Proposed 2008-2013 Capital Improvement Program

Submitted to the Monroe County Planning Board
For Review and Recommendation

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SUMMARY
2008-2013 CAPITAL IMPROVEMENT PROGRAM

Monroe County's Capital Improvement Program for 2008-2013 totals $518,986,000. Of this amount, $266,036,000 or 51% is for non-self-supporting programs - those administered by departments such as Public Safety, Parks, Highways, Bridges and Traffic Engineering and the Office of the County Sheriff. Federal aid, state aid and local county revenues fund these. Also, $252,950,000 or 49% is for self-supporting programs - those administered by departments such as Environmental Services, the Airport, the Community Hospital and the County Water Authority. Operating and capital costs associated with these functions are generally covered by district and user service charges. A summary of the six-year program is provided in Table 1 - Summary Table.

Year one of the 2008-2013 Capital Improvement Program totals $149,032,000. Of this amount, $35,732,000 or 24% is for non-self-supporting programs (of which the County contributes $24,536,000 or 69%), and $113,000,000 or 76%, is for self-supporting programs. County funding is 16% of the Grand Total for 2008.

Major objectives of Monroe County's 2008-2013 Capital Improvement Program are to provide public facilities necessary to stimulate private investment and enhance economic development in Monroe County. We continue to improve transportation facilities, our Public Safety operations, the County's Pure Waters program, and the County's park system. The approximately $519 million in the total 2008-2013 Capital Improvement Program consists of:

$ 99 million for Highways, Bridges and Traffic Engineering
$ 130 million for the Greater Rochester International Airport
$ 67 million for the Community College and Library System
$ 31 million for Pure Waters construction projects
$ 16 million for parks
$ 80 million for improvements for the Water Authority
$ 8 million for projects at Monroe Community Hospital
$ 43 million for Facilities, Information Services, Recycling and other programs
$ 45 million for County Sheriff and Public Safety Services
$ 519 million total program

The 2008 Capital Budget

The first year of the six-year Capital Improvement Program is adopted annually by the County Legislature in November as the capital budget for the ensuing fiscal year. The capital budget is the annual spending plan for capital improvements.

Financing the County's Projects

There are three sources of funds for financing the County's capital projects. These are general County revenues, project revenues and aid (state and federal). General County revenues primarily consist of property and sales taxes. Project revenues are made up of: 1) special district charges such as Pure Waters assessments; and 2) direct user fees such as fees for airport users, water consumption, or health care at the community hospital. The citizens who use or directly benefit from a project or activity pay some or all of its cost when user fees are charged. The state and federal governments also provide grants-in-aid for specific projects.

Project Financing

Project costs are paid from current operating cash or borrowing. The federal and state governments distribute grants-in-aid for specific projects and in a few instances, private parties, special districts or local governments contribute towards a portion of the project costs. Issuing bonds, a form of borrowing, frequently raises money for capital projects, which are then repaid with interest over a period of years.

When using bonds, the County pledges its faith and credit and the repayment of the bonds legally has the first claim on all the County's general revenues such as property and sales taxes. Bond anticipation notes are issued by the County to borrow funds for the immediate costs of projects for which bonds have been authorized. They permit the County to delay the issuance of long-term bonds until state and federal aid is received and the actual cost of a project to the County is known. The notes then are generally converted to bonds. This helps the County keep its bonded debt at a minimum. The notes are generally issued for one year and may be renewed up to four times for a total of five years. Debt financing of capital projects permits beneficiaries of the facilities to share in their cost during the useful life of the facility and allows the County to undertake several projects immediately rather than delay construction until funds are available from the current operating budget.

Debt Capacity

In order to control the amount of debt which a county may incur, the New York State Constitution has established a debt limit equal to 7% of the five-year average full valuation of real property in the county. Debt related to water facilities improvements and certain other self-supporting items may be excluded from the limit. The economic realities of the ability to repay borrowed money are, however, more stringent and are independently judged by rating agencies such as Moody's Investor's Service, Inc., Standard & Poor's Rating Services and Fitch Ratings. If these agencies judge that the County's ultimate ability to repay borrowed money has decreased, they lower the credit rating and the interest rate paid on funds borrowed in the future increases. Thus, it is important to manage the County's finances so as to maintain a good credit rating. Currently, Monroe County holds a "Baa1" rating from Moody's Investors Services, Inc., a "BBB+" rating from Standard and Poor's Ratings Services and a "BBB+" rating from Fitch Ratings.

TABLE 1 - SUMMARY TABLE

PROGRAM AREA		Budget 2008	ANNUAL 2009	PROJECT 2010	COST 2011	2012	2013	Total Cost 6 Years
ADMINISTRATIVE SECTOR								
DEPARTMENT OF INFORMATION SERVICES - 2008-2013								
TOTAL	c	689,000	125,000	187,000	420,000	131,000	689,000	2,241,000
PLANNING AND FEASIBILITY - 2008-2013								
TOTAL	c	400,000	400,000	400,000	400,000	400,000	400,000	2,400,000
c=county funds		**1,089,000**	**525,000**	**587,000**	**820,000**	**531,000**	**1,089,000**	**4,641,000**
TOTAL ADMINISTRATIVE SECTOR		**1,089,000**	**525,000**	**587,000**	**820,000**	**531,000**	**1,089,000**	**4,641,000**
HEALTH AND HUMAN SERVICES SECTOR								
MONROE COMMUNITY COLLEGE - 2008-2013								
c = county funds	c	0	3,150,000	9,605,000	9,250,000	11,225,000	0	33,230,000
s = state SUNY	s	0	3,150,000	9,605,000	9,250,000	11,225,000	0	33,230,000
TOTAL		0	6,300,000	19,210,000	18,500,000	22,450,000	0	66,460,000
MONROE COMMUNITY HOSPITAL - 2008-2013								
TOTAL	e	1,200,000	1,500,000	1,500,000	1,500,000	1,300,000	1,300,000	8,300,000
MONROE COUNTY LIBRARY SYSTEM - 2008-2013								
c = county funds	c	300,000	100,000	100,000	100,000	100,000	300,000	1,000,000
TOTAL		300,000	100,000	100,000	100,000	100,000	300,000	1,000,000
c=county funds		**300,000**	**3,250,000**	**9,705,000**	**9,350,000**	**11,325,000**	**300,000**	**34,230,000**
s = state funds		**0**	**3,150,000**	**9,605,000**	**9,250,000**	**11,225,000**	**0**	**33,230,000**
e = enterprise fund		**1,200,000**	**1,500,000**	**1,500,000**	**1,500,000**	**1,300,000**	**1,300,000**	**8,300,000**
TOTAL HEALTH/HUMAN SERVICES SECTOR		**1,500,000**	**7,900,000**	**20,810,000**	**20,100,000**	**23,850,000**	**1,600,000**	**75,760,000**
PHYSICAL SERVICES SECTOR								
DEPARTMENT OF AVIATION - 2008-2013								
e = enterprise fund		8,295,000	2,240,000	1,850,000	2,725,000	4,023,750	437,500	19,571,250
s = state funds		295,000	240,000	350,000	725,000	1,023,750	437,500	3,071,250
f = federal funds		11,210,000	9,120,000	13,300,000	29,650,000	25,602,500	18,625,000	107,507,500
TOTAL		19,800,000	11,600,000	15,500,000	33,100,000	30,650,000	19,500,000	130,150,000
PURE WATERS - 2008-2013								
TOTAL	d	10,000,000	6,500,000	2,500,000	4,500,000	2,500,000	4,500,000	30,500,000
ENVIRONMENTAL SERVICES/FLEET - 2008-2013								
TOTAL	c	294,000	437,000	441,000	227,000	286,000	465,000	2,150,000
GEOGRAPHIC INFORMATION SERVICES - 2008-2013								
TOTAL	c	0	250,000	0	0	0	0	250,000
SOLID WASTE - 2008-2013								
e = enterprise fund		1,150,000	1,150,000	0	0	0	0	2,300,000
s = state funds		800,000	800,000	0	0	0	0	1,600,000
u = user fees		50,000	50,000	0	0	0	0	100,000
TOTAL		2,000,000	2,000,000	0	0	0	0	4,000,000
ENGINEERING AND FACILITIES MANAGEMENT - 2008-2013								
TOTAL	c	5,770,000	10,275,000	3,800,000	2,300,000	5,050,000	5,050,000	32,245,000
PARKS - 2008-2013								
TOTAL	c	1,225,000	2,930,000	3,500,000	2,835,000	2,680,000	2,880,000	16,050,000

TABLE 1 - SUMMARY TABLE

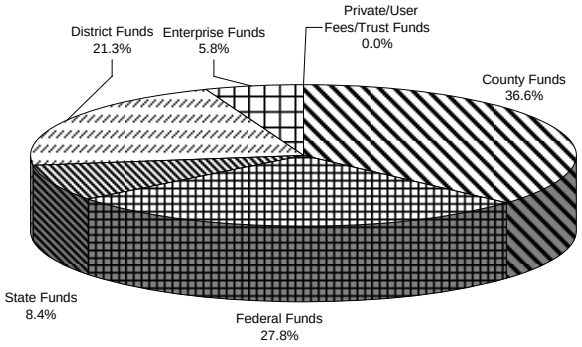
PROGRAM AREA		Budget 2008	ANNUAL 2009	PROJECT 2010	COST 2011	2012	2013	Total Cost 6 Years
HIGHWAYS AND BRIDGES - 2008-2013								
c = county funds		10,591,000	6,495,000	5,342,000	6,458,000	9,529,000	6,783,000	45,198,000
f = federal funds		10,271,000	12,745,000	5,816,000	6,508,000	0	0	35,340,000
s = state funds		1,225,000	2,161,000	1,092,000	1,167,000	0	0	5,645,000
TOTAL		22,087,000	21,401,000	12,250,000	14,133,000	9,529,000	6,783,000	86,183,000
TRAFFIC ENGINEERING - 2008-2013								
c = county funds		1,550,000	1,715,000	1,900,000	1,850,000	1,925,000	1,950,000	10,890,000
f = federal funds		0	810,000	0	800,000	0	0	1,610,000
TOTAL		1,550,000	2,525,000	1,900,000	2,650,000	1,925,000	1,950,000	12,500,000
MONROE COUNTY WATER AUTHORITY - 2008-2013								
TOTAL	d	80,000,000	0	0	0	0	0	80,000,000
c = county funds		**19,430,000**	**22,102,000**	**14,983,000**	**13,670,000**	**19,470,000**	**17,128,000**	**106,783,000**
f = federal funds		**21,481,000**	**22,675,000**	**19,116,000**	**36,958,000**	**25,602,500**	**18,625,000**	**144,457,500**
s = state funds		**2,320,000**	**3,201,000**	**1,442,000**	**1,892,000**	**1,023,750**	**437,500**	**10,316,250**
d=district		**90,000,000**	**6,500,000**	**2,500,000**	**4,500,000**	**2,500,000**	**4,500,000**	**110,500,000**
e = enterprise fund		**9,445,000**	**3,390,000**	**1,850,000**	**2,725,000**	**4,023,750**	**437,500**	**21,871,250**
u = user fee		**50,000**	**50,000**	**0**	**0**	**0**	**0**	**100,000**
TOTAL PHYSICAL SERVICES SECTOR		**142,726,000**	**57,918,000**	**39,891,000**	**59,745,000**	**52,620,000**	**41,128,000**	**394,028,000**
PUBLIC SAFETY SECTOR								
OFFICE OF THE SHERIFF - 2008-2013								
c = county funds		867,000	650,000	750,000	1,100,000	4,200,000	1,400,000	8,967,000
s = state funds		0	0	0	0	0	40,000	40,000
TOTAL		867,000	650,000	750,000	1,100,000	4,200,000	1,440,000	9,007,000
PUBLIC SAFETY SERVICES - 2008-2013								
TOTAL	c	2,850,000	4,200,000	4,500,000	15,000,000	8,500,000	500,000	35,550,000
c = county funds		**3,717,000**	**4,850,000**	**5,250,000**	**16,100,000**	**12,700,000**	**1,900,000**	**44,517,000**
s = state funds		**0**	**0**	**0**	**0**	**0**	**40,000**	**40,000**
TOTAL PUBLIC SAFETY SECTOR		**3,717,000**	**4,850,000**	**5,250,000**	**16,100,000**	**12,700,000**	**1,940,000**	**44,557,000**
ALL SECTORS								
c = county funds		**24,536,000**	**30,727,000**	**30,525,000**	**39,940,000**	**44,026,000**	**20,417,000**	**190,171,000**
f = federal funds		**21,481,000**	**22,675,000**	**19,116,000**	**36,958,000**	**25,602,500**	**18,625,000**	**144,457,500**
s = state funds		**2,320,000**	**6,351,000**	**11,047,000**	**11,142,000**	**12,248,750**	**477,500**	**43,586,250**
d=district		**90,000,000**	**6,500,000**	**2,500,000**	**4,500,000**	**2,500,000**	**4,500,000**	**110,500,000**
e = enterprise fund		**10,645,000**	**4,890,000**	**3,350,000**	**4,225,000**	**5,323,750**	**1,737,500**	**30,171,250**
u = user fee		**50,000**	**50,000**	**0**	**0**	**0**	**0**	**100,000**
TOTAL ALL SECTORS		**149,032,000**	**71,193,000**	**66,538,000**	**96,765,000**	**89,701,000**	**45,757,000**	**518,986,000**

User Charges
Projects, activities and services for which the specific users or beneficiaries can be identified and to whom the benefits of the service can be confined, lend themselves to charging user fees. The products and services of the private sector of our economy are of this nature and are called 'private goods'. To the extent that a capital project has the characteristics of private goods, it becomes feasible to support an appropriate portion of its debt service and operating costs through direct charges to those who benefit from it. This permits the County to offer this service with little or no dependence on general tax support for the project, allowing more public monies to be allocated to other public services. Projects for the following are financed primarily by user charges without taxpayer support in Monroe County: the Airport; Water Authority; Monroe Community Hospital; the Pure Waters Division of the Department of Environmental Services; and the Solid Waste Division of the Department of Environmental Services.

Special Assessments
Projects, which benefit a specific group of properties, can have the financing and construction of these public improvements financed through special assessment arrangements. The costs of extending a water or sewer line can be assessed against the abutting properties rather than charged against the taxpayers as a whole. Special assessments are often paid in installments over a number of years and cover both the expenditure and the financing. This form of financing is rarely used in Monroe County.

Sources of Funding
The various sources of funding for the Capital Improvement Program can be found indicated in the Table 1 - Summary Table and in the graphic below titled 2008-2013 CIP Source of Funds.

2008-2013 CIP Source of Funds



Fiscal Policy and Debt Service
In preparing Monroe County's 2008-2013 Capital Improvement Program, great care was taken to insure sound fiscal management. This is necessary to assure:

1) That the County is able to finance approved projects as they reach implementation stage;

2) That the State constitutional debt limit is not exceeded;

3) That the County maintains a good credit rating so as to minimize the cost of borrowing funds for capital projects;

4) That the annual repayment cost for the debt incurred is kept within reasonable limits so as not to overburden County taxpayers.

Monroe County uses only a small portion of its State constitutional debt limit. The objective is to maintain an annual debt service burden that is clearly within the County's ability to pay.

The County is taking actions designed to gain the most favorable credit ratings possible. In evaluating projects for inclusion in the CIP, two sets of criteria are used:

1) For projects to be funded by State, Federal and other aid or whose local costs will be financed by user charges, the criteria are:
   - the project is needed and appropriate; and
   - it can be financed with the aid or user charges and thus not entail a general County budget charge.

2) For projects to be funded in whole or in part with general County budget funds, the criteria are:
   - out of all the projects that need to be done, this project's priority is high enough to be funded; and
   - the aggregate annual cost of all approved projects should be kept within reasonable limits so as not to overburden County taxpayers.

All debt obligations shall be issued with extreme care including debt of those enterprises for which the County is contingently liable.

The County Administration's debt policy provides that debt shall be issued to finance capital projects where other funding sources are not immediately available. The debt will be structured in the most efficient manner to limit the impact on the taxpayer and will take payment of existing debt obligations into consideration as well as the total projected operating cost of the County. The use of cash capital through the operating budget will be utilized to finance projects with a short useful life or with costs estimated at $100,000 or less or for portions of the cost of other projects as financial and budgetary conditions permit without placing undue pressures on the taxpayers. Debt may be issued for cash flow purposes if needed. Any and all debt issues will be structured and sold in accordance with sound debt management practices.

Capital Project Operating Cost Impacts
Article VII, Section A7-1, of the Monroe County Code requires that the Capital Improvement Program include "... the estimated effect of each capital project in the first two (2) years of the program upon operating costs of the county within each of the three (3) fiscal years following completion of the project." The Operating Budget impact (including debt service) is detailed under the heading "Estimated Annual Impact on the Operating Budget" included in the descriptions for each project.

Net County Debt Service Projections
The overall debt service impacts of the projects to be funded in whole or in part with general County budget funds is displayed in Table 2 - Net Debt Service Projection. Typically, these projects are related to County operations contained within the General, Road, Library, and Internal Service Funds.

Table 2 - NET DEBT SERVICE PROJECTION (000'S)

DEBT SERVICE PROJECTION	2008 ESTIMATE	2009 ESTIMATE	2010 ESTIMATE	2011 ESTIMATE	2012 ESTIMATE	2013 ESTIMATE
2008-2013 CIP DEBT:	$ 0	$ 2,700	$ 5,700	$ 8,900	$13,500	$18,200
AUTHORIZED BUT UNISSUED DEBT:	$ 5,300	$ 6,800	$ 7,300	$ 7,400	$ 7,600	$ 7,700
EXISTING DEBT:	$30,400	$32,100	$28,400	$21,200	$20,200	$19,500
TOTAL DEBT SERVICE PROJECTION:	$35,700	$41,600	$41,400	$37,500	$41,300	$45,400

Notes: 1) Debt that is offset by revenues from self-supporting areas such as the Airport, Pure Waters, Solid Waste (other than the Resource Recovery Facility), Community Hospital is not included.

(2) The above projections are based on numerous assumptions including future interest rates and actual timing of construction of projects. Deviations in any of the actual data from the assumptions used may materially alter actual results. Thus, actual results will vary over time from these projections. The principal assumptions are:

- Bonds will bear 6% interest.
- Projected expenditures may not occur in the year programmed in the Capital Improvement Program.