

**JOINT CAPITAL BUDGET MEETING  
WAYS & MEANS, REAL ESTATE TRANSACTIONS & FINANCE  
BUDGET**

**Minutes**

A special meeting of the Ways & Means, Real Estate Transactions & Finance and Budget Committees was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on **Thursday, May 29th, 2003**, to discuss the matter of the Capital Budget.

**MEMBERS PRESENT:**

Legislator George O. Guldi - Chairman  
Legislator David Bishop  
Legislator Michael J. Caracciolo

2003

Tom Isles - Director of Planning  
Marian Zucker  
Alexandra B. Sullivan - Chief Deputy Clerk, Suffolk County Legislature  
Meghan O'Reilly - Presiding Officer's Office  
Ginny Suhr - Aide to Legislator Fisher  
Ray Zaccaro - Aide to Legislator Bishop  
Jim Spero - Budget Review Office  
Robert Lipp - Budget Review Office  
Sean Clancy - Budget Review Office  
All other interested parties

**MINUTES TAKEN BY:**

Ana Grande- Court Stenographer

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(THE MEETING WAS CALLED TO ORDER AT 10:00 A.M.)

**CHAIRMAN GULDI:**

Let's call the meeting to order beginning with a Salute to the Flag to be led by Legislator Bishop.

(SALUTATION)

**CHAIRMAN GULDI:**

We don't have any cards. Why don't you both come up, we've got two mikes.

LEG. BISHOP:

This is Ways & Means and Finance?

CHAIRMAN GULDI:

Ways & Means and Finance.

LEG. CARACCIOLO:

Land Acquisition.

LEG. BISHOP:

The Land Acquisition and Ways & Means?

LEG. CARACCIOLO:

Right.

LEG. BISHOP:

In the next phase, this would be a good time perhaps for the Budget Review Office, you don't have to stay if you have somewhere to go, to give an overview of debt issues.

CHAIRMAN GULDI:

Sure.

MR. ISLES:

Good morning. The only items that we have on today I think that would relate directly to this Committee would be on the Affordable Housing Program. Here today to speak on that if you have any questions is Marian Zucker, the County's Director of Affordable Housing. And certainly if any of the Committee members have questions regarding any of the items that were handled by the Environment Committee yesterday, if you want to we can talk about that as well, but primarily we're here today on the Affordable Housing Program.

CHAIRMAN GULDI:

Go ahead, Legislator Caracciolo.

LEG. CARACCIOLO:

Mr. Isles, since yesterday I attended a press conference with the Secretary of the Interior and was excused from that Committee meeting, I would appreciate if you would just give us a quick recap, summary of what you did discuss in ELAP.

MR. ISLES:

Certainly. What we did discuss is that we have one existing program

that we're seeking additional funding on in the Capital Program, which is Multifaceted, and we have two new programs that were also part of the Capital Program.

In terms of Multifaceted, the County Legislature has taken, a number of years ago, a number of Capital Programs that were divided among Land Preservation Partnership, Farmland Protection and so forth and compressed them into one program called Multifaceted. Historically, that's been funded to the tune of thirteen million dollars a year. Last year, pardon me, this current Capital Budget year, the Legislature budget also included Affordable Housing and Multifaceted for a total here again of thirteen million dollars.

What the County Executive has suggested with the current budget is that we split out Affordable Housing again, so the Open Space and Park Acquisition part of the program and Farmland is suggested at ten million dollars with Affordable Housing at 3.3 million dollars. And which here again we can get into that in further detail, if you'd like.

CHAIRMAN GULDI:

What's the advantage of putting it in a separate project?

MR. ISLES:

Well, we think it's basically a separate and distinct activity from Open Space Preservation or Purchase and Development Rights and so forth. Affordable Housing is more of a development program, this is more of a conservation program, so almost from a basic philosophical standpoint.

And as far as a recap, Legislator Caracciolo, in terms of yesterday, basically what was discussed was the reason for the recommendation for the ten million dollars. Now, we obviously have the main part of our funding for Open Space is currently coming through the Quarter Percent Sales Tax Program, which, of course, continues, but I will point out that that is limited in how that can be used by two basic activities in terms of land acquisition. One being the open space acquisitions, which are defined by five criteria in the legislation dealing with wetlands, drinking water protection and so forth, very defined.

The other category is farmland protection. So, what Multifaceted enables us to do is to use it for the other category of park acquisitions, such as active recreation, such as land preservation partnership, so it does have that flexibility.

LEG. CARACCIOLO:

Okay. That gives rise to what I was thinking. We have in total I think the last time we added them up somewhere around a dozen various land acquisition programs, not including Affordable Housing, which is

really in part a land acquisition program.

MR. ISLES:  
Right.

LEG. CARACCIOLO:  
Should we be thinking in terms of consolidating some of these and

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narrow -- defining them more narrowly so that they really fit the goals and objectives of what land acquisition purposes we seek can be met? In other words, it seems to me there's overlap. You mentioned the Multifaceted Open Space component could also be used for -- fits the description rather of what we have the twenty million dollar Greenways active component.

I know that we have been drawing down on that and I guess what I would appreciate this morning is just a recap of where we stand in terms of acquisition program fund balances so that we can put this all in context. 13.3 on top of, you know, what fund balances that are out there, do you have that information?

MR. ISLES:  
I brought that yesterday, I don't have that with me. I have a pretty good recollection of it and certainly I can back it up to the Committee in writing with a more formalized summary, certainly.

LEG. CARACCIOLO:  
Am I right, though, about the totality of our programs is about a dozen of them?

MR. ISLES:  
Yeah, it is. And actually if you consider some of the subsets of the program, I think I once counted it as a total of seventeen separate programs when you consider 12(5)A, 12(5)D, 12(5)E and the different variations of each of those programs, but obviously we have a multitude of programs with a multitude of objectives. And a number of these are remnant programs, such as the old Drinking Water, we still have money that, we're still spending that and so forth, but that program expired back in 2000 and so forth. The same thing true also with Greenways, which has three major components to it, we're still spending out that.

In answer to your question in terms of where we are in the current fund balances and so forth, you know, off the top of my head I would estimate that the General Fund balance would probably total something in the range of maybe sixty million dollars, in that approximate

number.

LEG. CARACCIOLO:

When you say General Fund balance, is that all programs?

MR. ISLES:

Yes, yes.

LEG. CARACCIOLO:

Okay. Now, I think it's important to clarify that right now, I know the last summary you provided me there were well over a hundred and twenty resolutions approved by the Legislature in the last eighteen months that are in some varying degree of consideration.

MR. ISLES:

Right.

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LEG. CARACCIOLO:

They're in negotiations, they're in appraisal, they're in acceptance and closing. So when you give us that number of sixty million dollars, it's net, all of those pending acquisitions that you at this point characterize as most likely to be purchased by the County?

MR. ISLES:

We do keep track of that. We keep track of it in a couple of different ways. Essentially what happens is that we have a lump sum of what we can estimate to be the amount of money currently available. Deducted from that will be future acquisitions, of which there's certain amount in contract which approaches about ten million dollars at the moment. There's a certain amount that we have accepted offers on or close to that point and then there are others that are still in the process of appraisals and so forth. So that obviously draws down from that number.

Adding to that number would be continuing sales tax revenues that come in that go into it. So it is always a changing target in that sense. In terms of where we're going with this, the fact of the matter is --

LEG. CARACCIOLO:

Well, consolidation of the programs, I'd like your thoughts on that.

MR. ISLES:

Okay. The one point I would like to make is that the fact of the matter is that last year was not a big year of acquisitions, the total we spent was about thirteen million dollars on three hundred and seventy-eight acres I think it was, and we had a lot of soul searching and changes to the acquisition procedures and so there are a lot of

reasons for that.

We've also been dealing with a very competitive market place. I did report to the Environment Committee that we have at least twenty acquisitions that have been rejected or where they have, no longer have interest in us or they sold the property to somebody else. So those factors have made it difficult to consummate all the transactions we want to.

In terms of the consolidation, I think it's not a bad idea and I think the -- I guess in some sense Multifaceted starts to do that by compressing them. It still has references to these old programs, we still have to meet those program objectives and so forth, but I think, you know, maybe as a clean up in terms of a little bit simpler classification of Open Space Protection, Ground Water Protection, Active Parkland Development.

One other thing that has also been talked about a little bit at the Environment Committee as you may know is the whole idea of downtown parks, we've had some of those. And should that be a separate category, it's not quite Active Recreation, it's not quite Open Space either in the typical sense. So I think it's worthy of pursuit in the future.

I don't think we'd be closed off from that option in the current Capital Budget proposal, but as programs expire, as objectives change

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in the County in terms of County policy on open space, I think for simplification purposes, for practical purposes, that might be helpful to do.

LEG. CARACCIOLO:

Okay. I don't want to digress, because it's really about the Capital Budget, but just a final point on this issue. And that is in terms of what you would expect to be reasonable achievements this year, both in terms of -- well, primarily in terms of the acreage you would expect us to be able to purchase this year, what kind of a number would we be looking at?

MR. ISLES:

Okay. I do actually track that too and also a very hard answer to make. We're at the point right now with -- my target is probably in the range of thirty million dollars of acquisition approaching about seven hundred acres from what I can figure at this point.

LEG. CARACCIOLO:

And that's across all programs, Farmland, Open Space?

MR. ISLES:

Yes.

LEG. CARACCIOLO:

And would it be fair to say that the bulk of that seven hundred acres would be in one category even more so than another? For example, it would be in Farmland as opposed to Open Space?

MR. ISLES:

It would be fair to say that the largest component of that seven hundred some odd acres would probably be in the Drinking Water Protection Program, the Quarter Percent, from what I can see.

LEG. CARACCIOLO:

Great. Thank you very much.

MR. ISLES:

Right now we have about six farms that are -- we closed one last week, {Gatz} was closed, we have five more that are getting ready to close. So we do track that in terms of what's, you know, in the near term closing Duke is going -- is now on that list since the Legislature has approved that and we're now getting ready to go to contract.

LEG. CARACCIOLO:

And that's a Drinking Water acquisition.

MR. ISLES:

Yes, it is. So that's how we do track it in terms of the short term. I can supply to the Committee, however, in terms of your information a reconciliation of the accounts. And also, we do track planning steps resolutions in terms of, you know, how they would potentially spend down those accounts as well. So I can give you a summary as of the end of May, May 31st, we'll make it.

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LEG. CARACCIOLO:

{Adomowitz} is closed?

MR. ISLES:

{Adomowitz} is not closed. That's the one that should close this year, unquestionably.

LEG. CARACCIOLO:

Okay. Thank you.

MR. ISLES:

Okay.

CHAIRMAN GULDI:

Now that we're done reviewing ELAP. Mike, you had a question for Budget Review -- Dave Bishop's question. Go ahead, Legislator Bishop.

LEG. BISHOP:

I have a question for Ms. Zucker as well. Where are we at with the Affordable Housing Program in terms of acquisition of land and partnerships with the towns?

MS. ZUCKER:

To date we've closed one project, Millennium Hills in Huntington. That project is currently under construction. I am preclosing a transaction in Islip next week with the closing scheduled for late, mid to late July. The Babylon transaction was approved at the last legislative meeting. I met with them yesterday to afford on the documentation.

LEG. BISHOP:

What is that?

MS. ZUCKER:

That's a rehab program, it's not a land acquisition program. I would hope to be able to close that in the third quarter of this year.

LEG. BISHOP:

How do you close a rehab?

MS. ZUCKER:

It's a funding mechanism that the County is providing to the Town for them to use on properties that the County has previously --

LEG. BISHOP:

So we just transfer money to the Town, right?

MS. ZUCKER:

Yes.

LEG. BISHOP:

Okay.

MS. ZUCKER:

I have another project that I have an application for in Brookhaven. It's a senior development. That's moving through the zoning process

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in Brookhaven, which can be a somewhat slow process at times. And that one I also hope to have closed by the end of this year.

LEG. BISHOP:

Are there any downtown projects in terms of placing affordable housing in our downtown areas?

MS. ZUCKER:

The Islip transaction is just on the outskirts of the downtown of Bay Shore. It's on the north side of the railroad tracks, so on the other side of downtown, but clearly as an extension of their town downtown revitalization plans.

LEG. BISHOP:

And what is the Islip Project, how many units?

MS. ZUCKER:

It's ten units of ownership housing.

LEG. BISHOP:

And how many is Millennium Hills?

MS. ZUCKER:

Eighty-four. It's forty-four home owners and forty renters.

LEG. BISHOP:

And how many rehabs does the Town of Babylon anticipate accomplishing with this first --

MS. ZUCKER:

At the current rate of funding, we're actually -- I would estimate that they can -- about eight homes, unless we can figure out a mechanism to allow for some recycling of the funds.

LEG. BISHOP:

And what's the biggest impediment to the program in terms of getting more done?

MS. ZUCKER:

That's a loaded question. The short answer is zoning. Getting land properly zoned for affordable housing is a monumental battle.

LEG. BISHOP:

Have you had interest from sellers and from developers and only to be rebuffed by a municipality, can you detail any of that?

MS. ZUCKER:

Yes, I can.

LEG. CARACCIOLO:

Southold.

MS. ZUCKER:

Southold. I had an application for a thirteen unit development in the Town of Southold, it was going to be thirteen homeowner units, and of those, six of the units were going to have an accessory apartment

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included in the units. The developer intended to use our funds and get a subsidy also from New York State Affordable Housing Corporation. The land needed to be rezoned to allow for that development.

LEG. BISHOP:

In Southold. Any other towns?

MS. ZUCKER:

Those have been more in the conversation stage that have never made it any further than that.

LEG. BISHOP:

So it sounds like there's not a lot of interest in constructing affordable housing.

MS. ZUCKER:

I would -- that's not how I would characterize it, actually. I think that there is interest to it -- in it, I think people recognize that housing prices on Long Island have had double digit increases certainly over the last five years. We've seen housing prices increase here three fold that of what we've seen on the national level.

There is a lot of conversation about the need for affordable housing and I don't see the political will at the local level to engage in the battles that are necessary to allow this to happen. I think it's important for the County to continue to play a role in that dialogue and to keep this program active as a means of developing affordable housing when the opportunity does exist and to just keep a public profile.

LEG. BISHOP:

I agree, but I think one of the ways that we can keep a public profile is if we bring potential deals to the municipality and apply the pressure to them. And I don't know where -- if the interest is there from the development community at this time with housing prices so high that we could say to the Town of "X", let's pick Smithtown because their so proud that they don't have affordable housing, here's a development that would have a hundred and fifty units, you know, fifty would be set aside for affordable housing, you know, and then, you know, the Legislature is behind it and rallies support for it and apply pressure to the Town.

I can think of downtown areas in my Town that, you know, that could use the stimulus. It would also re-create a commercial area beneath the housing that's created on top of it and I think that's the kind of development that while may not be universally welcome, certainly in the end would be welcome because it would improve the town and it's something that I would be willing to fight for if it existed.

What I'm trying to probe is there developers that are willing to construct it or is it just not worth their, you know, does the cost benefit not lead them to that conclusion? That's a lengthy question.

MS. ZUCKER:

It's a very lengthy question. I want to say a couple of things. One,

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I want you all to know that Tom and I at the end of last year and beginning of this year met with all of the ten towns, which I had been doing on an ongoing basis to talk to them about the program and the ways we could work together, but we made a concerted effort to meet with the Planning Directors of each of the towns to help us to identify appropriate sites in the towns that we could then pursue for affordable housing purposes. And the response was less than overwhelming with the exception of Islip and we now have an ongoing dialogue with Islip in identifying sites and starting conversations with landowners about sites in Islip that may be appropriate for the program.

LEG. BISHOP:

I'm surprised my town was not enthusiastic, because that's not the conversations I've had with them. I'm Babylon.

MS. ZUCKER:

I'm sorry for not knowing.

LEG. BISHOP:

You're not expected to.

MS. ZUCKER:

We met with Peter {Kasterly}, I sent him several letters, I never heard back from him. While I was meeting with Babylon yesterday on the rehab program, Wayne Horsley and Ellen McVeety were at that meeting and we talked a lot there about the Straight Path neighborhood.

LEG. BISHOP:

Right.

MS. ZUCKER:  
And how that's so in need of some revitalization.

LEG. BISHOP:  
Absolutely.

MS. ZUCKER:  
And I couldn't have made it plainer, I practically begged Ellen to use our program to do something in that community.

LEG. BISHOP:  
Excellent.

MS. ZUCKER:  
I'd love to see that happen.

LEG. BISHOP:  
Very good.

MR. ISLES:  
Just one point, I'm sorry.

MS. ZUCKER:  
The other thing that I wanted to say is on an ongoing basis I do reach

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out to developers.

LEG. BISHOP:  
That's what I want to know, are they interested? Does it make sense for them at this point -- how do we define affordable housing, first of all?

MS. ZUCKER:  
The current definition in the program is for people making at or below eighty percent of median income. For a family of four, that's sixty-six thousand and change.

LEG. BISHOP:  
So sixty-six thousand and change, what kind of mortgage can you get?

MS. ZUCKER:  
I'd say plus or minus a hundred and fifty thousand dollars.

LEG. BISHOP:  
So they have to construct something that's two family, three hundred thousand, right, is that --

MS. ZUCKER:

Something like that or -- I would say plus or minus a hundred and fifty thousand dollars.

LEG. BISHOP:

Right. Okay. So a hundred and fifty thousand dollars per unit. And they can't make money on that, they can make money, but they can't make big money. George is good at this kind of thing, he'll explain it to me I'm sure.

MS. ZUCKER:

Right. I think that there's a number of things going on. I mean there's the single family developers who find it easy, you know, why should I go through the brain death of trying to get, you know, half acre zoning when I can just build a house on five acres, it's a no brainer and it just would sail right through and it will sell.

There are apartment developers who clearly are interested in it and I've had some promising conversation with those and are participating in their developments, especially in situations like Huntington and Islip which already require an affordable set aside in their zoning for zoning -- for projects that get zoning changes.

Some developers have expressed, and landowners as well, have expressed some trepidation about the County's program because it is, frankly, somewhat cumbersome. It's unlike the open space land acquisition, I'm not going to an owner and say, hey, I like your land, let's see if it appraises and we'll buy it. It's like, hey, I like your land, okay, but you have to get it rezoned, then you have to figure out what you're going to build on it, then have you to put all the funding together and then we'll buy it. So it's kind of this long lead time and people need to make decisions on whether to sell their land and/or to buy a piece of land on a pretty quick basis and we are not structured in a way to respond quickly to that.

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LEG. CARACCILO:

That's because we don't have jurisdiction.

MS. ZUCKER:

Over the zoning.

LEG. CARACCILO:

Over the zoning, exactly. So I mean it's kind of -- our attempts to work with towns can only go so far and ultimately it's really they have to determine where in their jurisdictions.

MS. ZUCKER:

Absolutely. We need the towns to be an active participant.

LEG. CARACCIOLO:

As a result of all the conversations you've had now going back more than a year rather, what towns besides Islip and Huntington have these -- obviously none of the other towns have incorporated in their zoning requirements set asides.

MS. ZUCKER:

Right.

LEG. CARACCIOLO:

Okay. Now when did they do that, did that predate --

MS. ZUCKER:

Islip's predated our program. The Huntington zoning ordinance is newer I think, but I would guess that it's about four years old.

LEG. CARACCIOLO:

But obviously there was recognition in those townships that --

MS. ZUCKER:

Right. But I also want to say in Southampton, I'm pointing to George, but Southampton has an ordinance that provides if you increase, if you want to increase the density in the single family development, you have to provide an affordable unit. That ordinance to my knowledge has never been used.

CHAIRMAN GULDI:

Look at the market, though, look at the market in Southampton.

MS. ZUCKER:

That's right. The market is demanding larger homes and people aren't looking for the denser.

CHAIRMAN GULDI:

And you can't build them as fast, to put them in inventory, they sell too fast. Also the history, one of the things I just said to my colleague on a sidebar here, one of the reasons I think that there is suppressed pressure from developers to consider and evaluate affordable housing projects, is the history. Take Southampton, for example, sixteen scattered site developers wanted to do affordable housing and ended up with four to eight hundred residents at a Town Board meeting where they ultimately rejected it after a year of

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application and work. The build out time on this conventional subdivision where you have no problem rolling the inventory over at

market is less than that. And time being money and that business, it's --

MS. ZUCKER:  
Exactly.

CHAIRMAN GULDI:

The other thing I want to point out is particularly with the, with the {like-kind} Exchange rules, it covers some of the administrative process that you're talking about, requirement designation in closing and time lines to avail yourself of the roll over rights under {like-kind} Exchange Rules for the IRS really undercut our projects because you're, I mean for those, for those investors who are in the capital instead of the inventory business, you can't consider the risk of being in a process that doesn't let you close within the time constraints of the Internal Revenue Code, otherwise you suffer catastrophic tax consequences.

So, you know, we really need to dovetail our process in some respects. We need a paradigm shift, I mean one of the things I said to my colleague just by sidebar is that we have the Long Island Housing Partnerships analysis that says Suffolk County needs ninety-five thousand units and we have almost a hundred in the tube.

LEG. CARACCIOLO:

So then the real question becomes that it's really not relevant today in this program, reviewing the Capital Budget, but really for the Legislature in terms of what is a more appropriate role for the County to play in trying to achieve a goal at this juncture. With a hundred in the pipeline and all these impediments that local governments, particularly the towns, have jurisdiction over zoning and land use, not we, I mean we can provide the incentive that we've provided with this program which is now I guess four years old.

MS. ZUCKER:

Right. It's been an active operation closing on two years, not quite two years yet.

LEG. CARACCIOLO:

I've got to believe with all of the interest out there, both in the private sector, through the Long Island Housing Partnership, people in State government, our own government, that you really almost need to come to some consensus with the towns. Do you or do you not, I mean you take East Hampton, Southampton, great examples because of the lands values, and as George said, where is the incentive for a private developer to go in and tie up his funding on a project that when it gets, you know, to the eight mile pole, to use a racing metaphor, you know, the rugs pulled out from under them and they can't actually do the project?

MS. ZUCKER:

We even just to add another example, I've had ongoing conversations with the Town of Easthampton and they were moving forward. The Town of Easthampton tends to develop its own affordable housing projects

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and it's been fairly active over the long history, but it's gotten jammed up in the last few years and they were moving forward with a single-family development, I don't know if you know Green Hollow. That was going to be half-acre, single-family developments, I've been having ongoing conversations about participating in that project as well as a number of others that were pending in the Town and the neighbors went berserk to stop it, forced an EIS and now they're delayed by well over a year.

In terms of what role the County should be playing in the provision of affordable housing, I'd certainly welcome an ongoing dialogue with everybody about what we can do. I would hate to see this program stopped and/or dumped in with the Multifaceted Program, because I think it's a valuable tool. It gives us in a way some standing in the conversation about what ought to be done to address the affordable housing issue and what the County can do to help solve the issue.

CHAIRMAN GULDI:

Since we're here for the Capital Budget Hearing and since I have sponsored Sense 43, which is -- will be before our next regular Ways & Means Committee meeting, I implore you to evaluate that litigation for the creation of the General Facilities Agency and to be here at that meeting with your comments, suggestions, criticisms of that bill, because it's in -- it's in its eleven hundredth draft right now. It may even be halfway to completion. And that's I think a more appropriate time to have this dialogue. Let's focus on the Capital Budget issues now.

LEG. CARACCIOLO:

On that, on the Capital Budget aspect, what are the total fund balances for Affordable Housing initiatives?

MR. ISLES:

Well, we had an appropriation of five million dollars. We've spent out, the Millennium Hills is about a million and a half, we have Sunny Brook lined up hopefully in July to close and then Babylon.

MS. ZUCKER:

And Babylon, which is another total somewhat over eight hundred thousand dollars, which would leave the fund balance after those two transactions at about two million seven.

LEG. CARACCIOLO:  
Okay. Thank you.

CHAIRMAN GULDI:  
Legislator Bishop, your questions for Budget Review is the total debt load for the County?

LEG. BISHOP:  
I think we can dismiss them.

CHAIRMAN GULDI:  
Yes. Thank you very much. Thank you for coming down. We'll see you at our next meeting.

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LEG. BISHOP:  
Gentlemen, do you want to give us the overall debt picture of the County?

MR. SPERO:  
If you look on page nine of our report, there's a chart Robert put together with our existing debt service along with the levels of debt we're projecting to increase over the next several years. That's figure five.

So the black area is the existing debt and you can see how because of the Fifty Percent Rule that the State requires us to buy down the debt rather quickly, you can see how it tails off rather precipitously. The white area is the bond issue that was just done last -- this month, actually.

LEG. BISHOP:  
Right.

MR. SPERO:  
The grey area is a projection of debt based on the proposed Capital Program and then the slanted area there would be an additional amount of debt if we move ahead with our jail construction program.

LEG. BISHOP:  
That's the zebra area?

MR. SPERO:  
Right. The jail, as you know, could be the most expensive Capital Project if we undertake it since the Southwest Sewer District. That's the biggest thing we've ever done, actually.

LEG. BISHOP:

It has it's assets.

MR. SPERO:

So there's good news here. So the County's outstanding debt relative is in very good shape, we're way below the constitutional debt limits set by the State.

CHAIRMAN GULDI:

What is that, the black line is the debt limit on the State, is the State's debt limit?

MR. SPERO:

No. The black line is the 2003 debt.

CHAIRMAN GULDI:

Okay.

MR. SPERO:

That's the adopted amount of serial bond debt.

LEG. BISHOP:

If you go above the black line, you impact the Operating Budget.

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MR. SPERO:

It's going to be increases to the Operating Budget. Now, the thing of -- the area besides the jail construction, which we'll see if the Legislature decides to move ahead with that, the area of concern is the amount of authorized and unissued debt that the County has outstanding and that amount has increased by over sixty million dollars in the last year, which means that we're appropriating more money than the County departments are able to progress projects on.

LEG. BISHOP:

Right. And that's reflected in the grey area, the light grey, no?

MR. SPERO:

Well, the light grey area --

LEG. BISHOP:

I mean it includes it.

MR. SPERO:

It includes an amount of money we think may be issued. In theory all two hundred and seventy million dollars of that authorized and unissued debt could be sold tomorrow.

LEG. BISHOP:

I need a moment to define terms. Issue debt is what?

MR. SPERO:

That's when we sell bonds.

LEG. BISHOP:

As opposed to appropriating, which is you're authorized to do it?

MR. SPERO:

Authorized, that's correct.

LEG. BISHOP:

Appropriated means authorized?

MR. SPERO:

Right.

LEG. BISHOP:

Unlike in Congress where appropriated means -- so authorized is appropriated and then issued is --

MR. SPERO:

When we actually go out and sell bonds and raise the cash.

CHAIRMAN GULDI:

It's when you get the money. Issued is appropriated.

LEG. BISHOP:

Issued is appropriated.

LEG. CARACCIOLO:

Jim, historically, what is a level of authorized but unissued debt

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that the BRO would recommend?

MR. SPERO:

That's difficult to say. I mean clearly you don't want to have this mountain of debt building up behind the damn, so to speak, because number one --

LEG. CARACCIOLO:

There's no debt until you actually go to the bond markets and issue it.

MR. SPERO:

That's correct. But you're issuing, making authorizations or appropriations and the departments are not able to spend the money at

the rate you're authorizing the new appropriations.

LEG. CARACCIOLO:

That raises the question, should the Legislature revisit what it has already authorized and pull back some of what its authorized, yes or no?

MR. SPERO:

I wouldn't give that a yes or no answer. It depends on the projects.

LEG. BISHOP:

It depends on what the policy goals are.

MR. SPERO:

Yes. The projects you want to see progressed and maybe what projects you might want to see put up for --

LEG. CARACCIOLO:

Has the BRO looked at that aspect of the Capital Program and Budget as to what projects we should be, should be the highest priority and moving forward versus those that, that now are in limbo because we've authorized the debt?

MR. SPERO:

We have a Capital Project ranking system.

LEG. CARACCIOLO:

Okay.

MR. SPERO:

Which really should be refined to more accurately reflect how certain projects might score.

LEG. BISHOP:

If your goal is to stay on the black line and you're going to add big projects like the jail, then you need to jettison other projects that were --

LEG. CARACCIOLO:

I agree, I would agree.

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LEG. BISHOP:

-- previously adopted.

LEG. CARACCIOLO:

Because the jail is a priority, we don't have much --

LEG. BISHOP:

For some and not for others.

LEG. CARACCIOLO:

I understand, I know how you feel about it, Dave, but the realities are the realities and you either spend money to build jails to house the inmates that are remanded in this County or you send them elsewhere and spend more money.

LEG. BISHOP:

Spend less.

LEG. CARACCIOLO:

Well, that's debatable.

LEG. BISHOP:

That's what we'll bring out.

LEG. CARACCIOLO:

Well over the long term --

LEG. BISHOP:

A lot less.

LEG. CARACCIOLO:

That's debatable. But getting back to the chart, at what level would the Budget Review Office recommend that we revisit the priority ranking number and --

MR. SPERO:

We recommended revisiting that for the last couple of years.

LEG. CARACCIOLO:

But I mean have you been specific? In other words, since every Capital Project has a numerical value, at what level, what value, fifty or above, what level would you suggest?

MR. SPERO:

That depends on what the debt policy the Legislature wishes to adopt and how much debt you want to take and how much money in taxes you want to raise to pay for the debt.

LEG. CARACCIOLO:

Aside from the policy considerations, from a financial management perspective, do you have any recommendations?

MR. SPERO:

Well, over the last several years we've felt that if you issue, authorize an amount between eighty or ninety million dollars a year, you'd be -- we'd be at a point of equilibrium, let's say.

LEG. CARACCIOLO:  
So let's start there.

MR. SPERO:  
However, we haven't been issuing debt, that much debt, actually issuing the debt.

LEG. CARACCIOLO:  
I'm aware of that and I think that's where the confusion lies, because people look at these charts and they say, oh my goodness, you know, we could be getting in over our head and that's not the case. While we've authorized the debt, what has been the annual issue?

MR. SPERO:  
In the General Fund, we've been doing I think less than forty million.

LEG. CARACCIOLO:  
There you go, so it's half of what --

MR. LIPP:  
Actually last year we did around, a little over forty million, but the long term trend is about seven, we're about seventy-five million now in the long term trend, which we anticipate exceeding now.

LEG. CARACCIOLO:  
Okay. So I guess getting down to some specifics here, Robert, what do you recommend when we get to the end of this chapter here and the property tax impacts and the yield curve interest rates -- well, that's the next chapter, at the end of the day, do you think we should be issuing forty, seventy million dollars, authorized I should say, debt?

MR. LIPP:  
Well, to be consistent with what Jim said, we -- what we stated in the report here is that the Legislature should consider formulating a specific policy on a dollar number that the Legislature authority is in the authorizations, not in the actual issues. That's a function of the timing and the lag with what DPW does to get the projects pushed out and what the Comptroller does in terms of borrowing the money.

We have in the past, but we didn't in this particular Capital review give specifics in terms of, well, if you want to have a level debt service policy, here is a number. We felt that at this time there was so much in the hopper that perhaps that wasn't constructive or rather just to mention that you want to consider a policy retied to perhaps expenditure or inflation adjustment or a property tax impact.

If you look at the authorized, the story line here is we're good news short term because of lower interest rates, we did refunding, so we've got some short term relief. We're fortunate because of the increases in authorizations that we were able to get that short term relief. So we're okay for a couple of years, but if we go on the path that we are and if interest rates do rise, we might be coming back in a couple of years and seeing that we have a major problem.

So we need to consider an authorization policy, what should exactly

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be. You could for instance say, well, keep it within the long term trend that we are now, and the long term trend would be perhaps in the seventy million dollar range, but we need to fine tune that, that should not be considered a number that we should hang our hat on at this moment.

LEG. CARACCIOLO:

Now when you weigh in the balance, you know, those needs you have to meet, like the construction of a new jail facility, put aside the question of the size of that facility, maybe you should build it in phases so you're not building a capacity far in excess of anything you need present day, but, you know, you put together a construction project that says we're going to build a three hundred and fifty, you know, bed facility for 2005 to meet the mandates of the State, what is it, Commission on Corrections, and then three years later we'll have in place phase two which will add additional capacity that we can now project will be needed at that time. Does that approach make sense?

MR. SPERO:

From a budgeting point of view, it does. However, the Commission on Corrections has sent Fred a letter, Fred Pollert a letter stating that that approach was not acceptable in their point of view and they would like us to proceed with the construction of the full eleven hundred thirty cell facility beginning in 2005. So they're pressuring the County to move ahead.

LEG. CARACCIOLO:

I understand. And I think with a certain amount of justification that the County has been very slow to meet the demands to provide additional jail capacity, but I would think if we took an approach incrementally that made sense financially as well as meeting the needs of the State Commission on Corrections, the same goals could be accomplished without putting a strain on our finances.

MR. SPERO:

It would certainly help smooth the amount of debt we issue out if we

could do it that way. And, of course, the construction and the planning would have to be done in a coordinated way to allow you to phase in expansion of the facility.

LEG. CARACCIOLO:

That would make sense to phase in the construction of a facility over maybe ten years to the one thousand plus bed capacity instead of going out tomorrow and bonding all that money.

MR. SPERO:

So if the Commission on Corrections would allow the County, would continue the variances the County currently has, we could certainly proceed in that fashion.

LEG. BISHOP:

Can I -- I'm sorry to pop out and then pop back in, but my other questions are we have other large projects that we're about to undertake. There's --

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MR. SPERO:

We have this year we're scheduled to appropriate thirty-four million dollars for the Civil Court addition at Griffing Avenue in Riverhead.

LEG. BISHOP:

We have the Riverhead Court and then we have the County Center. What is that?

MR. SPERO:

Riverhead County Center is scheduled for 2004, that's over twenty-nine million dollars.

LEG. BISHOP:

Next year we've got twenty-nine million for Riverhead.

MR. SPERO:

The reconstruction of the former infirmary, that funding has already been appropriated, so that's part of the two hundred and seventy million, that's already appropriated.

CHAIRMAN GULDI:

Appropriated, but not issued.

MR. SPERO:

It hasn't been issued yet, because the construction phase --

LEG. BISHOP:

Right. I think we're looking for issued, issued is what we should focus on, right, because appropriated is -- can be in limbo forever.

MR. SPERO:

Land projects are another major cost that we undertake. Ten million dollars of that has been included for the Multifaceted, plus 3.3 million for the --

LEG. BISHOP:

That's almost ongoing, that's every year. What I'm looking for are the bumps that we're -- that are occurring. And the bumps are the Civil Court and the Riverhead Center and potentially the Yaphank. How much is the Yaphank appropriation?

MR. SPERO:

For the jail?

LEG. BISHOP:

No, I'm sorry.

LEG. CARACCIOLO:

For the infirmary.

LEG. BISHOP:

The infirmary.

MR. SPERO:

The infirmary, I think we appropriated sixteen million.

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LEG. BISHOP:

Sixteen million.

MR. SPERO:

Again that's in the hopper at this point.

LEG. BISHOP:

Okay. Now that's -- the way I want to logically look at this is that's, that's a three year period more or less, it's 2003 through 2005, forty, fifty, eighty million in -- for three projects. Is that unprecedented? Let's take a different three, can you think of another three year period as we look backward from today where we made that kind of commitment?

MR. SPERO:

Back in 1986 the County simultaneously authorized the construction of the Cohalan Court Complex and the sixty million dollar Open Space Program on the same day.

LEG. BISHOP:

Right.

MR. SPERO:

Now the Cohalan Court Complex was financed through the New York State Dormitory Authority, that was not County debt.

LEG. BISHOP:

Well, it was paid for by County taxpayers.

MR. SPERO:

That's right. It's a lease payment, not a debt payment.

LEG. BISHOP:

Okay. But I mean the reason I asked that question --

MR. SPERO:

Term of art.

LEG. BISHOP:

I wasn't there at that time. So this is the first time, that's why it strikes me as a peculiar, not necessarily wrong, but a very aggressive error that we are in right now in terms of capital commitment.

MR. SPERO:

That's right. Now you couple those large projects with the two hundred and seventy million dollars in authorized, though unissued debt that's out there, the potential for large bond issues in the near future is large, is great.

LEG. BISHOP:

Okay.

LEG. CARACCILO:

Dave, will you suffer just one interruption?

LEG. BISHOP:

I will in one second when I finish my line, because I'm trying, I have -- conceptually I need to understand this. Going to chart five and looking at the black area and then accounting for the two hundred and seventy million that's been appropriated, but unissued, where would that take us, just the two seventy added to the black in terms of our debt for the next couple of years, would we be below the black line, above the black line?

MR. SPERO:

If we issued it all at one time? All that debt was suddenly sold?

LEG. BISHOP:

Right. I guess that's not a good way to look at it. So why don't we look at it as a way that's --

MR. LIPP:

It's not the best way to look at it because of the disconnect almost between the authorizations and the actual bond issues like we were talking about before with DPW getting the projects through the pipeline. The point could be made is as you put more projects in the pipeline for the authorization, it builds up the pressure on the system. And what we have here in the grey area and the, to use your terminology, zebra area, is what we perceive to be a high probability scenario with actual bond issues that take into consideration the pipeline or authorization, but not the entire thing.

And in particular, if you look at page eight which describes Figure 5, we talk about the things that we were discussing before, that effectively what we're doing is we're projecting bond issues that are based on trend growth, which is about seventy-five million a year trending up to eighty million dollars a year over the next few years, but on top of that adding these exceptions that we were talking about.

LEG. BISHOP:

Now did you factor in that there is a whispered policy currently to bond a lot of operating expenses? You know, we always just that we're taking advantage of historic lows.

MR. SPERO:

As you know, we haven't been able to appropriate funds in the Operating Budget for the Pay-As-You-Go projects.

LEG. BISHOP:

Right.

MR. SPERO:

And we talked about using the Rolling BAN Program and the Comptroller has actually followed through on that and is issuing BANS for the five year projects.

LEG. BISHOP:

But BANS would put pressure on this chart as well, right, we would raise a little higher, is that correct?

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MR. SPERO:

I don't think, Robert, you didn't include -- Robert didn't include the BANS.

MR. LIPP:

BANS are included in the black area, but the -- but as the existing stuff in particular for this year and last year for instance, but the serial bond issues we're assuming that it's going to be rolled over into a serial bond. But effectively implicitly it doesn't matter much, because the nature of BANS is in theory at least for a short period perhaps a year, you can roll it over as much as five years, but to roll it over into a serial bond.

LEG. BISHOP:

But what I was -- I wasn't probing BANS versus serial bonds. What I'm asking about is that increasingly what I see is if there is a tough choice, the answer is we'll just borrow because the interest rate is only one and a half percent right now or something, you know, absurdly low.

MR. SPERO:

The BANS that were just issued this month had a net interest rate of 1.04 percent, it's almost free money.

CHAIRMAN GULDI:

Actually, can I get in?

LEG. BISHOP:

Yes.

CHAIRMAN GULDI:

If you borrow a five year bond at one percent --

LEG. BISHOP:

You're making money.

CHAIRMAN GULDI:

In an economy that over that five years inflates at a rate of two percent, isn't it actually cheaper than free, aren't you actually subsidizing your acquisition?

MR. SPERO:

Yes, it would be. If those interest rates hold over a five year period.

CHAIRMAN GULDI:

Given the thirty year -- given the, excuse me, given the thirty year nature of our bonds and the history of our economy, when in your experience have borrowing rates ever been this low?

MR. SPERO:

I don't think it's -- they've been this low in any of our, in anyone's experience.

CHAIRMAN GULDI:  
But more than --

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MR. SPERO:  
Since World War II.

CHAIRMAN GULDI:  
Since World War II, more than forty years. So with all due respect to my colleague's concern about future debt load, isn't there a probability that the economic pattern will change in eighteen to thirty-six months?

MR. SPERO:  
I'll defer to Robert.

LEG. BISHOP:  
But you still have --

CHAIRMAN GULDI:  
Hold it, let him answer the question.

MR. LIPP:  
I admittedly didn't bring my Karnac hat, but that aside I think I can do okay. First of all, to note that interest rates aside, because you have -- well, I will answer the question, but because you have this debt load building up with the authorizations, that's a slippery slope to play that game, because eventually you're going to have to be borrowing.

CHAIRMAN GULDI:  
Eventually you're going to have to pay --

MR. LIPP:  
Yes. And even if you wind up borrowing at very let's say high interest rates in theory in a few years if they rocket up, you could in theory then refund them like we've been doing over the last couple of years when interest rates dropped back down.

CHAIRMAN GULDI:  
Granted. But --

MR. LIPP:  
But in terms of projections for interest rates, which is really what your question is, that most projections these days are that they will start turning around gradually by the end of the year, beginning of next year and start going up, but nothing major, you know, in other words, they're not going to skyrocket, but they will, you know, it's

not likely that we're going to see rates go down.

CHAIRMAN GULDI:

Not from one percent.

MR. LIPP:

The bottom line is we are very fortunate now because for instance if you go back to chart five, it's dropping off because of the refundings.

CHAIRMAN GULDI:

Stay with me for just a minute. My colleague's concern is that some

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day we're going to have to pay the debt period. My concern is that right now we're in an economic down trend, Long Islanders are hurting, we're getting passed down mandates from other levels of government, we've got huge budget problems, the economic patterns are being cyclical, those patterns will reverse at some point. I can see no better time for borrowing and taking on major projects to meet needs than now.

LEG. BISHOP:

I don't think that's a question.

CHAIRMAN GULDI:

What I'd like to see from Budget Review, if I can, I mean I don't know, tell me how much work I'm asking you to do, the chart you've prepared provides a graphic and good illustration of where we are and where we might be going, I'd like to see it enhanced and expanded if it's not terribly burdensome to do so.

First of all, I'd like to see what the pattern has been for the past, because you start this as of the current, to show us a little bit of where we've been in terms of our debt burden. Is that a relatively easy amendment to do?

MR. LIPP:

Not a problem.

CHAIRMAN GULDI:

Now let me ask you if you can add some more information.

MR. LIPP:

And I can refine it with you after the meeting too to make sure that I understand exactly what you're talking about.

CHAIRMAN GULDI:

All right. The other things that I'd like illustrated graphically like this so that we can make this analysis to reach our consensus on where we want to go policy-wise on specific projects, is not just that historical data, but the -- I'd like to see it charted or added to the chart the constitutional debt limit that corresponds to each year, what would the limit dollars be? Also, I'd like to see it charted year to year against our Operating Budget.

MR. SPERO:  
Percent of?

CHAIRMAN GULDI:  
As a percent. You can illustrate it any way. The tax warrant as of property tax, sales tax, gross sales tax revenue annually. And this one is probably difficult because we get so many varied sources, but aid.

LEG. BISHOP:  
Chart aid.

CHAIRMAN GULDI:  
So that we can see --

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MR. LIPP:  
Your aid?

CHAIRMAN GULDI:  
So we can see the, if you will, the debt burden flow in relation to other revenues both historically and, you know, to the extent with projections it will be difficult on that, but, you know, to the extent they are reasonably easy or, you know, constitute a reasonable guess as to them, that would be, I think that would be illustrative and help us deal with the theoretical underpinnings of which direction we should be going at this time.

LEG. BISHOP:  
And I'm going to defer to you in one second, but I just want to make one point about borrowing at one percent and inflation is two percent and the conclusion that, hey, we're earning one percent. It's not like we're investing the money that we're borrowing at one percent, we're spending it, and so we're just simply deferring expenses to another time.

CHAIRMAN GULDI:  
That's why I said for the necessary projects.

LEG. BISHOP:

We continue to have expenses, so your compounding your problems in later years. Even if it's at -- even if it's at zero percent, a deference is going to create problems later on.

CHAIRMAN GULDI:

Not if you are spending the money on essential projects, I beg to differ. If you are spending the money on essential services or infrastructure improvements or the like, you're going to have to do them anyway.

LEG. BISHOP:

The question that we're dealing with --

LEG. CARACCIOLO:

Thank you, Mr. Chairman. I think that's a great segue into the time I was scheduled to begin in here. Okay. And that brings us to the point of, on page eight, Jim, page eight, bottom half of the page where you talk about the three large Capital Projects in 2003 beginning with the Civil Court construction project and Riverhead, the Juvenile Detention Center, and then you go on from there and you talk about next year, the twenty-eight million dollars for the Riverhead County Center.

Now, as long as I've been in this Legislature, 1990, the Riverhead county center has been a Capital Project that's been in the Capital Program and Budget every single year, and every single year it's been deferred. The question I think in the context of what Mr. Bishop raises, you know, is what, what are the real costs to taxpayers.

Well, let's calculate. I don't have the 1990 Capital Budget in front of me, but I dare say if we looked at that budget, it was not twenty-eight million dollars to rehab the County Center in Riverhead,

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it probably was substantially less. Do you venture a guess, Mr. Spero, what it might have been?

MR. SPERO:

No. It was in the teens.

LEG. CARACCIOLO:

So it might have doubled over the past --

MR. SPERO:

The project has also been expanded from its original scope.

LEG. CARACCIOLO:

Well, when you say expanded, it's taking into account now energy

efficient designs, windows, HVAC systems, things that in the long term from an operating standpoint will cost taxpayers less money. So you just can't take on this subject and ignore the history of projects like this that get deferred, deferred, deferred, and now when you finally get around to doing them, it's going to cost the taxpayers more money. That's just the reality.

So I think in terms of establishing some artificial caps, while that may be well intended, I think it has to take in the totality of what are your real goals and objectives in a Capital Program and Budget and meet them on a priority basis and on a cost efficient basis and tie in your tax policy. And those are admirable goals, but you can't do them unless have you a consensus.

And when you have Legislators who want to nit-pick at a chart like you have on page five, as thorough as this report is every year when you prepare it, I think the dimensions that the Chair mentioned have been absent. So I look forward to that additional information, because then I think it gives you a fuller picture of what has to be evaluated before you can make real policy decisions.

For example, while Legislator Bishop and I may agree on the immediate need for a new jail expansion project or maybe on the size and scope of that, I think if you incrementally can get authority to do so, you can address the financial constraints that we think are necessary at the present time without expanding this Capital Budget beyond what you consider reasonable means and meet the goals that we have as well as the requirements the State has mandated on us to house our own prisoners.

I don't think, I don't know, I'd be happy to work with anyone and everyone to achieve the goal of talking to the Commission on Corrections and gaining their approval to allow us to do a project maybe over the next decade in phases instead of going out there and spending eighty-eight million dollars in the next three years to build a facility that will be under utilized.

When is it envisioned, because I don't sit on Public Safety, when is it envisioned that we will need a full capacity of this new jail expansion?

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MR. SPERO:

I believe that they -- because we're not -- it won't be a net gain of jail cells, they want us to abandon the dormitory housing altogether.

LEG. BISHOP:

Every prisoner gets their own cell?

MR. SPERO:

The State no longer approves dormitory style settings, so we would abandon our current housing on the dormitories and construct new housing. The net gain of cells, I'd have to refer to the project, that's three double 0-8.

LEG. BISHOP:

I think there is a net gain.

MR. SPERO:

There is a net gain.

LEG. BISHOP:

And they said he's going to rent those out.

LEG. CARACCIOLO:

We'll rent them to other municipalities?

LEG. BISHOP:

Jurisdictions, right.

LEG. CARACCIOLO:

So there would be an income stream from --

MR. SPERO:

Don't forget from the State perspective, they only like to see you at eighty percent of our actual capacity, because for the classification of the prisoners, so you have flexibility in how you house prisoners. We, of course, we're well over, we've been over a hundred percent of our capacity for quite sometime.

LEG. CARACCIOLO:

So does this review calculate when all of the additional capacity would be necessary? I understand what you just said about eighty percent, but I mean we don't need eleven hundred new beds.

MR. SPERO:

We can't say at this point. The Legislature has authorized the study that hopefully will answer some of those questions as well as the type of housing we need to construct.

LEG. CARACCIOLO:

The Sheriff's Department has not calculated what its jail users --

MR. SPERO:

What the growth might be, I don't know that they have offhand. If we look at, to try to project into the future based on what's happened in the past, the trend is always up.

LEG. CARACCIOLO:

Okay. I too will be in touch with you, Robert, about some charts I'd like to see that really graphically demonstrate the ebb and flow of the Capital Program and Budget and future projections. But let me ask you in terms of the Operating Budget, what percentage of this year's Operating Budget is dedicated to debt service retirement?

MR. SPERO:

I think it's about seven or eight percent.

LEG. CARACCIOLO:

Okay. And historically, is that the norm?

MR. SPERO:

Yes, that's typical.

LEG. CARACCIOLO:

And when the bond rating agencies look at the County's financials, where do they consider that seven, eight percent, is that a norm for the municipalities of our size or is that above or below that?

MR. SPERO:

They don't consider our debt load to be unreasonable.

LEG. CARACCIOLO:

Okay. Thank you very much. It's unfortunate Legislator Bishop didn't hear that, but maybe you can just repeat it.

LEG. BISHOP:

I'm sorry, why don't you repeat it for me.

LEG. CARACCIOLO:

We're talking about the bond rating agencies.

MR. SPERO:

The amount of debt we have outstanding is not considered unreasonable by the rating agencies.

LEG. BISHOP:

I feel very fortunate to have heard that.

CHAIRMAN GULDI:

Do you have a rating agency standard or what do rating agencies consider in evaluating what a reasonable debt load is, they look at revenue, don't they?

MR. SPERO:

They look at revenues, your willingness to raise revenues.

CHAIRMAN GULDI:

Okay.

MR. SPERO:

They do look at the constitutional debt limit.

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CHAIRMAN GULDI:

Okay.

MR. SPERO:

We're well -- and the amount of debt, how quickly you pay off your debt is very critical.

CHAIRMAN GULDI:

Versus rolling it over.

MR. SPERO:

Right. In the next ten years, we will pay off, most of the debt that's currently outstanding will be paid off, which is a good thing.

LEG. CARACCIOLO:

Let me ask you one.

CHAIRMAN GULDI:

I don't know, is it a good thing to pay off the zero percent balances on your credit cards?

MR. SPERO:

All that debt is not necessarily -- it's at three, four, five percent.

LEG. CARACCIOLO:

Jim, when was the last time you took a look at Nassau, Westchester, Monroe and Erie County's debt service?

MR. SPERO:

Not for some time. We could look at that.

LEG. CARACCIOLO:

I mean, yeah, I'd like to see --

MR. SPERO:

In conjunction with redoing the chart, Robert can try to get some data on what the other large counties around the State, what they're --

LEG. CARACCIOLO:

And unlike the State Legislature that just authorized New York City to extend its 1975 debt service another thirty years, as you point out we take care of our debt service.

MR. SPERO:

The State is paying for that debt.

LEG. CARACCIOLO:

And the State is paying for it. We are paying for it, we in Suffolk and Nassau County are paying to bail out New York City from a debt they incurred over twenty-five years ago. Incredible.

CHAIRMAN GULDI:

Do you want to review -- do you want me to meet you afterwards to talk about an enhanced chart?

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LEG. CARACCIOLO:

I do too.

CHAIRMAN GULDI:

Anything else?

LEG. BISHOP:

Who do I see about a lonely omnibus?

CHAIRMAN GULDI:

You have to write it yourself.

MR. SPERO:

You would like to sponsor your own omnibus? You need four co-sponsors.

LEG. BISHOP:

Four? You need five now.

MR. SPERO:

The letter went out, you need five sponsors on the bill.

LEG. BISHOP:

All right. Well, I mean what do I have to do first?

MR. SPERO:

Get the five sponsors and then we'll discuss how you can put it together

**CHAIRMAN GULDI:**

**You have to talk to people.**

**MR. SPERO:**

**As you know, the Omnibus Committee Meeting is meeting right now.**

**CHAIRMAN GULDI:**

**We stand adjourned.**

**(THE MEETING WAS ADJOURNED AT 11:10 A.M.)**

**{ } DENOTES BEING SPELLED PHONETICALLY**