

MAURICE CHALMERS
DIRECTOR
OFFICE OF LEGISLATIVE
BUDGET REVIEW



NASSAU COUNTY LEGISLATURE
1550 FRANKLIN AVENUE, ROOM 126
MINEOLA, NEW YORK 11501
(516) 571-6292

Inter-Departmental Memo

To: Hon. Norma Gonsalves, Presiding Officer
Hon. Kevan Abrahams, Minority Leader
All Members of the Nassau County Legislature

From: Maurice Chalmers, Director
Office of Legislative Budget Review

A handwritten signature in blue ink, appearing to be "M. Chalmers", written over a circular stamp or mark.

Date: August 1, 2016

Re: Clerk Items 266-16 & 295-16

Attached are copies of Fiscal Impact Statements for Clerk Items 266-16 & 295-16 which will be on the Legislative Calendar for the August 1st hearing.

266-16: A Local Law to add Title 83 to the Miscellaneous Laws of Nassau County in relation to a Sustainable Energy Loan Program.

295-16: A Local Law to amend a Local Law to provide relief from fees charged by the various departments of County Government to the victims of Hurricane/Super Storm Sandy.



**THE NASSAU COUNTY LEGISLATURE
OFFICE OF LEGISLATIVE BUDGET REVIEW
MAURICE CHALMERS, DIRECTOR
FISCAL IMPACT STATEMENT**

TITLE:

A Local Law to add Title 83 to the Miscellaneous Laws of Nassau County in relation to a Sustainable Energy Loan Program.

SUMMARY OF LEGISLATION: Similar to the State, this legislation will allow Nassau County to implement an energy efficient program which reduces greenhouse gas emissions, mitigates the effect of global climate change, and advances a clean energy economy.

This local law authorizes the County Executive to execute an inter-municipal agreement with Energy Improvement Corporation (EIC), a not-for-profit corporation and local public authority to implement the Energize NY Benefit Financing Program.

Pursuant to Article 5-L of the General Municipal Law, the legislation will allow the EIC, acting on behalf of Nassau County, to make loans to qualified property owners for the installation of renewable energy systems and efficiency measures. The owners will repay the loan as a charge on their property tax bill which will then be remitted to EIC.

Renewal Energy System shall mean an energy system for the generation of electric or thermal energy, to be used primarily at such property. Such systems may consist of solar thermal, solar photovoltaic, wind, geothermal, anaerobic digester gas to electricity, and fuel cell technologies.

According to testimony given by the Executive Director of EIC at the Legislative committee hearings on July 25, 2016, the Energize loans will, for the time being, only apply to property owned by commercial and not-for-profit properties entities, but exclude properties that are owned by an individual. EIC will act on behalf of the County to prepare the loan forms, loan terms and interest rates with the owners. It is the property owner's responsibility to obtain any necessary insurance coverage. EIC currently represents 31 municipalities throughout New York State that have opted into this loan program. Some of these members include Albany, Ulster, Tompkins, Dutchess, the Cities of Troy, Schenectady, New Rochelle and most towns within Westchester. Suffolk County opted into the program last year but has not yet dispersed any funds.

Any interested property owner may submit an application to EIC on the prepared forms available on both EIC and the County's website. The applications will be reviewed by EIC, and subsequently a positive or negative determination will occur. Positive determinations will result in the property owner

being deemed as eligible to participate in the Energize NY Benefit Financing Program through the execution of an Energize Finance Agreement which will include the terms and conditions of the loan repayment and will also require an Energy Audit.

The Energy Audit is a formal evaluation or assessment of the energy consumption of a permanent building or structural improvement to real property, conducted by a contractor certified by the New York State Energy Research and Development Authority (NYSERDA), known as the "Authority." The cost of the audit is the property owner's expense and may be included in the financed amount. According to EIC, depending on who performs the audit, the type and size of the building, the fee can range from roughly \$500-\$20,000 in Nassau County.

The loaned funds provided cannot exceed the lesser of 10% of the appraised value of real property where the Renewable Energy Systems and/or Energy Efficiency Improvements will be located; or the actual cost of installing the system or improvements. In addition, a property will not qualify unless any existing debt on the property is less than 80% of its value.

The term of the repayment will be determined at the time the Energize Finance Agreement is executed, provided that the term does not exceed the weighted average of the useful life of the systems and improvements determined by EIC. Also, at the time of the executed agreement, the rate of interest will be fixed by EIC. Currently the interest rate will range from 4% to 5 ¼% over a term that can be set from 5 to 20 years.

The charges will show up on the property owner's tax bill as a separate line. The County will make the payments of these separately listed charges within 30 days of the County real property tax due date. In the event of a default by the property owner, the County is obligated to continue paying the annual cost of the loan and will attempt to collect all funds through tax lien sales as it currently does for outstanding property taxes. However, should the County fall short of recovering the obligated collections, the program has set up a Permanent Loss Fund to pay the unrecoverable portions to a municipality in the case of nonpayment. A permanent loss can be demonstrated through proof that the property went into In-Rem foreclosure, and after the tax sale the amount the municipality used to pay was not fully recovered. The loss will not be deemed permanent until the participating municipality has exhausted all remedies of the law in an effort to collect the defaulted charge payments.

In addition, the County has the ability to set limits of the program by exercising Article 3 of the Municipal Agreement. According to this Article, the municipality may modify the Program by limiting the types of properties which may receive financing for Energy Improvements and/or the amount of financing available within the municipality. The municipality shall provide written notice to EIC of such proposed modification. The proposed modification shall only become effective upon written approval from EIC provided to the municipality, which shall not be unreasonably withheld. Such approval shall have no effect on the duties and obligations owed by each Party hereto in connection with this Agreement and any Benefited Property for which a Finance Agreement was executed prior thereto.

EFFECTIVE DATE:

This local law would take effect immediately.

ECONOMIC IMPACT:

The proposed local law implements a sustainable energy loan program in Nassau County and is expected to have a positive, recurring economic impact. The infusion of loan proceeds into the County's economy will generate income and jobs directly for the firms who complete the work and that income will create additional jobs and income for ancillary firms. County sales tax collections will increase as a result of the program. Participation in the program will be the catalyst in determining economic impact.

FISCAL IMPACT:

The objective of this proposed local law is to provide qualified property owners in Nassau with the opportunity to participate in the Sustainable Energy Loan Program. The County will be the liaison between EIC and the property owners. There's a possibility of defaults for which remedies exist and therefore minimal fiscal impact is expected.

SOURCES OF INFORMATION:

Energy Improvement Corporation
Office of County Attorney

PREPARED BY:

Linda Guerreiro, Legislative Budget Analyst
Helen Carlson, Deputy Director



**THE NASSAU COUNTY LEGISLATURE
OFFICE OF LEGISLATIVE BUDGET REVIEW
MAURICE CHALMERS, DIRECTOR
FISCAL IMPACT STATEMENT**

TITLE:

A local law to amend a local law to provide relief from fees charged by the various departments of County Government to the victims of Hurricane / Super Storm Sandy.

SUMMARY OF LEGISLATION:

This proposed local law amends Title 79 of the Miscellaneous Laws for fee relief for Super Storm Sandy victims by extending the termination date to December 31, 2017. The original Local Law 1-2013, unanimously passed by the Nassau County Legislature on February 25, 2013, provided relief from fees charged by various departments of County government to the victims of Super Storm Sandy.

The original local law allowed the County to waive the fees associated with:

- (1) Sewer disconnection and/or reconnection permits issued by the Department of Public Works (DPW).
- (2) Pre-demolition building inspections by the Department of Health (DOH).
- (3) "Block" indexing and re-indexing of instruments presented to the County Clerk for recording.

In order to receive a refund or waiver of a fee, an applicant must provide a notarized document addressed to the County department head stating that the permit or service is necessary due to the effects of Super Storm Sandy. According to the original local law, the document must include a Federal Emergency Management Agency (FEMA) identification or case number in connection with damage to the property. For refund requests, evidence of payment, in addition to the previously detailed documentation, must be provided.

Refunds or waivers would not be granted by the County when any fee was already covered by a private insurance policy or by any Federal, State or local disaster relief assistance.

EFFECTIVE DATE:

This local law would take effect immediately and sunset in December 31, 2017.

ECONOMIC IMPACT:

The proposed law is not expected to have a significant economic impact on the local economy.

FISCAL IMPACT:

Although the previous law was due to expire in 2013, the County has continued to waive fees in the DPW and DOH after the expiration date. Since the recovery effort is still on going, extending the deadline seemed appropriate. Since its implementation, the County has waived approximately \$282,400 from fees related to Super Storm Sandy within DPW and DOH.

DPW collects various permit fees associated with the construction and reconstruction of homes and businesses. The local law waives or refunds the sewage connection and disconnection fees. According to the Department, a total of 432 sewer permits with associated revenues of \$240,651 were either waived or refunded through 2015.

The Pre-demolition building inspection fee in the Department of Health (DOH) covers an inspection of a structure or premises, which is to be wholly or partially demolished, for evidence of rodent activity, in order to prevent the scattering of rats and rodents into the neighborhood. If rodent activity or rodent harborage is observed, then extermination must take place prior to the issuance of the DOH rodent free certification. The Department waived 102 inspections in 2013, 60 in 2014 and 5 in 2015 for a total of 167 inspection waivers. The fee has remained at a flat rate of \$250 which translates to approximately \$41,750 waived.

Using the historical average occurrences based on the actual waivers that have already occurred, OLBR projects that DPW has averaged 144 waivers per year and DOH has averaged 56. If the average per year were to continue into 2016 and 2017, OLBR projects there could be a possible fee revenue waiver of \$160,434 in DPW and \$27,833 in DOH for a total of \$188,267. Unless there is a final surge in applications, this level may not be fully attained since the number of applications has steadily decreased each consecutive year after 2013.

When the Local Law was initially enacted, the impact of the fee waiver in the Clerk's Office was previously estimated to be roughly \$845,000. The actual exposure of this Local Law could be slightly more or less. Given that the data has not been tracked, the County's fiscal impact can't be firmly quantified. All fees collected for land recordings are remitted to the Treasurer by the County Clerk on a monthly basis. Accordingly, in order to facilitate refunds through the Treasurer's Office, the Clerk's office will provide the Treasurer's staff with credentials to access the Clerk database, so that the Treasurer can verify and process refund applications. With the extension of this local law, it is anticipated that the revenue waiver will be much less than 2013 as most of the rebuilding process has taken place.

There may be an opportunity to seek additional revenue from a \$5,000 penalty for any applicant that provides false information in connection with the request for a waiver or refund and found guilty of a class A misdemeanor.

SOURCES OF INFORMATION:

Nassau County Department of Public Works
Nassau County Clerk's Office
Nassau County Department of Health

PREPARED BY:

Linda Guerreiro, Legislative Budget Analyst

Deirdre K. Calley, Assistant Director

Helen Carlson, Deputy Director