



**Nassau County
2011-2014 Multi-Year Plan
(MYP) Update**

July 2011

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I. Where We Came From



The Inherited Deficit

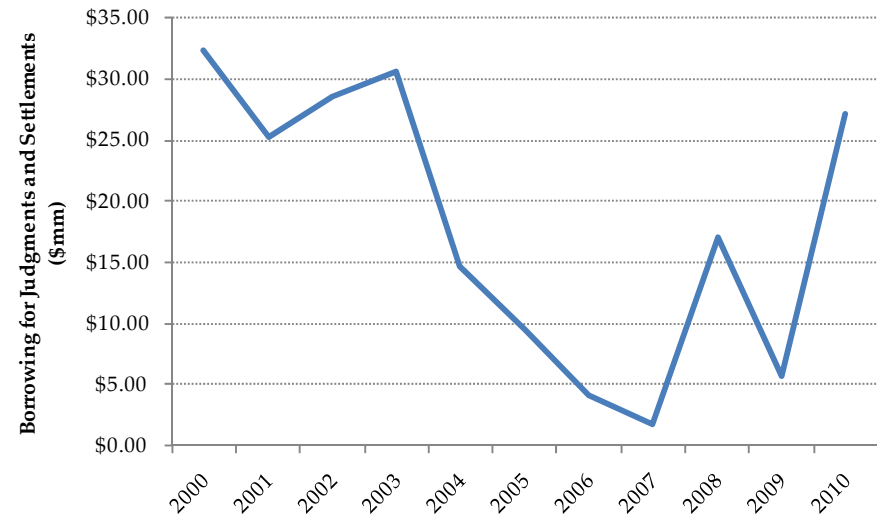
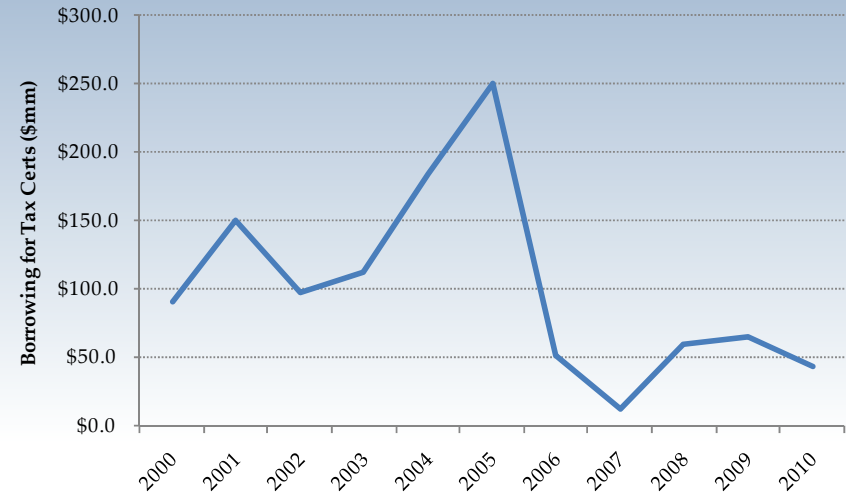
- The current administration inherited a budget deficit estimated at \$133 million for 2010 and \$343 million for 2011
 - Unsustainable labor contracts extending to 2016
 - Exceed inflation by over \$500 million
 - Budgeted a projected surplus that did not materialize
 - Unrealized revenues (e.g., cigarette tax)
 - Weak economy: slow revenue growth, high unemployment and increased mandated social service costs
- The administration successfully closed the 2010 gap, ending with a surplus of \$26.6 million



Borrowings Under NIFA Oversight

Borrowing for tax certs and other judgments and settlements

- Between 2000-2010, the County and NIFA borrowed over \$1 billion for tax certs
- In the same period, the County and NIFA borrowed over \$169 million for other judgments and settlements



Labor

- Labor accounts for nearly 50% of the County's overall operating budget
- In 2001, NIFA adopted labor guidelines to address employee costs
- Since then, however, the County has entered into labor contracts that do not conform to NIFA's labor guidelines
- Current contracts extend to 2016 and are not sustainable



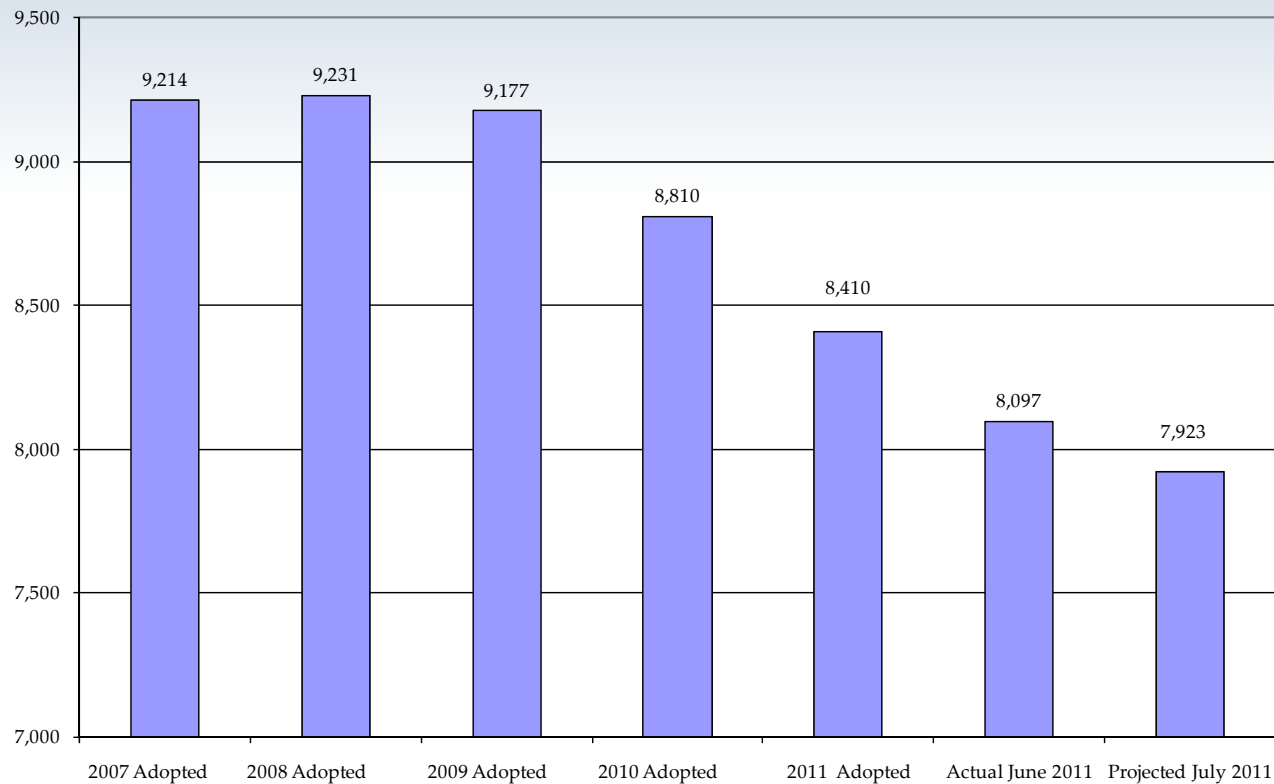
II. Accomplishments



Headcount Reductions

- Over 1,200 fewer positions than budgeted in 2009 (14% reduction)
- Under this administration, more than 600 employees eliminated (7% reduction)

Budgeted Headcount



Other Accomplishments

- **Charging Not-for-Profits for Sewer Services** – Nassau County is the only municipality in New York State, and possibly the entire nation, that does not charge local governments, districts and not-for-profit entities such as colleges and hospitals for sewer system services it provides. The County has selected a rate consultant to develop new sewer charges as contemplated in the multi-year plan
- **Elimination of the County Guarantee** – Currently, Nassau is the only county in New York State which is responsible for property tax refunds of other taxing jurisdictions. The County portion of property tax refunds accounts for approximately 17% of the total. This action will greatly improve structural budgetary balance



Other Accomplishments, continued

- OTPS cuts (e.g., contracts, supplies and equipment) totaling \$18 million
- Police redeployment totaling \$10 million
 - Moving 167 members (110 police officers, 19 supervisors and 38 civilians) into patrol from units such as marine bureau, K-9 and highway patrol
- Privatized inmate healthcare services totaling \$7 million
- Reimbursement of FIT non-resident tuition totaling \$7 million
- Housing of Suffolk County inmates totaling \$5 million



III. Current Multi-Year Plan Efforts



Public-Private Partnerships

- **Sewer Privatization** – the County plans to privatize the sewer system. Benefits include:
 - Service efficiencies generating operational cost savings
 - Flexibility in addressing changing mandates
 - Risk transfer
- Under a proposed P3, operations of the County’s sewer system will be transferred for a set period of time (e.g., 30+ years) to a private operator in return for an upfront and/or ongoing payments
- Currently contemplated that the County would retain ownership with a right to reclaim the system if the operator and concessionaire do not meet concession agreement standards
- Similar transactions have been recently undertaken by other municipalities (e.g., Indianapolis Water and Wastewater System)
- The size of the transaction contemplated is large enough to generate significant investor interest



Other Current MYP Efforts

- **Labor** – the County continues to work with its partners in labor to achieve savings from contracts that are not sustainable for taxpayers
- **Wage Freeze** – if significant labor concessions are not obtained, the County will request that NIFA extend the existing wage freeze
- **Streamlining Departments** – the County will continue to streamline its workforce, including eliminations and consolidations of departments to generate additional savings
- **Assessment Reforms** – the County has dramatically reduced future tax cert liability beginning in 2011 through a successful effort to settle cases on the tentative roll

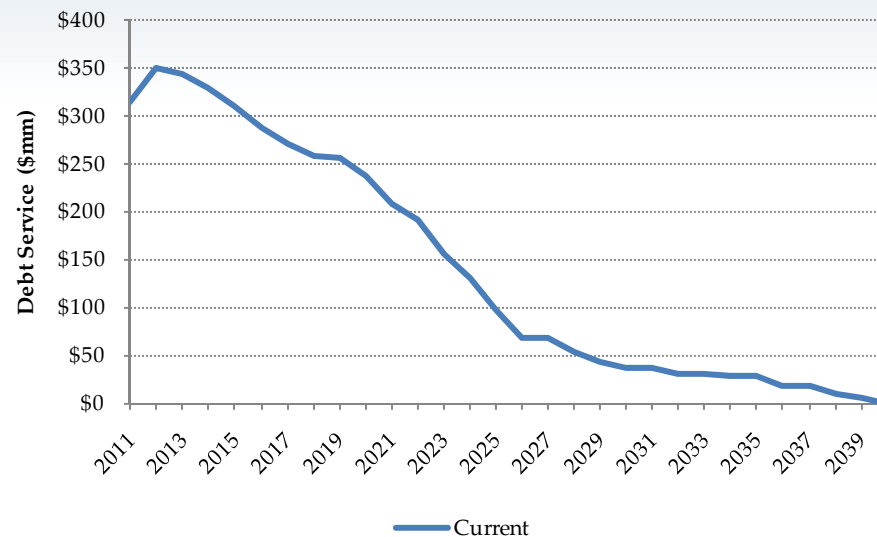


IV. Future Efforts/Partnering with NIFA



Debt Restructuring

- Since 2000, NIFA has issued approximately \$800 million of restructuring and refunding bonds
- County and NIFA debt is extremely front-loaded
- Substantial budgetary savings could be realized through additional restructurings



- With NIFA's support, the County believes revisions to the NIFA Act are achievable



NIFA Act Requirements

- The NIFA Act requires NIFA to recommend measures “to reduce costs” and “improve services”
- NIFA is currently undertaking a review of County operations
- The County looks forward to NIFA’s recommendations

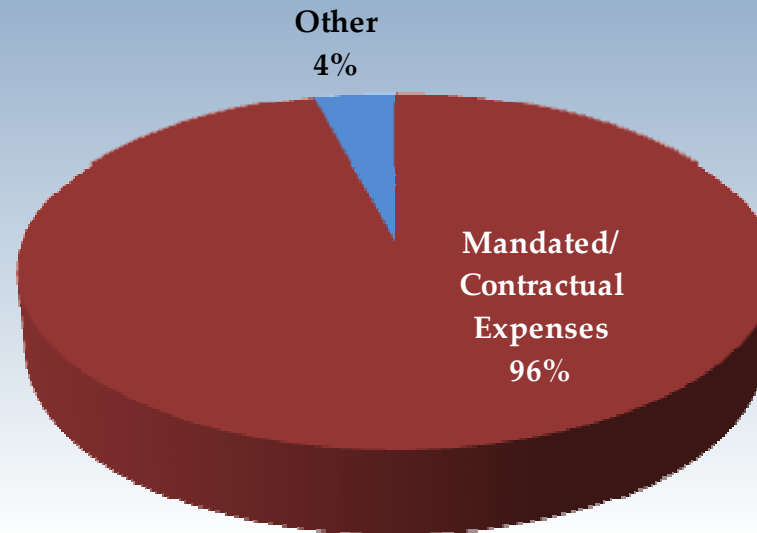


Tax Cert Transition

- In October 2010, the County guarantee of property tax refunds was eliminated
- This will take effect in 2013
- The County will seek approval from NIFA for transitional tax cert financing until the benefits from the elimination of this guarantee are fully realized
- The NIFA Act authorizes NIFA to phase in changes in the application of accounting standards to avoid a “*substantial adverse impact on the delivery of essential services by the County*”



The County Budget



No easy answer

- The lion's share of the County's operating budget relates to mandated and necessary services, such as:
 - Social Services – Medicaid (\$243 million) and direct assistance (\$196 million) (e.g., mandated daycare, TANF and Safety Net)
 - Health – Early Intervention / Preschool (\$171 million)
 - Mental Health programs (e.g., chemical dependency programs)
 - Senior Citizens (e.g., Meals on Wheels, extended in-home services)



The County Budget, continued

- Health insurance, pensions, and related fringe benefits (\$445 million)
- Debt service (\$355 million)
- Local government assistance (\$62 million)
- Mass transportation (\$48 million)
- Utilities (\$36 million)
- NuHealth support (\$18 million)

High Public Safety Costs

- Current contractual obligations (e.g., minimum manning and regulatory requirements) limit flexibility to reduce costs
- Police - \$642 million
- Corrections - \$152 million



Other Future Actions

- Establish a margin of error (e.g., 10-15%) for assessment challenges - the benefits of this initiative are:
 - A more fair and equitable tax assessment system for all Nassau County taxpayers, and
 - Significant savings through departmental efficiencies
- Other jurisdictions (e.g., New Jersey) have comparable laws
- The County believes a similar law here would eliminate 90% of Nassau's tax challenges

