

**2008
PROPOSED
CAPITAL BUDGET
and
FIVE YEAR
CAPITAL PROGRAM**

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County Executive

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Budget Director

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October 15, 2007

Westchester County Board of Legislators
800 Michaelian Office Building
148 Martine Avenue
White Plains, New York 10601

Honorable Members:

As County Executive, my responsibility to the taxpayers of Westchester is to make sure we are funding capital projects that protect our residents and maintain our infrastructure in the most efficient and cost effective way possible. My proposed 2008 Capital Budget again represents this commitment by funding only those projects that are absolutely necessary to meet those objectives. Therefore, the components of the 2008 Capital Budget continue funding for public health and safety protections, the Legacy Program, which has reaped positive benefits in many communities and for infrastructure improvements that will enable us to save on energy. At the same time, we must also address the new issue of Flood Mitigation.

Flood Mitigation

As the damages from the recent storms in Westchester can document, we must address the very serious issue of flood mitigation in our communities. Areas that never had problems before were devastated last April. In some of our neighborhoods, people who could least afford it, lost everything. Homes and businesses became uninhabitable. This is an issue that crosses municipal lines and we must focus on possible solutions together. That was the reason for the Flood Summit we initiated last Spring. You may recall that during that event, I announced the creation of the Flood Mitigation Task Force, to develop the criteria by which municipalities could apply for County financial assistance. To this end, I have committed \$50,000,000 in the Capital Program over the next 5 years and I have placed the funding in the "Under Review" category. This will enable us to appropriate funding as projects are identified, reviewed and accepted by the Task Force. It is our hope that our actions will protect both residents and businesses from future financial ruin or hardship due to flooding.

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Energy Savings

In leading by example, the County continues to look at its own operations to see where we can achieve energy savings which will not only reduce our costs but will also set an example of what can be done to fight global warming. Buildings in general are known to contribute much when it comes to greenhouse gas emissions. Therefore, this budget contains funding to replace the windows in two of our oldest buildings in White Plains. The first is at 112 East Post Road where we will commence the design phase of the window replacement and the second is at the Michaelian Office Building, built in 1931 where funds for the construction phase of the window replacement will begin.

Another area of the County budget which is energy sensitive is its bus service. Recognizing the ever increasing cost of fuel and a need to address the overall quality of the environment, the County, in our Bus Acquisition Program, continues to appropriate funds for hybrid buses.

Public Health and Safety

The 2008 Capital Budget proposal includes funding for the construction phase of the addition to the Labs and Research building to house the Molecular Diagnostic Lab. In general terms, the lab identifies germs which cause such illnesses as SARS, tuberculosis, whooping cough, and resistant HIV strains. The latest technologies proposed for the lab will identify these illnesses more rapidly which will ultimately help doctors and hospitals to administer the needed drugs faster to save lives and protect the public. Our lab continues to be in the forefront of new technology. Recently, it was the only one of three New York State counties to accurately identify 30 samples of both positive and negative potential pandemic causing viruses.

Funding is also being requested for the construction of a new Public Safety Headquarters Building. The design phase of this project was provided in previous years, with construction the obvious next step. When the original building was constructed, there were only 60 police officers. Today the department has nearly 300 employees. As a result it is overcrowded and inefficient. As the demands increase on the Department of Public Safety to do even more to protect the residents of Westchester County in the areas of crime, terrorism and security, more space is needed for it to function properly. The headquarters will primarily house the administrative functions of the department with police work remaining in the present building in Hawthorne.

The Budget I propose also includes funding for the rehabilitation of Department of Emergency Services' Main Facility. By reconfiguring the space for additional program use, more first responders throughout Westchester can be trained to better protect our residents in this forever changing complex environment. The demand for these programs has expanded geometrically.

Infrastructure

As County Executive, it is my responsibility to prioritize priorities of the infrastructure needs of the County. The 2008 Capital Budget documents these priorities. The infrastructure rehabilitation needs of the County are as diverse as the services the County provides. These include road and bridge rehabilitation as well as building renovations to the Record Center and the repair of the roofs of various County owned buildings. In the county parks, I have provided for construction of new maintenance facility in Croton Point Park, waterline repairs at Saxon Woods Golf Course and pool complex repairs at Tibbetts Brook Park.

Open Space

Through the Parkland Acquisition/Westchester Legacy Program, we have been able to fund the expansion of open space for Westchester residents. In 2008, I am again recommending \$5,000,000 in continued funding to support this valuable undertaking. To date, the Parkland Acquisition/Westchester Legacy Program has included funding for ball fields in Yorktown and Yonkers, the Miracle Field in Hartsdale as well as skate parks and many other local fields including those in Port Chester, Rye Brook, and White Plains.

The 2008 Proposed Budget also includes funding of \$3,416,000 for various capital improvements the Airport. All of the projects are funded through the Airport Special Revenue Fund and therefore require no tax levy support from the County. The Airport, an important factor to the economy of Westchester, undertakes its capital program in order to improve facilities for the general public, while addressing safety, security, environmental and community concerns. Their on-going Capital program includes projects such as upgrades to various electrical systems and other infrastructure enhancements, taxiway rehabilitation and the resurfacing of the terminal roadway network. A new project in 2008 will include the replacement of over 20 gas and diesel powered vehicles with electric vehicles and the installation of a charging station, addressing both energy savings as well as environmental concerns. Federal funds for these improvements will be sought.

The 2008 Proposed Capital Budget for the Refuse Disposal and Sewer Districts in the requested amount of \$31,480,000 provides for the continued infrastructure improvements and rehabilitation of plants, pump station upgrades and equipment replacements in accordance with the Five Year Capital Plan. The plan identifies by district the necessary improvements accomplished to date as well as those to be addressed. All projects are undertaken to lessen their impact on the environment and for the protection of natural resources.

The net amount of the Proposed Capital Budget (excluding special districts and the airport) is \$106,980,000 which is a net increase of 5.9% over last year's budget.

As always, my staff and I are available to your Honorable Board and its committees to assist in your analysis of this budget.

Sincerely,

A handwritten signature in cursive script, appearing to read "Andrew J. Spano". The signature is written in black ink and is positioned above the printed name and title.

Andrew J. Spano
County Executive

INTRODUCTION TO THE CAPITAL BUDGET AND FIVE YEAR CAPITAL PROGRAM

Capital Planning Process

Westchester has had a formal five-year capital program planning process in place since the adoption of the County Charter in 1939.

Section 167 of the County Charter provides: "Not later than May 1st of each year the head of each department, institution, office and agency of the County government shall furnish to the Budget Director, the County Planning Board, and the Capital Projects Committee, detailed estimates of any capital projects which the head of such department, institution, office or agency believes should be undertaken within the next five fiscal years."

To this list of capital requirements the County Planning Board may add other capital projects which it believes should be undertaken within the next five years. Beginning in May, the Planning Board prepares recommendations regarding the physical planning aspects of each proposal however originated. Not later than the tenth day of September, the Planning Board submits to the County Executive, to the Budget Director and the Capital Projects Committee its recommendations.

A nine member Capital Projects Committee is responsible for reviewing departmental requests and proposing the Five Year Plan. It is uniquely suited for this task by virtue of its composition. The Chairman of the Committee is the County Executive. Representing the legislative branch of the County government are the Chairman of the Board of Legislators and the Chairman of the Committee on Budget and Appropriations. County fiscal and physical planning are represented, respectively, by the Budget Director and the Commissioner of Planning. Finally, the three operating departments most involved in Capital expenditures are represented by the Commissioner of Public Works, Commissioner of Environmental Facilities, and Commissioner of Parks, Recreation and Conservation. The Commissioner of Finance acts as financial advisor to the committee and the County Attorney acts as legal counsel.

In proposing a five year capital plan the Capital Projects Committee considers the feasibility of all proposed capital projects, evaluating their necessity, priority, location, cost and method of financing, availability of Federal and State Aid and the necessary investment in the County's infrastructure.

An executive committee has strengthened the review process by an in-depth analysis of the impact of the Capital Program on cash flow and bonding requirements, as well as the County's ability to finance, process, design and ultimately maintain projects. The committee meets regularly throughout the year to monitor project progress.

Upon completion and adoption, the five year Capital Program becomes a guiding framework for the Budget Director, the County Executive, the County Board of Legislators and the Commissioner of Finance with respect to bond sales, investment planning, and project planning by the Departments of Public Works and Environmental Facilities.

INTRODUCTION TO THE CAPITAL BUDGET AND FIVE YEAR CAPITAL PROGRAM

As a general rule, departments may request new projects in future years only on a "trade-off" basis, except in emergency instances. In this manner the planned level of cash flow/debt service/maintenance costs is not disrupted. Should particular projects experience delays -- in design, state certification, etc. -- other projects may be accelerated within the preset limits of appropriation and bonding authority, and cash flow estimates.

The County Executive is responsible for recommending the County Capital Budget for action by the Board of Legislators. He is assisted in this task by the capital plan, the report of the Planning Board on the physical planning aspects of each proposed capital project and the Budget Director's recommendations. The County Executive must submit a Capital Budget along with the report of the Capital Projects Committee to the County Board of Legislators not later than November 15.

The County Board of Legislators takes the final action of adopting the Capital Budget. Before acting the Board receives a report from its Committee on Budget and Appropriations which may include proposed changes in the budget. The Board also holds a public hearing (or hearings) on the estimates contained in the proposed County Budget supplemented by the Committee's memorandum of recommended changes.

The Board may amend the proposed County Budget as presented by the County Executive after complying with certain procedures of notice and a further hearing, and subject to certain limitations. The Board of Legislators must adopt the capital budget, as well as the operating budget, for the ensuing year no later than December twenty-seventh. The County Executive has item veto power over increases made by the Board. A two-thirds vote of all members of the Board is required to override.

Capital and Debt Policies

- Capital Projects as originally defined by the Westchester County Charter are expenditures for:

Any physical betterment or improvement or any preliminary studies and surveys relative thereto.

The acquisition of property of a permanent nature

The purchase of equipment for any public improvement or betterment when first erected or acquired.

- Where capital expenditures are made for property they are for the purpose of acquiring parcels and buildings which may be designated "parkland", or parcels and buildings to be designated "general purpose."

Properties designated "parkland" have been evaluated using the Parks and Open Space Policy guidelines developed and endorsed by the Planning and the Parks, Recreation and Conservation Boards.

INTRODUCTION TO THE CAPITAL BUDGET AND FIVE YEAR CAPITAL PROGRAM

Properties designated as "general purposes" are not encumbered by state laws controlling uses for parkland. Such properties may include office buildings, land to serve as buffers to existing County facilities, etc.

- Priority is given to projects of a life-safety nature.
- Where there has been a major deterioration of an existing capital asset, a capital expenditure will be considered if it restores and/or increases the original net worth of the asset. This is distinguished from normal annual maintenance expenses (e.g., lawn maintenance, or pavement striping) or non-recurring repairs (e.g., roof patching), both of which should be provided for in current operating budgets, financed by current revenues.
- A bond act in excess of \$10.0 million for a project, with certain exceptions as defined by law, must be approved at public referendum pursuant to New York Local Finance Law Section 33.10.
- Projects financed by debt are to be amortized over their probable useful life as defined in state law. The County reserves the right to issue bonds for these projects for less than the allowed useful life.
- Capital project progress is monitored throughout the year and related cash flow requirements provide the Commissioner of Finance with the basic information for the timing of bond sales during the year. Other factors influencing the timing of these sales are general economic conditions, interest rates, the timing of other governmental borrowings (federal, state) etc.
- Where projects are less than \$100,000 or where total costs to an existing project (cost revenues, scope changes, etc.) are \$100,000 or less such requirements shall be funded by cash contributions from the operating budget.
- Cash contributions to specific Capital projects may exceed the \$100,000 guidelines, as recommended by the County Executive and the Budget Director.
- Bond Anticipation Notes are to be used to provide funds for those capital projects which could not be sold during the fourth quarter of the previous year but which will require cash resources during the first three quarters of the year in which the notes are sold. These notes should have maturities of less than a year and should be converted to long term debt during the fourth quarter of the year in which they were sold.

INTRODUCTION TO THE CAPITAL BUDGET AND FIVE YEAR CAPITAL PROGRAM

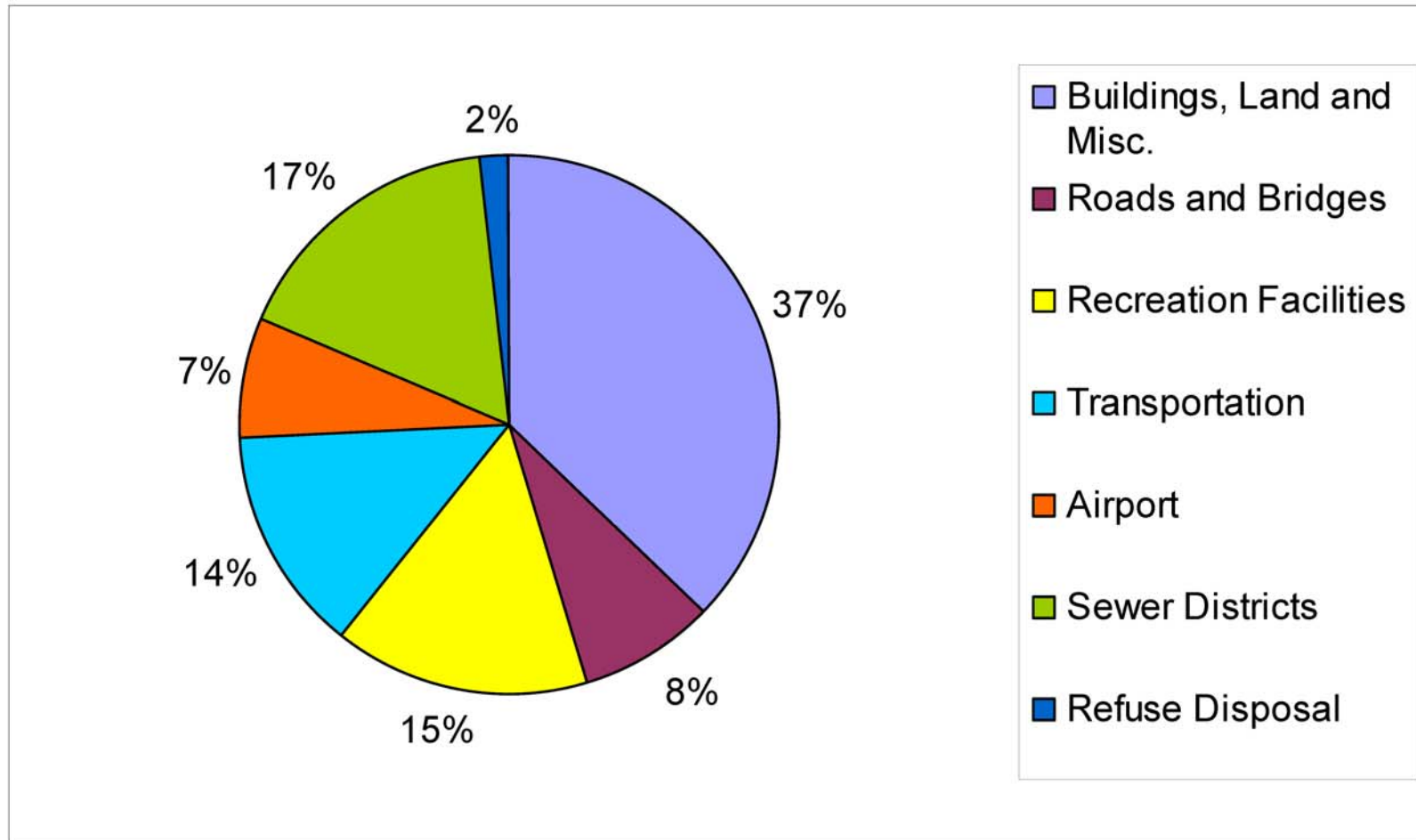
- Bond Anticipation Notes may also be used to provide interim financing of capital projects when market conditions are not favorable for the issuance of long term bonds. In the event that Bond Anticipation Notes are issued for this purpose, provision should be made in the succeeding year's operating budget to paydown the equivalent first year's principal amortization which would have been paid if bonds had been issued instead of the Bond Anticipation Notes. The timing of this first payment may be changed pursuant to provisions of state law.
- Advance Planning Bonds may provide funds for planning costs associated with future capital projects. These bonds (or bond anticipation notes) may be used to finance the preparation of surveys, preliminary plans and detailed plans, specifications and estimates necessary for planning and design of a future capital improvement. This would enable the County to fully comply with the mandates of the State Environmental Quality Review Act. It conforms to required procedures that authorize financing for environmental reviews, project scoping, and other related planning expenses in one stage, followed by subsequent authorization of financing for full project costs in the second stage, after completion of such reviews. It permits advancement of funds from cash on hand to these projects in order to complete studies, etc., with the intention to subsequently amend the Act and provide for bonding to cover full project costs. Advance Planning Bonds would be retired in five years. Amortization payments, to the extent possible, are scheduled to be made in each fiscal year after the second payment of County real property taxes in order to minimize impact on cash flow.
- Amortization payments, to the extent possible, are scheduled to be made in each fiscal year after the second payment of County real property taxes in order to minimize impact on cash flow.

The Following three charts reflect:

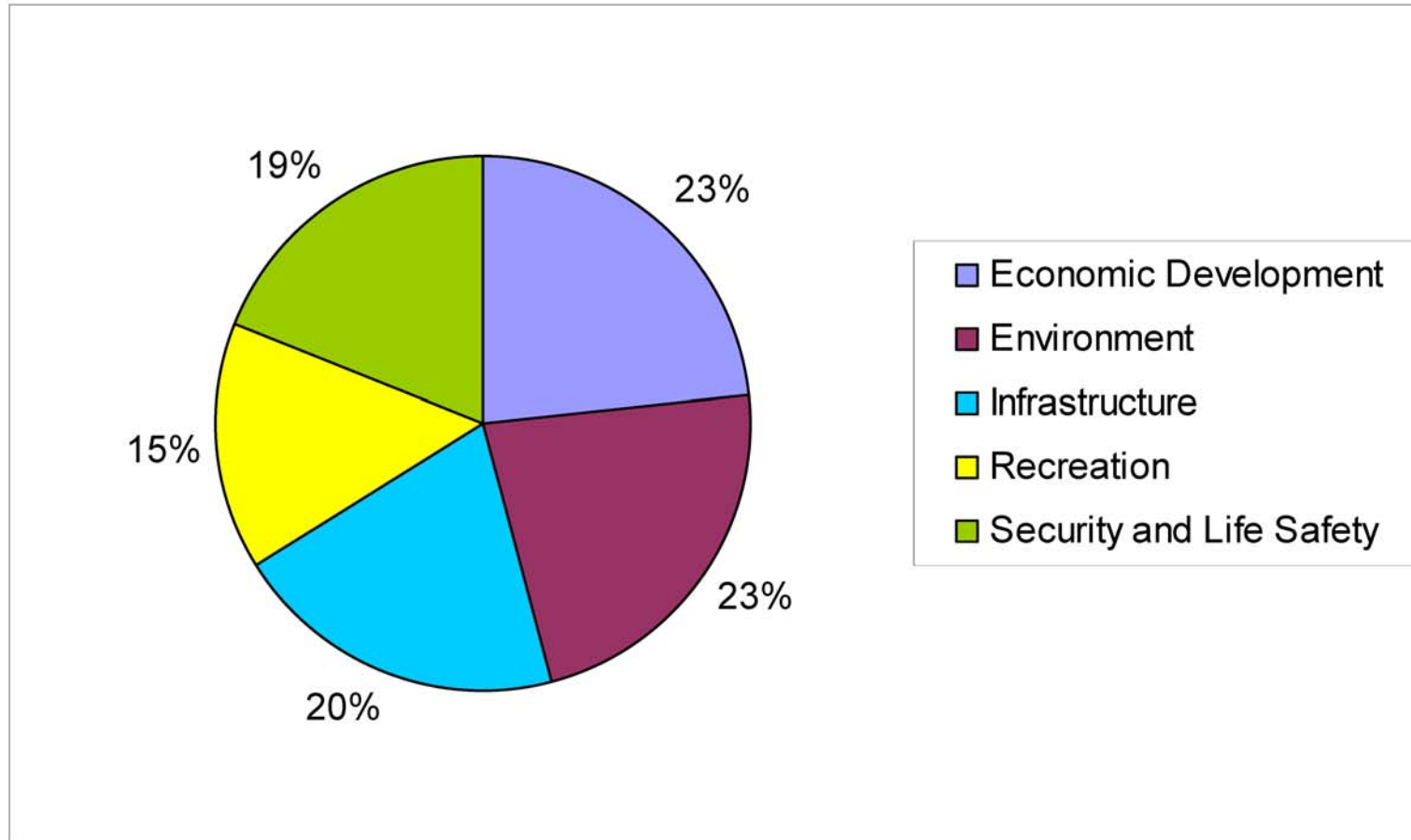
- The proposed capital budget by charter defined category of expenditure.
- The proposed capital budget by programmatic area.
- Theoretical Financing

Anne N. Reasoner
Budget Director

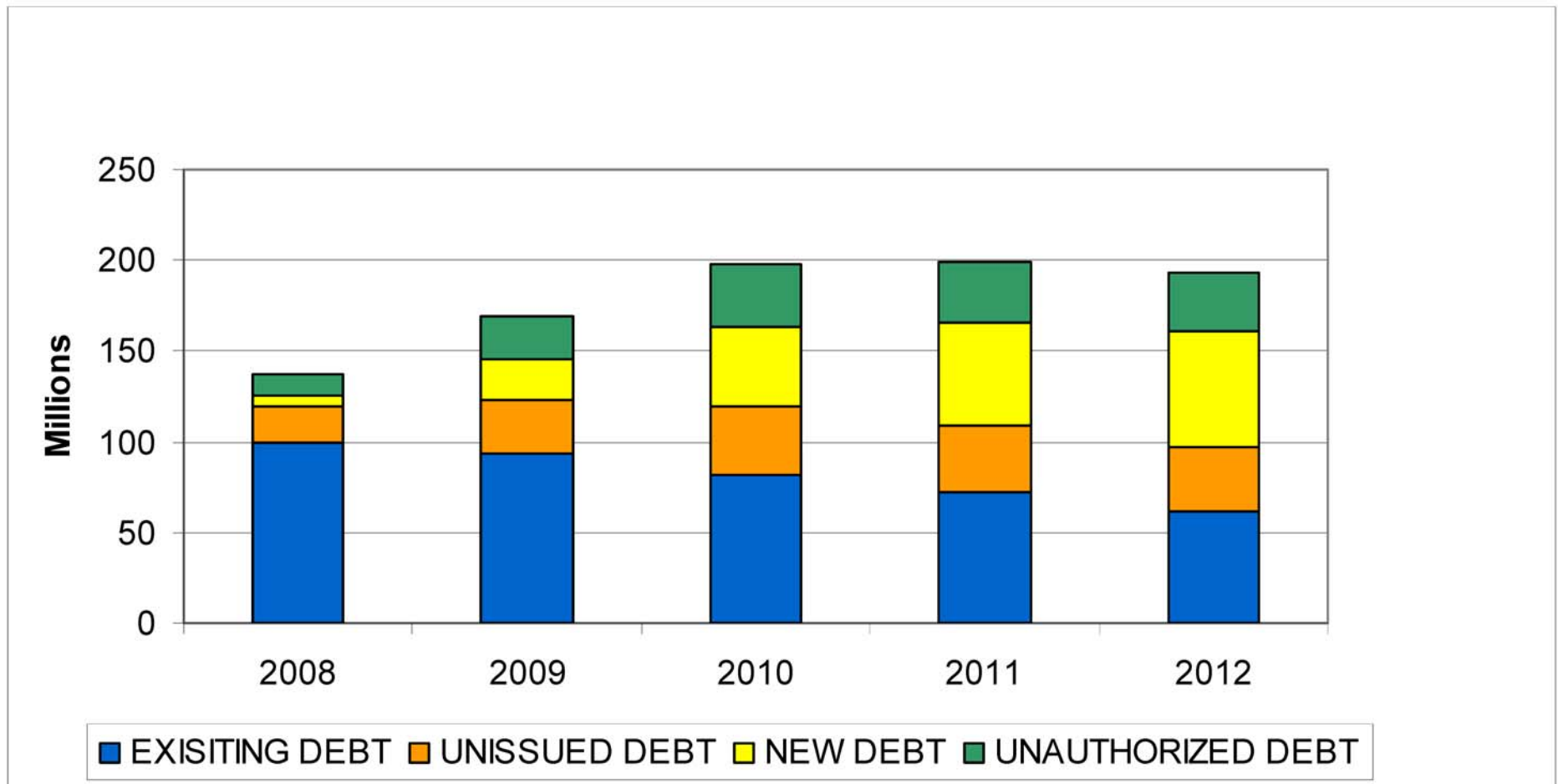
2008 Capital Budget



2008 Capital By Program Area



Theoretical Capital Financing 2008 - 2012



CAPITAL GLOSSARY

ADOPTED BUDGET	The budget plan for the next fiscal year which has been formally approved by a majority vote of the County Board of Legislators.
ALLOCATION	A control process which draws funds from the project appropriation to the specific sub-account(s) where expenditures will be incurred (i.e. engineering, construction, etc.).
APPROPRIATION	An authorization granted by the Board of Legislators to make expenditures and to incur obligations for a specific project. Appropriations are limited in amount.
BANS (BOND ANTICIPATION NOTES)	Short term notes issued by a governmental unit, usually for capital projects, which are paid off prior to the issuance of long term bonds.
BOND ISSUE	A general term referring to borrowings of local governmental subdivisions such as village, county etc. Written evidence of the obligation to repay a specified principal at a certain date with interest.
BOND REFERENDUM	A process whereby the voters of Westchester are given the opportunity to approve or disapprove a proposed issue of municipal securities. County Charter requires a public referendum when the amount of the proposed bonding for a project is in excess of \$10 million.
BOND COUNSEL	An attorney-specialist that provides legal advice to insure that the County is authorized to issue proposed bonds, and has met all legal and financial requirements.
CAPITAL BUDGET	<p>The annual spending plan for major physical improvements and construction projects, generally having a useful life of 5 years or more. It provides project details, project priority ratings, costs and funding source(s).</p> <p>The Capital Budget is a portion of the total County Budget for the coming fiscal year. It represents the first year implementation of projects in the five-year Capital Program. It is paid for by County bonds, cash to capital, and non-County or non-District Shares (federal or state aid, or private shares).</p>
CAPITAL PROGRAM	The five-year program for major physical improvements and construction projects. The Program is determined by criteria evaluating the need, scope and fiscal impacts of the proposed projects. The first year of a Capital Program becomes the proposed Capital Budget for the next fiscal year.

CAPITAL GLOSSARY

CAPITAL PROJECT	Major projects requiring the expenditure of public funds, over and above annual operating expenses, for the purchase, construction, or replacement of physical facilities or other fixed assets of the community. Capital projects are normally large-size, costly, have a long useful life (i.e. 5-40 years), are bondable, and are fixed in one specific location. As a general rule, equipment is not capitalized except where, as incidental to a new building, for example, original furnishings are provided. In certain instances, however, where individual items of equipment are over \$100,000 they may be capitalized as is the case with heavy motor equipment and high tech lab equipment.
CASH TO CAPITAL	An appropriation in the operating budget that partially supports the Capital Budget. Where projects have been bonded and final costs exceed original total bond authorizations, these overruns are generally "cashed up" as well. Together with debt service these payments are funded by the operating budget.
COUNTY OR DISTRICT SHARE	The amount of funding required from general County resources (i.e., property or sales taxes), after all revenue sources attributed to operations of a department or division are subtracted from total appropriations or expenditures. The County share is funded by cash to capital and/or the issuance of bonds.
NON COUNTY OR DISTRICT SHARES	Funding for the Capital Budget provided from other than County resources: State or Federal Aid or grants e.g., for sewer and water districts, airport projects; municipal contributions, eg., road projects; or private shares, e.g., parking projects. For airport appropriations, the term used is "Non-Airport Special Revenue Shares". For district appropriations, the term used is "Non District Shares".
DEBT LIMIT	The New York State Local Finance Law limits the amount of indebtedness that a county can contract for any purpose or in any manner, including existing indebtedness, to 7% of the full real estate valuation (Average last five years). The full real estate valuation is established by the State.
DEBT SERVICE	The principal and interest payments for obligations incurred by borrowings to finance capital projects. These payments are similar to mortgage payments on a home. Funding for these payments is included in the operating budget.
EARNINGS ON INVESTMENTS	This represents the interest earned on the investment of funds borrowed for capital projects. Such borrowed funds are invested until they are needed to pay project costs. The income from the temporary investment of funds is a function of both prevailing interest rates and the amount of cash available for investment. Interest use is restricted to debt retirement, and interest earnings are regulated by the Internal Revenue Service.

CAPITAL GLOSSARY

ENCUMBRANCE	An obligation in the form of a purchase order, contract or other commitment which is chargeable to an appropriation subaccount and for which a part of that appropriation is reserved prior to incurring the liability and prior to the actual expenditure of funds.
ENVIRONMENTAL REVIEW	The generic term for environmental procedures and review required under State law before any agency of local government carries out, funds or approves an "action." Actions include physical activities such as construction; planning and policy making which commit the agency to a definitive course of future actions; and, acts such as adoption of rules, regulations, local laws, codes, ordinances, executive orders and resolutions that may affect the environment.
EXPENDITURE	An actual cash outlay for the acquisition or betterment of a capital asset.
RESERVE FOR BONDED DEBT, "CAPITAL RESERVES"	<p>When funds borrowed for a capital project exceed the final project cost, the balance must be applied to retirement of debt on the project. If there is no remaining project debt, the balance can be applied to the County's annual operating cost with legislative approval.</p> <p>This revenue varies considerably from year to year depending on the number of capital projects completed and the balances remaining in the projects closed out.</p>

2007 MEMBERS OF THE CAPITAL PROJECTS COMMITTEE

Honorable Andrew J. Spano, County Executive (Chairman)
Honorable William Ryan, Chairman, County Board of Legislators
Honorable Michael Kaplowitz, Chairman, Committee on Budget and Appropriations, Board of Legislators
Anne N. Reasoner, Budget Director
Gerard E. Mulligan, Commissioner of Planning
Ralph Butler, Commissioner of Public Works
Thomas Lauro, Commissioner of Environmental Facilities
Dr. Norman J. Jacknis, Chief Information Officer, Department of Information Technology
Joseph A. Stout, Commissioner of Parks, Recreation and Conservation

MEMBERS OF THE CAPITAL PROJECTS EXECUTIVE COMMITTEE

Honorable William Ryan, Chairman, County Board of Legislators
Honorable Michael Kaplowitz, Chairman, Committee on Budget and Appropriations, Board of Legislators
Lawrence S. Schwartz, Deputy County Executive
Anne N. Reasoner, Budget Director
Gerard E. Mulligan, Commissioner of Planning
Ralph Butler, Commissioner of Public Works

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Anthony La Croce and Staff, Public Works
Fran McLaughlin and Staff, Planning