

**WAYS & MEANS COMMITTEE  
BUDGET & FINANCE COMMITTEE  
OF THE  
SUFFOLK COUNTY LEGISLATURE**

**MINUTES**

A special joint meeting of the Ways & Means Committee and Budget & Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on May 20, 2009 to discuss the matter of the Capital Budget.

**MEMBERS PRESENT:**

Leg. DuWayne Gregory, Chairman of Budget & Finance Committee

Leg. Lou D'Amaro, Chairman of Ways & Means Committee, Vice Chair of Budget & Finance Committee

Leg. Brian Beedenbender, member of Ways & Means Committee and member of Budget & Finance Committee

Leg. Lynne C. Nowick, member of Ways & Means Committee

**ALSO IN ATTENDANCE:**

Gail Vizzini, Director of Budget Review Office

Lance Reinheimer, Assistant Director of Budget Review Office

Charles K. Stein, Suffolk Community College

John Demaio, Suffolk Community College

Justin Littell, Aide to Leg. D'Amaro

Debra Alloncius, AME Legislative Director

Ben Zwirn, Deputy County Executive

Linda Bay, Aide to Minority Leader

Greg Moran, Aide to Leg. Nowick

**MINUTES TAKEN BY:**

Diana Kraus, Court Stenographer

**MINUTES TRANSCRIBED BY:**

Denise Weaver, Legislative Aide

## **THE MEETING WAS CALLED TO ORDER AT 9:45 AM**

### **CO-CHAIRMAN GREGORY:**

Good morning, everyone. We're going to get started with the joint Budget and Way and Means meeting. We're going to start off with the Pledge of Allegiance led by Legislator Beedenbender.

## **SALUTATION**

### **CO-CHAIRMAN GREGORY:**

Okay. We have one card and it's going to be Charles Stein from the College. I'm just going to ask him to come up.

### **MR. STEIN:**

Good morning. Thank you for this opportunity to address the Committee. We have been addressing a number of the committees trying to talk to as many Legislators as possible about the Capital Program for the Community College. And we thank you for this opportunity and for your continued and past support of the College.

I'd like to just briefly talk about the projects that we have that already have state money and the two that we're pursuing state money. With respect to the first one, Kreiling Hall, project 2114, this is an older project that's had state aid committed dating back to 2003. Our concern is that this is a project where the funding is in jeopardy from the state because it has not been acted upon. We're asking that this project be advanced to 2010. The Budget Review Office has agreed with moving the design funds to 2010, but leaving the remaining funds in 2011.

We ask that you consider moving it all into 2010 so that we can avoid the potential of losing this to other colleges. Anyone who has visited Kreiling Hall certainly knows that it's in drastic need of some work.

The Health and Sports facility at the East, we had a number of speakers on this at yesterday's Education Committee as well as at the Public Works Committee meeting. This project has state aid. And unfortunately it's been left out of the Recommended Capital Program and Budget. The Legislature in the past has recognized the importance of this and placed it back in. Budget Review Office agrees that it should be put back in, but in the subsequent years section.

I just want to touch upon this because in the past, I guess in better financial times, the state viewed subsequent years as a commitment on a part of the local sponsor to a project. Given that things are tightening up finance wise, and there are so many schools that have commitments from their local sponsor in specific years, we're concerned that this -- these funds that have been committed to this project would be placed in jeopardy. We are asking for the design money for this to be placed in 2011 so we can demonstrate to the state that there's a specific year assigned and that the construction funds in 2012. And certainly that still gives the County sufficient time as well as consideration during those years because you get another chance to approve at that point. But it's a demonstration to the state that there is a specific year within the five year program and that, yes, there is a commitment. So we ask you to consider that.

The Learning Resource Center at the Grant Campus in Brentwood, project 2159, again, this project has state aid committed. This will have a tremendous impact to the Grant Campus, this project, because we are woefully behind in terms of the size of that existing facility.

We are asking for the design funds in 2010. That's it. The 1.6 million for design at that point and the remaining funds in 2011. Budget Review Office does agree with this project, that it should be in,

but the consideration by Budget Review is that the funding be placed 2012. We're asking that it be designed in 2010 so we can start the process. The goal of course is, you know, everybody's talking about shovel ready projects, but you can't be shovel ready if you don't start it. And that's what we're trying to accomplish. Create the, you know, the need for the students and the community as well as put people to work.

The Peconic renovation, project 2181, this is similar to Kreiling Hall. This has been around for a while. It's -- state aid is committed dating back to 2003. Again, we're trying to assure that we're not going to lose these funds. The current adopted program has all of the funds for this in 2010, but the Recommended Budget delays it until 2011. We want everything to stay in 2010. Budget Review Office has reviewed this and agrees that it should stay in 2010.

Two projects that -- where we're seeking the state aid, the first I'd like to discuss is security notification, project 2140. And this project addresses those things that we have -- where we've reached a point that we need help with. We've done an awful lot at the College and I want to clarify some of the comments at yesterday's meeting. There were some questions about what we've done. Aside from working with New York Alert to get people cell phones online, which is -- and we got that at no cost to us. We have about -- over 6000 students. We have almost 50% of the staff on that. It's important to know though that we've also -- we have an emergency response plan. We have emergency quick reference guides on every desk. We have this online. This has all been done in cooperation with the professionals at the Suffolk County Police Department. The FBI has worked with us. We've held mock drills on all three campuses. We've had secure-in-place drills. We've had -- we've done everything we can from an operational standpoint. The problem is the expensive stuff, notification systems within the buildings, loud speaker systems. That's what this project is all about. And we have to proceed.

And also I want to point out that this is not something that we're just saying, *oh, we want to do this, it's a project*. This has been done with concurrence and cooperation and review by the professionals at the Police Department, the FBI, in concern of unfortunately tragedies that can happen and have happened at other institutions. And God forbid it happens here, we want to be prepared. And that's what this project is all about.

I want to thank the Legislature because earlier this year you saw fit to provide us with \$150,000 to proceed with a portion of this for the building notification system. It's a small amount. The project totals \$2.6 million, which we requested in 2010. The Recommended Budget only includes \$350,000. We are very concerned about this for obvious reasons. And we're asking for your help in this area.

**CO-CHAIRMAN GREGORY:**

Okay.

**MR. STEIN:**

As far the infrastructure project, 2149, this is created to address all the aging assets that we have on the three campuses. We have 46 buildings and structures on the three campuses. This is no small operation. And I know you're aware of it; you've been to the College, you've seen it.

What we've recommended here is that the funds be stretched over a three period so that we can address it on a priority basis. Budget Review Office has agreed with this request by including one-third of the money in 2010 and we can proceed to seek the 50% aid.

Again, we want to thank you for all of the support that this Legislature has provided to the College. You've been there to establish us as one of the premiere institutions, not only in the state, but around the country. And you're recognized for your support as well as the College as being recognized and we ask for your assistance to continue that.

I'll answer any questions. And I have John DeMaio here who can answer specific questions. Thank you.

**CO-CHAIRMAN GREGORY:**

Okay, thank you. Legislator Nowick.

**LEG. NOWICK:**

Just a quick question and I wasn't sure when you were talking about shovel ready projects, would that stimulus money be used for County college projects like that? I wasn't sure if it's just public works on roads, or --

**MR. STEIN:**

We have submitted for consideration of the Learning Resource Center at the eastern campus, I don't think we've heard anything yet back from the feds but -- and we've coordinated that with the County in terms of the list of projects that were being submitted.

**CO-CHAIRMAN GREGORY:**

Okay. Yeah, I'm not sure.

**LEG. NOWICK:**

I wasn't sure either.

**CO-CHAIRMAN GREGORY:**

Legislator Beedenbender.

**LEG. BEEDENBENDER:**

I was just going to say that the process that Public Works went through to apply for the stimulus money was very project specific. And I know that they did submit like you said, as well with the College, but it wasn't just a pot that we could divvy up. We had to say this is what we're going to do, this is when we're going to do it, here are the plans and we're ready to go. Because part of it was proving that we were actually ready to go with something, so. So it was a little bit more limited than -- if it was open-ended it would've been a lot easier for us, but they wanted to make sure that we were actually going to do something, which is why we get things like paving the service roads; that's a plan. We can go ahead with that, it's relatively quick. And we could put people to work quick so that's why something like that comes off the table to go into -- to be implemented because it fits all the qualifications that we're looking for.

**CO-CHAIRMAN GREGORY:**

Okay. Legislator D'Amaro.

**CO-CHAIRMAN D'AMARO:**

Yes, thank you. The Capital Project 2140, the security notification system, I want to go back to that for a moment. In 2009 it indicates we adopted 150,000. Was that -- were those funds actually expended for planning and design?

**MR. DEMAIO:**

That is true. That was recently adopted, I believe within the last month or two. We're already getting quotations for the loud speaker systems to get going on that work. We've already looked at which buildings will be first, given occupancy and risk. And we hope to complete that work by the end of summer.

**CO-CHAIRMAN D'AMARO:**

All right. So the 2009 appropriation is then being used and the project is moving forward. You're expecting proposals back, did you say, within the next couple of weeks or months?

**MR. DEMAIO:**

Yes.

**CO-CHAIRMAN D'AMARO:**

You had mentioned, Chuck, that the total cost of the project was 2 million or over 2 million. This particular Capital Project is 500,000 because I believe it just addresses the public address or the notification system. But you're saying the overall cost of the security measures at the campus was over 2 million?

**MR. DEMAIO:**

Total cost for all the redundant systems, which would be building notification, grounds notification, video cameras to improve surveillance, came to 2.6 million.

**CO-CHAIRMAN D'AMARO:**

All right. Do you agree, the budget as proposed shows in 2010 350,000 just for this capital project?

**MR. DEMAIO:**

(Indicating yes)

**CO-CHAIRMAN D'AMARO:**

So that would be -- you do your planning this year in 2009, you get your proposals in, how did you want to change what's proposed in the budget by the County Executive?

**MR. DEMAIO:**

In so far as the priorities within the scope, certainly the notification systems in the buildings are the most critical. There really isn't any planning to do. Our own IT staff is going to install us on existing phone line infrastructure. They know the equipment they need. They're on state contract to purchase. We're looking not to plan this summer; we're looking actually to complete up to four buildings.

**CO-CHAIRMAN D'AMARO:**

So you're looking for the Legislature to amend the 2009 Approved Capital Budget in order to get the funding this year in '09?

**MR. DEMAIO:**

We're thrilled that we already have 150,000 to get going in 2009 and we're not seeking any change to that. What we are seeking is a change to the proposed budget in 2010, which only includes 350,000. We'd like the full scope adopted in that year so we can go after the 50% state aid to complete notification systems in all the buildings on all the grounds.

**CO-CHAIRMAN D'AMARO:**

I'm confused, what's the full scope? I thought this was the full scope of the project, of this particular capital project. How much more are you looking for in 2010?

**MR. STEIN:**

The difference between the 350,000 and the 2.6 million. In other words --

**CO-CHAIRMAN D'AMARO:**

Well, that would expand the entire scope of this capital project. Right know I believe the project is limited to -- I'm looking at the budget itself -- it says *this project will provide a public address system college-wide that will provide notification indoors and outdoors*. So this -- you're talking really of a completely expanded, a completely different capital project; is that correct?

**MR. STEIN:**

John, will talk to it. We have 46 buildings. I just wanted to point that out.

**CO-CHAIRMAN D'AMARO:**

I understand that. But I'm looking what's in black and white in front of me. And this is defining the capital project, as I just read, with a total estimated cost of 500,000.

**MR. DEMAIO:**

And I can -- I can't speak to where that estimate came from because it's not our estimate. What was provided --

**CO-CHAIRMAN D'AMARO:**

I think where the estimate came from is that it's only -- you're saying this \$2 million price tag is just to provide a public address system college-wide that would provide notification indoors and outdoors. So you're estimating the project in a far greater amount than what the Capital Budget estimates the cost. Is that what's happening here?

**MR. DEMAIO:**

That's correct, yes. That based on our numbers, which again came from estimates from vendors on state contract and what the infrastructure would cost, we came up with a number of 2.6 million for the entire scope.

**CO-CHAIRMAN D'AMARO:**

So the public address system for the entire College, college-wide, in all of your building and campuses would be how much, two point what?

**MR. DEMAIO:**

I can provide some, I guess some more detail to clarify that. When we're looking at the building public address systems only, the total cost would be approximately \$716,000 for that scope. That's part of that 2.6 million. The remainder of the money is used -- about 250,000 for electronic signage for passive communication, Around 340,000 for the grounds' public address systems, and about 1.2 million for additional video surveillance of entrances and parking lots.

**CO-CHAIRMAN D'AMARO:**

All right. So none of that was really contemplated initially when this capital project was proposed. So this is expanding the scope of the project. Because how could we get a \$500,000 price tag?

**MR. STEIN:**

I think there's some confusion here.

**CO-CHAIRMAN D'AMARO:**

Let me just finish.

**MR. STEIN:**

Okay.

**CO-CHAIRMAN D'AMARO:**

How could we get a \$500,000 price tag on a project that we approved last year and now the cost of that project without a change in scope is 2.6 million?

**MR. STEIN:**

The 2.6 million is what was provided. What was approved last year was less money than what the College requested. The scope hasn't changed. It was just that the Recommended Budget and what was approved by the Legislature was less money.

**CO-CHAIRMAN D'AMARO:**

All right. Well, it also indicates that the state aid approval is pending. So is the state going to -- does the 2.6 contemplate a portion of that being paid by the state or is -- it's just the County portion?

**MR. STEIN:**

2.6 million is the total cost. 50% would be County, 50%, once we get it, would be state.

**CO-CHAIRMAN D'AMARO:**

So that would bring the Capital Budget down for the County portion to 1.3 in lieu of the 500 that's indicated now.

**MR. STEIN:**

Correct.

**CO-CHAIRMAN D'AMARO:**

Okay. I just needed to clarify that. Thank you.

**CO-CHAIRMAN GREGORY:**

Anybody else? Okay. All right. Thank you.

**MR. STEIN:**

Thank you for your time.

**CO-CHAIRMAN GREGORY:**

Is there anyone else that would like to make a presentation before the Committee? Okay. Can I ask Gail and BRO to make some comments on your report?

**MS. VIZZINI:**

Thank you, Mr. Chairman, for the opportunity to summarize the report for you. If I may, the Budget Review Office prepared our review of the Proposed Capital Program. It includes a summary of all of our findings as well as project updates project by project for those projects for which we had specific recommendations and a status update in terms of projects that we know that the Legislature has concerns.

It includes an analysis of the proposed Capital Program including projected debt service and the correlation between the Capital Program and the Operating Budget, comments regarding the economy, the American Recovery Reinvestment Act, our outlook in terms of energy and energy costs, pay-as-you-go financing. And we encourage the Legislature that as soon as practicably possible we return to that discipline. The proposed Capital Program includes pay-as-you-go funding in 2012. And we discussed the Land Acquisition Program as well as I indicated project by project analysis.

This Capital Improvement Plan is smaller than the previous year and it yet again overshadowed by our two year budget shortfall. The proposed program is \$83.6 million than last year over a three year period and \$128 million less than last year over the five years.

In 2009, however, the Capital Program is larger than we adopted and it reflects the federal stimulus money. It's \$55 million larger.

The County Executive's Office has advised us that they are pursuing over \$372 million in federal stimulus funding. The majority of these funds you will accept by legislative resolution similar to what we've been doing in 2009. However, it will pump up the Capital Program.

**CO-CHAIRMAN D'AMARO:**

Gail, you need the other mike.

**MS. VIZZINI:**

At times like this I do, there are other times I don't. I'm going to try to do this the best I can with the new technology.

We are absolutely on board with the County's aggressive pursuit of the federal stimulus money, but it will have its ramifications if we are successful in getting even a modest portion or what we're pursuing.

Based on our projections the County can expect several years of increase in Operating Budget debt service in the General Fund through 2014. Higher costs relate to substantial increases in authorizations to borrow the largest of which we're finally going to be borrowing for the jail.

The rising pipeline debt has contributed to General Fund bond issues that have exceeded a hundred million dollars since 2005. As of March in 2009, the authorizations are in the area of 628.8 million of which 79% are actually General Fund related projects. So we're up to 497.5 million in authorized unissued for the General Fund.

Over the course of this decade, 2000 to 2008 we've borrowed for all funds on the average of about \$103 million annually. About maybe 1 million is for the General Fund. The good news is starting in 2011 there should be a decline in the borrowing. We'll be done with the jail. The land acquisition borrowing will move more towards the Quarter Cent Program so it'll be more bonded and paid for through the sales tax proceeds or cash.

Some highlights of the Capital Program that the Legislature should be aware of, as the College indicated, the Health and Fitness Center for the Eastern Campus has been completely discontinued the funding. As Chuck indicated, they did recommend that the funding -- that the Legislature be consistent and the funding be put back in subsequent years for that project. It is \$17.75 million project, which is 50% -- would be 50% state funded.

\$65 million requested in 2012 for the Sledge Treatment and Disposal Project at Southwest is not included. The Department is working on it. There is work to be done but it is our opinion that over the five year timeframe of this Capital Program that funding will be needed. We therefore recommended -- although the Department asked for it in 2012, we're recommending that it be put in subsequent years to demonstrate that we know that this is coming. That would be sewer district funds.

I wanted to bring to your attention that the funding for the Multifaceted Land Acquisition Program has been reduced. In prior years when the economy was good we were funding that program to the magnitude of \$13.3 million annually, which we would bond. The funding for that program has been reduced to 4.5 million annually in each of the three years of the program.

The proposed Capital Program is \$356 million less than requested by the departments, which is indicative that over the three year period there is a lot more work that has been requested to be done. There's also a considerable amount of money in subsequent years. If you look at the five years, it's only 187 million less than what the departments have requested.

In our opinion the fiscal commitment to energy conservation for 2010, 2011 is not sufficient to maximize Operating Budget savings and provide the local share of federal stimulus money. We have made recommendations regarding that, although the funding for 2010 is fairly robust, we are recommending a modest increase and we are definitely recommending an additional 2.4 million in 2011 so that we can -- similar to the College, we can point to, we are ready with our County share for the energy projects that in concert with Public Works and the County Executive we seek to pursue.

Debt service in the Operating Budget for the General Fund is at record numbers, 99.75 million. I'm not talking about what's in the budget. I'm talking about what we're actually paying.

**CO-CHAIRMAN D'AMARO:**

Is that annually?

**MS. VIZZINI:**

Pardon me?

**CO-CHAIRMAN D'AMARO:**

I'm sorry. Is that annually?

**MS. VIZZINI:**

Yes. The one here, Operating Budget, yes. But specifically in terms of the Operating Budget, General Fund serial bond debt service is only budgeted for 51.27 in '09. It's the lowest its been since 1988. The reason is a major chunk is off-budget and being paid by the proceeds from the tobacco. The relief that we're getting from the tobacco bonds were floor from 68.5 million in 08/09 to 46 million in 2010. It decreases to 39.4 million in relief in '11, 35.6 million in '12. And when we get to 2013 it's the last year, we're really only getting \$20 million in relief.

So unless other things change, other revenue takes that place, or we have a considerably less borrowing than we have had heretofore we will have a shortfall.

We've actually offered several policy options for the debt management, which we discuss in the analysis in the Capital Program. These include returning to the conservative 50% rule when a structure are bonding issues. In our plan the Comptroller has the authority, but it has been his practice and prudent practice that it comes before the Legislature each year seeking your concurrence with what methodology he's going to use. Right now we're at level debt. In the short-run it doesn't cost as much in the Operating Budget. But in the long-run it does cost more. So as soon as the economy begins to turn itself around, and it will, whether it will sustain is another thing, but it will turn itself around. We encourage you to return at least in certain projects or certain borrowings, back to the 50% rule; it's a more conservative way to borrow. You're paying more off sooner. But it does increase your Operating Budget costs.

A soon as practical to return to the 5-25-5 applicability of pay-as-you-go and possibly considering establishing a target for ourselves that our pipeline debt does not go above a certain level, we would have to think long and hard in terms of what the criteria would be if we were to cap pipeline debt.

Another management tool would be to place greater reliance on the ranking assessment tool, which we developed and you have approved that perhaps the projects that do not score above a certain quantitative value do not move forward in times like this.

A few recommendations that I wanted to highlight for you. We've recommended that we advance funds for the renovation of the William Floyd precinct so that we can situate County operations in there sooner rather than later. We've recommended restoring projects for median -- seeking drainage improvements through median as well as sidewalks.

We've also made recommendations to include \$2.5 million for stormwater remediation from Middle Road as requested by Public Works and to restore the federal funds for the bus stop signs, the street signs. It's primarily federally funded and we're not quite sure why it's not in the program.

You have -- we have policy issues to consider in your deliberations not only now when you amend the Capital Program but as we go through the year and as we face the challenge of 2010 Operating Budget. And there absolutely is a relationship between if we -- if we build more buildings or if we acquire more equipment that we have the people. In the past when we have been aggressive in our pursuit of federal funding we have faced this problem. We are facing it again. We need additional staff. Vacancies need to be filled. They need to be filled -- as you can see in Social Services the demand is going up. Public Works need to have more vacancies filled, especially if we are going to implement the federal funding that we receive.

If you have any questions regarding any of the aspects of the report, my staff and I are always available to you.

**CO-CHAIRMAN GREGORY:**

Thank you very much. Legislator Beedenbender.

**LEG. BEEDENBENDER:**

Thank you, Gail. You talked a lot about the pipeline debt. Last year your office provided me with a chart of all the authorized projects and what was spent on them so far. And we used that as a tool in Public Works to kind of go through and eventually eliminate some of the pipeline authorized debt that was unnecessary. Could you provide me with that chart again so I can go through that with Public Works and we can hopefully attempt to maybe prioritize?

I think, you know, I agree with you that we should have a pipeline debt policy whether it's a cap, a target. I don't know exactly how you put something like together because it needs to take into account a myriad of factors. But I think one of the first steps towards doing that would be to do what we did last year and take another look because Public Works was able to identify things that we don't need the funding for or things that simply had expired.

**MS. VIZZINI:**

Yeah, there are two things going on. One is we do have the management policy whereby if there has been no activity, no appropriations of monies within the five year period the funding is closed out. And the Budget Office has indicated they are going to taking a more aggressive role in doing just that. And yes, I will -- we will work with Audit and Control and the Budget Office and we'll prepare the preliminary listing of the authorized unissued.

**LEG. BEEDENBENDER:**

Well, the chart that you give me last year -- and you know what, maybe what I'll do in my office, I'll send you what you sent me and maybe that'd be easier.

**MS. VIZZINI:**

Well, actually I have what I sent you.

**LEG. BEEDENBENDER:**

Oh, okay. Perfect.

**MS. VIZZINI:**

Yeah.

**LEG. BEEDENBENDER:**

All right. Just because that was perfect. That's what we needed and I was able to go through it with Public Works and put a reasoning next to everything and that's how we identified it. So it was very helpful.

**MS. VIZZINI:**

Right. We did indicate that the listing alone is not sufficient. That you needed -- like, yeah.

**LEG. BEEDENBENDER:**

Well, absolutely. And I need the list to start the second steps so I can go though with Public Works and see what we might be able to do.

**MS. VIZZINI:**

Okay.

**LEG. BEEDENBENDER:**

Thank you very much.

**LEG. NOWICK:**

Can you send that list to all of us?

**MS. VIZZINI:**

Okay.

**CO-CHAIRMAN GREGORY:**

Legislator D'Amaro.

**CO-CHAIRMAN D'AMARO:**

Gail, you mentioned the debt service for this year was just about a hundred million, or 99 point something I think you said. And that was the actual amount expended not projected or pipeline or anything like that?

**MS. VIZZINI:**

Well, it's what we got in the budget and what we expect to move ahead with.

**CO-CHAIRMAN D'AMARO:**

For '09.

**MS. VIZZINI:**

Yeah. In the budget for '09, it's 51 million. But the actual debt service that we were paying is what's in the budget plus what's being paid by the tobacco.

**CO-CHAIRMAN D'AMARO:**

Right. And you mentioned that as the years go forward the tobacco revenue will fall off.

**MS. VIZZINI:**

Yes.

**CO-CHAIRMAN D'AMARO:**

Going forward those same years, what is the projection on the debt service?

**MS. VIZZINI:**

It's going up until -- I mean it's going up through 2014. Again, it's our projections in terms of what we would believe we would be borrowing 10, 11, 12 and 13.

**CO-CHAIRMAN D'AMARO:**

Right.

**MS. VIZZINI:**

So we do have some control. If you have control over -- we pass a resolution authorizing the borrowing for something.

**CO-CHAIRMAN D'AMARO:**

Now, when you project going into those years coming forward, obviously some debt will be retired; other debt will be taken on.

**MS. VIZZINI:**

That is considered, yes.

**CO-CHAIRMAN D'AMARO:**

But that's in the mix so even though that's happening, we're still projecting forward until 2014 that our debt service is going up through borrowing. Is that -- what's the primary factor for that projection? Is it still the jail?

**MS. VIZZINI:**

We're coming off the jail and the land as I indicated. Although in the near term legit, we're still going to borrow for jail in '09 and we're probably going to borrow for the jail in '10 and '11. And don't forget there's phase II, which the estimates for that were done sometime ago. And although we're all hopeful that they're going to build, but that could also change.

**CO-CHAIRMAN D'AMARO:**

So then what's driving the increase in debt service?

**MS. VIZZINI:**

Well, after the 2011 it's the General Fund projects.

**CO-CHAIRMAN D'AMARO:**

Can you explain what you mean by General Fund projects? I mean I know we have capital projects, but.

**MS. VIZZINI:**

Not sewers, you know, not --

**CO-CHAIRMAN D'AMARO:**

Okay. What's funded the debt service out of the General Fund.

**MS. VIZZINI:**

Yes.

**CO-CHAIRMAN D'AMARO:**

Right. Okay, not what's -- like you mentioned, the sewer fund, which is separate. Those capital projects are funded separately. So that -- how do we keep a handle going forward on that debt service number? What kind of increases are we looking at through 2014?

**MS. VIZZINI:**

There's a chart on page 30 of the report. It's -- we're familiar with it although it didn't come out in color this year.

**CO-CHAIRMAN D'AMARO:**

Right, I did see that.

**MS. VIZZINI:**

Yeah, I was disappointed.

Right. But the jail loan is the \$143 million or -- and we will be paying that. I think we went 30 years for the jail. I think we only went 28. So it's in the mix.

**CO-CHAIRMAN D'AMARO:**

Okay.

**MS. VIZZINI:**

And the land that we've already authorized and the, you know, we've tried to keep the Capital Program smaller because we know that the combination of the pipeline and what we include in the Capital Program we approved most of what we include in the Capital Program. Their restrictive offset requirements that we have established over the past several years including the most recent one with comptrollers over the federal and state aid is not being offset for anything else, are helping, but we still have a lot in the pipeline, which is what Legislator Beedenbender wants to look at now.

**CO-CHAIRMAN D'AMARO:**

Well, the pipeline is really projects that are authorized, but unless they're moving forward we're not

paying debt service on them. Is that correct?

**MS. VIZZINI:**

Correct.

**CO-CHAIRMAN D'AMARO:**

Yeah, so I'm --

**MS. VIZZINI:**

You want to know what are we paying for? You want to see --

**CO-CHAIRMAN D'AMARO:**

Yeah, I'm more concerned about what are we actually taking from our Operating Budget and expending. And we're about a 100 million, it's projected through 2014 to increase. What percentage of our budget is that debt service roughly?

**MS. VIZZINI:**

It's a 100 million over the two billion. So percentage wise it's not insurmountable, but it -- plus with control over the tobacco because there's only 51 million instead of a 100 million, that would be -- but come 2014 then the tobacco drops off. Once again it's a big number.

I think it would help -- we do have a detail in terms of what we're bonding for. I mean, if you get that directly from Audit and Control, I think that would give you an idea of what projects have finally come to fruition and what this debt service -- what projects it's paid for. I'll get that for you and send it to you.

**CO-CHAIRMAN D'AMARO:**

Okay. Was the trend leading up to 2009, I mean, has the trend been an uptick every year in debt service, putting aside that tobacco is picking up a portion of it now, but has the trend -- I guess, because of the jail especially it's really been on the upswing for the last several years?

**MS. VIZZINI:**

We've been doing this chart for a number of years. And the aggressive land programs were a major contributing factor. Now it's the land and the jail. But as I indicated in the summary the other projects that we approve, you know, the fourth -- the fourth -- the things like the Fourth Precinct or the renovations, you know, ongoing renovations that we do, those are the things that are funded out of the General Fund. The debt service for the College, for the roads, etcetera, that's all paid for in this line, this debt service line item in the budget.

**CO-CHAIRMAN D'AMARO:**

Yeah. I'm just -- as the tobacco revenue or proceeds from the securitization falls off and our projections are to take on more debt service, you know, what mechanisms do we have or, you know, as we're going through the year and we're appropriating funding for capital projects, how do we keep a handle on that? Because, you know, whether you're talking about running a household or running a County, you know, we need to be reducing debt, not increasing debt. How do we do that?

**MS. VIZZINI:**

Well, like I said, we can go back to a more conservative approach: The 50% rule, more pay-as-you-go. But, on the one hand, we're looking to reduce debt, but if we go pay-as-you-go this line item goes down; pay- as-you-go goes up in the Operating Budget.

**CO-CHAIRMAN D'AMARO:**

Yeah, whether it's to debt service or to make a cash, you know, purchase and we don't have that cash. It seems to me the best way to control debt would be to not appropriate as much, but, you know, I guess that's where we have to look at them project by project as they come up during the year.

**MS. VIZZINI:**

Yes. And, you know, with municipalities, we defer maintenance, we delay projects and it only serves to incur additional costs in the long-run. Or we have a facility that's subpar and not, you know, in adherence with current requirements. So we have to be judicious. Not everything is on a case by case basis, but often it is. But you can have criteria for yourself similar to the capital ranking form, you know, what moves ahead, or, you know, projects that perhaps have a certain score, you know, or if you want to reevaluate that total so that you know whether a project does or doesn't meet your criteria.

**CO-CHAIRMAN D'AMARO:**

Okay. Yeah, that's something to look at. We do rank the projects presently.

**MS. VIZZINI:**

We do. And we just updated that to give more weight to those projects that have economic benefit and that it was -- want some infrastructure. We try to reflect what we believed was important to the Legislature, but it can certainly be looked at again and you can do something in the short-run when the economy is -- it's a bit of a conundrum because you want to do stimulus kind of things for the economy.

**CO-CHAIRMAN D'AMARO:**

Oh, yeah, yeah.

**MS. VIZZINI:**

You also want to control your expenditures.

**CO-CHAIRMAN D'AMARO:**

Yeah, it's on both sides. If you save money one way you may be in the long-run incurring higher costs anyway.

Last question, the proposed Capital Budget, when you project forward, let's say that budget were enacted as is, as proposed, would that result in an increase in debt service? Again, putting aside the tobacco, not looking at how we're paying it but would that result in an increase in debt service or would it be flat or would it be reduced? Or is that what you were speaking to when you said it's projected to go up?

**MS. VIZZINI:**

The number of bonds in the smaller proposed Capital Program is less than last year 2010. There's a summary at the end of the functional section in the proposed Capital Program that summarizes all the federal aid, all the bonds, etcetera, etcetera.

The amount of bonds in 2009, again, this is 2009 modified, so we may have adopted -- I don't have the adopted with me, we have may adopted less. But we're at 95 so 2010 is going down to 73 and 2011 to 68. So there's a --

**CO-CHAIRMAN D'AMARO:**

So those are -- just if I understand those numbers, if we enacted the proposed Capital Budget as presented, the debt service would be go from the 99 down to those lower figures, roughly? I mean, I know we modify during the year but assuming the enactment and implementation of this budget as proposed, debt service would be reduced?

**MS. VIZZINI:**

It's not that direct a correlation. It's going in the right direction. However, you know, each -- you know, this time next year we will be looking at the 2011, 2013 Capital Program and we'll make changes. We'll make changes.

**CO-CHAIRMAN D'AMARO:**

Right, I understand that.

**MS. VIZZINI:**

Plus we were --

**CO-CHAIRMAN D'AMARO:**

We can only project going forward from this year. My point is that are we -- have we been presented with a proposed budget that if enacted and implemented would reduce in lower debt service going forward? And I think the answer to that question is yes. Putting aside the fact that during the year we can modify and change priorities and all of that. I'm saying, just looking at a snapshot of this budget now if enacted and implemented, would reduce debt service from the Operating Budget.

**MS. VIZZINI:**

Not immediately because you have all of those other authorizations. And, you know, when you adopt -- when you authorize something tomorrow, you pass a resolution, it could be two years before we're really ready to borrow. And if you look at the jail for an example --

**CO-CHAIRMAN D'AMARO:**

I'm a little confused because before you projected debt service going up. So if you can make a projection going forward that it's going up, can we -- what would be the projection for the proposed budget?

**MS. VIZZINI:**

The projections that we do are based on -- historically were being in the hundred million, hundred and three million dollar borrowing.

**CO-CHAIRMAN D'AMARO:**

So your projections are not based on the proposed budget; it's based on historically what we've been doing.

**MS. VIZZINI:**

And how projects progress and previously authorized Capital Programs. I think the intent is to control the debt service. The downside --

**CO-CHAIRMAN D'AMARO:**

Well, let me just finish this thought and excuse me for interrupting. But if you took those same assumptions, the historical projections that you used and applied them to the proposed budget, would it result in a decrease in debt service? You know, taking into the mix -- taking the proposed budget as the beginning point and then putting into the mix all of your historical factors or whatever factors you use, would that result in a decrease overtime or an increase in debt service?

**MS. VIZZINI:**

Theoretically, it should result in a decrease. However, the downside is whether the Capital Program is adequate in terms of the short long-term needs of our facilities.

**CO-CHAIRMAN D'AMARO:**

Yep, I agree with you and that's why we're here. But just looking at the proposed budget, you know, whether or not -- just looking at it dollars and cents analysis, what's happening here is a decrease in debt service over time.

**MS. VIZZINI:**

That's the intent, yeah.

**CO-CHAIRMAN D'AMARO:**

That's the intent. But yet it's interesting that the BRO projection is saying there's an increase in debt service over time. So are we not -- we're not using the proposed budget as a starting point, what are we using to make that projection?

**MS. VIZZINI:**

We are using what we have historically borrowed and what we have historically authorized. And don't forget there's not a lot of federal stimulus money included in the proposed programs.

**CO-CHAIRMAN D'AMARO:**

If we rollback, as Legislator Beedenbender was speaking to, if we rollback the authorized projects or delete some of them or de-authorize, clean it up, would that change your projection in debt service?

**MS. VIZZINI:**

Modestly, not significantly. But, you know, all these things, you know, we could also start presuming some of the pay-as-you-go aspects of things too for new modestly priced equipment that we have resorted to putting in here, but again, that brings us right back to the Operating Budget concerns.

**CO-CHAIRMAN D'AMARO:**

The pay-as-you go would be an account out of the Operating Budget would be a cash account.

**MS. VIZZINI:**

Yes, it is.

**CO-CHAIRMAN D'AMARO:**

In layman terms. So, you know, we have to fund that. And we just don't -- we don't have that right now I would assume. Okay. Well, you know, that's give me a clear picture. I appreciate it. Thank you.

**CO-CHAIRMAN GREGORY:**

Just have a quick question. When going back to the debt service and your projections that it'll increase even though the proposed or recommended Capital Budget is a reduction, in your calculations do you factor in that as proposed if there are some programs that are underfunded that will be restored and that kind of -- you factored --

**MS. VIZZINI:**

To the extent that they're reflected historically. Historically the Legislature has made changes to proposed Capital Programs. And historically estimates change as well. So sometimes when you're faced with, you know, appropriating a resolution it's because this -- the bids came in and there's a lot more than we expected it to be because the, you know, so there's a lot of factors that contribute to that.

**CO-CHAIRMAN GREGORY:**

Okay. That's all I have. Lynne?

**LEG. NOWICK:**

I'm good.

**CO-CHAIRMAN GREGORY:**

Okay. Well, thank you for your presentation. All right. I think we stand to be adjourned. I don't think -- well, Ben's not here. All right. Thank you. Thank you, everyone.

**THE MEETING CONCLUDED AT 10:29 AM**

{ } DENOTES SPELLED PHONETICALLY