

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, October 6, 2009.

Members Present:

Legislator DuWayne Gregory - Chairman
Legislator Lou D'Amaro - Vice-Chair
Legislator John Kennedy
Legislator Brian Beedenbender
Legislator Daniel Losquadro

Also in Attendance:

Presiding Officer Bill Lindsay
George Nolan, Counsel to the Legislature
Sarah Simpson, Assistance Counsel
Terry Pearsall, Chief of Staff, Presiding Officer's Office
Barbara LoMoriello, Deputy Clerk of the Legislature
Gail Vizzini, Director/Budget Review Office
Benny Pernice, Budget Review Office
Angie Carpenter, Suffolk County Treasurer
Justin Litell, Aide to Legislator D'Amaro
Maxvel Rose, Aide to Legislator Gregory
Paul Perillie, Aide to Majority Leader
Bill Schilling, Aide to Presiding Officer Lindsay
Debra Alloncius, AME Legislative Director
Allen Kovesday, Deputy Director/County Executive's Budget Office
Matt Miner, Suffolk County Health Department
Robert Mitchell, Legal Aide
Lou Mazzola, Legal Aide

Minutes Taken By:

Gabrielle Skolom, Court Stenographer

Minutes Transcribed By:

Kim Castiglione, Legislative Secretary

(THE MEETING WAS CALLED TO ORDER AT 10:05 A.M.)

CHAIRMAN GREGORY:

Good morning, everyone. We're going to start off with the Pledge of Allegiance led by our esteemed Legislative Counsel, George Nolan.

Salutation

Before we get -- before we get into the agenda -- I'm going to kind of move up the agenda a little bit. I'm going to ask Angie Carpenter to come forward, the Treasurer.

MS. CARPENTER:

Hello.

MS. LOMORIELLO:

You've just got to hold it down continuously.

MS. CARPENTER:

Good morning. Thank you very much, Mr. Chairman, for amending your agenda to allow me to come up first so I can get out to Riverhead. I'm here to answer any questions that you might have on the procedural motion to add another depository to our list of authorized depositories. We were approached, I guess, a month or so by Herald Bank, fairly new on the scene, about two years I think they have been in place. Some of the people that were involved in North Fork for many, many years when the merger took place with Capital One left and started this enterprise. They seem to be fairly successful. They have 200 plus million in assets, actually more than some of the other startups that are in place. And when we spoke last, they were offering a very, very competitive interest rate, which is why I would like to see them added as a depository. Adding a bank as a depository, as you know, doesn't necessarily mean that we're going to use them, but just allows me the ability to do so.

This past year, we added Empire, Gold Coast and Signature, all fairly small banks. Signature and Gold Coast both were offering pretty competitive interest rates. Empire does not have any of the County's money yet because their rates were just not competitive.

So having said all of that, if there are any questions -- I don't really know a lot about the history. I'm not sure who's on the board or any of that. All I know is that there a willingness on their part to do business with the County, to subscribe to the rules and regulations that we've put in place, and the most important of which is 100 percent plus collateralization so that any money we put in the bank is totally backed up. We monitor the banks very carefully, going online with the site that rates them to see if there's any potential problems. But again, every dollar that we've got invested -- albeit not as much as I would like for us to be able to invest given the financial constraints that we're under right now, but that's basically it.

CHAIRMAN GREGORY:

Thank you. I think you have answered pretty much my main question, which is how to secure our assets -- the County's assets in a bank like this. And you had mentioned also the interest rates, which is also important because I believe when you came before us, I don't know, months ago, if I remember correctly, I think we lost in the neighborhood of \$26 million in interest.

MS. CARPENTER:

We've lost not as much as 26 million but, you know, over the years, back to my tenure, the first year, in 2005, the year previous to me, we earned 11; in six we earned 26 -- 23, actually; and in seven it was 20; in eight, it was not worth reporting.

(Laughter)

No, not really, but it was probably about 12. And I just don't even want to think about what we're going to be facing with nine. It's just not good. They're constantly lowering the rates.

CHAIRMAN GREGORY:

Okay. Legislator D'Amaro.

LEG. D'AMARO:

Thank you. Good morning.

MS. CARPENTER:

Hi.

LEG. D'AMARO:

Hi. The banks are failing at a record pace right now, and, in fact, you hear about there's not even enough money in the FDIC to cover the rate of failure that we're seeing across the country. So when we come to this Committee and ask for a new bank, it just raises a flag, not about the bank itself, but just in the context of what's happening. I'd be curious to know a little bit more about the track record of the individuals who are in control of this bank and whether or not they were part of any other banks that had failed recently and why.

MS. CARPENTER:

Well, being new, there aren't a lot of individuals involved. The one person that I do know is Mario Caracappa. No relation to Joe Caracappa, by the way. He was with North Fork, with {Cannis} and {Bolsen} and that whole crew that brought that bank to the, you know, success level that it enjoyed for so many years, and he basically is the mover and shaker putting it together and the employee, if you will. I don't know who's involved in the bank. He did mention a name to me in someone who's renowned in banking circles, and I believe the name was Healey, but I don't even know for a fact. But again, unlike anything else, they are having to put in place the insurances to be collateralized a hundred plus percent.

LEG. D'AMARO:

I wanted to ask you a little about that because that certainly, if that's sufficient collateralization, it would take away some of the concerns some of us may have, including yourself.

MS. CARPENTER:

Exactly, and, I mean, there are a whole series of legal documents that are put together and the collateral agreements have to all be in place before we'll put a penny in the bank. And it's interesting, too, a number of the banks, even some of the larger banks, have approached us and other municipalities about going with a line of credit -- a letter of credit, rather, that's guaranteed by the Federal Home Loan Bank. It's much cheaper for them to go that route, but I don't have a sense of real safety and security with that, so I feel much more comfortable sticking with the traditional collateral agreements.

It's very interesting because they'll say, "Oh, such and such a County is ready to do it," and, "Oh, they are very interested, and they want to do it. It's easier," blah, blah, blah. And I go, "Well, if it's easier, does that mean the rates are going to be higher? Are you going to guarantee that I'm going to have, you know, 'X' amount of basis points higher because we're doing this?" And of course they are not going to do that. And then when I do some homework and check with some of these other, you know, counties or municipalities they, in fact, share the same concerns that I do. So we've been very strict about saying no. I'm not entertaining that. If that's a problem for you, you know, we have enough banks to deal with, and that's the beauty of having a lot to deal with, because whether I deal with them or not, I can say, "The Legislature has authorized 14 depositories for us to deal with. If you choose that you don't want to do the collateral agreement, so be it and we'll go with banks that are willing to subscribe to that higher level of security and safety for the residents of

the County."

LEG. D'AMARO:

Can you explain the collateral agreement? I mean, we're not talking about collateral in the sense of a lien on something -- on property or an asset. You are talking more about an insurance contract?

MS. CARPENTER:

It is an insurance contract of sorts.

LEG. D'AMARO:

Who writes that insurance contract?

MS. CARPENTER:

The agencies that they go to, and I don't have the specific names, but they have to execute these collateral agreements, and they are pages long, and the Cash Management Unit in our office handles all of that, and that's basically it.

LEG. D'AMARO:

Do you know if in the current economic meltdown that we're experiencing, especially with insurance companies, banks, Wall Street firms, whether any of the companies that collateralize Suffolk's deposits have had financial problems or gone under?

MS. CARPENTER:

I don't know. I mean, if you want, we could do a little research on that for you if you would be more comfortable with it.

LEG. D'AMARO:

Well, my concern is that if those companies are experiencing problems, or maybe at a minimum we should know that they are not experiencing problems, finding out who -- I'm sorry, the new bank is called Herald Bank?

(Legislator Losquadro entered)

MS. CARPENTER:

Herald.

LEG. D'AMARO:

Finding out who is going to be providing that type of insurance to the County. I think we need to ask those questions, especially in this type of climate.

MS. CARPENTER:

I don't know if I totally agree with that. The process is to get them on board, and we can't do anything, and they are not going to do anything, you're not going to engage any or go down the road of putting the collateral agreements in place unless they are an authorized depository.

LEG. D'AMARO:

Well, no. I mean asking them who would they use.

MS. CARPENTER:

Yeah. Well, I'll ask. I'm sure they are going to say whoever is out there to use.

LEG. D'AMARO:

Well, that's not enough --

MS. CARPENTER:

Okay.

LEG. D'AMARO:

-- okay, because we need to know the track record of who is going to be collateralizing, because if that banks fails and then the companies that are insuring the deposits can't make good on the collateral agreement, then where are we left.

MS. CARPENTER:

All right. That's all well and good, but let me just say something. First of all, when you're dealing with the banks, a smaller bank, a newer bank, the initial deposit is going to be pretty small. Generally they've started with three million, five million, and we watch it so very carefully. There's a website, Bankrate, I believe it is, dot com. I'm not, you know, 100 percent positive of the address. But there's a website that you check the credit worthiness of the banks, and we do that on a regular, regular basis, with all of the banks that we deal with, big or small.

Again, some of the smaller banks are offering the higher interest because of the cost that's involved in securing the collateral agreements, and it's tied into how much that, you know, they're taking. They'll start with five million, ten million, and as they are more comfortable, will bring it up a little bit. And some, you know, and I don't like to name names, but one of the banks that's offering this competitive rate, they kind of lock at thirty million. That's their comfort level, and you know, we have to respect that. And that's basically how it works. But I will check on that for you and see the names of the companies, if you will, that they go to to get this insurance.

LEG. D'AMARO:

Yeah. And more than the name, I would want you to have some sense of whether or not your -- those companies would be acceptable to the County as well. What's the -- is there a minimum amount that we deposit with a bank?

MS. CARPENTER:

No.

LEG. D'AMARO:

But with a new bank you start with a smaller --

MS. CARPENTER:

Generally.

LEG. D'AMARO:

Generally -- you know, relatively speaking.

MS. CARPENTER:

And right now, to be quite honest with you, we don't have a lot of money to be investing in any banks.

LEG. D'AMARO:

Which is why we need to protect it even more.

MS. CARPENTER:

Absolutely. And trust me, that's what I do.

LEG. D'AMARO:

I for one would like to know a little bit more about who is running this bank, who is controlling this bank, what their track record is. I'd like to know who the insurance companies are that are going to insure our deposits and what their history is, especially how they are weathering the recent financial climate. You know, if we're going to put funds into a bank, especially a new bank, a start up bank, I think those would be some questions we need to answer.

MS. CARPENTER:

Well, you know, we've done that. We've done that. Most of the banks that we've dealt with have been start up banks at one time or another, whether it was the Bank of Smithtown, Bridgehampton, Gold Coast, Signature, Long Island Commercial, New York Commercial, Empire, who has no money. They have all been start ups. The bigger banks -- some of the bigger banks have had more trouble than the smaller banks, quite frankly. The smaller banks have not had the issues that the larger banks have had. So just because they are a start up bank does not, you know, predispose them to not being credit worthy or someone that we shouldn't trust. And I'm not saying to blindly trust everyone. Trust me, we dot every I and cross every T and make sure that each and every step that is supposed to be taken is taken. Nothing is short-circuited.

And quite frankly, you know, if it's the Legislature's decision to do that, that's great. It puts us in a better position to have more banks. If for some reason, as the Legislature has in the past pulled a bank from being an authorized depository, we deal with that, and that has happened a number of years ago. There was a policy that existed with the banks that the Legislature wasn't comfortable with and I was notified that we were not to do banking with them and we ceased doing banking with that bank.

So, you know, the rules and regulations have been in place for many, many years in this County and they have worked well, and I respect them and that's why I'm here today.

LEG. D'AMARO:

Is there a minimum capitalization for a bank to qualify for Suffolk deposits?

MS. CARPENTER:

No.

LEG. D'AMARO:

Do we know the capitalization or the I guess the -- I'm not a banker, so forgive me, but whether or not -- what the reserves of this particular bank would be?

MS. CARPENTER:

Well, right now they have two hundred -- I think it's -- I want to say sixty-three million, I could be off a few million, in assets right now as a start up bank, which is --

LEG. D'AMARO:

But we don't generally investigate, I mean, whether -- we don't investigate the financial strength of a bank before --

MS. CARPENTER:

Well, we do as far as checking out the backgrounds on, you know, the tools that we have available to us, yes, we do. I mean, I'm not going to invest the County's money in, you know, a fly by night. All of the investigating that has to be is done at a State and Federal level before these institutions are chartered. You know, the level of scrutiny I dare say is probably a little bit more intense than what we do here in Suffolk County. And if they have passed that litmus test, if they have passed what they've needed to pass to be a chartered institution to do banking in the State of New York and in the United States, whether they are Federally chartered or State chartered, I would say we are probably pretty safe. And as long as we follow all of the rules and regulations that this County has put in place these past thirty plus years I think we're pretty safe.

LEG. D'AMARO:

Well, I appreciate that, and I think it's absolutely required that these banks would have to pass muster on a Federal and State level, but they are also failing at a record number, so I think Suffolk County should also do some due diligence and look at --

MS. CARPENTER:

And, please, do not disrespect me and suggest that we are not doing due diligence. We certainly are, Mr. D'Amaro.

LEG. D'AMARO:

Oh, I wasn't saying that you weren't. I'm just giving my opinion.

MS. CARPENTER:

Okay, well I'm getting the feeling that, you know, we're not just, you know, haphazardly going along. You know, we are following every, you know, procedure that is in place. And if you know something about this bank that I don't, please share it with me, but I'm taking them, you know, not just at their word, but we're doing everything that we need to do to make sure that they are safe and secure and are a viable bank for us to possibly do business with, possibly. And right now we are getting less than one percent interest on almost all of our accounts, and these people are coming in offering more than two, so it --

LEG. D'AMARO:

Right. And I'm just looking to make sure that our deposits would be relatively as safe as they can be in that bank.

MS. CARPENTER:

Right. And I really, really respect for that. I really do. And I, too, am doing that every single day.

LEG. D'AMARO:

All right. So can you tell me, then, can you find out who at least -- who is going to insure our deposits --

MS. CARPENTER:

Yes, I said I would look into that.

LEG. D'AMARO:

-- and can we know a little bit more about the track record of the owner's of this bank as well as the insurance companies that are involved.

MS. CARPENTER:

I will check and see who the owners of the bank are, absolutely.

LEG. D'AMARO:

Okay. Thank you.

MS. CARPENTER:

You're welcome.

CHAIRMAN GREGORY:

I just wanted to say, before I move on to Legislator Kennedy, that we appreciate the efforts and the work that you and your staff have done. It's my understanding that the County hasn't lost a dime due to any depositories, other than maybe just over interest rates.

MS. CARPENTER:

Exactly.

CHAIRMAN GREGORY:

So the selection process is working. But as Legislators, you know, this is an unprecedented time in our economy and banks are failing. We have, you know, large banks and financial institutions that have come under, so we do have some concerns. Please don't take offense to it. We're just trying to safeguard the money that we do have left. As you said, there's not much left. So with that, I'll move on to Legislator Kennedy.

LEG. KENNEDY:

Thank you, Mr. Chair. In my time prior to coming to the Legislature and the time that I spent with the County Clerk's Office, the selection of depositories was always something that was very important to us, and we collaborated quite often with what would go on with the Treasurer's Office as well. And I remember that quite often we would look at the range of depositories that were out there and how we would with a blend maximize what the interest rate is. And I would imagine as you sit there now with the admittedly, in all categories, the aggregate that we have to deposit is much diminished. The County Clerk's Office doesn't take in hundreds of millions in CPF anymore as we did back in the late 90's and the early 2000's. But I would imagine that you must almost on a monthly or bimonthly basis take a look at the whole landscape of what's to be offered amongst the depositories, and then look at where can you maximize.

You also mention that there's a difference that we have certainly between our liquid funds and where we have funds invested in 90 day CDs, one year CDs. So there is, hopefully, even though it's diminished, a more global picture that you are looking at when you look at all the deposits, isn't it?

MS. CARPENTER:

Oh, absolutely. I mean, and not bimonthly and not even monthly, more frequently than that. We are -- I'm constantly asking them to give me across the board what the rates are in each and every account and wherever we can we will move, for a couple of basis points at this point, because whatever we can get the better it will be. And the County has gotten a little bit more rigid. It was during my tenure on the Legislature, I believe, because it was before the SOPs were changed and no department can open an account unless it's approved by the Treasurer's Office. Initially I was getting requests for accounts that were not earning any interest and were charging fees.

Now, it's understandable that a department is going to want to go to a bank that's close to where their office is, and I respect that. But I was looking at some of those banks and they're banks that have substantial balances, and I felt it was unconscionable that we should be opening an account and not getting some minimal amount of interest and not paying any fees when overall, you know, maybe this department only had 10,000 in the bank, but overall bank A might have \$70 million of the County's money. So I contacted these, you know, the government reps for the banks and said this isn't going to be, I'm not going to approve any accounts that don't earn some amount of interest. So on a routine basis now, whether it is one percent or even if it is three-quarters or a half a percent, the departmental accounts are all earning interest. I think there's maybe one or two exceptions with some funds in the D.A.'s Office, but for the most part almost across the board they are all earning interest. So we've really tightened up even with the departments in looking at these requests very, very carefully.

LEG. KENNEDY:

That's all, Mr. Chair. Thank you.

CHAIRMAN GREGORY:

Anybody else? No? Okay. All right. Thank you.

MS. CARPENTER:

Thank you very much.

CHAIRMAN GREGORY:

We're going to go to the public portion now. We have one card, and that's Robert Mitchell.

MR. MITCHELL:

Good morning, Mr. Chairman and members of the committee. My name is Bob Mitchell. This is Lou Mazzola. We're in charge of the Suffolk County Legal Aid Society. I won't be redundant; I spoke to you gentlemen prior to the meeting. We're not used to making this pitch at this time. Usually we usually follow the Police, the Sheriff, the District Attorney, Probation, and they've already made out

our case for us that we need money. As Louie often says, this is like a car with four wheels. You've got the Police, the D.A., Probation, and you've got the donut, Legal Aid.

We're the poor sister, all right. We don't have parody with the D.A.; we're trying to get as close to parody as we can. We understand we're in a very difficult position here. In the last eight years we've had an 8,000 case increase. We've had no new hires. The D.A. has had 44 new hires, plus another two this year. Probation has had several last year, and several this year. Police has got another class coming. We are inundated with work. It's costing the County four-hundred and some odd dollars a case for us to represent them, to represent the indigent. If you go to 18B, it's \$4,500 a case. That's black and white. That 18B budget is now well over \$4,000. We're doing the best we can with the limited materials that we have, the resources we have at hand.

Right now the County gave us a budget to continue, same as last year. We're still \$630,000 shy. That 630,000, just using round figures, basically is we have to have our own insurance, health insurance. The County will not take us on board. We've had catastrophic injuries this year, so our medical increase I think is like 325,000. It's on the sheet that I handed out.

In addition, our pension. We have another approximately \$70,000 in the pension. We've got fee for services, which is probably another 60,000 with certified audits and benefits, etc. It's all listed there. Now, we had about -- I think the balance is about \$135,000 to give out for raises, which I understand there is no money to give out raises. But the D.A. exempts received a three percent increase in July. Okay. There's never enough money; I understand that. We never get any money. Everything I get you guys are kind enough to give to me because the County cuts it out. So whatever bones we get, we get from you. You guys are kind enough to keep us going.

So I would just ask you if you would again just reconsider our cost to continue, which is six hundred, and whatever you can do we'd appreciate it, and we'll be back crying next week. Thank you. Any questions?

CHAIRMAN GREGORY:

Thank you. Questions? No questions. Thank you.

MR. MITCHELL:

Thank you.

CHAIRMAN GREGORY:

I don't have any more cards is. Was there anybody in the audience that would like to speak? Please come forward. No? Okay. Gail, would you like to do your?

MS. VIZZINI:

Did you want an overview? I notice that all of you are on the Working Group, so you really have benefitted from the overview.

LEG. KENNEDY:

Odd man out.

MS. VIZZINI:

It's, you know, it's your prerogative. What would you like?

CHAIRMAN GREGORY:

Sure, just a quick two minutes.

MS. VIZZINI:

Sure.

LEG. BEEDENBENDER:

I can give you the summary. It's really easy; we don't have any money.

MS. VIZZINI:

Mr. Kovesday is here, too, in case there are any questions. Just basically a general overview of the County Executive's recommended budget. The General Fund fund balance is now \$43 million, which is considerably less than the 2008 actual, which was \$76.4, and the 2007 actual was 154.8. So our fund balance, a concern of the Budget Reform Commission and a concern of the Legislature, is going down.

As far as property tax levies, the General Fund was actually reduced from 51.1 million to 49 million, and this has to do with a separate fund related to the MTA expenses. There is no property tax increase recommended in either the General or the Police Department.

The Legislature's budget was submitted with a two percent reduction as requested, however, the Legislature's budget was further reduced, including those monies that the Legislature provides for certain nonprofit community organizations.

Sales tax is recommended to come in 2009 at a negative six, with the potential for a five percent growth in 2010 over the reduced base. Our preliminary analysis indicates that these numbers may be unrealistic. We continue to do our forecast and we'll have a more specific number for you when we do our report, which will be issued October 16th.

The budget assumes the revenue from the hotel and motel tax. There is 7.4 million in hotel/motel revenue that, among many things, has provided funding for the Vanderbilt Museum, the Suffolk County Historical Society, the Walt Whitman Birth Place and some other entities.

There are some organizational changes. The Department of Social Services were very pleased to see the creation of an eight person Child Protective Preventative Team to shorten the institutional and foster care placements. There are some internal transfers in Public Works to create a Capital Program and Project Oversight Unit that will hopefully be more in tune with accurate capital project projections and the pacing of projects. The Parks Department, as you are aware, there was a request for expressions of interest released and there is some reconfiguration of staffing, and there is about \$300,000 in anticipated revenue from changes relating to privatizing in part or in whole some of the marine operation.

There are 19 computer positions transferred, at least organizationally, from individual departments to IT. This is so that the Chief Information Officer has supervisory and organizational control over these IT people. They come from a variety of departments, with the exception of the elected officials, although the County Executive's people are transferred.

On the public safety front there are 436 Police Officer positions abolished. The narrative says that there are 60 full-time Police Officers laid off, and 376 of those 436 are unfunded vacancies. The reason they had to abolish all the vacancies was in conformance to the Administrative Code requiring vacancies be abolished before abolishing filled Police Officers.

As far as public safety revenue sharing, there is an increase of \$500,000 over the 2009. The dollar amount has gone from three million in '05 to actually 6.58 for public safety revenue sharing that goes to the towns and villages.

CHAIRMAN GREGORY:

If I could stop you midstream. Why is that?

MS. VIZZINI:

Why is what?

CHAIRMAN GREGORY:

The revenue sharing going up, because isn't that based --

MS. VIZZINI:

There is an agreement. It's a policy determination on the part of the County Executive's Office, and the narrative discusses previous agreements that the County Executive has or intent that the County Executive is following through on to fund these towns and villages.

LEG. LOSQUADRO:

It's incremental.

CHAIRMAN GREGORY:

Right, right.

LEG. BEEDENBENDER:

Mr. Chairman, if I may. The County Executive, I think it was 2006 -- five or six, he had met with the East End towns and villages and he had come to an agreement that this amount of money would increase over time. There was a dispute over what the appropriate level would be, and I believe this is the representation of the middle ground between what the County Executive really wanted to give them and what they wanted. I think this was the settlement that -- I don't know if it was a written settlement, but it was the general intent of the County Executive that he would do this, and I think he has done it each time so far. But I don't think it was ever passed by the Legislature. It was an intent of the County Executive at the time.

CHAIRMAN GREGORY:

Well, this is based off the sales tax.

MS. VIZZINI:

It's a portion of -- I mean, a portion of the sales tax goes for public safety dispersed throughout the budget. This particular public safety revenue sharing goes to the towns and villages.

(Presiding Officer Lindsay entered)

CHAIRMAN GREGORY:

Okay. I just wasn't aware that there was a new agreement. I knew that it came from sales tax; I was wondering why it went up because sales tax is going down. That's all.

MS. VIZZINI:

County staffing, overall staffing, dropped from 12,071 authorized positions to 11,568, which is a reflection of the -- not only the 436 positions abolished in the Police Department, but an additional 101 vacancies department-wide.

Turnover savings, which is the savings in the personnel lines that we get from either people leaving or restrictive hiring policy, is very tight. Typically you would have savings somewhere in the neighborhood of 16 to 20 million dollars in the General Fund at the end of the fiscal year. There really is only about \$7 million available to fill vacancies in the General Fund, of which about 2.5 is for the positions in the Sheriff's Office, another two million for the new positions in DSS, and a little bit in Health.

There are some new positions created. There are some cautions in the budget narrative in terms of potential adverse impact as far as State aid is concerned since, as Legislator Gregory indicated earlier, these are unusual economic times and all municipalities are suffering in terms of sales tax revenue, property tax revenue and what have you. The State, as you well know, has its own shortfalls.

The narrative also mentions the potential in 2011 for an increase in retirement cost, the magnitude of which is about \$44 million due to the losses in the investments on the part of the State Retirement Fund. So we are all well aware of that.

The nursing home is funded, although an RFP will be or has been released to lease the operation of the nursing home. The transfer in sales tax to the Police District is less. It is less than it was in 2009. It's \$58.4 million. This is 7.7 million less than the 66.1 that you reduced the transfer to in '09.

I'm very pleased to say that in conformance with legislation that you passed the budget document includes more detail in terms of the fund balance for the water quality programs. We had been working with the Budget Office to get that information from them and now it's included. It's a snapshot in terms of how the different programs are ending, and also that the job descriptions for the personnel that are paid from the Water Quality funds are also included in the budget.

As far as the health clinics are concerned, the budget assumes a closing of the Central Islip Center, and the plan is for those patients to receive services in the Brentwood Center. This contract for Southeast/Southwest Brookhaven is reduced by about \$800,000. That's representative of the elimination of the mobile mammography unit.

There is very little money for vehicles. It's about \$1.5 in Public Works. They are targeted for 60 public safety vehicles, although there is no detail in terms of what department that involves. There's also funding in the Capital Program for --

LEG. BEEDENBENDER:

Gail, could I stop you right?

MS. VIZZINI:

Sure.

LEG. BEEDENBENDER:

It has to be more than 60 cars. I'm not a math whiz, but.

LEG. LOSQUADRO:

Sixty times 20,000 would be 1.2.

MS. VIZZINI:

There could be some trucks in there, too. I'm repeating from the County Executive's narrative.

The last item is the \$200,000 typically in for tuition reimbursement for County employees has been deleted. That's a basic overview.

CHAIRMAN GREGORY:

Thank you. You said October 16th your office will have your analysis of the budget?

MS. VIZZINI:

Yes.

CHAIRMAN GREGORY:

Okay. Thank you. I don't think anyone has any questions. No? All right. Thank you again. We're going through the agenda now. We have tabled resolutions.

TABLED RESOLUTIONS

IR 1351, Utilizing County assets to address budgetary shortfalls. (Viloria-Fisher)

I make a motion table.

LEG. D'AMARO:
Second.

CHAIRMAN GREGORY:
Second by Legislator D'Amaro. All in favor? Opposed? Abstentions? **(Vote: 5-0-0-0)**

IR 1458, Adopting Local Law No. -2009, A Charter Law to amend the Drinking Water Protection Program to increase the allocation for property tax relief. (Alden)

I make a motion to table.

LEG. BEEDENBENDER:
Second.

CHAIRMAN GREGORY:
Second by Legislator Beedenbender. All in favor? Opposed? Abstentions? **(Vote: 5-0-0-0)**

IR 1722, Adopting a Local Law No. -2009, A Charter Law to amend the Drinking Water Protection Program to increase funding for property tax relief. (Pres. Off)

LEG. BEEDENBENDER:
Motion to table.

LEG. D'AMARO:
Second.

CHAIRMAN GREGORY:
Motion to table by Legislator Beedenbender. Seconded by Legislator D'Amaro. All in favor? Opposed? Abstentions? **(Vote: 5-0-0-0)**

INTRODUCTORY RESOLUTIONS

IR 1792, Amending the 2009 Operating Budget and transferring funds to Lucia's Angels. (Schneiderman)

I make a motion to approve.

LEG. LOSQUADRO:
I'll second. I just want to check with Budget Review. This is transfer of omni money?

MS. VIZZINI:
Yes. The next five resolutions before you involve omnibus funds.

LEG. LOSQUADRO:
That's what I just wanted to check. Thank you.

CHAIRMAN GREGORY:
Second by Legislator Losquadro. All in favor? Opposed? Abstentions? **(Vote: 5-0-0-0)**

IR 1795, Amending the 2009 Operating Budget and transferring funds to Babylon Central Fire & Rescue Alarm. (D'Amaro)

LEG. D'AMARO:

Motion to approve.

LEG. LOSQUADRO:

Second.

CHAIRMAN GREGORY:

Motion to approve by Legislator D'Amaro, second by Legislator Losquadro. All in favor? Opposed? Abstentions? *(Vote: 5-0-0-0)*

IR 1798, Amending the 2009 Operating Budget and transferring funds to North Amityville Community Economic Council. (Gregory)

I make a motion to approve.

LEG. LOSQUADRO:

Second.

CHAIRMAN GREGORY:

Second by Legislator Losquadro. All in favor? Opposed? Abstentions? *(Vote: 5-0-0-0)*

IR 1799, Amending the 2009 Operating Budget to provide funding for support for the Downtown Beautification Organization of Center Moriches. (Romaine)

LEG. LOSQUADRO:

Motion to approve.

CHAIRMAN GREGORY:

Motion to approve by Legislator Losquadro. Seconded by myself. All in favor? Opposed? Abstentions? *(Vote: 5-0-0-0)*

IR 1802, Amending the 2009 Operating Budget to provide funds for the Diabetes Education Program in Health Services. (Browning)

I make a motion to approve.

LEG. LOSQUADRO:

I'll second.

CHAIRMAN GREGORY:

Second by Legislator Losquadro.

LEG. LOSQUADRO:

I know this is the one we were speaking about yesterday, actually. Just a brief explanation of -- I know we need to do the transfer, but I just want to clear up where the money is coming from.

CHAIRMAN GREGORY:

We do have Matt Miner from Health Services here to address any questions.

MS. VIZZINI:

While Matt comes to the table, the funds are coming from -- there's a reduction of \$116,000 from the Islip Health Center and \$26,208 from the Southeast/Southwest Brookhaven Clinics, to provide \$142,487 for the Cornell Diabetes Program.

LEG. LOSQUADRO:

That's all I really needed to know. Sorry to drag you up here, Matt, but that's all I was looking for.

Are there any questions for Mr. Miner? I don't want to excuse him prematurely, Mr. Chairman.

LEG. D'AMARO:

Mr. Chairman.

CHAIRPERSON GREGORY:

Okay. Legislator D'Amaro.

LEG. D'AMARO:

Thank you. The funding coming from the health center is -- I assume there has been a determination made that that funding is not needed at those health centers or they're over budget?

MR. MINER:

That's correct, sir. We've met with the hospitals who had expressed interest or concern that the diabetes money had been cut. Working with them on their budgets they felt that they could work within their given budget, both at Brookhaven and Southside's Brentwood and CI Health Centers, and they could forgo some of the omni money for this project.

This project, the Diabetes Program, it links to several grants that the County has, almost \$4.4 million in grants with other programs. There's 5,000 patients within our health centers that have diabetes. It's really a critical program and both hospitals recognize the importance of it and were able to work their budgets to allow us to make this transfer request.

LEG. D'AMARO:

But this program has been running for 2009 unfunded by the County; is that correct?

MR. MINER:

There was partial funding. What had happened in -- I guess in previous budgets there were two lines that had funded this. Years ago the County received a grant so there was one allocation and a grant, and there was another allocation in the general County money. We did housekeeping in the 2009 budget and put it where it should be. It's all County funded, which I think when people saw that they saw a large increase. It really was just a consolidation of the two lines. So there is funding and the program is ongoing right now, but we don't have sufficient funding to carry through the rest of this year. We need this money to make the program, you know, whole, and we've been working with the Chair of the Health Committee and I guess it came to this committee instead, which is fine, but we, you know, we've been working with Cornell and the hospitals to make this happen.

LEG. D'AMARO:

So the County, through the consolidation of the two lines, there was a funding line for this program in the 2009 budget, and that's the way it's been funded up to this point. And now the program has run out of funding?

MR. MINER:

There was money requested by the County Health Department and by the Executive, but when the final budget came out there was a reduction. I don't know that everybody recognized that there was two lines consolidated into one and they slashed the final line. I think it was just an oversight and we're trying to just make a technical correction at this point.

LEG. D'AMARO:

Okay. Thank you.

LEG. KENNEDY:

Mr. Chair.

CHAIRMAN GREGORY:

Legislator Kennedy.

LEG. KENNEDY:

Matt, the funding from Southeast and the Southwest Brookhaven clinics; Southeast is the one that's operated by Brookhaven Hospital, isn't it?

MR. MINER:

They are both operated by Brookhaven, sir.

LEG. KENNEDY:

Both of them? This is not the Marilyn Shellabarger?

MR. MINER:

Marilyn Shellabarger is operated by Brookhaven.

LEG. KENNEDY:

We don't have any of our direct County personnel in there?

MR. MINER:

WIC and Family Planning, but the health center is staffed by County -- by Brookhaven Hospital and has been.

LEG. KENNEDY:

And so they're not going to be impacted. There's no offset or impact with this shift with our County folks there.

MR. MINER:

No. Neither hospital are impacted with the operations at the health centers.

LEG. KENNEDY:

Okay. All right. Fine. Thank you.

CHAIRMAN GREGORY:

All right. Thank you. We have a motion to approve and a second. All in favor? Opposed? Abstentions? **(Vote: 5-0-0-0)**

IR 1803, Amending the 2009 Operating Budget to provide funding support for improvements at Woodedge Park, Town of Brookhaven. (Eddington)

I make a motion to approve.

LEG. D'AMARO:

Second.

CHAIRMAN GREGORY:

Second by Legislator D'Amaro. All in favor?

LEG. LOSQUADRO:

This is, again, this is just another omni transfer?

MS. VIZZINI:

Actually this is to assure that the agency is compliant with the 501 3(C) status. The National Agency, there was a question, so it just changes the agency.

LEG. LOSQUADRO:

Okay. Very good. Thank you.

CHAIRMAN GREGORY:

All in favor? Opposed? Abstentions? *(Vote: 5-0-0-0)*

IR 1832, Extending existing one percent sales and compensating use tax for the period beginning December 1, 2009 and ending November 30, 2011, pursuant to authority of Section 1210 of Article 29 of the Tax Law of the State of New York. (Co.Exec.)

I make a motion to approve.

LEG. LOSQUADRO:

Second.

CHAIRMAN GREGORY:

Second by Legislator Losquadro. All in favor? Opposed? Abstentions? *(Vote: 5-0-0-0)*

IR 1844, Requiring disclosure of specific information regarding closed capital projects. (Romaine)

I make a motion to table.

LEG. D'AMARO:

Second.

CHAIRMAN GREGORY:

Second. All in favor?

LEG. KENNEDY:

Mr. Chair?

CHAIRMAN GREGORY:

On the issue.

LEG. KENNEDY:

I have a question with the resolution. I know that we've in the past specifically talked about some of what the contents are when we see that housekeeping resolution that comes before us, either from the Administration or on occasion one of us has, as a matter of fact, have brought it forward. I know Legislator Beedenbender brought one forward two years ago. It always does raise questions for us, particularly as we try to go through those spreadsheets. I know Legislator Romaine was eager to see some of that brought out in greater detail. Is there -- I see we're tabling this today. Is there any agreement on the part of the Administration or any understanding? What can you tell us, Allen?

CHAIRMAN GREGORY:

Well, let me just intercede just for a second. I'm going to be in the process of contacting the sponsor of this bill. I think the intention is well by the sponsor of the legislation. I think it will be, for lack of the better word, overkill. I think if we put -- maybe institute a threshold for contracts or projects that are over say \$50,000 we can get extensive review of it as opposed to -- because if I remember, there were some, you know, six \$8,000 -- I don't think we need to, you know, have our County personnel put extensive hours into submitting a report for an \$8,000 project when there are some other with significant sums of moneys that may warrant that further detail.

LEG. KENNEDY:

You know, a threshold, I think, makes a lot of sense, Mr. Chair, but you do recall one of the items that we spoke in great detail about was the mammography equipment, as a matter of fact, at the

health departments, that we had all voted to fund and had thought had gone in, and only when we had the housekeeping reso come before us did we become aware that action had never occurred. So, you know, certainly I think it makes a lot of sense. You are right, we don't need to beat a dead horse for five or six thousand dollars, but I think the intention here is very much needed. And, you know, I'll be happy to go along with the tabling with the understanding that we're going to see something that comes back before us that implements that in going forward, because I think that the spirit and the intent of the resolution is very prudent and needed.

CHAIRMAN GREGORY:

Absolutely. Legislator Losquadro.

LEG. LOSQUADRO:

Yes. Aside from keeping track of individual projects so that we know what's being completed, what hasn't been completed, where no action has been taken, I think one of the key points associated with this legislation is to keep track of that authorized, unissued debt we keep talking about, and for us to have a better handle on where we are going in terms of what's out there that could potentially be let. So I'm fine with holding off on this for a cycle, but I think it's something that we do need to put a specific procedure in place as to how we're going to track this, and not only keep track of the individual projects, but from a future budgetary planning standpoint I think it's very important.

CHAIRMAN GREGORY:

We have a motion and a second to table. All in favor? Opposed? Abstentions? *(Vote: 5-0-0-0)*

PROCEDURAL MOTION

P.M. 23, Procedural resolution amending Resolution No. 370-2009, designating depositories pursuant to Section 212 of the County Law. (Pres. Off.)

I will make a motion to approve.

LEG. LOSQUADRO:

Second.

CHAIRMAN GREGORY:

Second by Legislator Losquadro.

LEG. D'AMARO:

I had asked for some information from the Treasurer on that. My preference would be to table that for a cycle to give the Treasurer an opportunity to respond as she said she would. But it's, you know, of course up to the committee. I would offer a motion to table on that basis for a cycle to give her an opportunity to at least give us a little bit more of a track record concerning the individuals who own or control the bank, as well as the firms that are collateralizing the deposits.

CHAIRMAN GREGORY:

Okay.

LEG. LOSQUADRO:

Mr. Chair.

CHAIRMAN GREGORY:

Legislator Losquadro.

LEG. LOSQUADRO:

I would just like to say I was satisfied that the Treasurer had the necessary safeguards in place to not deposit any monies until such time as they were sure that we were not exposing ourselves to

any undue risk. So I think those safeguards are already in place. I understand your concern for the specific procedures they follow, and I'm sure the Treasurer will be happy to supply those to you, but I have faith that those safeguards are in place already.

LEG. D'AMARO:

If I could just respond. I don't disagree that the safeguards aren't in place. That's not my intention here. But what I'm asking as a function of oversight is just a little more specific information about a new start up bank and the companies that they are dealing with to insure our deposits and the Treasurer had offered to provide that information. So, again, I'll offer a motion to table to give her the opportunity to provide us with the information so we can make an informed decision.

CHAIRMAN GREGORY:

So we have a second on that motion?

LEG. BEEDENBENDER:

Second.

CHAIRMAN GREGORY:

Okay. Legislator Beedenbender. If I can just interject. I think that I was satisfied with the Treasurer's responses. I think worse case scenario we can table the motion on the floor at the General meeting, give her an opportunity to present the information to the whole body, which I'm sure some of them have some of the same questions that we presented today and some of the same concerns, so I don't think there's a problem with us moving forward. I just would like to move the process forward so that we can possibly get our monies into a bank that can earn us more interest so we can, you know, not lose as much money as we are right now. Anybody else want to chime in?

LEG. D'AMARO:

Well, just to respond. I agree with the Chair that I don't want to lose money, but I don't want to lose -- I'd rather lose a couple of weeks of interest than put a substantial deposit at risk. I think this is the level where the oversight occurs. That's why we're here today asking these questions, that's why the Treasurer graciously agreed to provide the information and I would prefer to keep it in the committee, but of course I guess you'll call the vote.

CHAIRMAN GREGORY:

Okay. The tabling motion has precedence. We have a motion and we have a second. All in favor for the tabling? Okay. All in favor? Opposed? Opposed. Okay. The tabling motion fails.
(2-3-0-0 Opposed: Legislators Gregory, Losquadro and Kennedy)

Motion to approve. All in favor? Opposed? Abstentions? We have one opposed. ***(Vote: 4-1-0-0 Opposed: Legislator D'Amaro)***

That is our agenda. Thank you.

(THE MEETING WAS ADJOURNED AT 10:59 A.M.)

{ } Denotes spelled phonetically