

**NASSAU COUNTY  
NEW YORK**



**EDWARD P. MANGANO  
COUNTY EXECUTIVE**

**MULTI-YEAR  
FINANCIAL PLAN UPDATE  
FISCAL YEARS 2013 – 2016  
JUNE 28, 2013**



### OVERVIEW

The Multi-Year Financial Plan (MYP) is used to guide decision making and long-term planning. The Mangano Administration will continue to place increased emphasis on identifying cost saving measures, practice strict fiscal discipline, and implement strategies that ensure long-term fiscal stability.

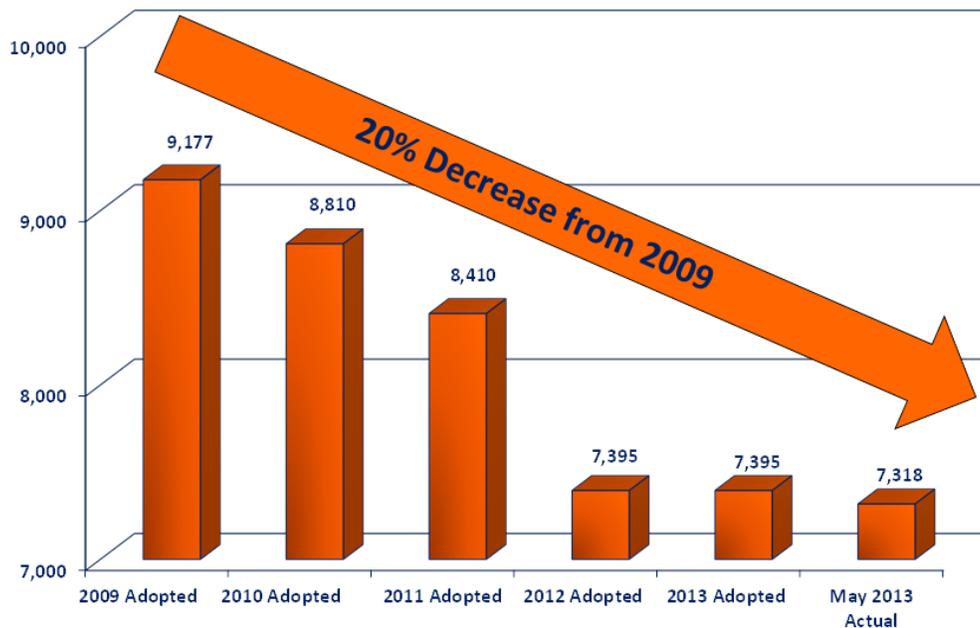
Despite record setting pension increases, rapidly escalating employee and retiree health insurance costs and increased expenses for various programs mandated by New York State (NYS); County Executive Mangano has proposed three consecutive budgets that controlled spending and did not raise property taxes.

The out-year gaps identified in this 2013-2016 MYP Update are smaller than those projected in recent years and smaller than those projected in the 2013 Adopted MYP. This was accomplished as a result of successful cost-cutting efforts during the first three years of the Mangano Administration. Some of the many accomplishments to achieve significant savings include:

- Reducing the County's budgeted workforce by over 20% to the County's lowest headcount in memory;
- Consolidating police precincts from eight to five;
- Passing local legislation to eliminate the County Guaranty for tax certiorari judgments and settlements;
- Creating a Public-Private Partnership for the delivery of bus services; and
- Creating a Public-Private Partnership for the delivery of healthcare services at the Correctional Center.



The chart below illustrates the workforce reduction that has taken place since 2009.



The coupling of this workforce reduction with a wage freeze imposed by the Nassau County Interim Finance Authority (NIFA) has enabled the County to avoid the large increases in salaries and wages that would have resulted from inherited labor contracts.

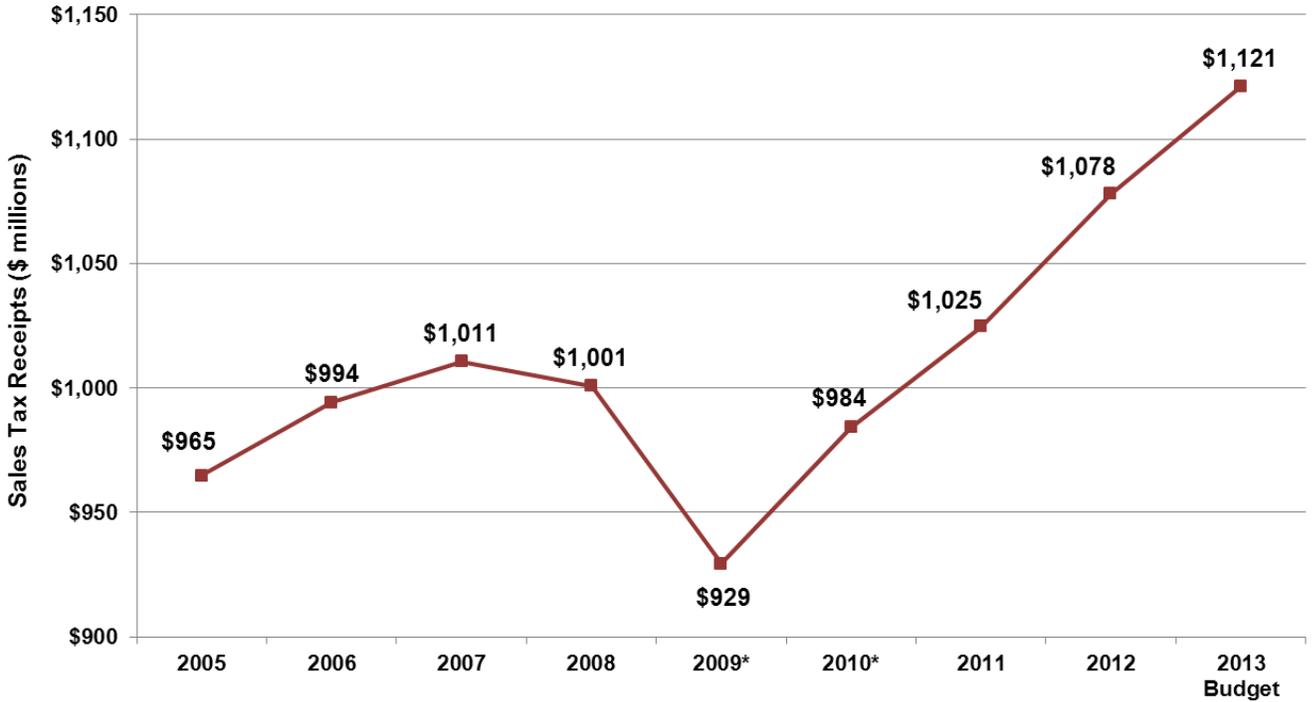
Advances in technology and communications have enabled the County to institute a police department personnel reduction and precinct consolidation initiative. This initiative consolidated police precincts from eight to five without compromising public safety and saves Nassau taxpayers \$20 million annually. In addition, the Community Policing Plan maintains all 177 patrol cars in their current neighborhoods, assigns more police officers to patrol positions and redistributes administrative workloads more evenly among the five new precincts.

On January 1, 2012, the Mangano Administration entered into a successful Public-Private Partnership with Veolia Transportation that delivers bus service to Nassau residents at a cost that is \$33 million less than the Metropolitan Transportation Authority (MTA) proposal and provides significant operational benefits. Previously the MTA did not achieve approximately 15% of scheduled bus deployment on a daily basis. The Public-Private Partnership with Veolia Transportation has improved deployment and on-time performance.

The Mangano Administration was also able to generate savings for taxpayers by entering into a Public-Private Partnership for the delivery of inmate healthcare services at the Nassau County Correctional Center. The initiative with Armor Correctional Health Services commenced in May 2011 and is generating annual savings for taxpayers of \$7 million.



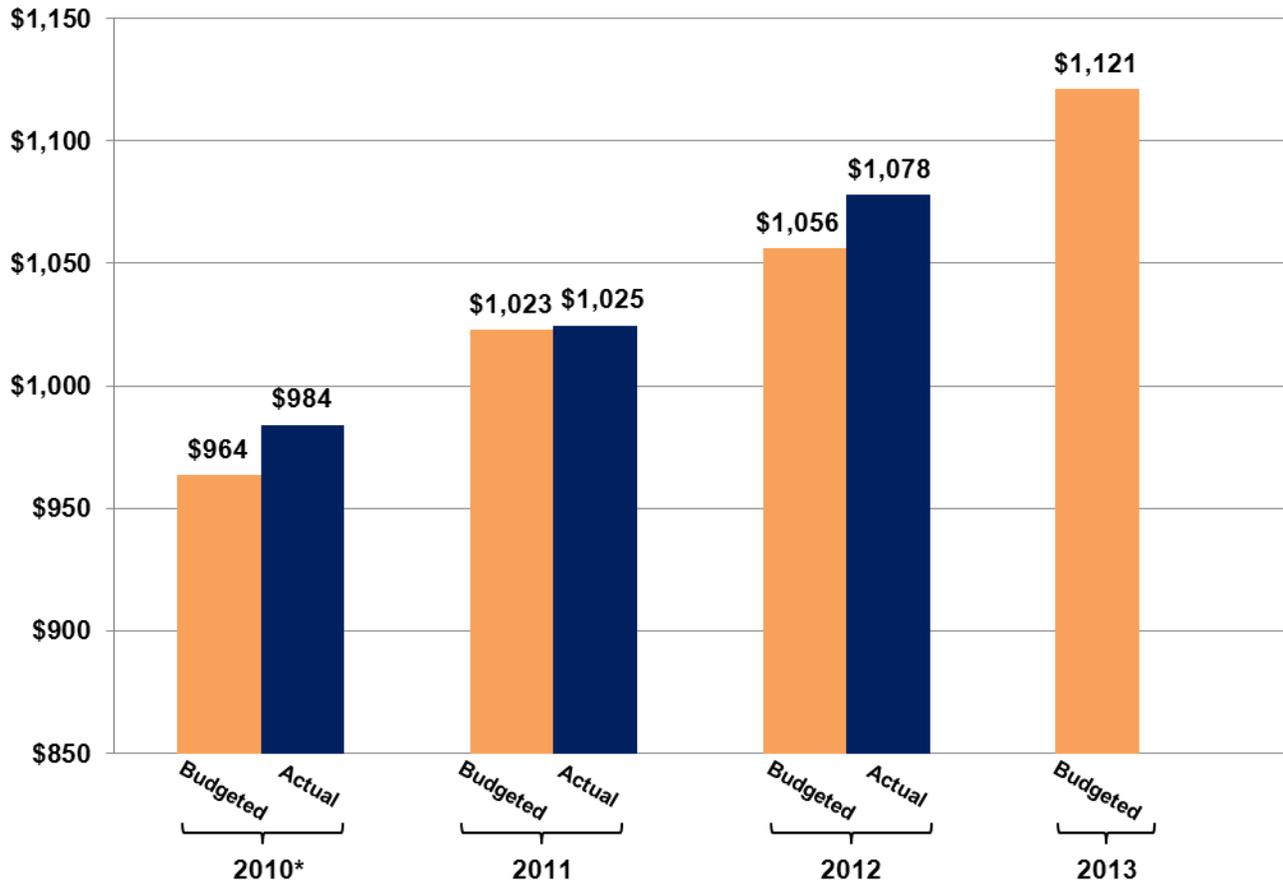
The County has also seen signs of economic recovery from the worst recession experienced since the Great Depression. The chart below shows the dramatic drop in sales tax collections in 2009, a decrease of over 7%, and a steady increase since then.



\*Excludes Energy Tax



The Administration has historically budgeted sales tax conservatively and receipts have been favorable to budget as shown below.



\*Excludes Energy Tax



Table 1: 2013-16 Pre-Gap Closing Analysis

		Major Funds			
E/R	OBJ	2013 1st. Quarter			
		Projection	2014 Updated Plan	2015 Updated Plan	2016 Updated Plan
EXP	AA - SALARIES, WAGES & FEES	779,918,505	816,366,457	812,536,228	825,546,952
	AB - FRINGE BENEFITS	457,328,233	490,166,410	519,810,437	554,675,740
	AC - WORKERS COMPENSATION	25,536,733	25,536,733	25,536,733	25,536,733
	BB - EQUIPMENT	1,590,788	1,636,921	1,684,392	1,733,239
	DD - GENERAL EXPENSES	32,221,435	32,885,412	33,574,335	34,361,771
	DE - CONTRACTUAL SERVICES	220,681,700	227,907,829	230,960,933	234,100,733
	DF - UTILITY COSTS	36,828,674	36,732,191	36,652,947	37,391,099
	DG - VAR DIRECT EXPENSES	5,000,000	5,000,000	5,000,000	5,000,000
	FF - INTEREST	86,590,417	116,267,038	120,651,969	124,578,366
	GA - LOCAL GOVT ASST PROGRAM	66,944,894	69,572,690	72,305,597	75,147,821
	GG - PRINCIPAL	61,424,999	76,054,999	88,830,001	93,185,000
	HC - NHC ASSN EXP NASSAU HEALTH CARE ASSN	13,000,000	13,000,000	0	0
	HH - INTERFD CHGS INTERFUND CHARGES	20,463,524	20,316,649	28,484,304	28,225,213
	MM - MASS TRANSPORTATION	43,264,576	44,565,695	45,992,372	47,554,332
	NA - NCIFA EXPENDITURES	1,776,000	1,857,000	1,735,000	1,794,000
	OO - OTHER EXPENSE	308,203,152	263,289,899	291,253,513	278,247,675
	PP - EARLY INTERVENTION/SPECIAL EDUCATION	154,900,000	157,998,000	161,157,960	164,381,119
	SS - RECIPIENT GRANTS	63,165,000	64,744,125	66,362,728	68,021,796
	TT - PURCHASED SERVICES	63,516,405	62,204,315	63,137,380	64,084,441
	WW - EMERGENCY VENDOR PAYMENTS	61,180,000	63,015,400	64,275,708	64,918,465
	XX - MEDICAID	253,089,365	255,620,259	260,203,895	255,620,259
<b>Expenses Excluding Indepartmental Transfers</b>		<b>2,756,624,400</b>	<b>2,844,738,021</b>	<b>2,930,146,434</b>	<b>2,984,104,755</b>
<b>Interdepartmental Transfers</b>		<b>421,850,554</b>	<b>442,995,892</b>	<b>452,491,320</b>	<b>446,350,981</b>
<b>Expenses Including Interdepartmental Transfers</b>		<b>3,178,474,954</b>	<b>3,287,733,913</b>	<b>3,382,637,754</b>	<b>3,430,455,736</b>
REV	AA - FUND BALANCE	10,000,000	0	0	0
	BA - INT PENALTY ON TAX	28,800,000	28,800,000	28,800,000	28,800,000
	BC - PERMITS & LICENSES	13,577,768	12,227,768	13,227,768	12,227,768
	BD - FINES & FORFEITS	61,168,573	65,433,510	65,433,510	65,433,510
	BE - INVEST INCOME	2,595,900	2,595,900	2,595,900	2,595,900
	BF - RENTS & RECOVERIES	27,475,002	20,764,053	20,764,053	20,764,053
	BG - REVENUE OFFSET TO EXPENSE	11,484,418	12,355,618	13,313,938	14,368,090
	BH - DEPT REVENUES	172,300,657	174,220,657	174,220,657	174,220,657
	BI - CAP BACKCHARGES	2,099,910	2,099,910	2,099,910	2,099,910
	BO - PAY LIEU TAX PAYMENT IN LIEU OF TAXES	9,833,245	9,453,264	9,805,942	9,105,165
	BQ - D/S FROM CAP DEBT SERVICE FROM CAPITAL	28,796,700	25,714,875	2,560,000	2,560,000
	BW - INTERFD CHGS INTERFUND CHARGES REVENUE	69,369,082	76,570,492	88,259,904	92,175,554
	FA - FEDERAL AID REIMBURSEMENT OF EXPENSES	153,448,577	154,468,103	155,692,440	156,929,020
	SA - STATE AID REIMBURSEMENT OF EXPENSES	220,786,126	223,195,374	225,520,619	227,883,339
	TA - SALES TAX CO SALES TAX COUNTYWIDE	1,031,663,514	1,077,090,055	1,120,173,657	1,164,980,603
	TB - PART COUNTY SALES TAX PART COUNTY	89,582,099	89,119,050	87,771,489	91,282,349
	TL - PROPERTY TAX	804,788,915	804,788,915	804,788,915	804,788,915
	TO - OTB 5% TAX	2,932,286	2,517,391	2,265,652	2,039,087
	TX - SPECIAL TAXS SPECIAL TAXES	27,936,000	27,936,000	27,936,000	27,936,000
<b>Revenues Excluding Indepartmental Transfers</b>		<b>2,768,638,772</b>	<b>2,809,350,936</b>	<b>2,845,230,354</b>	<b>2,900,189,920</b>
<b>Interdepartmental Transfers</b>		<b>421,850,554</b>	<b>442,995,892</b>	<b>452,491,320</b>	<b>446,350,981</b>
<b>Revenues Including Interdepartmental Transfers</b>		<b>3,190,489,326</b>	<b>3,252,346,828</b>	<b>3,297,721,674</b>	<b>3,346,540,901</b>
<b>Surplus / (Deficit)</b>		<b>12,014,372</b>	<b>(35,387,085)</b>	<b>(84,916,080)</b>	<b>(83,914,835)</b>



**Table 2: 2013-16  
Gap Closing Plan (Major Funds)  
(In millions)**

<b>MYP Update 2013 - 2016</b>				
	<b>2013 Plan</b>	<b>2014 Updated Plan</b>	<b>2015 Updated Plan</b>	<b>2016 Updated Plan</b>
<b>Current Baseline Gap</b>	-	(35.4)	(84.9)	(83.9)
<b>Gap Closing Options</b>				
<u>Financing Options/Asset Sales</u>				
Sale of Surplus County Property		5.0	5.0	5.0
<u>Expense/Revenue Actions</u>				
Labor Concessions/Workforce Reduction		5.0	10.0	15.0
ERP Implementation		3.0	7.0	7.0
Strategic Sourcing		2.0	5.0	5.0
Office Consolidation		3.0	7.0	7.0
Improve Detainee to Staff Ratio at Correctional Center		3.0	5.0	5.0
Social Innovation Bonds			5.0	5.0
Elimination of MTA Payroll Tax		3.0	3.0	3.0
Value of New Construction		2.0	4.0	6.0
Video Lottery Terminals		2.0	7.0	7.0
207 C Reform		2.0	2.0	2.0
Increase in Ticket Fines			8.0	8.0
<u>NYS Actions</u>				
Efficiencies in Early Intervention/Special Education		5.0	10.0	10.0
Other NYS Initiatives (e.g. speed cameras, etc)		8.0	12.0	12.0
<b>Gap Closing Actions</b>		<b>43.0</b>	<b>90.0</b>	<b>97.0</b>
<b>Surplus/ (Deficit)</b>		<b>7.6</b>	<b>5.1</b>	<b>13.1</b>



Table 3: 2013-16 After-Gap Closing Plan

Major Funds					
		2013 1st. Quarter			
E/R	OBJ	Projection	2014 Updated Plan	2015 Updated Plan	2016 Updated Plan
<b>EXP</b>	AA - SALARIES, WAGES & FEES	779,918,505	803,366,457	788,536,228	796,546,952
	AB - FRINGE BENEFITS	457,328,233	487,166,410	516,810,437	551,675,740
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	HH - INTERFD CHGS INTERFUND CHARGES	20,463,524	20,316,649	28,484,304	28,225,213
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<b>Surplus / (Deficit)</b>		<b>12,014,372</b>	<b>7,612,915</b>	<b>5,083,920</b>	<b>13,085,165</b>



## **Discussion of Gap Closing Actions**

### *Sale of Surplus County Property and Office Consolidation*

Consistent with past experience, the County will continue to realize revenue by selling surplus County property and will work with the Office of Real Estate to identify opportunities for office consolidation that have arisen from the workforce reduction that has been achieved over the past three years.

### *Labor Concessions*

The County anticipates savings from labor concessions in various areas (e.g., employee contributions to health insurance) and from attrition as it continues to right-size its workforce.

### *Strategic Sourcing and ERP Implementation*

The County is pursuing efficiencies and savings through strategic sourcing and ERP implementation. Both of these initiatives are underway and were recommended by Grant Thornton LLP in its NIFA-commissioned report.

### *Office Consolidation*

The County's dramatic workforce reduction has opened possibilities for centralization and downsizing of office space. The County will look to streamline office space beginning in 2014.

### *Improve Detainee to Staff Ratio at Correctional Center*

The County will seek savings by improving the detainee to staff ratio through a review of service levels provided to inmates, an analysis of the physical layout of the Correctional Center and a study of staff deployment.

### *Social Innovation Bonds*

The County will be seeking investment from a mix of philanthropic donors and private investors in which a commitment is made to pay for improved social outcomes that result in public sector savings. Examples of areas that could benefit from this funding include prison recidivism, juvenile detention and public housing.

### *Elimination of MTA Payroll Tax*

The Nassau County Supreme Court ruled the MTA Payroll Tax unconstitutional, which decision was recently reversed by the Appellate Division. The County intends to file an appeal to the Court of Appeals. This payroll tax on Nassau County employers costs the County approximately \$3 million annually and impacts businesses in Nassau County by up to \$100 million.

### *Value of New Construction*

The County will continue to realize revenue from new construction that is added to the tax roll.



### *Video Lottery Terminals*

The recently enacted NYS budget provided for the operation of video lottery terminals for both Nassau and Suffolk counties. The County anticipates receiving revenue beginning in the second half of 2014.

### *207-c Reform*

Cases falling under New York General Municipal Law §207-c present a particular challenge to the self-insured municipal employer. The County will continue to partner with its third party administrator to seek ways to achieve additional savings. Potential for savings exist through enhanced training, the furtherance of “light duty” to enable claimants to return to work rather than prolong their out-of-work status, and increased efforts to reduce the “occasional absence or ½ days”.

### *Increase in Parking Ticket Fines*

The County anticipates receiving additional revenue from increases in ticket fines beginning in 2015.

## **New York State MYP Initiatives**

### *Efficiencies in Early Intervention/Special Education*

Recent audits performed by the State Comptroller highlight skyrocketing costs and fraud within pre-school special education programs throughout New York State. The County believes that numerous cost containment opportunities exist within these programs and looks to partner with NYS in this effort.

### *Various NYS Initiatives (e.g., assessment reforms and speed cameras at school crossings)*

The County will be seeking NYS legislation to improve the assessment process (e.g., enacting a reasonable basis proposal for residents and businesses filing assessment claims).

The Nassau County Red Light Camera Program has enhanced public safety for County residents. The County will study methods to further enhance public safety (e.g., installing speed cameras at school locations and at red light camera locations).