Joint Ways & Means and Budget & Finance Committees

of the Suffolk County Legislature

Capital Budget Meeting

Minutes

A special joint meeting of the Ways & Means and Budget & Finance Committees 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 Wednesday, May 21, 2008, at 9:30 a.m., to discuss the matter of the Capital Budget.

Members Present:
Leg. Louis D'Amaro, Chairman, Ways & Means, Member Budget & Finance
Leg. Brian Beedenbender, Vice-Chair, Ways & Means, Member Budget & Finance
Leg. Lynne Nowick, Ways and Means Committee
Leg. Vivian Viloria-Fisher, Ways and Means Committee
Leg. Ricardo Montano, Chairman, Budget and Finance Committee
Leg. Kate Browning, Vice-Chair, Budget and Finance Committee

Also in Attendance:
George Nolan, Counsel to the Legislature
Gail Vizzini, Director, Budget Review Office
Robert Lipp, Deputy Director, Budget Review Office
Renee Ortiz, Chief Deputy Clerk, Legislature
Carmine Chiuisano, County Executive Budget Office
Ryan McGary, County Executive's Office/IR
Marge Acevedo, Aide to Presiding Officer Lindsay
Justin Littell, Aide to Legislator D'Amaro
Greg Moran, Aide to Legislator Nowick
Linda Bay, Aide to Minority Leader
Debbie Alloncius, AME Legislative Director

Not Present:
Leg. Cameron Alden
Leg. Edward Romaine
Leg. John Kennedy
Leg. Thomas Barraga

Minutes Taken By:
Donna Catalano, Court Stenographer

Minutes Transcribed By:
Kim Castiglione, Legislative Secretary

[THE MEETING WAS CALLED TO ORDER AT 9:53 AM]

CHAIRMAN D'AMARO:
Welcome to the budget meeting of the Ways and Means Committee as well as Budget and Finance. Please rise and join the committee in the Pledge of Allegiance led by Legislator Nowick.

Salutation

Okay. These joint committee meetings are required in connection with the process for our 2009 Capital Budget. Is there anyone here who would like to address the committee this morning, or would our Budget Review Office want to offer any comments with respect to the Capital Budget this morning?

MS. VIZZINI:
Good morning. If it's your pleasure I can give you an overview from the budgetary perspective of the proposed Capital Program. Some of you have been -- had the opportunity to hear some of my comments before at other meetings. Since this Ways and Means and Budget kind of is a non-specific functional area, but then oversees everything, I'm just going to give you a very general overview.

As you well know, in terms of the Operating Budget we are facing a substantial budgetary shortfall, and this Capital Program was prepared very mindful of the concern in regards to debt service. The proposed Capital Program is $92 million less than last year's adopted Capital Program. A good portion of that is due to three or four areas of concern, which I will address each of them in just a moment. The proposed Capital Program is also $377 million less than what the departments asked for over the three year time horizon, and $450 million less than what the departments asked for over the five year horizon. So from the departments perspective, even though they were given very restrictive guidelines to which they adhered, there is still more to be done and more to be concerned about.

In our report we have ample information for you in regards to the economy, the slowing of the economy, and our concerns. The -- our concerns about energy and some of these individual items that I am going to highlight, highways, the Vanderbilt Museum, our policies in regards to pay-as-you-go and our consistently waiving of that, are addressed individually in the front portion of our report. The back portion of the report gives you a project by project status update as to where they are and whether we actually concur or whether we recommend advancing funds or planning for the future in terms of the project by project.

We also have an index of those projects that were requested and included in the proposed program exactly the same way and which we absolutely concur with. So we just listed them. We didn't give you a status update on that.

So generally speaking it's a good Capital Program, but it's smaller than the Budget Review Office would like to see. Whether we do anything in -- with this Capital Program, debt service will increase in the Operating Budget in 2009. Based on our multi-year projections, we project debt service is likely to go up another $9 million in '09 over the 2008 base, an additional nine million in 2010, and a million in 2011. That's based on what we already have in the pipeline, and more particularly, that we will be bonding finally for the jail.

Included in our analysis of the Capital Program on page 15 is the chart that makes our projections in terms of when we will actually be bonding for the jail and some of the component pieces of what makes up our future debt service.

The land acquisition projects are funded. Legacy is in its last year, 2009, $15 million.

CHAIRMAN D'AMARO:

Gail, could I just interrupt you?

MS. VIZZINI:
Yeah, sure.

CHAIRMAN D'AMARO:
Before you get on to the land component. The debt service, 2009 increase, nine million. That's assuming that the recommended budget is adopted for '09 or no change to the '08 budget?

MR. LIPP:
The -- actually the debt service for '09 has nothing to do with what we adopt now. What happens is --

CHAIRMAN D'AMARO:
Oh, okay.

MR. LIPP:
The borrowing in '08 first kicks into debt service in '09, so only bond issues that occur in '08 will affect the debt service in '09.

LEG. BEEDENBENDER:
Does that chart reflect what we've already -- only what we've already done in '08 or did you make some sort of anticipation of what we will do?

MR. LIPP:
Anticipation.

LEG. BEEDENBENDER:
Okay.

MR. LIPP:
Basically it's a projection out several years, including the actual that we had for the first half of the year and then a projection for the second half and then for future years.

LEG. NOWICK:
If that's a projection, the figure, the nine million, then that's not a true figure, right, because if we don't actually bond -- I don't know. How does that work?

MS. VIZZINI:
It's based on -- we know what we've been historically bonding, what we need.

LEG. NOWICK:
Okay. So it is from experience.

MS. VIZZINI:
Yes. And we also know that we've authorized over $160 million for Phase I of the jail and we need -- we are going to need the cash.

LEG. NOWICK:
So that's what's happening.

MS. VIZZINI:
We know from communications with the four financial officers, and including Public Works, that this is what we anticipate doing. It does not assume that we are going to adopt the '09 - 2011 proposed Capital Program.

LEG. NOWICK:
I understand.

CHAIRMAN D'AMARO:
Is it a fair statement to say that based on what we've actually bonded this year, we're halfway through, I think, almost halfway through, that we've actually incurred roughly half of the nine million projected for '09 debt service?

MR. LIPP:
No, because not only does it include what we're going to be borrowing this year, but also existing debt on previous bond issues that go back as far as 20 years.

CHAIRMAN D'AMARO:
Okay. That we're not going to change.

MR. LIPP:
Correct.

CHAIRMAN D'AMARO:
How much of the $9 million is anticipated interest for bonding that you're anticipating for this year but we haven't voted on yet.

MR. LIPP:
I will get back to you in a minute. I have to call up some files.

CHAIRMAN D'AMARO:
Okay. Thank you.

LEG. BEEDENBENDER:
While we are on that, real quick, Gail. What's a good rule of thumb for us to use? You know, for every hundred -- you know, if you borrow a hundred you pay or you borrow a million -- is there a percentage? I mean, I know it's not tried and true, but, just a --

MR. LIPP:
For every million dollars it's basically the -- what it is, it's basically however much you are borrowing, it's about 50% for interest. So if it is a million dollars, 50%. So in other words, over a 20 year bond, if you have a million dollar bond issue, then over 20 years you'll be paying a million and a half, roughly speaking, or about 75,000 a year it comes to.

LEG. BEEDENBENDER:
Okay.

CHAIRMAN D'AMARO:
Now, all of that --

MR. LIPP:
You might also want to look at page 20. We refer to table three where we do an analysis, the impact on property taxes for every ten million in borrowing. Sort of like a rule of thumb.

LEG. BEEDENBENDER:
Thank you.

CHAIRMAN D'AMARO:
Now, that $9 million that you are anticipating would, of course, be paid out of the Operating Budget, so to the extent that we are not bonding, or curtail our bonding, we would have an impact on the projected $9 million for 2009.

MS. VIZZINI:
Debt service is going to increase in 2009 based on what we've already done.

CHAIRMAN D'AMARO:
Even if we did nothing from now until the end of the year. That --

MS. VIZZINI:
Other than to rescind something that we need to move forward on, probably.

CHAIRMAN D'AMARO:
Right. That was kind of my question before to Dr. Lipp, that how much of the nine million is for anticipated bonding for the rest of 2008. I'm just trying to get a handle on are we already at close to the nine million or are we, you know, can we actually change that.

MR. LIPP:
The answer to that is more than nine million of the nine million. What I mean by that, I like to be confusing -- no. What I mean by that is the existing debt actually will drop from '08 to '09 by like 1.9 million right there. So we already have in the hopper, for instance, yesterday was the first bond issue for 69.425 million. The projections include another 70 million in the second half for just general projects plus 14 million for the jail on top of that. The jail piece is based upon conversations with DPW. The schedule, of course, you know, has been pushed back several times, so that seems to be the best projection right now. The remaining 70 million is based upon conversations with Audit and Control.

CHAIRMAN D'AMARO:
So we're at the nine million now, but any curtailed borrowing for the rest of 2008 might affect subsequent years, or would affect subsequent years.

MS. VIZZINI:
Yes, because of the lag probably you'd be restricting the 2010, or holding, you know, making up for the increases in 2010 by reducing your actions now.

LEG. BEEDENBENDER:
So we're going to borrow about $150 million this year, somewhere around there.

MS. VIZZINI:
Correct. Probably a little more.

LEG. BEEDENBENDER:
And historically -- I'm sorry, Lou. Did I interrupt you? I apologize.

CHAIRMAN D'AMARO:
No, that's all right.

MS. VIZZINI:
You know, the flip side of that is you are talking about the Operating Budget, so as the debt service line goes up, there is considerable effort to retrench, you know, from the sale of assets to the, you know, focus on core functions, etcetera.

LEG. BEEDENBENDER:
But historically is that 150 high? From reading your report I think you indicated that it was. I mean, we went up to 186 one year I think you said.

MR. LIPP:
Actually if I could call your attention to figure three on page 15 of the report. We list borrowing for

General Fund purposes, really, since the year 2000 and also projections that are implicit in what our estimates are for debt service and we break up the bond issues into three pieces, the jail, land and other stuff.

LEG. BEEDENBENDER:
So we are at the high water mark from this chart.

MR. LIPP:
Actually the high water mark should be next year when we anticipate most of the boring to take place for the jail.

CHAIRMAN D'AMARO:
You're okay? Legislator Browning.

LEG. BROWNING:
I'm curious about the John J. Foley facility. That was built in '95, correct? What I wanted to know is did we bond the building of the John J. Foley?

MS. VIZZINI:
Oh, the new one.

LEG. BROWNING:
Yes.

MS. VIZZINI:
Yeah, we have about $22 million in debt service remaining on the Skilled Nursing Home.

LEG. BROWNING:
Twenty-two million in debt service?

MS. VIZZINI:
Yes. Normally any transaction involving the sale of an asset would involve some sort of agreement as to how to address the remaining debt service.

CHAIRMAN D'AMARO:
That's interest, though. Just if I could interrupt. That's interest over --

MS. VIZZINI:
That's principle and interest.

CHAIRMAN D'AMARO:
Oh, principle and interest.

CHAIRMAN D'AMARO:
Over what term is that? I'm just curious.

MS. VIZZINI:
He'll check the specifics, but I'm guessing it was probably 17 years or we might have done 30. You know, the Legislature has visited this whole policy issue on the nursing home in the early to mid 90's where the then facility was substantially deteriorated and no longer met the State health standards. So there is extensive correspondence and minutes of meetings where we deliberated over whether we should or should not be in the business and if we should remain in the business, should we renovate extensively or rebuild. The policy decision then was to do this new Skilled Nursing Home Facility. So you are taking about the mid-90's when you are talking about the time span for the debt service.

LEG. BROWNING:
What was the cost of construction for John J. Foley?

MS. VIZZINI:
You know, we actually have some information on that which I can get for you.

LEG. BROWNING:
Okay. I'm trying to figure out if we were to sell the John J. Foley facility how much we would still have -- we'd still be paying debt on --

MS. VIZZINI:
The answer to that is the 22 million.

LEG. BROWNING:
Okay.

MS. VIZZINI:
In other words, unless whoever buys it is willing to address that, at least in our opinion.

LEG. BEEDENBENDER:
Are we legally obligated if we sell it to take whatever proceeds to defease those bonds?

MS. VIZZINI:
That's part of the reason for that, yeah. And, you know, that's assuming --

LEG. BROWNING:
Yeah, but we still have a balance.

LEG. BEEDENBENDER:
Well, not necessary. Would we necessarily have a balance? I think if we sell it for 22 million and we have 22 million we pay off the bonds or we don't pay those each year.

LEG. BROWNING:
Unless we sell it for 11. Isn't that what I'm hearing?

MS. VIZZINI:
I have the draft of an informational memo for you in regards to that issue, which is really something other than capital, but if we just take a moment. We don't know what direction the County is going in, whether we would be privatizing the management, someone else taking it over and therefore we would still have the building and continue to pay the debt service which is -- and the building is on our land. Or whether we are talking about -- this would be the first time I think that we've every really considered liquidating a building that's on County land. So there is a lot of options here that need to be fleshed out. But should the building go with the sale, if there is a sale, that debt service needs to be addressed.

LEG. VILORIA-FISHER:
But I think the point you're making, Kate, is that we can't see that as a direct influx of money to our current budget needs --

LEG. BROWNING:
No.

LEG. VILORIA-FISHER:
-- because we first have to address the debt service that's still, you know, the bonding that's still outstanding on the building that we constructed in the 90's.

LEG. BROWNING:
It's just my concern is --

LEG. VILORIA-FISHER:
And then we have to look at what kind of net gain we have and apply that.

LEG. BROWNING:
Yeah. That's just my question, is if we were to even consider selling it, are we selling it at a loss. We're still going to be paying possibly some debt on it.

MS. VIZZINI:
That's one of those things you'd really have to know what the transaction entailed in order to determine what fixed costs would remain and what would be your net gain.

CHAIRMAN D'AMARO:
Yeah, well, I think the theory there would be if we sold or closed the Foley center we still own the property, and we could put it to another County use. I'm not advocating to do that, I'm just saying that, you know, you are going to -- you are paying debt service, but you own the building. So, it's a County asset.

MS. VIZZINI:
Yes, but it is also configured as a skilled nursing facility, like a health facility which, you know, it's not like selling an office building.

CHAIRMAN D'AMARO:
Correct.

MS. VIZZINI:
You know, there is all those other things that go into it which if --

CHAIRMAN D'AMARO:
Yeah, yeah. And also I think the, just to not mix the apples and oranges, the justification often cited by the County Executive on the sale is the operating loss. It's not related to the debt service on the asset, the building itself.

MS. VIZZINI:
Yes. Much of the policy considerations before us are fiscally oriented and they have a lot of other considerations associated with them.

CHAIRMAN D'AMARO:
Okay.

LEG. NOWICK:
Just from what I was understanding and if we did sell the Foley Nursing Home, and again, I'm not advocating it myself, but it is a skilled nursing home facility, it is set up that way. My understanding would be that we would sell it to somebody that was interested in a private nursing home. And again, you are right also about the theory was saving 12 million a year might make it up soon, but again, I'm not advocating.

CHAIRMAN D'AMARO:
No, I hear you. Okay. So we were at -- we were talking about debt service for 2009, an increase of nine million; 2010, nine million; and 2011, one million. I think, Ms. Vizzini, you were going to tell us a little bit more about land acquisition.

MS. VIZZINI:
Yes.

CHAIRMAN D'AMARO:
Okay.

MS. VIZZINI:
The major land acquisition projects are funded. Legacy is funded in 2009. It's in its final year, $15 million. And Multifaceted is also funded 13.3 million for each year of the Capital Program. Those two programs, the debt service for those acquisitions are paid from the Operating Budget. They are in another policy consideration where we have the New Quarter Cent Water Quality Program that is also a major land acquisition program, where if more is done through that program it does alleviate some of the burden in terms of debt service on the General Fund. That seems to be a direction that we will be going according to the County Executive's Office and the Commissioner.

One of the concerns that the Budget Review Office historically and consistently has in terms of the Capital Program is this is a five year time horizon. This is a planning document, not just a budget. Although understandably we are concerned with the forthcoming year, the 2009 year, and that's the year we will be dealing with and if we need to make amendments we will do that in 2009. But many of our recommendations pertain to the fact that this is still a planning document and we should be planning for some of the things that we anticipate doing.

Our major areas of concern, some of -- many of which were addressed yesterday have to do with sewers. The commitment to sanitation projects is substantial, but we have concerns, particularly in regards to the outfall pipe at Southwest. That project in and of itself is $150 million for the construction to replace a deteriorating outfall pipe. From the budgetary point of view we made recommendations to the Public Works Committee yesterday that that project be included.

We made further recommendations in the preparation of the Operating Budget for Southwest Sewer District, consideration for a debt reserve fund because -- there's another section in the front of the report about -- it's called Now is the Time for Sewers. There is a graph that shows that the debt service line, only one expenditure line in the sewer district Operating Budget, will be plummeting in 2009 and 2010, but it will increase because the age of the facility, the policy decision to enhance the existing capacity another 10 million gallons a day to address the demand and the pressure on the -- this will also put pressure on the outfall pipe.

So there are several major projects that are underway at Southwest and when we do bond, that line will rise up again. And if we could plan ahead in the Operating Budget to reserve some monies, certainly the rates will be subsidized as they have been in the past by assessment stabilization reserve, but at least a debt reserve, and we would have to address the legalities and the budgetary aspects of it. But it was one of our recommendations yesterday.

LEG. BEEDENBENDER:
Gail, could I just jump in? I just want to understand that a little more. I know looking at the chart we were paying -- it's like $11 million a year in debt service for the sewers in the Southwest Sewer District right now, I can't find the chart, but it's going to drop to about a million. So are you suggesting that some number in between one and 11, since the -- we find a way to reserve that in the Southwest Sewer District to mitigate the shock when we have to go back up to maybe $12 million a year?

MS. VIZZINI:
The chart is on page 38. You know, simply and succinctly that is the thrust of the recommendation. We know -- I mean, the enhanced capacity I think we have $60 million budgeted for that. There is also concerns about the scavenger waste component as well as the outfall, and then you have the ongoing necessary maintenance for a 30 plus year old facility. So there is a lot of expense associated at Southwest.

LEG. BEENDENBENDER:
But that reserve fund, I'm just trying to understand where that would come from. We would have to allocate it from General Fund? We can't do that. Is there some way we could take it, we could charge the sewer district for something they're not paying yet to create that reserve fund? That's what you are suggesting, right?

MS. VIZZINI:
Yeah, we need to do the legal research on that. In other words, when we create reserve funds in our Operating Budget, it's either from a surplus or we basically have an expenditure line that is transferred to the debt reserve, but it is a prudent long-term approach. We have a Debt Reserve Fund in place, although we depleted it in the '08 budget so as not to raise taxes. But it would be an expense line to the sewer district paid for by the sewer district residents, whose rates are subsidized by sales tax that goes to the Assessment Stabilization Reserve.

LEG. BEEDENBENDER:
Okay. And I guess the other factor that involves that is once something plummets that low, it's really difficult -- if you were to go back up in one year it's a shock. So if instead of letting it drop to one you, somewhere in the middle there, it doesn't create such a shock. I guess if you let it go down to one and then to go back up to 11 you are going to really take a chunk out of the Sewer Assessment Stabilization Fund because that's going to be more than 3%. So budgetarily it would probably make the most sense to do the reserve fund, because if you let it disappear then you are going to take more money out of a decreasing pot.

MS. VIZZINI:
We certainly think it should be explored.

LEG. BEEDENBENDER:
Okay. Thank you. I'm sorry.

CHAIRMAN D'AMARO:
Okay. Just note for the record that Legislator Montano has joined the joint committee, Chair of the Budget and Finance Committee. Welcome, Legislator Montano.

CHAIRMAN MONTANO:
Thank you very much and I apologize for my lateness.

CHAIRMAN D'AMARO:
And, Gail, please go ahead.

MS. VIZZINI:
Sure. There is just a few more areas where we have some major concerns. Another reason why the Capital Program is smaller over the five year time horizon is ten projects were discontinued. Of major concern, which was addressed yesterday at the Education Committee, was three college projects were discontinued. These are projects that the Legislature has restored in the past. Many of you were present yesterday so I won't go into this too much other than to say our Capital Program has been the vehicle by which the sponsor demonstrates it's support to SUNY for these projects.

The college has advised us that they have already received a State commitment in the new five year SUNY financing plan for the colleges, for the community colleges. So including these projects as recommended by the Budget Review Office and requested by the college would allow the college to continue to pursue the 50% State share. We are recommending, as we have consistently recommended, the inclusion of the projects. It's good for the County, it's good for the college, and it is also an influx of State funds that have an economic multiplier effect. But it absolutely is a policy decision for you to deliberate.

CHAIRMAN MONTANO:
May I address that?

CHAIRMAN D'AMARO:
Yeah, just one second. And I also want to point out I was at the committee yesterday and the total debt service -- I just want to repeat this for the record. The total debt service is about $91 million and of that I think it was about six million related to capital projects for the Community College. Is that accurate, Dr. Lipp?

MR. LIPP:
Actually the 91 was debt service excluding the college. The six million was a separate -- actually it is a separate line item. It doesn't even say debt service. It's just an interfund transfer from the General Fund to the college and that's just almost exclusively for debt service.

CHAIRMAN D'AMARO:
Right. So the total would be 96 and six million for the college, and you can work out the percentage. Legislator Montano.

CHAIRMAN MONTANO:
Yes. Gail, I just wanted to clarify. My understanding, just to be clear, the three projects having to do with the college, it was my understanding that the State had appropriated the money or is it simply in the State plan. Is there a difference?

MS. VIZZINI:
Well, yeah. It's a fiscal plan.

CHAIRMAN MONTANO:
All right. So the money hasn't been appropriated, but it is in sort of the State capital budget plan or fiscal plan?

MS. VIZZINI:
Similar to the way it would be in our plan.

CHAIRMAN MONTANO:
Okay. And with respect to -- just for the record, would you just give me the title of the three projects that we're talking about?

MS. VIZZINI:
Yeah. It's the Recreational Facility at the Eastern Campus, the Learning Resource Center at Grant, and the renovation of the Sagtikos Building, which is currently the library, which would be vacated and need to be renovated at Grant.

CHAIRMAN MONTANO:
Now, the match that you referred to, is it a 50% match per project or is it higher, because I was under the impression that it may have been higher. But is it a 50-50 match per project?

MS. VIZZINI:
Typically and historically the State share is 50%.

CHAIRMAN MONTANO:
Okay. Thank you. That's all I need.

LEG. VIZZINI:
Okay. The next area -- oh, by the way, just to digress and, Legislator Browning, to give you a

response. The Skilled Nursing Facility construction based on the information that is in the financial system was roughly -- we authorized over $33.6 million for the original construction. There was some renovations after the original construction. After the original authorization there was another million in renovations. And that's, you know, that's the debt service that we're paying off, principle and interest.

The other area of concern is highways, and this is --

CHAIRMAN D'AMARO:
If we can just hold one moment. I'm sorry. Legislator Nowick.

LEG. NOWICK:
I'm sorry, Gail. I just wanted to go back and ask a question about the library at the college. It says the college now expects construction to start in February, 2009. That would, of course, would depend on the Capital Budget. But how much money have they put into it capital wise so far, the planning, because if they're getting ready to start construction, they must have put quite a bit of money into the planning steps already.

MS. VIZZINI:
I'm sorry. I missed the first part of your question.

LEG. NOWICK:
The library. How much have they put into it so far, capital projects.

MS. VIZZINI:
At Grant?

LEG. BEEDENBENDER:
There is two different libraries, Legislator Nowick.

LEG. NOWICK:
The one I'm talking about would probably be the Eastern Campus. There's two projects. Is this the one that -- one of the three that we were talking about or is this a --

MS. VIZZINI:
No. The new one that they want restored is at Grant.

LEG. NOWICK:
That's at the Grant Campus. Okay.

MS. VIZZINI:
The one at Eastern we've made all the appropriations. I think it was close to 30 million, but Lance will --

LEG. NOWICK:
Okay. And the one at Grant, there's no planning money in that yet? It must be so far though, right? They put it out for bid already right?

MS. VIZZINI:
No, it hasn't been appropriated yet. The College's comments yesterday were they would like to have planning money in 2009 as another demonstration of the sponsor's commitment and I think, I don't want to speak for them, but what I heard was to kind of lock the State in to --

LEG. NOWICK:
Okay. That clears that up for me. Thank you.

MS. VIZZINI:
The only thing on the Learning Center at Eastern was that over the time horizon, since they did the estimate, they were looking for another million, million-four, a contingency for the construction.

LEG. NOWICK:
What page was that grant? Was that in here at all, the grant?

MS. VIZZINI:
Yeah. There's probably -- there's a project update. I'll get that for you in just a second.

LEG. NOWICK:
That must be the renovation of Sagtikos Building?

MS. VIZZINI:
No, that's the --

LEG. NOWICK:
That's a different one?

MS. VIZZINI:
Yeah. That's where the library is now, at Grant.

LEG. NOWICK:
Okay. All right. That's okay. I don't want to hang you up. I have that. I'll look at it. Thank you.

MS. VIZZINI:
2189 is the Learning Resource Center at Eastern.

LEG. NOWICK:
Right, that I've gone over.

MS. VIZZINI:
Okay. And that's --

LEG. BEEDENBENDER:
It's on page 161, the Grant one.

LEG. NOWICK:
I saw that.

LEG. VILORIA-FISHER:
Wait, that's 2159.

LEG. BEEDENBENDER:
Yeah, that's the Grant one.

MS. VIZZINI:
The new project that the college wants restored is 2159.

LEG. NOWICK:
Okay. Thank you.

CHAIRMAN D'AMARO:
Legislator Viloria-Fisher had a question.

LEG. VILORIA-FISHER:
Okay, so 2189 is ongoing.

MS. VIZZINI:
That's Eastern.

LEG. VILORIA-FISHER:
Right, that's Eastern. Okay. I just had a couple of questions. In the renovation of Crailing Hall, and we've heard over and over again that there are not enough science classrooms in the different campuses and I think that there is one also -- there's another one of the projects also will house science classes. You are supporting both -- inclusion of both of those, aren't you? I'm trying to remember which is which.

MS. VIZZINI:
Our recommendations for Crailing Hall, 2114, are to increase the funding by a million-four. The Capital Program does include 3.5 in 2011, but again, the college has been very considerate of the fact that over the past several years Budget Review has been saying you need to increase your estimates by a factor. As we well know, steel construction, all of those materials have been escalating, and sometimes the process is such that there is an estimate and by the time we get the actual fiscal commitment, the authorization, they are not really able to do the project to the magnitude it was originally designed and hence the value engineering concept enters into it. So as far as Crailing Hall, we think that the cost is going to be a little bit more than what's included in the 2011.

LEG. VILORIA-FISHER:
Okay. Now, they had adjusted their cost for that HVAC system. I remember seeing that somewhere else. In the Ammerman Campus, I think the Riverhead building, and one of the other -- oh, here it is. 2138, installation of cooling systems. They adjusted those costs, didn't they?

MS. VIZZINI:
I believe they did adjust those costs and our recommendation was there is money in subsequent years. We recommended advancing it to 2010, but also providing an additional 755,000, again, in anticipation of a higher cost estimate by the time they get to do the work.

LEG. VILORIA-FISHER:
Okay. When I looked at Crailing Hall that caught my eye for two reasons. Number one, that we don't have enough science classrooms and that was one of things that Middle States looked at is, you know, classroom space. Some of our classes are set up at 6:30 in the morning because we don't have enough room for all of them.

MS. VIZZINI:
The college has been very creative in terms of utilization of space.

LEG. VILORIA-FISHER:
Yes. Well, they are what, 98%, which -- no, not that high, but pretty close. And it is very hard to schedule when you have utilization rates that high on a campus.

What also caught my eye was the upgraded HVAC building systems. I believe that when we look at the arguments regarding the cost effectiveness of these programs not only are they supported by the State and they are currently in the State plan, but when we're upgrading HVAC systems we are also getting more energy efficient HVAC programs. If we look at projected maintenance and operation costs over time, those upgraded HVAC systems will help to defray some of our debt service on those programs.

Lance, have those arguments been posited by the college? I wasn't here for the Education Committee that went on forever yesterday. That the HVAC systems upgrades would help to defray some of the energy costs.

MS. VIZZINI:
That is a given. Absolutely.

LEG. VILORIA-FISHER:
But they didn't specifically mention it. I heard them talking about some other issues, the security systems I heard that toward the end.

MS. VIZZINI:
Right. We did cover a lot of territory.

LEG. VILORIA-FISHER:
Thank you, Gail.

MS. VIZZINI:
The next area of concern is highways, and the reason I bring this to your attention is that the Capital Program appears smaller for another reason. Over the three year time horizon there is $88 million less in highway projects. Now, a small portion of this is because we're moving forward in 2008 on some of these things. But another area of concern, which we addressed yesterday in Public Works, is projects like CR58, CR39, and CR111, had a vision of being long-term traffic mitigation efforts that would have value into future, that would have, you know, an over 20 year useful life to them, requiring federal aid and support, but with federal aid and support comes a lot of paperwork and a lot of structure from the Federal Government.

Some of these projects, CR 39 for example, last year we embraced the idea of doing a short-term traffic mitigation quick fix, which we'll be able to see how well that does this summer and over the next several years. But the Federal funding for the larger component long-term fix for our growing and vibrant population and economy is not shown. Public Works is confident that they will continue to pursue the Federal funds, and at each level of government there is some competition for priorities in terms of Federal dollars and State dollars and what have you. But typically, in terms of highway, we have shown that we are looking to pursue, we have shown Public Work's efforts, as long as it's within the timeframe, the five hear horizon of the Capital Program.

The Vanderbilt Museum, generally speaking, there is an upfront section on the Vanderbilt Museum. It starts on page 63, but if you see on page 64 and 65, on page 64 the County has made a substantial commitment to the museum. At the time the report was done there were total appropriations of $19.7 of which there is still a $10 million balance for over a dozen projects.

We have met with and the museum has been very cooperative. We have facilitated meetings with the museum and Public Works to help them focus on updating their plan and identifying certain priorities.

In the opinion of the Budget Review Office, the funds should be used to maintain the current facility, protect it from further deterioration, and maintain the exhibits, which in our opinion are the reason why people go to the museum, especially in light of the current budget climate. So we have made some recommendations to add some funding that is about $2.6 million for that purpose. The proposed Capital Program includes only the ongoing replacement of the facades.

CHAIRMAN D'AMARO:
Just to clarify that the -- on page 64 of the BRO report it lists several capital projects with the totals. That's all of the capital projects in the capital budget presently?

MS. VIZZINI:
No.

CHAIRMAN D'AMARO:
No.

MS. VIZZINI:
Well, not -- I want to differentiate between the proposed Capital Program that we're looking to adopt, amend and adopt. This is everything that we've authorized, we've appropriated. All this work is endeavoring to move forward.

CHAIRMAN D'AMARO:
So if you are not -- it's possible that there is a capital project for the Vanderbilt in the budget, in the recommended budget, or even in our presently enacted budget, where if we haven't appropriated any funds yet it would not be on this chart. You know, passed the bonding.

MS. VIZZINI:
This is the passed.

CHAIRMAN D'AMARO:
This is just the passed.

MS. VIZZINI:
Yeah. The purpose of the chart is to demonstrate that there is $10 million.

CHAIRMAN D'AMARO:
That has not been appropriated yet.

MS. VIZZINI:
That has been appropriated but not spent. Things are not moving quickly.

CHAIRMAN D'AMARO:
Okay. Uncommitted balance means that the money was actually obtained by the County but not spent.

MS. VIZZINI:
Authorized.

CHAIRMAN D'AMARO:
Authorized.

MS. VIZZINI:
Appropriated.

CHAIRMAN D'AMARO:
Authorized in my mind is when we pass the budget. Appropriated is when we pass a bond resolution.

MS. VIZZINI:
You passed a resolution, yeah, with the accompanying bond.

CHAIRMAN D'AMARO:
Right. Then once we pass the resolution then the bond at some point is put out. I would assume it's part of a larger bond. Then the funds come in and then this ten million is the amount of funds

sitting there.

MS. VIZZINI:
It's authorizations. We may not have bonded all of these, because we only bond when we need the cash.

CHAIRMAN D'AMARO:
Okay, but we may have voted on the bonding resolutions, though.

MS. VIZZINI:
Absolutely, yes.

CHAIRMAN D'AMARO:
Which really means that the rest is just procedural, in effect, if we're assuming that the Capital Budget has already made the policy decision.

MS. VIZZINI:
Yes. And sometimes we'll say that they don't need any more money in a particular project because they have this uncommitted balance, you know, they have several hundred thousand dollars. Sometimes you will see that in our project by project recommendations.

CHAIRMAN D'AMARO:
Well, the committed balances would only relate to the particular line item, though, right?

MS. VIZZINI:
Yes.

CHAIRMAN D'AMARO:
All right. And how did the capital, the recommended Capital Budget treat these projects?

MS. VIZZINI:
There is only one project shown in the recommended, and that's the replacement of the facades.

CHAIRMAN D'AMARO:
So the recommended budget would still permit the uncommitted balances to be appropriated and used, but the recommended budget says no further appropriations for all of these projects but one.

MS. VIZZINI:
Yeah.

CHAIRMAN D'AMARO:
Okay. Thank you.

MS. VIZZINI:
Then you can see also on page 66 is what the museum actually requested. They requested in total 5.5 million, which is not included in the recommended Capital Program.

The next area I want to highlight is the subject of energy. We have an extensive discussion of energy on page 44 of the upfront section and then we talk about it in specific terms on project write up 1664. Budget Review has been consistently an advocate of spending more to save more. So what we are looking for the Legislature to consider is a building optimization assessment. We believe that you can get a return of about 9% on whatever you invest in such an assessment. Actually, the Legislature building itself was assessed. Unfortunately, we didn't score all that well even though it's a fairly new building. We think we can do a lot internally to conserve and save energy which in turn would reduce the line in the Operating Budget for heat, light and water or at least mitigate some of the uncontrollable growth related to the cost of heating fuel and natural gas.

We've made several recommendations that are detailed in the upfront section, but we are hoping that you will authorize a minimum of $600,000 so that we could undertake this optimization study. That would be enough money to determine how many buildings we would look at and to begin making -- implementing some of those improvements so we can get some efficiencies.

CHAIRMAN D'AMARO:
Yes.

LEG. NOWICK:
The studies that you are doing, Gail, they are going to address the heating and air-conditioning systems to see if they would run more efficiently?

MS. VIZZINI:
Absolutely, yes.

LEG. NOWICK:
Because, you know, I know everybody says I am always cold, but I got to tell you, this air cranks and cranks and cranks. Everybody is freezing and underneath here we have the heaters going. Something is really wrong. It really needs to be said. If our own homes were this cold we would be paying a fortune. It's something that needs to be addressed and I see you shaking head.

MS. VIZZINI:
With your concurrence, Joe will just explain the concept of the optimization study and what we can benefit from it.

MR. SCHROEDER:
Good morning. In the review we speak to the first logical step in what we're recommending as a five year program. That first step would be to assess and optimize the existing facilities. That would include looking at the heating, air-conditioning and other energy components of the building, making sure they are operating within design parameters and making adjustments, simple adjustments, that would improve the operating profile of the equipment.

LEG. NOWICK:
I think that's an excellent idea, but I could probably tell you an adjustment. Just lower it.

MR. SCHROEDER:
Unfortunately, in this building we have a prime example of where the control systems may not be appropriately balanced in that we have air-conditioning running during the summer and the baseboard radiation running full tilt as well, which increases the cooling load which in turn increases the heating load, which causes a battling between the two systems, which may be operating fine, but the control behind all of that is not well -- the logic in the software is not appropriate for the building. So the evaluation of the buildings that we're suggesting would start with that basic assessment of the building that would not be, you know, major boiler replacements and things like that. This is assessing the existing equipment and getting it to operate as efficiently as it can as a first step.

LEG. NOWICK:
Joe, I think that's a wonderful idea.

LEG. BEEDENBENDER:
I was just going to ask, Joe, I know in the past, you know, when we've tried to say we're going to mitigate, you know, that we're going to turn the heat down to save energy, we've had these reactions where -- exactly what's going on here. You have heaters that get plugged in. This is different than what you are talking about.

MR. SCHROEDER:
That's right. We're not talking about turning the heat down. We're talking about if the system isn't operating properly, and there is no way to know that just by looking at it. If the system isn't operating properly you bring it to within it's design parameters.

LEG. BEENDENBENDER:
Right.

MR. SCHROEDER:
You know, the technology that we have today is not plug and play. There are fields that the building maintenance staff has access to in a computer program that runs the systems in the building. The logic behind what they can do in the system is what we need to look at. You start by looking at basically what the program is telling you to begin with. Then you look at the equipment itself, see if it's operating properly, and it's like going to the doctor's office for a physical. You don't go to the pharmacist to get medication. You go to the doctor first to see if there is something wrong with you.

LEG. BEEDENBENDER:
Well, what I was trying to get at, is there something that you think we need to do by way of a policy, because I know that, you know, what happens -- I know in the winter if we have -- if the system isn't working well our employees are uncomfortable, they plug in heaters. So now we are running the power for the building and we're running the power for the heaters. I guess is there some sort of policy we need to put in place for the County in reference to those heaters, or do you think this study really puts it together and gives us a coordinated way to make the buildings better.

MS. VIZZINI:
In our report Joe has done what I think is an excellent job outlining a five year plan which would be a policy plan. It's a menu of options. I will just highlight for you --

LEG. BEEDENBENDER:
What page, Gail?

MS. VIZZINI:
Page 55 and it goes on through the end of the energy section. Not necessarily in order of importance, but it shows you that, you know, a 10% reduction in energy use would translate into a savings of $2.1 million dollars. Of course it would require some sort of action or investment on our part. It includes looking at internal energy resources, you know, looking outside for other funding sources. It includes, you know, one or two more people could probably make a substantial difference.

Based on the recommendations from Budget Review and the foresight of the Legislature, Public Works now has an Energy Engineer, which he has been doing excellent work to oversee that new construction and renovation and what have you is done so that we can save in the Operating Budget. You know, the jail being only one example. So it goes on. My personal favorite is the four day work week, although I probably would be here anyway. But, you know, an assessment of what buildings could we possibly shut down and that kind of thing. So it is there for you to review. It does cost money, it would mean a commitment of additional dollars in the Capital Program and the Operating Budget.

MR. SCHROEDER:
In all seriousness, the four day work week is something that does work well. It has been implemented elsewhere. It is -- what you are doing on a weekend if you are not using your buildings, there isn't sufficient lag time between when you'd have to start up the equipment again to bring it up to temperature for Monday morning occupancy to really save a lot of money. But I have spoken with Public Works Operation and Maintenance staff and what we recommended here is that the Facilities Design and Operation and Maintenance evaluate buildings that would be appropriate

candidates for this and assess what the potential savings could be.

Based on feedback from them, being able to say we can certainly shut down buildings for a specific timeframe, for a three day period, is where they can generate savings because you are going to shut it down at the end of the business day on Friday or whatever the last business day of the week is, and you won't have to start bringing it up to temperature for two full days. That's where there is significant savings. That doesn't mean you are going to shut everything off, it means you are going to bring everything way down.

CHAIRMAN D'AMARO:
What kind of buildings are we talking about here?

MR. SCHROEDER:
What's recommended in the review is non-essential facilities.

CHAIRMAN D'AMARO:
Like what?

MR. SCHROEDER:
This is what we're recommending, is that those facilities be identified in an assessment done by the Department of Public Works.

CHAIRMAN D'AMARO:
Just give me an example of what a non-essential building would be. I mean, any building where an employee reports to work I think would be excluded, right?

LEG. VILORIA-FISHER:
How about the Legislature?

MR. SCHROEDER:
This building actually --

CHAIRMAN D'AMARO:
Shut it down.

MR. SCHROEDER:
Actually during the summer when Legislative meetings are not held and on a fifth day of a workweek, whichever day is determined to be in coincidence with a weekend, this building could be should down. Maybe staff that's required to be here is working someplace else or maybe we're working on a virtual office arrangement where certain critical staff that have to be involved with daily functions can do that from a remote location, which could be from home or from another County facility. Those are concepts that are working widely in the private sector. There's a lot of resistance in the government sector to do things like that, but we're in a critical time here. We're facing severely critical issues now and in the near future.

CHAIRMAN D'AMARO:
Yes, I agree with that. You get into, you know, it's easier in my mind to implement in the private sector than the public sector. We have layer after layer of checks and balances, we have union contracts, and we have a lot of other considerations that don't come into play when you tell ten employees in a private business, you know, you can work from home on Fridays. It's just not that simple.

MR. SCHROEDER:
I recognize the difficulties there, but this is also working in private sector companies that have union contracts as well.

LEG. VILORIA-FISHER:
May I?

CHAIRMAN D'AMARO:
Sorry. Go ahead.

LEG. VILORIA-FISHER:
Actually, Joe, I mentioned this to the County Executive in a conversation we were having. He was concerned about precisely the same issues that Legislator D'Amaro has mentioned, is that there are so many functions that have to be up, you know, seven days a week, much less five days a week. The scenario that I had presented to the County Executive was four days but same number of hours, you know, longer days in those four days rather than working from home. But there are many support services that have to be kept running.

The other thing I had mentioned is, but this isn't part of the Capital Budget or Energy, but people taking, if they wanted, unpaid voluntary furloughs. There are some companies that have done that because there are parents who, you know, want to maintain their health benefits but their kids are home over the summer. But we're talking about energy so -- but those were just two scenarios that I mentioned to the County Exec vis-a-vis --

MR. SCHROEDER:
What we have proposed in the review is that this be evaluated, that we recognize that there are critical facilities --

LEG. VILORIA-FISHER:
Right. I think that's a good idea, because that was the County Executive's concern, that so many of our services have to be kept running and kept available that it might not really be something -- but doing the study makes good sense.

CHAIRMAN D'AMARO:
Yes.

MR. SCHROEDER:
As you point out, the longer work hours that would result from a four day workweek would, and we speak to this briefly in the report, would avail the public of our services for longer hours during the week that might make those services more available to them than they are during our normal business hours five days a week.

CHAIRMAN D'AMARO:
Right. But just to, you know, the complexity I think we all agree on. I mean, the person that has to pick up their two children in daycare by five o'clock then has a problem. There are so many issues with that.
I had a question -- and I do agree about the study.

LEG. VILORIA-FISHER:
One last thing on that is that another correlated consequence is that with gas prices being what it is people would only be commuting four days instead of five.

CHAIRMAN D'AMARO:
Yeah. You know, I think that's definitely an area we need to explore, but I think we also need to just talk about conservation and doing an efficiency study of our own assets, our buildings, where can we save money. You know, Legislator Nowick talks about the air-conditioning in this building. It was freezing in here yesterday all day. There is no need for that.

I wanted to ask you real quick -- page 56 has the projected savings. Does that -- do those numbers take into account the cost of getting to those savings?

MR. SCHROEDER:
I think what Gail mentioned earlier is speaking to the cost benefit of attaining the savings. This is a simple illustration of what the reductions and Operating Budget would be if we achieved those savings and these are savings from the General Fund only, not gross energy expenditures. But it is meant to illustrate that in the first year savings are at whatever level you achieve in terms of reduction, savings are realized. As you go on in time, those savings compound due to the escalating cost of energy. This is a very conservative projection here. In the energy industry it is typical to use an escalation range of three to five percent. Our escalation in energy expenditures have actually increased on average 10% and as high as 17% annually. So we're looking at very conservative numbers here to project what the potential benefit is to the County in terms of its operating expenditures.

What Gail mentioned earlier, if I heard correctly as I was running up here from my office, we are looking at an approximately 9% rate of return on investment for making these improvements. That's based on actual and projected projects that we're doing here at the County and that's typical of what is generally found out there in the industry.

What we're suggesting in terms of the assessment of the buildings, some of the folks who do that, and there is a very limited number of people who actually do that sort of work, typically only target improvements that have a rate of return of 20% or more. So what we're looking at here are doing the very simplest, no brainer things that need to be done because they're just not fine tuned enough. The positions that Gail spoke to are to provide ongoing monitoring of your operating profile because that changes daily, and to make sure that the systems, the logic in the systems, are well tuned for our operating profiles and not just for some generic operating profile. It's very typical --

CHAIRMAN D'AMARO:
How long would this study take to do that you are proposing in the BRO report?

MR. SCHROEDER:
We're recommending -- we recommended $600,000 over the course of a first year initiative so that there's ample funds available to do a significant number of County buildings to give us a basic idea, a platform on which to project what the costs and benefits to the County would be as a consequence of going even further.

CHAIRMAN D'AMARO:
Okay. Go ahead.

LEG. NOWICK:
I can't help thinking how much of that could we save if --

MR. SCHROEDER:
Well, that's the point.

LEG. NOWICK:
I think it's very important -- I think you are right. We need to save money. This morning what, crude was 129. Just every day the arrows -- the green arrows are going up on the crude and the red are going down on the other one that we don't want them to. I can't help thinking maybe there is something, you know, winter -- summer is coming, certainly not in May, it's still cold, but we are going to be using the air-conditioning systems in all of the buildings. I can't help thinking, but you seem to know better, there might be a way even right now to save, make up some of that 600,000 with simply lowering, and I don't mean it jokingly, simply lowering the thermostat. Would it not work, Joe? Is that because of what you were talking about before, just the system is just so poor?

MR. SCHROEDER:
I just want to point out the problem that we have generically, the paradigm one, energy efficiency

and conservation, is that we will suffer because we have to sacrifice. That's not at all what I am suggesting. What I'm suggesting is that the systems are not operating properly. We will be more comfortable and happier and more productive if we --

LEG. VILORIA-FISHER:
Well, that's what she is saying.

MR. SCHROEDER:
Right, but it is not just turning the thermostat down.

CHAIRMAN D'AMARO:
Okay, who controls the thermostat here?

LEG. VILORIA-FISHER:
We're always freezing.

LEG. NOWICK:
Could we start here? And I am so glad that you all feel the same way. I thought it was just me.

LEG. VILORIA-FISHER:
Joe, do you know that Lynn is running a heater in this room while the air-conditioner is on? Does that upset you?

MR. SCHROEDER:
I could walk around the building and probably find more than just hers.

LEG. NOWICK:
It upsets me. The other day I had on a shawl, a blanket -- we're not setting a good precedent.

LEG. BEEDENBENDER:
Well, that's the point I was making before, that if we just turned down the thermostat in the winter -- if you turn it down in the winter and you are thinking you are going to save money, what happens is employees bring in heaters, so now they are just using the electricity. So it is not just a matter of adjusting the temperature, it's a matter of getting the building to do it the right way. That's what Joe is trying to say.

MR. SCHROEDER:
That's correct. We have here a building that was renovated, not more than five years ago the renovation was completed, and we have these conditions here. This is, on a face value look, one of the best buildings the County has.

LEG. NOWICK:
Well, you know, I only have five more years to go. I can't wait five years to warm up.

MR. SCHROEDER:
The five year program is not meant that everything will wait for five years and you'll get it. Can't do it all at once.

CHAIRMAN D'AMARO:
I think the point here really, though, is that, you know, this is kind of like, you know, we're here so we experience this. But if it is happening here, there is room for efficiency throughout the entire County system. But we don't know where, how much, how do we do it, unless we actually do the study. We just can't do this, you know, by the seat of our pants. We need to know where we can really attack the problem where it is most cost effective to do so, and that's why you're recommending the study.

MR. LIPP:
If I could add something to that.

CHAIRMAN D'AMARO:
Sure.

MR. LIPP:
Joe and I looked at some numbers yesterday. The problem is, what Joe's talking about is he wants to do an evaluation for 50 large buildings. We looked at some data which is pretty, you know, sparse in terms of the details, but on projects that have been done in recent years and that are in the works. That's what Joe is referring to about the 9%. We're talking about first year benefit. The point is, we ran some projections out over 20 years, because we'd be borrowing for this over 20 years, and we found that the savings accumulated to 70%, to 80%. So the point being made, just to drive home the point, is because of the escalation and energy costs you are actually by -- we'll actually save a little bit first year, but every year it would escalate. The sooner we do this, in theory we should do it yesterday, then the sooner this 20 years comes around and we get the 70, 80% return, accumulatively.

LEG. VILORIA-FISHER:
In addition to that, Mr. Chair, I've worked with Joe on looking at some of the monies available, the incentives available. And, Joe, as we do some of these studies -- now, you and I worked with National Grid. Recently we met with National Grid and looking at -- they have $10 million that they are disbursing as incentives in Nassau and Suffolk Counties. How much will you be tapping into those? That's question number one.

And number two, five years ago when I first introduced LEED there was a lot of, and this is going back to your question, Mr. Chair, earlier with regard to initial investment and how much more will that be. At that time there was a great deal of push back against LEED because there was concern about initial costs being much higher. But so many of the energy efficiency components are now simply part of best management practices that we're not seeing a big difference in initial investment in an energy efficient building or an energy efficient construction or renovation as you would in traditional or older types of construction or renovation.

The fourth point I want to make is that the more we do in energy efficiency in our own County buildings, the more we're training our workforce, our labor force here in Suffolk County, to work in green collar jobs, which is the trend throughout the country and will certainly help to put them in a hands on position to work in green collar jobs.

So all of those components, and I want to go back to my initial question, which is how much we'll be tapping into the money. I'm just giving you a lot of what's on my mind in one shot. But I think all of that is an important piece of this.

MR. SCHROEDER:
Well, Public Works has been very thorough at exploiting to the degree possible LIPA and KeySpan on National Grid incentives. And we are waiting for some feedback on our site visit for the project you mentioned to determine what the potential incentives may be from their energy efficiency programs for specific projects.

The problem is that those programs should be used as a tool that we leverage against, but we are more heavily relying on them as a sole source of funding for projects, and that's why we've had limited inroads in terms of improving our efficiency to date.

So while they are worthwhile programs and there are dollars out there, and even more recently the Energy Independence and Security Act of 2007 that was signed into law in December of 2007, has $2 billion annually for the next five years, $2 billion a year, available to local governments for energy efficiency programs. There is also additional funds within that act for other things.

LEG. VILORIA-FISHER:
But we have to match the funds? Is that what you are saying?

MR. SCHROEDER:
There are matching portions of it. There are clear grant portions of it. It's a mixed bag, but there is money available for us to do these things if we have the work ongoing. You can't get it if you are not doing the projects.

CHAIRMAN D'AMARO:
Right. A lot of this, of course, is detailed in the BRO report and we appreciate very much you coming in to explain it to us. I just want to move us along a little bit. Gail, is there anything else, any other general areas you wanted to go through?

MS. VIZZINI:
I'd like to close with one last comment in regards to the pay-as-you-go policy based on Resolution 283, which was the budget shortfall mitigating, IR 1307. Pay-as-you-go was waived in 2008 and 2009, so there is no General Fund transfers shown in the recommended until we get to 2010. There is 1.9 million in pay-go funds in 2010, and 1.7 in 2011, with 2.2 million in subsequent years.

Our policy in regards to pay-as-you-go is detailed on page 71. It shows the erratic expenditures using pay-as-you-go, which vary greatly, has been as much as $10 million in 2000, but is now considerably reduced. And the table on page 74 gives you an example of, you know, if we were to pay cash we have a savings, for every million dollars over the 20 years, the savings of half that amount in our long-term expenses.

LEG. VILORIA-FISHER:
Can I just ask a question about that?

CHAIRMAN D'AMARO:
Yes.

LEG. VILORIA-FISHER:
I'm glad you mentioned that because yesterday our meeting was going on so long that I didn't get an opportunity to ask you about this, Gail. Capital Program No. 8730, which is restoration of wetlands. I may have missed it in your Budget Review review. I looked for it and I couldn't find it.

MS. VIZZINI:
It's on page 426. There is funding included, $149,000 in '09, 2010 and --

LEG. VILORIA-FISHER:
Right. Okay. But here is my question. This is bonded money, right? We're bonding that? I asked somebody from Budget Review as I was running out yesterday.

MS. VIZZINI:
Yeah, we'll check that but I would think it would be, yes.

LEG. VILORIA-FISHER:
Now isn't that -- could -- this is like not one project. It's a lot of pieces to this project, the wetland restoration. It's part of the plan, the long-term plan. Couldn't some of that money come out of 477 and some of it be pay-go?

MS. VIZZINI:
It would certainly be a policy decision. It may very well conform to the criteria for 477.

LEG. VILORIA-FISHER:
I'm just thinking in terms of our bond, you know, indebtedness here, and that this has a lot of different components to it and perhaps we could look at that as being kind of a hybrid.

MS. VIZZINI:
Right. I mean, there is a lot of competition for the 477 funds in terms of competition, but this, we'd have to look --

LEG. VILORIA-FISHER:
But this is certainly -- wetland restoration seems to me that would fit into that.

MS. VIZZINI:
And, you know, right now this is the planning money, the study money.

LEG. VILORIA-FISHER:
Okay. Thank you.

CHAIRMAN D'AMARO:
Okay. Anything else you would like to add? Then I would just like to take this opportunity to thank Ms. Vizzini and your staff, Dr. Lipp, for your detailed analysis, review, of the 2009-11 proposed Capital Program. I have read it. It is just excellent as usual, and we appreciate that. I know I am speaking on behalf of Legislator Montano as well when I tell you we appreciate how hard you work in keeping us informed.

MS. VIZZINI:
Thank you very much.

CHAIRMAN D'AMARO:
With that, if there is no one else present who would like to address the committee, we stand adjourned. Thank you.

[THE MEETING WAS ADJOURNED AT 11:05 AM]