BUDGET & FINANCE COMMITTEE

OF THE

SUFFOLK COUNTY LEGISLATURE

MINUTES

A meeting of the Budget & Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on Tuesday, April 20, 2010.

Members Present:
Legislator DuWayne Gregory - Chairman
Legislator Lou D'Amaro - Vice-Chair
Legislator Ed Romaine
Legislator Jay Schneiderman
Legislator Daniel Losquadro
Presiding Officer William Lindsay - Ex Officio Member

Also In Attendance:
George Nolan - Counsel to the Legislature
Jason Richberg - Aide to Legislator Gregory
Renee Ortiz - Chief Deputy Clerk of the Legislature
Gail Vizzini - Director Budget Review Office
Robert Lipp - Deputy Director - Budget Review Office
Linda Bay - Aide to Minority Caucus
Paul Perillie - Aide to Majority Caucus
Ben Zwirn - County Executive's Office
Allen Kovesdy - Deputy Director - County Executive's Budget Office
Chris Kent - Deputy County Executive
Catherine Stark - Aide to Legislator Schneiderman
Justin Littell - Aide to Legislator D'Amaro
Dot Kerrigan - AME
All Other Interested Parties

Minutes Taken By:
Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 10:25 A.M.*)

LEG. D'AMARO:
Good morning. Ladies and gentlemen, welcome to the Budget and Finance Committee of the Suffolk County Legislature. Our Chair, Legislator Gregory, is struck in traffic due to an accident I think on Southern State Parkway. So we're going to start the meeting, and hopefully he will arrive some time during the proceedings. We ask that everyone please rise and join the committee in the Pledge of Allegiance led by Legislator Losquadro.

SALUTATION

Okay. A brief comment. The Chairman has called in -- Legislator Gregory has called in and just wanted me to mention for the record that his office did reach out to the Department of Public Works recently and asked the department to come here today to give us update on the status to the RFP with respect to red light cameras, and he has not heard back from them at this point. So obviously that will not be happening today. All right. Turning to the agenda, the public portion. Do we have any cards this morning? Okay. Before we get to the resolutions, Ms. Vizzini, is there anything you want to update the committee about this morning?

MS. VIZZINI:
Just a few things. We did get, as all of you got, copies of the County Executive's Recommended 2011-2013 Capital Program. My staff will be reviewing that with a target date of a report issued on or about May 14th. We also got the Community College's budget request for the 2010-2011 academic year. The College has initially requested a 4% increase in the County contribution. Again, we will be doing a report on that and meeting with the County Executive's Budget Office. I think that's about it.

LEG. D'AMARO:
Okay. Legislator Romaine, go ahead please.

LEG. ROMAINE:
Yes. Thank you. At the last Budget Meeting I had asked the -- I guess it's our Budget Director for the County, Eric Naughton to come here and talk about how he did his sales tax projections in terms of sales tax revenue for 2010. I had asked him on the record to be prepared to answer questions. I obviously have those questions today, but I do not see the Budget Director. So I am going to make a request again through our Chair, who is not here, but I will call him and remind him that I would like the Budget Director here because I'd like to talk about how -- what his rational was, what factors he uses to determine sales tax, where we are sales tax revenue.

Obviously, Mr. Lipp had different projections. Our Budget Office had different projections. We adopted different projections. And I wanted to determine how he indicated that he saw a 5% increase in sales tax revenues for 2010, what that increase was based on. So again, I am going to ask for the Budget Director to come to the -- believe it or not -- Budget and Finance Committee to answer some questions about how he did his projections and what attributes he used in compiling that projection.

So I will put that out there again for our Chairman, and I will contact the Chairman so that -- by the way, I spoke to Eric as well, and he said, "No problem. I will be here." I told him exactly what I was going to ask him, and I said I would just like that on the record.

LEG. D'AMARO:
Thank you, Legislator Romaine. Certainly in our oversight capacity if you have questions concerning sales tax and projections, this would most likely by the appropriate forum for that. Gentlemen, did you want to give us some information on Legislator Romaine's request?

MR. KOVESDY:

I can just tell you that we've only received five checks this year. But as of today, we are five percent over last year for the five checks that we have. So it's only five checks, but we are positive and we are exactly at 5%[.|. |.] so I just wanted to give you an update. I know most of you get the sheets that are prepared from the Treasurer's Office. The sheets deal with year to year, but we deal on a budget basis. But we're 5% for five checks. So we are happy that we're on target.

LEG. SCHNEIDERMAN:
And our budget model we had used to do the budget we're on, 4%?

MR. KOVESDY:
Yes. You adopted 4% over a higher base.

LEG. SCHNEIDERMAN:
Okay. So we're about 1% over where we thought we would be.

MR. KOVESDY:
Unfortunately it was $22 million short last year in the actual receipts. So in order to meet the budget, we need 6.8% increase.

LEG. SCHNEIDERMAN:
Okay.

LEG. ROMAINE:
Last year we had a decline of 6% in sales tax revenues in 2009. We projected -- the County Executive's Budget Office -- and that's why I wanted to over the attributes that the Budget Director put into his projections counseled a 5% growth would be an 11% swing. So obviously, I had some questions about that. I wanted to know the attributes that he used for calculating this.

I understand that in the past the County has used a consultant to calculate sales tax, but that consultant is no longer with the County. The County is doing an RFP to determine who should be the consultant for the future. That I understand. But the time period for which I'm talking about, there was no consultant economist. And I wanted to know the attributes that he used to figure out that increase and why he would project an 11% swing.

So clearly I have questions that I am going to save for the Budget Director. I don't want to visit them on my good friend Ben Zwirn or my other good friend up there. So I'll save it for him, because he is deserving of all the questions that I'm prepared to ask. And I will wait for the next meeting to do exactly that. Thank you.

MS. VIZZINI:
Mr. Chairman?

LEG. D'AMARO:
Ms. Vizzini.

MS. VIZZINI:
Just to clarify. In 2009 -- just to add to what Mr. Romaine said -- the actual results of the sales tax in 2009 was a negative 8.5%. It was closer to 27 million. The 6% was what was estimated by the County Executive's Office, but when it actually came in, it was less.

LEG. ROMAINE:
And I understand estimating is not a fine science by any imagination. And although people would like to think economics is a science and to some extent, some of it's principles are, it nevertheless remains an art. And I wanted to know the type of art that was applied, the artistic approach that was applied in coming up with the sales tax projections.

And I have a whole list of questions about what specific attributes did he use to determine that number. And that's what I'm curious -- did he look at sales, did he look at tourism, did he look at car sales, did he look at sales at Wal-Mart, did he look at foreclosures, did he look at real estate, how did he come up with the projection? In other words, what were the ingredients in the mix that produced the pie? Hopefully it's not a pie loaded with crow, because no one wants to eat crow. But those types of things; how did he come up with these projections?

LEG. D'AMARO:
Legislator Losquadro.

LEG. LOSQUADRO:
Thank you. Just a question regarding sales tax. You said we have five checks and we're 5% over. Is that average? Are they trending, or has it been pretty study in the five checks that we've gotten?

MR. KOVESDY:
No. We were very fortunate that there was a $4 million positive adjustment that came in with the last check. So that picked us up. If you remember last year for the fourth quarter, we had a negative $5 million adjustment from a prior period that kind of pushed us towards the 8.6%. In this case, the last check was up 26%. That was due to the fact that we got a $4 million adjustment. The adjustment for the summer of 2009. So we had a positive adjustment of $4 million. If you took the adjustment out, we're running around 3% increase.

LEG. LOSQUADRO:
Has that number been fairly steady?

MR. LIPP:
The sales tax is a quarterly system, so you really can't look at the monthly stuff, because not until the last check do they --

LEG. LOSQUADRO:
So we're not able to establish a trend yet.

MR. LIPP:
Exactly. So the bottom line is we're up 5% for the quarter compared to the first quarter of last year. If you make the adjustments for the positive surprises the cash because of the adjustments, it's really three and a half percent. We'll take the 5% thank you. In terms of our budget model, we were looking at a turn around in the second half. Is this an aberration? I don't know. So we were looking at zero growth for the first quarter, so that was like a really great surprise.

LEG. LOSQUADRO:
Let's hope it keeps up.

MR. LIPP:
Hopefully moving forward it will continue. But like we said, it's too early to say that it's a trend. It could be an aberration, but there's no way to know. It's a quarterly system.

LEG. LOSQUADRO:
Very good. Mr. Zwirn, did you have something to add to that?

MR. ZWIRN:
I was going to say, I mean, anecdotally one of the things I think that you'll see is the car industry, automobile industry with all these incentives now, zero percent down, zero percent -- you pay your sales tax pretty much and you walk out with a brand new car. With all the troubles that Toyota had, they've been pushing cars. Honda's now having -- they're very popular. General Motors. We're seeing the automobile starting to give some upticks. I think Legislator Schneiderman out on the East End, which is very sensitive to the economy, you know, there seems to be an uptick in the real

estate market. Mortgage tax revenue seems to be running ahead of what was budgeted by the towns on the East End. The Community Preservation Fund seems to be starting to -- not where it was, but certainly better than it has been. So there are signs that the economy has turned around a little bit. At least some preliminary signs. I think that's -- you know, anecdotally you see things out there that you haven't seen in a long time.

LEG. LOSQUADRO:
Well, as Budget Review said, this is ahead of our forecasted model, so let's hope it keeps up, because, you know, we've certainly had enough bad news for a lifetime. Thank you.

MR. ZWIRN:
Thank you.

LEG. D'AMARO:
Legislator Schneiderman.

LEG. SCHNEIDERMAN:
Thank you. I'm still running through numbers in my head. So the $20 million that we fell short last year was really effectively $18 million short because that's really where the 4 million belonged, right? And what we're truly seeing is not a 5% this year, we're seeing a 3% increase, which is still a little bit under what we projected.

However, I wanted to make the point -- and you can chime in and tell me if I'm wrong -- but not all quarters are the same. So this is the early part. This isn't Christmas season, this isn't summer season that really explodes. So a 3% increase is great, but if let's say we saw a 3% decrease at another time where it's on a much larger number. So -- and I am as -- you know, as Mr. Zwirn said, I am from the East End. The economy seems to be -- the early signs are very positive. So I'm hoping this is going to be a great summer season. And if we continue even with a 3% or 5% increase, I think we're going to be looking very good. But if you wanted to comment on that analysis.

MR. KOVESDY:
I'll just tell you we had $218.8 million to date against over a billion dollars, so it's about 20% of the total year up-to-date.

LEG. SCHNEIDERMAN:
So this is the -- the first quarter, kind of January, February, March, April, that's -- it's good for retail, but it's not as obviously strong as the holiday season -- Christmas Holiday or the summer season.

MR. KOVESDY:
Right.

LEG. D'AMARO:
Okay. That concludes that discussion. We'll turn to the Tabled Resolutions portion of agenda resolution. I'll call the first resolution which is **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.)**

We had heard a presentation, I believe, at the last Budget Committee by the Budget Review Office, passed out some information as well on this. Any discussion?

MR. KENT:
Legislator D'Amaro, first of all, I'd like to correct it. I corrected the resolution. It's been amended. It's Town of Brookhaven. So I just want to -- I don't think the agenda is reflecting the amendment that was made.

LEG. D'AMARO:
Thank you, I stand corrected. Thank you.

MR. KENT:
The last time I was here --

P.O. LINDSAY:
Is the language faulty?

MR. NOLAN:
The resolution was amended. It's just the agenda had it still being Islip.

P.O. LINDSAY:
Sorry.

LEG. D'AMARO:
Okay. Go ahead, please.

MR. KENT:
Thank you. What I handed up today -- the last time I was here, the committee had asked me to do kind of a longer range occupancy plan for how we could move existing County offices into the 5000 Corporate Court Building as space became available. Just to refresh your recollection, the building is occupied by the IRS and INS -- it's not occupied yet -- it is currently occupied by the IRS, but there are leases that the building will be occupied by IRS and INS in the future.

Currently, it's projected that there will be about 55,000 square feet of that building available. We will immediately move into the building some consolidated Health Department administrative staff and Pollution Control, which would total -- which will fill the 55,000 square feet. That will be done starting in 2011. As space becomes available in 2016, there is a tenant leaving around August of 2016, and fortunately, we have a lease expiring in October of 2016 that could fill that space.

And as time passes, IRS -- IRS's leases go out to approximately 2021, and the INS's occupancy is through 2025. And as the time passes in the long range, we have departments that could occupy this building. Now, we have a very unique circumstance under the current economy where we'll be -- we could be purchasing a building and our entire debt service for the building will paid for by existing tenants. We will have no -- we will have enough revenues coming in to cover expenses. We will also have lease avoidance immediately of about a million dollars on the Health Department using 2009 numbers. The two Health Department spaces that would be going in there, the 225 Rabro is 710,000, and the 220 Rabro is 280,000. Those are 2009 numbers that we actually paid for those two buildings. So that's approximately a million dollars, 990,000. And going forward, we would avoid that expense.

We could also move Pollution Control and Public Health from the building on -- what that chart does not -- the one that I passed out -- does not include is the space at Horseblock Place in Farmingville which could be located out of a building that we own currently on the Nicolls Road and Horseblock Place into Corporate Court, and that building could be open for sale with a conservative sale price of about 1.7 million. So in 2011, we could realize the savings -- the money -- the proceeds from the sale of that building and going forward in 2012, the lease avoidance cost savings from not having to rent Rabro Drive.

And projected down the road all the way out, we have these -- in 2009 numbers, these lease total 7.3 million. Even after the highest cost of debt services on the acquisition of the building, we're looking at around 5.2 million. So down the road, we'll be saving money. Again, that 7.3 million is in 2009 expenses. So when you project out to 2025, I'm sure that number will be higher. If you use the standard CPI, you could just project it out using a 3% increase over the next 15 years, compounded, by the way. All we're asking today is that the committee release the resolution to allow for the Local Law to be adopted so that we don't have to identify an offset and that we could go forward with the bonding of the acquisition in the Fall of 2010 for the purchase of the building.

LEG. D'AMARO:
Okay. Thank you, Mr. Kent. Any questions or comments? Legislator Losquadro.

LEG. LOSQUADRO:
When we look at the difference in cost between the carrying cost with debt service versus total potential expenditures now, again, only in 2009 dollars, how do we factor in, being that we'll be owning the building, build out for that space and maintenance of that space? Do we still -- with that included, do we still come to a positive or at least a break even?

MR. KENT:
Yes. As I distributed at the last meeting, I believe, and I've given to the Budget Review Office, we've included in our projections capital improvements over time, an immediate capital improvement of $7.5 million prior to our initial occupancy.

LEG. LOSQUADRO:
Right. I remember that. But is that included in the five point whatever it was that you --

MR. KENT:
Five point two million -- yes, it does. It is included in the 5.2 million, yes.

LEG. LOSQUADRO:
Okay. You know, we just got this, so I just wanted to compare apples to apples. I remember that from the last meeting, so I just wanted to make sure that was included in the figure that you are -- you're putting forward.

MR. KENT:
It is included. I've provided that breakdown to the Budget Review Office about a month ago.

LEG. LOSQUADRO:
And that was five point what?

MR. KENT:
I actually have a sheet, it's a draft. It's not really in any form to be distributed because --

LEG. LOSQUADRO:
Just rough number to compare to the 7.3.

MR. KENT:
But when we stop receiving any rents, our cost starting in 2021, we're projecting $5 million -- $5 million expense for debt service, and ending up at around, the last year, $5.4 million. But on average, about 5.2 over the next 15 years would be our debt service.

LEG. LOSQUADRO:
And that includes the carrying cost for the building?

MR. KENT:
That includes projected capital improvements and maintenance expenses and utilities.

LEG. D'AMARO:
Mr. Presiding Officer and then Legislator Schneiderman.

MR. KENT:
And we haven't projected any reimbursement revenues either. But I don't really consider them,

because it's kind of a wash, because we receive certain reimbursement revenues now, and we will continue to receive reimbursement revenues. So when I started putting in lease avoidance cost, I didn't want to reflect higher -- I didn't want to over-project revenues, because we're receiving certain revenues now. But I know that the Budget Review Office had done work on that. I believe Robert had talked to me about that about a month ago.

P.O. LINDSAY:
That really gets to the heart of my question. As long as I've been here, it's always portrayed to us, especially in terms of Health and Social Services, that it's cheaper for us to lease rather than own because we get a better reimbursement rate from the State. Now we're buying. What is the exact difference in the reimbursement rate from the State?

MR. KENT:
My understanding is that the State will still reimburse you for occupying owned space at market rate rental analysis -- based on a market rate rental analysis.

P.O. LINDSAY:
At the same -- at the same level as if we were leasing the property?

MR. KENT:
Yes. It's just easier with the lease because you can demonstrate the price you're actually paying. With an owned-occupancy, you have to establish market rent. Market rent could actually be higher than what we're paying in actual rent.

P.O. LINDSAY:
All these years that we were told this, can anybody explain the misinformation then?

MR. KENT:
I can't explain it. I can only go by what I've done since I've been here. But going back, I don't know what the explanation is. Maybe the Budget Review Office could tell us what the thinking was by prior administrations.

P.O. LINDSAY:
Does Budget Review know?

MS. VIZZINI:
Well, we haven't done an extensive review of Newmark's assessment of this particular question. Budget Review has said in the long run over time, it is cheaper for us to own than to lease. In the short run, it's -- there's less impact on the Operating Budget to simply pay the debt service -- simply pay the lease payment rather than -- for example, let's assume that we purchased a building for $23 million. There's about $1.8 million in debt service related to that each year for the 20 years. So if we were leasing the same building, more than likely the lease payments would be less. That's without looking at numbers specifically. Yes. And you would have the asset at the end of the 20 year period. In my discussions with Brian, he points out that it is cheaper for the County to bond because of the rates afforded a municipality.

P.O. LINDSAY:
I understand that. And, of course, the other factor here is we're a landlord. We're not just buying this building to put our own departments in it. So there's a cost mitigation factor there with the rents that we're receiving.

MS. VIZZINI:
Yes. There's a source of revenue. But we do have to manage that building as we do our other leases.

P.O. LINDSAY:

You know, forgive me, Mr. Kent, but I just have to say this. This is part of the County Executive's current cost mitigation program for this year; am I correct?

MR. KENT:
We're projecting somewhere between 1.5 and $2 million in savings for 2011.

LEG. LINDSAY:
But it is a component in his cost mitigation.

MR. KENT:
It is a component. We don't think -- you know, it's not one of the larger components, but it is a component.

P.O. LINDSAY:
I know that, but it is part of it.

MR. KENT:
Yes, it is.

P.O. LINDSAY:
And I just wanted to get that on the record. I mean, in my local newspaper this week, the County Executive went on for two paragraphs how I've been an obstacle to cost mitigation all these years, which just is astounding. And I mean, in spite of his comments, I intend to support this proposal.

MR. KENT:
I think it makes sense. In the long range of planning, once we bought the -- we have a great opportunity; we're going to have tenants paying our debt service for almost the entire length of our debt.

P.O. LINDSAY:
I'm voting for it for the right reasons, not for what's printed in the press.

MR. KENT:
I appreciate that.

P.O. LINDSAY:
All right? And I still maintain that if we did this last December when it was first proposed when there were viable offsets, it wouldn't have increased our debt at all.

MR. KENT:
I was supportive of that too at that time. So I appreciate that.

LEG. D'AMARO:
Legislator Schneiderman and then Legislator Romaine.

LEG. SCHNEIDERMAN:
Well, I'm glad we didn't take that route, only because the offset that was being used was reserved for environmental purposes, and I think that would have been a mistake. But we are asked now to pierce the cap so that we can make the money available. That's true. And it is part of the 2011 plan, it's not budget mitigation for this year. So I need to talk a little bit about the staging to see whether it's really necessary to pierce the cap. You talked about bonding some time in the fall of this year; is that correct?

MR. KENT:
Well, it would be in November. We bond twice a year.

LEG. SCHNEIDERMAN:
Well, okay. And November is awfully close to January, 2011. And we are going to adopt a budget. We're working on a Capital Budget now. It seems to me that this money -- and I support this project. I think we would be foolhardy to not act on this. In fact, I'm trying to figure -- it's almost too good to be true. I'm trying to figure out why somebody would sell it, a building that carries itself so well.

MR. KENT:
But, you know, as time passes, if we keep putting it off, the economy is getting better, sales are occurring in the real estate market, prices are going back up again.

LEG. SCHNEIDERMAN:
I'm not saying we should put it off. November versus January, maybe we could, you know, lock in the deal. But if we were to close in say January or February, we wouldn't have to pierce the cap because it could be part of our Capital Program that we adopt this year for next year. That's what I think is troubling me. I have a couple of other questions, but maybe we could first just talk about that staging; whether it's really necessary to pierce the cap. Why couldn't we do this in January or February instead of December, November, December?

MR. KENT:
My understanding, it would be a separate bond issue, but we usually sell our bonds two times in the year; May and November. So I would think that the next time after November when we would sell bonds would be in May. Now, if we're going to go out with a special bond issue in February -- I don't know if January would be that great a time, but maybe in February. But, you know, remember there are private sellers here, and they were hoping to have this transaction done in -- much sooner. They were looking to sell in May of 2010, and we've pushed them back to November. And you can't -- it's getting to the breaking point. They're going to -- they're going to realize at some point that they have enough tenants that they don't have to sell the building at all.

LEG. SCHNEIDERMAN:
You weren't going to close in November, were you, you were going to do the bond in November?

MR. KENT:
We had planned on closing around December 1st.

LEG. SCHNEIDERMAN:
December 1st. Can I ask BRO to comment on that, that issue too in terms of staging it, in terms of doing a bond.

MR. LIPP:
In terms of the staging, it depends upon market conditions. You could do it any time of year. So it would up to the Comptroller with the advise of capital market advisors, our financial advisor, when would be the best time. If they thought that particular time wasn't that great, they might wait a little. One reason why you could do it any time is it is taxable, so we don't necessarily have to do it sequencing it at the two times a year we do serial bonds. Plus there are two -- there are really four times a year we do bonds; there are two cash flow borrowings we do also, one of them being literally at the beginning of the year.

LEG. SCHNEIDERMAN:
Do you know when our lease on the Rabro property runs out? When's that, because we're going to be paying through the term?

MR. KENT:
Our leases expire December of 2011, and the other one I believe is January 5th, 2012. So, you know, the end of 2011. The first occupancy in this building would be -- we have to build out the space, which we'd have to --

LEG. SCHNEIDERMAN:
So we're not moving in until the end of '11.

MR. KENT:
Our first people that we move in would be the people from the Horseblock Place Building so we could get that on the market and hopefully sell it in 2011.

LEG. SCHNEIDERMAN:
When you did your numbers, did you account for the fact that at least for that 2011 we'll have the debt service plus the lease fees? That's in your numbers.

MR. KENT:
Yes, it's in the numbers.

LEG. SCHNEIDERMAN:
Because we'll be leasing Rabro and -- just for that one year we'll have that double hit.

MR. KENT:
Well, the sale of the Farmingville Offices will be more than the lease expenses of the other two buildings. But we have factored that in, yes.

LEG. SCHNEIDERMAN:
Let me ask two other questions. One is we just appointed a new -- just approved a new Health Commissioner, Dr. Tomarken. He's only had a little bit of time to get his feet wet, not very much. But I'm curious, has he made any comments in terms of whether this new building he believes will meet the needs of the department or some concerns about moving to this new space?

MR. KENT:
No, he hasn't expressed any concerns. It's actually better for them, because it consolidates four different locations into one location. And I think it provides him a better control; less rooftops, less management worries, less travel between office in order to go from administration to Pollution Control, things like that.

LEG. SCHNEIDERMAN:
So he is in support. Mr. Kent, you also said before it was your understanding that we would -- our reimbursement rate from the State would not be affected by the ownership issue. And i'm just curious as to what you based that understanding -- you know, I hate to take a risk like this if it turns out, no, it's not. So I just want to make sure we're dealing with state officials in terms of getting that determination.

MR. KENT:
I haven't spoken directly to State officials. I'm relying on information that was contained in a report that was issued to us from our private real estate advisor who did speak to the State and did look at the law --

LEG. SCHNEIDERMAN:
We could get creamed if it's turns out that that's not the case. So I think that we ought to get a really definitive answer on that question. I'm not saying we shouldn't move forward today, but maybe before we get to the floor next week, I think it would be important to know exactly that our reimbursement rate will not be affected, because that is an awful lot of money. And that would change the equation entirely if we're not able to reimbursed for that space.

MR. KENT:
Just so you know, there will be a second resolution. This is a Charter Law that allows us to move forward with a cost saving measure without an offset in the Capital Program. There will be a second

resolution that will be before the committee when we go for authorizing the acquisition. I think these issues were an opportunity -- just because we adopt the Charter Law doesn't mean that we move forward with the acquisition? It just gives us the ability to move forward.

LEG. SCHNEIDERMAN:
All I'm saying is we're basing today's decision on a set of that numbers may turn out to be fundamentally flawed if we can't get that reimbursement rate the same. So I think it's important. All I'm asking for is that if this is discharged, that we have that on the floor, not just your opinion, but a definitive determination that we will be reimbursed even though we own the space in a similar fashion. The last thing I wanted to ask about -- and I brought this issue up in the past, this will be a publically-owned building. I suppose it may be -- no, it's not publically owned now. This is contributing to the school district. What school district? Is this Patchogue area? Sachem.

MR. KENT:
Well, I can tell definitively right now that we already received some reimbursements for health programs offered in buildings we own, because I know that the County Center in Riverhead is in a building that we own and we occupy, and we do receive reimbursements for health programs.

LEG. SCHNEIDERMAN:
Again, I just need to know if it's going to be that same amount. That's -- if it's not that same amount, what that differential is. So what are we losing in State reimbursement, and how would that affect the numbers? That's all. I'm sure some we'll get some reimbursement. The question is will it be at the same level, and how will that affect the numbers.

MR. LEE:
I'm Brian Lee from Newmark, Knight, Frank. We were the consulting firm that did the analysis on the County's portfolio. The reimbursement amount is lower on the purchase -- on an owned property as opposed to a leased property. However, when we analyzed the cost of real estate taxes, the lower financing and the other components of an ownership situation over a long period of time as opposed to a lease, the numbers were far greater savings on a purchase than they were on a lease with the differential in reimbursements from the State.

LEG. SCHNEIDERMAN:
Again, I'd like to see those numbers. When you say real estate taxes, I mean, when we're leasing, it's the owner that's paying those taxes. When we own, we're tax exempt.

MR. LEE:
Yes. But when you are paying -- they're factoring that into your lease price. When you look at the cost of the average leases that the County is paying, it's in excess of $20 a square foot. For example, in this building, when the bond is paid off, you'd be paying $10 a foot. So we find when you're leasing for long-term properties, you know, in excess of ten, 15, 20 years, it is much for cost effective to own as opposed to lease.

LEG. SCHNEIDERMAN:
So we're in a much better buying position because of our low interest rates and our tax-exempt status than some private person coming in to take over the building.

MR. KENT:
Also, if you look spreadsheet that I handed out, it provides right on there what we're paying in real property taxes on the base that we lease. If you look there, it's the second -- it's the second to last category there. We're paying on leased space $1.2 million in real property taxes on those -- on those spaces.

LEG. SCHNEIDERMAN:
Okay. So let me go back to my last question. It really has to do with the school tax. Somebody said it's Sachem School District. And I don't know what level this building is currently contributing.

I'm not sure when we have private tenants, whether we're responsible for paying property tax. But I think we need to recognize whatever that impact is on the Sachem School District and the property taxpayers and at least have a discussion about whether we would do some kind of pilot program, I mean, payment in lieu of taxes, to reimburse the for that.

MR. KENT:
The real property taxes on the building are currently about $341,000. The share of that is 65 to 70% goes to the school district. So you're probably looking -- to the Sachem School District -- you're probably looking in the neighborhood of $220,000. We have factored into the analysis one year of property taxes, because even after we buy the building, it will be based on the taxable status date which is March 1st, so we're going to have to pay one year of property taxes. I did factor that into the analysis, but thereafter we believe we'll be tax exempt.

LEG. SCHNEIDERMAN:
Even for the section of the property that we rent privately?

MR. KENT:
Well, the Federal Government is the majority of the -- and I don't believe that would be considered a private -- a private rental. There is a small portion of the total square footage of the building less that 10% is rented privately. But we believe we have a good case that it would not -- that it would be real property tax exempt.

LEG. SCHNEIDERMAN:
Okay. So has there been any discussion about reimbursing the school district for that $200,000 in loss revenue?

MR. KENT:
Excuse me?

LEG. SCHNEIDERMAN:
Has there been any discussion about reimbursing the school district for that $200,000 of lost revenue if we step in and buy this building?

MR. KENT:
Going beyond the first year, do you want to continue to pass $200,000 to the school district? We could factor it in, I just think it creates a terrible precedent in the future that we'd be responsible for school taxes for any building we own. That would be a legislative -- that's a policy decision for the Legislature. Allen has provided me some information that we receive equal reimbursement whether we own or rent space.

MR. KOVESDY:
I spoke with the Deputy Commissioner of Health and she had to double check, and we get the same reimbursement, no more, no less.

LEG. SCHNEIDERMAN:
That's great. Based on fair market rents. That's good information. The school tax issue, I think that's a debate I'll have to have with my colleagues.

MR. KENT:
On the fair market rents, it very clearly establishes for this building that the fair market rent is about $27 a square foot, which is more than we're paying for the places that we are currently renting, which is somewhere between 20 and $23 a square foot. So if we base it on the fair market rent for this building, we may receive higher reimbursement.

LEG. SCHNEIDERMAN:
Thank you.

CHAIRMAN GREGORY:
Thank you. I apologize. I finally made it. Anybody else? Legislator Romaine.

LEG. ROMAINE:
Yes. I will just state again -- and I guess apply this -- and Newmark and Lewis (sic) has done an excellent job doing the analysis, and this could be applied to probably several other buildings. Hopefully, the Executive will begin to look now at some of the suggestions I made many years ago, which was the sale leaseback of the Dennison Building, which was something that I think should have been done before this. But this is the deal before us.

Here's my problem. I've stated in the past, I'm going to state it again. It's not with the deal. It's the fact that we have to do two things before we even get to the deal; one, we have to waive the Charter, boom; and two, we have to pierce the debt cap. I say that because this executive has been in the past critical of Legislators who have attempted to add capital debt for whatever purpose, and now he seeks to do the same thing. It just raises questions.

Legislator Lindsay made an excellent point, which was this deal could have been done last year. There was excess debt available. And the Executive chose to use it for the Legacy Fund, which I'm happy to see because that goes to saving open space. And certainly as we face growth once the economy starts up again, that's a question for us. But at that time, we had that debt capacity. That doesn't exist anymore. There's no offsets here. This is a mid year change in which we are taking on additional debt. We are piercing the debt cap and we're waiving the Charter. I wish that this deal could have been brought forward with offsets. It's not. That's a big problem. I have to say that that will be an issue for many Legislators about whether they wish to pierce the debt cap and waive the Charter. Thank you.

MR. KENT:
Mr. Chairman, can I just respond?

CHAIRMAN GREGORY:
Yes.

MR. KENT:
First off all, I would like to go through -- the sale leaseback of the Dennison Building is really not cost effective for the County. It would be a one-time revenue of approximately $40 million followed by years of debt service and about over $6 million a year. So within seven years, seven to eight years, you would be losing money on the debt service that the pay on the $40 million, the one time -- not debt service, excuse me -- lease payments, rental payments, really it's the same thing. You're getting $40 million upfront, but you are then paying rent at approximately other $6.3 million a year. So very soon, you would start losing money on that transaction by paying rent -- by year seven, year eight, you would be up to $50 million in expense. And other a 15 year lease, you would probably be paying close to $100 million for that 43, $44 million that you received on the sale in 2011. So long range planning, I don't think it's a wise thing for the County to do.

Secondly, last year, there was a plan to try to put this forward with an offset. I don't believe we would have had Legislative support to -- to use as an offset the Legacy Fund, which was $15 million -- still is $15 million. I don't believe there would have been the ability to gain support for transferring of offsetting -- using as an offset the $15 million from the Legacy fund. So although it was a good idea to do it last year, there was millions available, it would have been difficult to gain support to move the Legacy Fund to purchase this building.

CHAIRMAN GREGORY:
Legislator Losquadro.

LEG. LOSQUADRO:

Thank you. I would just say we have been discussing this for a while, and each time we've asked for information, it's been brought forward. And, you know, some of the remaining questions I had were answered today. And we continue to banter around the term "running government like a business," and more often than not, it's not done that way. But this is a time where this makes really good business sense. And after doing a pretty thorough analysis of this, I'm in favor of moving it forward, get it to the floor, let the rest of our colleagues discuss this.

But I think, you know, we have an opportunity because we have individuals with a portfolio that they're looking to divest. Given the market conditions that, you know, we have municipal occupants that keep it over that 50% threshold that's it's a municipal-operated building, I think everything is really lining up in our favor here. And I really thank all of our budget folks across the board here, both sides, for all effort they've put into this. Thank you.

CHAIRMAN GREGORY:
Thank you. Legislator D'Amaro.

LEG. D'AMARO:
Thank you. I want to go back to piercing the debt cap. That sounds very nefarious actually when you say it. Had we done this through offset that offsets the debt would be taking on so we don't pierce that cap. But I want to explore it for a minute, because, you know, should we allow piercing the debt cap to dissuade us from doing the type of transaction that seems to make eminent sense for the County. And I think the way you analyze that is to determine whether or not piercing that cap it a detriment and to what extent. If you pierce the cap, I think in effect what means is you're taking on more debt for Suffolk County. But it seems to me that this particular detail is self-financing, is services that debt, both in the short term and as you present it today, in the long term. So although on the books you nay have more debt, the fact is that servicing the debt is not an additional cost. And I'd like to ask you, Mr. Kent, if that's your understanding.

MR. KENT:
That would be my opinion, yes.

LEG. D'AMARO:
I'd also like to ask BRO to comment on that, if you don't mind. I want to make sure that -- that maybe somewhat simplistic, but I want to be sure that that's what we're talking about. Based on the assumption that the short term and long term projections presented by the Executive Branch are accurate, there's sufficient cash flow or revenue coming in from owning the building to service the debt over the short and long term. So does that mitigate piercing the debt cap?

MS. VIZZINI:
A couple of comments in response to that. In my memo to you on March 16th, I tried to convey that it will be very challenging to do other than waive the offset requirement, because when you look -- our capital programs have been relatively small, and we have some very aggressive fiscal discipline that does not allow us to use Federal and State aid as offsets. We are no longer permitted to use sewer funds to offset General Fund projects. So we're down to about 68 million dollars in viable capital projects that would otherwise have to be diverted or delayed or rescheduled.

LEG. D'AMARO:
If used as an offset.

MS. VIZZINI:
If used as an offset.

LEG. D'AMARO:
Correct. Okay. That's our discretionary pot, so to speak, after you take out all the other restrictions on offsets.

MS. VIZZINI:
They're all worthwhile projects.

LEG. D'AMARO:
I'm not saying to do it, I'm just saying that that's what out there.

MS. VIZZINI:
It's not much to pick from. So if you needed somewhere around 25 million of that, that's a good chunk. Depending on your assumptions as far as sale of the mental health center in Farmingville, brings to the table theoretically a million-seven. That gives you positive cash flow in the first year. Without that, you would not have a savings in 2011, that's the biggest chunk there.

According to my assumptions in my memo, there are savings -- you know we're ahead of the game as far as paying the debt service, again, assuming that we did do the improvements in 2012 -- I used Chris's assumptions -- right through -- modest, but we're a head of the game right through 2019 when the revenue drops off because the leases of the tenants expire.

So the advantage to us is we own the asset and we can place Chris's other schedule, you know, if it's acceptable to you co-locate these other health services operations and social service operations and Probation in that site. I don't have enough in front of me to clearly say we are already ahead of the game, but the fact that we would own the asset is a positive.

LEG. D'AMARO:
I appreciate that response. And I agree, when you look at projections going out 20 years in the future, it's difficult to take them as, you know, what's actually going to be case at that time. But again, my point is that you said although we'd be ahead, it would be modestly ahead. But the point being that it would be in the black, not in the red pretty much through the debt service period. So, you know, to raise the specter of piercing the debt cap when we have a deal that really has no impact on servicing that debt seems to me misplaced. Thank you.

CHAIRMAN GREGORY:
Mr. Presiding Officer.

P.O. LINDSAY:
I know I'm really hung up on this, but the deal before us last December, what everybody keeps forgetting here was Legacy was going to expire in December 31st. It was a $50 million program that was put into the Capital Budget, had a three-year term on it, and it was matching. It only was activated if the towns came up with the money. Towns are as broke as we are, so the money wasn't used. If you used that for an offset then last year, we wouldn't be talking about this whole discussion about piercing debt caps or anything like.

And as far as I know, I don't see any towns flush with wanting to spend money now. You could have the $15 million in the Capital Budget for next year and reinstituted the -- if that was the will of this group, all right? But we didn't do that. So now we are here pondering whether to pass up this really -- what appears to be an excellent real estate deal, but we have to -- we have to waive the Charter, we have to pierce the cap. I mean, this is heavy duty stuff, you know? And I think you guys dropped the ball. I'm sorry. I think you dropped the ball last December by pulling back those offsets.

CHAIRMAN GREGORY:
Do we have a motion?

LEG. D'AMARO:
I'll offer a motion to approve, Mr. Chair.

CHAIRMAN GREGORY:
Okay. I'll second that motion. All in favor? Opposed? Abstentions?

LEG. ROMAINE:
Abstain.

CHAIRMAN GREGORY:
Okay. One abstention. Motion passes. **APPROVED (VOTE: 4-0-1-0).**

1025, Requiring disclosure of specific information regarding closed capital projects. (Romaine) Legislator Romaine.

LEG. ROMAINE:
Motion to approve.

CHAIRMAN GREGORY:
Seconded by Legislator Schneiderman. Counsel, there was an amendment that was made, can you explain it?

MR. NOLAN:
There were some last minute tweaks to the resolution. I believe Legislator Romaine's Office discussed those with the Budget Office. So basically at this point, it basically say that any resolution in the future that proposes to close out a Capital Project that still has 15% of the total amount appropriated for the project unspent shall explain why it's being closed out with unexpended monies. So any resolution in the future will have that information going forward. And as I said, I believe this is language that was worked out with the Budget Office yesterday.

CHAIRMAN GREGORY:
Okay. Thank you. Motion to approve. All in favor? Opposed? Abstentions? Motion passes. **APPROVED (VOTE: 6-0-0-0)**.

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

LEG. ROMAINE:
Motion to table, it's still in public hearing.

CHAIRMAN GREGORY:
Okay. I second that motion. All in favor? Opposed? Abstentions? **TABLED (VOTE: 6-0-0-0)**.

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

LEG. SCHNEIDERMAN:
Motion to approve.

CHAIRMAN GREGORY:
Motion to approve by Legislator Schneiderman.

LEG. D'AMARO:
Motion to table.

CHAIRMAN GREGORY:
Do we have a second? I'd like to offer a motion to table and then ask BRO a question or two.

P.O. LINDSAY:
I'll second.

CHAIRMAN GREGORY:
Okay. Seconded by Legislator Ramone. Ramone? Oh, boy. Legislator Romaine seconded the motion to approve.

LEG. D'AMARO:
Mr. Chair, I think he has been called worse from time to time.

CHAIRMAN GREGORY:
I'm sure he would agree.

LEG. D'AMARO:
I would like to explore this resolution a little bit, because, you know, it sounds wonderful to always roll back a tax, whether it's on our tax bill or whether it's on a utility bill. And I think Legislator Schneiderman is trying to give some relief to people who need relief, and I understand that. But I want to ask is whether or not if we give relief in one area, does it just kind of cause a little more pain in another. And what I mean by that is are we really rolling back or are we just shifting? If you repeal -- if you roll back the energy tax as this bill proposes, I believe it's 1% -- is it a 1% rollback?

LEG. SCHNEIDERMAN:
Right now it's two and a half percent tax on energy.

LEG. D'AMARO:
I'm sorry, it will go one and a half percent.

LEG. SCHNEIDERMAN:
It's almost a 50% rollback.

LEG. D'AMARO:
Okay. My question is what is the cost of doing that to the County? It's my understanding that that energy tax helps to fund our General Fund budget. And is there any proposal to make up that revenue somehow? What's the extent of the revenue loss and how do we make it up? You know, would we need to increase taxes to do that or would we need to make cuts and to what extent and where would they come from?

LEG. SCHNEIDERMAN:
Can I just say one thing BRO comments on that is that this isn't seeking to eliminate it for 2010 where you would need an offset. This would go through full budget cycle. It would be May of 2011 -- I'm sorry -- March of 2011 where this kicked in. So if this passed, it would require us as we do the budget to come up with, you know, either expense cuts or other revenue sources that will cover it. No question about that. But in terms of 2010, there is no impact in 2010, only next year.

LEG. D'AMARO:
Okay. But nonetheless, when we go through the budget and craft the budget for 2011, we're going to have to deal with the fact that we have less revenue coming in from this tax that we did in 2010. So while we're talking, we're all sitting here hoping this morning that we're seeing not just an aberration and an uptick in sales tax, we're saying, well, let's put ourselves more in the hole so we need even more of an uptick in sales tax. And I'd like to know to what extent the decline in revenue -- to what extent that would occur to our budget if we enacted this legislation.

MS. VIZZINI:
Well, based on the fiscal impact statement that we prepared, the first year impact is more modest in 2010 because it starts in March 1st, that's about 18 million -- in 2011, I'm sorry.

LEG. D'AMARO:
Gail, I'm sorry. If it gets implemented on March of 2011, and the impact on 2011 was, what, 18

million?

MS. VIZZINI:
Eighteen million. It would be a loss of recurring revenue of $18 million. We've estimates that the average household, the average user would save $36 on their bill. As is our requirement in preparing the fiscal impact statement, we translate this loss of revenue in the absence of other specifically defined expenditure cute or revenue enhancements as an increase in property taxes, which would be $33. Not that this will be the policy decision, but this is a measure of cutting $18 million in 2011. How would you make that up? All things being equal, property taxes would have to increase by $33.

The full year impact is estimated as 24.1 million, that would hit in 2012. That's a little bit more of -- the savings for the energy bill are $44 per user. I'm sorry. The savings is $47, and that translates into a $44 property tax increase. Again, qualified by if that was the policy decision.

LEG. SCHNEIDERMAN:
(Inaudible).

LEG. D'AMARO:
Okay. And you are giving us these numbers as a way to measure impact. It's not advocating for any policy decision one way or the other, and I understand that. The only other choice that we have then is to make corresponding cuts in the budget. And I think that considering in this bill, it's a legitimate question to ask that question now. Where do the cuts come from?

LEG. SCHNEIDERMAN:
If I may. I don't think your options are quite so limited. One, is first, we are seeing some growth in sales tax. Hopefully that will continue and we'll see some more revenues. But when you're taxing energy, something everybody depends upon, it's one of the worst possible places to take your money from, because people have to heat their homes. There are other things that are more luxuries. And if you're switching the burden -- and I'm not saying property tax is not, butt here are other places and other services that we do charge for that are more in the luxury end, and that might be a better place rather than hitting people in things that they absolutely depend upon for survival.

LEG. D'AMARO:
Okay. I understand what you are saying. But again, in order for me to even consider supporting this bill, I would need specifics on that, because that -- if we pass this bill, we know we have an impact to revenue to the County. And that's a given. So I would need something more than just a general statement that we could shift. I would need to know where are we shifting, part because that is an integral part of this policy decision.

LEG. SCHNEIDERMAN:
As you know, I've participated in most of the budget working groups, Capital budget working groups, and we've often had much larger numbers that we had to deal with in closing holes. We've worked together in a combination of factors, including potential fee changes, all kinds of things. Sometimes we have had to cut staffing levels and things like that. We've done what we had to do. And I don't think it's fair to say, "Okay. Come up with this now." I'm saying that we'll have an entire budget cycle to work together to come up and see if we can do this. I believe that we'll be able to do it.

LEG. D'AMARO:
I appreciate those comments. I think it is fair to ask that question now, because we're doing this midstream. And especially I think it's even more appropriate that given the fact that sales tax is so uncertain at this point, you know, if it is an aberration -- we saw a little bit of an, if it's aberration and we start going down again, you know, then you're going to have to start talking about making

up revenue by dramatic methods such as layoffs and things like that. So my point is why -- although this is a concept to take the energy tax out of the bill or roll it back, I agree with that in concept. I question the timing also because we are in such a period of uncertainty right now that what we might wind up doing ism ore harm than good and simply shifting this rather than eliminating it.

LEG. SCHNEIDERMAN:
I think that's a decision to wrestle with. I've introduced this bill -- I usually cosponsor with Cameron Alden, but this bill has been in for I think last six years. One year we actually succeeded in rolling it back to exactly like this. Possibly at that point, the sum total wasn't quite as big as it is today. There's more money coming in as taxes than there was at that. But, you know, I think this body has to decide if the time is right, if it's something that we can do. If we're going to apply taxes, where does it hurt the least? Where is the fairest way to collect these revenues? It's a policy decision. I'm supporting this, that's why I put the bill in. I'd ask you to support it as well, but if you're comfortable then you'll have to vote your conscience.

P.O. LINDSAY:
Mr. Chair?

CHAIRMAN GREGORY:
Yes, Legislator Lindsay.

P.O. LINDSAY:
Legislator Schneiderman, if $24 million was the only problem we had to face next year, I might agree with you that it's manageable. But as we stand now, Ms. Vizzini, what is -- what are with facing deficit-wise for next year?

MS. VIZZINI:
Well, at the last committee meeting, the County Executive's Budget Office and our office made a joint presentation to you that covered the 2010-2011 budget period. We're facing a $291 million shortfall over that period. Before you later on in the agenda is Introductory Resolution 1368, which is the beginning of a proposed plan to address that shortfall.

The Budget Review Office cannot support reduction to recurring revenue. In our memo to you in February -- February 23rd of 2010, we discussed the residential energy tax. This is a particular revenue source that we have had since we've had sales tax. We've had this since 1969, this is not new. It particularly helps us when other aspects of sales tax are falling, we have this as a recurring source of revenue. It's very difficult to come up with additional cuts to meet that $291 million number especially in light of a no property tax increase policy in the General Fund. So there will be many policy decisions ahead of you.

P.O. LINDSAY:
I agree with Legislator D'Amaro. Unless I see where we're getting the money from, I just can't support it. I did an exercise, and I asked Budget Review to give me some numbers on a potpourri of issues of how we possibly could fill in this $25 million.

And here's some of the policy issues that you're facing: You want to layoff 36 Legislative Aides, that will save you $2.4 million; eliminate all CSI, it will save you $630,000; if you could get the employees to agree to a health insurance MOA, that would save you $10 million, after what we asked them to do last year, I don't know how we could do that again; we could cut the County Executive staff, we'd save $2,300,000, that's his Executive staff; we could consolidate the Riverhead and the Brookhaven Health Centers, might save us $2 million; index all County fees to Consumer Price Index, it would be a million-five, which means it would go up which is something that we've talked about; we could reduce contract agencies by 3% across the board, it would be around a million-five; we could eliminate EPIC, the drug program for our seniors, would save us $2,350,000; we could eliminate the Living Wage, that would be $935,000; and this one I'm sure you'd be in love with, we could eliminate the land component of the sales tax, the quarter cent, that would be $4,800,000. So I don't know, maybe you have some better ideas. I don't think many of the suggestions on this page are very appealing.

CHAIRMAN GREGORY:
Yes. Legislator D'Amaro.

LEG. D'AMARO:
Just to follow up again, Legislator Schneiderman says this would not take affect until 2011 so it would go through that budget cycle, and I understand that. But if we're sitting in a budget deliberation talking about our Operating Budget for next year, and let's say sales tax just takes off and decide, you know, we have the money to do something like this, which is doubtful, but let's just say we do, is there anything that prevents us from considering a rollback of the energy tax during our budget process without this bill? Couldn't we just make that a policy decision during budget deliberations and enact it as part of the overall budget if we so chose?

MR. LIPP:
You would need an adjoining bill to request from the State, but, you know, it all could be done. And typically it's four times a year that you make changes in the sales tax. It could be done other times, but the State prefers its quarterly system to do it, for instance, March as an example with the decrease here, is one of the four times a year; it's quarterly, every three months.

LEG. D'AMARO:
Thank you. My only point is that, you know, if we can consider this during the budget process anyway, maybe -- as I spoke about earlier, maybe the timing to let's hold off and wait and see where we're at when we go through the budget deliberations. And Legislator Lindsay brings up these cuts. Those are painful cuts. Maybe we have revenue increases, maybe the economy really start to turn around. You know, these are all policy decisions. But to enact this now at this time with the uncertainty and in a vacuum, I think is not the appropriate time to go forward with this. But we may want to take another look at it during the budget process later in the year.

MS. VIZZINI:
Mr. Chairman, just one more comment on this.

CHAIRMAN GREGORY:
Yes.

MS. VIZZINI:
If Legislator D'Amaro's scenario places out, let us say that we have -- we experience considerable growth in sales tax, there are other things that I would hope that that working group consider such as restoring pay-as-you-go to the Operating Budget, resuming a more conservative debt policy. You know, all of these things should be on the table as we begin to recover from the economic situation we are in.

LEG. SCHNEIDERMAN:
Do we have any additional information on the LIPA settlement in terms of when that may come forth in terms of revenues? And, you know, a commitment to use that money toward something like this would, I think, be a helpful policy position. Maybe to Counsel. That was a significant amount of money I believe through this LIPA settlement.

MR. NOLAN:
The thing you have to remember about the LIPA settlement is that it was a class action case borne on behalf of ratepayers. So even there was a judgment in our favor, the County is only going to get a small piece of that. The rest of it has to go back to the ratepayers in some form.

LEG. SCHNEIDERMAN:

Is this not going back to the ratepayers, eliminating the energy tax?

MR. NOLAN:
They're really separate issues.

LEG. SCHNEIDERMAN:
Maybe this is for BRO too. Mortgage filings fees, a few years ago, I think we adjusted those, did we not? Are we up against the limit as to how high that can be or is there a little room? We didn't go fully up to the -- what we're authorized to, did we?

MR. KOVESDY:
We raised the fees a year ago; per page fee and the total fee. That's been included in the -- the budget is included in the adopted budget and it was included in last year's estimate. Also the State put a little bit of a -- we got a little bit more from the State budget last year. But all that money has been accounted for in the budget.

LEG. SCHNEIDERMAN:
There's caps on those fees as well. Are we up against the caps?

MR. KOVESDY:
I don't know that. But it requires legislation, and the State has to pass that, not the County.

LEG. SCHNEIDERMAN:
Do you remember how much revenue we got by raising those mortgage fees?

MR. KOVESDY:
I think it was eight to ten million, but that's just off the top of my head.

LEG. SCHNEIDERMAN:
Okay. My only point is there are multiple sources -- the Presiding Officer, you know, laid out some very important programs. Of course, I don't want to see those things disappear. But, you know, to have a conversation as to what would make sense as revenue sources or reductions, we do that typically as part of the budget process. Again, it's a policy decision; where do you take this money from. Home heating is -- to me make it more expensive to heat your home is not the right direction to go. I think there are better alternatives. You know, I'd like to see a vote on it one way or another.

CHAIRMAN GREGORY:
Okay. Thank you. I would like to just piggyback off the comments that Legislator D'Amaro said. I think given the current fiscal climate, you know, we saw a one-month uptick of 25% in the sales tax. I forget what the number is year-to-date. Five percent. But certainly we're not out of the woods yet by any means by the majority of the economists. I think there is some -- you know, I think it's worthy to consider that we should maybe look at this in the budget, you know, given the September -- August/September timeframe, we'll have a better idea what the economic picture is going to be. Although pretty assuredly pretty cloudy at that point too, but at least we'll have, hopefully, more consistency in an upward or, you know, direction, maybe not.

But to do it now when we've had the presentation from BRO and the Budget Office of the deficits that we're facing this year and next year, to add $18 million on top of that, I think, you know, is pretty compelling. So I think I'm going to support the tabling motion at this time. But I do applaud your efforts for looking out for the taxpayers and wanting to reduce their costs. I think we're going to have to look at a host of things and make some real tough decisions what services we're going to provide in the long term -- in the short term rather, okay?

LEG. SCHNEIDERMAN:
Again, this would just basically show a commitment that we're going to, you know, do our best to

shift this -- you know, start pulling back this utility tax. It's we're not getting rid of it all the way, we're doing kind of a good faith reduction in it. And yeah, it forces us to do is lot of work. You know, by not passing the bill, then you go into these discussions without that specific goal delineated. You can try to do it and you can try not to do it. But this says, this is what we are going to do, when we go into the budget cycle, we have to figure this out, we're going to start eliminating this energy tax because it's bad tax.

CHAIRMAN GREGORY:
Right. But there are important programs, programs that you promoted that are actually going through now with public hearings with the Sunday bus service and things like that that we're not doing that you put $18 million on top of a deficit that we're looking at that's going to make it that much more difficult to implement those programs.

LEG. SCHNEIDERMAN:
No doubt it's challenging.

P.O. LINDSAY:
I forgot one thing on my list, if you eliminate revenue sharing it's 6,500,000 too.

LEG. SCHNEIDERMAN:
What about that sales tax contribution to the Police District? How much is going in there that could come back to the General Fund.

CHAIRMAN GREGORY:
Okay. So we have a motion to approve, we have a motion to table. The tabling motion goes first. All in favor? Opposed?

LEG. ROMAINE:
Opposed.

LEG. SCHNEIDERMAN:
Opposed to tabled.

CHAIRMAN GREGORY:
We have two opposed. Motion is **TABLED (VOTE: 4-2-0-0 - Opposed; Legis. Schneiderman and Romaine).**

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

LEG. D'AMARO:
Second.

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

LEG. ROMAINE:
Opposed.

LEG. LOSQUADRO:
Opposed. **TABLED (VOTE: 4-2-0-0 - Opposed; Legis. Romaine and Losquadro).**

1311, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 335. (Co. Exec.)

I make a motion to approve and place on the Consent Calendar, seconded by Legislator Losquadro.

All in favor? Opposed? Abstentions? **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 6-0-0-0)**

1312, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 336. (Co. Exec.)

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 6-0-0-0).**

1313, 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. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 6-0-0-0).**

1314, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 829-2010). (Co. Exec.)

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 6-0-0-0).**

1315, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 830-2010). (Co. Exec.)

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 6-0-0-0).**

1**316, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 831-2010). (Co. Exec.)**

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 6-0-0-0).**

1355, Adopting Local Law No. -2010, A Charter Law to implement two-year rolling debt policy under 5-25-5 Law to mitigate budgetary shortfall. (Co. Exec.)

I make a motion to table for a public hearing, seconded by Legislator D'Amaro. All in favor? Opposed? Abstentions? **TABLED (VOTE: 6-0-0-0)**.

1368, Adopting a Smart Government Plan to address budget shortfalls to prevent property tax increases. (Co. Exec.)

I make a motion to table.

P.O. LINDSAY:
Second.

CHAIRMAN GREGORY:
Seconded by Legislator Lindsay. Any discussion? All in favor? Opposed? Abstentions. **TABLED (VOTE: 5-0-0-0-1 - Recusal; Legis. Romaine).**

LEG. ROMAINE:
Mr. Chairman, would the Clerk please note my recusal on this.

CHAIRMAN GREGORY:
We have no other business. We stand adjourned. Thank you.

(*THE MEETING WAS ADJOURNED AT 11:45 A.M.*)

{   } DENOTES BEING SPELLED PHONETICALLY