease of two full time positions from the FY 06 budget, and remains unchanged from the current staffing level. The change in headcount results from the removal of one Clerk Typist and Two Claims Settlement Agents offset by the addition of one Deputy County Treasurer.

PARKS, RECREATION AND MUSEUMS

The Department of Parks, Recreation and Museums operates and maintains all County parks, museums, golf courses and other recreational facilities. The parks system is divided into six major operating groups: Northwest, Northeast, Central, Eisenhower Park, Southwest and Southeast. Each region is managed by a park director, eighteen park managers and staff. The staff provides stewardship for the 6,000 acres of land which includes a total of 83 parks, preserves, museums and historic homes. The Parks department also conducts concerts and other events throughout the year.

Historical Expenditures						
	FY 03	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Actual	Projected	Exec.	Proj./Exec.
Full-time Headcount	271	219	248	274	280	2%
Salaries	\$19,718,670	\$17,007,573	\$18,581,023	\$19,166,395	\$20,892,083	9.0%
Fringe Benefits	11,081,757	9,367,889	9,397,884	10,309,089	0	-100.0%
Misc OTPS	2,952,731	1,824,062	3,456,530	2,040,836	2,340,306	14.7%
Contractual Services	2,154,470	2,426,646	4,292,267	8,870,000	7,125,000	-19.7%
Debt Service Chargebacks	0	20,374,988	18,021,280	17,916,940	0	-100.0%
Inter Dept/Interfund Charges	23,283,620	15,657,258	15,261,685	17,897,683	0	-100.0%
Utilities	2,769,022	0	0	0	0	0.0%
Total	\$61,960,270	\$66,658,416	\$69,010,669	\$76,200,943	\$30,357,389	-60.2%

The chart above shows actual expenditures for the Parks Department since FY 03, with a projected amount for FY 06. Headcount and salaries decreased by 19.2% in FY 04 due to the redeployment of 46 Parks employees to the facilities management and fleet maintenance units within the Public Works Department. Since that time staffing has been increasing, beginning in FY 05 when 11 Public Works employees were moved back to Parks. Fringe benefits, which have grown along with the salaries and headcount, are not included in the proposed budget due to the planned consolidation of the Parks Department into the General Fund.

Utilities were budgeted on a separate line in FY 04, and afterwards were accounted for as interdepartmental/interfund charges.

Contractual services in FY 05 swelled by 77% or \$1.8 million. In that year Parks took over the \$650,000 tourism promotion contract from Planning. The FY 06 total includes the one-time \$5.0 million contract for support of the Museum of Fine Arts, and FY 07 includes the planned one-time \$3.1 million cost for the transfer of parklands and roads to the Town of North Hempstead.

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Executive vs Adopted	Variance Executive vs FY 06 Proj.
AA	Salaries	\$19,442,234	\$20,015,578	\$22,392,304	\$20,892,083	\$1,449,849	\$876,505
AB	Fringe Benefits	10,230,013	10,309,089	0	0	(10,230,013)	(10,309,089)
	Total PS	29,672,247	30,324,667	22,392,304	20,892,083	(8,780,164)	(9,432,584)
BB	Equipment	367,000	337,640	412,500	370,000	3,000	32,360
DD	General Expenses	1,851,300	1,703,196	2,002,800	1,970,306	119,006	267,110
DE	Contractual Services	8,870,000	8,870,000	5,425,000	7,125,000	(1,745,000)	(1,745,000)
	Total OTPS	11,088,300	10,910,836	7,840,300	9,465,306	(1,622,994)	(1,445,530)
HD	Debt Service Chargebacks	17,736,093	17,916,940	0	0	(17,736,093)	(17,916,940)
HF	Inter-Departmental Charges	17,897,683	17,897,683	0	0	(17,897,683)	(17,897,683)
	Grand Total	\$76,394,323	\$77,050,126	\$30,232,604	\$30,357,389	(\$46,036,934)	(\$46,692,737)

A major structural change in the proposed FY 07 budget is the consolidation of the Parks Fund and the Fire Fund into the General Fund. In the Budget Office’s “Summary of the 2007 Budget” the following rationale is offered:

There is no financial, legal, tax or accounting distinction between the Parks Department, Fire Commission and other County General Fund operating departments. Therefore, in order to accomplish the State Comptroller’s goals of maximizing flexibility, reducing complexity and improving efficiency, the Proposed 2007 Budget consolidates them into the General Fund. An added benefit will be that the Legislature will be able to approve the transfer of funds into these departments during the year, instead of having to wait until “month 13”. This consolidation will reduce unnecessary paperwork and processing of interfund chargebacks that require countless hours of time on the part of fiscal staff in the county.

Since it is proposed to move Parks out of its own fund and into the General Fund, several revenue and expenditure lines in the departmental budget that recorded budgetary transactions between funds are no longer necessary. This is the reason that the chart above is showing the proposed FY 07 Parks budget decreasing by \$46.0 million. Debt service chargebacks are utilized to show a fund’s portion of the debt service expense that is paid centrally out of the Debt Service Fund. As all General Fund Debt expense is budgeted in the General Fund Debt Service Department, the debt service chargeback line, \$17.7 million in the FY 06 budget, has been removed. Similarly, the fringe benefit costs of the departments within the General Fund are centrally budgeted in the General Fund Fringe Benefit Department, so they no longer need to be segregated in the Parks Fund (\$10.2 million in FY 06). Inter-departmental charges; which record the cost of services provided for one department on behalf of another (\$17.9 million for Parks in FY 06), have also been removed. Within the General Fund these charges are generally only budgeted in those departments that are eligible for a reimbursement of the cost.

Excluding those budgetary changes brought about by the General Fund consolidation, the proposed FY 07 Parks Department budget is actually decreasing by \$173,145, or 0.57%. That change is the net result of salaries increasing by \$1.4 million and OTPS being reduced by \$1.6 million. The decrease in OTPS results from the removal of the FY 06 \$5.0 million contractual services appropriation for the Roslyn Fine Arts museum. These funds represent a one-time expenditure by the County and will be used to build an extension on the existing structure. The details of this agreement are still being negotiated.

The proposed FY07 budget also contains a similar one-time contractual services expense for an agreement between the County and the Town of North Hempstead. The County would pay \$3.1 million and transfer the following parks to the town: Beacon Hill, Carle Place Vets Memorial, Plandome Park, Manhasset Valley Park, Whitney Pond Park, Sagamore Ballfield, Roslyn Road Park, Hempstead Harbor Park and Herricks Ballfield. In exchange, the town will invest \$5.0 million into these facilities over the next five years. The town will manage and maintain these assets and retain parking fees associated with the facilities.

Backing out the one-time expenditures in FY 06 and FY 07, contractual services funding will increase by 4.0% in the proposed budget. The Parks Department contracts out for such services as trash removal and maintenance. The other OTPS lines are increasing slightly, general expenses by \$119,000 and equipment by \$3,000.

The budget for salaries is increasing by 7.5% to \$20.9 million. This includes funding for 11 additional full-time positions and the steps and contractual salary adjustment for the Department's CSEA employees (3.5% as of January 1). Also budgeted higher for FY07 are the salary costs for seasonal and part-time employees, increasing by \$161,550, and termination leave, increasing by \$159,980. The overtime allocation has been reduced from \$355,000 to \$354,000. Based on recent history this amount appears to be insufficient. In FY 06, \$536,198 has already been spent, and in FY 05 the overtime spending reached \$988,499.

EXPENSE BUDGET BY Control Center						
Control Center	Adopted FY 06 Budget	Departmental Request FY 07	FY 07 Executive	Variance Executive vs Adopted	Variance Executive vs Request	
10 Administration	\$38,915,064	\$3,936,300	\$3,489,139	(\$35,425,925)	(\$447,161)	
20 Technical Service	7,455,113	8,771,196	8,470,080	1,014,967	(\$301,116)	
30 Recreation Services	5,928,827	6,692,517	9,458,814	3,529,987	\$2,766,297	
40 Museums	9,657,564	5,929,498	4,172,199	(5,485,365)	(\$1,757,299)	
61 Golf Operations	4,207,742	4,903,093	4,767,157	559,415	(\$135,936)	
Total	\$66,164,310	\$30,232,604	\$30,357,389	(\$35,806,921)	\$124,785	

The chart above shows the Parks budget by control center. The large decrease in Administration is due to the removal of interdepartmental charges and debt service chargebacks resulting from the

consolidation of Parks into the General Fund. Excluding those items, the Administration control center budget increased by 6.3%. Technical Service had its budget increased by 14% to \$8.5 million, largely for salaries and higher costs for existing contractual services. Recreation Services will increase by \$3.5 million, or 60%, due to the proposed \$3.1 million agreement with North Hempstead. The Museums allocation decreases by \$5.5 million with the removal of funding for the Roslyn Fine Arts Museum.

Nassau County Parks & Recreation Fund Staffing Analysis							
	<u>FY 06</u>	<u>Sept-06</u>	<u>FY 07</u>	<u>FY 07</u>	<u>Exec. vs</u>	<u>Exec. vs</u>	
	<u>Adopted</u>	<u>Actual</u>	<u>Request</u>	<u>Executive</u>	<u>06 Adopt</u>	<u>Actual</u>	
CC Full-time Staffing							
10 Administration	30	38	42	36	6	(2)	
20 Technical Service	105	104	111	105	0	1	
30 Recreation Services	45	47	54	48	3	1	
40 Museums	43	36	53	41	(2)	5	
61 Golf Operations	46	49	52	50	4	1	
Total Full-Time	<u>269</u>	<u>274</u>	<u>312</u>	<u>280</u>	<u>11</u>	<u>6</u>	
CC Part-time Staffing							
10 Administration	17	9	9	9	(8)	0	
20 Technical Service	29	25	26	26	(3)	1	
30 Recreation Services	124	105	127	127	3	22	
40 Museums	45	43	46	46	1	3	
61 Golf Operations	13	12	18	18	5	6	
Total Part-Time	<u>228</u>	<u>194</u>	<u>226</u>	<u>226</u>	<u>(2)</u>	<u>32</u>	
CC Seasonal Staffing							
10 Administration	58	6	9	9	(49)	3	
20 Technical Service	14	16	34	27	13	11	
30 Recreation Services	369	335	379	371	2	36	
40 Museums	23	49	21	21	(2)	(28)	
61 Golf Operations	81	90	104	104	23	14	
Total Seasonal	<u>545</u>	<u>496</u>	<u>547</u>	<u>532</u>	<u>(13)</u>	<u>36</u>	

The proposed budget authorizes 280 full time positions. This represents an increase of eleven positions from the FY 06 adopted budget. Six positions were added to the Administration staff, three to Recreation services and four to Golf Operations, while Museums decreased by two. Part-time positions have been reduced by 2, to 226. Seasonal positions were cut by 13. As mentioned previously, the

funding for seasonals and part-time employees was increased slightly. Seasonal help will increase from \$3.0 million to \$3.1 million.

Historical Revenue						
	FY 03	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Actual	Projected	Exec.	Proj./Exec.
Fund Balance	0	0	0	0	3,075,000	*****
Fines & Forfeits	0	100	100	0	1,200	*****
Investment Income	706	45,854	430,640	400,000	0	-100.0%
Rents & Recoveries	1,231,881	1,119,217	1,209,939	1,416,300	1,557,000	9.9%
Department Revenues	13,645,776	14,097,539	15,079,916	17,106,874	20,615,861	20.5%
Interfund Transfer	3,804,594	7,623,296	2,904,814	5,000,000	0	-100.0%
Special Tax	192,499	195,084	1,091,680	2,225,000	875,000	-60.7%
Property Tax	43,084,813	43,577,327	48,293,581	51,167,929	0	-100.0%
Total	\$61,960,269	\$66,658,416	\$69,010,670	\$77,316,103	\$26,124,061	-66.2%

The chart above shows revenues realized for the Parks Department since FY 03, with a projected amount for FY 06. The consolidation of the Parks Department into the General Fund accounts for the absence of property tax, investment income, and interfund transfer revenues in FY 07. Department revenues have been rising steadily during the period detailed

Advertising, Market Based Revenue - \$1,000,000

The goal of this initiative is to market various County assets, such as roadways, public buildings, vehicles, and recreation venues to generate new revenues and/or cost avoidance. Phase one will involve a vendor-assisted asset assessment and development of a policy for the acceptable use of the assets, e.g. that no tobacco advertising will be accepted. In phase two the opportunities will be solicited. Five responses have been received to the RFP, and two of the vendors will shortly be asked for a best and final offer. One of them will be awarded the contract by the end of October. It is anticipated that the contractual services cost of phase one will be approximately \$50,000 to \$100,000 and that the assessment can be completed in two to four months. The estimated, and budgeted, amount for FY 07 is \$1.0 million. Some of the assets being considered are:

Mitchel Field Naming Rights & signage	\$300,000-350,000
Aquatic Center Naming Rights & signage	\$300,000-350,000
Ice Rinks Signage	\$25,000 each rink
Lakeside Theatre Naming Rights	\$100,000-150,000

There are many ways to structure deals of this type. Weyerhaeuser, the corporate sponsor of the Weyerhaeuser King County Aquatic Center, which was built for the 1990 Seattle Goodwill Games, contributed land and \$500,000 to the project, in exchange for the permanent naming of the facility. One company has its logo on 6 of the pool's 16 starting blocks at an annual cost of \$2,166 per block. In 2005 the County received over \$600,000 for the use of its bus shelters for advertising purposes, and the contractor cleans and maintains the structures as well. One key to realizing the estimated revenue is to complete phase one as soon as possible.

Parks Revenue Enhancement Plan - \$2,088,000

As described by OMB, this initiative seeks to:

generate additional revenue, improve attendance, increase visibility, enhance recreational services and promote tourism. To achieve these objectives the County will focus on improving business processes such as accepting credit cards, engaging in target marketing to a wide range of audiences, actively soliciting grants, and seeking partnerships with the general public and civic groups, other municipalities, recreation industry professionals and employee unions to maximize the utilization and performance of selected facilities. The County will also seek to continue to competitively price its user fee structure to maximize attendance and improve the cost coverage of selected recreational programs.

During the second half of 2005, the firm of PFM was hired to conduct a review of the County’s recreation service fee structure. The study compared the County to local municipalities and privately-owned regional facilities. The revenue enhancement initiative was based on the information provided in PFM’s report. The chart below lists the amount of additional revenue planned to be generated in each programmatic area:

Revenue Enhancements	
Area	Amount
Leisure Pass	\$510,000
Golf	340,000
Beaches	301,000
Ice Rinks & Hockey	220,000
Athletic Fields	208,000
Aquatics	180,000
Camping	100,000
Parking Fees	60,000
Picnic Areas	59,000
Marinas & Boating	50,000
Family Entertainment	45,000
Room Rentals	15,000
	\$2,088,000

- The \$510,000 Leisure Pass component would raise the fees to obtain the various types of pass, with the increases ranging from \$15 to \$25. This would yield an additional \$480,000 on the 32,400 resident passes sold annually. Corporate, hotel, and non-resident pass fee increases would each generate \$10,000 annually. Nassau’s leisure pass fee is currently below those of Westchester and Suffolk counties.

Municipality	Duration of Pass		
	(years)	Total Cost	Cost per Year
New York State	1	\$59	\$59.0
Westchester County	3	\$45	\$15.0
Suffolk County (adult resident)	3	\$20	\$6.7
Nassau County	3	\$15	\$5.0
Average	3	\$35	\$11.6
Median	3	\$33	\$11.0

- The \$340,000 of enhanced revenue generated from golf involves various elements, such as pace of play increase, driving range specials, driving range advertisement, outing diversification and hotel guest leisure pass. Approximately \$200,000 is anticipated from the Pace of Play program, which aims to speed up play throughout the Red course during weekends by requiring the use of golf carts. This will allow more rounds to be completed. Driving ranges will offer daily ball specials during peak hours, and advertising will be placed on stall dividers, mats, and distance targets. The Department would also like to reduce some fees in hopes of promoting non-resident participation. Currently non-residents are charged higher fees for cart and green usage. According to the Parks Department, other facilities do not charge non-residents greater fees for both services. The cart fee for non-residents would be lowered to the same level as that for residents.
- Beaches will generate \$301,000, predominantly by building a new mini-golf course at Wantagh Park, which is estimated to generate revenues of \$250,000. Fees will be adjusted for cabanas, cabana locks, cabinettes, parking, season stickers, and buses.
- The ice rink at Cantiague Park will gradually transition to not-for profit management, and will increase hockey travel league fees.
- Athletic fields will adjust fees and scheduling for enhanced revenue of \$208,000. Sessions will be changed from 2 and 2 ¼ hour duration to 2 ½ hours, and the fee will be raised from \$15 to \$25.
- In the area of aquatics, various changes will raise \$180,000, including the expansion of membership categories and the rental of outdoor pools to swim teams and corporations, and birthday groups.
- Camping fees at Nickerson Beach will be adjusted for inflation, and a convenience store concession will be added.
- Other enhancements would take place at picnic areas and marinas. Family entertainment will be offered at various locations, and rooms will be rented for birthday parties.

Legislative approval will be required for most of these changes.

The second component of the initiative is to develop a strategic plan for the County's museums. This portion of the initiative focuses on controlling expense and increasing programming rather than revenue generation. The plan is expected by the end of the current year.

The third and final component is an operational review of the County golf courses. The National Golf Foundation has been brought in to assess the current operations of the golf courses. This has resulted in several suggestions aimed at improving golf services and aesthetics. The findings will be reviewed by the end of the current year.

REVENUE BUDGET							
Revenue Class		Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Exec. Budget	Variance Exec. vs Adopted 06	Variance Exec. Vs FY 06 Proj.
AA	Fund Balance	\$0	\$0	\$0	\$3,075,000	\$3,075,000	\$3,075,000
BD	Fines & Forfeits	0	0	1,200	1,200	1,200	1,200
BE	Investment Income	250,000	400,000	0	0	(250,000)	(400,000)
BF	Rents & Recoveries	1,416,300	1,416,300	1,557,000	1,557,000	140,700	140,700
BH	Department Revenues	17,106,874	17,106,874	20,818,311	20,615,861	3,508,987	3,508,987
IF	Interfund Transfer	5,000,000	5,000,000	0	0	(5,000,000)	(5,000,000)
TL	Property Tax	51,167,929	51,167,929	0	0	(51,167,929)	(51,167,929)
TX	Special Tax	975,000	2,225,000	875,000	875,000	(100,000)	(1,350,000)
Grand Total		\$75,916,103	\$77,316,103	\$23,251,511	\$26,124,061	(\$49,792,042)	(\$51,192,042)

As was the case with expenses, the proposed FY 07 revenue budget has been restructured as a result of the General Fund consolidation. Investment income and property tax are accounted for elsewhere in the General Fund, and have been removed from the Parks Department’s budget. The FY 07 Executive Budget assumes a 20.5% increase in departmental revenues, from \$17.1 million to \$20.6 million. \$3.1 million of this \$3.5 million growth is related to the two revenue initiatives discussed above. The interfund transfer of \$5.0 million in FY 06 provided the one-time funding for the Roslyn Fine Arts Museum.

Special tax accounts for the Parks Department’s portion of the 3.0% tax on hotel/motel room rates. The tax has been extended through FY 07, and was amended by the State legislature to apportion Parks a greater share. The amount budgeted of \$875,000 represents one quarter of the \$3.5 million total receipts anticipated. This is to be utilized by Parks according to the previously mandated formula: 66.67% for a contract with a tourism agency, 21% for County programs related to the care, maintenance, and preservation of historic structures, sites, and natural areas, and 12.33% for the ongoing operation or program support of non-for profit museums and cultural organizations. The remaining three quarters of the gross formerly went to the Treasurer’s Office to be used for general County purposes. Under the new legislation, in FY 06, the remaining three quarters was split between Parks and Treasurer, and in FY 07 Parks will receive three quarters of the three quarters, or \$1,968,750. That amount, which has been budgeted in the Grant Fund so that the revenues can carry over from year to year, is to be used to improve the marketability of cultural and historic attractions in Nassau. The law specified that \$250,000 must be dedicated to provide assistance to the historically restored village of Old Bethpage and existing museums in Nassau County for the expenses of new program and exhibit development. A chart detailing the distribution of hotel/motel receipts is included in the appendix.

The budgeting of \$3.1 million of fund balance, which is a one-shot revenue derived from a prior year surplus, is being applied towards a one-shot expense, the transfer of parks to the Town of North Hempstead, and is therefore an acceptable use of such funds.

Out Year Initiatives:

NAME	FY 2008	FY 2009	FY 2010
Advertising Market Based Revenue	\$1,500,000	\$2,000,000	\$2,500,000

The **Advertising Market Based Revenue** initiative was discussed above. In addition to the additional revenue of \$1.0 million that has been incorporated into the FY 07 budget and baseline, this initiative is projected to grow by \$500,000 annually from FY 08 to FY 10.

OFFICE OF MINORITY AFFAIRS

This department was established by County Executive directive pursuant to Section 2112 of the Nassau County Charter. Local Law 40 in FY 01 merged Affirmative Action with Minority Affairs.

Historical Expenditures						
	FY 03	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Actual	Projected	Exec.	Proj./Exec.
Full-time Headcount	5	6	11	10	7	-0.3
Salaries	\$359,599	\$458,817	\$706,177	\$661,712	\$659,684	2.0%
Misc OTPS	2,784	5,102	30,564	72,000	46,088	40.0%
Contractual Services	(14,903)		24,000	166,147	206,682	0.0%
Total	\$347,480	\$463,918	\$760,742	\$899,859	\$912,454	2.2%

Expenses have risen from 2003 through 2005 primarily due to increased salaries from increasing headcount. The additional personnel are required to fulfill the obligations in Local Law 14 - 2002 and the associated Minority and Women owned Business Enterprises (M/WBE) program. Contractual services were utilized in 2005 and 2006 for public services announcements also related to the M/WBE program and expenses have increased for seminars and workshops.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Executive vs Adopted	Variance Executive vs FY 06 Proj.
AA	Salaries	\$687,676	\$661,712	\$676,351	\$659,684	(\$27,992)	(\$2,028)
DD	General Expenses	54,443	72,000	46,088	46,088	(8,355)	(25,912)
DE	Contractual Services	206,682	166,147	206,682	206,682	0	40,535
	Total OTPS	261,125	238,147	252,770	252,770	(8,355)	14,623
	Grand Total	\$948,801	\$899,859	\$929,121	\$912,454	(\$36,347)	\$12,595

Total FY 07 budgeted funds are decreasing by \$36,347 from the FY 06 budget and increasing by \$12,595 from the 2006 projected actual. The decrease in the budget from the prior year's budget is primarily due to the FY 07 salaries account which is decreasing by \$27,992. The reduction results from the elimination of a vacant position. The budget is insufficient to cover the current salaries and health insurance buyback expense. Even without salary increases, the department will be short about \$5,000 for salaries if it maintains its current headcount.

The general expense account has been allocated \$46,088 for FY 07, a reduction of 15.3% from the prior year. These funds will be used by the department for office supplies, educational and training expenses and also for copying and blueprint supplies. The department also uses the funds in this account to host small business seminars to promote minority interest in owning small businesses. The projected actual in 2006 is over budget due to the costs associated with the Rosa Parks memorial. Budgeted funds (\$24,000) have been transferred from contractual services into general expenses to cover this. The modified budget in general expenses and contractual services is currently \$74,088 and \$182,682 respectively.

Contractual services has been allocated \$206,682 in the proposed budget, which is equal to the 2006 budget and an increase from the 2006 projected by \$40,535. The Department has just begun to put together contracts related to an RFP for the following five services:

- Certification, investigation and reporting
- Entrepreneurial training
- Business technical assistance
- Analysis of current themes, messages and strategies that support the existing M/WBE program
- Market research activities.

All or these services are expected to assist the Office in achieving the goals of the M/WBE program per Local Law 14 – 2002 which states “Whereas, the County Legislature finds that there is a lack of meaningful participation of minority owned businesses and women owned businesses in contracts with the County of Nassau, and that the County must take the lead to encourage that minority owned businesses and women owned businesses participate in contracts with Nassau County.” The total of these five services are expected to cost about \$160,000. The largest is the certification piece for \$86,000. It is expected that the selected company will perform all certifications including the site visits. Considering this task would require several people if done in the department, this appears to be a good investment if the job is performed satisfactorily. Although these services were budgeted for in 2005 and 2006, there were delays due to modifications of the rating scale of the proposals. It is anticipated that some of the money for these contracts will be utilized in 2006 with the rest being encumbered for next year. Additional money is budgeted for these contracts in 2007 in anticipation of the renewal of these contracts toward the end of 2007. In 2007 funds are also earmarked for small business training seminars and a mentoring program. In 2006, the projection also includes the cost of public service announcements made to advertise the M/WBE program.

In September of 2004, OLBR conducted a review of the Office of Minority Affairs and the M/WBE program. At that time the Office stated a need for a monitoring and compliance software management tool which would analyze procurement data for County contracting agencies. The services and software would be tailored to meet the unique requirements of the County and help ensure that the County's procurement process is equitable by monitoring the utilization of minority and women owned business enterprises. The software should assess, collect, analyze, report and maintain procurement and diversity data. The department feels this type of software is necessary if they are to effectively manage the M/WBE program, pursuant to Local Law 14 of 2002. Funding for the management tool is not included in the Office's proposed FY 07 budget and it is unclear at this point if the expenditure has been planned for in any other department. Although some effort has been made to perform this task in-house, to date

no system has been developed that can satisfactorily capture the data necessary to measure the effectiveness of the M/WBE program or even the extent of the disparities in Nassau County.

Minority Affairs Staffing Analysis						
	<u>FY 06 Adopted</u>	<u>Sept-06 Actual</u>	<u>FY 07 Request</u>	<u>FY 07 Executive</u>	<u>Exec. vs 06 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	11	10	10	10	(1)	0

The budgeted staffing level next year is decreasing by one to bring the budget in line with the actual headcount.

COMMISSION ON HUMAN RIGHTS

The Commission on Human Rights was established April 8, 1963, by Local Law Number 5. The Commission is mandated to investigate and mediate cases of discrimination based on race, creed, color, sex, age or handicap. The Job Development Center provides job and training referrals, guidance and testing services to persons seeking employment or to upgrade their skills.

Historical Expenditures						
	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Projected	FY 07 Exec.	% Change Proj./Exec.
Full-time Headcount	10	10	10	10	10	0.0%
Salaries	\$590,432	\$523,520	\$572,233	\$581,698	\$811,220	39.5%
Misc OTPS	3,736	2,480	1,469	29,474	31,983	8.5%
Contractual Services	0	0	0	23,190	25,000	7.8%
Total	\$594,168	\$526,000	\$573,702	\$634,362	\$868,203	36.9%

As seen in the chart above, the Commission’s full-time headcount has remained flat since FY 03. Historically salaries have been the major portion of the department’s expense. Prior to FY 06 payroll has represented over 99% of the expense budget. The relatively large increase in FY 07 is due to the expansion of the Summer Aide program and lowered salary costs in FY 06 due to an employee being out on sick leave. Miscellaneous OTPS and Contractual Services have grown to represent a larger part of the budget. The growth in miscellaneous OTPS is primarily due to increases in office expenses, auto mileage, transcribing and briefs.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Executive vs Adopted	Variance Executive vs FY 06 Proj.
AA	Salaries	\$647,471	\$581,698	\$811,220	\$811,220	\$163,749	\$229,522
BB	Equipment	6,704	6,168	6,150	6,150	(554)	(18)
DD	General Expenses	25,333	23,306	25,833	25,833	500	2,527
DE	Contractual Services	25,206	23,190	25,000	25,000	(206)	1,810
	Total OTPS	57,243	52,664	56,983	56,983	(260)	4,319
	Grand Total	\$704,714	\$634,362	\$868,203	\$868,203	\$163,489	\$233,841

The proposed FY 07 budget for the Commission would be an increase of \$163,489, or 23.2%. Salaries make up the entire additional expense, while OTPS is decreasing slightly. The salaries line includes

funding of \$125,000 for the Summer Aid program, \$75,000 more than in the current year. This program assists underprivileged youths in finding summer employment. It has enabled a substantial number of young people to earn enough money to offset their yearly educational expenses. Last year approximately thirty students were involved in this program. This year the participation has increased to forty-seven students. The Commission will receive \$50,000 in CDBG funding for the program.

The Commission utilizes its contractual services account to secure the services of outside counsel. In the event the Commission becomes involved in litigation, conflict of interest prevents the County Attorney from representing the County and the Commission where other County agencies are involved.

Starting next year, contractual funding will also be used to hire administrative law judges to preside over housing discrimination cases, as per Local Law 9-2006, which becomes effective on January 1, 2007. The legislation provides for local enforcement of the County's open housing legal protections and sets forth an administrative enforcement procedure within the Commission in which the complainant and Commission-initiated complaints can be filed, investigated and heard before an administrative judge. Compensation for these judges would range from \$300 to \$400 per day. Due to the uncertainty in determining case volume, the proposed contractual services appropriation of \$25,000 may be insufficient. In that case, the Executive Director of the Commission has been assured of support from the Administration in the form of additional personnel. Plans are being made to utilize law students from Hofstra and Touro as an additional resource to work on the complaints, which must be processed within 100 days of initiation date. The County Attorney's office will also play a supervisory role in housing cases. The County Attorney's office will be responsible for housing related injunctions. It is unclear at this point if the supervisory role will extend to other types of cases.

The amended law enables the County to request substantial equivalency certification under the Fair Housing Assistance Program (FHAP) to qualify for financial support from the United States Department of Housing and Urban Development (HUD) for enforcement costs. Currently, substantial equivalency certification occurs when existing New York State and federal housing discrimination standards are enforced by the County as per the Federal Fair Housing Act. Although the Commission will seek certification, the proposed budget does not include any revenue related to the Fair Housing law.

There was another local law passed this year pertained to the Human Rights Commission. Local Law 8-2006 requires every employment agency engaged in the job placement of domestic or household employees to provide each applicant for employment a written statement indicating the rights of such employees and the obligations of his or her employer under State or Federal law. The statement of rights and obligations shall include, but not be limited to: a general description of employee rights and employer obligations pursuant to laws regarding minimum wage, overtime and hours of work, record keeping, social security payments, unemployment insurance coverage, disability insurance coverage and workers' compensation. The statement of rights will be prepared in English, Spanish and Creole and will be distributed by the chair of the Commission on Human Rights to employment agencies, as requested, and posted on the County web-site. The agencies are required to keep a signed copy on file for three years.

Although fines may be issued up to \$1,000, the intent of the law is for disclosure purposes only and is not expected to be a revenue source to the County.

**Commision on Human Rights
Staffing Analysis**

	<u>FY 06 Adopted</u>	<u>Sept-06 Actual</u>	<u>FY 07 Request</u>	<u>FY 07 Exceutive</u>	<u>Exec. vs 06 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	10	10	12	10	0	0
Part-time and Seasonal	0	0	0	2	2	2

Full-time headcount will remain at 10, while 2 part-time positions are added. The Commission had requested twelve full-time staff. The positions not granted were Clerk Steno III and a Human Relations Representative I. Instead of getting a fifth Human Relations Representative, one of the existing positions was eliminated and replaced by a Human Relations Representative I Bilingual. An additional Human Relation Representative is still needed in order to accommodate the workload associated with the new housing and domestic worker legislation. The two new part-time positions are Clerk I's.

Historical Revenue

	<u>FY 03 Actual</u>	<u>FY 04 Actual</u>	<u>FY 05 Actual</u>	<u>FY 06 Projected</u>	<u>FY 07 Exec.</u>	<u>% Change Proj./Exec.</u>
Rents & Recoveries	\$0	\$0	\$1,214	\$0	\$0	0.0%
Interfund Charges	0	0	0	0	50,000	0.0%
Total	\$0	\$0	\$1,214	\$0	\$50,000	0.0%

The chart above shows revenues realized by the Commission since FY 03. The rents and recoveries received in FY 05 was a recovery from a previous year's encumbrance. The FY 07 interfund charge is discussed below.

REVENUE BUDGET

<u>Revenue Class</u>	<u>Adopted FY 06 Budget</u>	<u>OLBR FY 06 Projection</u>	<u>FY 07 Dept. Request</u>	<u>FY 07 Exec. Budget</u>	<u>Variance Exec. vs Adopted 06</u>	<u>Variance Exec. Vs FY 06 Proj.</u>
BW Interfund Charges	\$0	\$0	\$0	\$50,000	\$50,000	\$50,000

There is only one item in the Commission's proposed revenue budget. The \$50,000 interfund charges line represents Community Development Block Grant funding for the summer aid program provided via the Office of Housing and Intergovernmental Affairs. This brings the FY 07 total for the program to \$125,000.

As previously mentioned, although it has not been budgeted, the Human Rights Commission may receive funding from HUD if the County law is deemed substantially equivalent to the federal law. In that case, federal funding for enforcement costs of \$120,000 annually will be given for three years.

Subsequently, funding ranging from \$2,500 to \$2,900 will be awarded on a per case basis. This potential revenue is not incorporated into the FY 07 budget due to pending approval requirements. The Commission plans to use this funding to obtain software critical to organizing, tracking and analyzing case data. If HUD funding does not materialize an alternative source would be necessary.

The fair housing law may also produce fine revenues which have not been incorporated into the FY 07 Executive Budget. Civil penalties for unlawful discriminatory practices or for violating orders of the Commission will range from not more than \$50,000 for unlawful discriminatory practice and not more than \$100,000 when an unlawful discriminatory practice is the result of a willful, wanton or malicious act. An additional civil penalty of \$1,000 dollars per day will be imposed for each day that a violation continues. Any civil penalties recovered shall be paid into the County's General Fund.

PLANNING

Mandated by State law, the Nassau County Planning Commission guides the physical development of the County by promoting efficient and harmonious land use and sustainable economic development based on recommendations from the Planning Department staff. The Planning department is divided between 1) the Comprehensive Planning division, which is responsible for subdivision applications and 2) Transportation. The transportation division is charged by the Federal Transit Administration to exercise oversight over MTA Long Island Bus. Approximately 95.0%, or \$46.9 million of the FY 07 proposed budget of \$49.5 million is allocated to subsidize mass transportation. The preliminary 2007 budget for Long Island Bus indicates that inclusive of 1) Nassau County’s operating subsidy of \$10.5 million, 2) \$14.0 million from the MTA, and 3) \$48.9 million requested from the State, LI Bus may not have sufficient funding to cover their projected operating deficit of \$ 3.1 million.

Looking at the historical data of expenditures, the greatest variance appears in contractual services, which dipped in FY 5 and FY 07, followed by subsidies provided to Pt. Lookout/Lido which began in FY 05. Contractual services rose during FY 03 and FY 04 for contracts to promote tourism using funds from the Hotel/Motel tax. Salaries have increased at a pace to match full-time headcount and COLA increases.

Historical Expenditures						
	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Projected	FY 07 Exec.	% Change Proj./Exec.
Full-time Headcount	10	17	18	21	24	14.3%
Salaries	\$1,422,586	\$1,296,388	\$1,534,105	\$1,610,275	\$1,886,354	17.1%
Misc OTPS	18,881	115,989	60,070	91,672	98,737	7.7%
Contractual Services	3,198,914	2,896,833	984,000	1,347,500	502,500	-62.7%
Mass Transportation	41,478,124	41,214,474	45,172,998	46,096,566	46,926,304	1.8%
Pt Lookout/Lido	0	0	195,000	75,000	75,000	0.0%
Total	\$46,118,505	\$45,523,684	\$47,946,173	\$49,221,013	\$49,488,895	0.5%

The following chart details the Planning Department expense budget by object code. The FY 07 Planning department expense budget, excluding mass transit funding is increasing marginally by 0.5%. The expense increase is the result of a 10.1% salaries increase to fund three new full time employees, offset primarily by a decrease in contractual services. The decrease in the contractual services line reflects one-time costs of consultant services in FY 06 that were required to analyze various issues that arose from the County Executive’s 35 economic-development zone meetings. The line for the Point Lookout/LIDO Beach bus route has increased by \$15,000 from the budgeted FY 06 level and remained at \$75,000 from FY 06 projection.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Exec. Budget	Variance Exec. vs Adopted 06	Variance Exec. vs FY 06 Proj.
AA	Salaries	\$1,713,256	\$1,610,275	\$2,125,608	\$1,886,354	\$173,098	\$276,079
BB	Equipment	546	502	150	150	(396)	(352)
DD	General Expenses	114,031	91,170	182,174	98,587	(15,444)	7,417
DE	Contractual Services	1,347,500	1,347,500	1,018,500	502,500	(845,000)	(845,000)
MM	Mass Transportation	45,981,120	46,096,566	46,926,304	46,926,304	945,184	829,738
6H	Pt Lookout/LIDO	60,000	75,000	75,000	75,000	15,000	0
	Total OTPS	47,503,197	47,610,738	48,202,128	47,602,541	99,344	(8,197)
	Grand Total	\$49,216,453	\$49,221,013	\$50,327,736	\$49,488,895	\$272,442	\$267,882

The department’s expense budget, delineated by control center appears in the following chart. Nassau County is responsible for keeping the bus shelters free from deterioration and vandalism. Expenditures in the Mass Transportation control center, which amount to 95% of the FY 07 proposed budget, are rising by \$962,488 or 2.1% from the FY 06 adopted budget.

EXPENSE BUDGET BY CONTROL CENTER						
Control Center	Adopted FY 06 Budget	Departmental Request FY 07	Executive FY 07	Variance From Exec. Vs. Adopted 06	Variance From Exec. Vs. To Request	
10 Planning	\$3,152,597	\$3,301,432	\$2,467,591	(\$685,006)	(\$833,841)	
20 Bus Shelter Main- Cleaning	10,000	10,000	5,000	(5,000)	(5,000)	
35 Mass Transportation	46,053,856	47,016,304	47,016,304	962,448	0.0%	
Total	\$49,216,453	\$50,327,736	\$49,488,895	\$272,442	(\$838,841)	

As detailed in the chart below, the LIRR Station Maintenance subsidy, within the mass transportation control center, is increasing by the contractually agreed upon amount. As per the LIRR Station Maintenance contract, funding must increase annually by the CPI.

Mass Transportation Control Center 35				
		FY 06 Budget	Executive FY 07	Difference
Mass Transportation (MM)				
630	Metropolitan Suburban Bus Authority	\$7,500,000	\$7,500,000	\$0
631	LIRR Station Maintenance	23,897,328	24,842,512	945,184
632	MTA-LIRR Operating Assistance	11,583,792	11,583,792	0
635	Handicapped Transportation System	3,000,000	3,000,000	0
General Expenses (DD)				
305	Insurance Premiums	12,736	15,000	2,264
Other Expenses (OO)				
6H	Lido Beach Bus Rte	60,000	75,000	15,000
Total Mass Transportation CC 35		\$46,053,856	\$47,016,304	\$962,448

All other mass transportation funding lines are being held constant at their FY 06 levels, which, according to LI Bus, is not adequate to meet their financial needs. Although energy costs are on the decline, fixed and para-transit ridership growth is expected to increase over the next two years by over 1.9 million passengers. This means that from the 31.5 million passengers in 2006, ridership is expected to increase by nearly 6% in 2006 to an annual combined total of more than 33.4 million passengers over the next two years. In addition, according to LI Bus, 1) an increase in health and welfare costs of \$1.9 million, or 14.7% due to rising health and retirement premium rates, 2) the annualized cost of 2006 service enhancements and 3) a general CPI increase in maintenance, labor and general operating expenses, account for the \$13.5 million requested assistance from Nassau County – a \$3.0 million increase over the \$10.5 million subsidy as per the County Executive’s 2007 proposed budget.

However, although Long Island Bus continues to project deficits in the out-years, these deficits are predicated on 1) State subsidies increasing by an average of 3% and 2) an average increase in Nassau County assistance by 22.6%. No increase in MTA subsidies have been projected over the next 4 years. The chart below depicts Long Island Bus’s FY 06 forecast and FY 07’s budget submission as of July 2007.

LONG ISLAND BUS OPERATING BUDGET (Figures in Millions)				
Name	Mid-Year 2006 Forecast	2007 Preliminary Budget, July 2007	Variance between 2007 and 2006	Percentage Change between 2007 and 2006
Opening Cash	\$2.221	\$0.711	(\$1.510)	-68.0%
Receipts				
Farebox Revenue	38.920	39.807	0.887	2.3%
Other Operating Revenue	3.748	3.249	(0.499)	-13.3%
Capital and Other Reimbursements	5.576	5.728	0.152	2.7%
Total Receipts	48.244	48.784	0.540	1.1%
Expenses				
Salaries	65.148	66.923	1.775	2.7%
Fringe	25.057	27.416	2.359	9.4%
Fuel for Buses and Trains	10.174	11.862	1.688	16.6%
Contracts	9.380	9.941	0.561	6.0%
Other Non-Labor	9.849	9.968	0.119	1.2%
Total Expenses	119.608	126.110	2.055	1.7%
Net Cash Deficit	(69.143)	(76.615)	(1.880)	2.7%
Subsidies				
MTA Subsidy	14.471	14.000	(0.471)	-3.3%
State Subsidy	44.883	48.937	4.054	9.0%
Nassau County Subsidy	10.500	10.500	0.000	0.0%
Total Subsidies	69.854	73.437	3.583	5.1%
Net Surplus (Deficit)	\$0.711	(\$3.178)	(\$3.889)	-5.47%

The preliminary FY 07, LI Bus expense budget is \$126.1 million, showing a net cash deficit of \$3.1 million. The \$10.5 million Nassau County subsidy, although beyond mandated amounts set by the State for transportation subsidies, falls short of the \$13.5 million requested by LI Bus by \$3.0 million. The result may be insufficient funding to meet the financial needs of LI Bus. Given that Nassau County is not the only funding source, it is hoped that LI Bus seeks additional funding from other sources, namely the State or the MTA.

Fixed route expenditures represent 89% of total LI Bus expenses and paratransit operations comprise 11% of total LI Bus expenses. Nassau's 2007 subsidy of fixed route operations will represent 6.6% of total fixed route revenue and its paratransit subsidy will comprise 27.0% of total paratransit revenues. The following chart details these percentages historically.

Nassau County Funding of LI Bus			
<u>Fixed Route Operations</u>			
	LI Bus Total Revenues & Subsidies	Nassau MSBA Subsidy	Nassau / LI Bus Revenues
2001	74,200,000	7,853,000	10.6%
2002	76,275,000	5,852,980	7.7%
2003	84,892,000	3,853,000	4.5%
2004	86,120,000	2,961,000	3.4%
2005	87,051,000	7,500,000	8.6%
2006	104,946,057	7,500,000	7.1%
2007	114,010,457	7,500,000	6.6%
<u>Paratransit Operations</u>			
	LI Bus Total Revenues & Subsidies	Nassau Handicapped Subsidy	Nassau / LI Bus Revenues
2001	7,273,000	3,458,000	47.5%
2002	8,090,000	4,458,000	55.1%
2003	8,763,000	4,458,000	50.9%
2004	10,059,000	3,000,000	29.8%
2005	8,481,000	3,000,000	35.4%
2006	10,941,943	3,000,000	27.4%
2007	11,107,543	3,000,000	27.0%

The proposed FY 07 budgeted headcount for the Planning Department adds three full-time positions. These are an Accounting Assistant I, an Assistant Commissioner for Cinema and TV, and a Community Services Representative. The salary line is sufficient to cover the costs of the 24 budgeted full-time employees and 14 budgeted part-time and seasonal employees.

Planning Staffing Analysis						
	<u>FY 06 Adopted</u>	<u>Sept-06 Actual</u>	<u>FY 07 Request</u>	<u>FY 07 Executive</u>	<u>Exec. vs 06 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	21	21	27	24	3	3
Part-time and Seasonal	14	10	14	14	0	4

An historical snapshot reveals that revenues peaked during FY 04. That was the final year in which special tax revenue from the Hotel/Motel tax was accounted for in the Planning department. Also,

increased department revenues due to the sale of County GIS products rose during 2004. The \$1.1 million recorded in the Federal Aid line in FY 04 represents a reimbursement back to the General Fund for monies advanced toward the Federal Transit Capital Program in the Transportation control center. The departmental revenues line proposed in the FY 07 budget reflects the proposed application and filing fee increases for the subdivision of land.

Historical Revenue						
	FY 03	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Actual	Projected	Exec.	Proj./Exec.
Fund Balance	\$0	\$0	\$337,753	\$1,000,000	\$0	-100.0%
Rents & Recpveries	0	\$153,296	\$62,698	0	0	0.0%
Permits & Licenses	(13,700)	0	0	0	0	0.0%
Fines & Forfeits	0	0	0	30,000	30,000	0.0%
Department Revenues	943,322	1,318,797	1,433,294	1,095,500	1,295,500	18.3%
Interdepartmental Rev.	0	962,705	168,291	0	0	0.0%
Interfund Charges	0	0	0	0	12,000	*****
Special Taxes	611,231	621,952	0	0	0	0.0%
Federal Aid	560,681	1,145,754	395,812	519,588	191,814	-63.1%
Service Fees	26,316	25,370	9,573	0	0	0.0%
Total	\$2,127,850	\$4,227,874	\$2,407,421	\$2,645,088	\$1,529,314	-42.2%

Excluding a \$1.0 million fund balance in the FY 06 adopted budget, Planning department revenues are increasing by 23.8%, or \$293,814, including an increase in 1) Federal Aid of \$81,814, 2) interfund charges of \$12,000 and 3) an 18.3% rise in departmental revenues. The overall decrease of \$706,000 in the FY 07 budget from the adopted FY 06 budget is a function primarily of a \$1.0 million decrease in fund balance, which was provided to the Planning Department in 2006 to enable it to contract with consultants to study the issues raised during the County Executive’s meetings with the 35 economic development zones. The rise in departmental revenues of \$200,000 represents fee increases to reflect costs to administer services and regulatory programs for the subdivision of land, pending legislative approval.

REVENUE BUDGET							
Revenue Class	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Exec. Budget	Variance Exec. vs Adopted 06	Variance Exec. vs FY 06 Proj.	
AA Fund Balance	\$1,000,000	\$1,000,000	\$0	\$0	(\$1,000,000)	(\$1,000,000)	
BD Fines & Forfeits	30,000	30,000	30,000	30,000	0	0	
BH Department Revenues	1,095,500	1,095,500	1,295,500	1,295,500	200,000	200,000	
BW Interfund Charges	0	0	12,000	12,000	12,000	12,000	
FA Federal Aid	110,000	519,588	191,814	191,814	81,814	(327,774)	
Total	\$2,235,500	\$2,645,088	\$1,529,314	\$1,529,314	(\$706,186)	(\$1,115,774)	

DEPARTMENT OF PUBLIC WORKS (GENERAL FUND)

The Department of Public Works serves Nassau County's citizens and business community by being committed to effectively and efficiently providing for the continuous improvement of the County's infrastructure, protecting the environment and providing a community that is safe and enjoyable to live and work in.

Historical Expenditures						
	FY 03	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Actual	Projected	Exec.	Proj./Exec.
Full-time Headcount	524	552	529	506	533	5.3%
Salaries	\$30,663,595	\$33,178,473	\$35,018,386	\$33,634,243	\$36,054,577	7.2%
Misc OTPS	3,470,162	5,449,180	5,055,295	5,660,210	5,567,780	-1.6%
Contractual Services	15,762,136	8,432,701	7,708,122	7,909,580	7,361,474	-6.9%
Utility Costs	19,925,841	23,550,459	28,616,394	31,507,839	33,772,201	7.2%
Interdept / Interfund Charges	279,935	4,146,811	1,966,800	5,034,950	6,217,358	23.5%
Total	\$70,101,668	\$74,757,625	\$78,364,998	\$83,746,822	\$88,973,390	6.2%

The chart above reflects historical expenses from FY 03 to FY 07. In FY 06, headcount hit a four year low at 506 full-time positions. The Department of Public Works (DPW) continues to lose more employees than can be replaced. The Department has had difficulty recruiting candidates due to the low starting salaries and the Nassau County residency requirement. DPW has not been impacted by the hiring freeze due to their critical hiring needs.

As shown above, utility costs have significantly increased each year since FY 03 due to rising energy consumption and electricity costs. Contractual services have decreased since FY 03 while miscellaneous OTPS expenses have remain steady since FY 04. Inter-departmental and inter-fund charges continue to increase as the County significantly increases the centralized functions within the County, particularly in the area of legal services, facilities management, fleet services and public safety. As centralized shared services are expanded, both interdepartmental charges and consequently interdepartmental revenues will increase.

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Executive vs Adopted 06	Variance Executive vs FY 06 Proj.
AA	Salaries	\$36,306,496	\$33,634,243	\$37,010,001	\$36,054,577	(\$251,919)	\$2,420,334
BB	Equipment	351,319	329,210	326,064	308,414	(42,905)	(20,796)
DD	General Expenses	4,813,753	5,331,000	5,263,366	5,259,366	445,613	(71,634)
DE	Contractual Services	7,909,580	7,909,580	8,525,474	7,361,474	(548,106)	(548,106)
DF	Utility Costs	25,299,239	31,507,839	32,215,947	33,772,201	8,472,962	2,264,362
	Total OTPS	38,373,891	45,077,629	46,330,851	46,701,455	8,327,564	1,623,826
HF	Inter-Dept. Charges	5,034,950	5,034,950	0	6,217,358	1,182,408	1,182,408
	Grand Total	\$79,715,337	\$83,746,822	\$83,340,852	\$88,973,390	\$9,258,053	\$5,226,568

As shown in the expenditure chart above, the FY 07 budget is increasing by \$9.3 million or 11.6% from \$79.7 million in FY 06 to \$89.0 million in FY 07. The FY 07 salary budget is decreasing by \$252,000 from the FY 06 budget, this is due to a decrease of seven full-time positions from the FY 06 budget. The FY 07 budget includes a 3.5% CSEA contractual salary increase as well as an additional \$264,000 in overtime. The FY 06 projection is \$33.6 million or \$2.4 million under the FY 07 budget due to an increase of 27 full-time positions from the September actual.

Other than personal services are increasing by 21.7% due primarily to utility costs. The FY 07 budget for utility costs is increasing by \$8.5 million due to the increased cost of oil, fuel and natural gas. The budget also includes the first of 10 annual payments of \$1.2 million to the New York Power Authority (NYPA), reimbursing NYPA for improvements provided through its Energy Service Program (ESP). ESP provides full upfront funding for the installation of more energy efficient systems. Participating entities are required to repay NYPA for the cost of those improvements over a distinct period. Due to an understated budget, the rise in energy consumption and energy rate increases, the FY 06 projection for utility costs is \$6.2 million over budget.

Within utility costs there is \$7.1 million in charges for Trig-Gen Nassau District Energy. Trig-Gen operates the power generation plant on County owned property located in Uniondale. In addition to selling electric power to LIPA it provides thermal energy (steam, hot water and chilled water) to Nassau University Medical Center (NUMC), the Children's Museum, the Cradle of Aviation, the Aquatic Center, the Correctional Facility, the Community College, the Coliseum and the Marriot. The FY 06 projection for Trig-Gen is \$1.7 million over budget.

General expenses are increasing 9% mostly due to gasoline costs and motor vehicle supplies for Fleet Management. In FY 07 Fleet Management will be assuming over 200 additional vehicles of which 77 are from the District Attorney's Office, 55 are from the Fire Commission and 80 are from Drainage.

The FY 06 budget of \$4.8 million is projected to fall short due to the surge in fuel costs this past summer. The FY 06 projection for general expenses is \$5.3 million or \$517,000 over budget.

For FY 07, the department’s contractual expenses are decreasing by \$548,106 or 6.9%. Of this amount \$750,000 is attributed the County’s 800 MHz radio communications services contract that has been transferred from Public Works to the Correctional Center.

Inter-departmental charges have been separated out of the OTPS budget for comparison purposes. These charges had been developed to more accurately identify and allocate the costs incurred by other departments on behalf of Public Works. Interdepartmental charges are increasing due to \$1.5 million in building occupancy charges and \$2.2 million for indirect charges which is offset by the elimination of \$2.6 million in charges to Police Headquarters for the Building Maintenance Unit. This charge has been eliminated from the FY 07 budget. Other interdepartmental charges include fleet maintenance charges, and gasoline charges.

EXPENSE BUDGET BY CONTROL CENTER						
Control Center		Adopted FY 06 Budget	Departmental Request FY 07	Executive FY 07	Variance Exec. vs Adopted 06	Variance Exec. vs. Request
00	Administration	\$4,503,317	\$3,677,195	\$3,677,195	(\$826,122)	\$0
01	Engineering	18,022,566	19,344,884	18,644,803	622,237	(700,081)
02	Operations	52,310,203	55,364,443	59,141,689	6,831,486	3,777,246
03	Fleet Management	4,879,251	4,954,330	7,509,703	2,630,452	2,555,373
Total		\$79,715,337	\$83,340,852	\$88,973,390	\$9,258,053	\$5,632,538

The Department of Public Works includes four control centers: Administration, Engineering, Operations and Fleet Management. Operations, Engineering and Fleet Management are increasing while Administration is decreasing from the FY 06 budget. The biggest increase is located in Operations which is growing by \$6.8 million due to utility costs. The decrease in Administration is mostly due to contractual services as previously discussed. Fleet Management is increasing by 53.9% due to increased maintenance and fuel costs from the takeover of additional fleet vehicles.

The control center for Administration includes expenses to carry out administrative functions. This control center includes clerical, administrative and accounting functions as well as the capital planning office.

The division of Engineering (labeled as Highways and Engineering in the budget book) centralizes all engineering staff under various functional units. These include architectural planning & design, construction management, the quality control laboratory, traffic signal engineering and the drafting unit.

Operations (labeled Roads and Bridge Maintenance in the budget book) includes road maintenance, bridge maintenance, snow & ice removal and operations, storm water and drainage maintenance, mosquito control and traffic maintenance.

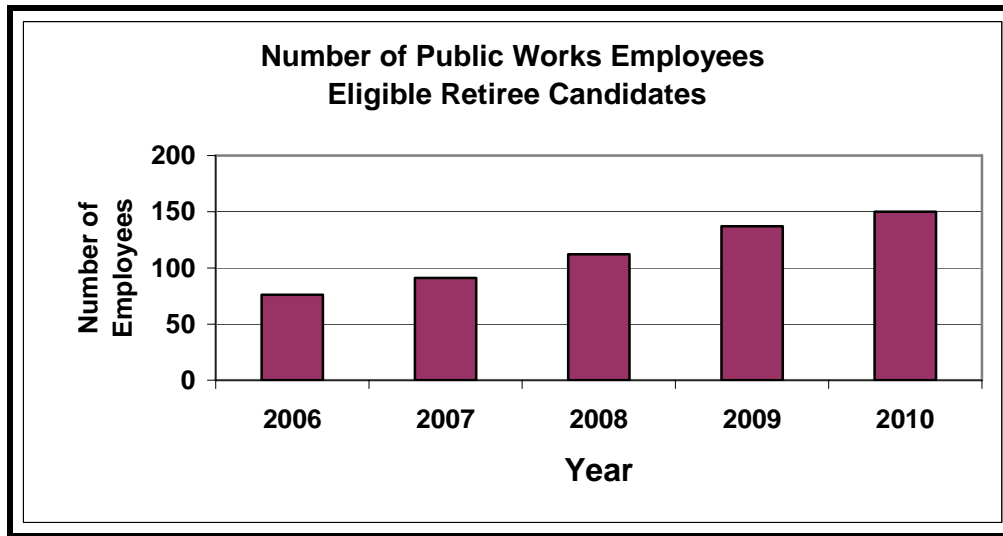
Fleet Management (labeled Groundwater Remediation in the budget book) includes the maintenance costs for the County’s Fleet vehicles.

Department of Public Works Staffing Analysis						
	<u>FY 06 Adopted</u>	<u>Sept-06 Actual</u>	<u>FY 07 Request</u>	<u>FY 07 Executive</u>	<u>Exec. vs 06 Adopt</u>	<u>Exec. vs Actual</u>
CC Full-time Staffing						
00 Administration	47	45	46	46	(1)	1
01 Engineering	156	142	153	153	(3)	11
02 Operations	301	285	311	300	(1)	15
03 Fleet Management	36	34	34	34	(2)	0
Total Full-time	<u>540</u>	<u>506</u>	<u>544</u>	<u>533</u>	<u>(7)</u>	<u>27</u>
CC Part-time and Seasonal						
00 Administration	28	12	36	36	8	24
01 Engineering	0	8	0	0	0	(8)
02 Operations	151	102	58	140	(11)	38
03 Fleet Management	10	7	8	8	(2)	1
Total Part-time and Seasonal	<u>189</u>	<u>129</u>	<u>102</u>	<u>184</u>	<u>(5)</u>	<u>55</u>

As seen in the above chart, full-time staffing in Public Works is decreasing by 7 positions from 540 in the FY 06 budget to 533 in FY 07. The proposed FY 07 Budget includes 27 positions more than the September 1st heacount level. Significant vacancy titles include 7 Equipment Operators and 6 Boiler Room Helpers. Since September 1, 2006 the Department has hired two Equipment Operators and a Secretary to the Commissioner

Part-time and seasonal positions are decreasing by five positions which is the net of 8 additions to the Administration’s budget offset by a decrease of 11 positions in Operations and two positions in Fleet Management. There are 140 seasonal positions under Operations. The seasonal positions are responsible for maintaining the roads by cleaning out the catch basins, mowing the surrounding grass, and fixing potholes. The budget also includes 25 seasonal positions under the Administration’s control center to handle clerical tasks.

Additionally, DPW continues to operate with a staff that has significant years of service, many of whom are close to retirement. The chart below graphs the number of eligible retiree candidates from FY 06 to FY 10.



As shown in the chart above, each year the number of employees eligible to retire increases. Out of the current 506 full-time headcount, 15% of employees are eligible to retire in 2006, 18% in 2007, 22.1% in 2008, 27.1% in 2009 and 29.6% in 2010.

Historical Revenue						
	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Projected	FY 07 Exec.	% Change Proj./Exec.
Permits & Licenses	\$497,249	\$235,345	\$339,650	\$200,000	\$182,000	(\$0)
Rents & Recoveries	72,445	333,064	717,191	72,211	0	-100.0%
Department Revenues	701,878	888,722	1,450,496	1,000,000	941,017	-5.9%
Capital Backcharges	3,185,324	2,548,186	5,153,471	4,570,240	4,743,909	3.8%
Interdept / Interfund Rev.	9,936,886	20,788,974	21,298,955	24,044,974	18,610,692	-22.6%
Federal Aid	0	415,685	0	440,000	440,000	0.0%
State Aid	370,927	0	362,285	0	55,000	*****
Total	\$14,764,708	\$25,209,975	\$29,322,048	\$30,327,425	\$24,972,618	-17.7%

The chart above displays historical revenue collected from FY 03 to FY 07. The decrease in permits and licenses from prior years is due to the transfer of sewage connections and permit verifications into the Sewer and Storm Water Resource District. Revenue for capital back-charges have varied from FY 03 to FY 07. In order to ease the level of debt service, capital projects were scaled back in FY 03 and FY 04. As a result, capital back-charges experienced a reduction. The trend has since been reversed as the County continues to increase capital spending.

REVENUE BUDGET

Revenue Class		Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Exec. vs Adopted 06	Variance Exec. Vs FY 06 Proj.
BC	Permits and Licenses	\$182,000	\$200,000	\$182,000	\$182,000	\$0	(\$18,000)
BF	Rents & Recoveries	0	72,211	0	0	0	(72,211)
BH	Department Revenues	865,000	1,000,000	865,000	941,017	76,017	(58,983)
BI	Capital Backcharges	4,570,240	4,570,240	4,743,909	4,743,909	173,669	173,669
BJ	Interdepartmental Revenues	15,644,974	15,644,974	0	10,310,692	(5,334,282)	(5,334,282)
BW	Interfund Charges Revenue	7,000,000	8,400,000	0	8,300,000	1,300,000	(100,000)
FA	Federal Aid - Reimbursable	440,000	440,000	440,000	440,000	0	0
SA	State Aid - Reimbursable	0	0	55,000	55,000	55,000	55,000
Grand Total		\$28,702,214	\$30,327,425	\$6,285,909	\$24,972,618	(\$3,729,596)	(\$5,354,807)

The FY 07 revenue budget for the department is decreasing significantly by \$3.7 million from \$28.7 million in FY 06 to \$25.0 million. When compared to the FY 06 projection, the FY 07 revenue budget is decreasing by \$5.4 million. The FY 07 budget of \$8.3 million for inter-fund charges includes revenue from Nassau Community College for utility costs paid by the Public Works Department. Revenue is increasing \$1.3 million due to rising utility costs at the College.

The FY 07 budget for interdepartmental revenues is \$10.3 million which is a \$5.3 million decrease from \$15.6 million in FY 06. Due to the consolidation of the County Parks and Find Commission Fund into the General Fund, DPW will no longer capture interdepartmental revenue from those funds. Revenue that the department will receive includes building occupancy, fleet maintenance and gasoline charges from other General Fund departments.

Department revenue includes fees for subdivision plan reviews, 239-K reviews, subdivision plan review, subdivision drainage waivers, plans, adopt-a-highway program and miscellaneous receipts. Subdivision plans review includes fees charged to review the development of land parcels to insure developments meet specific standards. Revenue collected under 239-K reviews relates to section 239 of the municipal laws. For any work done adjacent to County property, the law requires the owner of the property to submit site plans to the Department of Public Works for review. Under subdivision drainage waivers, the department conducts site plan reviews to ensure subdivisions developments meet the established DPW requirements for street grading and drainage. Plans include revenue received annually from the sale of contract plans and books to perspective bidders on various DPW contracts. A portion of the revenue increase is attributed to proposed legislation to adjust Public Works fees bi-annually by the Consumer Price Index (CPI).

Capital back-charges are increasing by \$174,000 in FY 07. Capital back-charges are created from operating costs related to capital project planning. These costs incurred from capital related projects are charge backed to the appropriate capital project in order to match the useful life of the asset with the true costs incurred.

The FY 07 revenue budget for federal aid is for one of the traffic maintenance contracts (traffic computer maintenance). The department is eligible for 80% reimbursement of the amount spent on the contract. The contract is budgeted for \$550,000.

The State aid budget of \$55,000 includes reimbursement from the State for mosquito control and surveillance. The FY 06 budget is reflected in the sewer and stormwater resource district.

Out-Year Initiatives

NAME	FY 2008	FY 2009	FY 2010
Energy Efficiency Improvements Program	\$460,000	\$2,128,260	\$1,092,255

The Energy Efficiency Improvements initiative anticipates savings of \$460,000 in FY 08, \$2.1 million in FY 09 and \$1.1 million in FY 10. The County intends to engage services of an Energy Services Company to develop and implement a comprehensive energy management, retrofit program and to provide necessary design concepts, engineering services, project financing, turnkey implementation and ongoing operational support and training required to implement the program. This initiative is separate from improvements provided by New York Power Authority (NYPA) through its Energy Service Program which only provides improvements to a few buildings within the County. Given that the County has not significantly reduced utility consumption despite the current energy service program in place, this initiative appears overly aggressive.

THE SEWER AND STORM WATER DISTRICT

Background:

In the fall of 2003 the New York Senate and Assembly passed a bill, which was signed by the Governor, to establish the Nassau County Sewer and Storm Water Finance Authority. Chapter 685 of the Laws of 2003 added Title 10-D to the New York State Public Authorities Law to create the Authority.

This legislation created the Authority and a consolidated County-Wide Sewer & Storm Water Resource District. The sole purpose of the Sewer and Storm Water Finance Authority is to refinance outstanding sewer and storm water resources debt issued by the County (previously paid from the General Fund) and to finance future County sewer and storm water resources projects. The Authority can restructure this debt within a \$350 million cap. The original intention behind the creation of the Authority was to restructure sewer debt issued through the Environmental Facilities Corporation to create debt service savings. The first place the County looks for funding is the EFC as they provide the cheapest source. In 2004, the EFC did not have enough funding to fund all projects requested by various municipalities. The EFC created criteria for the



Figure 1: Cedar Creek

selection of projects to fund. Under the selection, new construction ranks higher than financing acquisitions. In 2005 there was a small amount of borrowing for some new construction. However, the Sewage Treatment plants require more maintenance work than new construction. Therefore the County's projects fall low on the EFC funding list.

Thus far the Authority has issued two series of Revenue Bonds. The first issuance occurred on March 1, 2004 of \$54.2 million in aggregate principle of System Revenue Bonds 2004 Series A Bonds. The second issuance occurred October 1, 2004 and included \$27.4 million in aggregate principle of System Revenue 2004 Series B Bonds. The bonds are special obligations of the Authority and are payable solely from the revenues, funds and assets that have been pledged under the Resolution as security for the payment. The proceeds of the bonds were used to refinance certain outstanding County Bonds, and to pay issuance costs of the 2004A and 2004B Bonds as well as miscellaneous acquisition expenses. The restructuring matches the useful life of assets with the maturity of debt, which previously amortized at a very rapid rate. The long term obligations allowed the Authority to take advantage of low short-term rates and are callable without penalty if the EFC funding becomes available in the future.

Last year the Board agreed to switch to a new plan of finance for the issuance of bonds under the Commercial Paper Program Tax-Exempt Commercial Paper Notes (the "Notes"). The program provides a low cost flexible financing source for the Authority. The program provides the Authority with access to cash made available at low short-term interest rates, which can be used when needed to finance capital expenditures. The Authority subsequently issues long term debt to take out its outstanding commercial paper notes. This program ensures the Authority can take maximum advantage of opportunities to refund or restructure debt. Also the Authority can draw on it for actual not planned

expenditures such as capital improvements, refunding or restructuring. The commercial paper program is limited to \$85.0 million. When the limit is reached the Financing Authority will refund the commercial paper program with long term bonds and start over again. Through the current date the Authority has borrowed \$38.0 million.

The District Act abolished the patchwork of 27 collection and 3 disposal districts. A single County-wide district has been created in their place to provide sewer and storm water services. All the rights, privileges, duties and responsibilities and obligations of the prior districts became that of the new district. All funds remaining in the accounts of the prior districts have been transferred to the Authority for capital needs, debt service and reserves.

The rate stabilization program established under the agreement requires the tax levy to remain unchanged from the level set in 2003 until 2007. Since no storm water tax existed in 2003, none will be assessed until after 2007. The District Act requires the County to transition to three zones of assessment by 2014: one zone of assessment that is County-wide for storm water services, one zone of assessment for sewage collection and sewage disposal, and one zone of assessment for sewage disposal only. During this time period the various adjustments that occur to the individual tax assessments is referred to by the Administration as the harmonization of tax levies. Taxes will be sent to the Town Receivers of Taxes, and then directed to a trustee to ensure payment of Authority bonds. The Authority and the County have entered into a financing agreement related to the financial relationships of the entities.

Flow of funds:

The Financing Agreement establishes a flow of funds between the Sewer and Storm Water Finance Authority and the Sewer and Storm Water Resource District. Assessments are collected and designated to a trustee by the Receiver of Taxes. The assessments flow to the Financing Authority to first settle all of its financing obligations for debt service and for the Authority's operating expenses. After the Authority has absorbed the required amount needed to settle obligations, the funds are transferred to the Sewer and Storm Water Resource District. The Resource District then takes the amounts needed to settle their operating expenses and capital pay as you go spending. If the Authority does not have sufficient funds, reserve funds have been set up to satisfy any obligations of the Authority and protect the ratepayer.

Reserve funds established under the Sewer Financing Authority include the Debt Service Fund and the Rate-Stabilization Reserve Fund. The Operations and Maintenance (O&M) Reserve Fund resides in the District.

The Debt Service Fund is held in trust by the Trustee until applied as needed. It includes a separate account for each series of bonds. In the event of insufficient funds, and the Debt and Sinking Fund Reserve is insufficient, the trustee shall be authorized to apply the money in the Debt Service Reserve Fund toward payments of debt service requirements becoming due and payable upon a series of bonds. There are no requirement limits on the Debt Service Reserve Fund.

The Rate Stabilization Reserve Fund is held in trust by the Trustee until applied under the Resolution. Upon receipt of written instructions from the Treasurer of the County, the Authority shall direct the Trustee to transfer money to the Rate Stabilization Reserve Fund or to apply it to capital expenses of the System.

The O&M Fund shall be made available immediately to the Authority upon request if necessary to fund debt service on Authority bonds, County bonds, new County bonds, and Authority operating expenses in excess of the budgeted amounts expended for such fiscal year (not to exceed an aggregate of \$1.0 million when added to the current fiscal year budgeted amount). The fund should maintain an amount equal to 25% of the operating expenses of the District budgeted for a fiscal year.

In the event of insufficient funds for payment of debt service, the Trustee shall, without instruction or further direction from the Authority, transfer the amount needed from the Debt Service Reserve Fund or the Rate Stabilization Reserve Fund to the Debt Service and Sinking Fund. If the amounts are still insufficient, the Authority shall direct the County to transfer the amount in the O&M Reserve Fund to satisfy any deficiency.

Sewer and Storm Finance Authority Board:

The Sewer and Storm Water Finance Authority Board meets regularly and its current members are:

John R. Bransfield, Jr.
Wayne Lipton
Michael H. Dorsky
Paul D. Annunziato
Patricia M. Canzoneri
Jeffrey S. Schwartz
Helena E. Williams

The New York State Senate and Assembly has each passed an amendment to the Authority's governing legislation, that would provide the County Comptroller with the power to make a recommendation for one of the appointments to the board of the Authority. Ms. William's seat on the board is likely to become the one to be made upon the recommendation of the County Comptroller. Ms. Williams will continue to serve as a holdover until the Legislature approves a new appointee.

Some of the significant actions taken by the Board over the previous year include:

- The approval of the 2005 annual report / audited financial statements prepared by Deloitte & Touche LLP;
- The approval of a resolution to established an audit committee to adhere to the State Public Authorities Accountability Act;
- The approval of a resolution to established a Governance committee to adhere Public Authorities Accountability Act;
- The approval of resolution to adopt a code of ethics for the Authority;
- The approval of the report on internal controls of the Sewer and Storm Water Financing Authority by RSM McGladery. The report identifies the key processes performed for the Authority by County personnel and vendors. The report includes risks, controls and recommendations to ensure internal controls of the Authority are adequate;
- An amendment to the RSM McGladery agreement to prepare a report on the Authority's internal bookkeeping processes;

- Reviewing quarterly financial bookkeeping reports.

At the Board meeting on June 27, 2006, a member of NIFA's staff questioned a potential conflict of interest due to the shared services of County personnel with the Authority. The Authority relies on direct operating support from the County's Deputy County Attorney, County Debt Manager, County Treasurer and the County's Chief Deputy County Treasurer. However, the County believes that this is allowable by the Financing and Acquisition Agreement.

Public Authorities Accountability Act:

The Nassau County Sewer and Storm Water Finance Authority is subject to a new state law, the Public Authorities Accountability Act, which imposes certain new requirements upon the Authority and its board members. The Public Authority Accountability Act of 2005 was signed into law on January 13, 2006 as Chapter 766 of the Laws of 2005 and is effective immediately in 2006. The legislation reflects the State's commitment to maintaining public confidence in public authorities by ensuring that the essential governance principles of accountability, transparency and integrity are followed at all times.¹ The law is a significant attempt to incorporate elements of the federal Sarbanes-Oxley Act of 2002 applicable to corporations into the public authority sector. The Act seeks to accomplish these purposes by establishing comprehensive reporting, auditing, governance, and property disposition requirements for a multitude of "public authorities."²

The Act requires:

- Enhanced public disclosure of the Authority's financial, operating and debt practices;
- Adherence to standards of independence for all board members and external auditors, including a requirement that the Chairperson may not serve as the Chief Executive or Chief Financial Officer;
- The establishment of audit and governance committees with specifically delineated responsibilities;
- Adoption of specific procedures for the custody, control and disposition of real property, including the need to designate a contracting officer responsible for carrying out the provision;
- Codification of model governance principles that must be followed, including the participation by board members in training on their legal, fiduciary, financial and ethical responsibilities.

¹ Memo from the State of New York Authority Budget Office, April 5, 2006.

² "Public Authorities Accountability Act of 2005", Memorandum from Orrick, Herrington & Sutcliffe LLP, May 1, 2006.

FY 2007 Budget - Sewer and Storm Water Finance Authority:

Sewer & Storm Water Financing Authority Historical Expenditures					
	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Projected	Exec.	Proj./Exec.
Misc OTPS	\$146,288	\$0	\$375,000	\$0	-100.0%
Contractual Services	0	0	500,000	1,000,000	100.0%
Interest	282,543	2,499,630	5,420,413	5,420,413	0.0%
Principal	0	2,975,000	3,125,000	3,225,000	3.2%
Transfer Out to SSW	70,445,256	182,357,792	162,209,512	135,845,179	-16.3%
Expense of Loans	346,463	491,260	0	0	0.0%
Rate Payer Protection Plan	0	0	7,000,000	7,000,000	0.0%
Total	\$71,220,550	\$188,323,682	\$178,629,925	\$152,490,592	-14.6%

The chart above displays historical expenditures from FY 04 to estimated FY 07. Since FY 04, debt service has increased as the Authority restructures maturing principal and interest of debt issued by the County for sewer and storm water projects prior to the creation of the Authority and as the Authority issues more debt for future capital expenditures. The transfer out to the Sewer and Storm Water Authority includes the funds remaining after the Authority absorbs operating expenses and debt service. This transfer amount has varied from FY 04 to present.

SEWER & STORM WATER FINANCE AUTHORITY							
EXPENSE BUDGET							
BY OBJECT CLASS							
Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Executive vs Adopted	Variance Executive vs FY 06 Proj.
DD	Other Expenses	\$0	\$375,000	\$0	\$0	\$0	(\$375,000)
DE	Contractual Services	500,000	500,000	1,000,000	1,000,000	500,000	0
LZ	Transfer Out to SSW	162,209,512	162,209,512	139,955,723	135,845,179	(26,364,333)	(26,364,333)
31	Rate Payer Protection Plan	7,000,000	7,000,000	7,000,000	7,000,000	0	0
	Total OTPS	169,709,512	170,084,512	147,955,723	143,845,179	(25,864,333)	(26,739,333)
FF	Interest	5,420,413	5,420,413	5,420,413	5,420,413	0	0
GG	Principal	3,125,000	3,125,000	3,225,000	3,225,000	100,000	100,000
	Total Debt Service	8,545,413	8,545,413	8,645,413	8,645,413	100,000	100,000
	Grand Total	\$178,254,925	\$178,629,925	\$156,601,136	\$152,490,592	(\$25,764,333)	(\$26,639,333)

The above chart reflects the expenditure budget for the Sewer and Storm Water Finance Authority. The biggest component includes the \$135.8 million that is transferred to the Sewer and Storm Water Resource District. As stated previously, the transfer of funds represents the remaining balance after the Authority's debt service and operating expenses are paid. The remaining balance of the tax proceeds is

SEWER AND STORM WATER DISTRICT

transferred to the District for annual operating expenses. This amount has been reduced by \$26.4 million from \$162.2 million in FY 06.

The increase in contractual services to \$1.0 million in FY 07 from \$500,000 in FY 06 is in anticipation that extra resources will be needed to comply with the Public Accountability Act of 2005 and amendments to State law regarding procurement lobbying.

Debt service of \$8.6 million has been budgeted in FY 07, which is an increase of \$100,000 from FY 06. This increase is from new debt issued in FY 06. The Authority has assumed an interest rate of 5.25% in its calculation of variable rate debt.

The funding for the Rate Payer Protection Plan remains unchanged from the FY 06 budget at \$7.0 million. The Financing Agreement prohibits the County from reducing the Rate Stabilization Reserve Fund to an amount below \$7.0 million before 2007.

Sewer and StormWater Financing Authority Historical Revenue					
	FY 04 Actual	FY 05 Actual	FY 06 Projected	FY 07 Exec.	% Change Proj./Exec.
Fund Balance	\$0	\$0	\$22,252,616	\$32,583,161	46.4%
Capital Proceeds	0	0	17,070,000	0	-100.0%
Investment Income	279,494	5,325,563	234,273	975,122	316.2%
Debt Service from Capit	0	32,574,733	0	0	0.0%
Interfund transfers	143,442,039	0	0	0	0.0%
Property Tax	0	138,942,582	138,932,309	118,932,309	-14.4%
Total	\$143,721,532	\$176,842,878	\$178,489,198	\$152,490,592	-14.6%

The chart above displays the revenue collected by the Authority from FY 04 to FY 07. The lower revenue generated in FY 04 is due to the property tax levy which can be found in the Sewer and Storm Water Resource District. From FY 04 to FY 06 the property tax levy remained constant at \$138.9 million. The one time revenue amount in the FY 05 debt service from Capital category is the result of revenue collected in the County's 840 Capital recovery account. This account represents revenue received from State and Federal grants to retire debt or pay debt service for capital projects.

**SEWER & STORM WATER FINANCE AUTHORITY
REVENUE BUDGET**

Revenue Class	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Exec. Budget	Variance Exec. vs Adopted 06	Variance Exec. Vs FY 06 Proj.
AA Fund Balance - BOY	\$39,322,616	\$22,252,616	\$32,583,161	\$32,583,161	(\$6,739,455)	\$10,330,545
OA Capital Proceeds	0	17,070,000	0	0	0	(17,070,000)
BE Investment Income	0	234,273	975,122	975,122	975,122	740,849
BQ Debt Service from Cap.	0	0	0	0	0	0
TL Property Tax	138,932,309	138,932,309	123,042,853	118,932,309	(20,000,000)	(20,000,000)
Grand Total	\$178,254,925	\$178,489,198	\$156,601,136	\$152,490,592	(\$25,764,333)	(\$25,998,606)

The FY 07 revenue budget for the Sewer and Storm Water Finance Authority includes property taxes, investment income and fund balance. At the Authority’s creation the rate stabilization program required the tax rate to remain unchanged until 2007. For FY 07, property taxes are reduced by \$20 million from \$138.9 million in FY 06 to \$118.9 million. Due to an excess fund balance, the Administration plans to use an estimated \$32.6 million of accumulated fund balance from its rate stabilization reserve.

The FY 06 projection of \$178.5 million includes fund balance, capital proceeds, investment income and property tax. Approximately \$17.1 million in bond proceeds results from the issuance of commercial paper. The property tax levy includes \$138.9 million from assessments that are collected in February/March and August/September.

FY 2007 Budget – Sewer and Storm Water Resource District:

Sewer & Storm Water Resource District Historical Expenditures					
	FY 04	FY 05	FY 06	FY 07	% Change
	Actual	Actual	Projected	Exec.	Proj./Exec.
Full-time Headcount	297	296	288	384	33.3%
Salaries	\$18,542,855	\$19,429,987	\$19,898,163	\$23,823,370	19.7%
Fringe	8,049,513	8,440,170	8,814,343	10,660,108	20.9%
Misc OTPS	7,748,969	8,546,316	9,273,884	11,780,534	27.0%
Contractual Services	20,340,797	20,479,418	21,441,500	23,712,025	10.6%
Utility Costs	9,687,436	12,079,046	14,421,804	12,000,000	-16.8%
Interest	14,725,507	12,001,496	16,265,147	13,335,240	-18.0%
Principal	26,057,584	17,039,197	30,411,599	30,217,301	-0.6%
Interfund Charges	28,827,153	43,929,405	30,879,272	27,125,772	-12.2%
Rate Payer Protection Pl	73,969,764	0	0	0	0.0%
Ops and Maint Reserve	0	0	13,615,280	500,000	-96.3%
General Reserves	0	0	0	18,568,349	*****
Other Suits & Damages	0	172,562	0	500,000	*****
Total	\$207,949,578	\$142,117,597	\$165,020,992	\$172,222,699	4.4%

The decrease in FY 05 expenditures from FY 04 results mostly from the removal of the rate payer protection plan from the Sewer and Storm Water Resource District. The increase in both the FY 06 projection and the FY 07 budget are due mostly from greater debt service. Since the creation of the Sewer and Storm Water Resource District, salaries and fringe expenses have steadily risen. Increased fringe expenses are the result of increased health insurance costs and pension contribution costs. Historically utility costs have increased due to rising energy consumption and electricity costs.

SEWER & STORM WATER RESOURCE DISTRICT

EXPENSE BUDGET
BY OBJECT CLASS

Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Executive vs Adopted	Variance Executive vs FY 06 Proj.
AA	Salaries	\$29,243,732	\$19,898,163	\$30,327,123	\$23,823,370	(\$5,420,362)	\$3,925,207
AB	Fringe Benefits	11,481,603	8,814,343	10,660,108	10,660,108	(821,495)	1,845,765
	Total PS	40,725,335	28,712,506	40,987,231	34,483,478	(6,241,857)	5,770,972
BB	Equipment	226,981	226,981	728,350	728,350	501,369	501,369
DD	General Expenses	9,046,903	9,046,903	11,052,184	11,052,184	2,005,281	2,005,281
DE	Contractual Services	21,441,500	21,441,500	23,712,025	23,712,025	2,270,525	2,270,525
DF	Utility Costs	10,774,339	14,421,804	12,000,000	12,000,000	1,225,661	(2,421,804)
HH	Interfund Charges	27,812,858	30,879,272	26,770,572	27,125,772	(687,086)	(3,753,500)
32	Ops & Maint. Reserve	18,803,764	13,615,280	2,125,939	500,000	(18,303,764)	(13,115,280)
33	General Reserves	59,985,427	0	18,568,349	18,568,349	(41,417,078)	18,568,349
87	Other Suits & Damages	500,000	0	500,000	500,000	0	500,000
	Total OTPS	148,591,772	89,631,740	95,457,419	94,186,680	(54,405,092)	4,554,940
FF	Interest	16,265,147	16,265,147	14,934,111	13,335,240	(2,929,907)	(2,929,907)
GG	Principal	30,411,599	30,411,599	32,752,789	30,217,301	(194,298)	(194,298)
	Total Debt Service	46,676,746	46,676,746	47,686,900	43,552,541	(3,124,205)	(3,124,205)
	Grand Total	\$235,993,853	\$165,020,992	\$184,131,550	\$172,222,699	(\$63,771,154)	\$7,201,707

The FY 07 expense budget is decreasing \$63.8 million from \$236.0 million in FY 06. This is due to decreases in salaries, fringe costs, reserves and debt service.

Personal services are decreasing \$6.2 million or 15% from \$40.7 million in FY 06 to \$34.5 million in FY 07. The decrease results from the removal of storm water personnel costs. The FY 06 budget included salary and fringe costs for storm water related personnel costs in the salary line and as an interfund charge. The General Fund charges the Sewer and Storm Water Resource District for storm water related personnel and indirect costs. This expense will continue to be reflected as an interfund charge. The General Fund shows the actual expenses in the Public Works responsibility centers from the General Fund in Wastewater Engineering, Groundwater Remediation, Storm Water and Drain Maintenance (or Water Supply), Mosquito Control and Construction.

In FY 07 the budget for inter-fund charges is decreasing by \$687,000 to \$27.1 million. These charges account for the costs incurred on behalf of the Sewer District for sewer and storm water services. Of this amount, \$12.6 million are for charges to the General Fund for salaries of storm water employees. There is \$700,000 budgeted for worker compensation costs. Another \$6.3 million will be charged for indirect and other than personal services expenses related to these employees. Finally \$6.3 million has been included for debt service on sewer and storm water capital projects.

Other than personal services is decreasing \$54.4 million from \$148.6 million in FY 06 to \$94.2 million due to declines in the reserves for the General Reserves Fund and the O&M Reserve Fund. The FY 07 budget has incorrectly allocated the amounts for these two funds. Technical changes will need to be made to the FY 07 budget to switch the allocation between the two reserves. The O&M Reserve must be maintained at a level equal to 25% of operating expenses (excluding debt, interfund charges and pay as you go expenditures in contractual services). The General Reserve Fund is allowed to float to any amount. The following chart reflects the adjusted figures for the Reserves:

Reserve Accounts		
	Current	Adjusted
932 O&M Reserve	500,000	18,744,009
933 Gen Reserve	18,568,349	324,340
987 Suits & Damages	500,000	500,000
00 Total	19,568,349	19,568,349

General expenses are increasing \$2.0 million from \$9.0 million in FY 06 to \$11.0 million in FY 07. The majority of general expenses are processed in cycles of blanket orders. As the orders are renewed, the new cost is usually higher due to inflation. The blanket orders are budgeted to include an adjustment to the CPI index. Also contributing to the increase is the takeoff in commodity prices. The increase in commodities such as aluminum and steel has triggered higher production costs which eventually are passed on to the consumer. General expenses also include the budget for motor vehicle fuel. The budget includes an increase for gasoline costs from \$167,000 in FY 06 to \$248,000 in FY 07.

Contractual services are increasing by 11% to \$23.7 million in FY 07. Of this amount \$10.5 million has been budgeted for sludge disposal. As contracts expire and are rebid, the new contract costs are usually higher due to inflation. An example of a service contract up for bid is the contract for the main engine generators.

Utility costs are growing by 11.4% to \$12.0 million in FY 07. Due to rising energy costs, utilities may fall short. The FY 06 projection is \$14.4 million or about \$3.6 million over the FY 06 budget and \$2.4 million greater than the FY 07 budget.

Debt Service is decreasing \$3.1 million from \$46.7 million in FY 06 to \$43.6 million in FY 07. The decline can be attributed to a reduction in borrowing needs from capital projects that do not develop as quickly as anticipated.

SEWER AND STORM WATER DISTRICT

Sewer and Storm Water Resource District Historical Revenue

	FY 04 Actual	FY 05 Actual	FY 06 Projected	FY 07 Exec.	% Change Proj./Exec.
Fund Balance	\$73,969,764	\$21,401,465	\$3,666,210	\$31,701,082	764.7%
Permits & Licenses	227,095	0	0	265,000	*****
Investment Income	1,499,412	3,962,130	3,150,000	1,769,735	-43.8%
Rents & Recoveries	176,590	272,638	525,000	288,164	-45.1%
Revenue Offset to Expense	0	0	241,820	162,025	-33.0%
Department Revenues	1,397,638	1,506,324	1,788,302	1,656,244	-7.4%
Capital Backcharges	928,808	82,343	451,780	463,077	2.5%
Interfund Chgs / Transfs	11,379,425	145,871,357	163,745,612	135,917,372	-17.0%
State Aid	224,072	0	0	0	0.0%
Property Tax	138,932,309	0	0	0	0.0%
Total	\$228,735,113	\$173,096,257	\$173,568,724	\$172,222,699	-0.8%

Excluding FY 04, revenue has remained steady from FY 05 through FY 07. The FY 04 actual revenue amount is larger due to property taxes. The property tax's proper location is under the Sewer and Storm Water Financing Authority. The Financing Authority is responsible for levying the taxes, utilizing the taxes for its debt service and operating needs and transferring the remaining amount to the Sewer and Storm Water Resource District. Investment income has historically increased from FY 04 to FY 07 as the Authority invests more cash in interest earning accounts. Department revenue has increased from FY 04 through FY 06 mostly due to miscellaneous receipts.

**SEWER & STORM WATER RESOURCE DISTRICT
REVENUE BUDGET**

Revenue Class	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Executive	Variance Exec. vs Adopted 06	Variance Exec. Vs FY 06 Proj.
AA Fund Balance - BOY	\$68,433,159	\$3,666,210	\$30,090,548	\$31,701,082	(\$36,732,077)	\$28,034,872
BC Permits & Licenses	0	0	265,000	265,000	265,000	265,000
BE Investment Income	1,250,000	3,150,000	1,769,735	1,769,735	519,735	(1,380,265)
BF Rents and Recoveries	325,000	525,000	288,164	288,164	(36,836)	(236,836)
BG Revenue Offset to Expense	0	241,820	162,025	162,025	162,025	(79,795)
BH Department Revenues	1,788,302	1,788,302	1,446,244	1,656,244	(132,058)	(132,058)
BI Capital Backcharges	451,780	451,780	463,077	463,077	11,297	11,297
BW Interfund Charges	163,745,612	163,745,612	149,646,760	135,917,372	(27,828,240)	(27,828,240)
IF Interfund Transfers	0	0	0	0	0	0
Grand Total	\$235,993,853	\$173,568,724	\$184,131,553	\$172,222,699	(\$63,771,154)	(\$1,346,025)

The FY 07 revenue budget for the Resource District is \$172.2 million, which is a decrease of \$63.8 million compared to the FY 06 budget. This decrease results from a reduction in the fund balance,

interfund charges and rents and recoveries. The fund balance of \$31.7 million does not include the Financing Authority’s fund balance of \$39.3 million.

The FY 07 budget of \$265,000 for permits and licenses includes revenue collected for sewage connections and verifications of permits. This revenue had previously been booked in the General Fund.

Interfund charges are decreasing \$27.8 million from \$163.7 million in FY 06 to \$135.9 million. Interfund charges include the transfer of Storm Water Financing Authority tax levy and fund balance into the Sewer and Storm Water Resource District.

Departmental revenues are decreasing by roughly \$132,000 from \$1.8 million in FY 06 to \$1.7 million in FY 07. Department revenues include fees received for subdivision plan reviews, non-storm water discharges, contractual services, waste disposal and miscellaneous receipts. The decrease in revenue results from declines in miscellaneous receipts and contractual services.

The Sewer And Storm Water District Staffing Analysis						
	<u>FY 06 Adopted</u>	<u>Sept-06 Actual</u>	<u>FY 07 Request</u>	<u>FY 07 Executive</u>	<u>Exec. vs 06 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	461	288	474	384	(77)	96
Part-time and Seasonal	3	15	4	4	1	(11)

Full-time staffing is decreasing by 77 positions from the FY 06 adopted budget of 461 positions to 384 positions in the Sewer and Storm Water District. This budget is an increase of 96 positions over the current staffing level. The decrease in full-time staffing from the FY 06 budget results from the removal of storm water personnel. The Sewer and Storm Water Resource District charges the General Fund for storm water personnel costs. Last year the Administration decided to budget the costs in both salaries and interfund charges. The FY 07 budget does not include the headcount and salary costs for storm water services. The costs to charge the General Fund these storm-water costs will continue to be charged from interfund charges.

The Administration has identified critical hiring needs for the Wastewater Treatment Plants and the Sewer Maintenance Plants. The following chart lists the vacant positions:

Wastewater Treatment Plants	
Clerk I	4
Laborer Positions	8
Maintenance Electrician	4
Industrial Waste Control Specialist I & II	4
Maintenance Lead Electrician	1
Organic Chemist II	1
Plant Maintenance Mechanic Trainee	15
Procurement Supervisor	1
Power Plant Operator Trainee	6
Storekeeper I - III	5
Sewage Treatment Plant Supervisor III	1
Sewage Treatment Plant Chemist I	3
Sewage Treatment Plant Operator Trainee	10
	63
Sewer Maintenance	
Auto Mechanic	2
Equipment Operator I & II	27
Groundskeeper I & II	2
Labor I & II	2
Service Operations Supervisor II	1
Sewer Maintenance Worker II	2
	36

As shown in the above chart, there are 63 vacancies in the wastewater treatment plants and 36 vacancies in Sewer Maintenance. Vacancy titles with significant openings include 15 Plant Maintenance Mechanic Trainee and 27 Equipment Operators.

OFFICE OF INFORMATION TECHNOLOGY

The Department of Information Technology, (DoIT), serves as the central point for planning, implementation and support of technology initiatives and infrastructure in the County. DoIT establishes strategic directions for technology and telecommunications, encourages cross agency collaboration for the mutual benefit of all and advocates best practices for operations and project management.

Historical Expenditures						
	FY 03 Actual	FY 04 Actual	FY 05 Actual	FY 06 Projected	FY 07 Exec.	% Change Proj./Exec.
Full-time Headcount	95	94	96	100	104	4.0%
Salaries	\$8,114,983	\$8,886,393	\$8,840,306	\$8,727,270	\$9,192,419	5.3%
Misc OTPS	5,165,573	1,626,100	1,654,785	2,227,402	2,186,708	-1.8%
Contractual Services	11,565,436	5,595,796	4,712,204	5,297,908	8,219,056	55.1%
Utility Cost	5,660,462	5,098,000	5,717,577	4,179,000	4,909,602	17.5%
Inter-depart Charges	0	849,523	873,713	1,297,130	1,926,713	48.5%
Total	\$30,506,454	\$22,055,813	\$21,798,584	\$21,728,710	\$26,434,498	21.7%

Expenditures were high in FY 03 as a result of the development of the new Data Center in Bethpage. Contractual services expenses have gone up by 55% from FY 06 projected to FY 07 mainly due to supplemental staffing and maintenance contracts.

The proposed FY 07 Budget for the Department of Information Technology (DoIT) is \$26.4 million, which is an increase of 7.9% over the FY06 budget. In FY 07 the department will be using its capital funds to continue to start projects that include eGovernment, and the proposed Cisco network topologies and equipment upgrade. DoIT has informed OLBR that it is abandoning its effort to separately or jointly implement HRMS and Time and Attendance. Instead, DoIT will begin the process to evaluate the requirements for a New Financial System to replace Tier Technologies (FMS), and integrate the HRMS into the Enterprise Solution.

Program	Modified 2006 Budget	2007 Budget	Difference
Application Support	\$3,123,698	\$2,997,593	(\$126,105)
Client Relationship	574,574	160,726	(413,848)
Data Center Operations	4,566,292	5,545,910	979,618
Desktop Support	2,234,443	2,156,439	(78,004)
E-Mail/Server	833,218	776,843	(56,375)
Network	1,301,020	1,399,866	98,846
Support	1,544,240	2,558,055	1,013,815
Support- Inter Dept Chg	1,888,809	1,926,713	37,904
Telecommunications	4,634,934	6,033,259	1,398,325
Training	239,816	242,419	2,603
Web Services	1,593,883	1,029,228	(564,655)
GIS	769,028	757,394	(11,634)
IT Security	250,000	110,000	(140,000)
EDMS	158,010	56,160	(101,850)
PMO	822,344	683,893	(138,451)
Total	<u>\$24,534,309</u>	<u>\$26,434,498</u>	<u>\$1,900,189</u>

Funding is increasing over FY 06, the shift to more outsourcing of staffing and technical support functions continue to make DoIT dependent on consultants. As the County continues to develop Web-based applications and products, internal support for these products is lacking.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Exec. Budget	Variance Exec. Vs. Adopted 06	Variance Exec. Vs. FY 06 Proj.
AA	Salaries	\$9,933,510	\$8,727,270	\$10,502,787	\$9,192,419	(\$741,091)	\$465,149
BB	Equipment	252,000	250,000	100,000	100,000	(152,000)	(150,000)
DD	General Expense	2,445,734	1,977,402	2,086,708	2,086,708	(359,026)	109,306
DE	Contractual Services	6,371,322	5,297,908	9,019,056	8,219,056	1,847,734	2,921,148
DF	Utility Cost	3,609,433	4,179,000	4,909,602	4,909,602	1,300,169	730,602
	Total OTPS	12,678,489	11,704,310	16,115,366	15,315,366	2,636,877	3,611,056
HF	Inter-Depart Charges	1,888,809	1,297,130	0	1,926,713	37,904	629,583
	Grand Total	\$24,500,808	\$21,728,710	\$26,618,153	\$26,434,498	\$1,933,690	\$4,705,788

The proposed budget for the salary related expenses of 104 full time employees is approximately \$9.0 million. This is four employees over the current full-time onboard positions, and DoIT plans to hire Network Analysts. DoIT has two control centers in the FY 07 budget: Administration and Internal Support Services. In FY 07 DoIT plans to chargeback approximately 30 positions to capital projects for the work they will be performing.

The total proposed OTPS budget is \$2.6 million more than the adopted FY 06 budget. The increase is mostly the result of contractual services going from \$6.4 million in FY 06 to \$8.2 million in FY07. The general expense category includes the cost of maintenance of software and licensing increases, and additional software tools.

The equipment account is used by the department to purchase computers for new employees and replacement computers for existing employees, County-wide, and is very small. An executive decision was made that all new or replacement computers and related hardware for County agencies would be purchased through the Capital Fund.

The contractual services category is reflective of additional maintenance contracts to support the increase and replacement of equipment and software, and maintained County staffing at relatively the same level. In addition, there is only \$150,000 included in general expenses for education expenses. The department uses these funds to train employees. With the ever changing nature of information technology and the slow turnover of County staff, it appears that more funds should be allocated to this account so employees can obtain training and acquire new technical skill sets.

Inter-departmental charges have been separated out of the OTPS budget for comparison purposes. These charges have been developed to more accurately identify and allocate the costs incurred by other departments on behalf of Information Technology. The corresponding revenue gets booked to the department providing the service as inter-departmental revenue (BJ). The largest components of the

department's FY 07 inter-departmental charges are for indirect charges at a cost of \$1.5 million, which includes \$247,000 for Comptroller, \$308,200 for County Attorney, \$68,000 for Management and Budget, and building occupancy charges of \$415,000.

Any Information Technology department with an operating budget of over \$26.5 million and a planned capital budget expenditure of over \$100 million over the next five years needs to ensure that it has a management team that is very strong in leadership skills, technology expertise, and customer relations. DoIT continues to depend on outside consultants to provide technical expertise and to fill management roles. An example is the role played by Contemporary Computer Services (CCSI, a Cisco only partner) in developing the network topology and recommending additional Cisco equipment in order to deploy the boxed equipment that is still in inventory. DoIT has allocated an additional million dollars for supplemental staffing for FY07, bringing the amount for contractual staffing to over \$2.4 million.

EXPENSE BUDGET BY Control Center						
Control Center		Adopted FY 06 Budget	Departmental Request FY 07	FY 07 Executive	Variance Executive vs Adopted	Variance Executive vs Request
10	Administration	\$22,501,426	\$24,549,059	\$24,827,051	\$2,325,625	\$277,992
20	Internal Support Services	1,999,382	2,069,096	1,607,447	(391,935)	(\$461,649)
Total		\$24,500,808	\$26,618,155	\$26,434,498	\$1,933,690	(\$183,657)

Internal Support Service is decreasing because some costs have been shifted to Administration. Administration is also increasing because of increased contractual and telephone expenses compared to budget.

**Information Technology
Staffing Analysis**

	<u>FY 06 Adopted</u>	<u>Sept-06 Actual</u>	<u>FY 07 Request</u>	<u>FY 07 Executive</u>	<u>Exec. vs 06 Adopt</u>	<u>Exec. vs Actuals</u>
CC Full-time Staffing						
10 Administration	104	89	105	93	(11)	4
20 Internal Support Services	14	11	15	11	(3)	0
Total Full-time	<u>118</u>	<u>100</u>	<u>120</u>	<u>104</u>	<u>(14)</u>	<u>4</u>
CC Part-time and Seasonal						
10 Administration	0	9	0	0	0	(9)
20 Internal Support Services	2	0	2	2	0	2
Total Part-time and Seasonal	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>	<u>(7)</u>

The department requested 120 full-time positions, of which 104 were granted by the Administration. This increase of four employees, as compared to the current actual headcount, will allow DoIT to fill some critical positions. The part-time staffing has declined due to outsourcing of technical support function.

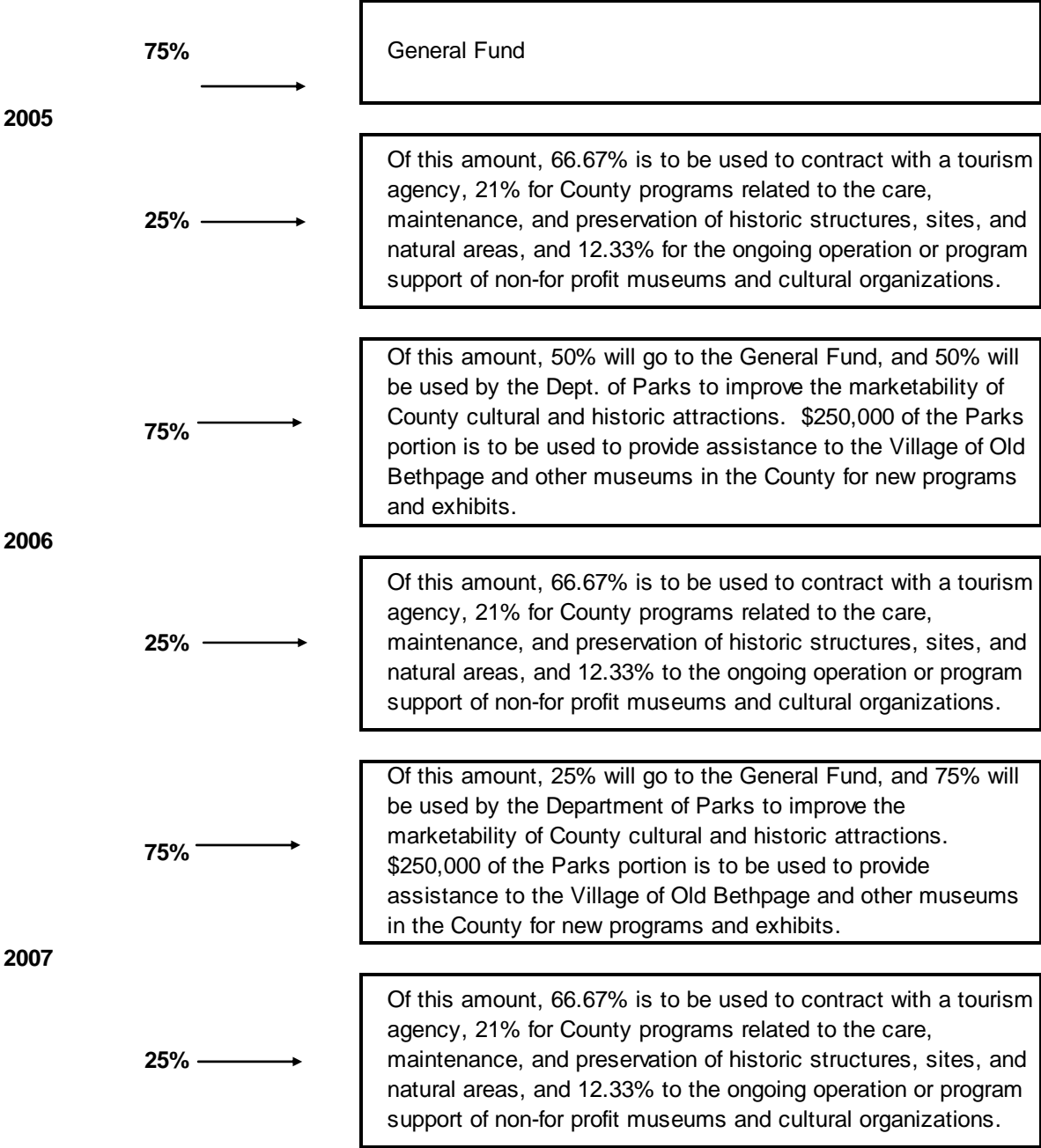
A new organizational structure has been in effect beginning 2006. The Commissioner will have the following units reporting to him: IT Security, Administration, Operations, Program Office, Geographic Information Systems, and Electronic Documents Management System. DoIT has been moved under the Management, Budget and Finance vertical and reports to the Deputy County Executive for Finance.

	Historical Revenue					
	<u>FY 03 Actual</u>	<u>FY 04 Actual</u>	<u>FY 05 Actual</u>	<u>FY 06 Projected</u>	<u>FY 07 Exec.</u>	<u>Proj./Exec</u>
Rents & Recoveries	\$0	\$522,398	\$68,591	\$0	\$0	0.0%
Department Revenues	893,970	1,164,323	1,037,639	700,000	202,000	-71.1%
Capital Chargebacks	0	262,948	195,345	195,559	2,801,290	1332.5%
Interdepartmental Rev.	3,888,786	1,604,962	4,745,522	5,490,000	5,489,529	0.0%
Interfund Charges	0	2,314	0	637,618	0	-100.0%
State Aid	200,613	0	506,135	422,452	372,000	-11.9%
Total	<u>\$4,983,369</u>	<u>\$3,556,946</u>	<u>\$6,553,232</u>	<u>\$7,445,629</u>	<u>\$8,864,819</u>	<u>19.1%</u>

Inter-departmental revenues are reimbursements for the costs incurred by Information Technology for services, supplies, and materials provided to other County departments. A corresponding expense gets booked to the budget of the user department as an inter-departmental charge. In the past inter-departmental charges were only allocated to the major funds.

REVENUE BUDGET							
Revenue Class		Adopted FY 06 Budget	OLBR FY 06 Projection	FY 07 Dept. Request	FY 07 Exec. Budget	Variance Exec. Vs. Adopted 06	Variance Exec. Vs. FY 06 Proj.
BH	Department Revenues	202,000	700,000	202,000	202,000	0	(498,000)
BI	Capital Chargebacks	2,311,073	195,559	3,327,561	2,801,290	490,217	2,605,731
BJ	Inter-departmental Revenues	5,559,985	5,490,000	0	5,489,529	(70,456)	(471)
BW	Inter-fund Charges	660,000	637,618	0	0	(660,000)	(637,618)
SA	State Aid	372,000	422,452	372,000	372,000	0	(50,452)
Grand Total		\$9,105,058	\$7,445,629	\$3,901,561	\$8,864,819	(\$240,239)	\$1,419,190

Departmental revenues in FY 07, budgeted for \$202,000, represented the charges from sales generated by GIS. Inter-fund charges included information technology and telecommunication charges to Social Services for \$1.4 million, Senior Citizens \$262,000, Youth Board \$122,000, Police \$2.3 million, and Health Department \$627,000 in FY 07. It should be noted that a capital chargeback of \$2.8 million has been established to reflect the work that will be performed by County DoIT staff towards various capital projects.



	2005	2006	2007
Where Booked	Actual	Projected	Proposed
Treasurer/General Fund	3,272,663	1,462,500	656,250
Parks/Parks Fund	1,091,680	2,437,500	
Parks/General Fund			875,000
Parks/Grant Fund			1,968,750
Total	4,364,343	3,900,000	3,500,000