

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, July 31, 2007.

Members Present:

Legislator Ricardo Montano - Chairman
Legislator Cameron Alden
Legislator Jay Schneiderman
Legislator Steve Stern

Member Not Present:

Legislator Jon Cooper - Vice-Chair - Excused Absence

Also In Attendance:

George Nolan - Counsel to the Legislature
Bob Martinez - Aide to Legislator Montano
Linda Burkhardt - Aide to Presiding Officer Lindsay
Alicia Howard - Legislative Assistant
Gail Vizzini - Director/Budget Review Office
Linda Bay - Aide to Minority Caucus
Ben Zwirn - Assistant County Executive
Brian Beedenbender - County Executive Assistant
Allen Kovesdy - Executive's Budget Office
All Other Interested Parties

Minutes Taken By:

Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 10:13 A.M.*)

CHAIRMAN MONTANO:

I'll call the meeting to order starting with the Pledge of Allegiance led by Legislator Stern.

SALUTATION

CHAIRMAN MONTANO:

Good morning, everyone. I have one piece of correspondence -- going to the agenda, we have one piece of correspondence we'll get to later when we discuss the bill. I handed it out to the members of the committee. No presentations. We'll go right into public portion. Debbie Alloncius. How are you, Debra?

MS. ALLONCIUS:

Very well. Thank you, Mr. Montano. Good morning, Chairman Montano, Members of the budget and Finances Committee of the Suffolk County Legislature. Thank you for affording me the opportunity this opportunity to speak before you this morning. My name is Debra Alloncius.

I am the Suffolk County Association of Municipal Employees Legislative Director and here to speak on their behalf on two issues present on today's agenda. IR 1481 was addressed by AME at the June 19th Budget and Finance Committee Meeting. At that time we spoke against the audacity of JTM Foundations attempt to dictate to Suffolk County how they prefer to do business with us. No contractor should have the prerogative or right to refuse to sign a Union Organizing Clause when the contractual amount calls for same.

AME requests that this resolution remain tabled at such time as the clause is signed by the foundation or the funds should not be dispersed to them in any manner. AME strongly supports Legislator Montano's resolution, IR 1694, establishing a Budget Reform Commission to identify policy options and develop a plan to decrease the County's dependance on fund balance and protect Suffolk County taxpayers. AME takes time to review the Suffolk County budget every year. AME prides itself on the insight we are able to afford to the County Exec and the Legislature after a thorough review of the proposed budget.

When management and union work together as a team, the insights and knowledge that both sides bring to the table are invaluable. Testament to that would be Suffolk County's EMHP and the fiscal prudence and cost savings it has brought to Suffolk County. In today's arena of rising health costs and the GASBY 45 looming large before us, the County needs to offer to the taxpayers a viable transparent way to meet the every burgeoning fiscal needs of the County.

Legislator Montano is absolutely correct in forming this commission with the intent of the reducing the County's dependency upon the General Fund Balance and creating a process that is much more fiscally sound. It is AME's hope that this process will be open and lending to the transparency that we so desperately need. AME offers its knowledge and expertise to this proposed commission and hopes the outcome will be one that truly addresses the best practices of transparent budgeting and one that will protect the benefits of the hard working County employees in addition to our fellow taxpayers. Thank you.

CHAIRMAN MONTANO:

Thank you. And I didn't realize that you had taken a position on that bill, and I thank you for it.

MS. ALLONCIUS:

That's what I'm here for. Thank you.

CHAIRMAN MONTANO:

Is there anyone else who wants to address the Legislature? Hearing none, we'll get right into Tabled

Resolutions.

1066, 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. (Losquadro)

LEG. STERN:

Motion to table.

CHAIRMAN MONTANO:

I'll second the motion to table. Any discussion? Legislator Alden.

LEG. ALDEN:

We're tabling this because the new Commissioner didn't come -- or the new -- is she a Commissioner.

CHAIRMAN MONTANO:

She's the head, I think, of the division.

LEG. ALDEN:

But anyway, she just didn't come forward and tell us what she needs in this regard yet.

MR. ZWIRN:

If I might, Mr. Chairman. She has -- is settling into the office. And at the present time, she has indicated to the County Exec's Office that her staffing is adequate at the present time and that she'll come forward as soon as she needs additional staffing or anything for the department that she'll come right to the County Executive and we'll come back before the Legislature.

LEG. ALDEN:

Through the Chairman.

CHAIRMAN MONTANO:

Go ahead.

LEG. ALDEN:

Ben, there was a problem on weekends with, you know, family members being able to get the -- you know, the remains of their loved ones and things like that. What's happened to take care of that? And has she just changed staff around, reassigned people?

MR. ZWIRN:

I think that might have been a very isolated incident on one particular occasion and that there hasn't been --

LEG. ALDEN:

Well, actually, it happened in a bunch of our Legislative Districts. So there was more than just the one. But, you know, it became apparent that --

MR. ZWIRN:

We're not aware -- there have been no complaints registered at the County Exec's Office, and she seems to have it under control within the department. But as I say, as soon as she finds that she needs additional personnel, she'll be back.

LEG. ALDEN:

Okay.

MR. ZWIRN:

Back before the Legislature.

CHAIRMAN MONTANO:

All right. No more comments? I'll call for a vote. All in favor of tabling? Opposed? Abstentions?
Motion to tabled carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper)**

1250, Adopting Local Law No. 2007, A Charter Law to increase transparency and accountability in the budget process. (D'Amaro)

I'll make a motion to table.

LEG. STERN:

Second.

CHAIRMAN MONTANO:

Any discussion? All in favor? Opposed? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1434, Amending the 2007 Operating Budget and transferring funds to the Suffolk County Girl Scouts. (Pres. Off.)

I'm going to make a motion to table. I've spoken with the sponsor, and I believe those are his -- his intentions also.

LEG. STERN:

Second.

CHAIRMAN MONTANO:

Any discussion? All in favor? Opposed? Motion carried. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1436, Amending the 2007 Operating Budget and the 2007 Capital Budget and Program and appropriating funds for a police officers and firefighters memorial in the Village of Amityville, Town of Babylon (CP 1661). (Mystal)

CHAIRMAN MONTANO:

Motion to table.

LEG. STERN:

Second.

CHAIRMAN MONTANO:

Any discussion? All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1438, Amending the 2007 Operating Budget and transferring funds for a contract agency in the Department of Social Services. (Stern)

CHAIRMAN MONTANO:

Legislator Stern.

LEG. STERN:

Motion to table.

CHAIRMAN MONTANO:

I'll second that. Any discussion? All in favor? Opposed? Motion carries. **TABLED (VOTE: 4-0-0-1**

- Not Present - Legis. Cooper).

1481, Amending the 2007 Operating Budget and transferring funds for the JTM Foundation. (Losquadro)

I'll make a motion to table.

LEG. STERN:

Second.

CHAIRMAN MONTANO:

Any discussion? All in favor? Opposed? Abstention? Motion carries. **TABLED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1532, Adopting Local Law No. 2007, A Local Law to establish a legislative grant notification requirement. (Romaine)

LEG. STERN:

Motion to approve.

CHAIRMAN MONTANO:

I'll second that. Is there any discussion on that? All in favor? Opposed? Motion carries. **APPROVED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

Going on to the Introductory Resolutions.

1642, Apportioning mortgage tax by: County Treasurer. (Co. Exec.)

CHAIRMAN MONTANO:

Motion to approve place on the Consent Calender.

LEG. STERN:

Second.

CHAIRMAN MONTANO:

All in favor? Opposed? Abstentions? Motion carried. **APPROVED** and placed on the **CONSENT CALENDER (VOTE: 4-0-0-1 - Not Present - Legis. Cooper)**

1650, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 276. (Co. Exec.)

CHAIRMAN MONTANO:

Same motion, same second. All those in favor? Opposed? Abstentions? Motion carries.

APPROVED and placed on the **CONSENT CALENDER (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1651, To readjust, compromise, and grant refunds and chargebacks on real property correction of errors by: County Legislature (Control No. 775). (Co. Exec.)

CHAIRMAN MONTANO:

Same motion, same second, same vote if that's okay with everyone? **APPROVED** and placed on the **CONSENT CALENDER (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1652, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 275. (Co. Exec.)

CHAIRMAN MONTANO:

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDER (VOTE: 4-0-0-1 - Not Present - Legis. Cooper)**.

1653, Amending the 2007 Operating Budget and transferring funds to offset the additional cost of poultry and beef required to feed inmates at the Suffolk County Correctional Facilities. (Co. Exec.)

LEG. ALDEN:

We might think twice about doing this. The beef could cause some problems with those inmates.

CHAIRMAN MONTANO:

I'm not getting that, but that's okay. You want to elaborate?

LEG. ALDEN:

You haven't been following? There's a little bit of a beef problem with some of the content of the beef?

CHAIRMAN MONTANO:

Actually, no.

LEG. ALDEN:

You've been eating hamburgers recently?

CHAIRMAN MONTANO:

No.

LEG. ALDEN:

Oh, all right.

CHAIRMAN MONTANO:

Would anyone like -- first of all, we need a motion. I'm going to make a motion to approve, we need a second.

LEG. ALDEN:

Second.

CHAIRMAN MONTANO:

Seconded by Legislator Alden. Could we have some comments on this? I'm not sure that I follow.

MR. ZWIRN:

The Ecoli outbreak.

CHAIRMAN MONTANO:

Oh, okay. All right. Yes. I have been following that.

MR. KOVESDY:

Good morning. The Cooperative Extension came to the County -- in cooperation with the Sheriff, came to the County Exec. There seems to be not sufficient funds in the Cooperative Extension budget to pay for all of the beef and chicken they need. And there's a surplus of funds within the food account in the Sheriff that could be used.

However, because the Sheriff's food account is a mandated account and the Cooperative Extension is a non mandated account, we couldn't transfer food money from the Sheriff directly into the Cooperative Extension. So with the cooperation of the Sheriff's Office, we found two accounts within

the Sheriff that had additional funds that they weren't going to spend and move that into the Cooperative Extension. The reason we're not paying for the beef and the chicken directly out of the Sheriff is the Cooperative Extension gets a significant discount on the same food.

So basically, we have found surplus money in the Sheriff that we're moving into the Cooperative Extension to pay for food. In next year's budget, we will budget correctly within the Cooperative Extension the amount of money needed to pay for the chicken. It was just a fluke that you can't transfer mandated into discretionary, so we couldn't move it from one food account to the other.

CHAIRMAN MONTANO:

Everybody understand that?

MR. ZWIRN:

Can I just add one think, is that it's unusual because Cornell Cooperative actually orders the beef for the jail. I mean, you might be wondering why we're dealing with Cornell Cooperative, but they're the one who has the contract, and they run the farm, and they raise animals there, and they slaughter some of the cows there. And that beef goes to the -- goes to the jail. But they're the ones who order the beef supplies for the Correctional Center.

CHAIRMAN MONTANO:

But this is essentially a transfer from one account to another. It's not an additional expenditure.

MR. ZWIRN:

Chief Otto is here from the -- from the Sheriff's Office to be able to --

CHAIRMAN MONTANO:

I see him there. How are, you, Chief?

LEG. ALDEN:

The nice part about this is that we're only mandated to feed certain prisoners and not all of them. I kind of like that. So if things get bad, we know where to cut.

CHAIRMAN MONTANO:

I'm going to resist the urge to address that. Are there any other comments or any discussion on this? All right. Hearing none, we'll call the vote. All those in favor? Opposed? Abstentions? Motion carries. **APPROVED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

1694, To establish the Budget Reform Commission to identify policy options and develop a plan to decrease the County's dependence on fund balance and protect Suffolk County Taxpayers. (Montano)

CHAIRMAN MONTANO:

I'm going to make a motion to approve.

LEG. ALDEN:

Second.

CHAIRMAN MONTANO:

Seconded by Legislator Alden. I also want to turn your attention -- there is a letter that I included or handed out this morning that is from the Deputy County Executive to Legislator Fisher with respect to this bill. Ben, do you have any comments on this?

I was not at that part of the meeting when the County Exec's Office came in and discussed the contents of the bill that I had proposed. Looking at your letter, it says that you recommend someone from New York State Association of Counties as a better choice than the Suffolk County --

than the Suffolk Chapter of the Governmental Finance Officers Association. It also says it doesn't mean that you endorse the bill, but if it's going to be passed, you would like the County Comptroller, County Treasurer and the Legislative Counsel -- that's you, George -- to be replaced by NYSAC. Could you just address that?

MR. ZWIRN:

Replacing Counsel was George's idea. Because the Comptroller and the Treasurer really have -- don't have anything to do really with the Fund Balance, we didn't see what the point of putting -- you know, using their time and offices on this. Because the County Executive's position on the Fund Balance is that, you know, we can pretty much tell you -- I mean, even though it's a well meaning and well intentioned group getting together, he's have to cut expenses or raise taxes or raise revenue to get -- to reduce the Fund Balance and the reliance on the Fund Balance.

And as we talked about earlier, if we don't get the sales tax extension this year, we won't have to worry about the fund balance at all going forward, because we'll use all of it. So he thought the need for, you know, a commission on this is pretty much, you know what the answer is going to be at the end, it's just that you may have some nuances in how you may want to come up new ideas for increasing revenue in some areas. I know the County Executive has tried to do that with the filing fees, trying to come up with ideas to try to find new revenues without raising taxes. But pretty much what it comes down to is either raising taxes or revenues or cutting expenses. And we can tell you that, you know, going in. So they were -- and I say if it was going to go forward, because it seemed that it had support of the Legislative -- you know, the majority of the Legislature was going to support the initiative, that at least maybe the composition may be a little bit different.

CHAIRMAN MONTANO:

I'm going to ask the BRO people to respond, because, in essence, I worked with BRO on the preparation of this bill. I'm just going to ask for their input, then we're going to go to Legislator Alden, because he has some questions. Gail, would you address the -- I mean, I have talking points on this, but I would rather that you address some of the concerns of the County Exec's Office on this.

MS. VIZZINI:

Sure. Working with the sponsor, this proposal came out of actually some of the discussions that took place in this very committee as well as before the general Legislature in terms of the magnitude at which the Fund Balance has grown, our reliance on sales tax, establishing reserve funds theoretically for one reason and then having -- you know, facing budget shortfalls where these reserve funds then have to lapse in accord to mitigate the budget shortfall.

Ben and I spoke briefly before the committee meeting, and part of the reason for the commission is to avoid the ultimate and dramatic double digit percentage increase in property taxes. It's envisioned that this commission would be developing a menu of options, including perhaps a graduated approach to what is necessary to access the Tax Stabilization Reserve Fund; a graduated approach to prioritizing if there had to be expenditure cuts, how you would do that versus prioritizing the need to increase appropriations for such things as debt service, health insurance and what have you. And then from this menu of items, which would come from the collaboration of the in-house group, so to speak, augmented by the expertise of other counties, GFOA, NYSAC, what have you, brought to the commission to incorporate into a report of menu options for the Legislature and the County Executive to consider.

As far as the composition of the working group, I think one of reasons the Comptroller and the Treasurer were on there was because of the relevancy of cash flow and fund balance, since it is the Comptroller who really knows what the final Fund Balance is. And so that if, you know, there was a willingness for those respective individuals to send working people to the commission, we would know first hand any of the recommended changes, how that might impact, you know, the year end Fund Balance or their operation.

CHAIRMAN MONTANO:

Thank you. Gail, one last question. The Suffolk Chapter of the Governmental Financial officers Association, actually that was put in there, I think, more from the conversations we had. Could you just discuss how they are?

MS. VIZZINI:

Well, the GFOA is a recognized group of government finance officers. Many of the finance people attend their conferences. They are a key group in terms of what's going on not only County-wide, but nationwide. NYSAC is also a very commendable reputable group more specifically interested in what's going on in New York State county-wide. So the government finance is a broader sort of a national finance association. NYSAC would be a very good addition to the compliment that's in there. As far as, you know, replacing the original composition, that would, of course, you know, be up to you.

CHAIRMAN MONTANO:

Legislator Alden then Legislator Stern had some questions.

LEG. ALDEN:

First, I have to compliment the Chairman for tackling this, and it's a tough issue. We've been wrestling with this for ten years. Basically you like to have a budget where you go out to the people and say, "Here's where we're going to spend tax dollars on," and then go and try to do that as closely as you can. And I've been on the Legislature when we've hit them fairly closely, and now I'm on the Legislature when we're kind of missing the mark big time.

And when I get a memo from the Comptroller's Office that states that it's another \$23 million more then -- or 20 something million dollars more, it's a huge number. So it leads to bad process basically, because if you have that much of a fund balance this year, you're kind of forced to come up and develop a fund balance for next year. And how do you develop a fund balance? You don't spend the money that's put in the budget that we're telling people this is what we're going to do with your tax dollars.

So I think to bring this down to a little bit closer to what we're telling people the budget is and what the budget actually is, I think that's going to be a great thing if we can actually -- we can do that. Plus, it will show little a bit -- a little bit more transparency, I think, in the way we operate government going forward, because we don't have the pressure to develop this huge fund balance just because we has a fund balance last year that helped us, you know, balance our books, in so to speak. So I think in that regard we're going to be doing, you know, like, very, very valuable work for not only Legislators, but for the people that look at our budget and want transparency and want to see where their tax dollars are going.

As far as the recommendations from the County Executive, I think you seriously have to look adding possibly some people that he's identified as being appropriate. I don't necessarily support taking anybody off of it, except if George has expressed an interest in not serving on it, then, you know, we might look at his desire not to serve on it and see who he could possibly be replaced with that would be appropriate. So I'd also to ask our clerk's Office to list me as a cosponsor.

CHAIRMAN MONTANO:

Legislator Stern.

LEG. STERN:

Thank you, Mr. Chairman. If we want to have broadest perspective and see how it's done not just in other counties throughout New York State but across the country, then, Gail, I guess what you're saying is having the GFOA is a positive slot on this commission.

MS. VIZZINI:

Yes. You know, either as guest speakers to come in and share information or as a component of the

commission.

LEG. STERN:

Can you just tell me a little bit about the Suffolk Chapter of the GFOA? I mean, what is the Suffolk Chapter? What do they do? What relationship do we have to that organization, if any? Who makes up the Suffolk Chapter?

MS. VIZZINI:

The Suffolk Chapter is the local chapter. If that is too small a representation, perhaps we can -- most of us belong the GFOA, which is the larger umbrella group, but there is a Suffolk Chapter which pertains primarily to municipal government operations -- government finance operations in Suffolk County.

LEG. STERN:

I guess that's my question then. If it's limited just to those representatives that are part of the Suffolk Chapter, does that give us the same kind of broad perspective that, I guess, we're looking for here? Does that give us enough information about what's going on in other counties, municipalities across the country?

MS. VIZZINI:

Hopefully that this individual would be from either, you know, Federal or State Government operations rather than another Suffolk County person, that was what was envisioned to get that diversity, or perhaps, you know, from the MTA or something like that. There is no specific individual that at least I had in mind when involved in crafting this, but open to someone who was someone willing to make the commitment and someone that we thought could bring expertise from their municipal level of operations. So it's open there. I actually would think that GFOA and NYSAC are both good additions to this, perhaps even -- well, you know, there are other financial groups also, but they can be brought in as expert witnesses so to speak to give some benefit to what is going, as would perhaps Nassau County Finance Officers or Nassau County Budget Review or what have you. And you can learn a lot from how other counties -- you'd be surprised at the differences despite, you know, that there are certain rules and regulations that we abide by.

LEG. ALDEN:

If you get somebody from the MTA, you'd be surprised at how they do things.

CHAIRMAN MONTANO:

Any further comments? I have a motion to approve. I'm going to ask vote this out of committee. But in the interim, Ben, if there's any, you know, suggestions that you would have, I certainly would be willing -- we haven't spoken -- I haven't spoken to anyone at the Exec's Office up to this time. If you have any concerns about that, I certainly have no objections to, you know, having a representative from NYSAC on the board, if there are other recommendations. I think I would be opposed to eliminating the Treasurer, the Comptroller and also the Counsel unless they chose not to serve.

And so far, you know, I've sent a copy of the bill to the Comptroller's Office and to the Treasure's Office. I've received no indication that they would not want to serve. So with that, I'll ask to vote it out, and we can discuss that. If it needs to be tabled, I'm not going to be unreasonable on something like this. We can do that later. But I would like to get this thing moving. And, you know, this is something that's not going to coming up this year. We envision that this process is going to take at least a year. So it's not something -- we want to get started, but we're going to look at this thoroughly and, you know, come out with something that hopefully will all -- you know, everyone.

MR. ZWIRN:

Let me just say, with respect to what Legislator Alden said, I mean, I wouldn't disagree with anything that Legislator Alden said. I just would - or Legislator Stern or the Chairman, but the

problem is it's all going to come back to same issue about raising revenues or cutting expenses. So no matter how we get there, we're still going to wind up in the same place. We don't disagree that it's a problem. We have a huge fund balance, and every year, we're struggling to, you know, save every dime we can. That money goes against the following property taxes. So it does go back to the taxpayers. They get the benefit of it in the following year. But it is -- there's no question. Allen will tell you in the Budget Office it is a real -- it is a dilemma. But, you know, the only ways to solve it are very -- are real hard core tough decisions that have to be made.

CHAIRMAN MONTANO:

I agree with you. Let's be clear. It's not only about fund balance, it's about tax stabilization, it's about a better understanding of the mandates versus discretionary appropriations. It's a Hodgepodge of budgetary items that we're going to be looking at. Any further comments? Legislator Alden.

LEG. ALDEN:

To address Allen, we have to look at how we got to this point, because at one time, the County didn't have huge fund balances to balance its books. So maybe the whole budget has to be shrunk. Maybe the revenue side has to be raised. But for one -- one way or the other, we're not spending the money the way we're putting it in the budget. So whichever way we end up correcting that, you know, at least it will lead to something that will be sustainable over the next, you know, decades hopefully where we're not forced to go and adopt a budget and then do something that's contrary in a major way. Because over \$100 million, that's a major, you know, adjustment to the adopted budget. And the pressure is on us as well as the County Executive's Office to come up with this savings every year. So I don't see a negative on this. Even if this says, you know, like -- even if it comes up with that you have to shrink County Government or raise taxes, you know, that's not a negative, that's a realization of what's there, what the reality is.

CHAIRMAN MONTANO:

Let me emphasize, it had nothing to do with this year's budget. With that, all in favor? Opposed? Any abstentions? Motion carries. **APPROVED (VOTE: 4-0-0-1 - Not Present - Legis. Cooper).**

Last item, Legislature Jon Cooper has an excused absence. He called earlier, he wasn't able to make it. Being no further business to attend to here, I'm going to adjourn the meeting. Thank you.

(*THE MEETING WAS ADJOURNED AT 10:42 A.M.*)

{ } DENOTES BEING SPELLED PHONETICALLY