

*Overview
of the
Fiscal 2005
Executive
Budget*

**NASSAU COUNTY
OFFICE OF LEGISLATIVE
BUDGET REVIEW**

ERIC C. NAUGHTON, DIRECTOR
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October 6, 2003

*Government Services
Committee*

*Agencies Scheduled to
Testify:*

Public Works

*Parks, Recreation &
Museums*

Planning

County Clerk

Assessment

*Assessment Review
Commission*

Information Technology

*Housing and Inter-
governmental Affairs*

Minority Affairs

**NASSAU COUNTY
LEGISLATURE**

Hon. Judith A. Jacobs,
Presiding Officer

Hon. Peter J. Schmitt,
Minority Leader

Hon. Roger Corbin,
*Chairman,
Government Services
Committee*

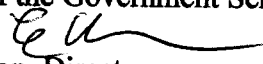


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Inter-Departmental Memo

To: Hon. Judith A. Jacobs, Presiding Officer
Hon. Peter J. Schmitt, Minority Leader
Hon. Roger Corbin, Chairman of Government Services Committee
All Members of the Government Services Committee

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

Date: October 5, 2004

Re: FY 05 Budget Hearing – October 6, 2004

Enclosed please find preliminary reviews of the FY 05 budget 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 OMB's FY 04 projections that were prepared in July for their second quarter budget report. In addition, in looking at staffing needs we also compare the proposed FY 05 budget to actual staffing levels as of September 1, 2004, as well as the FY 04 budget.

In FY 04 the Administration created a budget and accounting charge for inter-departmental charges (HF) and debt service (HD). These charges have been developed to more accurately identify and allocate the costs incurred by service departments, such as Information Technology and Real Estate on behalf of other County agencies. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). The value of these charges is approximately \$415 million. For comparison purposes, these charges are separated out of the OTPS budget.

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

GOVERNMENT SERVICES COMMITTEE

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DEPARTMENT OF PUBLIC WORKS (GENERAL FUND)

The proposed FY 05 Public Works budget has been restructured from the current ten control centers into three. These are the Division of Administration, the Division of Engineering and the Division of Operations. The reorganization includes the influx of \$1.2 million from the Police Department and \$5.2 million from the Parks Department for facilities maintenance of Police and Parks buildings. The eliminated control centers for groundwater remediation, snow removal, facilities maintenance, water supply, sanitation and traffic maintenance have been reclassified under the three new control centers. The control center for Fleet Maintenance has been transferred into the proposed Department of Fleet Management. Finally the Public Works department transferred pools and rinks maintenance staff into the Parks Department.

EXPENSE BUDGET BY CONTROL CENTER

Control Center		Adopted FY 04 Budget	Departmental Request FY 04	Executive FY 04	Variance Exec. vs Adopted 03	Variance Exec. vs. Request
00	Administration	5,838,775	4,397,065	11,611,369	5,772,594	7,214,304
01	Engineering	17,231,453	18,146,923	18,147,823	916,370	900
02	Operations	8,711,001	50,339,912	48,561,085	39,850,084	(1,778,827)
03	Groundwater Remediations	908,130	0	0	(908,130)	0
04	Snow Removal	1,450,000	0	0	(1,450,000)	0
06	Facilities Maintenance	29,897,015	0	0	(29,897,015)	0
07	Water Supply	4,819,137	0	0	(4,819,137)	0
08	Sanitation	3,621,943	0	0	(3,621,943)	0
09	Fleet Maintenance	3,605,658	0	0	(3,605,658)	0
12	Traffic Maintenance	1,229,087	0	0	(1,229,087)	0
Total		77,312,199	72,883,900	78,320,277	1,008,078	5,436,377

The above chart reflects expenses by control center, which are rising by 1%. Administrative and clerical titles from last year's various control centers have been reclassified under the division of Administration. As a result of the restructuring, the Administration budget has doubled from \$5.8 million in FY 04 to \$11.6 million in FY 05. Of this \$5.8 million, \$1 million is from an increase in salaries. Aside from the transfer of administrative titles, the increase in salaries also results from positions that have been added to build up the capital programming unit. The remainder of the Administration increase includes the consolidation of all inter-departmental charges into the Administration control center.

Last year's control center for Highways and Engineering has been restructured as the Division of Engineering. This division has been created to centralize all engineering staff under various functional units. Engineering includes architectural/building design, water/wastewater engineering, groundwater remediation, civil/site engineering, traffic and signal engineering and construction management. Water/wastewater engineering includes expenses that were reflected under last year's control centers for

water supply and sanitation. Groundwater remediation has been transferred from its own designated control center last year into Engineering. Civil/site engineering includes the quality control lab. Civil/site is decreasing from \$7.3 million because the FY 04 budget had been inflated. Traffic engineering was included in highways and engineering in last year's budget and has been augmented by \$4.6 million. Construction management has also been added to engineering and includes expenses from last year's highways and engineering and sanitation control centers.

This restructuring of Engineering has resulted in an increase of 5% or \$900,000 from \$17.2 million in FY 04 to \$18.1 million in FY 05. This increase results from a significant salary increase of \$5.3 million which has been mostly offset by a significant decrease of \$4.7 million in contractual services. The decrease in contractual services results from miscellaneous contractual services which will be explained further in the report under the expenditure budget.

Operations have been restructured to include facilities management expenses which were located in Building Management last year. Also added to Facilities Management are \$5.2 million for parks and buildings and \$1.2 million for Police. The budget book labels the responsibility for parks facilities management as facilities management for pools and rinks. This is incorrect since pools and rinks have been shifted back to the Parks department. The correct responsibility center name should be Facilities Management for Parks and Buildings. A budget has also been added for relocations and alterations of facilities management.

Along with facilities management, Operations also includes road maintenance, bridge operations, snow operations, storm water & drug maintenance, mosquito control and traffic maintenance. Road maintenance remains in the same control center as last year and is increasing by \$2 million because it is gaining additional maintenance expenses from various control centers in last year's budget. The budget for bridge operations remains steady from last year to this year. Snow removal has been transferred from control center 04 last year into Operations this year and is increasing by \$200,000. A significant portion of stormwater & drainage expenses have been transferred from last year's Water Supply control center. Traffic Maintenance has also been transferred from its own control center last year into Operations.

Due to the transfer of Facilities Maintenance, Water Supply and Traffic Maintenance expenses into Operations, the control center's expenses are increasing from \$8.7 million in FY 04 to \$48.6 million in FY 05.

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	34,768,449	33,721,409	35,694,081	35,216,519	448,070	1,495,110
BB	Equipment	232,565	232,565	365,065	215,065	(17,500)	(17,500)
CC	Materials & Supplies	3,875,497	3,875,497	2,667,680	2,667,680	(1,207,817)	(1,207,817)
DD	General Expenses	837,294	837,294	970,992	391,627	(445,667)	(445,667)
DE	Contractual Services	13,258,655	13,258,655	8,416,954	8,346,954	(4,911,701)	(4,911,701)
DF	Utility Costs	19,691,419	22,144,903	24,769,128	24,268,128	4,576,709	2,123,225
	Total OTPS	37,895,430	40,348,914	37,189,819	35,889,454	(2,005,976)	(4,459,460)
HF	Inter-Dept. Charges	4,648,320	4,648,320	0	7,214,304	2,565,984	2,565,984
	Grand Total	77,312,199	78,718,643	72,883,900	78,320,277	1,008,078	(398,366)

The FY 05 salary budget remains flat with a 1% variance or \$450,000 increase from FY 04. The FY 04 projection is \$33.7 million or \$1.5 million under the FY 05 budget. Since the full time headcount in the FY 05 budget is decreasing by 53 positions, the salaries funding appears more than sufficient.

Significant variances also appear in materials and supplies, general expenses, contractual services, utility costs and inter-departmental charges. Material and supplies are decreasing by \$1.2 million which is mostly due to the transfer of fuel and vehicle parts into the new department for Fleet Maintenance. General expenses are decreasing by \$446,000 due mostly to a reduction of general expenses for Facilities Maintenance and also due to the transfer of Fleet Maintenance.

Contractual services are decreasing by \$4.9 million from \$13.3 million in FY 04 to \$8.4 million in FY 05. This is mostly due to the decrease of miscellaneous contractual services under Engineering. The decrease is due to contractual expenses in FY 04 associated with the building consolidation plan that will not be needed in next year's budget. Contractual services in the FY 05 budget include three annual traffic contracts for computer maintenance, signal maintenance and street and light maintenance.

Utility costs are rising by \$4.6 million due to the increased cost of oil and natural gas as well as additional consumption from the occupation of 101 County Seat Drive and swing space at King Kullen. The majority of the increase can be found in light, power and water. Approximately \$15.5 million has been budgeted for light, power and water which increased from \$11.6 million budgeted in FY 04. A big portion of this increase is due to a one time savings under the FY 04 budget of \$3 million. This savings occurred as a result of the County switching to balanced billing accounting with LIPA. Without the savings in FY 04, the variance from the FY 04 budget for light, power and water compared to FY 05 would not be as sizeable. Utility costs also include a \$5 million charge for Tri-gen Nassau district energy which includes energy costs for the college. The Tri-gen expense had not been included in last year's budget however the expense is included in the FY 04 projection.

Interdepartmental charges have been developed to more accurately identify and allocate the costs incurred by other departments on behalf of Public Works. Corresponding revenue gets booked to the department providing service as an inter-departmental revenue. Inter-departmental charges have grown significantly from \$4.6 million in FY 04 to \$7.2 million in FY 05. The increase is due to increased costs for fleet maintenance charges, building occupancy charges, as well as new charges for police district charges, and County Attorney charges. Interdepartmental fleet charges are increasing due to the transfer of fleet maintenance from the Public Works department into a new proposed department. Building occupancy charges are increasing due to increased utility costs paid by the department. Police District charges include security posts at the Executive and Legislative Complex. Finally County Attorney charges have been added for the assignment of a County Attorney to the department.

Department of Public Works Staffing Analysis						
	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actual</u>
CC Full-time Staffing						
00 Administration	40	22	51	51	11	29
01 Highways and Engineering	88	93	155	155	67	62
02 Roads & Bridge Maintenance	136	135	360	322	186	187
03 Fireman Training Remediation	2	3	0	0	(2)	(3)
05 Buildings	0	18	0	0	0	(18)
06 Building Management	126	132	0	0	(126)	(132)
07 Water Supply	63	64	0	0	(63)	(64)
08 Sanitation	58	49	0	0	(58)	(49)
09 Fleet Maintenance	46	35	0	0	(46)	(35)
12 Traffic Maintenance	22	0	0	0	(22)	0
Total Full-time	<u>581</u>	<u>551</u>	<u>566</u>	<u>528</u>	<u>(53)</u>	<u>(23)</u>
CC Part-time and Seasonal						
00 Administration	13	15	26	26	13	11
01 Highways and Engineering	1	5	1	1	0	(4)
02 Roads & Bridge Maintenance	36	38	162	162	126	124
05 Buildings	0	0	0	0	0	0
06 Building Management	47	74	0	0	(47)	(74)
07 Water Supply	1	8	0	0	(1)	(8)
09 Fleet Maintenance	0	16	0	0	0	(16)
Total Part-time and Seasonal	<u>98</u>	<u>156</u>	<u>189</u>	<u>189</u>	<u>91</u>	<u>33</u>

As seen in the above chart, full-time staffing in Public Works is decreasing by 53 positions from 581 in FY 04 to 528 in FY 05. Part-time and seasonal positions are increasing from 98 positions in FY 04 to 189 in FY 05. Part time and seasonal positions were underestimated last year for the FY 04 budget. The actual FY 04 headcount for part-time and seasonal staff is currently over the FY 04 budget by 58 positions. The FY 05 budget more accurately reflects the number of seasonal positions needed.

Various positions have been shifted within control centers due to the reorganization of expenses. The department has inherited employees from the Department of Parks and from the Police Department. The department has also transferred positions into the Parks Department as well as to the proposed Department of Fleet Management. Considering transfers into and out of the department, Public Works is actually losing 37 full time positions. The chart below displays the number of transfer positions into and out of the department:

Department of Public Works Staffing Transfers	
	Full-time Positions
FY 04 Adopted Budget	581
Facilities Management Unit - Parks	26
Facilities Management Unit - Police	15
Pools and Rinks Maintenance	(11)
Fleet Management	(46)
Subtotal	565
FY 05 Executive Budget	528
Difference from FY 05 Executive Budget	37

Subsequent to the budget submission the department became aware that an additional three full-time and one part time position should have been included in the transfer of pools and rinks maintenance staff to the Parks Department. If transferred, the FY 05 headcount will increase to 531 full time positions and 92 part-time and seasonal positions.

REVENUE BUDGET						
Revenue Class	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. Vs FY 04 Proj.
BC Permits and Licenses	376,000	376,000	390,000	390,000	14,000	14,000
BH Department Revenues	1,736,600	910,000	870,000	870,000	(866,600)	(40,000)
BI Capital Backcharges	10,771,057	10,771,057	3,440,000	5,440,000	(5,331,057)	(5,331,057)
BJ Interdepartmental Revenues	22,260,027	22,260,027	0	16,528,245	(5,731,782)	(5,731,782)
BW Interfund Charges Revenue	4,870,170	4,870,170	0	5,574,320	704,150	704,150
FA Federal Aid - Reimbursable	0	415,685	0	0	0	(415,685)
SA State Aid - Reimbursable	55,000	224,072	55,000	55,000	0	(169,072)
Grand Total	40,068,854	39,827,011	4,755,000	28,857,565	(11,211,289)	(10,969,446)

The FY 04 revenue budget for the department is decreasing significantly by \$11.2 million from \$40.1 million in FY 04 to \$28.9 million. This loss results from an \$867,000 decline in department revenues, \$5.3 million reduction in capital backcharges and \$5.7 decrease in interdepartmental charges. The decline from department revenues results from the loss of revenue under miscellaneous receipts in Facilities Management. Miscellaneous receipts include backcharges from the US Navy in Mitchell Field as well as permit inspections. Last year's budget for miscellaneous receipts had been over-estimated, therefore the FY 04 projection has been revised down from the budget of \$1.7 million to \$910,000.

The reduction in capital backcharges results from a one time chargeback included in the FY 04 budget for building renovation. The FY 05 revenue budget for capital backcharges is closer to revenue budgets in years prior to FY 04.

The \$16.5 million in interdepartmental charges is related to facilities management. This amount is currently reflected in the wrong control center and should be displayed under the control center for Operations which contains the facility management budget. Interdepartmental revenue accounts for the costs incurred by Public Works for services, supplies, and materials provided to other County departments. A corresponding expense gets booked to the budget of the user department as an interdepartmental charge.

The \$4.8 million in interfund revenue can be found in facilities management for indirect recovery charges from other funds. The \$4.8 million is a reduction from the FY 04 budget of \$5.6 million. This amount includes revenue from Nassau Community College for utility costs paid on behalf of the Public Works Department.

State aid remains unchanged from FY 04 at \$55,000. The state aid budget includes reimbursement from the State for mosquito control. The FY 04 projection includes \$224,000 due to additional reimbursement generated for DPW activities taken in FY 03 relating to mosquito control.

FY 05 Revenue Initiative

DPW Chargebacks (PPPW01) - \$704,150

Capital backcharges are used to allocate County personnel and other costs to capital projects. The Department of Public Works participates in the capital planning and project implementation process involving County-owned roads, buildings, etc. By their nature, most capital projects create an asset of value with a useful life beyond one year. As such, departmental costs related to this process are re-allocated and charged back to the various funding sources in order to match the useful lives of the assets with the costs on an ongoing, long-term basis.

The revenue impact has increased from \$500,000 last year to \$704,150 in FY 05. The department plans to build up staff under the capital project planning section. Salaries of the additional staff will be capitalized and therefore can increase savings. However the overall Public Works staff is decreasing and as it does it will become less likely to meet the total savings under this initiative.

Out-Year Initiatives

ID#	NAME	FY 2005	FY 2006	FY 2007	FY 2008
PPWP01	Advertising	\$0	\$250,000	\$500,000	\$750,000
PPWP02	Energy Conservation	\$0	\$1,000,000	\$2,000,000	\$2,000,000

The **Advertising** initiative anticipates income of \$250,000 in FY 06, \$500,000 in FY 07 and \$750,000 in FY 08 by generating revenue from advertising various assets such as roadways, buildings and vehicles as media outlets. The Public Works participation in generating revenue under this initiative is very minimal. The majority of revenue will mostly like come from advertising assets in various park facilities.

The **Energy conservation** initiative involves the development of an energy conservation plan in order to reduce energy usage. The savings are to be derived from the installation of Energy Management Control Systems in existing facilities and selected mechanical upgrades of existing facilities. The County is working with NYPA (NY Power Authority) Energy Services Programs to work on this project. Since the County currently spends \$22 million annually on public utilities, energy usage must be reduced by 4.5% to achieve the new savings estimate. The savings is a small percentage of the total amount expended on energy usage, therefore savings in FY 06 may be achievable. However as the additional savings grow in later years, savings will be harder to attain.

The Administration has also taken measures in FY 04 to produce energy savings. For example, the County started paying the utility bills on time electronically. In the past, seven separate utility bills were sent out to seven separate County departments which would pay them separately with a 3 to 4 month lag. This process resulted in the County paying a couple million a year in late fees. Secondly, the fuel line represents the cost of heating oil. That line has gone down since the Administration has implemented better procurement practices. In the past, DPW would wait until the tank went dry and then fill it up completely when needed. However, this practice meant that they were filling up the tank at peak demand prices. Now they are instructed to ensure that the tanks are filled in the summer, during the off-season to ensure procurement at the lowest price. Third, the County has stopped paying for facilities such as the hospital and nursing home. Fourth, a system has been worked out with LIPA such that LIPA can shut down the County systems during off-peak hours. Lastly, even though the County still has to pay the LIPA fuel surcharge, which could be hefty, savings may be derived from shutting down the Old Courthouse in January. The Old Courthouse is not energy efficient and therefore costs a lot in heating.

THE SEWER AND STORM WATER DISTRICT

Last year the State Senate and Assembly approved a bill which was signed by the Governor to establish the Nassau County Sewer and Storm Water Finance Authority. The legislation created the Authority and a consolidated County-wide Sewer & Storm Water Resource District. The Sewer and Storm Water Finance Authority is solely a finance authority to restructure sewer debt issued through the Environmental Facilities Corporation. The Authority will also take over the responsibility for paying debt related to storm water properties within a \$350 million cap, and to take title to sewer or storm water properties as part of its financing mission. This debt was previously paid from the General Fund.

The County-wide Sewer and Storm Water Resource District created by the legislation abolishes the existing 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 the use of capital needs, debt service and reserves.

The rate structure for sewage service in the district is set up so the tax rate remains unchanged from the level set in 2003 until 2007. Since no storm water tax existed in 2003, none will be assessed until after 2007. Between 2007 and 2014, the bill requires that the County transition to a system of three taxes: 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. Taxes will be sent to the Town Receivers of Taxes where it will be stored in a lockbox to ensure payment of Authority bonds. The Authority and the County will enter into a financing agreement related to the financial relationships of the entities.

FY 2005 Budget

Last year the Sewer Authority included one budget for the Financing Authority and the Resource District. For FY 05 a separate budget exists for the Sewer and Storm Water Finance Authority and for the Sewer and Storm Water Resource District.

Sewer and Storm Water Resource District:

SEWER & STORM WATER RESOURCE DISTRICT						
EXPENSE BUDGET						
BY OBJECT CLASS						
Obj	Name	Adopted FY 04 Budget	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs Request
AA	Salaries	26,371,266	24,360,669	24,360,669	(2,010,597)	0
AB	Fringe Benefits	8,897,010	11,240,097	11,240,097	2,343,087	0
	Total PS	35,268,276	35,600,766	35,600,766	332,490	0
BB	Equipment	150,977	151,118	151,118	141	0
CC	Materials and Supplies	4,897,661	4,754,275	4,754,275	(143,386)	0
DD	General Expenses	4,372,167	4,246,380	4,246,380	(125,787)	0
DE	Contractual Services	24,896,634	13,749,625	13,749,625	(11,147,009)	0
DF	Utility Costs	7,889,190	10,553,201	10,553,201	2,664,011	0
HH	Interfund Charges	24,395,130	21,490,194	21,490,194	(2,904,936)	0
31	Rate Payer Protection Plan	52,062,194	0	0	(52,062,194)	0
32	Operations and Maintenance Res	0	17,263,841	17,263,841	17,263,841	0
33	General Reserves	0	15,381,709	15,381,709	15,381,709	0
87	Other Suits & Damages	0	500,000	500,000	500,000	0
93	Insurance on Buildings	514,700	0	0	(514,700)	0
	Total OTPS	119,178,653	88,090,343	88,090,343	(31,088,310)	0
	Grand Total	154,446,929	123,691,109	123,691,109	(30,755,820)	0

The FY 05 expense budget appears to be decreasing \$30.8 million from \$154.4 million in FY 04. Most of the decrease is attributed to the rate payer protection plan which will be discussed further below.

Personal services are increasing 1% from \$35.3 million in FY 04 to \$35.6 million. The 1% is the net change from a decrease in salaries and increase in fringe benefits. The salary budget appears more than sufficient for the 392 full time positions in FY 05. Fringe benefits are increasing by 26% from \$8.9 million to \$11.2 million, due to rising health insurance and pension contribution costs. The budget has been increased by \$1.6 million for pension increases.

The FY 05 budget of \$21.5 million for interfund charges accounts for the costs incurred on behalf of the Sewer District for sewer and storm water services. Of this amount, \$10.1 million is for charges from the General Fund for salaries of Public Works storm water employees. Another \$10.7 million will be charged for indirect and other than personal services expenses related to these employees. Finally \$548,000 is for reimbursement for the County Attorney's Office for worker's compensation expenses. This includes items such as wage replacement, medical expenses disability payments and a share of State assessment expenses.

SEWER AND STORM WATER DISTRICT

Contractual services are also contributing to the overall reduction of the expenditure budget. The chart on the previous page shows contractual services decreasing from \$24.9 million to \$13.7 million or by \$11.1 million. However for FY 05 contractual services has been divided between the Financing Authority and the Resource District. Under the Finance Authority, \$18.3 million has been budgeted, which increases total contractual services to \$32 million. The increase is for additional capital pay-go expenditures. Rather than issuing long term debt for District improvements, proposed improvements will be funded from the operating budget.

Both materials and supplies and general expenses remain close to FY 04 budget with a 3% variance. Utility costs are increasing by \$2.6 million or 34% due to increase gas and oil prices.

**SEWER & STORM WATER FINANCE AUTHORITY
RATE PAYER PROTECTION PLAN**

Obj	Name	Adopted FY 04 Budget	Fin Authoity FY 05 Exec. Budget	Res Dist FY 05 Exec. Budget	FY 05 Proposed Budget	Difference FY 04 vs FY 05
31	Rate Payer Protection Plan	52,062,194	7,000,000	0	7,000,000	(45,062,194)
32	Operations and Maintenance	0	0	17,263,841	17,263,841	17,263,841
33	General Reserves	0	0	15,381,709	15,381,709	15,381,709
87	Other Suits & Damages	0	0	500,000	500,000	500,000
93	Insurance on Buildings	514,700	0	0	0	(514,700)
	Grand Total	52,576,894	7,000,000	33,145,550	40,145,550	(12,431,344)

The rate payer stabilization plan has been set up to protect taxpayers from increased taxes between FY 04 through 2007. The chart above displays the total reserves for the Finance Authority and the Resource District. Comparing the total reserve from year to year the protection plan is decreasing by \$12.4 million from \$52.6 million in FY 04 to \$40.1 million in FY 05.

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

Revenue Class		Adopted FY 04 Budget	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs Request
AA	Fund Balance - BOY	52,964,185	9,053,700	9,053,700	(43,910,485)	0
BE	Investment Income	291,145	750,000	750,000	458,855	0
BF	Rents and Recoveries	781,000	632,178	632,178	(148,822)	0
BH	Department Revenues	2,178,136	1,255,224	1,255,224	(922,912)	0
BI	Capital Backcharges	289,000	348,871	348,871	59,871	0
BJ	Interdepartmental Revenues	247,300	0	0	(247,300)	0
BW	Interfund Charges	0	111,651,136	111,651,136	111,651,136	0
TL	Property Tax	138,932,309	0	0	(138,932,309)	0
Grand Total		195,683,075	123,691,109	123,691,109	(71,991,966)	0

On the chart above, the FY 05 revenue budget for the Resource District is \$123.7 million, which is a decrease of \$72 million compared to the FY 04 budget. The chart shows a significant increase in interfund charges which is offset by large declines in the fund balance, department revenues and property taxes.

The FY 05 fund balance amount of \$9.1 million is a decrease of \$44 million from FY 04. The fund balance for FY 05 has been split between the Finance Authority and the Resource District. Under the Resource District, \$40 million has been budgeted. In total the FY 05 fund balance is \$49.1 million which is only a \$3.9 million decrease.

Department revenues are decreasing by almost \$1 million from \$2.2 million in FY 04 to \$1.3 million in FY 05. This decrease is due to the elimination of the charge to the Inwood Collection District for processing sewage at the Bay Park Sewage Treatment Plant.

The FY 05 budget includes \$111.7 in revenue compared to no budget in FY 04. This revenue accounts for the costs incurred by Sewer District for sewer and storm water services charged to the Finance Authority. Property taxes were budgeted in the districts for FY 04. In FY 05 revenue has been budgeted under the Finance Authority.

**The Sewer And Storm Water District
Staffing Analysis**

	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	440	297	392	392	(48)	95
Part-time and Seasonal	2	13	3	3	1	(10)

Full-time staffing is decreasing by 48 positions from the FY 04 adopted budget of 440 positions to 392 positions in the Sewer and Storm Water District. Part-time staffing is increasing by one position from the FY 04 budget.

Sewer and Storm Water Finance Authority:

SEWER & STORM WATER FINANCE AUTHORITY						
EXPENSE BUDGET						
BY OBJECT CLASS						
Obj	Name	Adopted FY 04 Budget	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs Request
DE	Contractual Services	0	18,342,582	18,342,582	18,342,582	0
HH	Interfund Charges	0	111,651,136	111,651,136	111,651,136	0
31	Rate Payer Protection Plan	0	7,000,000	7,000,000	7,000,000	0
	Total OTPS	0	136,993,718	136,993,718	136,993,718	0
FF	Interest	20,036,600	22,055,490	22,055,490	2,018,890	0
GG	Principal	21,199,546	19,909,089	19,909,089	(1,290,457)	0
	Total Debt Service	41,236,146	41,964,579	41,964,579	728,433	0
	Grand Total	41,236,146	178,958,297	178,958,297	137,722,151	0

The above chart reflects the expenditure budget for the Sewer and Storm Water Finance Authority. The biggest component of the \$137.9 million is interfund charges. Interfund charges represent a transfer from the Financing Authority to the Sewer Resource District. With the creation of the Authority, all tax proceeds are received by the Authority to fund debt service payments and reserve accounts. The remaining balance of the tax proceeds are transferred to the District for annual operating expenses.

Debt service of \$41.9 million has been budgeted in FY 05 which is a 2% increase from the FY 04 budget.

SEWER & STORM WATER FINANCE AUTHORITY					
REVENUE BUDGET					
Revenue Class	Adopted FY 04 Budget	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs Request
AA Fund Balance - BOY	0	40,025,988	40,025,988	40,025,988	0
TL Property Tax	0	138,932,309	138,932,309	138,932,309	0
Grand Total	0	178,958,297	178,958,297	178,958,297	0

The revenue budget for the Sewer and Storm Water Finance Authority includes property taxes and the fund balance. Property taxes for FY 04 budget can be found under the revenue budget for the Sewer and Storm Water Resource District. Property taxes remain unchanged from FY 04 to FY 05.

PARKS, RECREATION AND MUSEUMS

The Department of Parks and Recreation and Museums operates and maintains all County parks, museums, golf courses and other recreational facilities within the County. This includes providing stewardship for the 6,000 acres of land, preserving and opening historic homes to the public and also conducting concerts and other events throughout the year.

REVENUE BUDGET							
Revenue Class	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.	
BE Investment Income	15,000	50,000	45,000	45,000	30,000	(5,000)	
BF Rents and Recoveries	1,122,000	1,000,000	1,340,000	1,490,000	368,000	490,000	
BG Revenue offsets to Exp.	250,000	250,000	250,000	250,000	0	0	
BH Department Revenues	18,546,300	16,594,300	19,699,350	20,349,350	1,803,050	3,755,050	
TL Property Tax	43,577,327	43,577,327	43,577,327	46,478,763	2,901,436	2,901,436	
TX Special Taxes	325,000	200,000	975,000	975,000	650,000	775,000	
Grand Total	63,835,627	61,671,627	65,886,677	69,588,113	5,752,486	7,916,486	

The Department of Recreation and Parks receives the bulk of its revenue from a dedicated property tax levy. Increased revenues are necessary to cover the increased expenses projected for the Parks Fund next year. In FY 05 the department will receive \$46.5 million from the levy.

The latest OMB projection for Parks' FY 04 departmental revenues anticipates a shortfall of over \$1.9 million, yet the proposed budget estimates an increase of almost 10% compared to the current year's budget. The proposed budget includes additional revenue from the Aquatic Center, which should start to generate increased revenue in FY 05 and additional revenues from golf operations. It is not clear to OLBR why departmental revenues are expected to increase by such a large variance. For the last two budgeted years the Parks department has significantly over projected for revenue and at this point there has been no indication that FY 05 will be any different.

Although it appears that special taxes will triple from the current year's budget, the revenue generated in this account is actually being held constant at its FY 04 level. The special taxes are from one-twelfth of the hotel/motel room tax. Currently the revenue is divided, with one portion going to the Parks Department, another portion going to Planning Department and the largest portion going to the Treasurer's Office. In FY 05 the Parks Department will receive its normal portion plus an additional \$650,000 which represents the Planning Department's portion. Overall the budget for special taxes appears overstated, especially when compared to the projected shortfall of \$125,000 in FY 04.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	16,482,088	17,010,291	18,453,340	18,328,447	1,846,359	1,318,156
AB	Fringes	9,456,283	8,969,045	9,376,715	9,980,312	524,029	1,011,267
	Total PS	25,938,371	25,979,336	27,830,055	28,308,759	2,370,388	2,329,423
BB	Equipment	331,490	406,490	545,700	1,113,700	782,210	707,210
CC	Materials & Supplies	839,345	764,345	994,700	1,528,200	688,855	763,855
DD	General Expenses	635,108	635,108	830,500	830,500	195,392	195,392
DE	Contractual Services	2,466,654	2,466,654	3,547,000	4,298,000	1,831,346	1,831,346
	Total OTPS	4,272,597	4,272,597	5,917,900	7,770,400	3,497,803	3,497,803
HD	Debt Service Chargebacks	19,221,265	20,379,840	18,349,426	18,349,426	(871,839)	(2,030,414)
HF	Inter-Departmental Charges	14,403,394	14,403,394	0	15,159,528	756,134	756,134
	Grand Total	63,835,627	65,035,167	52,097,381	69,588,113	5,752,486	4,552,946

Inter-departmental charges and debt service chargebacks, 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 Parks Department. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). The largest components of the department inter-departmental charges are for facilities and equipment maintenance at a cost of \$5,105,304, indirect charges of \$3,177,385 and another \$3,146,128 for charges related to the Police Department.

The capital debt service estimate is made up mostly of long-term debt service for all parks facilities, with the remainder in debt coming from the Mitchell Field complex and the Cradle of Aviation. The projection for capital debt service has been reduced 4% from FY 04.

Review of the expense budget by object class reflects a salary increase in the department of \$1.8 million. The increase can be attributed to the addition of 37 full time employees and 13 part-time employees and a contractual CSEA raise. The department of Public Works will transfer its rink and pool maintenance staff to the Parks budget. Essentially these employees will continue to perform the same tasks for the County, except their expense will be budgeted in the Parks Department.

The OTPS expenses will increase \$3.5 million in FY 05. The Parks Department has not seen an increase of this magnitude in several years. After several years of reducing OTPS allocations, with the proposed increases in the FY05 budget the department will be able to upgrade equipment for park and golf facilities, increase supplies to upgrade various parks, pools and driving ranges.

The Parks Department has various contracts that facilitate many of its daily operations. Contract functions include but are not limited to: 1) Custodial maintenance for the department's building

PARKS, RECREATION AND MUSEUMS

restrooms at each major facility, including golf courses, pool, ice rinks and picnic areas. 2) Garbage removal, which saves the County from having to own and operate its own trucks. 3) Personal services, dedicated for museum programs throughout the County. Overall, the allocation to contractual services will increase by \$1.8 million over the current year's budget.

EXPENSE BUDGET BY CONTROL CENTER						
Control Center		Adopted FY 04 Budget	Departmental Request FY 05	Executive FY 05	Variance Exec. vs Adopted 04	Variance Request vs Executive
10	Administration	34,496,292	20,298,123	36,007,702	1,511,410	(15,709,579)
20	Technical Service	6,325,126	7,440,418	8,918,224	2,593,098	(1,477,806)
30	Recreation Services	5,436,875	5,849,839	5,827,089	390,214	22,750
40	Museums	4,186,073	4,411,304	4,319,304	133,231	92,000
60	Golf Operations	0	2,382,780	2,255,780	2,255,780	127,000
61	Golf Operations	3,934,978	2,338,202	2,279,702	(1,655,276)	58,500
	Fringe Benefits	9,456,283	9,376,715	9,980,312	524,029	(603,597)
Total		63,835,627	52,097,381	69,588,113	5,752,486	(17,490,732)

For presentation purposes control center 61 has been presented as golf operations. The official name for the control center is Administration. Both control center 60 and 61 represent cost and revenues of golf operations for the County.

The funding for Parks and Recreation will increase by \$5.8 million. All of the control centers will receive additional allocations in FY 05 except control center 61 which will be reduced by \$1.6 million. The reduction represents the expense for golf operations which will now be budgeted in a separate control center. In FY 04 some of the expense from golf operations appeared in the Golf Operations (61) control center. The 2005 proposed budget marks the first time the department has been able to completely isolate the revenues and expenses of golf operations for the County.

Both the Administration and Technical Services control centers will be receiving significantly more funding than what was budgeted for the current year. This is largely due to the additional headcount and funding for contracts and purchases. The additional headcount budgeted in the proposed budget is also reflected in increased fringe benefit costs for FY 05.

Nassau County Parks & Recreation Fund
Staffing Analysis

	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actual</u>
CC Full-time Staffing						
10 Administration	8	13	15	37	29	24
20 Technical Service	82	80	90	90	8	10
30 Recreation Services	45	42	46	46	1	4
40 Museums	41	40	40	40	(1)	0
60 Golf Operations	0	44	20	20	20	(24)
61 Golf Operations	47	0	27	27	(20)	27
Total Full-Time	<u>223</u>	<u>219</u>	<u>238</u>	<u>260</u>	<u>37</u>	<u>41</u>
CC Part-time Staffing						
10 Administration	1	3	1	1	0	(2)
20 Technical Service	25	39	53	53	28	14
30 Recreation Services	80	112	81	81	1	(31)
40 Museums	42	52	42	42	0	(10)
60 Golf Operations	0	11	12	12	12	1
61 Golf Operations	32	0	4	4	(28)	4
Total Part-time	<u>180</u>	<u>217</u>	<u>193</u>	<u>193</u>	<u>13</u>	<u>(24)</u>
CC Seasonal Staffing						
10 Administration	2	0	1	1	(1)	1
20 Technical Service	190	95	97	97	(93)	2
30 Recreation Services	554	377	617	617	63	240
40 Museums	95	22	27	27	(68)	5
60 Golf Operations	0	106	124	124	124	18
61 Golf Operations	275	0	76	76	(199)	76
Total Seasonal	<u>1,116</u>	<u>600</u>	<u>942</u>	<u>942</u>	<u>(174)</u>	<u>342</u>

The increase in full-time personnel can be attributed to the redeployment of personnel from the Department of Public Works and the addition of 20 laborers to the grounds maintenance staff.

The department is authorized to hire 942 seasonal employees in FY 05. The number of budgeted seasonal personnel was derived by dividing the money allocated for seasonal help, by an average of seasonal staff member's gross pay of \$6,000 over the course of the year. Historically the department operates with more than the budgeted number of seasonals with intentions of tightly managing the dollars. For the proposed budget the department will be allocated \$1,361,250 for seasonal help.

Out Year Initiatives:

ID	NAME	FY 2005	FY 2006	FY 2007	FY 2008
PPWP01	Advertising	0	\$250,000	\$500,000	\$750,000
PPWP03	Parks Revenue Enhancement Plan	0	\$3,000,000	\$5,000,000	\$7,000,000

Advertising (PPWP01)

With this initiative the Administration plans to sell advertising space on buildings to businesses. This initiative is still in the research stage and there is no supporting documentation or the projected revenue generation.

Parks Revenue Enhancement Plan (PPWP03)

The planned improvements at the Aquatic Center and at the landmark preservation units account for a majority of the targeted additional revenue. The department hired a new Director for the Aquatic Center and the additional revenue projected is a result of her commitment to maximize pool space and the unused areas of the facility. Her plans include additional swimming classes and new offerings such as karate instruction. In addition, the department expects to increase rental income from some of its sites by contracting with a real estate management company. At this point this initiative is still in the planning stages and the projections for the out-years appear to be optimistic.

PLANNING

The FY 05 Planning department budget is increasing funding for Long Island Bus (LI Bus) fixed route operations while maintaining funding for LI Bus paratransit operations at their 2004 level. The LI Bus fixed route funding increase brings the County’s subsidy in-line with its 2001 level, but represents a 61% decrease from 1999’s subsidy and is less than LI Bus’s 2005 request of \$13,192,000 for its fixed route operations. Planning department revenues are decreasing since the hotel/motel, special tax, line is now being budgeted in the Parks department.

EXPENSE BUDGET BY CONTROL CENTER						
Control Center		Adopted FY 04 Budget	Departmental Request FY 05	Executive FY 05	Variance	Variance
					From Exec. Vs. Adopted 04	From Exec. Vs. To Request
10	Planning	3,982,052	2,809,546	3,235,225	(746,827)	425,679
35	Mass Transportation	39,943,541	40,631,797	45,170,797	5,227,256	4,539,000
Total		43,925,593	43,441,343	48,406,022	4,480,429	4,964,679

The expense budget delineated by control center appears in the above chart. The total executive budget is increasing by \$4.5 or 10.2% from the FY04 adopted budget. The increase is a direct result of higher mass transportation funding. The mass transportation control center is rising by \$5.2 million or 13.0% from the FY 04 adopted budget. As the chart below details, within the mass transportation control center, it is the fixed route, Metropolitan Suburban Bus Authority subsidy that is being increased. Handicapped Transportation and LIRR Operating Assistance funding are unchanged. The LIRR Station Maintenance funding is increasing by the CPI as contractually specified.

MM Mass Transportation		FY 04 Budget	Executive FY 05	Difference
630	Authority	2,961,000	7,500,000	4,539,000
631	LIRR Station Maintenance	22,338,749	23,012,005	673,256
632	MTA-LIRR Operating Assistance	11,583,792	11,583,792	0
635	Handicapped Transportation System	3,000,000	3,000,000	0
DD General Expenses		0	15,000	15,000
OO Other Expenses				
60H	Lido Beach Bus Rte	60,000	60,000	0
Total CC 35 Mass Transportation		39,943,541	45,170,797	5,227,256

The FY 05 LI Bus total preliminary expense budget is \$111.1 million. Fixed route expenditures represent 90% of total LI Bus expenses and paratransit operations comprise 10% of total LI Bus expenses. Nassau’s 2005 subsidy of fixed route operations will represent 8.6% of total fixed route

revenue and its paratransit subsidy will comprise 35.4% of total paratransit revenues. The chart below details these percentages historically.

<u>Nassau County Funding of LI Bus</u>			
<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%
<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%

All totaled, the County's \$10.5 million subsidy falls \$5 million short of LI Bus' request. Currently, LI Bus has not been able to fund its projected budget deficit.

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	1,848,630	1,848,630	2,017,383	1,707,514	(141,116)	(141,116)
BB	Equipment	29,400	16,000	112,844	7,172	(22,228)	(8,828)
CC	Materials & Supplies	10,146	5,000	4,204	3,995	(6,151)	(1,005)
DD	General Expenses	56,141	65,000	104,115	73,598	17,457	8,598
DE	Contractual Services	1,208,459	3,060,759	586,000	586,000	(622,459)	(2,474,759)
MM	Mass Transportation	39,883,541	39,883,541	40,556,797	45,095,797	5,212,256	5,212,256
OO	Other Expenses	60,000	60,000	60,000	60,000	0	0
	Total OTPS	41,247,687	43,090,300	41,423,960	45,826,562	4,578,875	2,736,262
HF	Inter-Dept. Charges	829,276	829,276	0	871,946	42,670	42,670
	Grand Total	43,925,593	45,768,206	43,441,343	48,406,022	4,480,429	2,637,816

The above chart details the Planning Department expense budget by object code. The salary line is decreasing by \$141,116 or 7.6% from the adopted FY 04 budget. The decrease is a result of the transfer of GIS employees to the IT Department. OLBR projects the FY 04 payroll costs of the Planning department to be \$1.4 million. The difference between the 2005 budgeted salaries and the OLBR 2004 salary projection would be sufficient to fund the vacant employees. A more detailed analysis of the department's headcount is included on the next page.

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 the Planning Department. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenues (BJ). The FY 05 OTPS budget is increasing by approximately 11.1% from the FY 04 budget. The rise is the net result of the increase in mass transportation funding described previously as well as a 51.5% reduction in the contractual services line. The contractual services line is decreasing as a result shifting of the hotel/motel revenue to the Parks Department. The Planning Department portion of the hotel/motel tax revenues was dedicated to contracting with an entity to promote tourism on Long Island. The Parks Department will now be responsible for contracting with a tourism entity. The 2005 Planning Department contractual services line will be used to cover the cost of several GIS contracts. The increased HF, inter-department charges, are the net result of new County Attorney and decreased information technology charge backs.

**Planning
Staffing Analysis**

	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	24	17	25	21	(3)	4
Part-time and Seasonal	13	10	14	14	1	4

The FY 05 budgeted headcount for the Planning Department is decreasing from the adopted FY 04 by three full-time positions. The decrease is a result of the transfer of three GIS employees to the IT Department. The department has been operating below their budgeted headcount, thus to reach their budget, four full-time positions and four part-time positions would have to be filled. The vacant positions are Accountant III, Planner I, Planner II, and Clerk Part-Time. Based on an analysis of the budgeted salaries for these positions, the budgeted salary line is sufficient.

REVENUE BUDGET

Revenue Class	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
BD Fines & Forfeits	30,000	30,000	5,000	30,000	0	0
BH Department Revenues	1,470,000	1,470,000	1,095,500	1,095,500	(374,500)	(374,500)
BJ Interdept Revenues	1,004,717	1,004,717	0	1,508,742	504,025	504,025
BK Service Fees	0	4,160	30,000	260,000	260,000	255,840
FA Federal Aid	0	1,217,070	0	0	0	(1,217,070)
TX Special Taxes	650,000	650,000	0	0	(650,000)	(650,000)
Total	3,154,717	4,375,947	1,130,500	2,894,242	(260,475)	(1,481,705)

The FY 05 Planning Department revenue budget is decreasing 8.3% from the FY 04 budget. The decrease is the net result of a decrease in departmental revenues and the transfer of special taxes to the Parks Department; combined with increases in service fees and interdepartmental revenues. Service fees are fees collected by the department from sales of GIS maps and data. The increase is a function of a new fee structure as well as the e-government advancement initiative taking place throughout the County. The e-government initiative will allow the GIS maps and data to be marketed and sold through the County website. The increase seems optimistic since current year-to-date GIS revenue collections in the Planning department are \$13,930. GIS revenue collections would have to increase 1,766% to obtain the additional \$246,070 of revenue included in the FY 05 budget. Interdepartmental revenues account for the costs incurred by the Planning Department for services, supplies, and materials provided to other County departments. A corresponding expense gets booked to the budget of the user department as an interdepartmental charge (HF).

OFFICE OF THE COUNTY CLERK

According to 2004 Multiple Listing Service of Long Island (MLS LI) data, Nassau County has seen tremendous growth in the number of closed real estate transactions. If current trends continue Nassau County is expected to set a record in the number of closed residential real estate transactions. This is good for departmental revenues of which 80% are said to be a function of the number of real estate transactions closed in the County. However, it has placed a strain on the County Clerk’s Office which already had a backlog to contend with. This heavy volume is reflected in both the revenue and expense budgets of the department. On the revenue side, departmental revenues are being increased to reflect the higher volume. On the expense side, both personal and other than personal expenses are being increased to provide the department with the equipment and personnel necessary to meet the heightened volume level.

REVENUE BUDGET						
Revenue Class	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. Vs FY 04 Proj.
BD Fines & Forfeits	200,000	200,000	200,000	200,000	0	0
BH Department Revenues	12,150,000	13,800,000	13,150,000	14,150,000	2,000,000	350,000
Grand Total	12,350,000	14,000,000	13,350,000	14,350,000	2,000,000	350,000

The FY 05 aggregate revenue budget is increasing 16.2% from the adopted FY 04 revenue budget and 2.5% from the FY 04 OMB projection. Year-to-date September 2004 departmental revenues are \$13.1 million, roughly \$900,000 shy of the OMB FY 04 projection and \$0.9 million more than the FY 04 budget. Based on current trends, OLBR is projecting FY 04 County Clerk departmental revenues to be at least \$19 million. Some of the real estate fees incorporated in the departmental revenue line are the County Real Property and Indexing fees, the County share of the fee for the Real Property Transfer Report, the County share of the Real Estate Transfer Tax, and the reimbursement of expenses associated with the collection of the Mortgage Recording Tax. FY 04 County Clerk departmental revenues are projected to be up at least 23% from the FY 03 actual due to both increased sales prices and a greater number of closed real estate transactions. Through August 2004, average closed sale prices in Nassau are up 11.9% from this time last year. Additionally, through August 2004 the number of closed real estate transactions in Nassau County is up 24.4% the August 2003 level. Due to historically low mortgage interest rates, Nassau County is experiencing a boom in real estate transactions. Given the current real estate market information as well as the accumulated backlog, the FY 05 departmental revenues estimate seems conservative.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	4,122,169	4,055,397	4,681,017	4,681,017	558,848	625,620
BB	Equipment	85,000	85,000	100,000	100,000	15,000	15,000
CC	Materials & Supplies	25,000	25,000	28,000	28,000	3,000	3,000
DD	General Expenses	100,926	100,926	102,188	102,188	1,262	1,262
DE	Contractual Services	287,595	287,595	350,000	350,000	62,405	62,405
	Total OTPS	498,521	498,521	580,188	580,188	81,667	81,667
HF	Inter-Dept. Charges	1,656,521	1,656,521	0	1,595,120	(61,401)	(61,401)
	Grand Total	6,277,211	6,210,439	5,261,205	6,856,325	579,114	645,886

The above chart details the County Clerk’s expense budget by object class. The department’s FY 05 salary line is increasing 13.6% from the FY 04 budget. The salary line is increasing to enable the department to fill its budgeted headcount. Since the FY 04 salary line was not sufficient to fund the budgeted headcount, the department has been operating under budget with a full-time headcount of 90 and a part-time head count of 48. To reach the FY 05 budgeted full-time headcount of 102 and part-time headcount of 70, the department will have to hire 12 additional full-time workers and 22 additional part-time and seasonal workers. OLBR is projecting FY 04 County Clerk payroll to be \$4 million. A detailed review of the budgeted payroll for the vacant full-time, part-time and seasonal employees reveals that the budgeted salary line is sufficient to hire all vacant positions in 2005.

The total FY 05 expense budget is increasing by 9.2% from the FY 04 adopted budget. All PS and OTPS expense categories are increasing. These items will enable the department to keep up with its heavy processing volume. Inter-departmental charges are declining 3.7% from both the FY 04 budget and OMB’s FY 04 projection. These 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 the County Clerk’s Office. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). The decrease in FY 05 inter-departmental charges is a result of the elimination of the record management chargeback.

Nassau County Clerk Staffing Analysis							
	FY 04 <u>Adopted</u>	Sept-04 <u>Actual</u>	FY 05 <u>Request</u>	FY 05 <u>Executive</u>	Exec. vs <u>04 Adopt</u>	Exec. vs <u>Actual</u>	
Full-time Staffing	102	90	102	102	0	12	
Part-time and Seasonal	54	48	70	70	16	22	

Budgeted staffing levels are set to increase in FY 05. As mentioned above, the department has been operating under its budgeted headcount with 90 full-time employees and 48 part-time employees. To enable the Office to meet demand, it is being given funding for an additional 12 full-time employees and 22 part-time employees. An itemization of the vacant positions shows that the vacancies are primarily for clerical positions.

Assessment and Assessment Review Reform

The Multi-Year Financial Plan (MYP) assumes that the transition to paying for property tax refunds out of the operating budget, rather than through the issuance of bonds, will begin in 2006. With a billion dollars in outstanding tax refund debt, this will be a welcome change and a sure sign of Nassau's rehabilitated fiscal health. To ease the transition to pay-as-you-go financing, NIFA is authorized to finance \$15 million in certiorari refunds in 2006 and \$10 million in 2007.

Refund liability, as settlements are accelerated and the existing backlog reduced, is expected to continue rising, from \$108.8 million in 2003, to \$200.8 million in 2005. The Administration's estimated refund total for 2006 is \$65.5 million. Utilizing the NIFA financing of \$15 million will leave a balance of \$50.5 million to be paid out of that year's operating budget. The pay-as-you-go total for 2007, after deducting the final \$10 million of NIFA tax refund borrowing, is \$48.5 million. That same amount is projected for 2008. These estimates are based upon a baseline assumption of a 1.5% refund rate on an aggregate tax levy of \$4.3 billion that the County guaranteed for various jurisdictions in 2004. This would match New York City's current refund rate.

To achieve these goals will require the timely processing of the existing backlog liability of filed grievances, and a reduction in the ongoing new liability related to the revalued roll.

The Assessment Review Commission estimates that the "old liability" or backlog of commercial filings, as of the end of 2003, was approximately \$254 million. This amount does not include cases that had been settled but not yet paid, nor does it include the liability for small claims cases. In 2002 and 2003 resolutions began to outpace new filings. The MYP assumes that, starting in 2006, 100% of new liability "and no less than one-third of the remaining backlog" will be settled annually.

It is essential that the backlog is addressed during the period in which the County can issue bonds to pay the refunds. To do so the existing settlement program will be accelerated. The Treasurer's office, which processes the payments, and ARC will have their staffing and overtime increased. The target of the accelerated processing is to reduce by \$43 million the amount that would otherwise have to be funded in the 2006 operating budget.

Should these steps prove insufficient, the County will implement a unilateral refund program in which the County would issue a refund based on its settlement offer, without waiting for the property owner's acceptance. More than 60% of Nassau's commercial value has already been reviewed ARC. This type of refund can be processed in a quicker fashion and would be treated "as a credit against any subsequent settlement or judgment."

The other major component of assessment process reform is controlling the new liability. With a full year to correct assessments before the roll is finalized, ARC estimates that it has prevented \$155 million in tax overpayments on the rolls for years 2002 – 2004. Due to the County guarantee of its assessment services, 75% of that amount would have been paid to the school districts, towns, and special districts that use those services.

The revalued roll, completed in 2003 and first used for the 2004 levy, added as much potential liability as the previous frozen rolls. The accuracy of this roll is expected to improve with successive annual updates. The Department of Assessment is hiring and training a professional staff to eventually take

over the valuation work currently obtained from an outside contractor. In addition, the Chairman of the Board of Assessors, Harvey Levinson, is pursuing a number of strategies to enhance “the quality of the residential roll to be released in January 2005 and to make major changes to the commercial valuation process for that roll. These include:

- Addressing the backlog of building permits and shortening the response time for processing permits.
- Improving the valuation methodologies utilized by Cole, Layer, Trumble, the County’s consultant on real property appraisal services related to the annual update of the assessment roll.
- The goal of having the Department’s Field Division perform “full interior and exterior inspection of all transferred properties.”
- Utilization of ARC’s settlement data, where appropriate, to reduce assessments.
- Developing a staff to defend the County at hearings in Small Claims Assessment Review (SCAR) proceedings. This is currently administered by ARC, using appraisal consultants under the direction of Deputy County Attorneys.
- Improving the quality of the hearing officer panel.
- Seeking State legislation to provide for a five-year phase-in of assessment increases that occur as a result of changes in the full-market value of residential properties.
- Reclassifying illegal multi-family dwellings as commercial property for taxation purposes.

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. See Executive Summary for a description of the Department of Assessment's role in of the Assessment and Assessment Review Reform program.

EXPENSE BUDGET BY OBJECT CLASS

Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	8,390,429	7,939,002	11,247,470	8,203,733	(186,696)	264,731
BB	Equipment	328,000	300,000	330,000	330,000	2,000	30,000
CC	Materials & Supplies	82,000	82,000	83,000	83,000	1,000	1,000
DD	General Expenses	764,650	725,000	770,000	770,000	5,350	45,000
DE	Contractual Services	5,936,475	1,386,475	6,473,870	5,973,870	37,395	4,587,395
	Total OTPS	7,111,125	2,493,475	7,656,870	7,156,870	45,745	4,663,395
HF	Inter-Depart Charges	1,149,450	1,149,450	0	1,930,739	781,289	781,289
	Grand Total	16,651,004	11,581,927	18,904,340	17,291,342	640,338	5,709,415

The budget proposed for the Department of Assessment, less inter-departmental charges, is \$15.4 million, a slight decrease from the current year. The OTPS allocation is remaining flat, but there is a variance of \$4.7 million from the projected FY 04 expenditures. Most of this amount is on the contractual services line, and results from the \$4.5 million Cole Layer Trumble (CLT) contract having been pre-paid in FY 03, leaving a surplus in the current year. This contract, with a term of six years, in effect since 2003, provides for real property appraisal services related to the annual update of the assessment roll. Other services provided by contract include data processing maintenance and code modification, a cadastral mapping consultant, and a temp agency. The remainder of the OTPS codes are basically remaining flat. Planned purchases include computers, office equipment, and office supplies for the new employees coming on board.

The line for inter-departmental charges is increasing by 68%. These charges are assessed by other agencies to identify and allocate the costs incurred on behalf of the Assessment Department. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). The largest of these charges include \$850,628 for Assessment's share of the information technology and telecommunications resources of the County (an increase of \$279,824), \$368,160 for

building occupancy, \$325,044 for the services of the County Attorney's office (a new charge for FY 05), and \$164,000 for record management (increasing by \$125,306).

The salaries budget is decreasing by almost \$200,000. Budgeted heads, as seen in the chart below, will be reduced by 16 full-time and 6 part-time positions. The CSEA contract will provide a salary adjustment as of January 1, 2005 of 3.5%, in addition to a step increase.

	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	194	153	290	178	(16)	25
Part-time and Seasonal	10	4	30	4	(6)	0

The September actual headcount reveals a number of vacant full-time positions. There are 20 new hires in the pipeline that are not included in that number. The department has been aggressively seeking to fill these positions in order to develop a staff capable of taking over the annual update from Cole Layer Trumble. If the County terminates the CLT contract for convenience prior to December 31, 2005, CLT would receive a buyout of \$400,000, and if prior to December 31, 2006, \$350,000. Even while the contract is in place the department will perform work related to the update, such as field review, clerical support, data entry, and the producing and mailing of disclosure notices. A budget line labeled "Empty" has been added, and allocated \$600,477. This represents funding for 33 employees who will be responsible for handling the Small Claims Assessment Review (SCAR) proceedings. These cases were transferred to the Assessment Review Commission in 2003, over the objection of the previous Chairman of the County Board of Assessors. The 33 "Empty" positions have not been fully funded, as it is assumed that hiring will take place throughout the year. New Civil Service titles are in the process of being created for many of these positions, which will include residential appraisers, mass appraisal systems specialists, data entry clerks, and a GIS specialist. Without attrition, the hiring of 33 employees will bring Assessment's full-time headcount to approximately 200, 22 over budget. It should be noted that the department's requested budget included 112 additional full-time positions and 26 part-timers, and additional salary funding of \$3 million.

REVENUE BUDGET						
Revenue Class	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. Vs FY 04 Proj.
BH Department Revenues	337,059	337,059	245,000	245,000	(92,059)	(92,059)
SA State Aid - Reimb. Exp.	711,659	711,659	664,000	664,000	(47,659)	(47,659)
Total	1,048,718	1,048,718	909,000	909,000	(139,718)	(139,718)

The largest revenue source for the Department of Assessment is state aid. The County will 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 State has indicated that the rates upon which this aid is calculated will be reduced by one third in FY 05. Consequently, the proposed budget for this revenue source is based on two thirds of this year's projected actual.

The department collects fees for such services as the sale of tax maps, property record cards, and various reports. These show up as departmental revenues. Revenue estimates have been lowered for the amount to be collected from the sale of cadastral maps.

Subsequent to the release of the 2005 Executive budget, the Department of Assessment has been negotiating with CLT to amend the annual update appraisal services contract. It is anticipated that FY 05 expenses related to this contract can be reduced and any savings can then be utilized to hire additional in-house staff to take over the valuation work from CLT.

In addition, the 33 positions related to Assessment's handling of the SCAR proceedings could be more fully funded.

The Legislature will be asked to amend Assessment's budget in the adoption process by transferring the contractual services savings to salaries. This would not alter the total amount proposed for the department in the Executive budget.

ASSESSMENT REVIEW COMMISSION

The mission of the Assessment Review Commission (ARC) is to review property assessments upon application by taxpayers and provide timely, appropriate relief from excessive valuations. The Commission is a quasi-judicial arm of the County government consisting of a chairperson and eight Commissioners.

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	2,366,904	2,233,153	2,866,912	2,734,993	368,089	501,840
BB	Equipment	75,000	50,000	50,000	50,000	(25,000)	0
CC	Materials & Supplies	10,000	5,000	5,000	5,000	(5,000)	0
DD	General Expenses	110,000	110,000	111,375	111,375	1,375	1,375
DE	Contractual Services	1,511,875	1,511,875	1,213,000	1,133,000	(378,875)	(378,875)
	Total OTPS	1,706,875	1,676,875	1,379,375	1,299,375	(407,500)	(377,500)
HF	Inter-Depart Charges	366,785	366,785	0	876,067	509,282	509,282
	Grand Total	4,440,564	4,276,813	4,246,287	4,910,435	469,871	633,622

The proposed FY 05 budget for the Assessment Review Commission, less inter-departmental charges, is \$4.0 million. This represents a slight decrease from the current year's allocation. In keeping with the Assessment and Assessment Review Reform program, ARC will be gaining staff and the related salary funding, which is reflected in the budgeted salaries increase of \$368,089, which is \$501,840 more than the FY 04 projected payroll. That amount includes \$115,000 for overtime, which is increasing to \$300,000. ARC is authorized to use overtime as part of the County's plan to accelerate the processing of property tax challenges prior to FY 06 when the refunds will be paid with operating funds. Offsetting the increased salaries expense is an OTPS decrease of \$407,500, mostly on the line for contractual services. The vast majority of ARC's contractual budget is for the procurement of specialized appraisal services. There is also a small amount of funding to hire temps for clerical functions.

ARC took over the handling of the Small Claims Assessment Review (SCAR) proceedings in 2003. These will be returning to the Department of Assessment, for filings related to the FY 05-06 tax roll. ARC will continue processing cases related to the FY 04-05 roll, using existing unexpended contractual funds. ARC had received funding of \$4.6 million in its FY 03 budget for outside appraisers and valuation data services related to these proceedings. Contractual services for the use of the outside appraisers was reduced by approximately \$3 million in FY 04 in anticipation of ARC settling many of the cases administratively and having the work done by in-house staff.

The line for inter-departmental charges is increasing by \$509,282, or 139%. These are the charges assessed by other agencies to identify and allocate the costs incurred on behalf of the Assessment Review Commission. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). Most of the increase results from an additional \$293,356 for information technology, bringing the total to \$435,405, and the inclusion of a charge of \$146,961 for legal services performed by the County Attorney's office. The largest of the remaining charges include \$119,762 for building occupancy, \$76,199 for GIS charges, and \$50,081 for telecommunication charges. ARC utilizes GIS as a valuation tool.

The aggregate amount budgeted for equipment, materials and supplies, and general expenses is almost \$29,000 less than the 2004 total. The information technology needs of the new employees will be provided by the IT Department.

As can be seen in the chart below, budgeted staffing, compared to the September actuals, will increase by ten full-time and six part-time positions. The CSEA contract will provide a salary adjustment as of January 1, 2005 of 3.5%.

Staffing Analysis						
	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	32	27	37	37	5	10
Part-time and Seasonal	5	8	14	14	9	6

Among the full-time positions being added, including vacancies as of September 1, are three Commercial-Industrial Appraiser-Assessor II, two Real Property Appraiser-Assessor Aide I, and two Real Property Appraiser-Assessor III. Eight part-time Clerk Typist I positions, currently filled but not in the FY 04 budget, will be added in FY 05.

REVENUE BUDGET						
Revenue Class	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. Vs FY 04 Proj.
BH Departmental Revenues	18,000	4,500	9,000	9,000	(9,000)	4,500
NA NIFA Aid	1,800,000	0	4,300,000	4,300,000	2,500,000	4,300,000
Total	1,818,000	4,500	4,309,000	4,309,000	2,491,000	4,304,500

ARC has proposed budgeted revenue in the amount of \$4.3 million from NIFA. This New York State funding must be used to offset costs associated with the County's efforts to streamline the assessment review process and reduce the County's reliance on issuing debt to pay for property tax refunds. The State authorized \$5 million for this purpose, and NIFA has informed us that there is a balance of \$4.8 million remaining.

In addition, the 2005 revenue budget includes \$9,000 for departmental revenues. These are made up of appraisal fees collected from the Industrial Development Agency (IDA). The IDA is a not-for-profit corporation dedicated to the economic development of Nassau County. It can offer partial property tax relief to developers, and ARC helps to estimate what the assessment would be. The revenue received is dependent upon the number of projects that are under development by the IDA.

Out-Year Initiatives

ID#	NAME	FY 2005	FY 2006	FY 2007	FY 2008
BFAR01	Tax Certiorari Settlement Reform	\$0	\$500,000	\$500,000	\$500,000
BFBU04	Absentee Landlord Surcharge	\$0	\$0	\$5,733,693	\$5,733,693
BFBU05	Commercial Tax Grievance Filing Fee	\$0	\$0	\$3,375,000	\$3,375,000

The initiative on **tax certiorari settlement reform** seeks to reduce the time that it takes for a claim to be paid after settlement by ARC. Interest on the taxes to be refunded accrues at a rate of 4.0%. The goal is to decrease the post-settlement period by 14 weeks. Formerly, when ARC settled a claim the paperwork had to go to the Court and the County Clerk before the Treasurer received it and made payment. With this initiative, made possible by a change in state law, and negotiation with the tax certiorari bar, ARC plans to transmit its determinations directly to the Treasurer, with all of the required backup. The County’s IT Department will be utilized to automate the process. Based on an estimated principal to be paid on commercial claims in FY 06 of \$45,500,000, savings of approximately \$500,000 would be achieved.

The **absentee landlord surcharge** initiative seeks to impose a surcharge on residential properties that are not owner-occupied. The Administration estimates that there are currently 17,210 such parcels with a taxable assessed value of \$68 million. The tax on these properties is now \$24.7 million. A 25% surcharge on this amount, less a 7% reserve for refunds and uncollectible taxes, would yield \$5.7 million. It is not clear whether this initiative represents good public policy, or what its impact on the housing market will be. As stated in the Proposed Multi-Year Financial Plan, “The Administration intends to pursue passage of this legislation in the 2006 legislative session.”

The **commercial tax grievance fee** will attempt to get State authorization to allow the County to impose a \$225 per parcel grievance filing fee on those commercial property owners who challenge their assessments. The revenue estimate is based upon 15,000 grieved parcels, yielding \$3,375,000.

State legislative approval is necessary for the implementation of both the **absentee landlord surcharge** and the **commercial tax grievance fee** initiatives. Dependent as both initiatives are on actions to be taken outside of Nassau County’s control, it is questionable how likely they are to be implemented by FY 06.

OFFICE OF INFORMATION TECHNOLOGY

The department of Information Technology (IT) has been very active in 2004. The FY 04 budget was adopted with a Technology Fund which was funded with \$19.9 million. IT expects to completely exhaust that money this year. The department hopes to have capital fund money available for IT projects during the FY 05 budget year. On October 1, 2004 the data center and central support center of the office moved to Bethpage. The projects to roll out new computers and migrate all County employees to one e-mail system are in their final stages and should be completed the latter part of the year.

EXPENSE BUDGET BY OBJECT CLASS							
Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	7,470,974	8,883,020	10,507,161	9,267,706	1,796,732	384,686
BB	Equipment	0	0	400,000	250,000	250,000	250,000
CC	Materials & Supplies	12,300	12,300	12,000	12,000	(300)	(300)
DD	General Expense	1,680,694	1,680,694	1,965,402	1,965,402	284,708	284,708
DE	Contractual Services	3,598,150	3,598,150	5,297,908	5,297,908	1,699,758	1,699,758
DF	Utility Cost	5,102,054	5,102,054	5,484,708	5,484,708	382,654	382,654
	Total OTPS	10,393,198	10,393,198	13,160,019	13,010,018	2,616,820	2,616,820
HF	Inter-Depart Charges	1,355,809	1,355,809	0	1,297,130	(58,679)	(58,679)
	Grand Total	19,219,981	20,632,027	23,667,180	23,574,854	4,354,873	2,942,827

The increase in salaries reflects the addition of 16 full-time positions to the 05 budget. The total proposed OTPS budget is \$2.6 million more than the adopted FY 04 budget. The increase is largely due to the contractual services account. Funds allocated to this account are used to pay maintenance and licensing fees for various hardware and software components throughout the County. The department projects next year's expense will increase due to expected contracts for eGovernment and the County financial system and the department's plan to finish the migration of County employees to the new e-mail system. The cost to facilitate these projects will be paid In FY 04 through the technology fund and the cost of maintenance and licensing fees will be paid from the department's operating budget in FY 05.

Included in general expense is \$100,000 for education expense. 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 more money should be allocated to this account so employees can obtain training and attend seminars.

The equipment account will be used County-wide by the department to buy computers for new employees and replacement computers for existing employees. IT requested \$400,000 in this account to ensure all employees who required computers would have one available. The department does not feel the proposed budget of \$250,000 is sufficient to meet the computer demands of the County.

The utilities cost of \$5.5 million represents the yearly telephone expense for County-wide agencies. Inter-departmental charges represent the allocated cost of building use, and the services provided by various departments.

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. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). The largest components of the department's inter-departmental charges are for indirect charges at a cost of \$781,636, building occupancy charges of \$324,297 and another \$68,998 for purchasing charges.

Office of Information Technology Staffing Analysis						
	<u>FY 04</u>	<u>Sept-04</u>	<u>FY 05</u>	<u>FY 05</u>	<u>Exec. vs</u>	<u>Exec. vs</u>
	<u>Adopted</u>	<u>Actual</u>	<u>Request</u>	<u>Executive</u>	<u>04 Adopt</u>	<u>Actual</u>
Full-time Staffing	88	94	123	104	16	10
Part-time and Seasonal Staffing	0	44	1	1	1	(43)

The department requested 123 full-time positions, of which only 104 were granted by the Administration. This represents an increase of 16 positions compared to the 2004 Budget and a ten employee increase from the September actual. New positions in the proposed budget include three Communication Operators, three Program Manager I's, two Accountant II and two Programmer Analysts. The department requested more senior level staff to assist in project management and administrative functions of the office.

In FY 05 the Information Technology budget will pay for three GIS employees, although the office's salaries will be charged to IT's budget the revenue and OTPS expenses generated by the department will be booked in the Planning department's budget.

The seasonal employees are typically younger staff members who handle mostly routine but time consuming tasks. Their tasks include installing software, preventing or removing computer viruses and tagging and auditing hardware components. The 43 seasonal positions which were utilized but unbudgeted this year were not funded in the proposed 2005 budget either. However, OLBR was assured by the department that seasonal positions will be eliminated in the near future.

REVENUE BUDGET							
Revenue Class		Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
BF	Rent and Recoveries	3,700,000	3,200,000	0	0	(3,700,000)	(3,200,000)
BH	Department Revenues	700,000	700,000	700,000	700,000	0	0
BI	Capital Backcharges	290,000	290,000	0	0	(290,000)	(290,000)
BJ	Inter-departmental Revenues	19,310,654	19,310,654	0	21,672,379	2,361,725	2,361,725
BW	Inter-fund Charges	0	0	0	637,618	637,618	637,618
SA	State Aid	0	604,412	0	0	0	(604,412)
Grand Total		24,000,654	24,105,066	700,000	23,009,997	(990,657)	(1,095,069)

Inter-departmental revenues is reimbursement 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.

Audit findings revealed the County was being over-billed for telephone lines. Rents and recoveries budgeted for \$3.7 million in 2004 represented the refund the County expected to receive. Since the FY 04 revenue was a one time refund there are no funds expected in FY 05.

Departmental revenues budget for \$700,000 represents the charges to the correction center for reimbursement for inmate’s telephone calls. Inter-fund charges are charges to Nassau Community College for telecommunication and information technology expense. This revenue is budgeted at \$637,618 in FY 05.

Out-Year Initiatives:

#	NAME	FY 2005	FY 2006	FY 2007	FY 2008
SSIT01	eGovernment Revenues	0	750,000	2,250,000	4,850,000

The **eGovernment revenues** initiative is part of the focus by the Administration to modernize the County systems and utilize state-of-the art technology to maximize service delivery and better meet the needs of citizens, businesses and visitors. Currently the County has a contract to make a few services available on-line. The Administration has also improved its web site, making it more user friendly and more applicable for the eGovernment initiative. While it is certain eGovernment will enhance the way the County does business by making services more available, the revenue generated in the out years is difficult to quantify.

OFFICE OF HOUSING & INTERGOVERNMENTAL AFFAIRS

The Nassau County Office of Housing and Intergovernmental Affairs (OHIA) is the overall administrative agent for the Federal Community Development Block Grant Program (CDBG), HOME Investment Partnership Program and the Emergency Shelter Grant Program, which are all funded through the U.S. Department of Housing and Urban Development (HUD). It is this department that upgrades, promotes and assists neighborhood developments established by the County. These funds are dedicated to eliminating blight and slums and helping social services programs such as youth counseling, senior citizen services, handicapped access and infrastructure improvements such as drainage projects and affordable housing. HOME funds are federal funds for the construction or major rehabilitation of residential buildings for single or multiple dwelling units. Emergency Shelter Grant funds are directed to the rehabilitation of homeless shelters.

REVENUE BUDGET							
Revenue Class		Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. Vs FY 04 Proj.
BG	Rents Offset To Expense	0	0	500,000	500,000	500,000	500,000
BW	Interfund Charges	0	0	670,069	755,657	755,657	755,657
FA	Federal Aid Reimb. Exp.	0	0	300,000	300,000	300,000	300,000
SA	State Aid - Reimb. Exp.	0	0	4,950,000	4,950,000	4,950,000	4,950,000
Total		0	0	6,420,069	6,505,657	6,505,657	6,505,657

The \$23.8 million in HUD funding for CDBG, HOME and ESG programs for 2004/2005 30th program year is reflected in the Grant Fund, not the General Fund operating budget. The 2005 General Fund revenue budget for OHIA is \$6.5 million which is made up primarily of federal and state grants. The Economic Revitalization Unit (ERU), part of Economic Development Vertical, works to expand the tax base, generate revenue and create jobs through the sale and redevelopment of publicly owned properties as well as facilitate the development and redevelopment of privately owned properties. The ERU is working to secure a grant from the U.S Environmental Protection Agency in the amount of \$100,000 that will subsidize a countywide environmental insurance program that will offer affordable insurance products to smaller brownfields to facilitate their development. Another grant from the U.S. Environmental Protection Agency is for the Brownsfields Assessment Demonstration/Pilot Program for \$200,000 which will be used to inventory, characterize and conduct planning relating to one or more brownfield sites or as part of a community-wide effort in the Village of Hempstead and the hamlet of Roosevelt. The largest portion of 2005 revenue is for \$4,950,000 in State grants which will fund various phases of initiatives for Brownsfields Redevelopment Initiatives that include the clean up of Coes Neck Park.

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries	0	875,887	966,616	881,616	881,616	5,729
BB	Equipment	0	8,000	8,000	7,600	7,600	(400)
DD	General Expenses	0	99,465	77,465	73,592	73,592	(25,873)
DE	Contractual Services	0	550,000	6,025,000	6,025,000	6,025,000	5,475,000
	Total OTPS	0	657,465	6,110,465	6,106,192	6,106,192	5,448,727
HF	Inter-Depart Charges	0	0	0	514,432	514,432	514,432
	Grand Total	0	1,533,352	7,077,081	7,502,240	7,502,240	5,968,888

The 2005 expense budget is \$7.5 million, most of which, \$6 million, is for contractual services. A large portion of the remainder, \$881,616, is for the salaries of 11 full time staff. The \$6 million in contractual services is for various contracts for the Brownsfields Redevelopment Initiatives which will be offset by grants from the federal EPA and State.

**Office of Housing & Intergovernmental Affairs
Staffing Analysis**

	FY 04 <u>Adopted</u>	Sept-04 <u>Actual</u>	FY 05 <u>Request</u>	FY 05 <u>Executive</u>	Exec. vs 04 Adopt	Exec. vs Req.
Full-time Staffing	0	11	12	11	11	(1)

In FY 04 all of OHIA's employees were accounted for in the Grant Fund. The proposed budget is funded for 11 positions. The Final Report on the Finances and Operations of Certain Departments, Independent Agencies, and Independent Corporations in the Economic Development Vertical prepared by Deputy County Executive Arthur A. Gianelli recommended that only employees whose salaries and fringe benefits are fully and exclusively supported by state or federal grants should be included in the County's Grant Fund. The full salaries of all County employees whose salaries (i) are partially supported by federal grant funds; or (ii) can be partially charged to other County agencies and corporations should be included in the appropriate department in County's General Fund budget. An interfund revenue appropriation should be established to support that portion of the salaries and fringe benefits of County General Fund employees eligible to be charged against grant funds. This is reflected in the revenue budget under interfund charges (BW) in the amount of \$655,000 for Grant Fund transfers. The current number of employees working in OHIA funded through the Grant Fund is 51. At some point there should be discussion whether to include all County positions, including Grant Fund positions, in the budget.

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.

**EXPENSE BUDGET
BY OBJECT CLASS**

Obj	Name	Adopted FY 04 Budget	OMB FY 04 Projection	FY 05 Dept. Request	FY 05 Exec. Budget	Variance Exec. vs Adopted 04	Variance Exec. vs FY 04 Proj.
AA	Salaries, Wages & Fees	428,598	485,865	600,576	558,797	130,199	72,932
CC	Materials & Supplies	3,000	1,500	3,038	3,038	38	1,538
DD	General Expenses	36,000	18,000	36,450	36,450	450	18,450
DE	Contractual Services	0	0	110,000	0	0	0
	Total OTPS	39,000	19,500	149,488	39,488	488	19,988
							0
HF	Inter-Depart Charges	68,111	68,111	0	182,331	114,220	114,220
	Grand Total	535,709	573,476	750,064	780,616	244,907	207,140

The FY 05 salaries account of the department is increasing by \$130,199. The salaries budget was increased to reflect the addition of two full-time staff members. The budget includes \$67,000 of termination pay next year for the 3rd and final payment owed to employees who left at the beginning of 2002.

The general expense account will be allocated \$36,450. These funds will be used by the department to host small business seminars to promote minority interest in owning small businesses. In the contractual services account the department requested, but did not receive \$110,000 for software. It is unclear if these funds are budgeted somewhere else in the budget. The request is 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 Women and Minority Small Business program, pursuant to Local Law 14 of 2002.

Inter-departmental charges, identify and allocate the costs incurred by other departments on behalf of the Office of Minority Affairs. A corresponding revenue gets booked to the department providing the service as an inter-departmental revenue (BJ). The largest components of the department's inter-departmental charges are for information technology (\$66,439), GIS charges of \$45,719 and another

\$33,903 for printing, graphics and mail. The increase of 168% for interdepartmental charges in the proposed budget is largely due to information technology charges, telecommunication charges and GIS charges which more than tripled compared to last year’s allocation of \$26,855 and \$12,862 respectfully. New inter-departmental charges for the department in the proposed budget include building occupancy charges of \$21,731.

Office of Minority Affairs Staffing Analysis						
	<u>FY 04 Adopted</u>	<u>Sept-04 Actual</u>	<u>FY 05 Request</u>	<u>FY 05 Executive</u>	<u>Exec. vs 04 Adopt</u>	<u>Exec. vs Actual</u>
Full-time Staffing	6	6	9	8	2	2
Part-time and Seasonal	3	0	0	0	(3)	0

The staffing level next year will increase by 2 full-time positions. One full-time position being added is for an Assistant Director, the other position represents a seasonal clerk typist who will now work full-time. The department requested one position which they feel is crucial to the department’s future operations which was not granted by the Administration. The position is an Equal Opportunity Employment (EEO) Analyst whose tasks would include developing and maintaining department data systems, programs and processes required for government and internal EEO/Affirmative Action (AA) reporting. The Analyst’s tasks would also include assisting in training and orientation workshops and preparing materials for representatives of the County who are responsible for compliance. Additionally, this position would assist the EEO/AA Director in gathering data to analyze the demographic composition of the workforce, compare statistics with area labor markets, population, etc., identify occupational areas in need of affirmative action, and make recommendations in recruitment and promotional goals.