BUDGET AND 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, March 16, 2010.

MEMBERS PRESENT:
Legislator DuWayne Gregory - Chairman
Legislator Lou D'Amaro - Vice-Chair
Legislator Daniel Losquadro
Legislator Ed Romaine
Legislator Jay Schneiderman

ALSO IN ATTENDANCE:
Presiding Officer Lindsay - Legislative District No. 8
Legislator Viloria-Fisher - Legislative District No. 5
Legislator John Kennedy - Legislative District No. 12
Legislator Thomas Cilmi - Legislative District No. 10
George Nolan - Counsel to the Legislature
Maxvel Rose - Aide to Legislator Gregory
Barbara LoMoriello - Deputy Clerk of the Legislature
Gail Vizzini - Director Budget Review Office
Robert Lipp - Deputy Director - Budget Review Office
Lance Reinheimer - Assistant Director - Budget Review Office
Benny Pernice - Budget Review Office
Kara Hahn - Legislative Aide to Presiding Officer Lindsay
Michael Pitcher - Legislative Aide to Presiding Officer Lindsay
Linda Bay - Aide to Minority Caucus
Paul Perillie - Aide to Majority Caucus
Lynne Bizzarro - County Attorney's Office
Eric Naughton - Budget Office
Carmine Chiusano - Budget Office
Connie Corso - Budget Office
Steve Tricarico - Intergovernmental Relations
Ben Zwirn - County Executive's Office
Allen Kovesdy - Deputy Director - County Executive's Budget Office
Catherine Stark - Aide to Legislator Schneiderman
Justin Littell - Aide to Legislator D'Amaro
Chris Kent - Deputy County Executive
Dot Kerrigan - AME
Robert Zrelinski - AME Treasurer
Gail D'Ambrosio - SCPOA President
All Other Interested Parties

Minutes Taken By:
Lucia Braaten - Court Stenographer

Minutes Transcribed By:
Kim Castiglione - Legislative Secretary

[THE MEETING WAS CALLED TO ORDER AT 10:04 A.M.]

CHAIRMAN GREGORY:
Good morning, everyone. Welcome to the Budget and Finance Committee. We're going to get started with the Pledge of Allegiance, led by our visiting Legislator, Thomas Cilmi.

(Pledge of Allegiance)

Okay. On to the public portion. We don't have any cards, but is there anyone in the audience that would like to make a public statement? Okay. Not seeing any hands, we will go to presentations. We have Gail Vizzini, the Director of the Budget Review Office here. I would also invite the County Executive's Budget Office up for the budget model. So you're by yourself today, okay.

MS. VIZZINI:
Good morning, Mr. Chairman. Thank you for this opportunity for Mr. Naughton and myself to present the committee with the annual budget model presentation. As required by Charter, the two Budget Offices met and we exchanged information in regards to our consensus forecast for the 2010/2011 fiscal years. As you know, the purpose of the budget model is to help you in your decision making in regards to assisting the County Executive to manage the 2010 budget and where we see ourselves when we're going to be crafting the 2011 budget.

For the purposes of this presentation, I'm going to address the Budget Review Office model. I'll give you a brief summary of what assumptions are in our model and the contributing factors that make the budget shortfall as large as it is. Based on our discussions with the Budget Office we are really just a couple of million dollars apart and when you see the magnitude of the problem, it's almost -- we're pretty much in agreement in terms of the magnitude of the problem.

As far as the General Fund, we're projecting that the shortfall is $231.6 million once we get to 2011, and in the Police District, 60.3, for a combined problem of 291.9 million. I think they're another million dollars, so we truly are very close in terms of our concerns.

As far as the Budget Review Office model, we do not -- implicit in the model, we have not included any mitigation. At the end of the presentation, we will offer some mitigation, but we have not assumed any Federal stimulus relief, we have not assumed any reorganizations, we have not assumed any property tax increases or other revenue increases. We haven't assumed that we'll be bonding for the increase in retirement. We haven't assumed any program reductions nor have we assumed any sale of County assets in terms of getting to the problem.

LEG. ROMAINE:
Worst case scenario.

MS. VIZZINI:
Once we get to the solutions that's a different story. Our model does assume the class of 70 Police Officers. We believe it's likely to begin in June. We have also included, as was the Legislature's policy directive, an additional class of 100 Police Officers in 2010, and that class is slated to begin at the end of December.

A class of 30 Correction Officers started in January and our model assumes a second class to start in September, approximately 50 Correction Officers in that class. Our model also assumes three additional Correction Officer classes of 50 each in 2011, all in compliance with the opening of the jail, which is slated to open in December of 2011.

With the exception of the new Correction Officer class and the police classes, as far as other hiring we've assumed that that will be limited to equaling the cost of any retirements and/or separations of the County workforce. If you were to be more restrictive in hiring, there is a possibility to generate savings.

We've assumed that public safety revenue sharing will continue at the same level as in 2010, which was $6.58 million. Our model includes funds for contractual settlements in 2010 for the police unions, and settlements in 2011 for all the unions. As far as sales tax, we are still projecting a $67 million shortfall in sales tax for 2009/2010, which is made up of the $27.1 million shortfall we experienced in 2009 from what we estimated when we did the 2010 budget, and an additional 40.6 million in 2010. This shortfall is predicated on our projections that we will -- that sales tax will grow in 2010, but at 2.75%, and we have more favorable growth projections in 2011 of 5%.

We've also assumed that the sales tax allocation to the Police District in 2011 will be the same as in 2010, 54.3 million. Again, that is also a future policy decision.

So in terms of why the shortfall, it's primarily due to the -- in the General Fund, as far as the revenue is concerned, it's due to the $67 million in the sales tax shortfall, and we're expecting that property tax delinquencies, although they have -- property taxes have improved in 2009, we expect that the same level of delinquencies will continue in 2011 of $20 million.

The areas of expenditure increase in 2011 over 2010 are primarily in these areas. Contractual salary settlements, our public assistance accounts, due largely to the fact that the stimulus monies for FMAP are dropping off precipitously. The retirement contribution is increasing because of the poor performance of the pension investments in the market, and we've already been notified of an increase in the employer contribution. We expect health insurance costs to increase approximately 7%, and debt service is increasing 13 million; 6.8 of that is because of the drop-off from the proceeds of the tobacco securitization. These numbers total $175 million increase in expenditures in 2011 over 2010. In the Police District, similar categories of expenditure increase are contractual salary, settlements, the retirement contribution and health insurance, totaling about $30 million.

Just to refresh your memories, the Federal stimulus monies of FMAP, last year our budget model was in the magnitude in gross terms of close to $300 million, but we were fortunate in that over the 2009-2010 period we got 90 -- over $90 million in Federal stimulus funds to address our Medicaid expenditures. We are assuming no additional aid in 2011 for the FMAP. However, there is discussion, and I believe a Senate approval, of continuing a portion of the FMAP, probably about $23 million in 2011.

A few cautionary comments. The General Fund is $1.85 billion. It is very challenging to sustain County operations on a property tax levy of $51.1 million. Included in that, of course, is the MTA payroll tax. We have been dependent on sales tax for such a long time and that has proven to be extremely difficult, creating much of the problem that we faced last year and this year in light of the recession. We have not been able to sustain our large fund balances. Granted, we were looking to wean ourselves from them. It seems that the economy has done that for us in a certain sense.

We started out -- when we did the 2010 budget, we started out with what we thought would be a surplus in 2009 of 45.5 million. In April we'll know what that fund balance is at the end of 2009. We probably will do a little better than the 45.5 million. However, we're projecting that once we get to 2011, unless we mitigate this, these problems, we could have a shortfall of 21.8 million, so less together the 45 and the negative 21.8, we're at a disadvantage of 68.3 million.

I'd like to turn the microphone over to Eric for his comments and then I believe both of us would be available for any questions you might have.

MR. NAUGHTON:
Good morning. Okay. As Gail stated, our numbers are very similar in the magnitude of the problem. We have calculated a budget shortfall for 2010/2011 of $292.7 million, so that's only a difference of I believe $800,000. We have the same major contributors to the shortfall, which is the lack of growth in sales tax, the property tax delinquencies, growing personnel expenses and the loss

of Federal aid.

For sales tax, we are assuming that this year whereas Budget Review thinks we'll grow by 2.75, we have modified our estimate to say that we'll grow by 3% this year, which means that our shortfall for the two years is $65.3 million, which is just a slight difference of about $2 million between us and Budget Review.

I just need to mention that year to date we are up 3.94% in sales tax but you really can't -- that's not a trend. Those are really just estimates from the State. It's very likely that next month when we get the quarterly reconciliation the number could go down. I just want to point that out to you.

In terms of the property tax delinquencies, in 2007 we were 18.4 million below budget; 2008, 22 million; 2009, 22 million. So both offices have assumed that for 2010 we will be $20 million below budget and we have decided to continue that for now in 2011. We are assuming that tax collections will be short by 20 million.

Other things that are impacting the budget this year is the State budget. Right now we are estimated that that shortfall could be about $6 million, but obviously the State may take other actions. That number could easily go up, so that's just something we need to be cautious of. We have a shortfall also from red light cameras and the 911 surcharge of about $4 million. As everyone is aware, we've had a very snowy winter. We've blown our snow budget. We assume that's going to be about $2 million over budget for snow. So just for 2010, the shortfall is $97.3 million.

Going down into 2011, our numbers are pretty similar to Budget Review. For the -- for the outstanding union agreements and outstanding -- and other personnel costs we think that could go up by 68. Budget Review has $68 million, very similar number. Health insurance, Medicaid growth and obviously as people retire, we're going to have to start paying back the lag payroll that we saved last year, so that area combined is worth about $13 million. We're going to have to start hiring additional Correction Officers next year for the jail. The State has mandated that that number is increased, and also we must have a 24/7 medical unit at the new facility. Those two items together is worth $10.4 million. So for 2011, our problem is $195.4 million, and as I stated earlier, combined that's a $292.7 million problem.

The County Exec has already started to react to the problems in 2010. An Executive Order was issued in January mandating that I start reserving some of the funds in the County Exec departments. We are estimating that we can get roughly about a $30 million savings from those departments. That does not include any of the elected officials. Now, I must stress that it's going to be difficult for us to achieve that level, basically because last year's budget was cut, last year there was an embargo of funds worth $38 million. So for us to achieve the $30 million it is really going to take a lot of work, look for efficiencies, but we think that the departments can manage it.

By continuing a strict hiring policy and turnover savings we are estimating that we can generate $25 million in savings from those two items. Next year, we agree with Budget Review that there could be an additional $23 million if FMAP is continued. That's the money from the Federal Government. The Senate has passed that and hopefully Congress will include that in the Federal budget.

Pension. The State budget is allowing us to amortize a portion of the increase. From that we can save roughly $21 million of the estimated $45 million increase in pension costs. And we are going to be more conservative in sales tax. We're going to assume that that will grow by 4% next year and that's worth 41 1/2 million dollars. So combined, that leaves a remaining hole of $152.2 million, 42.3 million -- 42.3 million in 2010 and 109.9 in 2011. And I'll bounce it back to Gail.

MS. VIZZINI:
Mr. Chairman, do you have questions?

CHAIRMAN GREGORY:

Sure. Thank you. Thank you both for your presentations. I am sure myself, as well as my colleagues here, find your numbers and information that you presented very sobering. I just have two quick questions and I'll let the Presiding Officer ask some questions next.

With the recent arbitration coming through for the Police Officers contract and the starting salaries for beginning Police Officers being reduced, I think it's 16,000, if we were to keep the currently budgeted amount with the 70 Police Officers prior to that, have you looked at how many officers with the new salaries we can bring in? Do you understand what I'm saying?

MS. VIZZINI:
Unfortunately, the award came out before we completed the model, so we're assuming that the class of 70 will start at the lower salary. Remember that, I mean, there are sufficient funds in the Police District Fund to start the class. The sooner you start the class, the more expensive the 2010 cost. The 2011 cost is included in the $60 million shortfall. It could mean that you would have to raise taxes in the Police District, give more sales tax. There are other policy decisions that go along with, you know, funding the class that we started at the end of December in 2011.

CHAIRMAN GREGORY:
Yes, I understand that we have the budget. We have the monies there, but my focus is really on the numbers. I know the County Executive is going forward with the 70, but that was at a higher rate. Now that that rate has --

MS. VIZZINI:
Oh, you're asking about what the savings is -- okay.

CHAIRMAN GREGORY:
No, not the savings. He projected 70 Police Officers at their current salary prior to the agreement, the arbitration coming out. Now that that number has been reduced by 15 or 16,000 per officer, out of that savings, I think it's, what, it was $6 million or maybe I'm -- too much -- what we were looking to spend for the 70 officers, originally?

MR. LIPP:
We included in our budget model an additional 100 officers in the last week of December of this year. And the cost of that implicit in our calculations was like 300,000 this year and 7.4 million for next year, the cost of those particular officers. We didn't include additional recruits in 2011 in our model, that's a policy decision, but we did add more Police Officers this year.

What we're showing in the budget model and it remains to be seen, for instance, as a caveat we need about another month to see what '09 came in as, but the problem that we have in the budget model is we're showing that we're tight with Police District appropriations for 2010, implying that we were coming close to spending what the allowable total will be for the Police District with, (A), the 70 Police Officers in June, and (B), an assumed additional hundred in the last week of December of this year.

CHAIRMAN GREGORY:
Okay. That's a good answer, but that wasn't answering my question. The 70 -- I was going to say 70 million -- the 70 Police Officers, let's say it's $6 million. Now, that was at a higher rate. Now that that -- per officer. Now salary. Now, that has been reduced 16,000. Now, let's say we make a policy decision to say well, we want to stay at -- we want to budget the amount that we were going to pay for the 70 million. How many more officers can we get out of that, say six million, reduce each salary by 16, can we get 10, 15?

MS. VIZZINI:
Well, he's going to do the actual numbers, but I think a class of 100 was the $6 million number that you're remembering.

CHAIRMAN GREGORY:
Okay.

MS. VIZZINI:
By starting 70, we've already saved let's say 15,000 times 30 officers. We picked up $450,000.

CHAIRMAN GREGORY:
Okay.

MS. VIZZINI:
And if you assume that even at the reduced salary, we usually use about $100,000 per officer when we're budgeting, there's the potential there for, you know, just from the savings figure, you know, 45 additional officers just from the 15,000 per 30.

CHAIRMAN GREGORY:
Oh, okay.

MS. VIZZINI:
That we haven't spent. Does that help you?

CHAIRMAN GREGORY:
Okay. That's the number. So we can estimate, and this is rough numbers, 115 or 20 officers, around that neighborhood, if we keep the same six million, which is wrong, but whatever that number is for the 70. Okay. That was my question. Thank you.

MS. VIZZINI:
Well, you have to also ask, what are the implications in 2011.

CHAIRMAN GREGORY:
Right. Okay. And just one more question and then I'll move on. Now, health care, have you -- with the health care reform debate being a big media policy issue, have you calculated what the effects would be? I know it's kind of difficult not knowing what the final results going to be as far as the legislation, but it's my understanding that there's going to be a severe expansion of Medicaid, which can have an impact on us, certainly the state's.

MR. NAUGHTON:
Well, we just remembered there is a -- the State does have a cap, so our expenses are capped back going to the 2005 level, so that should not impact us unless there was a policy change at the State level.

Just going back to the issue of hiring additional officers, one thing that just must be remembered is that Budget Review and we are saying that there is a $60 million hole in Police District, so we first need to address that before looking at hiring additional officers.

CHAIRMAN GREGORY:
Okay. All right. Thank you. I know the Presiding Officer had a question.

P.O. LINDSAY:
I want to weigh in on this. This drives me crazy. We've had this discussion before. Anybody else that we employ we use a tool called an early retirement to save money, because we retire people at a higher salary and then hire people at a lower salary. The police that are retiring now probably are making three times what the recruit is coming on at. And yet, we keep talking that we need more money. I mean, I'm not an economist guys, but I don't understand the rationale. Did we reduce any of the filled positions in the budget?

MR. LIPP:

Well, the $60 million shortfall that both offices are agreeing to, the reason why there's a problem is we came into 2010 in the Police District with over a $36 million surplus, which lowered property taxes by 36 million. And the reason why we had that surplus is because we didn't have a contract settlement so we carried money over. We're showing that at best we'll be flat zero surplus, actually maybe a small deficit for two thousand and -- end of the Year 2010. So we're basically coming into 2011 with a swing of $40 million.

P.O. LINDSAY:
Robert. Robert, you're not answering my question. I'm not talking about the global budget. I'm talking about one Police Officer retiring probably is good for $120,000.

MR. LIPP:
The problem with that --

P.O. LINDSAY:
We're hiring a cop now for 42,000.

MR. LIPP:
The problem with that is in the first year when an officer leaves --

P.O. LINDSAY:
Yeah, the buy-out. I know all about the buy-out. What happened last year when 80 cops retired last year and we didn't replace them?

MR. LIPP:
We saved money.

P.O. LINDSAY:
Yeah, yeah. The salaries go up, but they don't go up for somebody that isn't on the payroll. It just -- it just defies reason when you guys talk about this. We should be saving money by hiring new cops, by encouraging the older cops to retire. And not only the starting salary is low, the steps are low to get up there, because if you're starting at a lower benchmark you're not going to make as much money in year two or three or four or five.

MR. LIPP:
Yes. At the end of the day, our projections assume a normal retirement and implicit in that, because of the contract settlement, is we're basically not even treading water, we're going up.

P.O. LINDSAY:
And besides this, besides this, besides the people that were funded on the payroll, we added another 3% to the Police District to pay for the 200 cops that were already funded. They're already funded in the budget. And you're still talking about a $60 million hole. Again, I'm not an economist. I don't understand it, but when it gets down to individuals, you're hiring somebody for almost a third of what the guy is retiring at.

MR. NAUGHTON:
Presiding Officer Lindsay, a couple of issues. First, the arbitration award, we're going to pay out roughly about $44 million just in retro pay.

P.O. LINDSAY:
Which we already have in a reserve fund.

MR. NAUGHTON:
Okay. Secondly, you are correct in the sense in a long-term you would save money, but remember, when that same officer who's leaving, making, we'll say roughly 150,000 with benefits and everything, we also have to pay out his separation pay.

P.O. LINDSAY:
It's a one year hit.

MR. NAUGHTON:
But that one year hit is going to be roughly --

P.O. LINDSAY:
What happened to the one year hit that we put in our pocket last year?

MR. NAUGHTON:
Well, each year that hit is --

P.O. LINDSAY:
And the year before.

MR. NAUGHTON:
-- more than the salary. And that's -- I mean, you keep making those payments, eventually everything does grow, which is why we are where we are right now with the deficit.

P.O. LINDSAY:
But we haven't had a new Police Officer, a replacement Police Officer, in three years. So the one year hit theory goes out the window, guys, you made that up already.

The other global thing that I want to talk about, the budget, the big elephant in the room we don't talk about, the $100 million in the reserve fund. Last year we declared a state of emergency because we had a deficit in the fiscal year we were in. It sounds like we have the same thing again this year. What is the plans to tap into some of that? That's what we've been salting it away for years for.

MS. VIZZINI:
As you well know, the County Executive has to initiate any accessing of tax stabilization reserve, so I would defer to --

P.O. LINDSAY:
Well, we have the Executive Branch at the table.

MS. VIZZINI:
Right, so I'm punting to Eric.

MR. NAUGHTON:
Right now, tap into the Tax Stabilization Fund is not part of our plan. We are looking to do more structural improvements and other things that could save the County money in the long-term basis.

CHAIRMAN GREGORY:
Okay. Legislator D'Amaro. I'll put you on the list.

LEG. ROMAINE:
Don't worry about it.

LEG. D'AMARO:
Good morning. I want to go back to what Legislator Gregory was trying to figure out, whether or not the lower -- the arbitration award, which gives a lower starting salary to incoming police recruits, does that allow us, given the amount budgeted for the recruits, does that, the lower salary, allow us to hire or increase the number of cops that we can put into the academy? Using the same amount that we've budgeted already because the starting salary went down, does that mean we can, for the

same amount of money, get more police into the academy?

MS. VIZZINI:
Well, quick and dirty, there's a $15,000 difference just in starting salary, so, you know, you need -- you need to figure $100,000 per cop.

LEG. D'AMARO:
Okay.

MS. VIZZINI:
So from what -- you know, there are funds in 2010 to increase the class. The implications are in 2011. There are things we can do. We can, you know, give the Police District more sales tax, but then, you know, you --

LEG. D'AMARO:
Right, and I understand that. But just looking at 2010 first, that budget is already in place. That budget has "X" amount slated for 200 new Police Officers. Now we know that those 200 new Police Officers will be coming in at a lower starting salary. So for just 2010, does that give us more police that we could -- instead of 200 maybe 215, or 250, or 210? I know it's an ongoing expense going into 2011, but just looking at 2010. Okay. I'm being told that it was answered, it was 45 additional?

MS. VIZZINI:
Well, that was based on -- remember, we provided $13.3 million in additional revenue. We reduced the sales tax, that was from the property tax increase.

LEG. D'AMARO:
Got it.

MS. VIZZINI:
We reduced the sales tax in the Police District because of the overly optimistic projections, so that gives you nine. My recollection is that a class of 100 was about 6 million, and then the second class would be, you know, the three or, you know, five and four. That was the break-out, all right. So what you're saying is not only -- so we put enough money in for 200 Police Officers depending on the start date.

LEG. D'AMARO:
But it turned out our projections were off because they're projections. So even if we made up some funds through the decreasing starting salary, the overall budget itself cannot afford more recruits than what we budgeted; is that correct?

MS. VIZZINI:
Part of it is the sales tax shortfall.

LEG. D'AMARO:
Okay. All right.

MS. VIZZINI:
So you have to be cautious there.

LEG. D'AMARO:
All right. So let's just say looking at the budgeted amount for the police only and not what's going on in the entire police budget itself, the projections that came in lower, the real numbers that came in lower, you could hire more cops for that dollar amount, but then when you factor in all the other factors that go into the police budget, which are -- which are negative and not positive, you have to be very careful in putting more than the 200 in because we probably, given the projections being

off, really don't have enough budgeted for the 200 to begin with.

MS. VIZZINI:
You do have to be careful and you have to make the policy decisions. The Executive Branch is charged with managing the budget. Their policy decision has been to delay the start of the class, reduce the number of the first class, and probably not have that second class.

LEG. D'AMARO:
Okay. I understand that. All right. So, you know, we can talk about looking at -- isolating just the hiring of Police Officers at a lower salary, it may get us more police, but we have to look at the entire budget and what's happening and what the -- not projections, but what the reality is as we're going forward, and that's why you're saying be careful with that.

MS. VIZZINI:
And, you know, if we had to manage the budget we would also be watching. We might choose a different policy -- priority, but something -- something else would have to give.

LEG. D'AMARO:
Right. And does that same rationale hold true for what the Presiding Officer was speaking to? You know, I agree with him, you know, we're hiring cops at one-third the salary of the officers that are retiring, but that savings is being sucked up by all the other rising costs, whether it's the separation pay, whether it's increased costs in the district itself. So on a micro level, yeah, that saves money, but looking at the entire budget, we're not saving anything. In fact, we're in a deficit.

MS. VIZZINI:
Looking at the entire budget, we're in a deficit for the reasons we both stated, you know, that -- and it's great that the starting salary is less and it was exceptional that we provided the recurring revenue, but it's not keeping pace with --

LEG. D'AMARO:
Right. So my question is, my question is, had we not paid for the police and with the retirements -- with the lower starting salaries replacing higher salaries, how much more of a deficit would we have? That's really, I think, the way to ask the question. Gail, I mean, if you know. It might be tough to estimate. But the point being that we would have even a higher deficit had we not -- had we not brought in the recruits to replace the higher cost retirees.

MR. LIPP:
Our estimates are with the lower price for the new recruits. We're saving about, on a full year basis, about a million and a half dollars per hundred cops. So, yeah, that's significant, but at the end of the day, the cost of the Police District is going up at a rate that is greater than the million and a half.

LEG. D'AMARO:
What is the largest or first and second largest cost driving that increase?

MR. LIPP:
Well, going into -- for 2011 the big deal is that the contract was settled and instead of having a $36 million and change surplus entering 2010, we'll have no surplus or a small deficit. So, you know, even if we tread water or otherwise that's, other things being equal, that's a 36 or 40 million dollar increase in property taxes in the Police District. Therein lies a problem.

LEG. D'AMARO:
That zeros out the surplus. What on top of that is driving the deficit?

MR. LIPP:
Basically normal growth in salaries in the Police District, which -- which adds about $20 million to the total amount. So, basically, you're talking about a $40 million swing in the fund balance,

another $20 million in normal growth and expenditures. There is the $60 million hole for 2011 to deal with.

LEG. D'AMARO:
So it's 40 million in regular growth and 20 million in increasing salaries.

MR. LIPP:
The regular growth being the salaries mostly is the 20 million. The other 40 million is the swing in the fund balance.

LEG. D'AMARO:
Oh, really. Okay.

MR. LIPP:
Yeah.

LEG. D'AMARO:
That's a large swing.

MR. LIPP:
That's the 800 pound gorilla in the room, the fund balance swing.

LEG. D'AMARO:
Right. Okay. So it's about 20 million in increasing expenses, including salaries, benefits and all of that.

MR. LIPP:
Exactly. The staffing, obviously the salaries are the big thing in the Police District.

LEG. D'AMARO:
So the $20 million a year increase is a recurring increase that we need to address every year.

MR. LIPP:
Yes. And that wasn't as big a deal in the last two years because we didn't have a contract settlement. Although we did put in some money, it just -- we didn't quite fully keep up with it.

LEG. D'AMARO:
Okay. Last question. What do we have in our reserve fund these days, what's the number?

MR. LIPP:
I believe it's starting this year at like 98 million and will end this year at like 99 million.

LEG. D'AMARO:
Okay. Thank you. Thank you, Mr. Chairman.

CHAIRMAN GREGORY:
All right. Legislator Losquadro.

D.P.O. VILORIA-FISHER:
Can you put me on the list, please?

LEG. LOSQUADRO:
Thank you. Just to follow up on one point, I heard Gail mention it once, but the other side of the table has been conspicuously quiet. We saw a model that assumes another hundred officers in December, and I heard Gail sort of gloss over the fact that it may not be the decision of the Executive Branch to start that class. Are there any projections at this time to have a December

class or not? In any number, 100, 50, another 70?

MR. NAUGHTON:
I mean, clearly what we're showing today is that it depends on the economy, if there's a --

LEG. LOSQUADRO:
Yes or no?

MR. NAUGHTON:
It depends on what happens with the economy.

LEG. LOSQUADRO:
Okay. So there clearly is not the same level of commitment, or urgency on the part of the Executive Branch. And I know you're not dealing from a policy standpoint, you're dealing from a budgetary standpoint and we need to address that on a different level. But I think clearly -- this isn't the Public Safety Committee, this is the Budget Committee, and you're seeing an inordinate amount of time spent here on what we're doing with our projections and our models for hiring new Police Officers, because this is a discussion we've had for years. We haven't come anywhere near the rate of attrition for our Police Officers that have been retiring, I mean, not even close.

If Budget Review could tell us just in the past three years how far we're down versus what we've hired. I mean, and over the past six years, the number's much larger. But, you know, we kept hearing, as we approved contracts, that, as the Presiding Officer said, these contracts were more advantageous, lower starting salaries, longer time periods to reach top step, salary increases based on current step, not on top step. All of these things were supposed to allow us to do better in keeping up with the rate of attrition in our Police Department and keep more Police Officers out there instead of, you know, the smoke and mirrors game we keep hearing about, more officers on the street, there's less officers in the department, less work being done. I'm sick of less with more. We all know there's less with less at this point.

So I just wanted to get that on the record, that this is something that there is no commitment to for another class at any size. This is something that, as far as your discussions go budgetarily, that it is something based on the state of the economy and there is no commitment in -- I guess for any size class at this point, from the Executive Branch. Is that what you're being directed, from a budgetary standpoint.

MR. NAUGHTON:
No, I would not make that statement. Clearly, the County Executive is committed to public safety and --

LEG. LOSQUADRO:
Sir, that's not the question I asked.

MR. NAUGHTON:
But what you have to --

LEG. LOSQUADRO:
It's a yes or no. Is there a commitment to put a class in at the end of the year? The answer is no. You're saying it's driven by a number of factors that you feel are going to come into play there. So there is no firm commitment for a class of any size at this point. To me that's -- I'm not looking to be argumentative, I'm not looking to, you know, parse words here. There is no commitment for a class of any given size at this point. I think that's clear.

And I just wanted to make that point because we have Budget Review sitting there saying they're basing a model on a class of 100 for December and that doesn't seem to be the case on the other side of the table. So I just wanted to get that out in the open to say we have two very different models we may be dealing with here, and that's something that we need to be cognizant of and we need to address.

MS. CORSO:
Dan, with all due respect, the Budget Review Office has the class built in the last week in December with a $60 million deficit. If we're running a $60 million deficit in December, how could you have a class? You don't have any money to pay for it. That's the point. So implicit in our model are some kind of year-end hirings, but until I fill the $60 million gap, I can't hire one person.

LEG. LOSQUADRO:
Well, at the end of the year there would be a very small outlay at the beginning of this year. Then if I remember correctly, for the past six years we usually have a retirement that comes in place at the beginning of January and then another one for the summer. So I'm assuming if we put the class in with the very minimal outlay at the beginning of the year and then have that retirement -- excuse me, at the end of the year and then have the retirement at the beginning of the year, there would be a certain synergy of savings there. I'm -- not in the budget, but it seemed to make sense to me.

MS. CORSO:
But this is what we've all been talking about. We budgeted -- we budget the pay-outs, we budget the arbitration, we budget the salaries and we're still 60 million short. Where am I getting the $60 million? I can't hire one person if I'm $60 million short. I mean, this is the economy at this point.

LEG. LOSQUADRO:
When we have -- everyone keeps speaking as though this separation pay is something new. Every time a Police Officer retires we've paid them separation pay. So when officers retire, yes, we budget for that payout, but I think the Presiding Officer and I are sitting here looking at each other quite frustrated, because at some point there has to be a benefit to the County of hiring people at this new, more beneficial salary structure, even with benefits and what have you, especially because we are down so many officers from where we were.

And the fact that we budgeted for a 3% increase, which would fund a full 200 officers, and it looks to me as though we're going to come nowhere even near that. I mean, if we get another class that matches the first, I think that would be somewhat miraculous at this point and that would only be 140 and that would leave 60 that we funded off of the table and I don't even hear -- you know, obviously there's not a commitment, there may be none. I'm just saying if theoretically there were none, we'd have 140 officers that we funded that wouldn't be paid for. So where is that money going and if that money is not used to pay for Police Officers, how are we still running that size deficit?

MR. NAUGHTON:
Okay. You're looking at solely at the expense side, but don't forget, you have to look at the revenue side. Last year sales tax was down 8 1/2% compared to 2008. That's almost $100 million you lost just in sales tax last year.

LEG. LOSQUADRO:
Don't we assign a fixed percentage?

MS. VIZZINI:
With all due respect, although the sales tax shortfall is a concern, there is a fixed amount that goes to the Police District, so it's the other --

LEG. LOSQUADRO:
That has nothing to do with the Police Department.

LEG. SCHNEIDERMAN:

Right, very little.

MR. NAUGHTON:
But, I mean, from our standpoint, we have to look at the entire County operation. We can't just look at the police by itself. And also, as we stated, I mean, in property taxes over the last five years you lose $100 million.

LEG. LOSQUADRO:
But, sir, with all due respect, we tax in a special district for police services.

LEG. ROMAINE:
That's it.

LEG. LOSQUADRO:
So whether or not that money has been used for other purposes in the past, I mean, I think you're hearing a discussion here that, you know, we -- people get that amount on their tax bill and it says for -- it says "Suffolk County Police District." And, you know, if we're sitting here having the discussion that we're going to build up an amount that we're not going to spend so that can roll back into the General Fund, well, then, you know, we need to have that discussion with the people in this County and maybe have a corresponding reduction in the Police District tax and a corresponding increase in other taxes that they're paying.

We need to be up front with people, because we're telling them this is money that's going to be going into public safety and it's not, and you're taking a global view of the overall budget at the expense of the Police District tax that we are telling people is going towards public safety expenses? That's something I'm not comfortable with.

MR. NAUGHTON:
Just to be clear, we don't take money from Police and transfer it to the General Fund. I just want to make sure that was clear.

CHAIRMAN GREGORY:
No. What they do is they reduce the General Fund transfer to the Police District. I mean, that's what happens.

(Laughter)

Okay. Ed -- no, I'm sorry. No, right. Ed, you're up next.

MS. CORSO:
With all due respect, I don't think I've ever seen that happen. I don't think we've ever struck an inter-fund to the Police District. I don't think we can.

CHAIRMAN GREGORY:
Last year the argument was we didn't have a police class because sales tax was low and we had to reduce the transfer from the General Fund for sales tax purposes to the Police District. That's my recollection.

MS. CORSO:
You did it by resolution, you adopted it here, so we all did that, not the County Exec's Office.

CHAIRMAN GREGORY:
Right. Well, it was by recommendation of the County Executive's Office, certainly we agreed to it.

MS. CORSO:
No, I think that was a joint --

P.O. LINDSAY:
Federal money to pay for the class.

MS. VIZZINI:
Really what that was was striking three million in appropriations and reducing the sales tax, so, you know, technically not the transfer from the General Fund, but knowing that we were going to reduce the sales tax.

CHAIRMAN GREGORY:
Having it reflected in the General Fund by striking the appropriations in the Police District.

MS. VIZZINI:
Well, it's not really -- the only way it hits the General Fund is that the General Fund wouldn't have taken that three million dollar hit. We reduced the Police District sales tax revenue.

CHAIRMAN GREGORY:
Legislator Romaine.

LEG. ROMAINE:
Thank you. I'm happy to hear that you're not planning to transfer monies amongst special districts in the General Fund. Can the Budget Office provide us with an estimate of expenses and revenues for the Police District for 2010? Is that possible by our next meeting, which I believe is towards the end of April, it will give you about a month or so; could you do that, because my --

MR. NAUGHTON:
Yes, we could do that.

LEG. ROMAINE:
-- colleagues have raised a lot of questions about the Police -- I'm concerned about the Police, but I'm also concerned about the general budget. But since we're not moving any money, since all we're doing is collecting money from sales tax and from the property tax imposed on the special district, we know, and we get Federal State Aid revenue estimates, we have a pretty good estimate of what the Police District would be. You have a pretty good estimate of what the expenses are projected to be, correct me if I'm wrong, so we could have a very good idea, because the Police District stands apart from the General Fund. It is a special taxing district that collects property tax into which a portion of the sales tax is diverted and which receives Federal and State aid for various programs. You have a pretty good estimate from an historic basis of understanding exactly what we will collect in revenues and what our projected expenses should be. Can we have that by the next meeting of this committee?

MR. NAUGHTON:
Assuming that the Comptroller has the books closed for 2009, that will not be a problem.

LEG. ROMAINE:
Well, our next committee is towards the mid to the end of April, and I would hope that the Comptroller would have the books closed by then. Usually, historically, they are closed by then.

MR. NAUGHTON:
That's important to us. This way we'll know what the opening fund balance will be.

LEG. ROMAINE:
Okay. That would be certainly acceptable. I'll tell you what. If the books aren't closed, then at the next -- if not at the next committee meeting, the meeting after that, if we could get a projection simply for the Police District.

MR. NAUGHTON:
We'll be more than happy to do that.

LEG. ROMAINE:
Thank you. Now, let me ask Gail. Gail, you didn't do a handout, you flashed it on the screen. I don't have the best memory in the world, but let me just go over some of the things. You did a worst case scenario and I want to emphasize and underline that. What is your worst case scenario in terms of the deficit if nothing else changes?

MS. VIZZINI:
Two-hundred and thirty-one point six million in the General Fund and 60.3 in the Police District.

LEG. ROMAINE:
So, roughly, as you put up there, $292 million in deficit; is that correct?

MS. VIZZINI:
Yes.

LEG. ROMAINE:
Worst case scenario, nothing changes, sales tax doesn't tick up, we don't use the rainy day fund, although it's raining all over the place, I have no idea why we won't use a rainy day fund on a rainy day. But we don't use that, we don't get any Federal, State aid, we don't get any stimulus, whatever. Now, I'll turn to the Executive Branch. Do you concur with these numbers?

MR. NAUGHTON:
Yes, we do.

LEG. ROMAINE:
Okay. Concurring with these numbers, my next question to you would be when are you going to present us with a plan to deal with this overwhelming -- when I say "overwhelming deficit," I'd like to know, you know. Not too far away from here, about three or four miles down the road is a school district called Brentwood. I opened my Newsday today and they're going to lay off 260 teaches. Obviously this is a deficit of epic proportions that is hitting every municipality. Do you have a plan? When will we see a plan from the Executive Branch to address this? I'm looking right at our Budget Director and asking that question. Do we --

MR. NAUGHTON:
Sure.

LEG. ROMAINE:
Is the Executive planning to put forward a plan? You know, I know he'd like to clean up Albany and go in there like the cowboy and teach Albany how to run, but before he does that, we have a little problem at home. Whoops. Hey, what's your plan for helping Suffolk County first?

MR. NAUGHTON:
All right. Here's what I have to say. I think we've clearly outlined the magnitude of the problem. Both offices have concurred on the size of the problem. I think -- I'm happy to say the good news is that we do have a plan that will keep us in decent shape as long as the Legislature agrees to it.

First and foremost, new expenses cannot be put forth without first addressing the sides of the hole. Some of the solutions that we have come up with I'll go into right now. One is to sell the nursing home. That will provide an infusion of cash from the sale. More importantly, it will give us the structural benefit. We will no longer have an ongoing operational deficit of anywhere of 7 to 10 million dollars annually. Look at the nursing home, you know, before -- the last couple of years Suffolk County has benefitted from what is called the intergovernment transfer. That's money, matching funds, from the Federal Government. That money is being reduced this year. The budget you have to assume that overall the Federal Government was going to spend roughly $250 million. It looks like now that they're only going to spend about 200 million. The impact to us is in 2009. It is about a shortfall of $800,000; 2010 about $1.4 million.

And I just want you to keep that in mind when you look at the operation of the nursing home. The Federal money coming in from the Feds is dwindling. We think that the private sector can provide the service better than us. There's plenty of beds there. That's not the issue. So this is something that must strongly be looked at by the Legislature.

LEG. ROMAINE:
Let me interrupt you there. Without commenting on that issue, from the revenue side you're talking about you think you can raise $15 million in revenue. That would be a one shot revenue if you were able to do it this year in 2010 for 2010. There would be no recurring revenue for 2011, which is projected, from what I'm told, to be a far worse fiscal year; is that correct?

MR. NAUGHTON:
No, I did not give a number from the sale. What I --

LEG. ROMAINE:
How much revenue do you suspect we could derive from the sale?

MR. NAUGHTON:
We can't mention that right now. What I did say, though, was just looking at the operation of the nursing home, we are going to save anywhere in the range of 7 to 10 million dollars annually.

LEG. ROMAINE:
I'm precluded from voting on that, but I will say this. I would suspect my other colleagues will not be interested in selling it if the number remains super secret. They'd want to know how much revenue would be projected.

MR. NAUGHTON:
Obviously when it comes before you, you will know the value, what we plan to get from it -- from the sale.

LEG. ROMAINE:
Right. Okay. So that's one item that you've addressed. I'm sure you have a laundry list. I'd like to go through it.

MR. NAUGHTON:
Secondly, we're looking at our health centers. Without changing the operation at all we can apply for what is called Federally Qualified Health Center Status. If that is approved by the Federal Government, that can generate an increase of revenue of 7 1/2 million dollars a year.

LEG. ROMAINE:
What does that do for service in terms of the clinic's patient at the various clinics?

MR. NAUGHTON:
Actually, the way the Federal requirements actually require us to actually enhance the services. We think we can actually do that just by having agreements with different -- for instance, it requires you to provide dental service. We don't actually have to hire dentists, but we just need to have arrangements with dentists that they will see our people. So without actually increasing the cost, we'll get an additional 7 1/2 million dollars in Medicaid revenue. That's another item.

LEG. ROMAINE:
Obviously, when that comes forward, I'm going to analyze that very carefully. Because to say that

we're going to get additional revenue and be able to reduce our expenses raises a lot of questions in my mind about patient care, but, okay, that's the second item. What's the third item?

CHAIRMAN GREGORY:
Hold on. Ed, if I could just beg your indulgence. Have -- we'll have Eric go through his list of solutions and then we'll do the questions afterwards.

LEG. ROMAINE:
Okay. I'm sorry.

CHAIRMAN GREGORY:
So he can get through it.

MR. NAUGHTON:
As I stated earlier, the State budget will allow us to bond a portion of the pension increase. From that we think we'll save $21 million.

LEG. ROMAINE:
Well, not save it, postpone it.

MR. NAUGHTON:
Correct, it reduces the --

LEG. ROMAINE:
You're not saving anything, you're postponing it by going deeper into debt so that the future you'll have to pay more.

MR. NAUGHTON:
It reduces the impact on 2011.

LEG. ROMAINE:
Yes, thank you.

CHAIRMAN GREGORY:
All right.

MR. NAUGHTON:
Okay. Continuing, it looks like the Federal Government is going to continue with the FMAP funding. We're assuming that's worth roughly about $23 million. The plan --

LEG. ROMAINE:
Twenty-three additional million dollars?

MR. NAUGHTON:
Yes.

CHAIRMAN GREGORY:
Ed, let him get through it.

LEG. ROMAINE:
I know I have the floor and I'm just --

CHAIRMAN GREGORY:
Yes, you do.

LEG. ROMAINE:
I just want to ask basic questions.

CHAIRMAN GREGORY:
And we'll give you an opportunity. This way we'll -- if he has a list of ten things, we'll be here until 4 o'clock this afternoon.

LEG. ROMAINE:
No, no, no. Very brief questions to clarify as he is going along.

MR. NAUGHTON:
Okay. Originally FMAP funding was supposed to end at the end of 2010, but now it looks like there will be six-month funding included in 2011. Additionally, we think just from continuing -- as I said earlier, you know, looking at hiring at least this year, we could probably save about $25 million in turnover savings.

LEG. ROMAINE:
I'm -- I'm -- at the behest of the Chairman I'm going to make this very brief. Twenty-five million dollars in turnover savings?

MR. NAUGHTON:
That's correct.

LEG. ROMAINE:
Okay. So that means you'd have to lay off a lot of people and not hire a lot of new people.

MR. NAUGHTON:
No. Just looking at the normal attrition. Last year we lost over 500 employees. If we delay hiring and don't backfill, we feel that comfortable that we can save the $25 million.

LEG. ROMAINE:
Okay. You don't have an early retirement incentive that you've approached the State about for people?

MR. NAUGHTON:
No, we have not.

LEG. ROMAINE:
Okay.

MR. NAUGHTON:
Also, just thinking outside the box, I think, you know,0 we've talked briefly at some of the meetings about purchasing property at 5000 Corporate Court. Obviously, we are only going to do that if the revenue exceeds the expenses, but that we expect to generate revenue from that on an ongoing basis.

LEG. ROMAINE:
The revenue of the extra debt we would take on by piercing the debt cap.

MR. NAUGHTON:
No.

LEG. ROMAINE:
We'd have to pierce the debt cap to do that.

MR. NAUGHTON:

No, we don't think so. Okay.

LEG. SCHNEIDERMAN:
Eric, how many less employees was that did you say before?

MR. NAUGHTON:
No, I just said that just looking at 2009 we lost over 500 employees.

LEG. SCHNEIDERMAN:
Five hundred employees.

MR. NAUGHTON:
But some of those we did backfill, but just in -- that's just to give you an idea of like how many people leave in a normal year.

LEG. SCHNEIDERMAN:
So to get to the $25 million in savings you wouldn't be back-filling and to what degree? How many less employees?

MR. NAUGHTON.
No. We would backfill some of the positions. I mean, obviously, as you know, the County Exec takes a look at every single hire. He scrutinizes the need for it.

LEG. SCHNEIDERMAN:
So reducing our workforce by -- do you have any clue how many people that might be to reach $25 million in savings?

MR. NAUGHTON:
No, we think we could probably just leave the workforce roughly the same. But just the fact that the person left at a higher salary, you bring in someone new at a lower salary, the normal Civil Service process there is a built in delay. From all that, we can save the funds.

LEG. D'AMARO:
How much was Corporate Drive? How much was that?

MR. NAUGHTON:
We haven't put a number to that yet because we're still trying to finalize, get some of the lease information, but that's a minimal. I just point out that's just thinking outside of the box of something different to do, and also we'll be consolidating some of our lease space.

CHAIRMAN GREGORY:
Okay. Now, is that your list?

MR. NAUGHTON:
Also --

LEG. ROMAINE:
That hasn't totalled up too far. I'm keeping a running total and it doesn't seem to approach the $292 million that are projected.

MR. NAUGHTON:
Also, factoring the items that we've already done from the embargoing of the funds. I mean, just from the actions that we've already done this year, we're starting with a hole of roughly $152 million. So just looking at --

LEG. ROMAINE:

So the actions you've taken, you agreed on the number. That number was $292 million.

MR. NAUGHTON:
Right.

LEG. ROMAINE:
You just told me that the actions that our Executive has taken has saved us and now we're only down 150 how much?

MR. NAUGHTON:
A hundred and fifty-two. That's --

LEG. ROMAINE:
A hundred fifty-two. So let's see. So somewhere along the line the Executive has saved us $140 million.

MR. NAUGHTON:
No, no. Just to back up. I'm sorry.

LEG. ROMAINE:
Okay. I'm sorry. My arithmetic is off then.

MR. NAUGHTON:
Okay.

LEG. ROMAINE:
Maybe you could help me with that.

MR. NAUGHTON:
Sure. Just to back up a little bit. You start off with the 292 million problem, then you assume the -- obviously the income from FMAP, doing the bonding --

LEG. ROMAINE:
The income from FMAP. Someone please start adding. How much is --

MR. NAUGHTON:
FMAP is 23 million.

LEG. ROMAINE:
Okay.

MR. NAUGHTON:
Bonding the pension payment is worth 21 million.

LEG. ROMAINE:
Today, but it will cost us more tomorrow, but go ahead.

MR. NAUGHTON:
Okay. Embargoing, the 1% Executive Order, that's worth 30 million.

LEG. ROMAINE:
One percent of?

MR. NAUGHTON:
No. Executive Order Number One, by embargoing up to 10% of the budget, that's going to save us roughly $30 million.

LEG. ROMAINE:
That assumes that every department meets the 10% goal.

MR. NAUGHTON:
We have reserved those funds. They're going to have to manage with less money.

LEG. ROMAINE:
Okay. That's including public safety and health or were they exempt from that Executive Order?

MR. NAUGHTON:
No.

LEG. ROMAINE:
Who was exempt from the Executive Order Number One?

MR. NAUGHTON:
Only elected officials.

LEG. ROMAINE:
What?

MR. NAUGHTON:
Only elected officials.

LEG. ROMAINE:
Only elected officials, so we don't have to share in the pain. Okay.

MR. NAUGHTON:
If you would like to, we'd be more than happy to take the extra money.

LEG. ROMAINE:
We're looking at that, believe me.

MR. NAUGHTON:
Okay. In addition, the turnover savings, that's $25 million. And then assuming that property tax will increase by 4% in 2011, whereas Budget Review is assuming 5% --

LEG. ROMAINE:
What do you mean property -- sales tax.

MR. NAUGHTON:
I'm sorry, sales tax.

LEG. ROMAINE:
The Executive said it would increase by 5% this year. He told us that during the budget hearings.

MR. NAUGHTON:
That number --

LEG. ROMAINE:
No, six percent. I forget. It was a number that I found remarkable for his optimism, but are you being optimistic again?

MR. NAUGHTON:
No.

LEG. ROMAINE:
Because the last time you were optimistic -- look, I've been here five years. Every year in March the roof is falling in. Every year in March the roof is falling in.

MR. NAUGHTON:
You may have missed earlier, I stated that year-to-date we are up 3.94% in sales tax.

LEG. ROMAINE:
Okay.

MR. NAUGHTON:
So going with the 4% next year we feel is reasonable, and the Budget Review Office is going with 5%, so we're actually being more conservative than them.

LEG. SCHNEIDERMAN:
Where does that leave --

LEG. ROMAINE:
Okay. So now where are we? I mean --

MR. NAUGHTON:
Forty-one million dollars.

LEG. SCHNEIDERMAN:
Forty-one million you picked up?

MR. NAUGHTON:
Yes.

LEG. ROMAINE:
Okay.

MR. NAUGHTON:
So now after all those items, we're down to $152 million.

LEG. ROMAINE:
We're down to 152 million. What is your program? Can you talk about your program to solve the $150 million deficit you -- we face now on paper?

MR. NAUGHTON:
Okay. So, now starting with the 152, that's where we start looking at the --

LEG. ROMAINE:
One fifty-two, good.

MR. NAUGHTON:
Start looking at the nursing home, doing the FQHC status for the health centers.

LEG. ROMAINE:
Okay.

MR. NAUGHTON:
Looking at also, as we stated -- I'm sorry. Corporate Court, and also I didn't mention yet selling property at Yaphank.

LEG. ROMAINE:
Oh, Legacy Village. Excuse me, I was going to call it by its other name. Legacy Village. Selling Legacy Village? The land around there?

MR. NAUGHTON:
And any other components over there. In addition, we're looking --

LEG. ROMAINE:
Well, you know that's not going to happen this year. I mean, this year there's an environmental impact statement that has to be done.

MR. NAUGHTON:
That's planned for 2011.

LEG. ROMAINE:
Okay, but we're talking about this year's deficit. So you can't --

MR. NAUGHTON:
No, that's a two year number.

LEG. ROMAINE:
Oh, it's a two year number. Okay. It's a two year number.

MR. NAUGHTON:
Correct. Right. In addition, we're looking to civilianize 50 more positions in the Police Department.

LEG. ROMAINE:
Have you identified those positions?

MR. NAUGHTON:
It's all a working draft, but we're comfortable that we will achieve --

LEG. LOSQUADRO:
I'm sorry, could you just repeat that?

MR. NAUGHTON:
Civilianize 50 positions in the Police Department.

LEG. ROMAINE:
And have you identified which 50 would be civilianized?

MR. NAUGHTON:
I don't believe that's been finalized yet, but there is a pretty good working draft.

LEG. ROMAINE:
Okay. So at some point you'll present that information. I'm not a member of Public Safety. Okay. So how much more of the deficit do we have to close, assuming all of those things? And by the way, those are very liberal assumptions. I don't believe the land in Yaphank is going to move forward as expeditiously. I believe even if this Legislature was of a mind to agree to it, that there'll be all types of lawsuits that would prevent that from going ahead and all types of questions. I don't see that happening in 2011. I'll do everything I can as a Legislator to ensure that that doesn't happen. I'm absolutely and adamantly opposed to that project.

MR. NAUGHTON:
Okay. Well, due to ongoing negotiations, I can't quantify what those items are worth. I just want to

say that, you know, we do realize that some of those items that I've mentioned are nonrecurring, but it is our expectation that these actions will help bridge the gap until the economy rebounds. And if the Legislature does not agree with us, then other actions are going to have to be taken. And with that, I'll turn it over to Gail.

LEG. ROMAINE:
Well, thank you very much, because whatever action has to be taken, it requires the concurrence of both branches of government. One branch alone cannot bail us out of this deficit. We're going to have to work together.

MR. NAUGHTON:
Right.

LEG. ROMAINE:
And I'm sure the Executive will bring the same talents he's offering to bring to Albany, he will bring to us to work in a cooperative and collaborative fashion to ensure the consent of the Legislature in that effort. Thank you.

MR. NAUGHTON:
Well, I just started October 31st, but it's my understanding that both branches of government have worked cooperatively in the past and I'm assuming that that will continue.

LEG. ROMAINE:
You've been misled.

CHAIRMAN GREGORY:
Mr. Romaine, he may become your County Executive. I'll leave with that. Legislator Vivian Fisher, Viloria-Fisher.

D.P.O. VILORIA-FISHER:
Thank you, Mr. Chair. I had another question, but I just want to go back to this for one second. You didn't mention what the projected savings would be in civilianizing 50 more positions in the Police Department?

LEG. LOSQUADRO:
It's 50 less cops because they don't civilianize.

MR. NAUGHTON:
No. It's our estimate that taking a look at comparing the difference between a police salary and a civilian, we're going to save roughly about $80,000 per person, so that's a savings of $4 million a year.

D.P.O. VILORIA-FISHER:
Okay. Thank you. Gail, you might have said this earlier, but I just want to have my numbers straight. How much had we set aside for the arbitration for the settlement of the contract for the police?

MS. VIZZINI:
We had -- we had $48.7 million in a contingency for anticipated salary agreements, you know, in the Police District.

D.P.O. VILORIA-FISHER:
Okay. And what is the contract going to cost us?

CHAIRMAN GREGORY:
I believe you stated earlier it was 44.

MS. VIZZINI:
It's very close, it's in excess of 47.6. We're actually working on pricing it out, and the -- I believe that the price-outs are in the document.

D.P.O. VILORIA-FISHER:
Okay. That's what I had thought, and so I was confused earlier when you spoke about the fact that there had been a surplus, but now with this new contract it's going to cost us more. If we've set aside the money, then why would it be costing us more and why would it be having a negative impact on the budget?

MS. VIZZINI:
Well, the way the budget people look at that, is we had let's say $50 million in our savings account, which for the past year or so has -- pardon the expression -- rolled over to become a fund balance. It's money that we did not spend. Now we have to spend it, so it's gone, so we're not rolling that over anymore.

D.P.O. VILORIA-FISHER:
But that was the intended purpose of having that money.

MS. VIZZINI:
Correct, but we -- but, you know, it's -- now it's gone. We paid -- we're going to have to pay the piper.

D.P.O. VILORIA-FISHER:
Okay. But that's not a loss to our budget, that was the intended use of that, that's why -- I just wanted to clarify that, because it's been presented as if the contract came in higher than we had anticipated and so now it's creating a hole and it didn't. We had anticipated the expenditure, the money was set aside, and we had to use it. So it's not creating a hole beyond what we had anticipated.

MS. VIZZINI:
Well, you have money for a specific purpose, that purpose has finally come, and you're now -- you're going to pay that bill. When you craft the budget, the way we look at it, we were able to carry over that -- those unexpended monies. Now we have to look for them elsewhere.

D.P.O. VILORIA-FISHER:
Okay.

MS. VIZZINI:
You know, again, when you're doing a budget, because that -- that, you know, we didn't have to keep budgeting for it. Now the slate is clean, so.

D.P.O. VILORIA-FISHER:
Okay.

CHAIRMAN GREGORY:
Legislator Kennedy.

D.P.O. VILORIA-FISHER:
Thank you, Mr. Chairman.

LEG. KENNEDY:
Thank you, Mr. Chair. Even though I'm not a member of this committee, I always find this presentation very enlightening, and certainly this one has been very illuminating. I want to return to

the police discussion for just a moment. And like my colleagues, I am struggling to understand the $60 million shortfall that we speak about right now. Is it a $60 million shortfall because of what we've just heard with the arbitration award, or was that something that was there beforehand?

I, like all my colleagues, voted for that 3% Police District tax increase, and seven of us who sit around this horseshoe right now went to our constituents and said, "Pay more and we'll deliver more protection." And we are in the unenviable position right now of explaining why they paid more and are getting less. So I try to understand the issues in terms that I can have a conversation with constituents that I see every day, and I don't have that answer yet.

MR. LIPP:
By avoiding a settlement in the year that the contract expires and having a settlement next year, we carry over a surplus, and then each year that there is no contract, the police contract expired at the end of '07, it increases the overall pressure on what the gross payout is. So that at the end of the day we have a normal, as an approximation, maybe $20 million increase perhaps in today's dollars of police expenditures that we're sort of avoiding and now that the settlement's here, we no longer can avoid that.

LEG. KENNEDY:
But again, and all my colleagues and the Presiding Officer spoke about this very eloquently before, that the 70 new hires that we're told now that we'll look at -- and, by the way, let's all be very clear around this horseshoe. There will be no more police class in this calendar year at all. It's a physical impossibility. You began the lottery process in November of 2009. The calendar bars us from being able to put in one cadet in the balance of 2010; isn't that so?

MR. LIPP:
Well, we have in our budget model an additional 100 officers as implicit in the $60 million in the last week of December of this year, and, of course, then that carries over as a full year. What we're estimating is 7.4 million for next year.

Part of the problem that you're having in terms of understanding the size of the budget problem is, number one, in terms of new officers, yes, they're cheaper for, you know, a couple of years, they reach top step within six years, but you're talking 100 additional Police Officers, as an example is maybe 4% -- a little over 4% of overall staffing for police, which is over 2400 cops. So it's only a small percentage and doesn't save on a global basis as much, number one.

Number two, perhaps another important point to note is we've been avoiding perhaps higher increases in police taxes over the previous five years by lowering the amount of sales tax that's in existence to the Police District. We have $54 million in sales tax to the Police District. You'd have to go back to 2004 to have a lower amount, 22 million, and then in the last several years, 64, 58, 72 million, 87 million and 66 million. So we've ratcheted it down since 2004, the amount of sales tax, and here we are coming into 2011 where we're finding that because the contract settled, because we had a ratchet down in sales tax to the Police District, that here's what we're facing.

LEG. KENNEDY:
One other question, since we've spoken extensively, and this will go to the Administration, in the past we've had applications for Federal assistance under the Justice Department, the COPS Program. I don't think we had an application in this past year in 2009. 2008, that's when we were told by the Administration we had to remove that 3.2 million for the new class. Do you intend on filing an application for 2010?

MR. NAUGHTON:
Just to correct you, the County did apply for the grant, but was turned down.

LEG. KENNEDY:
Well, there was a trifurcated application, as a matter of fact. It was submitted by three different

agencies, and, as a matter of fact, when we pursued conversation with Justice, they were somewhat at a loss as to explain why it came in that way. Nevertheless, that's the past. What about for this year? Will you be seeking those funds this year so that we can bring on police that are Federally funded?

MR. NAUGHTON:
As far as we are aware I don't think that's available this year, but, I mean, we are always looking at any way of bringing extra money into the County, but --

LEG. KENNEDY:
Call Senator Schumer's Office. It's available every year. Thank you.

CHAIRMAN GREGORY:
Thank you. All right. Legislator Schneiderman.

LEG. SCHNEIDERMAN:
I guess one of the good things about going toward the end is a lot of your questions get answered. Though I think from the presentation there's a lot of new questions probably are popping up for people, so hopefully we're reaching toward the end of this discussion.

First, Eric, when do you see -- if this class isn't happening this year, this police class, is it happening next year? When are these 100 new police coming into the Suffolk County Police Department?

MR. NAUGHTON:
Just to be clear, I did not state whether or not we will be hiring or not, just to be clear on that. We said -- our statement is that the County Exec will be looking at the finances of the County, trying to address the hole.

LEG. SCHNEIDERMAN:
You said that the money is not available to do the police class. Or Connie -- somebody said that it's not going to happen this year, there's not --

MS. CORSO:
I didn't say it either. What I said was we have to address the $60 million hole in the Police District, then we'll decide how many Police Officers we'll have. As soon as we have money in that fund, that's when the police class will start.

LEG. SCHNEIDERMAN:
And do you think that's possible in 2010?

MS. CORSO:
I think if we work together to discuss some of these solutions, or any other solutions that come out of the horseshoe or out of the Exec, that we will be able to close that gap. We've been very successful in closing gaps in 2007, 8, 9, so I think if we work together, we could all get the same goal.

LEG. SCHNEIDERMAN:
Well, a lot of that budget mitigation stuff was in the General Fund, not in the Police, at least of what Eric was talking about. It seems to me, though, of the 60 million, a lot of this was predictable. You talk about the economy. Economy has declined, sales tax has declined, but the Police Department is budgeted mainly through property taxes, which makes me think that when we were talking about adding this class and we increased sales tax -- sorry, non-property tax in the Police District, were based on a budget model. Why didn't we know about the $60 million deficit then at that point?

MS. CORSO:

I think that one thing that we haven't discussed and that was a complete shock to many of us was the pension. The pension for the Police District is over $20 million alone in 2011. We're not going -- that's the increase. We're not going to be able to bond that whole portion. You're only going to be able to bond over -- you have to pick up 20% of that increase and then you can bond the rest of it. That decision hasn't even been made yet. That's a joint decision. So, you know, that's a third of the deficit.

LEG. SCHNEIDERMAN:
Do you have in your model -- I haven't heard it discussed yet when we talked about the Police District. There was an agreement, I think, with the Police to furlough or defer some of their retro pay to retirement? I didn't hear that in your numbers; is that in your number?

MR. NAUGHTON:
Right. That was moved out of the contingency in the budget that was worth $12 million.

LEG. SCHNEIDERMAN:
So does that make it $12 million rosier, the picture right now or no?

MR. NAUGHTON:
No.

LEG. SCHNEIDERMAN:
It was pulled out. It was taken out. So the $60 million does account for that as well, otherwise it would be 70.

MR. NAUGHTON:
Correct, it would be more.

LEG. SCHNEIDERMAN:
Let me ask you about cash flow for this year, 2010, because you kind of did a two-year budget shortfall projection. Are we going to be able to pay all of our bills this year, end of the year? You said before that you were going to do some structural changes and not go to tax stabilization. So I just want to one more time query this in terms of are you projecting that you'll be able to meet all of your payroll and all of your expenses through the end of 2010?

MS. CORSO:
I just want to just remind you that when we did the borrowings for DTAN and the TAN, we borrowed at probably higher levels than we have in many, many years. So, at this point, cash flow is a little bit different than the budget where we have the short-term borrowings that we are relying upon at this point. So if you looked at the County's cash, you would probably see that we're very cash flush. However, we are projected to end the year with just very -- - I think only a few million dollars in cash, and I think people from the Comptroller's Office are here and can talk a little bit more about cash flow, if you want.

LEG. SCHNEIDERMAN:
Perhaps. Basically if we stick to the current budget and we do some of the structural changes like the Executive Order encumbering some of the, you know, the expenses, do you think we'll be able to make it through the year 2010?

MR. NAUGHTON:
Yes.

LEG. SCHNEIDERMAN:
Connie, I'm sorry. Do you want to introduce --

MR. D'AMICO:

You want to discuss cash flow?

MS. LOMORIELLO:
Push the button on the base, please.

LEG. SCHNEIDERMAN:
You wanted to add some more information on cash flow for the 2010?

P.O. LINDSAY:
Hold the button.

MR. D'AMICO:
Yes. Talking about cash flow --

LEG. SCHNEIDERMAN:
Can you identify yourself? I'm sorry.

MR. D'AMICO:
-- for 2010 -- I'm from Audit and Control.

LEG. SCHNEIDERMAN:
Just tell me your name.

MR. D'AMICO:
John D'Amico.

LEG. SCHNEIDERMAN:
John D'Amico.

MR. D'AMICO:
Our cash flow projection, based on January and February, sales tax and payroll actuals, is projecting a cash flow balance of under $2 million at the end of the year, and that's inclusive of a DTAN borrowing in September of $113 million and a 350 TAN borrowing in December.

LEG. SCHNEIDERMAN:
All right. Thank you. Can I ask any of you, has the County historically ever been in a similar position where it was looking at 100 million, 200 million dollar shortfall?

MR. LIPP:
Last year we borrowed the exact same amounts as Mr. D'Amico is mentioning and that was the highest that we have had.

LEG. SCHNEIDERMAN:
No. I'm talking about in a -- you know, over the last 50 years, have we seen the County in a position where --

MR. LIPP:
Yes, worse.

LEG. SCHNEIDERMAN:
Okay. When was that?

MR. LIPP:
91-92. We had to go out and do a deficit bond note for -- we had -- we had one year where we were $99 million negative fund balance in the General Fund at that time and we had to do a deficit

note. What happened is sales tax was slowed and public assistance accounts had increased to such a level that we were exceeding appropriations, so we had to -- we had to adopt a budget note for well in excess of $100 million dollars, I believe, and we set up a deficit bond fund --

LEG. SCHNEIDERMAN:
And how, in fact, did we end up paying that money?

MR. LIPP:
We paid that back over a couple of years. We dedicated a portion of the sales tax for that payback. The --

LEG. SCHNEIDERMAN:
Is that not when sales tax increased at that point? We went to the State for an emergency relief?

MR. LIPP:
I can get you the exact numbers in a minute on when we increased the rate, but we -- I believe we -- we definitely used a portion of the sales tax to pay it back. We paid it back within a year-and-a-half. Fortunately, at the time, the economy started to improve sufficiently that we were able to deal with that, and, of course, there's no way to say whether or not that would be the case this time around in terms of the economy improving. So if you hold off a minute, I'll tell you when we increased the sales tax at the time.

LEG. SCHNEIDERMAN:
While Rob looks that up, if somebody else want to jump in.

P.O. LINDSAY:
One follow-up, and I'll be very brief. I'm still -- Gail, we had $48 million in a dedicated fund for back salary increases, not just for Police, but for all our contracts, right?

MS. VIZZINI:
Actually, that was what was in the Police District.

P.O. LINDSAY:
Okay. But --

MS. VIZZINI:
There was more in, you know, the General Fund on top of that 48 million for other --

P.O. LINDSAY:
But the arbitration award is $18.6 million according to Newsday.

MS. VIZZINI:
Oh, no.

MR. REINHEIMER:
Those numbers came straight out of the arbitration agreement, which covers the years of 2008 through 2010. It does not cascade those compounded increases into 2011.

P.O. LINDSAY:
Okay. So you are figuring what a cop will cost. If that isn't back-wages, the back-wages, it amounts to $18 million.

MR. REINHEIMER:
For the period of 2008 through 2010.

P.O. LINDSAY:

Which is what's covered. That's what the $48 million was for.

MR. REINHEIMER:
We have not validated those numbers. We're in the process of looking at those numbers.

P.O. LINDSAY:
Okay. But it's a hell of a big difference between $18 million and 40-some-odd million dollars.

MR. NAUGHTON:
Also, you have to remember, we still have two other Police unions we have to settle with.

P.O. LINDSAY:
I realize that. I realize that.

MR. REINHEIMER:
That's correct. Our assumption for the 48 includes a projection and assumption which repeats history. That's been the case for the other two collective bargaining units, the SOA and the Detectives. So this is just the PBA piece. So we're laying on top in our model the impact that that will have on the other unions.

P.O. LINDSAY:
But, Lance, in all due respect, the Detectives and the Superior Officers are much smaller numbers than the PBA. I mean, the back -- the back wage couldn't come to the $48 million. I could see if you're projecting that's what it's going to cost moving forward, although I still question that because the positions are still in the budget. I mean, we're still funding, what, 2600 cops when we only have 2400 on the payroll? And now the new ones we're hiring at a third? The numbers just don't ring true.

MR. REINHEIMER:
Well, that's why we're saying we have to validate those numbers and that's strictly for the PBA. Our model, and we're pretty much in agreement with the County Executive's projections on what the impact of the contract will have on those collective bargaining units, and I agree that they're huge numbers. The 18 million, I'm not sure how they -- there's no detail how they arrived at that number. We can't really validate that number. That's just what the arbitrator had said.

P.O. LINDSAY:
In the story it came out of the arbitration award.

MR. REINHEIMER:
That's -- but the numbers, where the numbers came from, we're not clear how they arrived at those numbers.

MR. NAUGHTON:
Right. Those are not our numbers. Legislator Romaine has asked us to give a projection for the Police District at the next meeting. I think at that meeting we can probably enlighten you a lot better in terms of the contract and the overall what's driving the deficit that we see.

P.O. LINDSAY:
I asked them to pull out of Newsday. Newsday is reporting $18 million. You guys are talking in the 40's. I mean, that's a hell of a difference.

MS. CORSO:
I mean, we both -- we both independently looked at the numbers. Tricia ran the numbers out, Eric checked her numbers. We're almost exactly the same as the numbers that BRO came out with. And the number -- what is the number, $44 million. I mean, that's the number. And for the SOA and the Detectives, we anticipate the retro there is $27 million. I hear you, Bill, and the only thing I can

do for you is lay it out for you and give you the calculations. That's the best I can do for you.

LEG. ROMAINE:
The next meeting should be interesting.

P.O. LINDSAY:
Just can't be, just can't be.

P.O. LINDSAY:
Okay. Legislator Cilmi.

LEG. CILMI:
Thank you, Mr. Chairman. Under the category of can't be, I just want to make sure that I understood your assertion. Is it Eric? It's nice meeting you. I'd like to publicly thank Cameron Alden for his timing in leaving this body. As a new member, I find this incredibly challenging and interesting, but you had talked about a 10% reduction in departmental budgets from the County Executive totalling roughly $30 million in turnover savings, in addition totalling roughly $25 million, and you made an assertion that you thought that that was possible without reducing staff. And my question is, how do you find $55 million without reducing staff?

MR. NAUGHTON:
Well, the assertion is that we're not doing layoffs, but through attrition, there will be -- I mean, staff, there will be some reductions in staff, some departments you'll do a backfill. With the 10% reduction, we look at -- it's not 10% just from each line. Some lines we're cutting 50%. For instance, we're reducing travel and training. We're looking at the equipment lines. Anywhere that there's discretionary spending, we're doing major cuts in those areas. So that $30 million, we're comfortable that we're going to achieve that.

LEG. CILMI:
I guess first, then, to our Budget Review Office. In total, of the $55 million, can you give us an idea of how many employees that would equate to on an average, understanding that the salaries range fairly significantly?

MR. LIPP:
Just as a -- maybe if you looked at it this way it might help some. I I could count the $49 million in the following as like sort of a rule of thumb; $150 per officer, if you will.

LEGISLATOR CILMI:
I'm not talking about Police, by the way, this is General Fund. I'm sorry for the whiplash, but.

MR. REINHEIMER:
Yeah, it varies significantly from bargaining unit to bargaining unit, but a round number is $45,000 for the normal County employee, AME employee, is a good rule of thumb. Annual basis. That's without benefits, that's just strictly permanent salaries, is an average around 45,000.

LEGISLATOR CILMI:
Okay. So let's assume that the County Executive is including benefits in these numbers so that the cost for employee is higher. What does that math add up to?

MR. REINHEIMER:
That probably would be in the neighborhood of around $60,000, 65 -- about 12 -- it's $12,000 is health insurance, so 45 and 12 is 57. Social Security, Benefit Fund, so somewhere around 60,000.

LEGISLATOR CILMI:
Okay. So if we use 60 as a round number, if you divide the 55 million by 60,000, how many employees do you get? I'm sorry, I don't have a calculator handy.

MR. REINHEIMER:
Nine hundred employees.

LEGISLATOR CILMI:
Nine hundred employees.

MR. REINHEIMER:
That's a big number.

LEG. CILMI:
That's a big number. But we fully expect to be able to achieve that savings without losing that many employees. Is that correct?

MS. CORSO:
You're going to save on health insurance too, which, you know -- it's 60 to 25 million dollars is like 450.

D.P.O. VILORIA-FISHER:
It was 55 million.

MS. CORSO:
No. The $30 million is other than personnel services, it's other than personnel services. It would be equipment, supplies, you know, pharmaceuticals, postage, that kind of thing.

LEGISLATOR CILMI:
Okay. So we're talking about 25 million, then, in the turnover savings, so we're still talking about roughly 400 employees.

MR. REINHEIMER:
I would say a little less than that, right.

MR. NAUGHTON:
Yes, your number is correct. And we have achieved those numbers each of the last few years.

LEGISLATOR CILMI:
Well, that may be, but there comes a point where you've diminished your workforce more than you can while maintaining a certain level of County services, and one of the things that's important to me is that we don't reduce the level of employees so much that we sort of reduce our ability to drive economic development in the County.

MR. NAUGHTON:
Yes. I mean, we agree. I mean, we're not looking to reduce services. We think we can maintain the same level of services. We realize it is going to put a strain on our workforce, which is why we're not anticipating continuing that in 2011. I mean, that turnover savings for this year. Next year hopefully we can start to rehire in some areas which have been really strained.

LEGISLATOR CILMI:
Okay. Thanks.

CHAIRMAN GREGORY:
Okay. All right. Thank you for your presentation. We'll now go to the agenda. I'm sorry. Go ahead, Robert.

MR. LIPP:
We increased our sales tax rate September 1992 by a quarter percent. We dedicated the funds to

debt redemption fund and then when we paid off the debt, we rolled up and threw some combination in the General Fund and the Police District and kept that quarter cent.

LEG. SCHNEIDERMAN:
Never got rid of the quarter cent. In terms of --

MR. LIPP:
It's over $60 million. If you look at the adopted budget now, it's like 64 million in the Quarter Cent Program, and probably 62 is probably -- or 61 is probably a better number if you adjust for the reduced rate in terms of sales tax. But it is clearly over 60 million, Quarter Cent.

CHAIRMAN GREGORY:
Okay. Thank you. On the agenda we have tabled resolutions.

TABLED RESOLUTIONS

IR 1024, Adopting Local No. -2010, A Charter Law to implement a cost saving measure to help mitigate budgetary shortfall by purchasing 5000 Corporate Court, Town of Islip. (Co. Exec.) Do I have a motion?

LEG. LOSQUADRO:
Table.

LEG. ROMAINE:
Second.

CHAIRMAN GREGORY:
Motion to table by Legislator Losquadro, seconded by Legislator Romaine. Any discussion?

LEG. D'AMARO:
Why are we tabling it?

CHAIRMAN GREGORY:
Because it was the first motion offered.

LEG. LOSQUADRO:
There's no offset.

LEG. ROMAINE:
There's no offset, it's exactly right. We were criticized for that for years by the Executive.

MS. VIZZINI:
Mr. Chairman, I just want to make sure everybody had a copy of the Budget Review Office memo. Thank you.

CHAIRMAN GREGORY:
Budget Review -- with your agendas you should have received a copy of a memo by the Budget Review Office analyzing IR 1024. If you don't have it, we should have -- okay. Gail, could you quickly just summarize your analysis?

MS. VIZZINI:
Yeah. Briefly, we met with Mr. Kent and Mr. Chiusano last week and we were able to finally pull together some preliminary numbers. But the resolution before you doesn't commit you to anything other than waiving the offset requirement, which, if you look at available monies in the adopted 2010 Capital Program, if you were to use offsets, you would be cannibalizing 37% of the adopted Capital Program. We arrived at that by, you know, looking at serial bonds and then taking out

anything regarding the College, because that's 50% match of State funds. So once you take -- and because of our other restrictive requirements, you can't use Federal or State Aid and you can't use sewer money. It really -- it leaves you with maybe 67 million in serial bonds for worthwhile projects. So, in a certain sense you can understand that if you did not waive the offset requirement, you would be eroding the Capital Program. Those other projects that became offsets would have to be delayed or deferred.

The Budget Review Office's concern in regards to the proposed acquisition of this building and its portrayal as a budget shortfall mitigating endeavor are detailed in the memo. It is very much a departure from our current approach to our space policy, and it comes from the Newmark, Knight, Frank Consultants, who have done a rather comprehensive review of our space holdings and made several recommendations. In particular, at the Ways and Means Committee these recommendations were summarized, and among their recommendations is a fresh and very different look at how we do space.

They were charged with and they're looking to encourage the County to, you know, sell assets to generate cash, which Eric's reference to possibly the sale of surplus properties to mitigate the current budget shortfall in 2011 is, you know, an outgrowth of that. As leases expire over the next 25 years, the County should consolidate and to own space as opposed to lease space; consolidate on to campus buildings such as the IRS building that are supported by cash flow and service levels, look for opportunistic buying opportunities, which the market makes this building an opportunistic buying opportunity. Restack and renovate existing spaces to maximize occupancy in certain facilities. One of the facilities mentioned in their report is restacking the Dennison Building to maximize occupancy. Create a centralized Property Management Department that functions. And their report also goes into centralization plans for certain service centers, all things that, you know, perhaps if viewed comprehensively may be a direction the Legislature may want to consider.

This is such a significant departure to acquire this building. It's almost 75% or more occupied with tenants having long-term leases. In a certain sense that dovetails in the fact that the space that we do lease, we also lease for long-term. So it will be a while before any of our leased space comes due and is worthy of consideration to relocate to this site. And that's another question, do we want to -- what are we going to relocate? What operations are compatible with this particular site? So most of this is detailed.

When you get down to the numbers, there is some -- and again, I think some of these numbers are in a little bit of flux, and this is a compilation of the draft analysis, very conservative analysis that the County Executive's Budget Office and Mr. Kent did that they shared with us and the lease income that was provided by Newmark, Knight and Frank. The negatives in the bottom are the years of positive cash flow. And there -- you know, and my numbers differ slightly from your numbers, Chris. We haven't had a chance to actually figure out why, but I did want to get you this memo for the committee meeting.

So, based on Budget Review Office's numbers, there is positive cash flow in 2012, '13 and '14, close to a million dollars. Mr. Kent's numbers are a little more -- a little less. However, using the same assumptions that the County Executive's Budget Office did that the building will need -- well, these numbers include your acquisition costs for the building are estimated. There will be some renovation necessary for us to even move in, and what's being considered is the consolidation of the significant portions of Health Administration. So they would move into the unoccupied space, which is probably now down to around fifty-something thousand square feet. So there's not a lot of unoccupied space to move County operations into, only as these existing leases expire in 2016, 2020, and '25.

So, on a policy level, I believe it's a significant departure. It has recurring revenue in those few years, but once you incur the capital cost, which, because of the nature of the transaction, it's a taxable bond as opposed to a normal, you know, if we were to just bond to build a building or something like that, it does add a little bit more expense being a taxable bond.

And the questions that we need to ask ourself is what is the plan? Do we want to become landlords at this stage of the game, especially in light of this morning's presentation? In the later years the cash flow does not offset the debt service. If you assume that the building would need renovations, you probably need several million dollars in systems improvements after 15 to 20 years, and that's taking into consideration the current lease costs for the two Health buildings are less than a million dollars, and portions of that are reimbursed. We can recapture some of our operational costs, but, again, we are acquiring an asset in this particular location with this -- in this market, which makes it opportunistic, but is this the policy direction that we want to go to, and that's basically what the memo addresses.

I also suggest that you -- that there be and that you understand the whole plan. If we were to move Consumer Affairs into leased space here, is that the beginning of, you know, Newmark's other recommendations that we begin to consolidate the North Complex and perhaps, you know, sell some of the back end of that? You know, so there are a lot of interesting different suggestions in the space consultant's report. Is this the tip of the iceberg? What is the plan? And I think you should know all of that before you move forward. You may feel differently, but that's what the memo addresses.

CHAIRMAN GREGORY:
Okay. Thank you. I just have some I guess some general background questions about Newmark, Knight and Frank. And I see Mr. Kent is at the table. Now, they are space consultants?

MR. KENT:
Newmark, Knight, Frank serves a few roles for the County right now. There was an agreement entered in 2008 where they were going to offer us a real estate portfolio assessment. That was one of the tasks under the agreement. They've completed that and this is the policy recommendations that they've made to the County in that report have been highlighted by Gail. Additionally, they act as broker for the County in both acquisition of lease space and acquisition of space that we would own.

CHAIRMAN GREGORY:
Okay. So they --

MR. KENT:
They brought -- they identified this building as an opportunity and the idea here is that it's been proven that we occupy space that we own at a far less expense per square foot than we occupy space that we lease.

CHAIRMAN GREGORY:
Right. That I understand.

MR. KENT:
Okay.

CHAIRMAN GREGORY:
My concern or question that I have is that from a -- you know, from a procurement standpoint, are we able to, you know, providing a service as a consultant with recommendations is one thing, and then, as a municipality or government entity, turning that into a request for proposals. Or, in this instance, where we're taking their recommendations without any competitive process, particularly when they receive a commission from this; without having the input of other brokers or property owners, to be able to put forth a competitive proposal to say that their properties that they have, wherever they may be, will provide an equal, or if not greater or possibly less, savings to the County.

MR. KENT:

Well, the reason that this bill -- first of all, the selection of Newmark, Knight, Frank was a competitive process, hiring them as a consultant. There were seven respondents to an RFP that went through the standard process and Newmark, Knight, Frank was the successful responder. After the process was completed, they were selected.

CHAIRMAN GREGORY:
Okay, great.

MR. KENT:
It was seven respondents, then it was narrowed to three additional. Presentations were made and Newmark, Knight, Frank was the winning responder.

On the second, they brought us this opportunity because it's a large building that is 75% occupied, mostly by government agencies. So co-locating at a building that has the IRS, has the INS, makes a lot of sense to have them as tenants. It's very, very stable occupancy. These aren't companies that are going to go out of business, and they have a -- one has a 10-year lease that goes to 2020, and the other agency will have a 15-year lease that goes to 2025.

The bonds that we would be -- would be offering would be 20-year bonds. So we feel very confident that we will have revenue for as long as three-quarters of the bond period, the repayment period. It gives us an opportunity to locate County departments in the building over time as leases expire. So I think that's another benefit. It will offer us immediately enough revenue to cover our cost of acquisition, which is another benefit.

CHAIRMAN GREGORY:
Yeah, I understand the benefits that you're stating. My question is more along the process. You know, do we from just the recommendation go along with the purchase, or should there be a competitive process coming from this recommendation? Should we allow the opportunity for other, you know, property owners to come forth and say, "I have a0 100,000 square foot building, this is -- I would offer it to you at, you know, a hundred dollars per square foot," whatever the case may be. And then we -- then the Space Committee or whoever, would judge those proposals, and then from that make a decision as to what's more cost effective for the County.

MR. KENT:
I did pose the question, after meeting with the Budget Review Office staff, to Newmark, Knight, Frank, to go out and to identify if there were other buildings that met all of the requirements that we were looking for, that there would be revenue generated from existing tenants, that the tenants that were there were stable, as stable as the IRS and the INS, that could easily co-locate with the County in an existing building that offered us the opportunity to put in 50,000 square feet immediately.

The two leases that are expiring in the Health Department expire at the end of 2011, so we're going to need 50,000 square feet at the end of 2011, and we don't have any other leases expiring then until about 2014, I think is the next leases that are expiring.

We're looking to locate, get out of lease space and occupy space we own. This is the best opportunity we think for that, plus it's at $85 a square foot, not $100 a square foot. And if you follow the real estate market, which I do, I get listings every day E-mailed to me, this building is less per square foot than most everything that's being offered out there right now, plus it has tenants.

I've been asked several times why would the private buyer want to sell. The private buyer is a REIT, they don't occupy space they own, and if it's not 100% occupied, they are losing money.

CHAIRMAN GREGORY:
Okay. Thank you. Legislator D'Amaro.

LEG. D'AMARO:
Gail, the chart in your memo which shows the negative cash flow, I guess, beginning in '20, that's based on the assumption that we were not renewing leases, but as the leases terminate, we're not bringing in new tenants; is that correct? And we're moving, perhaps, County operations into the building?

MS. VIZZINI:
Correct. Either leased or County -- you know, something like Consumer Affairs that's in County-owned space.

LEG. D'AMARO:
Right.

MS. VIZZINI:
That is the assumption, yes.

LEG. D'AMARO:
Okay. So right now there's a cost to having, let's say, Consumer Affairs, just to use them as an example, there's a cost to having that department in another building. So does that -- does this number take into account the cost savings by moving the departments in and perhaps even the sell-off of a portion of the North County Complex?

MS. VIZZINI:
No. We, you know --

LEG. D'AMARO:
This is just based on the building itself?

MS. VIZZINI:
Yes.

LEG. D'AMARO:
The cash flow generated from the building.

MS. VIZZINI:
I couldn't even assume that Consumer Affairs was going to move in there, although we are in agreement that we do need to find a home for them.

LEG. D'AMARO:
And that's why I think you make a very valid point about we need the full plan in order to analyze this. If you're looking at 2020 and 2021, three million, and then going up from there, those negative numbers could be offset by policy decisions we make in 2020 or before with respect to saving money by moving departments in or selling off portions of property that we don't need anymore, or things like that.

MS. VIZZINI:
Yeah. I really do believe there should be a comprehensive plan. As you know, I -- if this issue had come before the Space Committee, it would have take -- the Charter is not really clear. I was talking to George about this in terms of whether it's supposed to or whether it should. You know, when it comes to who is going to go in that will come to the Space Committee. We will have to make approval. But we don't have something before us that says, you know, we're looking at buildings to consolidate the Health Administration, or neither do we have anything before us that says we're looking at buildings, you know, as Chris described, in a campus-like setting to maximize revenue potential. So --

LEG. D'AMARO:
There's a lot of unanswered what-ifs, especially as you project out further, 2018, 2019, 2020.

MS. VIZZINI:
Yes, and with that concerns regarding increasing debt service, which is paid from the General Fund and the Operating Budget, our concern about the General Fund period --

LEG. D'AMARO:
I mean, in 2020 when we start to see a negative or a deficit from the building just looking at its own expenses and revenue, we could make a policy decision at that point to seek a tenant. I mean, there are so many ways to deal with that.

MS. VIZZINI:
Yes, several.

LEG. D'AMARO:
I think -- so, although it would be nice to have a comprehensive plan, I think, also, we have to consider the fact that, you know, ten years from now there are ways to mitigate the costs that are going to exceed the revenue coming in from the building. I think it might be difficult to lock us into that plan in 2010. We're talking about 2020. We should certainly talk about what our options might be. But looking at the short-term, the 2010 through 2019, the building does not cost us, it generates a few dollars in 2014. It seems to peak at about a million dollars, and gives us the long-term options of restructuring physically where departments are or re-renting to cover costs and expenses.

So, you know, looking at the purchase itself, and from what I hear, I haven't seen the building, I heard it's a pretty decent building, and given the state of many of the other buildings that we're currently using, and given the fact that the consultant is saying we should buy instead of lease, it's a lot cheaper to own. And given the fact in the first ten years we don't have a negative deficit from the building and the options are there starting in 2020 to mitigate whatever deficit might be created, you're still recommending against the purchase of this building?

MS. VIZZINI:
I'm recommending that you get more information before you make your decisions.

LEG. D'AMARO:
You mean from 2020 on. You know, what's the policy -- what's the policy goals? Are we trying to consolidate departments, get rid of older buildings, you know, that kind of thing.

MS. VIZZINI:
Correct. Do we want -- if we're going to occupy owned space, should we be looking at vacant buildings so we can begin to relocate people? You know, initially, we're talking about it would be better to be in owned space than leased space. But when you look at what we lease, we lease for Social Services, Health Services delivery, Legislative offices, and, you know, maybe a smattering for Probation. And in some cases location is important, you know, health centers, location is important. So how much of our currently leased operations would be compatible to go into this building? Or are we just -- are we going to be landlords so that we can have a recurring revenue stream? So I think there are some legitimate questions.

LEG. D'AMARO:
So, in other words, in discussing the long-term plan, how much of the lease space could we really locate? Would it make sense to locate to this building given its location? The nice part of this deal is that the leases are there and it's a stable tenant, so it gives us an opportunity to buy a reliable building if we have the consolidation plan in place and service the debt from the tenants.

MS. VIZZINI:
Yes. But if we want to be landlords, yeah.

LEG. D'AMARO:
That's my own independent analysis of this.

MS. VIZZINI:
How compatible is that with our core mission? That's the other thing.

LEG. D'AMARO:
Okay. Thank you.

CHAIRMAN GREGORY:
Legislator Romaine. I'm sorry. Legislator Losquadro.

LEG. LOSQUADRO:
Skip right over me, DuWayne. I'll try to be brief. There's a lot of responsibilities that go along with being a landlord. What's the age of this building?

MR. KENT:
It's about nine-and-a-half years old.

LEG. LOSQUADRO:
It's still a fairly new building. I thought it was a little bit older than that.

MR. KENT:
CO was issued in 2000.

LEG. LOSQUADRO:
Okay. I heard Budget Review refer to some of the facility's updates that we may incur down the line. That was factored into some of the projections?

MR. KENT:
We projected that in our an analysis. We were very conservative. We think we overstated the cost of maintaining the building and we felt pretty confident that the numbers that we're projecting for repairs are sooner than may be necessary, and we projected quite a large sum of money for those repairs.

LEG. LOSQUADRO:
I know in one of the meetings that we had had, the issue of property maintenance came up. What would the County's intention be if we were to move into the position of being a landlord for a large facility like this? Would we seek to keep in place a currently existing agreement with the property management company? And at the point that that ran out, being that the County owns this building, I have to assume that at some point we are going to bump up against the issue that this would be work for AME employees.

MR. KENT:
What are you talking about, custodial services or outside maintenance?

LEG. LOSQUADRO:
Both. Property maintenance. You know, you hire a property management company.

MR. KENT:
Right now there's a property management agreement in place with the current owner. They're paying about $5.84. I hate to be so exact, but about 5.84 a square foot.

LEG. LOSQUADRO:
I appreciate you being accurate.

MR. KENT:
We are projecting 9.64 a square foot. That's why I think -- we'll go out to bid for that. We were projecting 9.64 based on a current agreement we have in place for the Cohalan Court Complex, which is already that we have maintenance from an outside company.

LEG. LOSQUADRO:
Okay.

MR. KENT:
So it's consistent with things we're doing in other parts -- in other buildings that the County owns.

LEG. LOSQUADRO:
Thank you.

MR. KENT:
By the way, something that wasn't said and I want to say it now, there are two separate vacant lots also that are included in our purchase. This is a 37, almost 38 acre parcel. There are two 7 1/2 acre parcels -- 7 1/2 acre parcels that could be sold, which haven't been factored into this analysis at all. They're vacant and they front on Barretts Avenue to the north. I have maps here if anybody needs them. I've been giving them out as we've been discussing this proposal.

And also just one last thing, and I think Gail did mentioned it. All we're asking in this resolution is that you waive the requirement for offsets. The actual decision on acquiring the building, the authorization to move forward with the acquisition would be brought before the Legislature at a later date, so you'll have a second opportunity to do all the analysis when we want to move forward with the acquisition.

This gives me a feeling that I can make an offer on this building with the understanding that no offset will be required. We haven't even made an offer yet. We made one offer, we through out an offer of $20 million early on, and we were pretty close. They almost accepted that.

CHAIRMAN GREGORY:
Legislator Romaine.

LEG. ROMAINE:
Thank you. I'm looking at the memo that Gail Vizzini circulated. In our opinion, the acquisition of a building such as this with non-County tenants and additional vacant parcels is a major departure from the County's current policy towards space. And then it drops down and says if the County is to become a landlord, how does this dovetail with our core mission? Do we have the resources to support this function. And, obviously, these are questions that have to be considered when that second resolution comes up. So I won't even deal with that one today, I'll deal with the resolution that says to waive the requirements.

The County Charter requires, this is the County Charter we're talking about, that any increase in the Capital Budget during a fiscal year must be offset by a corresponding reduction in the budget. This law would waive that offset and allow an increase in the 2010 Capital Budget to fund the acquisition of a building without, and I want to emphasize without, providing a corresponding dollar reduction.

In essence, we are asked today in this economic climate to pierce the debt cap. We've established a debt cap under Charter. That Charter says you will not increase the capital debt of this County once you've adopted a Capital Budget without corresponding offsets. This is the wrong time to do this. This is the wrong resolution, and I dare say this will become a debate throughout Suffolk County to every Legislator that wishes to pierce the debt cap during this time of recession.

This may be a good acquisition to consider later on, and I encourage the County Executive to put this in his 2011 Capital Budget if he's worthy of consideration, but to come and ask us today to pierce the debt cap, something that we've all been criticized by this Executive for our spending ways, at this time is absolutely wrong and this will be an issue. I will not vote to pierce the debt cap. Thank you.

CHAIRMAN GREGORY:
Legislator Lindsay.

P.O. LINDSAY:
That was very passionate, Legislator Romaine.

LEG. ROMAINE:
You have to be.

P.O. LINDSAY:
Where were you last December when this first came before us with the offsets and 17 to 1 it was voted to not let the Legacy Fund, the $15 million dollars, use it as an offset for this --

LEG. ROMAINE:
If I may, through the Chair.

P.O. LINDSAY:
-- but to reappropriate it and extend it after it went through its five years. I was all for this last December because the offsets were in place and it wouldn't have increased our debt one penny.

LEG. ROMAINE:
But you didn't make that decision, Legislator Lindsay -- Presiding Officer.

P.O. LINDSAY:
No, I didn't.

LEG. ROMAINE:
That decision was made by the Executive and now the Executive has made another decision.

P.O. LINDSAY:
I'm aware of that.

LEG. ROMAINE:
We respond to his decisions.

P.O. LINDSAY:
I'm aware of that.

LEG. ROMAINE:
I'm prepared to respond to this decision.

P.O. LINDSAY:
I just heard that. But let us not forget the vote last December. Let us not forget the vote last December, all right? I have some serious concerns about this because of this debt issue. However, I'm willing to go along with this for one simple reason, that the real estate market is so low now that this could be a tremendous opportunity. And in the out years, when the expenses go up, I mean, we'd have the option of selling this property if we wanted to at probably a much higher price, or else selling some of our property that we already own with antiquated buildings, like the portion of the North Complex where Consumer Affairs is and all that. I wouldn't suggest selling anything at this

point because the market's so depressed, but five years from now, six years from now, this could look like a very valuable acquisition and a very valuable piece of property.

My question to you, Mr. Kent, if this is approved, do you guys anticipate on putting this before Space Committee? Do you anticipate getting an appraisal on what this property is worth so that we actually know where we stand with these issues?

MR. KENT:
We already have an appraisal that was done.

P.O. LINDSAY:
What was the appraisal?

MR. KENT:
I'm not going to tell you the appraised price because I think that will prejudice our negotiating rights with the current owner. But I can tell you that we are --

P.O. LINDSAY:
Somewhere along the line, whether it's in public session or Executive Session, I want to know what the appraised price is before --

MR. KENT:
When we bring forward a resolution to go to -- to ask for the authorization to do the acquisition, I will gladly share the appraisal with -- in Executive Session with the committee that's considering the resolution.

P.O. LINDSAY:
And what about Space Management?

MR. KENT:
And, yes, we have already prepared SARs. We did it last fall, and we will update them to be presented to the Space Management Steering Committee, that would allow the two administrative offices of the Health Department to locate at 5000 Corporate Court. They have been prepared.

In addition, we're looking to also locate the Pollution Control out of Farmingville. That's another roughly 14,000 square feet. And as far as what other departments will be compatible, we think DSS administration could easily locate at this building also. Unfortunately, their leases go out quite a length of time down in Ronkonkoma. They're currently in two buildings in the Ronkonkoma area.

P.O. LINDSAY:
Counsel, Legislator Romaine quoted from the Charter before. Would you opine on that interpretation?

MR. NOLAN:
He's correct in his interpretation of the Charter. What we're doing is waiving the Charter requirement for an offset when you increase capital spending during the year. So there was nothing incorrect in what Legislator Romaine said.

P.O. LINDSAY:
It's within our right to do that, and have we done it before?

MR. NOLAN:
We did it, I believe, last year for the Cohalan deal.

MR. KENT:
We think it's appropriate. We would only ask for it to be done, for you to consider doing it, in an

instance where we believe there is money to be made or we think the decision has long-term impacts where the County would profit from the decision making. We think this provides a perfect opportunity for that.

P.O. LINDSAY:
Okay.

CHAIRMAN GREGORY:
Okay. Anymore questions? Legislator Schneiderman.

LEG. SCHNEIDERMAN:
And I understand. You know, the the debt cap was clearly set up to, you know, prevent a situation where we would end up paying more, the taxpayers would have to incur that, and this is a situation where we believe or some believe we'll save a million dollars a year. So you're piercing it not to spend more money but to actually save money.

I want to see if there's another way to do this. Have you analyzed the current Capital Budget to see if there are any potential offsets that we could use this year so that we could do this without piercing the debt cap?

MR. KENT:
I think the Budget Review Office and we agree that we don't believe there's offsets in the 2010 Capital Budget that would allow for the purchase of this building in 2010. I mean, what this also creates, and I think Presiding Officer Lindsay spoke to it but I want to reiterate it, this creates other opportunities for us to also sell other assets that we own that we don't even have in this analysis. If we start selling off other land once we locate into this building it's going to give us opportunities to sell other properties.

LEG. SCHNEIDERMAN:
If this transaction were to occur in 2011, I mean, would there be a way to structure a sale where the bulk of the money was coming in 2011 where we could then not pierce the debt cap, but modify our Capital Program for 2011?

MR. KENT:
We'd have to push back the seller of the building even further. We could discuss it. The problem is whether that's going to impact the price or not.

LEG. SCHNEIDERMAN:
Well, no. It's possible that a down payment could be made this year and the transfer could actually occur in 2011 is what I'm -- you could structure -- you know, it's hard for me to imagine the County buying and moving into this building in 2010 anyway. And we also would be breaking a lease now that we have at Rabro for the health center.

MR. KENT:
No, we wouldn't be breaking any leases. Our anticipation is that we acquire the building in December 2010, and that we start moving in the Health Administration in the fall of 2011. We have to renovate the space and we built into the analysis $150 a square foot to renovate some interior space and that's already in the numbers that have been reviewed.

LEG. SCHNEIDERMAN:
So I think you just said it. I mean, basically we'd be acquiring the building in December of this year. So if we push it off one month and made it January, we don't have the -- we don't need to pierce the debt cap because we just simply -- we haven't adopted our 2011 budget so we can do it, but just by postponing the transaction for one month.

MR. KENT:

I could make the offer. They wanted us to close in July of 2010. I'm already pushing it back -- I'm pushing it back to the fall borrowing.

LEG. SCHNEIDERMAN:
But you hear what I'm saying? Just by pushing it off one additional month we don't have to pierce the debt cap.

MR. KENT:
But that's not exactly the way it works. We bond in the fall and in the spring. We could go out maybe for a special bonding for this building, but generally even when we do special bond sales we do them in November and in May.

LEG. SCHNEIDERMAN:
I have no further questions.

CHAIRMAN GREGORY:
Legislator Losquadro.

LEG. LOSQUADRO:
Just a quick question to that point, maybe for BRO. Hello? Anybody?

MR. LIPP:
Sorry.

LEG. LOSQUADRO:
We talked about borrowing this money later versus earlier. I mean, I think the size of this borrowing based on the type of -- and by the way, I'm just getting a chance to really go through this, this memo.

MR. KENT:
Me too.

LEG. LOSQUADRO:
The size of this borrowing is such that I think if we did it in January or December, we would have -- if we did it in January, we would have to increase the size of our Capital Budget so much to do the other type of projects that we're going to be looking at for next year anyway, I mean, to me when you do it really isn't the relevant point. The question to my mind is, is this a business we want to get into, is this something that really is going to make sense for us long-term. So I just want to address that issue. I am right in my line of reasoning there, aren't I? It's not so much really a question of when, because the size of the borrowing is going to be very significant.

MR. KENT:
We contemplating a November bond sale.

MR. LIPP:
Uh-huh. Yes.

MR. KENT:
So I think it would have to be a waiver. If we wait until 2011 I think the earliest would be May of 2011.

MR. LIPP:
Yes.

MR. KENT:
So we couldn't close -- I wouldn't want to close --

LEG. LOSQUADRO:
I understand that. But my point was more to the size of the borrowing and to do other projects we are going to want to do in next year's Capital Budget, to include this in an actual Capital Budget would be a -- it would be a significant increase to our Capital Budget, right? I mean, or you could just do the Capital Budget that we propose without this and then pierce the cap next year. I mean, I think it's six of one, half dozen of the other. When you do the borrowing isn't the relevant point here. It's just a question of whether or not we want to take the step from a policy decision. I just wanted to just clear my head on that, but I am correct in my line of reasoning there, right? I see some heads nodding, but.

MS. VIZZINI:
Well, if you are going to move ahead this year you waive the offset and allow the Capital Program to move forward the way we adopted it with, you know, less projects cannibalized to make-up -- the borrowing for this is going to be in the ballpark of maybe, you know, either side of $25 million. If the parties could negotiate a delay, if there's a will to move ahead, and I don't know, I am not involved in any of the negotiations, it would increase the 2011 Capital Program by, you know, $25 million if it's a priority as opposed to some of the other projects that we have it there. But, you know, the Capital Program should reflect what we're going to be doing.

LEG. LOSQUADRO:
I agree. I just want to say I'm not necessarily opposed to this. I mean, we've had some discussions about this. I always like to be able to take a business approach to things, and if something makes good business sense, whether or not it's traditionally government's role or purview to do that, I'm certainly willing to look at it.

But I think one point that's been raised here, and even you, Mr. Kent, have said, well, no one is talking about the fact that we have these other, you know, this vacant property which could potentially be sold or nobody is talking about this that could be moved in there. I really think we do need a little bit clearer, at least to my mind, I can't speak for anyone else. I would like to see a little clearer, truly comprehensive picture to say this is -- this is the end game. This is everything we could possibly do with this including the vacant parcels, including the other leases that we're going to be able to get out off, complete package, end game down the road. And I just -- I think there is still some open questions which may make this more enticing, to be perfectly honest with you, but I think we need to see that complete picture.

MR. KENT:
I think when I come before you on the request to authorize the acquisition it will be more enticing. I think I -- that's a lot of work, though, without knowing whether you will even waive the requirement to -- the requirement of an offset in this year's Capital Budget. There's a lot of work, a lot of planning. And once I start down that road there are going to be properties identified, but I think once we get to that stage, which will probably be late summer, there will be a complete report of all opportunities that this creates. I think it will get -- it will be even a greater revenue producer than what's before you today.

LEG. ROMAINE:
This year.

CHAIRMAN GREGORY:
Are you done, Dan?

LEG. LOSQUADRO:
Yes.

CHAIRMAN GREGORY:
All right. Having no further questions, Barbara, we have a motion to table, that's it?

MS. LOMORIELLO:
Yes, and a second.

CHAIRMAN GREGORY:
And a second.

MS. LOMORIELLO:
Yep.

CHAIRMAN GREGORY:
Okay. All in favor? Opposed? Abstentions?

LEG. D'AMARO:
Opposed.

CHAIRMAN GREGORY:
(Vote: 4-1-0-0). Okay. We have about 35 minutes before the next meeting, so ***IR 1025, Requiring disclosure of specific information regarding closed capital projects. (Romaine)*** Legislator Romaine.

MR. NOLAN:
Can I just state something on the record before you speak, Legislator Romaine? At our last meeting Legislator Romaine asked that we amend this resolution at the request of certain committee members. I said it would be done. I discovered this morning we had not done it. So we messed up. We amended the resolution this morning so really it's not eligible to be moved. I apologize to Legislator Romaine for --

LEG. ROMAINE:
Not eligible to be discharged without recommendation and we could vote on the amended version on Tuesday?

MR. NOLAN:
It's subject to the seven day rule. That's why we messed up, because we missed the amendment --

LEG. ROMAINE:
Well, maybe the late afternoon on the 23rd.

MR. NOLAN:
I'm sorry?

LEG. ROMAINE:
We're meeting on the late afternoon of the 23rd, which is seven days from now.

MR. NOLAN:
The amendment deadline was yesterday.

LEG. ROMAINE:
Oh, okay.

MR. NOLAN:
I just apologize --

LEG. ROMAINE:
I'd ask you to table for one session.

LEG. SCHNEIDERMAN:
On the table motion, though, Allen, did you guys work everything out in terms of having that column that we could see why the project was being cancelled?

MR. KOVESDY:
We will get a draft or something to Mr. Romaine that he can look at between now and the next meeting.

CHAIRMAN GREGORY:
Okay. All right. So we have a motion to table.

MS. LOMORIELLO:
You have a second?

CHAIRMAN GREGORY:
Yes, Legislator Losquadro. All in favor? Opposed? Abstentions?
(Vote: 5-0-0-0)

IR 1127, Adopting Local Law No. -2010, A Charter Law requiring sound budget practices to ensure fiscal responsibility. (Stern)

I make a motion to approve.

LEG. D'AMARO:
Second.

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

LEG. ROMAINE:
Can I ask a question on this?

CHAIRMAN GREGORY:
We just voted.

LEG. ROMAINE:
A technical question.

CHAIRMAN GREGORY:
Okay. Go ahead.

LEG. ROMAINE:
Just a technical question. IR 1127 has no bearing on IR 1176.

MR. NOLAN:
No is the short answer.

LEG. ROMAINE:
Thank you for that.

CHAIRMAN GREGORY:
Okay. ***IR 1176, Adopting Local Law No. -2010, A Charter Law to repeal the Suffolk County Energy Tax via public referendum. (Romaine)*** The motion has to be tabled because it is still in public hearing.

LEG. ROMAINE:

That is correct. I make a motion to table.

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

IR 1198, Reducing Home Energy Taxes on Suffolk County Residents. (Schneiderman)

LEG. SCHNEIDERMAN:
Motion to table.

CHAIRMAN GREGORY:
Motion to table by Legislator Schneiderman. Seconded by myself. All in favor? Opposed? Abstentions? ***(Vote: 5-0-0-0)***

INTRODUCTORY RESOLUTIONS

IR 1202, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 823-2010). (Co. Exec.) I make a motion to approve and place on the Consent Calendar.

LEG. D'AMARO:
Second.

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

IR 1203, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 332-2010. (Co. Exec.)

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

IR 1206, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 333-2010. (Co. Exec.)

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

I.R. 1207, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 824-2010). (Co. Exec.)

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

I.R. 1216, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 825-2010). (Co. Exec.)

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

I.R. 1217, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 826-2010). (Co. Exec.)

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

I.R. 1218, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 828-2010). (Co. Exec.)

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

I.R. 1223, Establishing a Suffolk County Budget Advisory Commission. (Romaine) I'll make the motion to table.

LEG. D'AMARO:
Second.

CHAIRMAN GREGORY:
Second by Legislator D'Amaro. All in favor? Opposed? Abstentions?

LEG. ROMAINE:
Opposed.

LEG. LOSQUADRO:
Opposed.

(Vote: 3-2-0-0 Opposed: Legislators Romaine and Losquadro)

CHAIRMAN GREGORY:
I.R. 1235, Authorizing certain technical corrections to the 2010 Adopted Operating Budget for the West Islip Symphony Orchestra, Inc. (Barraga)

I'll make a motion to approve.

LEG. LOSQUADRO:
Just is --

CHAIRMAN GREGORY:
I was going to make the motion and then ask.

LEG. LOSQUADRO:
I'll second.

CHAIRMAN GREGORY:
Is this, Counsel --

MR. REINHEIMER:
This is omni funds and it's just a name change for the agency. It's the same agency, just correcting the name.

CHAIRMAN GREGORY:
Oh, okay. All right. We have a motion and we have a second. All in favor? Opposed? Abstentions? ***(Vote: 5-0-0-0)***

I.R. 1247, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 827-2010). (Co. Exec.)

I'll make a motion to approve and place on the Consent Calendar.

LEG. D'AMARO:
Second.

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

I.R. 1281, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 334-2010. (Co. Exec.)

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

That is our agenda. We stand adjourned. Thank you.

[THE MEETING WAS ADJOURNED AT 12:30 PM]