

**BUDGET & FINANCE COMMITTEE  
OF THE  
SUFFOLK COUNTY LEGISLATURE**

**MINUTES**

A 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 Tuesday, May, 8, 2007.

**Members Present:**

Legislator Ricardo Montano - Chairman  
Legislator Jon Cooper - Vice-Chair  
Legislator Cameron Alden  
Legislator Jay Schneiderman  
Legislator Steve Stern

**Also In Attendance:**

George Nolan - Counsel to the Legislature  
Bob Martinez - Aide to Legislator Montano  
Linda Burkhardt - Aide to Presiding Officer Lindsay  
Renee Ortiz - Chief Deputy Clerk of the Legislature  
Gail Vizzini - Director/Budget Review Office  
Linda Bay - Aide to Minority Caucus  
Ben Zwirn - Assistant County Executive  
Brian Beedenbender - County Executive Assistant  
Allen Kovesdy - Deputy Director/County Executive's Budget Office  
Jeff Tempera - Director of Labor Relations  
Donald Grauer - President of the SC Probation Officers Association  
All Other Interested Parties

**Minutes Taken By:**

Donna Catalano - Court Stenographer

(\*THE MEETING WAS CALLED TO ORDER AT 10:11 A.M.\*)

**CHAIRMAN MONTANO:**

We're going to call the meeting to order, and we'll start with the Pledge of Allegiance led by Legislator Alden.

**SALUTATION**

**CHAIRMAN MONTANO:**

Jeff, if you would, we have one card. It's three minute presentation by Cheryl Felice. Just sit there. I'm going to ask her to -- is she on the phone? Then we'll start with your presentation. Go ahead, Jeff.

**MR. CASALE:**

Thank you, Mr. Chairman. My name is Jeff Casale, I'm President of Suffolk Regional Off-Track Betting Corporation. I brought with me a small army of dedicated OTB employees, all of whom having been contributing to some of the efforts. I'm going to briefly introduce them; to my right is Tom Kilmartin. Tom is Assistant to the President for Budget Management. To my left is Neil Tiger, our corporate counsel, followed by Russell {Cradville}, who is assistant to the President for Corporate Systems. And to his left is Marietta Seaman, Vice-President of Suffolk Off-Track Betting.

I just want to say that is a bipartisan team that is here. I'm sorry, I forgot somebody, so maybe we're not that big a team. Probably one of most important people is our Comptroller Celine Gazes. I think many of you are familiar with Celine. She had participated in the Tax Relief Commission. We're here really at probably the suggestion of Presiding Officer Bill Lindsay and also Legislator Romaine and other members of the Legislature who were responding to a report that Suffolk OTB prepared largely for the audience of the New York State Assembly and Senate Delegation from Long Island.

Suffolk OTB as well as the other five regional OTBs across the state have really been dealing with an issue these past few years, actually the last couple of years with regard to -- you might have heard about this -- the New York Racing Association Franchise, and they're responsible for running the three major tracks in New York State. That franchise is expiring at the end of this year. And there has been a process underway that was supposed to just address the franchise operator. And it has, over the last two years, expanded into a completely review of the racing industry in New York, including commentary about the Off-Track Betting Corporations across the state.

We have seen this is an opportunity all along to address the issues facing Suffolk OTB with regard to the industry and what is singly the most important issue, at least to us, is part of your mission, which is to generate revenue for the taxpayers of Suffolk County. It is something we have done successfully for the past 31 years to the tune of \$193 million paid to the County and -- to provide relief in the County budget. That mission has been somewhat challenged over the past ten to 15 years by regulatory fees and other legislation that has been in existence imposed upon us by the state.

And where we may be actually making more money than ever, we are providing less and less to the County of Suffolk and more and more to the racing industry and to the coffers of the State of New York. I like to always talk about a little story, and I think you probably all have heard this phrase. Some years back, there was a Mayor of New York City who was looking to raise as much money as he could for his jurisdiction, and one of things they talked about was selling OTB and moving it elsewhere. And that Mayor said something to the affect of, it's the only bookie in town that losses money. That is simply not true.

I would tell you that OTB in Suffolk -- I won't speak for the other five regions -- does make money. Unfortunately, there has been a complete turn around of where the money has been going with less and less going to the County as required by statute and other regulations and more and more going to other two recipients of the revenue generated by Off-Track Betting. We have prepared a report, which I think each of you have now received. And I won't take you through each item on it, because it's rather extensive. The report that we prepared addresses a lot of the Legislative concerns that we have. And they are Legislative concerns that would, we believe, allow for a better operation of OTBs across the state as well as allow for greater revenue generated to the people of Suffolk.

The process that is ongoing now and which we think will culminate in several weeks in Albany to select a new franchise holder really comes down to a simple question of public policy. If off-track wagering, which is the only form of legalized gambling in the state is to continue through OTBs, will the mission of providing revenue to localities continue, or will it no longer be something provided for the local jurisdictions? In other words, would all the revenue then go to the racing industry, or, in my opinion, worse yet to a private entity? Because I do think that we have succeeded over the years in generating the revenue for the taxpayers.

And if we come away with anything today, what we really want to do is foster a partnership between our County leaders, certainly the Members of the Legislature and Suffolk OTB to protect that revenue stream to the County. I think it becomes increasingly important that we understand what has been happening. We have prepared a presentation today that we hope educate you on the issue. I also failed at the beginning to say thank you for having us here. I genuinely mean that. I know I speak for all the members of OTB, because I think this is really the only way we're going to accomplish our goals. We will need certainly -- we would certainly ask your help in soliciting the support from Members of the State Legislature who represent Suffolk County.

And the other thing you will gather from this is that conditions have changed over the past 31 years. There have been new sources of revenue for the tracks around the state that really affect our revenue stream. They are making money hand over fist with introduction of VLTs, which are the Video Lottery Terminals. They have been placed at various harness tracks, and I believe one thoroughbred track in New York State. Yet Suffolk OTB and the other regions across the state are still required to pay those tracks. We actually send payments to those tracks that are now generating tens of millions of dollars in revenue. So we are subsidizing tracks while they have a source of income, and we then take that money, in effect, from the taxpayers of Suffolk.

I will also like to point out that over the past 15 to 16 months, we at Suffolk OTB and certainly Marietta Seaman and I have worked very, very hard together to reform the Off-Track Betting Corporation in the County. We have made some significant changes in operation in terms of our efficiency. We have cut back on what we have determined to be many unnecessary expenses. We've really done -- we've kept the payroll down, in fact, it is lower than it was 15 months ago. We have not provided salary increases to our appointed staff in over four years. And we are holding the line, and we do that because we take our responsibility and our mission of providing revenue to the people of Suffolk very seriously.

But no matter what we seem to do, no matter how successful we are in managing a very large \$250 million corporation, if the legislation that currently stands in New York State and the regulations that currently stand in New York State continue the way they are, nothing we do will make a difference in terms of the revenue we could provide to the County. And with that, I'm going to ask Tom and Russell to initiate a brief Power Point presentation that I think will hone in on some of the topics and certainly the numbers that we are talking about.

**MR. KILMARTIN:**

Good morning, gentlemen. The package that we provided you has a short Power Point show, which we would like to take you through. And there are two supplemental handouts; one is a glossary of common terms we use in this Power Point show, terminology that is unique to the racing industry.

And there's an overview of revenues that have been returned to the state and local governments since our inception in 1975, and we're going to refer to this during our presentation. Some of our Power Point slides refer to this.

So where we are -- where we were, where we are now, and where we are going. In 1970, the State Legislature authorized OTBs and specifically identified three primary objectives; to generate revenue for local government, to curb occurring illegal bookmaking, and to ensure the wellbeing of the horse racing industry. You should know that in 1974, Suffolk County authorized a study to investigate the implementation of Off-Track Betting in this region, and the study was adopted by the Legislature, and subsequently, we started operations in 1975.

And this is the current overlay of branch and service operations we have in the County of Suffolk. Currently we run 15 operations, headquarters, through most of the ten towns. Next slide outlines for you graphically the total net handled. This is a tough slide. It's 31 years spread over time. The total of \$5 billion in generated -- generation of revenue to Suffolk Off-Track Betting. And as you refer back to that Excel spread sheet that's in front of you, you can see clearly that Suffolk County has over time turned \$356 million to the racing industry, \$83 million to New York State, \$65 million to other localities that support the horse racing industry, and \$193 million to Suffolk County.

Now, this is the revenue allocation formulas presented in 1975 in the inception of Off-Track Betting. Now I'm going to continue to refer back and forth to the spread sheet. If you look at the column to the right of the total column of that spread sheet, Suffolk County, you will note that that represents the percentage of distribution of allocable revenue. In the beginning of 1975, we allocated -- by law was allocated 53% of our revenue came directly to Suffolk County. A total of \$2.7 million. That was based on total distribution of 5.1 million.

If you jump ahead to the next slide, 1980, our distributable revenue is 19 million, and the percentage of distribution to the County held at about 46%, it's \$8.8 million. As time processes, 1990, the continued fight over legislation and percentage of distribution to other municipalities in the State of New York, you'll see the shift is now to 25%, total distributive revenue is up to \$26 million, Suffolk County share is down to 6.6 million.

We jump down to 2000. The distributed income is 23 million, the percentage is 22%, and we're returning \$5 million to Suffolk County. Currently, we are operating under the 2006 allocation model. We're holding at 23, close to \$24 million. Our distribution is down to 13% or \$3.3 million. Now, for purposes of just speculation, if you look at the Excel spread sheet, we hypothetically projected for you, if the rates had remained constant from 1980 forward, Suffolk County Region Off-Track Betting would have turned an additional \$121 million over to Suffolk County giving you a total of 314 million.

Let's look at the trend distribution by graphic chart. Some of us are visual, we like charts, I like Excel spread sheets. You'll see the trend line -- if I can show you here from 75 -- and the Suffolk County trend line is down. All right. That's the best graphic representation we can present to you. However, we tried another graphic representation. We wanted you to appreciate the impact that these changes in formula are having on taxpayers of Suffolk County and our ability to provide revenue to this body to assist you in your budget processes.

**MR. {CRADVILLE}:**

Moving forward, one of the things that -- one of the items that I want to reiterate that Tom brought up was in 1980, we had revenues of about \$19 million and turned approximately nine million of that over to Suffolk County. In 2006, we had revenues of approximately \$24 million, and yet, because of legislation, only turned just over \$3 million over to the County. So we are making more money, it's just where the money is going.

And some of the things that we want to highlight are some of the payments that we have -- that we have made to in-state tracks for races at other -- at other tracks. We paid \$6.6 million to in-state

tracks for races that weren't even run at their track. The tracks of Belmont, Aqueduct and Saratoga, over \$4 million for races that were run in California or Ohio or Kentucky. We still pay these tracks even though the race wasn't run at their track. In-state harness tracks, all of which now have VLTs, we paid \$1.7 million in additional commissions on top of the commissions we paid them for races at their own track. And for Finger Lakes Racetrack, we paid \$832,000.

Now, we pay these payments whether these tracks are running or not. Belmont, Aqueduct and Saratoga are closed on Mondays and Tuesdays, we still send them hundreds of thousands of dollars on days they're not even racing. The in-state harness tracks, they may be closed for periods of time, they're running less and less than races, and we still pay them. Finger Lakes Racetrack closes for three months; January, February and March, and we still pay them. They currently -- years ago, they never simulcasted other races. They're taking races from tracks all over the country as well. So it's not as if they don't have the ability to take the same races that we do. So they're simulcasting -- they're not just taking wages on their own track, they're taking wages on tracks all over the country.

We also have some mandated fees and payments that we make. And just for 2006, we made an additional \$3.5 million in payments that came right out of the coffers that would have gone to Suffolk County, and instead have gone to these agencies. There's a New York State regulatory fee, which was adopted in 2003, which started out at .39%, it's now a half of a percent. It's close to a million a year they take right from the top, not from the portion of the wager that we keep, from the actually wager itself. We send that money up to state.

We pay other New York State Counties that have tracks locate within their county, we pay close to a million to them for taking races at those tracks. So not only are we sending money to the tracks, we're sending money to the counties in which the tracks are located, including Nassau County, which I think last year was approximately \$266,000 to Nassau County and another -- to New York City it was close to 300,000.

Then we have unclaimed winning tickets. These are tickets that were wagered and won right here in Suffolk County by Suffolk County residents who either misplaced, lost, forgot to turn them in. We send that money up to the State of New York, \$645,000 this past year we sent Upstate -- to New York State as opposed to keeping it right here.

Then there's also simulcast fees. Not only do we have to pay the track for races taken out-of-state and the highest fees for races at their own track, we have to pay them -- we have to show the picture of the track by law, and we have to pay them for showing the track. So not only do we have to show the race -- and the only way you're going to get a wager on a race is if you show it -- we have to pay them to show the race. So they get payments for showing the race, for taking the race, for races they don't take. Just a few small examples of some of the payments we make.

Some of the things that we would like to see happen, you know, we feel that the additional commissions to New York State tracks or as we internally like to call them, welfare payments, we think that needs to stop. These tracks have other sources of revenue. They are taking simulcast racing themselves. They all have VLTs. We think that it's time for that to stop. We think there should be a reduction in the New York State regulatory fee. You know, the purposes of the OTB was to generate government -- revenues for local government. We understand that we need to send some fees, we send para mutual taxes on every wager that's taken to the state. We understand that we need to be regulated and that there are some fees, but their fee has gone up too much. We think there should be a reduction.

We feel that we should retain the unclaimed winning tickets. Those losing tickets were generated by the taxpayers of Suffolk County. The benefits of the lost tickets should remain in the County and should be turned over to the County. We think that there should be input on take-out legislation. Now, take-out, if you look at the glossary, the explanation of take-out is the portion of the wager that we keep, and the rest of the money goes into the pot for the winners. In the past 30 years, the

percentage of money that is kept for the OTBs to operate and essentially retain profits has gone down. So essentially, we have no control or even input on how much of the portion of the wager is kept by the OTBs to help pay our fees and to help maintain our business and essentially turned over to the County. We feel that in 30 years, it's very, very difficult when expenses have gone up and the fact that the portion of revenue that we're allowed to keep is actually decreased.

We think there should be an elimination of simulcast fees. By law, we have to show the race. In order for us to take wagers on the race and for people to be interested in it, they want to see the race. There's no reason at all why we should have to pay a fee to show a race for which the track is benefitting. We're paying them a commission on the race.

And another topic that we could get into deeply, but just quickly, we want to allow OTBs to operate Video Lottery Terminals. We made a large presentation in front of the Tax Commission, and we could, you know, provide that report to this committee as well. But it would generate a tremendous amount of revenue for Suffolk County. Thank you very much.

**MR. CASALE:**

This was clearly rather brief in terms of the issues we're confronting, but I think it's extremely important that everyone understand where we come from on this, and it is that a lot of us believe strongly that we have been unnecessarily and unjustifiably criticized. And that's not just in Suffolk, we think it's across the state. NYRA, which is the current franchise operator, said, "Well, OTBs have been the ruination of the industry and the state." That is just nonsense. Eighty percent, 80%, of all the wagers placed in this state at NYRA tracks are made through Off-Track Betting Corporations. Try to imagine where raising would be in this state without that 80% wager.

There's been a tremendous amount of misinformation generated, misimpressions fostered. We've become something of -- if you pardon my expression -- a whipping post for the failure of other entities in the state. We have never, unfortunately, and I've criticized my colleagues across the state for not speaking up enough, and we feel it's time to educate and create partnerships with our leaders in our county to move forward and to try and affect some of the Legislative changes and initiatives that need to be made.

There are so many other problems with the racing and wagering laws in this state. We are embarking on internet wagering platforms very shortly in Suffolk and hopefully across the state in order to remain competitive and to remain part of today's technology. But there out-of-state entities that could have internet wagering platforms, and they wouldn't have to pay any of the regulatory fees that we have to pay. And that just makes no sense. But no one has addressed those issues. You know, we point out that just because a county or other jurisdiction has a track in it, we're making directly to that county. Again, we point out our neighbors to the west, Nassau County has its own OTB region, yet Suffolk County OTB sends \$260,000 that could go to the County of Suffolk right over to Nassau simply because they have a track in their jurisdiction. We do think there needs to be changes.

The report that I have given each of you, not only outlines the Legislative initiatives that need to be undertaken or that we believe need to be undertaken, but we've taken it a step further, and as you read that report, you'll see that we've presented a model, a business model, that we think would work across the state, a new way for Off-Track Betting Corporations to work together for their own regions as well as for the state and for the industry.

And we want to be partners with the tracks. We think we can have a healthy industry and raise even more revenue for our taxpayers than we currently do. So with that, if you have questions, we would be happy to answer them. We, again, thank you for this opportunity.

**CHAIRMAN MONTANO:**

Jeff, thank you for the presentation. I thank all of you, Tom, Russell, Marietta and Celine. Thank you very much.

**MR. CASALE:**

I left out Dwayne Gregory.

**CHAIRMAN MONTANO:**

Dwayne, how are you there.

**MR. CASALE:**

Associate Director of Corporate Services. He's taken a seat in the audience.

**CHAIRMAN MONTANO:**

There are some questions. I have a couple of brief questions myself, So as Chair, I'll start. It seems to me, though, a lot of what you said is primarily within the jurisdiction of the State Legislature as opposed to the County Legislature.

**MR. CASALE:**

Yes, it is.

**CHAIRMAN MONTANO:**

What committee in Albany is the committee that you primarily deal with in the State Legislature on issues?

**MR. CASALE:**

For Legislative initiatives, it is the Racing and Wagering, it's actually Para mutual Wagering and Racing Committee of the State Assembly. I believe there's a counter part in the State Senate. They are the ones who consider those -- all of the Legislative changes, and then, of course, it goes to the full body --

**CHAIRMAN MONTANO:**

Right. I understand the process.

**MR. CASALE:**

-- after that. But we are also regulated heavily by the Racing and Wagering Board of the State of New York.

**CHAIRMAN MONTANO:**

Two questions. Do you know which of our local State Legislative officials are on those committees?

**MR. CASALE:**

I believe no local member.

**CHAIRMAN MONTANO:**

How about the Wagering Board?

**MR. CASALE:**

No Long Island representation, and, of course, this is where the population is. In fact, I think an interesting note is that Chairman of the Assembly Racing and Wagering Board is in a county that does not participate in OTB, Westchester County. They do have a track called "Yonkers," which has 5000 VLTs now and where we continue to send payments. And he made a comment recently in an interview where he said, "Well, we might have to start rethinking the local revenue source for OTBs." And that kinds of sent chills up my spine, to be honest with you, because he's in a county that doesn't get revenue from OTBs, but he's in a county that gets revenue from other OTBs. And he's got a track that's got VLTs where money is coming in now tens of millions of dollars. You know his sentiment was, "Well, so what if Suffolk County or Catskill Region or Western New York doesn't get the revenue?" And that concerned me.

**CHAIRMAN MONTANO:**

Let me ask you this. In terms of the Suffolk County Legislature or committee in particular, what role, if any, other than informational, do you see us playing in some of the issues that you've presented?

**MR. CASALE:**

Well, I think at the beginning, I stated that, you know, we need to be a partnership on this issue, because our jobs collectively is to raise as much as revenue as we can, non-tax revenue, for the residents of Suffolk County and the homeowners of Suffolk County. And in that partnership it would mean helping us, if you will, lobby our state delegation on the issues that are presented in the report that I provided to you.

There is an impact if OTBs were to simply go away or if OTBs were to become privatized. There would be a very negative impact on the revenue stream to the County of Suffolk. And we think we can actually maximize that revenue, we can increase it, with minor changes in legislation, but it requires getting the attention of all the members of the Suffolk delegation, let alone members of the committee. And certainly the relationships that you have as elect officials and representatives for Suffolk County, could work if we can convince all of you to help us with this effort and get the members -- we talked to the state --

**CHAIRMAN MONTANO:**

Let me ask you this, are there any particular bills -- I don't want to go into substance -- but any bills or proposed legislation that's pending before the Legislature that you would like to impact?

**MR. CASALE:**

I'm going to let Counsel Tiger respond to that.

**CHAIRMAN MONTANO:**

Neil, go ahead.

**MR. TIGER:**

Good morning.

**CHAIRMAN MONTANO:**

Good morning, Neil.

**MR. TIGER:**

First, let me remind members of this committee that in 2003, and I think again in 2005, Memorializing Resolutions were enacted by this Legislative body. In '03, Governor Pataki had wanted to impose an administrative fee at the rate of .5. This Legislative body and others around the state at the behest of the regional Off-Track Betting Corporations did provide Memorializing Resolutions, and that's why we were at least able to start off at .39 rather than the .5%.

Two years later, this Legislative body passed a Memorializing Resolution with regard to a number of changes in the Racing and Wagering Law that would have more negatively impacted our region and the other regions in the state. And the resolutions were ultimately adopted by the state. One of the areas of great concern to us, and we understand that there are some philosophical hurdles that have to be overcome with regard to the authorization of Video Lottery Terminals to be run by the -- by the regional Off-Track Betting Corporations. That is not to say that there would be a slot machine parlor on every other corner or every exit off of the LIE, but to have one local -- one location within the County.

The revenues that are being generated by VLTs for education, and in the case VLTs in this County run by OTB, would be a tremendous, tremendous relief to the taxpayers of this County as well as providing a significant amount of revenue to the County for other areas of concern. There is -- there are a number of laws in the Racing and Wagering Law that are sunsetted this year, including the bill

authorizing simulcasting.

We would hope and work with Counsel to try and send a message to Albany that there needs to be some substantial reworkings with regard to the simulcasting provisions and the payments that both Russ and Tom have outlined to you. We paid -- in 2005 I believe, we paid Monticello Raceway five times the amount of money in what are known as payments to regional tracks for races conducted in other states and elsewhere within the State of New York than we paid them for wagers that were placed on their track. There is something wrong with that.

What we really need to get out of this body is a strong message to both Majority Leader Bruno and the Governor and the Speaker of the Assembly that there would be strong objections to changing the current public policy determinations that require funding and a revenue source to localities from para mutual wagering. And there are -- the racing industry forces, whether they be those large entities that all of a sudden have expressed an interest in the three tracks currently franchised to NYRA, that being Aqueduct, Belmont and Saratoga, are not looking to increase revenues to localities, they're not even, for the most part, looking to help the horse racing industry.

Any of you who have followed the news on the presentations that were made at the beginning of this month, understand that they're all talking about VLTs and slot machines. And those slot machines are not going to benefit anybody other than perhaps Steve Wynn, who our vice-president had a rather heated exchange with following his testimony in Albany. If we don't send a clear message to Albany that we do not want this revenue stream to end, it's going to end. You know -- you know how many mandates the state has given you for which they do not provide for revenue, well, now the one mandate that they do have that provides you with revenue is in jeopardy.

**CHAIRMAN MONTANO:**

There are members of the committee that want to ask questions. I just want to reconcile one thing that I heard. Jeff, when you opened up, you said that there were general revenues that accrued to the state of 193 million. I'm looking at this chart that talks about "Suffolk Region OTB Net Handle" -- I don't know what page it is -- is that what you were referring to earlier?

**MR. CASALE:**

The revenue was to the County over a 31 year period.

**CHAIRMAN MONTANO:**

Over a 31 year period, okay.

**MR. CASALE:**

It generated 193 million. And the sheet -- there's a sheet I think you all --

**CHAIRMAN MONTANO:**

The 2006 revenue allocation indicates that we received, as a County, \$3,346,000, which is roughly 13%.

**MR. CASALE:**

Correct. That's been the annual --

**CHAIRMAN MONTANO:**

That's what I wanted to reconcile.

**MR. CASALE:**

-- recently, that's been the annual flow.

**CHAIRMAN MONTANO:**

And this "Suffolk Regional OTB Net Handle," what is that, your gross revenues that pass through the agency?

**MR. CASALE:**

That's the amount wagered.

**CHAIRMAN MONTANO:**

Wagered.

**MR. CASALE:**

In Suffolk County.

**CHAIRMAN MONTANO:**

And I'm looking from 2002, I guess, was your peak year, at \$211 million, we're now down to 195.

**MR. CASALE:**

Yes. That's correct.

**CHAIRMAN MONTANO:**

How does that affect -- is there a proportionate decrease in revenues if things had stayed the same? I mean, you know, how do you factor in the revenues, just briefly?

**MR. CASALE:**

Go ahead, Neil, briefly.

**MR. TIGER:**

Briefly, what happened in 2003, there was a change -- there was a change in legislation. For many years, the OTBs has been asking the state for permission to carry nighttime thoroughbred racing. But what happened when the Legislative changes were made, the harness tracks and their lobbyists became concerned, and they imposed -- the legislation ultimately imposed certain additional requirements for the Off-Track Betting Corporations with regard to the harness tracks. We had to continue to pay them the amount of revenue that they received in the base year of 2002. And then there were additional penalties if we went over 100 million statewide. So ultimately, we got what we asked for and ended up with far less money than we should have because of the -- and that's why -- that's why the reduction -- you see that reduction in handle as starting in '04.

**CHAIRMAN MONTANO:**

Thank you, Neil. Appreciate that, appreciate your presentation. If there's further stuff, please send it to myself as the Chairperson, I'll disseminate it to the committee members. Legislator Stern had some questions.

**LEG. STERN:**

Thank you, Mr. Chairman. Hello, everyone. Thanks for being here today. Thank you for your presentation. Jeff, first let me say congratulations to you and to your staff. We hear and see great things; very important cusp-cutting reforms and other, you know, big changes that have obviously had a positive affect, but I also hear, you know, the frustration, because, you know, what you had said is it almost doesn't matter all of the good that you guys do, this trend, obviously, under the current system is just slated to continue to grow. Of course, that's disconcerting to all of us.

Just a couple of questions. The regulatory fee of about \$968,000, how does that compare to other counties? Should there be some percentage -- in your opinion, obviously you would like there to be no regulatory fee, but in your estimation, what should that number be? What's a realistic number?

**MR. CASALE:**

Even if we were to roll back -- Neil, correct me if I'm wrong -- a simple roll-back to where it was prior to the increase, which was back to the .39 is reasonable. That additional 1.1, which sounds, you know, small to most people, really represented the kind of increase that you saw in the money we paid elsewhere.

**MR. {CRADVILLE}:**

About \$230,000.

**MR. CASALE:**

But you can also, you know, handle a lot of the regulatory requirements if we were just able to keep the unclaimed winning tickets. You know, there's -- I think the -- no one has ever really -- I shouldn't say no one -- no one had paid attention in detail to the impact of minor little changes in regulatory fees and what it does to what we're able to provide to you. And when these decisions were made in the State, they're not really caring too much about what it means to the loss of revenue to the County.

**MR. TIGER:**

And there are -- they are internet wagering sites that are taking a large -- a large dollar amount in handle, of which do not have to pay these fees. There are tracks throughout the country who simulcast races from New York, and they do not have to pay these fees. By a point of example, the State of California a couple of years back increased -- increased the amount that had to be paid on each wager place in order to offset additional costs to them on Workers Comp for jockeys and other horse track employees. New York State could do something similar to that. We could be charging some type of administrative fees to these other entities that are coming in, taking New York customers, and for which -- neither the localities nor the state is receiving a voucher.

**LEG. STERN:**

And has there been an analysis as to what the estimate might be in term of revenue from VLTs to Suffolk County?

**MR. CASALE:**

Actually, yes, quite detailed. When we appeared before the Tax Relief Commission -- and I'll surely get it for you, Steve -- there are a -- three different scenarios in that based on the number of VLTs that we think we can support in Suffolk County, and the revenue was -- offhand, I don't remember it -- but it was around 80 million was one of scenarios. There's plenty. And it could help tremendously in terms of taxpayer relief. So, you know, that's why we're trying to figure out why we continue to pay tracks -- private entities that have them.

**LEG. STERN:**

Thank you.

**CHAIRMAN MONTANO:**

Legislator Cooper, I think, had some questions, followed by Legislator Alden.

**LEG. COOPER:**

Good morning. The thoroughbred and the harness tracks throughout New York State, they're all privately owned or is it a mix of --

**MR. CASALE:**

It's a mix. The three primary thoroughbred tracks in the state are Aqueduct, Belmont and Saratoga. And those are owned by a non-profit public corporation called NYRA, New York Racing Association. That's the franchise that we're talking about that expires this year. Then there are privately-owned and privately-held facilities like Finger Lakes Racetrack, Saratoga Harness -- all the harness tracks actually; Buffalo Raceway, you know, I can name any one of them.

One of the things I think Neil was referring to, there's a track in -- somewhere in Western New York State along Route 17 -- and when I tell you I've passed it numerous times on my many trips -- in the middle of nowhere, a track called Tioga Downs, which was opened years ago, reopened probably two years ago or so, a year ago, and they run just the minimum amount of races to qualify for having VLTs. And we pay that track. And we were told by the State of New York that we are to look

at Tioga Downs as a regional track. Now, it takes me about six hours to drive there. And that's a private entity.

**LEG. COOPER:**

The relative revenues generated from the three tracks operated by NYRA versus the private tracks, the three large NYRA tracks generate the bulk of the revenues?

**MR. CASALE:**

Yes. Certainly the NYRA tracks are the attraction to horse racing fans. Saratoga is the high season for horse racing throughout the country. It's really a great place and a great event. Belmont hosts the third leg of the Triple Crown series, which we're all hoping there will be a Triple Crown winner this year. And Aqueduct, of course, has always sort of been the foster child of NYRA, but it is there. And those are the three big tracks in the state. They generate most of our handle. About 47% of our handle is right in New York State.

**LEG. COOPER:**

How has the horse racing industry made the case over the years, from '75 to 2006, that state share of the revenue allocation has remained more or less constant. The local -- the County has dropped precipitously, but the racing industry increased from 23% to 70%. How do they justify that, and how does the State Legislature acquiesce in that?

**MR. CASALE:**

Well, the Legislature, I believe, in effect, acquiesced to the Racing and Wagering Board on a lot of issues. And, again, it's important for us -- and I think I can speak for all the OTBs across the state -- our quarrel is not necessarily with the industry itself and certainly not with what we call the horsemen, the people who breed and take care of the horses. It's a great industry in this state. The farms -- there are many farms, and it's a great job provider. But to answer -- certainly to try to answer your question, I don't think there's been a lot of justification for the increase. And I don't want to be too confrontational with regard to NYRA, but we have sent -- we being all six regions -- have sent million upon million of dollars to NYRA. And if any of you have followed their history, they've had some issues with regard to their management. And I think, in effect, we're paying for some of the mismanagement issues that are out there.

We want to keep racing alive. Obviously it is important to our County as it is to other counties across the state. But while we have sent all this revenue to NYRA -- and to their credit, I think they've made changes over the years that have improve their operation, but we keep sending them money, and we're paying for what was, I think, mismanagement over the years. And we get the criticism, which, you know, doesn't make sense.

**LEG. COOPER:**

Thank you.

**CHAIRMAN MONTANO:**

Legislator Cameron Alden.

**CHAIRMAN ALDEN:**

Thanks for coming down. Thanks for presentation. First, I want to just start with when I was first elected as a Legislator, I was very disappointed in Suffolk County's OTB performance, and I don't know who on your board now was there then and wasn't here then, but I'm very glad to see -- it's about three years ago, that I think you turned the corner, and you made a whole bunch of real good moves. And I'm glad to hear that you're making some more moves, because as we know, improvement is always good and can always be made. Having said that, how much is a para mutual tax that New York State gets on each wager?

**MR. {CRADVILLE}:**

Approximately half a percent.

**LEG. ALDEN:**

And is that included in the numbers that you presented to us before?

**MR. CASALE:**

(Shaking head yes).

**LEG. ALDEN:**

So that's a cut-out first, and then you get to the numbers that you presented to us.

**MR. CASALE:**

That's correct.

**MR. {CRADVILLE}:**

It's included in the pie chart, but not in these numbers that we were discussing separately.

**LEG. ALDEN:**

Okay. To fully understand where we can go, because it is a zero sum game, you know, you have X number of dollars, and if somebody gets more, somebody else has to get less. To really fully understand where we should go and where you should go with this, I think we have to expand in little bit on what Jon Cooper was talking about before, and that's the intent of the Legislature in making any of those moves and why they made adjustments.

And I understand from, you know, like, past arguments that they want to keep the racing industry alive, so those sound like legitimate types of consideration. As far as who else gets money and why they've given it to counties that you enumerated before and their different circumstances, that maybe would be included in some of the argument over -- not argument, but discussion -- of a pending piece of legislation or past legislation. So if there's anything that you can pick out and, you know, put together to send us to let us understand how these -- because they're political decisions -- how those political decisions were made, that will help us in identifying who we have to go to and whether we should even go and do it, because quite frankly, if those are etched in stone -- and as we all know, there's only X number of Legislators from Down state and only X number from Suffolk County and sometimes we get short-changed in a whole bunch of formulas, like, for instance, school aid. So -- because we're outnumbered by votes. So if you get us a little bit more of the information, I think, on that, that will help us identify.

**MS. GAZES:**

We also feel that a lot of the arguments for supporting the racing industry no longer hold water because they've been given VLTs, they are raking in tons of money with these VLTs. They don't need our subsidies any more. We feel that those arguments no longer hold water.

**LEG. ALDEN:**

Right. But obviously, a majority of whoever is making the decision on that felt that they should get more. So that's where we need to know, you know, where and how and basically --

**MR. CASALE:**

Legislator Alden, I think you're making a very good point. I mean, we're asking for, obviously, your help in making changes, which we think would benefit the County, so we should provide you with, and we will provide with, greater guidance with regard to the legislation.

I think the sense of urgency that we have here is that all of this is coming to a head within the next several weeks based upon the Governor's recommendation with regard to NYRA and also with the sun setting of the some of the Racing and Wagering Laws. And what we'll do is when we forward it to you, we'll be specific as to what we think needs to be addressed right away.

**LEG. ALDEN:**

Thank you.

**CHAIRMAN MONTANO:**

No more questions I gather. Bill, I'm sorry, I didn't see you. Go ahead.

**P.O. LINDSAY:**

I go back to what Chairman Montano asked earlier. You know, I think we understand the problem. Is there a vehicle, is there a bill, do you guys know of a bill that's currently pending that would correct some of this?

**LEG. ALDEN:**

I know where you're going. There's no Sense of the Legislature any more.

**MR. CASALE:**

We'll get that for you. Neil was just reminding me, there is a Legislative package that was given to the Assembly and the Senate.

**P.O. LINDSAY:**

Okay. Does it have sponsors?

**MR. CASALE:**

I believe so, yes. We will get that for you.

**P.O. LINDSAY:**

Okay. I really think that's what we need. The other suggestion that I would make is it's apparent by the numbers that they're killing the goose that laid the golden egg.

**MR. CASALE:**

Very well put.

**P.O. LINDSAY:**

I would suggest to you guys that you have some kind of Legislative reception for -- and invite our entire delegation, both Senate and Assembly and invite us as well, because we certainly are the recipients of less and less revenue. And I would strongly suggest that you put on the same presentation, because I would venture to say that probably a lot of our State representatives aren't aware of these incremental changes, how they've changed the whole thing.

**MR. CASALE:**

In the past, I know OTB sponsored those initiatives, and we have every intention of doing that again. And I think it would be great if we can get our local Legislators and our State Legislators in the same room and on the same side.

**P.O. LINDSAY:**

And I think it's something that should be done quickly.

**MR. CASALE:**

Yes. Oh, it will be.

**P.O. LINDSAY:**

I'm aware a little bit of the discussions with the Governor and NYRA and whatever. And I believe one of the things that's on the table is for whoever replaces NYRA to take over OTBs.

**MR. CASALE:**

That's one of the rumors that are out there, yes.

**P.O. LINDSAY:**

You know, my concern in that is the lack of local input, and are they going to cut us out of the revenue stream all together?

**MR. CASALE:**

That's our concern, and that is a possibility, I suppose, under any model that comes out of the NYRA decision. You know, not many things in the County budget appear on only one side of the ledger. OTB is one of those. You know, we're not on you expense side, we don't cost, in effect, anything to run us. We generate our own revenue, and we turn our profit over to the County. To lose that -- you know, some people say, "Well, you know, \$3.1 million is not a lot of money every year." First of all, we think it could be more than that with minimal changes in legislation. And it may not seem like a lot of money, but what are you going to do if it's not there? That's why we are here today. We really are concerned that there hasn't been the kind of attention or sensitivity paid to the localities, to the local governments, that benefit from para mutual wagering.

And you are right, there have been discussions or we have heard rumors about changing the business model that would have the tracks run OTBs, and then where would the revenue go? You know, so we take -- we take your suggestion to meet with the State delegation very seriously. It's not that we have ignored them, by the way. We do talk to them on a regular basis. But maybe bringing them together for a full impact --

**P.O. LINDSAY:**

And although you say the \$3 million isn't a lot of money, for us to replace that through real estate taxes, we would have to raise real estate taxes 6%.

**MR. CASALE:**

There you go. I wasn't saying the Legislature was saying that, but I have had heard that criticism from others.

**CHAIRMAN MONTANO:**

Any other comments from any of the Legislators? I want to -- Jeff, I want thank you, Neil, Tom, Russell, Marietta, Celine and Dwayne. Thanks for coming in. We'll following up on that. Anything that you think we could do, just myself, the Presiding Officer, you know, with respect to this committee, let me know, as I said, I'll disseminate to the other Legislators, and we'll take it from there. Thanks a lot for coming in.

**MR. CASALE:**

Thank you very much for having us.

**CHAIRMAN MONTANO:**

We're going to go on to the agenda and move forward. We're going to get back to agenda. We have one card, Cheryl Felice from AME. Cheryl, I tried to call you earlier before the presentation. You were on the phone so you had to sit here for 45 minutes, and I apologize. Come on up.

**MS. FELICE:**

Thank you, Chairman Montano.

**CHAIRMAN MONTANO:**

You're welcome.

**MS. FELICE:**

That was an interesting presentation. It taught me one thing; that will teach me to be out of the room when you call my name. Timing is everything. Good morning to the rest of the members of the Legislature, and thank you for allowing us -- inviting us to speak today.

My name Cheryl Felice. I'm the President of AME. And I'm here to speak to you on a number of issues. First, I would also like to just offer to the Legislature, as I did to Mr. Casale as he left today, if the OTB would like a venue in which to do a joint presentation to the State Legislators as well as to Suffolk County, I'm offering you AME Headquarters. We have the space, the Power Point, the slide projector, and we think we could accommodate that presentation which would ultimately help all of us in gaining more revenue streams into Suffolk County. That's AME's -- you know, we believe in our social responsibility that we are not only employees of this County, but we're taxpayers and residents too and would want to do our part, so I make that offer to you.

I'm here to speak to you today on a situation that has been pending for the last six months, and it's an unfortunate situation in that we have a group of workers that are working in the Insurance and Risk Division over at -- with Workers Compensation and the liability end who have been left in limbo for the last six months because the budget was changed to move the into Audit and Control. The Charter was never changed to take them out of Civil Service. And now we're faced with a situation where we can't seem to get legislation moving.

So after some soul searching with AME and assurances to make sure that this unit indeed is not going to be privatized, which was an issue that was rumored, strongly rumored, about this particular group, that we have decided to support Resolution 1427, transferring the funding for the Division of Insurance and Risk back to Audit and Control -- from Audit and Control back to Human Resource and Personnel and Civil Service. That's a decision that wasn't made lightly, but one that we feel is the best decision to end the limbo that our members are in right now because of the last six months of jockeying back and forth as to what division they actually work for. So I'm here to speak to you about that.

Also, I just noticed on your agenda is Resolution 1423, about transferring funds for the maintenance of the TWA Memorial at Smith Point. Originally, AME had opposed the private funding -- the private contractors that were used for that facility. We have since spoken to a number of the family members who are involved with TWA, and we felt that it's a more social issue rather than a clinical issue of staff employees and really felt strongly that the members needed to make that connection with the TWA Memorial for those -- for those family members they lost in that tragic incident and that the agency that was hired to work along with the families in maintaining that memorial, we are indeed in support of.

**CHAIRMAN MONTANO:**

So you're asking us to approve from your perspective 1423?

**MS. FELICE:**

Correct.

**CHAIRMAN MONTANO:**

Any questions from any members of the Legislature?

**LEG. ALDEN:**

1423 puts the money into Parks.

**MS. FELICE:**

What I wanted to make clear was in the Parks Committee a couple of months ago, we had opposed the fact that there was going to be money in the budget that was going to fund a private agency to maintain -- for the maintenance of TWA.

**LEG. ALDEN:**

If 1423 passes, it completely defunds the money that went to the families and the Flight 800 Memorial.

**MS. FELICE:**

That is not my intention. My intention is just to reiterate to the committee that we support the funding mechanism to maintain the private -- the private contractor to maintain the maintenance at that service, at that area, okay?

**LEG. ALDEN:**

Thank you.

**CHAIRMAN MONTANO:**

Hold on. Does anybody want to make a comment or ask Cheryl any questions?

**MS. FELICE:**

Originally, we had supported doing the work in-house. We realize it's more of a social issue. A number of the family members did call and speak to us, and we had very favorable conversations and understand the social responsibility also in that particular area where those family members need that connection. And the agency they're working with, they work alongside of the family members, that it's not just, you know, a clinical measure to -- for the maintenance of that facility. It's more of an emotional measure.

**CHAIRMAN MONTANO:**

Thank you, Cheryl.

**MS. FELICE:**

Thank you very much.

**CHAIRMAN MONTANO:**

Thank you very much. All right. We're going to move on to the agenda. Before we do that, I'm going to ask -- Gail, I know it's getting late, do you have any updates from the budget perspective? Maybe give us a general overview of where we are at this month. I missed the last meeting. But if you could just give us some general pointers on where we stand financially, fiscally in the County.

**MS. VIZZINI:**

Sure. Not a problem. We did have one meeting with the Executive Budget Office regarding the budget model. All of you probably received notification from the Comptroller's Office in terms of how we ended the 2006 fiscal year. There was a very generous surplus in the General Fund of \$149 million, but unfortunately, a shortfall in the Police District of \$36 million.

The concern regarding the Police District is two fold. The good news is that shortfall is not quite as bad as it appears, because we have already made the 2007 retirement payment to the tune of about \$50 million. So that's an expense that does not have to be incurred in '07. So it almost washes away that shortfall. However, as in previous years, the cost escalation in the Police District is driving the increase in terms of property tax increases in the Police District.

Much of the assumptions in the two respective budget models are similar in terms of what the contributing factors are to growth. One major policy decision that will have to be made is our budget model shows a potential double digit, 10 point something percent, possible increase in the tax levy for the Police District unless the Police District is given more of the sales tax revenue. Last year we gave them an unprecedented \$72 million. If the Police District is given the full three-eighths of a cent, it's over \$100 million, that would mitigate that need for a 10% increase into a four point something percent increase. And then depending on what other policy decisions are made along with the way in terms of class, timing, size of class, class, no class, and a variety of other things that, you know, are being considered as far as controlling the escalating expenses.

**CHAIRMAN MONTANO:**

Just so I get this. So if we give -- if we raise the contribution to the three-eighths of 1%, that would mitigate an increase down to 4%, is that what you said?

**MS. VIZZINI:**

Based on your budget model.

**CHAIRMAN MONTANO:**

Based on your budget model, right.

**MS. VIZZINI:**

There's a lot of other things that can contribute to that and change that.

**CHAIRMAN MONTANO:**

So all things being equal now, if we raise the contribution, it would lower the anticipated increase to 4%, is that -- am I getting this right?

**MS. VIZZINI:**

Yes, you are. It's a major policy decision. It does, however, leave the General Fund with less revenue.

**CHAIRMAN MONTANO:**

How much are we giving them now percentage -- wise, if you know?

**MS. VIZZINI:**

It's \$72 million.

**CHAIRMAN MONTANO:**

Well, that dollars. If you know. In other words, if we go up to three-eighths, where at a certain dollar amount. Where are we now in terms of how much we fund?

**MR. LIPP:**

A quarter of a cent is about 65, 66 million. So 72 million is a little bit more than that. We give the a sum-certain fixed amount.

**CHAIRMAN MONTANO:**

Legislator Alden had asked to speak and then Legislator Schneiderman is on the list.

**LEG. ALDEN:**

I'm looking at some of your -- I'm not looking at now, but I did back in the office -- some of your memos on the police spending. So is it fair to say that there was a fairly significant increase in costs for energy? And let's face it, they consume a lot of gasoline and heating oil. But the main thrust of the increases seems to be personnel costs. And it doesn't necessarily reflect an increase in sworn personnel, because I'm noticing that those numbers are kind of down, yet the overall personnel costs are significantly higher.

**MR. LIPP:**

Actually, in the Police District, there's an interesting problem. We have actually done whatever we could within the very -- that is the County -- within the limits that we can in terms of keeping costs down, in part because we haven't hired a lot of police officers, which is, you know, fiscally perhaps good news, but, you know, service-wise perhaps not.

But the point to be made is the issue with the Police District is really the retirement system. We have benefited from the prepayment of retirement over the '06 and '07 adopted budgets. And that benefit has kept downtown perhaps what would have been maybe even larger increases. Going into 2008, we won't have that benefit or savings to be able to bail us out, so to speak. So we have greater pressure going to the '08 budget because of that.

**LEG. ALDEN:**

So police retirement benefits, and that's contractual, they go up and that's what the driving force is?

**MR. LIPP:**

The driving force is we pay retirement in the Police District over \$50 million a year. But in '05, there was a one-time State legislation where we basically lagged the payment which we would normally pay in December, instead we didn't have to pay until February. So we took the savings, over \$50 million, over the course of effectively the '06 and the '07 budget. We don't have anymore to take in '08.

**LEG. ALDEN:**

Fifty million dollars. Go back whatever period of time you want to go back, five years, ten years. How much of an increase has it been other than, like, five or ten year period of time? Was it \$10 million ten years ago, now it's \$50 million dollars?

**MR. LIPP:**

I could get you those numbers in a minute if you want to wait, how much. But the bottom line is we -- that is the greatest pressure on the 2008 budget for the Police District. The savings we were able to receive in lag retirement benefits, we've utilized already.

**LEG. ALDEN:**

Right. But if your retirement benefits are -- you know, if they're consistent over the course of years, you can budget for them. If they've gone up ten or 20%, then you can't.

**MR. REINHEIMER:**

Over the course of past 13, 15 years, retirement benefits for employees, including Police and ERS have fluctuated all over the place from zero up to \$50 million for the Police and same for ERS. Things have -- four years ago, they stabilized the rates, they've changed how the billing is done, makes it easier for us to budget. But, yeah, Police retirement has been -- has increased significantly over the past ten years.

**LEG. ALDEN:**

Is that because of the performance of the Retirement Benefit Fund, or is that -- because years ago, there was no contribution on the part of --

**MR. REINHEIMER:**

It's dynamic. It's a combination of the investments, and it's also a combination of the Comptroller and policies and billing procedures that they instituted. And it's not always reflected in the rates. I mean, there just have been a number of different policies that impacted the rates aside from investments returns.

**LEG. ALDEN:**

But there was a Stock Market crash, the Pension Fund took a huge hit, and then all of a sudden, we got -- not all of the sudden, I mean, obviously, we were going to get hit with contribution rate levels that were double digit increases. So it went from a zero to whatever -- you know, whatever it was at that time.

**MR. REINHEIMER:**

It's about 13% now. In the past, going back in the '70s, it was as high as 20%.

**LEG. ALDEN:**

Then it dropped to zero.

**MR. REINHEIMER:**

That's correct. But those were policy decisions that weren't necessarily good policy decisions for long-term investing. They've changed the policy now that they charge less than 4% no matter what the investment return is, because long-term stocks are up and down. Over the long term it's going

to be an 8% return. That's been the history of the market.

**LEG. ALDEN:**

But 4% is different than the 10% that's we're facing as far as an increase.

**MR. REINHEIMER:**

It's also a policy decision on what is the appropriate level to fund the system to provide for future retirements. Those are policy decisions.

**LEG. ALDEN:**

But New York State decides that the funds should be increased and now passes that along to us.

**MR. REINHEIMER:**

Not New York State. The New York State Comptroller is the sole trustee, he determines the rates and policies.

**LEG. ALDEN:**

So recently the Comptroller decided that there should be more money in the fund. And to achieve that, we've got to raise our rates of contribution?

**MR. REINHEIMER:**

Under Hevesi, yes, that's correct. And now that policy seems to be continuing, which is the proper long-term funding of the -- of the system to ensure that when people retire there is sufficient funds in the system.

**CHAIRMAN MONTANO:**

Legislator Schneiderman.

**LEG. SCHNEIDERMAN:**

As my colleagues are no doubt aware, my district is largely served -- is largely outside of the Police District, only a very small portion of my district is within the Suffolk County PD. The residents in my district pay for police services. They pay it through their town tax bills and their village tax bills. I think it's a reasonable assumption that the County Executive in his budget in an effort to keep taxes in the Police District from going up a large amount will try to increase the amount of General Fund, the sales tax revenues, for that Police District. And it will raise the issue once again about fairness.

Right now, we're roughly about 6% of the sales tax comes to my district, even though we're -- even though the East End is roughly 10% of the population on. So on a per capita basis we are -- are not receiving our fair share. The cost of providing police services on the East End is probably more expensive because of the geography and the spread out -- people are more spread out there. And if more money is going into the Police District and coming out of the General Fund for that purpose, I would ask that the percentages be made -- certainly not get worse.

It started out when I took office around 5%, it gets better, it got up to about 7%, last year it dropped down to 6%. I believe it should be 10% if this is based on population. If there's another formula that somebody has that's fair, please let me know. But it's really not fair to deprive the East End of an equitable amount of that sales tax revenue. It's a whole County fund, and it ought to be to be fair distributed fairly. And if we look at increasing sales tax into the Police District, then please not make those percentages worse. Hopefully make them better.

**CHAIRMAN MONTANO:**

Legislator Alden had some follow-up questions.

**LEG. ALDEN:**

Actually just to Budget Review. The what you're going to have to do is bring up-to-date that analysis, and I believe it might be now ten or 15 years old, as Police Services that the East End of

the five East End towns get that basically comes out of, like, headquarters; murder investigations, things of that nature. So that analysis has to be taken and brought up to today's standards to see how much they're actually getting out of the Police District at this point.

**MS. VIZZINI:**

The ironic thing is as we provide additional review for the town and village Police Districts, we provided through the West End funded Fund 115. That has to go up in order -- and that's considered an expenditure so that the, you know, public safety revenue benefits across and includes both East and West End towns in that public safety revenue sharing. I know you refer to it as looking to achieve a 10% allocation to the representative population, but that particular budget line is in the Police District and is then disseminated to town and village Police Districts. You have Huntington in there, you have -- you know.

**LEG. SCHNEIDERMAN:**

It's not just East End.

**MS. VIZZINI:**

Right.

**CHAIRMAN MONTANO:**

Well, I think we're going a little bit astray. That's a debate we can take up. I know it's been a continuing debate, but I don't know that we have anything on the agenda today with respect to that. So if it's all right, I'd like to move on to the agenda. Any comments before we do that? Any objections? Okay. Let's go. Let's go on to tabled resolutions.

**2598-2006, Adopting Local Law No. 2007, A Charter Law to amend Section C4-35 of the Suffolk County Charter.**

**LEG. COOPER:**

Motion to table.

**CHAIRMAN MONTANO:**

I'll second that. Can I have a brief explanation. Real brief?

**MR. NOLAN:**

This law would establish a policy that no group, no contract agency, whose administrative expenses are more than 20% could receive funding from the County unless there was a three-quarter vote of the County Legislature.

**CHAIRMAN MONTANO:**

Any comments? All in favor? Opposed? Abstentions? Motion to carry tables -- motion to table carries. Thank you. **TABLED (VOTE:5-0-0-0)**

**1013-2007, Repealing home energy nuisance taxes on Suffolk County residents.**

**LEG. ALDEN:**

I'm still working on this. Motion to table.

**LEG. COOPER:**

Second.

**CHAIRMAN MONTANO:**

No discussion? All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE:5-0-0-0)**.

**1014-2007, Establishing a program to reduce unfair home energy nuisance taxes on**

**Suffolk County residents.**

**LEG. ALDEN:**

Motion to table.

**LEG. COOPER:**

Second.

**CHAIRMAN MONTANO:**

Same motion, same second, same vote. **TABLED (VOTE:5-0-0-0).**

**1057-2007, Adopting Local Law No. 2007, A Charter Law to reform the Suffolk County Legislative Grant process.**

**LEG. COOPER:**

Motion to table.

**CHAIRMAN MONTANO:**

Second. Any discussion. All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE:5-0-0-0).**

**1066-2007, Amending the 2007 Operating Budget and transferring funds for temporary salaries for per diem pathologists in the Division of Medical Legal Investigations and Forensic Sciences in the Department of Health Services.**

**LEG. COOPER:**

Motion to table.

**CHAIRMAN MONTANO:**

I will second that. Any comment? Call the vote. All in favor? Opposed? Abstentions? Motion to table carries.

**TABLED (VOTE:5-0-0-0).**

**1250-2007, Adopting Local Law No. 2007, A Charter Law to increase transparency and accountability in the budget process.**

**CHAIRMAN MONTANO:**

I'll make a motion to table.

**LEG. COOPER:**

Second.

**CHAIRMAN MONTANO:**

Any discussion? All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE:5-0-0-0).**

We're going to go on to the Introductory Resolutions.

**1334-2007, To readjust, compromise and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature #268.**

**CHAIRMAN MONTANO:**

I'll make a motion to approve and place on the Consent Calendar, a second by Legislator Alden. All in favor? Opposed? Abstentions? **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0).**

**1335-2007, To readjust, compromise and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature #270.**

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0)**

**1336-2007, To readjust, compromise and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature #269.**

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0).**

**1346-2007, To readjust, compromise and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature #271.**

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0).**

**1347-2007, To readjust, compromise and grant refunds and charge-backs on real property correction of errors: County Legislature Control #769-2007.**

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0).**

**1373-2007, To readjust, compromise and grant refunds and charge-backs on real property correction of errors: County Legislature Control #770-2007.**

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0).**

**1374-2007, To readjust, compromise and grant refunds and charge-backs on real property correction of errors: County Legislature Control #771-2007.**

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0).**

**1375-2007, Authorizing the County Executive to execute an agreement with the Suffolk County Probation Officers Association Bargaining Unit 16 covering the terms and conditions of employment for the period May 3, 2004 through December 31, 2010.**

**LEG. COOPER:**

Motion to approve.

**CHAIRMAN MONTANO:**

I'll second that. Any comments from the Legislators or any questions? Who would you like those addressed to, Legislator Alden?

**LEG. ALDEN:**

To Budget Review. Is there enough money in the current budget to satisfy the term of this?

**MR. REINHEIMER:**

Yes. We issued a memo dated April 30th where we did a detailed cost analysis on this contract. It's the first contract for the Probation Officers. Previously they were represented by AME. There's 289 Probation Officers. The cost is about 15 million, and there are ample funds in 2007 adopted budget.

**LEG. ALDEN:**

If you could just give us quickly the term of increase.

**MR. REINHEIMER:**

Sure. The term of the increase are similar to the contract that AME agreed to, 2004 through 2008. This covers the period 2004 through 2010; 2004 is a lump sum payment of \$1925 per person, 2005 is a 3% increase, 2006 is a 3% increase, 2007 is 3%, 2008 is 3.25. That's similar to the AME contract. This contract had two additional years to it, 2009, 2010, which each of those years is a 3% increase.

**LEG. ALDEN:**

And no other significant changes to the terms?

**MR. REINHEIMER:**

No. There's actually some cost savings in this. This contract eliminated the payment or the accrual of sick time upon retirement. New employees will no longer accrue six time. That's a savings. And there's a couple of other savings, but for the most part, the salaries are the biggest part of this contract.

**LEG. ALDEN:**

Thank you.

**CHAIRMAN MONTANO:**

We have representatives from the County Exec's Office and the Bargaining Unit. They're sitting next to each other, so they must be happy. You want to come up make some comments on this? Just for the record, Jeff, name and association.

**MR. TEMPERA:**

Good morning. Jeff Tempera. I am the Director of Labor Relations for Suffolk County. Again, I think as Lance pointed out, this is the first agreement with the Probation Officers Association. They decertified from AME. I think it's a fair agreement for the taxpayers of the County, it's a fair agreement for the employees of the County. It was -- I think a lot of effort went into agreement on both sides, and I think it's reflected in the stipulation of agreement. We ask for your support.

**CHAIRMAN MONTANO:**

Let's hear from the Bargaining Unit.

**MR. GRAUER:**

Good morning. My name is Donald Grauer, and I'm the President of the Suffolk County Probation Officers Association. And I'd just like to ask you to support this Introductory Resolution today. Like Mr. Tempera had stated, it's the first labor contract that we have negotiated as our own independent union. And the baseline of the agreement is the AME agreement, except that it addresses some special needs of Probation Officers here in Suffolk County. We represent approximately 300 officer here in Suffolk County, and I think your familiar with some of the work we do. And we just ask for you to please support this. Thank you.

**CHAIRMAN MONTANO:**

My only question is, it goes back to May 3rd, 2004, what took you so long?

**MR. GRAUER:**

We agree, it's long overdue. And we're anxious to get this resolved. Thank you.

**CHAIRMAN MONTANO:**

Legislator Alden, you had some questions.

**LEG. ALDEN:**

Jeff, this covers '04 to ten, so that's a six year contract. But in essence it's a three year contract. That's pretty much normal, right?

**MR. TEMPERA:**

A three year contract, yeah, three, four years. Again, I think this was a contract that a lot of work went into by both sides. And it's as the first contract, I think they're a little more difficult to negotiate than long-established relationships. And I think they fought hard for their members, and the County fought hard to protect the taxpayers. This agreement is fair to both.

**LEG. ALDEN:**

This is basically a three-year negotiation. You started --

**MR. TEMPERA:**

Well, again, '07, eight, nine and ten, you have four years.

**LEG. ALDEN:**

No. No. You started negotiating in '04?

**MR. TEMPERA:**

Yes. I'm sorry, no. We started -- they were decertified in May of '04. There was a different, I think, union leadership at the time. They contacted us. And it took some time for them to gear up, but -- yeah, we started negotiating soon after that.

**LEG. ALDEN:**

Thank you.

**CHAIRMAN MONTANO:**

Anything further? All right. Let's call the vote. There's a motion to approve on the table. All in favor? Opposed? Abstentions? Motion carries. **APPROVED (VOTE:6-0-0-0 - Presiding Officer Lindsay voted as an Ex-Officio member).**

**LEG. COOPER:**

I'd like to cosponsor, please.

**P.O. LINDSAY:**

Me too.

**LEG. SCHNEIDERMAN:**

Me too.

**1413-2007, Authorizing the County Executive to execute an agreement with the Suffolk County Deputy Sheriff's Benevolent Association/Park Police Unit, Bargaining Unit No. 17, covering the terms and conditions of employment for the period January 1, 2004 through December 31, 2008.**

**LEG. COOPER:**

Motion to approve.

**CHAIRMAN MONTANO:**

Second.

**LEG. SCHNEIDERMAN:**

Second.

**CHAIRMAN MONTANO:**

Okay. I'll withdraw my second and Legislator Schneiderman is the second on the motion. Mike, just

put your full name and title on the record.

**MR. SHARKEY:**

Michael Sharkey, President of the Suffolk County Deputy Sheriff's Benevolent Association, also representing the Park's Police Unit.

**CHAIRMAN MONTANO:**

And we have Jeff just to reiterate that. Go ahead. Jeff, you want to start in terms of --

**MR. TEMPERA:**

Well, again, this unit decertified also from AME. Their decertification was effective April 17th, 2006. So we didn't start negotiating with this group until -- I think we started in July of 2006. You will see in paragraph number two on the stipulation between the parties that AME had to either approve the settlement or waive their rights to approve the settlement. Both Mike and myself sent a letter to Cheryl Felice asking her to take an action. She did write back affirmatively that she supported the stipulation of agreement that is before you. So, therefore, there is no claim by AME too negotiate for any of the terms prior to the establishment of the union. Therefore, what you have before you, negotiated between the County and the Deputy Sheriff's Park Police Unit, is the full agreement.

Again, it's a little bit unique what we did with this group in trying to balance the needs of the department and offering a fair wage increase. There's been a very high turnover rate on Park Police Officers. And in attempting to address this issue in talking with the department, we took the unique step here of offering in lieu of a wage increase on January 1, the employees received a step that was equivalent to the same wage increase. So in lieu of a 3% wage increase across the board for the salary schedule, each employee received a step, which was equivalent to the 3%. So they were moved up to the salary schedule quicker, and we paid same cost for it. In the long run, there are cost savings, because the salary plan frozen from basically from '03 through 2007. The employees get the benefit that they move up through the salary schedule. So both sides -- I think it's a win-win for both of us. We get what we want in terms of some cost savings, they move through the salary schedule, and it helps us with our retention issues.

The other major pieces you will see in here, the step movement, we moved back the eligibility for a step. Rather than April 1st, they have to be on the payroll one year prior to July 1st to get a step. They got the same longevity increases as AME. The same as AME and the Probation Officers, a new overtime policy pursuant with the Fair Labor Standards Act, some increases in night shift rotating, Benefit Fund, breast cancer pool leaves, all the same as AME. Sick leave management program, same as what we have negotiated with AME. Another item that's in both Probation and this group is -- for all new employees hired, they will receive unlimited sick time. It will be closely monitored. But in return for the unlimited sick time, there is no payout sick time on retirement for any new employees.

Again, same thing you will see with AME; job evaluations, attendance control, fire rules. There's a new work week that we're going to try as a trial in the wintertime that the union asked for and the department felt that they could -- they could work with, that's in there, new life insurance, they get a uniform allowance, the same as the Deputy Sheriffs, effective this year. And for the one Lieutenant we have in there where there problems in there recruiting, the Lieutenant will get an overtime stipend in lieu of overtime. That's basically it. Any questions?

**CHAIRMAN MONTANO:**

Any questions from anyone? Michael?

**MR. SHARKEY:**

We're fine. Obviously, we are here to ask for your support for the resolution. As Jeff mentioned, we started representing the Park Police Unit this past May, I believe it was May. The decertification I think was at the end of April. We started negotiations in July, and we've very actively negotiating. This is the product we came up with, and we ask for your support.

**CHAIRMAN MONTANO:**

Gail, any -- I'm just going to ask Gail's perspective from BRO.

**MR. REINHEIMER:**

I'll answer that question. We did a revised memo dated May 7th, which is before you. We did a detailed cost analysis, and this contract costs approximately \$800,000 over the term of the contract, of which almost \$500,000 will be a 2007 budget cost. There are ample appropriations in budget. In addition to that, the County Executive has revised his Financial Impact Statement, we are in agreement with it, and its -- there are ample funds.

**CHAIRMAN MONTANO:**

Any comments, questions? That being said, all those in favor? Opposed? Abstentions? Motion carries. Congratulations, good luck. **APPROVED (VOTE:6-0-0-0 - Presiding Officer Lindsay voted as an Ex-Officio member).**

**LEG. SCHNEIDERMAN:**

Cosponsor.

**LEG. COOPER:**

Cosponsor.

**LEG. LINDSAY:**

Cosponsor.

**LEG. STERN:**

Cosponsor.

**CHAIRMAN MONTANO:**

**1423-2007, Amending the 2007 Operating Budget and transferring funds for the maintenance of the TWA Flight 800 Memorial at Smith Point Count Park.**

**LEG. COOPER:**

Motion to table.

**MR. ZWIRN:**

Mr. Chairman, we're going to withdraw that bill.

**CHAIRMAN MONTANO:**

Are you withdrawing it right now?

**MR. ZWIRN:**

We could withdraw right now. The money left is going to be left with IGHL. We've had conversation -- a lot of us have had conversations with the people.

**CHAIRMAN MONTANO:**

Understand. With respect to Counsel, with that statement, we don't need to have a vote on this to table, am I correct?

**MR. NOLAN:**

No. The Clerk should just note it's been withdrawn.

**CHAIRMAN MONTANO:**

Okay. Thank you very much.

**1427-2007, Transferring funding for the Division of Insurance and Risk Management back**

**from the Department of Audit and Control to the Suffolk County Department of Human Resources, Personnel and Civil Service.**

**LEG. COOPER:**

Motion to approve.

**CHAIRMAN MONTANO:**

Do I have a second? I'll second it for purposes -- just very quickly. This is the budgetary part that leaves the department exactly where it is, there's no need for the Charter change, everything is back to where it was. Okay? Any comments by any Legislators? Legislator Alden.

**LEG. ALDEN:**

Actually, this undoes what the Legislature did not that long ago, and actually did it in the budget also. We moved it out of -- out of this very department and put it back to where it was -- I'm just going to take a guess, because it was -- Paul Tonna was the Presiding Officer, so it's got to be about five, six years ago.

**CHAIRMAN MONTANO:**

I wasn't here five, six years ago. This resolution -- we transferred the funding in the Omnibus from Human Resources to the Department of Audit and Control, am I correct?

**MS. VIZZINI:**

Yeah. The only thing you're missing is that the recommended budget proposed that Insurance and Risk be transferred to the County Attorney.

**CHAIRMAN MONTANO:**

To the Law Department -- - right, to the County Attorney.

**MS. VIZZINI:**

The Legislature is the preparation of the Omnibus wasn't agreeable to that, but if it was to be transferred, it was transferred in the Omnibus to Audit and Control, you know, for the financial expertise and fiscal accountability.

**CHAIRMAN MONTANO:**

And this bill nullifies the actions of the Omnibus vote by leaving it budgetarily where it is, where it's been for the last six months and also does not require that we pass a Chart change to reconcile the budget with the Charter. Basically that's what we're doing here, we're leaving it right where it was square one. Okay. Any comments? Legislator Alden.

**LEG. ALDEN:**

Going back whenever it was, correct me if I'm wrong, I'm saying five or six years ago, it could have been seven years ago or whatever. But when that move was made, was there a Chart change at that time?

**MS. VIZZINI:**

There would have had to have been. The Charter reflects that Insurance and Risk is in the Department of Civil Service and Human Resources.

**LEG. ALDEN:**

Okay. So prior to that period of time six or seven years ago, the Charter would have said it resides with Audit and Control.

**MS. VIZZINI:**

Correct.

**LEG. ALDEN:**

Okay. And then everything was changed at that one point. All right. I think that -- I sat through the debate on why it was actually transferred in the first place. And it was kind of pitiful, because two elected -- and they are -- they were both elected officials -- had a personal problem with each other. And one of them convinces enough Legislators to vote and take something away from somebody that really wasn't done by merit, it was because of a personal problem.

I believe that the original positioning of this department in Audit and Control, if you went back over the history of the Suffolk County Legislature or Suffolk County Government, you're going to find that more years than the current couple of situations -- more years this department resided with Audit and Control. As a matter of fact, I can't think of any other time period from the inception of the Government of Suffolk County when it was out of -- out of Audit and Control. Now, other people have more institutional knowledge than I do on that, but I did a little bit of research, and appears that from the inception it was over in Audit and Control.

**MR. REINHEIMER:**

That's correct.

**LEG. ALDEN:**

Okay. So in the infinite wisdom that was displayed in the past that put this department right -- right exactly where it is today -- so I think that something that result in a personal tiff between two people, a change that really wasn't warranted at the time, shouldn't be warranted right now. And this really should stay over there in Audit and Control where it was originally, conceptually put.

**CHAIRMAN MONTANO:**

Question of Counsel. There were two other bills relative to this issue; one I believe was in Ways and Means, I don't know where the other one is. What's the status of those other bills, if you know? I think one was transferring it to the Law Department, the other one was --

**MR. NOLAN:**

Yeah. You know, the Charter piece, moving Risk Management to Audit and Control, failed. I believe it's been reintroduced, but I believe that has to go back through the public hearing process. So the Charter piece is still outstanding.

**CHAIRMAN MONTANO:**

Okay. We will take a vote.

**LEG. ALDEN:**

Can I ask one other question?

**CHAIRMAN MONTANO:**

Legislator Alden.

**LEG. ALDEN:**

Is anybody here from Human Resources, because I'd like to hear, you know, like, an argument for their competency? And for them to have this type of function, which really that's what Audit and Control does in our whole government's layout or scheme of things, why they would think it would be proper to go back into Human Resources? Is anybody here for that?

**CHAIRMAN MONTANO:**

There's nobody here.

**LEG. ALDEN:**

You know, then I'm not convinced that that's the right place to put it if the department doesn't even think enough of it to come down and put on the record that they think this is absolutely where this should be situated and how they are going to do it better than Audit and Control, because

remember, going back to my original comment --

**MR. ZWIRN:**

They have been here in the past. I don't know if it was this committee, but they've been here in the past and said that they would like to keep it where it is.

**LEG. ALDEN:**

For what reason then? You know, I have a whole bunch of questions why and their competency on that -- why they think that the original set up of County Government, why that was wrong and why it should have been changed, you know -- there's a whole scheme of --

**MR. ZWIRN:**

You could put the questions on the record, and we'll get them back and have them come before the full Legislature and answer the questions.

**LEG. ALDEN:**

Well, there they are right there; you know, why they think that the Charter originally -- originally written and originally voted on by the Legislature for years and years and years, why that's wrong. Because that's situated this department right with Audit and Control. And how they would perform the duties and how the synergies of their department fit in with Audit and Control when -- I mean, they're auditing things; isn't that correct?

**MR. ZWIRN:**

You've had Cheryl Felice from AME speak to the issue. They have spoken to the issue in the past. I can ask them to come back before the full Legislature. But it's been operating in Civil Service.

**LEG. ALDEN:**

Well, I would like them to come down, because if something's operating, that's fine. But if you've got the whole -- and really, the whole Department of Audit and Control behind you, because this is only one little segment of it, and really those seem to fit together. They're doing exactly the same type of function, whereas Human Resources, Personnel and Civil Service, do they --

**MR. ZWIRN:**

Well, they also work closely with the County Attorney's Office even though there in Civil Service. It doesn't mean they're in one -- in one part of the government, the other parts don't all work -- don't all work together.

**LEG. ALDEN:**

I would like to heat the inherent possible conflict of interest and how it works with the different checks and balances, because you have the County Attorney's Office as a check and balance off of even Audit and Control. So I'd like to hear all those questions addressed.

**CHAIRMAN MONTANO:**

Let me -- simply put, we are in May, we dealt with this in the proposed budget for last year, nothing has changed since January 1st. We're going to have a chance to take this up if we want to in the budget for this year. And if you want to do it for next year, I suggest that the mechanism to do that is through the budget. And then if we do it budgetarily, we should deal with the legal issue at the same time so we don't wind up in this situation where we've got our budget saying one thing and our Charter saying something else. I don't think that's the way to approach these issues. We have a motion to approve on the floor, which will essentially leaves thing status quo.

**LEG. ALDEN:**

Correction.

**CHAIRMAN MONTANO:**

Will it leave thing status quo?

**MS. VIZZINI:**

Well, I just wanted to clarify --

**CHAIRMAN MONTANO:**

Go ahead.

**MS. VIZZINI:**

-- one of the comments that you made earlier. What has happened, and the Comptroller's testified to this at the last Budget and Finance Meeting, was that because the budget transferred the people and the money under the Comptroller, pending the Charter change, the Comptroller has been signing the time sheets and overseeing operation. And if there's any change to that -- you know, because that's consistent with the budget.

**CHAIRMAN MONTANO:**

Right.

**MS. VIZZINI:**

And you have to pay the people. So -- although it has been in Civil Service prior to the 2007 Budget.

**CHAIRMAN MONTANO:**

So if we approve this, someone else will be signing the time sheets, is that what we're saying?

**MS. VIZZINI:**

It will revert back to what it was prior to 2007.

**LEG. ALDEN:**

That's a major change.

**MR. ZWIRN:**

We had this problem with the Department of Energy and Environment as well, it was passed earlier. So it's not unique.

**LEG. ALDEN:**

Just one comment on that. Department of Energy and Environment didn't exist up until when?

**MS. VIZZINI:**

But the people were -- it was comprised by transferring people. So they came from --

**LEG. ALDEN:**

They created a new department and then took what they thought were the appropriate type of people from the existing roles in government and created a new department. That department, as far as my research, never existed in the County Charter up until a year ago, maybe a little -- longer than a year ago. But when I researched the original Charter, that department was not in there.

**CHAIRMAN MONTANO:**

Okay. If I remember correctly, I think I was -- I forget when -- it was the same situation where created the department in the budget, but we did not pass the Charter Law creating the department in terms of its existence in the Charter.

**MS. VIZZINI:**

Correct.

**CHAIRMAN MONTANO:**

So we went down that road before, and we're down that road now, in my opinion, because we didn't

do it in the right fashion. If you're going to budget something, it really should be part of the Charter or it should be simultaneous. Is there any reason why they're not done simultaneous or why they can't be done simultaneously? George, if I may ask Counsel. So that we don't go down this road a third time.

**MR. NOLAN:**

I think what happened was that the Legislature decided during the budget process to make this change. And then after that happened and we realized, well, having made that change in the budget, we're going to have to amend the Charter, and, of course, there's the hearing process and that can take a couple of months to do, and then finally when it came to a vote, the votes weren't there. You could do it, you know, simultaneously, but it would take some foresight and, you know, a little planning.

**CHAIRMAN MONTANO:**

Well, if we're going to go down that route, is it -- would it be a better process -- we can discuss this another time -- to first make the Charter Law and then change the budget?

**MR. NOLAN:**

I don't think either way makes any more sense than the other. You wouldn't want to make the change in the Charter, and then when you do the budget, the money is put somewhere else. It's kind of hard to do one before the other. It's a difficult thing. We did have a couple of months after the budget was prepared in order to make the Charter change. It would have been fine if we'd made in January or February, I don't think it would have been a big problem, but by that time, the votes weren't there to make the Charter change.

**CHAIRMAN MONTANO:**

All right. Any further comment? We have a motion to approve on the table. Gail, go ahead.

**MS. VIZZINI:**

I just want to make you aware that the Administrative Code does require the County Executive to give prior notice in the event of any major reorganization or a new department or consolidation.

**CHAIRMAN MONTANO:**

What does that mean exactly? Prior notice being how prior?

**MS. VIZZINI:**

In other words --

**CHAIRMAN MONTANO:**

And in what fashion? When you say he's required to give prior notice, in what fashion?

**MR. DUFFY:**

I don't remember the section off the top of my head, but my recollection is that the Charter requires that as part of his budget hearing process -- and we've written about it every year since I've been here, since 1987, and no County Executive has ever done it -- that they're required to give as part of the their presentation the plans they have for any creation, consolidation or material changes in any County Department.

**CHAIRMAN MONTANO:**

Well, the change as I understand then was made in the budget to transfer this department not to Audit and Control, but to the Law Department. So are you saying that -- was his notice proper, or, you know?

**MR. DUFFY:**

There was no notice. If you go back and look at our Operating Budget Review, we discussed that,

that he had failed to comply -- I think it's 8-4-13, but I'm not positive -- he failed to comply with the section that requires prior notice. And in our view, his transferring the function from Insurance and Risk to Law Department, he was required to give notice under that section.

**CHAIRMAN MONTANO:**

Okay. And when we transferred it --

**MR. DUFFY:**

The Legislature is not required to --

**CHAIRMAN MONTANO:**

We don't have that same requirement.

**MR. DUFFY:**

As far as my understanding, we don't.

**CHAIRMAN MONTANO:**

Okay. I guess we can take this up if it happens again. We have a motion to approve with a valid second. Any other motions? All in favor? Opposed? Abstentions?

**LEG. ALDEN:**

Opposed.

**CHAIRMAN MONTANO:**

One opposition. Motion passes. We're back to square one. **APPROVED (VOTE:4-1-0-0 - Opposed - Legis. Alden).**

This meeting is now adjourned. I'm sorry, I stand corrected by my colleagues. All right. My mistake.

**PM05-2007, Procedural Resolution authorizing a technical correction to Adopted Procedural Motion No. 4-2007.**

Brief explanation, Counsel.

**MR. NOLAN:**

This is with the CSI Funding. The motion that approved funding for two groups had the incorrect name, and this makes the correction.

**CHAIRMAN MONTANO:**

Motion to approve. Second? Who is the second?

**LEG. COOPER:**

Second.

**CHAIRMAN MONTANO:**

Seconded by Legislator Cooper. Any discussion? All in favor? Opposed? Abstentions? Motion carries. **APPROVED (VOTE:5-0-0-0).**

**HR-07-2007, Home Rule Message requesting New York State Legislature to extend the One-Quarter Cent Sales Tax Program to allow Suffolk County to continue to collect an additional sales tax until December 31, 2025 (Assembly Bill A.893 and Senate Bill S.4422).**

**LEG. COOPER:**

Motion to table.

**CHAIRMAN MONTANO:**

Motion to table, I'll second that. Is there any other motion?

**LEG. SCHNEIDERMAN:**

Motion to approve.

**CHAIRMAN MONTANO:**

Motion to approve. We don't have a second -- we don't have a second on the motion to approve. Is there a second. We don't have a second on the motion to approve, so there's no motion to approve. In any event, just as a comment, the tax now, I believe, expires in 2013.

**MR. NOLAN:**

Correct.

**CHAIRMAN MONTANO:**

Is that correct? Is there any need that we do this this minute?

**MR. NOLAN:**

Well, there's legislation pending up in Albany. I don't know what the time table is up there in terms of when they need a Home Rule Message.

**CHAIRMAN MONTANO:**

Motion to table.

**LEG. ALDEN:**

On that motion.

**CHAIRMAN MONTANO:**

Go ahead. Legislator Alden.

**LEG. ALDEN:**

If this is going to be taken up in this session, so I guess, by the end of June is when they adjourn, by us tabling it or not acting on it might be taken as a negative sign, and they could interpret that they don't want to -- Suffolk County does not want to extend the Quarter Cent Sales Tax Program at all.

**CHAIRMAN MONTANO:**

Or they may not take a year, because from what I looked at, it was also in the 2004 -- it was on the 2004 agenda, so it's on this agenda. In any event, Legislator Cooper.

**LEG. COOPER:**

The reason I made a motion to table this resolution is that a second resolution is being laid on the table on Tuesday that would extend the quarter percent sales tax to 2030, accelerate the borrowing. And all the environmental groups; Nature Conservancy, Pine Barrens Society, Group for the South Fork --

**CHAIRMAN MONTANO:**

That nothing to do with this. That's not before us.

**LEG. COOPER:**

I realize.

**LEG. ALDEN:**

Yours actually will go nowhere if New York State doesn't act on extending the ability for us to do anything with that. So just so you know what you've done -- or the consequences could that we don't have the ability under New York State Law to extend that sales tax.

**LEG. COOPER:**

No. It's being addressed through the --

**LEG. SCHNEIDERMAN:**

Is that a Home Rule Message?

**CHAIRMAN MONTANO:**

Legislator Schneiderman.

**LEG. SCHNEIDERMAN:**

The question is -- this is a Home Rule Message. There's obviously a bill up in Albany that they need a Home Rule Message for. What Legislator Cooper is proposing may not conflict, but, you know, it may extend an additional time. I'm not sure that there's legislation that will do that.

**CHAIRMAN MONTANO:**

Right. I don't believe that -- unless there's a bill -- as I understand the rules, Counsel, unless there's a specific bill that we are identifying, we're not introducing the Home Rule Message; am I correct? Now, this bill, from what I understand, addresses the Assembly Bill and the Senate Bill that's on the floor. What is your bill going to do, Mr. Cooper? And are there corresponding Senate and Assembly Bills in existence?

**LEG. COOPER:**

I real don't want to -- again, if you want to approve this out of committee, you can, because it will be moot and more information will be available on Tuesday.

**CHAIRMAN MONTANO:**

You're the one that opened the door. You're the one that brought it up. You use that as a reason to table --

**LEG. SCHNEIDERMAN:**

So withdraw the motion to table, and we'll move with the motion to approve then.

**CHAIRMAN MONTANO:**

Well, I'm not ready to approve this, but I am intrigued by the fact that the basis to table is that another bill is going to be introduced. And I'm wondering if there are additional bills in Albany that deal with this issue.

**LEG. SCHNEIDERMAN:**

Motion to discharge without recommendation. Let's get it to the floor. We can always send it back.

**LEG. COOPER:**

Second.

**CHAIRMAN MONTANO:**

Motion to table has been withdrawn. Motion to discharge without recommendation is before us. Any comments? All in favor? Opposed? Abstentions? Motion to discharge without recommendation passes. **DISCHARGED WITHOUT RECOMMENDATION (VOTE:5-0-0-0).**

No further business, the meeting is adjourned.

(\*THE MEETING WAS ADJOURNED AT 12:05 P.M.\*)

**{ } DENOTES BEING SPELLED PHONETICALLY**