

**BUDGET & FINANCE COMMITTEE
of the
SUFFOLK COUNTY LEGISLATURE**

Minutes

A regular meeting of the Budget & Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on **Thursday, December 2, 2004**.

MEMBERS PRESENT:

Leg. Allan Binder, Chairman
Leg. William J. Lindsay, Vice•Chairman
Leg. David Bishop
Leg. Daniel Losquadro
Leg. Lynne C. Nowick
Leg. John M. Kennedy, Jr.

ALSO IN ATTENDANCE:

Mea Knapp, Counsel to the Legislature
Ilona Julius, Deputy Clerk
Jim Spero, Director Budget Review
Lance Reinheimer, Ass't Director BRO
Ben Zwirn, Deputy Assistant County Executive
Ken Knappe, Budget, County Executive
Bob Bortzfeld, Budget Office, County Executive
Ellen Martin, Aide to Leg. Binder
Kevin LaValle, Aide to Leg. Losquadro
Lynne Bizzarro, Chief Deputy County Attorney
Walter Denzler
Ms. Zirkowsky
Steve Forst

MINUTES TAKEN BY:

Diana Kraus, Court Stenographer

(THE MEETING CONVENED AT 1:15 PM)

CHAIRMAN BINDER:

Okay. The Budget and Finance Committee will come to order. Do I have any cards? No. I don't have any cards. A lot of people in here want to speak, but no cards. Okay. Anybody want to approach the Committee that did not have an opportunity to give in a card? If not, we're going to move then right to the agenda. This will be quick. I can't believe it.

1929, we'll start with, amending the 2004 Operating Budget transferring funds for the Northport American Legion Post 694 Corporation. I haven't gotten to talk to Legislator Cooper about it. My only concern was the concern we had last time when we tabled it, is that we did a budget and there was plenty of opportunity for members to direct funds. I guess the only question I would have for Legislator Cooper would he want to then have, let's say, less in the 2005 budget by this \$10,000; 10,000 less in the member items next year than ••

LEG. LINDSAY:

What's the offset?

CHAIRMAN BINDER:

I don't think ••

MR. SPERO:

The offset's permanent salaries in the Department of Economic Development.

CHAIRMAN BINDER:

Right. I mean generally obviously support ••

LEG. BISHOP:

Before I would assume table it ••

CHAIRMAN BINDER:

Why don't we table it again? My thought, though, is that if the Legislator would want it in a sense to take this toward next year's allocation or something, maybe we can •• okay. Motion to table by Legislator Bishop, seconded by Legislator Losquadro. All those in favor? Opposed? That's a good question. Who will keep track of those IOU's? You want to do that? No. Okay. We have a motion and a second. All those in favor? Opposed? **1929 is tabled. (6•0)**

1933, establishing truth and accountability tax bill policy for impact of Suffolk County Sheriff's Office on taxpayers. Motion to table by Legislator Bishop. Is there a second?

LEG. LINDSAY:

Second.

CHAIRMAN BINDER:

Second by Legislator Lindsay. I'd make a motion to table subject to call. Second by Legislator Losquadro. All those in favor? Opposed? **Tabled subject to call. (6•0)**

1978, directing the County Treasurer and County Comptroller to provide for the equitable distribution of auction proceeds. My guess is that that is moot since we passed the other bill. So, I'd have to ask Counsel before we go forward on that. We're either going to have a motion ••

MS. KNAPP:

I'm not sure that Legislator Montano would agree that it was moot but ••

CHAIRMAN BINDER:

Is this an adjunct to that bill or ••

MS. KNAPP:

Yes. What he's asking is whatever the amounts that could possibly be returned to homeowners who fit the criteria be segregated.

CHAIRMAN BINDER:

Okay. Is there a motion on 1978? Tabling motion by Legislator Nowick, second by Legislator Losquadro. Any comments on it? I haven't heard from Mr. Montano. So, until we do, we should •• probably a good idea. We have a motion, a second. All those in favor? Opposed?
1978 is tabled. (6•0)

Intro Resolutions. 1995, to readjust, compromise and grant refunds and charge •backs on real property.

LEG. LOSQUADRO:

Motion.

CHAIRMAN BINDER:

Motion by Legislator Losquadro, second by Legislator Nowick. Is there anything in there that's a surprise? It's usually pretty straight forward. If Counsel wanted to say anything. Just make sure it's not unusual.

MS. KNAPP:

6,000 to Brookhaven and 3600 basically to Smithtown, I think.

CHAIRMAN BINDER:

That's not unusual. Okay. We have a motion, a second for approval. All those in favor? Opposed? **1996 is approved. (6•0)**

2062 (to readjust, compromise and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature #198.) The same kind of bill. **Same motion, same second, same vote. (Approved. 6•0)**

2063 (to readjust, compromise and grant funds and charge •backs on correction or errors/County Treasurer by: County Legislature #199.), same motion, same second, same vote. (Approved. 6•0)

2064, (to readjust, compromise and grant funds and charge •backs on real property of errors by: County Legislature), same motion, same second, same vote. (Approved. 6•0)

2106 (to readjust, compromise and grant funds and charge •backs on real property correction of errors by: County Legislature), same motion, same second, same vote. (Approved. 6•0)

2119, appropriating funds in connection with the Suffolk County Multifaceted Land Preservation Program, if I could have Counsel give us •• let me just pull it.

MS. KNAPP:

I'm sure I'm going to be working with Budget Review on this one because mine indicates that the appropriation is for \$11,949,500.

CHAIRMAN BINDER:

That is a big one.

MS. KNAPP:

I'll defer to Budget Review, then.

MR. SPERO:

This would appropriate the remaining funds that are included in the capital budget for this project even though the resolution doesn't specify any specific acquisitions. It would put the appropriations in place so that future acquisitions can be authorized and made.

CHAIRMAN BINDER:

How does this affect whether it comes back to Legislature on •• in other words, there are no individual parcels. We no longer would have an opportunity to look at each acquisition. Is that how that works?

MR. SPERO:

Any acquisition would have to be made pursuant to a resolution. So, any future acquisitions would have to come here to be funded or authorized under this program.

CHAIRMAN BINDER:

So, why wouldn't we do it •• I guess I can ask •• from the budget office, maybe you can give me an idea why don't we do a resolution each time that has the authorization and the

appropriation in the resolution so this way we can do it little by little unless you're talking •• well, we're not going to go out to bond the whole thing anyway until we have •• until we have the sales.

MR. KNAPPE:

Correct. We secure the funding through this way. We have the bond authorization. When land acquisition parcels or pieces or parcels come up, it'll be authorized by the Legislature and the County Executive to a duly enacted resolution. At that point in time the Division of Real Estate would coordinate with the Comptroller's Office to make sure that there's an appropriate amount of cash on hand from the bond sales to cover the project. Since the capital budget had this allocation in it, the resolution should go forward before the year's out.

CHAIRMAN BINDER:

Just •• so I just know the way we do this, if we pass this for, let's say, really \$12 million, it's funny how we parse a few hundred dollars here, if we do this resolution for, let's say, \$12 million, do we go out for a bond right away? We can't arbitrage it; so, I mean I assume we don't have the •• we can't go out for it anyway. So, why don't we do it parcel by parcel, add them up when we have the sales; then go to the Comptroller and say now we have \$8 million in sales, go bond and we'll go get the money unless you're saying that it won't happen fast enough. I mean, I'm just trying to give you different scenarios.

MR. SPERO:

Yeah. If you don't do this resolution, appropriate the funds this year, you're going to lose these funds that were in the 2004 adopted capital budget. They don't have the parcels in place right now. There's going to be no bonding done on this money. It's just setting the appropriation ••

CHAIRMAN BINDER:

We can't encumber •• we can encumber the money for next year rather than ••

MR. SPERO:

Not without appropriating. In the capital budget, you have to appropriate the funds. But no borrowing will be done. There's no cost incurred with this until such time as the properties are actually chosen to be purchased under this program which comes back to the Legislature. And

at that point in time, you know, bonding will be done.

CHAIRMAN BINDER:

Right. Okay. We have •• is there •• is there any other questions? If not, motion by Legislator Losquadro, second by Legislator Kennedy. Any comments, discussion? If not, all those in favor? Opposed? **2119 is approved. (6•0)**

2133, authorizing the County Comptroller and the County Treasurer to close certain capital projects and transfer funds. This is kind of a housekeeping bill we do.

LEG. LOSQUADRO:

Have you reviewed the list of what's being ••

CHAIRMAN BINDER:

Well, it's an interesting group of things. There's County Clerk Library, operable disks, real property. I mean you can go through this. There's •• it doesn't seem anything •• I assume that there's not been any question with any of these projects that ••

MR. KNAPPE:

If I could just mention broadly the two lists that are attached to the resolution; addendum one are projects that have been identified by the department that has jurisdiction over the project and the Budget Office that the projects are to be closed. The Department has requested that these projects be closed. Addendum two references, I believe, it was Legislator Crecca's bill a couple of years ago that has the Sunset provision in it; that if no action was taken within a five •year period of time, those resolutions are automatically to be closed. So, that's what addendum two is.

CHAIRMAN BINDER:

Okay. So, for example, if I were •• and I did make this call before the committee meeting, but like in the Vanderbilt there's a •• like for different things, for different projects. So, they wouldn't say we need that money. They're done, the project's done. They didn't use •• I mean it's not a lot of money anyway. We're talking \$30 thousand, let's say, on one of the things. So they would tell me we spent it, we did it, and that's what's left and that's it.

MR. KNAPPE:

Correct. None of these on this list should be a surprise to the departments. They have worked with the Budget Office. The different priorities and resources within the Department, they might not have gone forward a hundred percent on the project. So, they might all be finished with some residual money left over to close out to pay out future debt costs.

LEG. LINDSAY:

Can I ask a question?

CHAIRMAN BINDER:

Okay. Legislator Lindsay.

LEG. LINDSAY:

Addendum two, what happens to that funding?

MR. KNAPPE:

All the dollar amounts that are in the cash balance side will close out and be used to pay off debt service costs in the budget; so zeroing out the account.

LEG. BISHOP:

If I may, on addendum two, just understand how this works. Okay. Addendum two are projects that unlike addendum one •• addendum one represents projects that are complete and there's money left over?

MR. KNAPPE:

That's correct.

LEG. BISHOP:

So, addendum two is projects that never moved forward?

MR. KNAPPE:

Correct. Due to the •• Legislator Crecca's resolution that the Legislature and the County Executive adopted with the five•year provision they have to automatically be closed.

LEG. BISHOP:

Right. Not due to that. I mean they're on the list due to that; but the projects ••

MR. KNAPPE:

The provisions and the restrictions within that law.

LEG. BISHOP:

So, just taking this big one, Motor Parkway 1.4 million, so at some point the Legislature and the Executive agree that we should spend a million and a half dollars on Motor Parkway. And then it just never happened? Now it's five years later and we're saying it's not going to happen. Is that how to read this list?

MR. KNAPPE:

In general, yes, that is correct.

LEG. BISHOP:

How are decisions like that made? What's the process for that?

MR. KNAPPE:

Within each individual department, for example, they're prioritizing their capital projects. That's an issue that the Legislature may want to take up on a different day why some of these projects haven't gone forward. But the reason I think that Legislator Crecca's bill was passed was that projects weren't going forward. We were carrying an enormous amount of capital projects on our plate, so to speak, and this was to remove some of those projects that haven't moved in five years.

LEG. BISHOP:

So, the money is available to be used as offsets now?

MR. KNAPPE:

No. The only •• the capital offsets would be money that's in the 2004 capital budget. These are projects that might have been adopted back in 1998, 1999 or even previous •• you know, 1998, 1999 that haven't moved forward for one reason or another. So, they are •• they are subject to be closed.

LEG. BISHOP:

Right. But the money was appropriated back in 1999; right?

MR. KNAPPE:

Correct.

LEG. BISHOP:

I use the word appropriated, but appropriated really means authorized; right?

MR. KNAPPE:

Correct. But they may not have been bonding that one out for •• if the departments weren't moving forward with the project, we wouldn't have actually went out with the bond sale for that project.

LEG. BISHOP:

So we only use an offset from when the project is listed in the ••

MR. KNAPPE:

In the current program.

LEG. BISHOP:

•• in the current program. But not for a project that was previously approved but doesn't move forward. All right.

LEG. LINDSAY:

And the cash that's available, the 220 thousand ••

MR. KNAPPE:

The 220 thousand is the cash that's available. Some of that could have been bonded. Some of that could be •• if it was Pay•As•You•Go money at the time. I don't know exactly the specifics with each individual one, but they were often to pay off debt service costs.

LEG. LINDSAY:

So, that money isn't available or is available?

MR. KNAPPE:

It is not available. Offsets are only available for the current year's •• the current year's project program.

LEG. LINDSAY:

What happens to the \$220,000. It goes ••

MR. KNAPPE:

It goes and pays off debt service cost.

LEG. LINDSAY:

For other projects?

MR. KNAPPE:

That's correct.

LEG. BISHOP:

I want the record to reflect that none of the projects that the executive branch chose not to do are in Legislative district 14. They wouldn't dare do that. I'm teasing. That's probably just happenstance.

CHAIRMAN BINDER:

Legislator Nowick.

LEG. NOWICK:

Actually, I just wanted to know where the money was going. It is a positive impact. And it's going to pay off debt service; right? And I think that's what you just said. I got the answers from ••

MR. KNAPPE:

That's correct. And the fiscal impact that's attached to the resolution mentions that the cash proceeds will be used.

LEG. NOWICK:

Not available to spend, but certainly available to help with the debt.

MR. KNAPPE:

Correct.

LEG. NOWICK:

Thank you.

CHAIRMAN BINDER:

Legislator Kennedy.

LEG. KENNEDY:

My question goes back to this bridge project. The money, I guess, that's been identified now will wind up being foregone, but all of the work that was done as far as the prep, the planning and identifying it, the specs and things like that still is valid. Let's just say for whatever reason there is, you know, further identification that this project does need to be done. What's the impact to this?

MR. BORTZFELD:

I'm not sure what specific project you're talking about, but any particular project, if it's decided after the fact that these are closed, since it's a five-year requirement, then you'd have to set up a new capital project appropriation. If it's not in the existing capital budget, then you'd have to come up with an offset from something that is in the existing capital budget to progress the program.

LEG. KENNEDY:

Well, yes and no. I understand. So, basically what we're talking about is notwithstanding whether or not there was merit associated with this project, we hit a time limit, if you will. We hit a 60-month time limit?

MR. BORTZFELD:

Yes.

LEG. KENNEDY:

That really has nothing to do one way or the other as far as whether or not it's meritorious.

MR. BORTZFELD:

Strictly legislative time limit that was set up.

LEG. KENNEDY:

Okay. Is there any way to go ahead and circumvent that five-year time period?

MR. SPERO:

You'd have to start spending money for the project immediately. So, as long as •• as long as the project has not progressed within that five-year time limit, the authorization has to be rescinded. However, even if a dollar had been spent to progress the project, then, the authorization can remain alive.

LEG. KENNEDY:

We got time for me to call Charlie? Okay.

CHAIRMAN BINDER:

Any other questions? If not •• did I get a motion? No. Motion by Legislator Losquadro, second by Legislator Lindsay. All those in favor? Opposed? **2133 is adopted. Or approved. (6•0)**

Okay. I don't know why these are in capital letters. We'll have to ask my staff what happened. Maybe she figured we couldn't read. Okay. Probably. She's right. It's helping a lot. We're getting old.

2141, authorizing the County Comptroller and the County Treasurer to amend the 2004 operating budget and transferring funds to secure New York State Article 6 state aid for the Department of Health Services.

Okay. Motion by Legislator Bishop, second by Legislator Losquadro. Counsel.

LEG. BISHOP:

Spending more money to get money.

MS. KNAPP:

I was going to start and defer to BRO, but I see that Mr. Knappe, who spells his name differently than I do is ready to jump in. I was just going to start by saying that we're

amending the Operating Budget to transfer so that we can have •• we can be eligible for \$2 million dollars in state aid. Is that ••

MR. KNAPPE:

First, I'm enjoying speaking because •• since my boss is here, I'm trying to earn my salary. This is one of the more benign resolutions that will come across to the Legislature. Due to state audits, the Health Department, the way that the chargeback system works, their cost for fleet services, for example, or information services or self-insurance costs for the county, all lump together in fund 16 or fund 38 depending on the program that I just mentioned. For us to secure state aid on that money, the State Health Department wants to see that allocation within the Health Department appropriation itself. They don't want to see it lumped together with the other county costs. This resolution follows suit with what we submitted in the budget this year for 2004 estimate and the '05 adopted. It's basically taking the health portion which was included in fund 16 and fund 38 and bringing it back to the Health Department. So, it's specifically stated in that budget. This way •• we're not getting additional aid, but it secures the fact that we will get reimbursement on that money.

CHAIRMAN BINDER:

We have a motion and a second. All those in favor? Opposed? **2141 is approved. (6•0)**

2142, authorizing the County Comptroller and the County Treasurer to transfer funds to cover unanticipated expenses in the 2004 adopted mandated budget. Motion by Legislator Nowick, second by Legislator Losquadro.

LEG. BISHOP:

Explanation.

CHAIRMAN BINDER:

This is housekeeping stuff, but if you want to explain it ••

LEG. BISHOP:

Usually, housekeeping is where the big action occurs.

CHAIRMAN BINDER:

Right, don't let it get by us. Maybe we'll go straight to Budget Review on this.

LEG. BISHOP:

I mean is it a fair way to •• if I may?

CHAIRMAN BINDER:

Legislator Bishop.

LEG. BISHOP:

Obviously this is where •• areas of the budget where we've incurred more expense than we anticipated. We now have to cover the cost. Is that first step of understanding this?

MR. SPERO:

Yes.

LEG. BISHOP:

So, as policy makers we should look to that and say like physically handicapped pre•school education, it's a \$7 million cost overrun? Which is probably out of our control is going to be the answer but ••

MR. SPERO:

It's not necessarily cost overrun. It's just the costs that are •• to do that program. A lot of it has to do with accruals and bringing everything up to date. There is additional revenue that goes with the pre•school handicapped children's program. But because of the issue with lack of appropriations, we have to do the transfers to cover the appropriations side. We can't automatically come in and budget the additional revenues that are coming in to cover these costs. In this particular one, it's pretty much a wash. It's just you have to adjust your appropriations. So, you have to take the appropriations from some other existing appropriations. And in this case under the mandated side of the budget.

LEG. BISHOP:

You know, frighteningly enough I think understand that.

LEG. LINDSAY:

I mean what we could do is discuss each •• and why the overruns, if we really wanted to drill down on it.

LEG. BISHOP:

I'm just looking for, you know, what is significant here that we should know as we ••

CHAIRMAN BINDER:

Like, an example, physically handicapped pre•school services is \$7 million. I mean are we having a hard time controlling the costs there? I mean that's the kind of question that I think is being asked. Particularly on the big ones, like that one, and we've always had a problem with the pre•school programs.

MR. SPERO:

A lot of the pre•school costs are the transportation costs, you know, due to caps that we've had implied on the transportation side versus the actual education of handicapped side. But it's another one of those programs that's a mandated program. It continues to grow that we don't have any say so in what the costs are going to be.

CHAIRMAN BINDER:

Well, except that we put a cap on it ourselves. We changed it. We put people in there to •• to do more oversight, to be a part of all of the testing and the authorization of the type of services. And when we did that, we found we saved money and we became •• we got more appropriate services. So, I guess one of the questions is, and it really is maybe not proper to do it here because the committee of record •• of jurisdiction, and probably in this case, it's the Health and Human Services Committee, should talk to •• well, but and •• but the thing is that they're not •• the Commissioner's not here. But are we starting to lose control again of it because we had gotten that •• if I took a graph •• if I took a graph of what was happening, for years it was going up expedientially. We were literally losing control of the program. We put a cap in it. We changed it, you know, we reformed it. We put new people in. Now, I know those people that were there have changed. A lot of things have changed. And I guess I've gotten some feedback that we're starting to lose control again; that we're not doing the same monitoring we were doing. Is that the case? Are we starting to lose control of this program and again on that upward tangent?

MR. BORTZFELD:

I'm not sure about losing control of the program.

CHAIRMAN BINDER:

No, in terms of how many people are going into the higher cost that were not •• are we still involved in •• in the recommendations, in the provision of services, and are we trying to make sure that the most appropriate possible •• often the most appropriated are the less expensive?

MR. BORTZFELD:

Right. That appears to be done on a regular basis, you know, by the Health Department and the various committees that they're involved with, with the schools, with the courts, with everything else that is involved in this program. What they did mention that they're looking for is just a little more assistance in the way of additional audits. Apparently, this program hasn't been audited in quite some time. And they just felt if they can get ••

CHAIRMAN BINDER:

The outside providers?

MR. BORTZFELD:

The providers, right.

CHAIRMAN BINDER:

So, we should talk about that.

MR. BORTZFELD:

The potential for •• yeah ••

CHAIRMAN BINDER:

Very important. I mean, very important to keep on top. This program, literally can cost us millions and millions of dollars in increases each year if we don't keep a watch on it and make sure we continue to do the job to stay on •• stay on top of what •• what services are provided specifically. So, something to think about.

LEG. BISHOP:

I know Chairman Binder has an interest in that issue because he's worked on it for a longtime. I worked on the •• obviously the jail issues for a while. And I know that there's about \$5 million there. Is there explanations for that?

MR. KNAPPE:

The jail piece, no surprise to everyone, is due to the closure of the two dormitories back in March. We stated at this Committee and in front of the Legislature, these estimates are included in the budget to pay for the substitute housing costs for the inmates that are scattered throughout the state.

LEG. BISHOP:

Now, Bar Association for indigent defendants, are the number of arrests in Suffolk County up?

MR. BORTZFELD:

No. What happened there was the change in the state law earlier in the year that really more than doubled the fees that we have to pay for the rotating list of attorneys.

LEG. BISHOP:

Okay.

MR. BORTZFELD:

As a result of that, it was subsequent to when the budget was adopted.

LEG. BISHOP:

Hospitalization of jail inmates, why would that go up 1.2? I mean is that •• is that like more than ten percent of the overall cost? I don't know. What is budgeted for hospitalization?

MR. KNAPPE:

I'll defer that question to Budget Review if they can pull it up on their computer. But it's the cost of the jail medical piece in the correctional facility.

LEG. BISHOP:

Just overall?

MR. KNAPPE:

Overall in the jail facilities.

LEG. BISHOP:

I thought it meant sending them out to ••

MR. KNAPPE:

That's a piece of it, but it's not •• it's not ••

LEG. BISHOP:

It's not what's reflected there?

MR. KNAPPE:

That's correct.

LEG. BISHOP:

So, that's not a significant difference ••

CHAIRMAN BINDER:

Well, the question is •• right. The number represents an increase over what was anticipated.

LEG. BISHOP:

Right. If there was a 30% increase, you'd say oh, that's something to look at.

CHAIRMAN BINDER:

Right. If we spent two million, that's a problem. If we normally spend •• if we went over by a million point two, yeah, 1.2 million, we got a problem. That's a good question. If we spend a 100 million dollars and it's one million ••

MR. KNAPPE:

Correct. I know two of the reasons that the costs have gone up is one, we have had an increase in the inmates that are being serviced in the jails ••• I mean in the hospitals. And the costs of the hospitals that they charge us, I think have increased; but what's completely in the

appropriation, I'll defer to Budget Review for that dollar amount.

CHAIRMAN BINDER:

We're not getting a sicker population, are we? So, while you're looking that up, which one is •• is prisoner maintenance, is that transportation, that \$3.2 million?

MR. KNAPPE:

What we try to do with the Sheriff's Office, and I worked with the Sheriff's Office on this, we tried to take care of as much as we could within their mandated accounts. The transportation cost is not a mandated •• the deputy sheriffs that transport the inmates upstate, I don't believe, is a mandated expense. But the cost of housing the inmate is. So, that's why this is addressed in here.

CHAIRMAN BINDER:

So, that's what the 3.2 million probably is. When you say maintenance, it's probably out of state maintenance.

MR. KNAPPE:

That's correct.

CHAIRMAN BINDER:

So like •• one of the concerns as we go forward, but •• leave it on the record here is, as we go forward, if we don't something going in Yaphank, modular, something, the money is going to be astronomical. It's just going to continually amount in the millions of dollars. So, something to think about. So, we don't know that 1.2 million •• we'll get that another time ••

MR. SPERO:

The total estimated cost for prisoner maintenance this year is 6.8 million.

CHAIRMAN BINDER:

That's maintenance.

MR. SPERO:

That's this 4109 appropriation.

CHAIRMAN BINDER:

Hospitalization, 4109 would normally be six million. So, we went over by a sixth.

MR. SPERO:

That's not all hospitalization. It also •• it's for other medical, lab supplies.

CHAIRMAN BINDER:

But, I understand. But you're telling me that 4109, that line, is over by one sixth, which is a significant number. You know, I'm just wondering if for the next budget meeting, maybe the Budget Office could •• just on that one line •• I'm curious. Because •• but we also figure for an increase. So, we probably figured for the increase and still we got hit with another million on top of it. I mean maybe for the next meeting you can do a little research and give us an idea of what that 1.2 represents so we understand going forward into next year ••

MR. KNAPPE:

Even before that, I'll do it for you. If the bill is passed or discharged, today, I'll make sure that you have that information before Tuesday.

LEG. BISHOP:

The bill's going to pass, but we're using it ••

CHAIRMAN BINDER:

Right.

LEG. BISHOP:

•• as a tool to identify ••

CHAIRMAN BINDER:

Right.

LEG. BISHOP:

•• where issues are.

CHAIRMAN BINDER:

Right. So it's something we have to look at next year. That's exactly what it is. It's just a tool

for us. This is not a witch hunt or anything. We're not looking for •• but we need to know going forward how the budget's going to play out.

MR. KNAPPE:

If you'd like Budget Review, and not myself to work on it, the Budget Office would have no problem with that.

CHAIRMAN BINDER:

Great. Thanks.

LEG. KENNEDY,

Mr. Chair.

CHAIRMAN BINDER:

Legislator Kennedy.

LEG. KENNEDY:

One question. While we're talking, let's look at the HEAP money, too. That HEAP money is for •• just for the balance of this fiscal year, we're 500,000 ahead of where we had budgeted?

MR. KNAPPE:

That's correct. The top portion, those six accounts are accounts where we are coming in better than what has been budgeted. It's basically •• it's very similar to what has been estimated. So, it is a surplus that we're able to transfer into the other mandated accounts to cover the costs that are either over expended or under budgeted or a combination of the two.

LEG. KENNEDY:

But this is not something that's going to be applied forward in '05? In other words, this just comes back as fungible money.

MR. KNAPPE:

Correct. Luckily enough we're 500,000 to the good in the HEAP account. We're able to take that money and transfer it to some of the other accounts that need it.

CHAIRMAN BINDER:

All right. We have a •• we don't have a motion yet. Yes, we do. We have a motion and a second. All those in favor? Opposed? **2142 is approved. (6•0)**

2145, requiring accurate reporting of water quality protection and restoration program funds. We'll, Counsel, why don't you give us the low•down?

MS. KNAPP:

This is Legislator Alden's resolution. And it actually arose out of a question that he had addressed to Budget Review. And Budget Review brought to his attention, that the •• that these funds have been commingled. So, that there was no way to separate out how much was in taxpayer protection, sewer, open space, etcetera.

CHAIRMAN BINDER:

Right.

MS. KNAPP:

So, what he's done is put together a resolution where the executive Budget Office would be lead. And they're going to coordinate with the Treasurer, the Comptroller and BRO.

CHAIRMAN BINDER:

Right.

MS. KNAPP:

And they have four months to make a report.

CHAIRMAN BINDER:

I'll make the motion on that. Second by Legislator Losquadro. Legislator Bishop.

LEG. BISHOP:

Well, first Ms. Bizzarro wants to be heard.

CHAIRMAN BINDER:

Right. That's fine.

LEG. BISHOP:

I'd like to hear from her first.

CHAIRMAN BINDER:

Okay.

LEG. BISHOP:

And then I have a question.

MS. BIZZARRO:

I'd just like to bring to the Committee's attention, my understanding is that the County Treasurer is keeping the moneys in separate accounts. And that's pursuant to section C 12 of the Charter. That Charter specifically designates three separate accounts for the monies. There may be some type of a computer •• I don't know if you want to call it a problem or some reason that it's not showing up segregated ultimately on the budget and it comes out as one piece. The only problem I have with the resolution is that on the fourth resolve clause, it seems to want to separate it out. And it may be actually designating new funds or new separated accounts. And if it's doing that, it's in direct contradiction to the way the Charter already reads. So, the only way to do this would be to amend the Charter.

CHAIRMAN BINDER:

No. Doesn't it say pursuant to section.

MS. BIZZARRO:

Right, it doesn't. So, that's my only concern. It's so vague that if it's going beyond the bounds of the way the Charter already reads ••

CHAIRMAN BINDER:

But the resolve says that pursuant to those sections, that they have to do it. In other words, that the direction to maintain the components, drinking water protection •• and in separate funds is pursuant to the Suffolk County Charter.

LEG. BISHOP:

No. It says "are hereby authorized", which is •• seems to suggest creating.

CHAIRMAN BINDER:

No, no, no, no. No, no, no, no. I understand. But if you read the resolve, it says that pursuant to the two sections of the Charter, they are authorized to do this. So, in other words, they have to do it pursuant to the Charter. If they did it outside the Charter, they'd be violating the resolve clause. That's how I would read it. I think they have to do it under the Charter provision as it exists.

LEG. BISHOP:

Yeah. Anyway, we should know what the account balances are.

CHAIRMAN BINDER:

Well, that's my biggest concern.

MS. BIZZARRO:

As long as they're not creating any new funds, this would be okay. I just •• it reads to me somewhat vague.

CHAIRMAN BINDER:

Right. We'll make sure that the Legislator's intent's on the record; but I think that •• and I'll make sure Mr. Alden would put that on the record to do that, but I think we're pretty clear that this would be along the lines of the Charter as it's set up.

MS. BIZZARRO:

That would be fine, then. Legislator Bishop had a question.

LEG. BISHOP:

No, that's fine.

CHAIRMAN BINDER:

So, we have a motion and a second on the motion. I would just say we haven't been able to get the answers, for whatever reason, even if they are in separate accounts somewhere. We should just •• well, we should pass this to get the numbers. I mean we should ••

MR. KNAPPE:

If I could, Legislator Binder?

CHAIRMAN BINDER:

I can see what's going on.

MR. KNAPPE:

This program •• the Budget Office has been tracking this program with Budget Review since its inception. Even as recently as in June, Budget Review and actually myself representing the Budget Office, went over, I think, in a couple of meetings with this Committee, detailing the exact expenditures and revenues that have been received in the fund to date. Exactly how the reporting is going to be done, it's going to be very difficult with the appropriations •• or is the money appropriated before hand?

CHAIRMAN BINDER:

Well, you can set up rules, can't you? My point is in four months you can figure •• if you can't figure out how to do it •• you're authorized and directed to do it. In four months, if you working with our Budget Review Office, you guys can't figure out a way to do it, I think you got to come back to us and tell you can't figure it out.

MR. KNAPPE:

Or may not go as far as what the sponsor may have entailed.

CHAIRMAN BINDER:

Then we might have to review what we did. But I think to set goals is not a bad thing.

MR. KNAPPE:

I do want to state on the record, too, there is a reference in the resolution that there's a commingling of funds, or the perception of commingling of funds. And let me rest everybody assure that there is no commingling of funds. The five programs that are all •• or the five entities that are paid out of fund 477 have not been commingled, will not be commingled. So, I just want to set the record straight with that.

CHAIRMAN BINDER:

Okay. I don't think it uses the word commingled, but I understand. The way it's set up, you're thinking it kind of says it. That's what we'd always want. We have a motion, a second. All those in favor? Opposed? **2145 is approved. (6•0)**

2165, apportioning mortgage tax by the County Treasurer.

LEG. BISHOP:

Let's hear about this.

CHAIRMAN BINDER:

Well, do we have a motion and a second? Motion by Legislator Lindsay, second by Legislator Kennedy. Is there a discussion? What do you want to hear about? We basically have to apportion the tax; otherwise they get a little angry at us.

LEG. BISHOP:

Up or down.

CHAIRMAN BINDER:

I don't know. We can ask either Budget Review or the Budget Office, whoever wants to chime in and tell us where we are.

LEG. BISHOP:

Thanks to Ed Romaine and John Kennedy. They set the interest rates.

MR. SPERO:

Yeah, these mortgage taxes, I think, as everyone knows, have continued to climb. And that has been the case again this year. I think it has been well publicized the Town of Brookhaven is not having a General Fund property tax due to the fact that they're anticipating the receipt of these revenues.

CHAIRMAN BINDER:

Right.

MR. SPERO:

And the distribution of these revenues is required by state law.

CHAIRMAN BINDER:

Right.

LEG. NOWICK:

Yeah, we know that.

CHAIRMAN BINDER:

Basically I think it's been bailing out the town governments all over Suffolk County. Basically they •• like you say, they don't have to increase taxes. If not for these mortgage taxes, I think, town governments would have gone belly up a long time ago. And like you said, Brookhaven is one of them.

LEG. BISHOP:

I guess what I want to know is, are they getting more than they even anticipated at the beginning of the year? That's my question. Do we estimate this in the beginning of the year?

CHAIRMAN BINDER:

I don't think •• we don't budget estimate.

MR. SPERO:

This is •• this is off budget. And we don't really know how much each town allocates in revenues for the receipt of these ••

CHAIRMAN BINDER:

We're a pass•through. We're a pass•through. We just rubber stamp them getting their money. And them having an easy time to do their budget while we're struggling, scrimping and saving and belt•tightening.

MR. BORTZFELD:

Just for the record, too, the MTA gets a big piece of the mortgage tax, also.

CHAIRMAN BINDER:

Well, we should stop that immediately.

LEG. KENNEDY:

Just one quick question.

CHAIRMAN BINDER:

Legislator Kennedy.

LEG. KENNEDY:

Relative to the MTA, how much did they get this time around? Was it 66 mill (sic)?

MR. BORTZFELD:

Something in that range, yeah.

LEG. KENNEDY:

Yeah, that's what I thought. Thank you.

CHAIRMAN BINDER:

This is why they have to increase the fare. Okay. We have a motion and a second. All those in favor? Opposed? Approved. **(2165 approved. 6•0)**

Right. New jobs at the MTA.

2166, Authorizing the County Comptroller and the County Treasurer to transfer funds to cover unanticipated expenses in the 2004 adopted discretionary budget. Again, I think this is one of those •• this is the sister resolution to 2142. How much are we talking about here? 2166. I don't have the number. How much is this? If Budget Office has a number on ••

MR. REINHEIMER:

This transfers within the budget a total of \$27.3 million.

CHAIRMAN BINDER:

27.3? I don't know if we want to go through the same questions.

MR. REINHEIMER:

Well, a couple of these are •• the large ticket items is for the police salaries, \$11.3 million for an estimated shortfall in the police salaries; 7.8 million in additional interfund transfers for health insurance, which was validated through the review of the 2005 operating budget in our •
• the Budget Review Report. There's an additional \$1.6 million for DPW road machinery; one million for the county road fund which includes an additional \$500,000 for snow removal due to last winter; an increase of 2.8 million for light, power and water increasing utility costs. That totals about \$26 million of the \$27.3 million appropriation transfers.

CHAIRMAN BINDER:

Okay. Motion by Legislator Nowick, second by Legislator Bishop. Any questions? No, I was looking through it. All those in favor? Opposed? Approved. **(2166 approved. 6•0)**

2167, a resolution authorizing the issuance of not exceeding \$19,900,982 budget notes of the County of Suffolk, New York, to effectuate the transfer of funds to cover projected retirement costs, for which insufficient appropriations were made in the annual budget of said county for the current fiscal year. Said county. Yeah, it sounds like a contract.

LEG. LOSQUADRO:

Hereinafter referred to as ••

CHAIRMAN BINDER:

Okay. It says \$19 million.

LEG. KENNEDY:

Mr. Chairman?

CHAIRMAN BINDER:

Yes.

LEG. KENNEDY:

Is there an amended copy? Is there actually 67 million here?

CHAIRMAN BINDER:

So, why do we have 19,900,982? Give me the difference. Ah, so, there's an amendment. So, tell me what happened between 19 million and 67 million?

MR. BORTZFELD:

When this budget amendment •• for the budget that was first put in, we were budgeting based on the fact of what we had put in for the adopted budget for 2005 and the estimates for 2004; and the main part of that was that we were going to be paying the pension costs in February of '05 based on the legislation that was passed and based on the Comptroller's indication that we should not even attempt to pay it early because we were going to get no benefit. There was going to be no discount, no savings on paying it early. Subsequent to submission of this as part of our, you know, cleaning up everything, closing it out, to pick up the additional appropriations that we needed, the Comptroller's Office came out with the bills for the employee retirement system and the police and fire retirement system giving a discount for paying as of 12/15 of 2004.

CHAIRMAN BINDER:

Albany.

MR. BORTZFELD:

This came out of Albany.

CHAIRMAN BINDER:

We didn't expect ••

MR. BORTZFELD:

And nobody expected this. I guess there was a lot of pressure put on them, you know, from various municipalities around the State to be able to allow this to happen. As a result, we went through and did the analysis and found that we could save approximately \$1.2 million if we made the payment in December of 2004 versus making it in 2005.

CHAIRMAN BINDER:

Don't tell the Legislature that. They might spend it while you're sitting here.

MR. BORTZFELD:

Well, to do this, obviously, we had to do some fancy foot work because obviously the budget was adopted, figuring everything was going to be done 2005. So, changing the various appropriations around and trying to get additional appropriations in 2004 to pay for it, the shift monies that were going to go in 2004 into the retirement contribution reserve fund and not make those payments, instead make the direct payments results in coming up with the budget note of \$67 million; \$67.4 million, some of it in the General Fund, some of it in the police district fund, to allow us to make the payment on December 15th of 2004.

CHAIRMAN BINDER:

Okay. What happens with the money that we budgeted for 2005? Does that go •• that's going to go to surplus?

MR. SPERO:

What will happen is we're over•appropriated for 2005 because we're advancing the payment to 2004. So, we'll have about \$120 million in excess appropriations in 2005. We would recommend a companion resolution be adopted early next year that rescinds the 2005 retirement appropriations.

CHAIRMAN BINDER:

I don't want to leave that out there for anybody. It's too tempting for everybody. Right, has anyone here read the word offset? 120 million in offsets is just a little bit too much to leave out there. So, I would ask Counsel •• let me ask Counsel to start drafting that and for the organizational meeting have a resolution •• a companion resolution laid on the table worked out with Budget Review. Counsel, shaking her head no.

MS. KNAPP:

Mr. Spero and I discussed this this morning in some detail.

CHAIRMAN BINDER:

Oh.

MR. SPERO:

What we might be able to do is •• the first meeting of December is one of the legislative windows for amending the budget.

CHAIRMAN BINDER:

Right.

MR. SPERO:

If we can get something drafted to put on as a late starter for Tuesday amending the '05 budget; and then you could adopt it in the first regular meeting of the new year.

CHAIRMAN BINDER:

Okay. So why don't we do that? I will put that in. If I can put that in •• does everybody on the Committee want to be co• sponsors? So have their •• make it a committee bill so this way we take care of that house cleaning real quick and don't leave •• it's like leaving the refrigerator open full of cake and cookies, you know, it's not a great thing to do when everyone's hungry. And we're always hungry. Okay. 2167, did I get a motion? No. Motion by Legislator Losquadro, second by Legislator Nowick. All those in favor? Opposed? **2167 is approved. (6 •0)**

2168, authorizing the County Comptroller and the County Treasurer to transfer funds to cover expenses related to debt service cost. How much are we talking about? 24 million? \$24 million. This is mandated. This is •• how much is the number here?

MR. BORTZFELD:

\$6.7 million.

CHAIRMAN BINDER:

6.7. It's a lot less. I don't feel so bad now. See what happens when you over shoot?

MR. BORTZFELD:

If I can explain this?

CHAIRMAN BINDER:

Yes.

MR. BORTZFELD:

What this was is, when we adopted the 2004 budget, we adopted under the impression that we were going to be incorporating the 2002 early retirement incentive amortizing it through the State Comptroller's Office so the money was put under the pension cost. Late in 2003 the decision was made, a resolution passed, to do the bonding for the 2002 early retirement portion under the existing legislation. As a result all this transfer does is transfer us money from the pension account to the debt service account to cover that costs.

CHAIRMAN BINDER:

Right. It's just a shell game, basically moving one to the other. Okay. Motion by Legislator Kennedy, second by Legislator Bishop. All those in favor? Opposed? 2168 is approved.

We have nothing else. Okay. Is there anything to come before •• Jim Spero?

MR. SPERO:

Just a point of information.

CHAIRMAN BINDER:

Yes.

MR. SPERO:

The mortgage tax, this year's resolution distributes \$9.2 million more to the towns and villages than last year's mortgage tax resolution.

CHAIRMAN BINDER:

Oh, my gosh. Well, look, if one thing we could say is, for labor, for industry, for, you know, just generally for the economy of Long Island, it's not a bad thing that we're, you know, we're moving things, we're building houses hopefully. And hopefully it's not just all re•sales and there's remodeling and things, refinancing; but also re•modelings and people are using their money to do things. Okay.

Is there anything else to come before the Committee? If not, I'll make a motion to adjourn,

second by Legislator Losquadro. All those in favor? Opposed? We are adjourned.

(THE MEETING CONCLUDED AT 2:04 PM)