BUDGET & FINANCE COMMITTEE

OF THE

SUFFOLK COUNTY LEGISLATURE

MINUTES

A meeting of the Budget & Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on Tuesday, May 4, 2010.

Members Present:
Legislator DuWayne Gregory - Chairman
Legislator Lou D'Amaro - Vice-Chair
Legislator Ed Romaine
Legislator Daniel Losquadro

Members Not Present:
Legislator Jay Schneiderman - *Excused*

Also In Attendance:
George Nolan - Counsel to the Legislature
Sarah Simpson - Assistant Counsel
Renee Ortiz - Chief Deputy Clerk of the Legislature
Robert Lipp - Deputy Director - Budget Review Office
Jason Richberg - Aide to Legislator Gregory
Justin Littell - Aide to Legislator D'Amaro
Linda Bay - Aide to Minority Caucus
Paul Perillie - Aide to Majority Caucus
Ben Zwirn - County Executive's Office
Tom Vaughn - County Executive's Office
Eric Naughton - Budget Director - County Executive's Budget Office
Allen Kovesdy - Deputy Director - County Executive's Budget Office
Lynne Bizzarro - Chief Deputy County Attorney
Michael Pitcher - Presiding Officer's Office
Mike Cavanaugh - Presiding Officer's Office
Bill Schilling - Presiding Officer's Office
Dot Kerrigan - AME
Rick Brand, Newsday
All Other Interested Parties

Verbatim Minutes Taken By:
Alison Mahoney - Court Stenographer

Verbatim Transcript Prepared By:
Denise Weaver - Legislative Aide

(THE MEETING WAS CALLED TO ORDER AT 10:06 A.M.)

CHAIRMAN GREGORY:
We're going to get started with Pledge of Allegiance led by Counsel, George Nolan.

Salutation

Okay. Good morning. Welcome to today's Budget and Finance meeting. We have Dan Losquadro who should be here momentarily and we have an excused absence from Legislator Jay Schneiderman. So we're going to go to the -- actually, no, we're going to call up the County, I believe they wanted to make some comments on the record. Allen and Eric?

MR. KOVESDY:
Good morning. I just had one comment. It's a resolution, it's not in this committee, it's 1397, it deals with a reduction of park fees. I just wanted to alert the committee that, number one, the park fees had been reduced, had been sunsetted by law, effective now. And number two, we cost out that reduction, that would cost the County a loss of over $300,000 in revenues between golf and beach. We also checked it out and there is a predominance of rounds that are filled.

So even though it's laudable to want to get more people to use our facilities, we will hit a revenue loss of over $300,000. And we still have the hole that we started the year with, so if there is to be a revenue loss someplace it has to be made up. But we did cost it out and we just wanted to alert you that that bill does have the financial impact of over $300,000 in actual loss in revenues.

CHAIRMAN GREGORY:
Okay. Thank you.

MR. KOVESDY:
Thank you very much.

LEG. ROMAINE:
Mr. Chairman?

CHAIRMAN GREGORY:
Yes, Legislator Romaine.

LEG. ROMAINE:
In fairness of equal time, we should ask Legislator Barraga, whose resolution it is, to distribute a memo as to his thinking on why he proposed this. Perhaps it's because most other enterprises, in time of recession, usually reduce their fees or costs or charges regardless of the business model.

CHAIRMAN GREGORY:
Okay. Yeah, we'll certainly reach out to him and send a letter requesting that.

LEG. ROMAINE:
Absolutely. And then maybe it can be circulated to all Legislators so he could give us the benefit of his thinking on that. Thank you.

CHAIRMAN GREGORY:
Okay. Yes, Legislator D'Amaro.

LEG. D'AMARO:
Allen, does that $300,000 loss take into account the anticipated enhanced volume of use of the facilities?

MR. KOVESDY:
What we looked at is rounds of golf. Rounds of golf have been very, very steady over the years. We have four golf courses, three of them of which the County gets paid directly for, one of them is a vendor.

We also looked at the beach traffic. The beach traffic really is dependent on the weather more than anything else; if we get nice days, people go to Smith Point and we maximize it out. So the revenues over the years have been fairly steady.

LEG. D'AMARO:
But you don't anticipate the reduced revenue would increase use?

MR. KOVESDY:
We don't think it'll make up the loss.

LEG. D'AMARO:
Okay. So, but are you taking into account any enhanced volume at all?

MR. KOVESDY:
Minimal, because last year was a very bad year weather-wise, we lost a month-and-a-half in weather. So we expect a bump up this year due to better weather, hopefully, but we don't expect the volume. Volume's been very, very consistent over the last five, six years.

LEG. D'AMARO:
Yeah. Because usually when you look to lower a price, the goal, of course, is to attract more people to, you know, whatever you're offering. So you could have an enhanced return even though you're lowering the price, but you don't see that in this case?

MR. KOVESDY:
No, we already have significantly lower golf rates than New York State at our parks now.

LEG. D'AMARO:
Okay. Thank you.

MR. KOVESDY:
You're welcome. Have a nice day.

CHAIRMAN GREGORY:
And I guess this question would be to Counsel. I forget the IR number.

LEG. D'AMARO:
(Inaudible).

CHAIRMAN GREGORY:
Right. The new offset bill, does that just affect --

MR. NOLAN:
I don't think it --

CHAIRMAN GREGORY:
-- bills that reduce tax revenues or any revenues?

MR. NOLAN:
The law you're referring to is sponsored by Legislator Stern, which is if you reduce a revenue in the middle of a budget year, you have to have a corresponding offset of some kind. But that local law, I don't know that it's gone into effect yet and does not effect resolutions that were filed prior to its

effective date. So that requirement may not and probably does not apply to that resolution.

CHAIRMAN GREGORY:
Okay. All right, thank you.

Also, we have the Budget Director, Eric Naughton, here today at the request of Legislator Romaine. Thank you, sir, for being here.

DIRECTOR NAUGHTON:
Good morning.

CHAIRMAN GREGORY:
Good morning. I guess I'll let you take over. You had some questions about the sales tax?

LEG. ROMAINE:
Yes, thank you. Back at our March meeting I raised some questions about sales tax projections and I was hoping Mr. Naughton would be at our April meeting, but he wasn't. So he's here today, so I figure those questions still linger, I think they're valid because they talk about things.

I'm interested in sales tax revenues for 2009, because you had proposed in your budget when you presented it, the County Exec's budget, a 6% decrease in sales tax. Now, Mr. Lipp, if I'm not mistaken, and he's right here, proposed in excess of an 8% decrease in sales tax; is that correct, Robert?

MR. LIPP:
Yes.

LEG. ROMAINE:
Okay. And that's quite a difference. In fact, isn't there a consultant that works for the County doing sales tax, or wasn't there at one time?

DIRECTOR NAUGHTON:
The County did a have a consultant, Tom Conoscenti.

LEG. ROMAINE:
Okay. Did he have a projection on this?

DIRECTOR NAUGHTON:
The recommendation was he had a range of 6% to about 7 1/2% down for 2009.

LEG. ROMAINE:
All right. Because I spoke to Mr. Conoscenti yesterday in preparation for today and he told me his number was 7.9% that he recommended. And I'm trying to understand the variance because, in fact, the difference of even 2 1/4% would create a financial hole of upwards to $75 million, a structural deficit that would be created by a sales tax projection that was incorrect and that's what I wanted to understand. Did the County discuss any of their sales tax revenue projections with rating agencies?

DIRECTOR NAUGHTON:
I wasn't here at the time, so --

LEG. ROMAINE:
I'd like to get that information.

DIRECTOR NAUGHTON:
Okay.

LEG. ROMAINE:
Because clearly, if their consultant was giving them 7.9, if Mr. Lipp was giving them, I believe it was 8.45 deficit and you're telling 6%; I am concerned about the information that was presented to the rating agencies and I wanted to understand what those projections were based on. And I wanted to understand the information when we gave that information to the rating agencies and what caused that variation, who was responsible for those projections, since I believe your consultant gave you one number, Mr. Lipp gave you another number and the number you -- in fact, as I understand it, told the rating agencies who are significantly different and that difference created a potential structural deficit of approaching $75 million. These are the type of information as Legislators that we need to make careful evaluations of when we do the budget.

Now let's talk about this year, because you are here this year, you came in at -- towards the end of last year. You're projecting a 5% increase for 2010. Could you give me the rationale; how did you determine that 5%? And I believe it was your office that did that?

DIRECTOR NAUGHTON:
Okay. Just to clear the record, the recommended budget did include a 5% growth for 2010.

LEG. ROMAINE:
What was that based on? What factors did you factor in when determining the sales tax projections?

DIRECTOR NAUGHTON:
Okay. The County decided -- looked at -- felt that we were going to be in a U-shaped recovery, which meant the slower recovery than let's say a V-shape. A V-shape means as far -- as fast as go down, you expect to go up the same way.

LEG. ROMAINE:
Well, right. Long Island's economy is different from New York City's or the national economy, we have kind of a local economy with different factors that impact it. But --

DIRECTOR NAUGHTON:
Right.

LEG. ROMAINE:
Okay. So you determined that we would see an 11 -- an 11, but which actually turned out to be a 13 point swing in sales tax.

DIRECTOR NAUGHTON:
Well, just to go on. All right, so as I said, the County estimated that it would be be a U-shape recovery, 5% growth, and as you are aware, year-to-date we are at 5%. The growth would come from pent-up consumer demand, the full impact of the Federal Stimulus Program and the fact that we had a very low base.

Also, when you take a look at some of the economic indicators, the County was looking at unemployment; the projection was anywhere from 8% to 8.6%. Actually, currently we're at 7.6%. The CPI was estimated to be between flat and 1.2%, it's currently at 2.2% growth, so that means prices are higher which generally means sales tax use increases with the CPI.

GDP was estimated to be between 1.7% and 4%; for the first quarter, it's actually at 3.2% growth. So looking at the economic indicators, I think the County was vindicated with its 5% growth rate. And even though we're at 5% now, we're managing with the assumption that we may only end up at 3% for the year. Sales tax is very volatile. We don't know what happens with the adjustment checks. As you are aware, last year at the end of quarter, we saw an $8 million swing from a 4% -- a $4 million growth one year to a 4% negative adjustment, which had a major impact on the end of 2009. And the most recent sales tax, check we had a $4 million growth just from adjustments. So

with the adjustments, which we can't control, and obviously we can't control spending, we are going to be conservative in our projections. We're going to say, okay, if we do get 5% that's great, that'll be gravy, but we need to be managed to a very conservative approach and I think that's very prudent.

LEG. ROMAINE:
In your discussions with the rating agencies, you're using that 5% number.

DIRECTOR NAUGHTON:
No, no. Actually, we just met with the rating agencies last week.

LEG. ROMAINE:
Okay.

DIRECTOR NAUGHTON:
We told them that we have revised our estimates to 3% for this year.

LEG. ROMAINE:
To 3%. Could you tell me the factors that you look at to build a model for sales tax projections? What factors do you model -- go into your model to come up with the projection; could you go into that, please?

DIRECTOR NAUGHTON:
Sure. Employment is one of the major indicators; obviously if people aren't working, they're not spending money. The jobs; we're still losing jobs.

LEG. ROMAINE:
But you say our unemployment is lower than the rest of the nation. It's -- did you say 7.6%?

DIRECTOR NAUGHTON:
We're at 7.6.

LEG. ROMAINE:
Okay.

DIRECTOR NAUGHTON:
And the nation --

LEG. ROMAINE:
So that would -- that's far below the national average, which I believe is well over 9%.

DIRECTOR NAUGHTON:
Yes, it is.

LEG. ROMAINE:
Okay. So unemployment; we're doing better.

DIRECTOR NAUGHTON:
Right.

LEG. ROMAINE:
All right, So that's one model. What else do you put into that model besides unemployment? Because obviously to downgrade from 5% to 3%, there must be other factors that are influencing your model when you do these protections. What other factors do you factor in to sales tax projections?

DIRECTOR NAUGHTON:
Well, going back to the employment, the number of jobs are actually still down. We're losing jobs every month at a slower rate. So because of that, we felt --

LEG. ROMAINE:
Are you saying unemployment's rising?

DIRECTOR NAUGHTON:
No, the number of people employed is still down compared to last -- to previous month.

LEG. ROMAINE:
But you said it's 7.6%.

DIRECTOR NAUGHTON:
Well, that's the unemployment rate. The unemployment rate, as you are aware, is different than the number of actual people who are working.

LEG. ROMAINE:
Right.

DIRECTOR NAUGHTON:
If you take a look at just the April report; for March, 2010 there was 730,000 people employed compared to the same time last year it was 734,000, so that's a difference of 4,000 people. So if you have fewer people working, you --

LEG. ROMAINE:
Out of 700,000.

DIRECTOR NAUGHTON:
Right.

LEG. ROMAINE:
Okay.

DIRECTOR NAUGHTON:
So that's obviously a negative trend, which is one reason why you would lower your estimate.

Consumer confidence, it is higher than it was the same time last year. But it's still way below what is considered good.

LEG. ROMAINE:
How do you measure consumer confidence?

DIRECTOR NAUGHTON:
You take a look at the -- Sienna College measures it for the New York region, and it's still hovering around 70, whereas 100 is considered good.

LEG. ROMAINE:
Okay.

DIRECTOR NAUGHTON:
Those are the two main factors. And then obviously, because the economy and sales tax aren't exactly linked up with each other, sometimes, because of the way collections are, your data is skewed, to be honest. So we actually have to also look at trends. Our collections for the fourth quarter, as I stated, were down.

LEG. ROMAINE:
Collections; by that you mean?

DIRECTOR NAUGHTON:
The amount of sales tax income that we receive from the State.

LEG. ROMAINE:
Okay. Thank you.

DIRECTOR NAUGHTON:
Right. So because of that down -- that adjustment that we saw in January, February, we thought it was wise to lower our estimate.

LEG. ROMAINE:
So essentially you're looking at the unemployment rate and consumer confidence; those are the only two factors that go into your model for sales tax projections?

DIRECTOR NAUGHTON:
Those are the major factors and along with your actual data.

LEG. ROMAINE:
Trends of sales tax collections --

DIRECTOR NAUGHTON:
Correct.

LEG. ROMAINE:
-- third factor. Any other factors that you consider that you seriously take a look at when doing these projections?

DIRECTOR NAUGHTON:
Well, at the same time, we'll look at -- know what other economists are projecting, We'll take a look at what's happening obviously on Wall Street.

LEG. ROMAINE:
Which economists project for Suffolk County?

DIRECTOR NAUGHTON:
Actually, I mean, you can -- Pearl Kamer, Marty Cantor, just read what they're writing, read what's happening within the nation.

LEG. ROMAINE:
Okay. And that's how you do your projections?

DIRECTOR NAUGHTON:
Correct.

LEG. ROMAINE:
Okay. I'm still interested for 2009, because, again, your office, before you got there, projected a reduction --

LEG. LOSQUADRO:
You're not on the mic.

LEG. ROMAINE:
Oh; you projected a 6% decline in sales tax. At the same time, Mr. Lipp was projecting, I believe it was 8.45% reduction and your own consultant, Mr. Conoscenti, was projecting 7.9%. That variance created, by making that projection, a structural deficit of 75 million -- up to $75 million. And I wanted to know a little bit about the discussions with rating agencies, because that concerns me and the discussions with the Legislature.

But if you could -- maybe we could have a conversation about this after this meeting because I don't want to use up the committee's time, but I wanted to put that on the record. Because to me, there had to be something in your projection model, in the County's projection model, that differed so significantly from Budget Review and from your own hired consultant who had done those projections for several years. And by lowering the amount of deficit that we would see in our sales tax we created for ourselves, which we are now dealing with this year, a structural deficit.

DIRECTOR NAUGHTON:
Okay.

LEG. ROMAINE:
Thank you.

DIRECTOR NAUGHTON:
Just two comments on that.

LEG. ROMAINE:
Sure.

DIRECTOR NAUGHTON:
Obviously, Mr. Lipp has the benefit of reviewing the budget probably about six weeks later than when the budget is actually submitted, so he has the benefit of two more or three more checks. Our consultant, I believe, was looking at data from August, so the County would have been looking at data of September, I thought I had better data.

And just to correct you, the swing is -- you're only looking at the difference between the 6% and the 8 1/2%, which is roughly about $29 million, not $75 million.

LEG. D'AMARO:
That's interesting.

LEG. ROMAINE:
Could you give me an estimate? Could you fax over to my office today or e-mail to my office today what a 2 1/2% change in the sales tax collections would do? I'm going to ask Mr. Lipp to do that, because my understanding is that's creating a significant structural deficit well in excess of $29 million. I could be wrong, but that is my understanding of that, and I'm going to ask Mr. Lipp if he would take a look at that; what the difference is between 6% deficit and 8.45%, your estimate. Because I believe it is greater than $29 million, and I'd like to get that estimate maybe forwarded to every member of the committee so that we would have that information. Unless you're ready to give it now, I mean.

MR. LIPP:
Well, I think that one of the simple ways of looking at it is you have the $29 million deficit to end 2009, which is really 27 and change for the General Fund; so it makes it a little bit less onerous. And part of the problem is you have the lower base, so even for any given projection for 2010, you have another $27 million even if you're on target with the growth rate for 2010, another $29 million in 2010 just from that because of the lower base.

LEG. ROMAINE:
Thank you.

CHAIRMAN GREGORY:
Okay. Just one quick thing. You went through a list of things that you take into consideration, but the one thing that we all got a chuckle out of and I didn't hear you say was the Costco index, you didn't take that into --

(*Laughter*)

You weren't here for that, but it was quite humorous.

DIRECTOR NAUGHTON:
Fortunately, I missed that.

(*Laughter*)

CHAIRMAN GREGORY:
Legislator D'Amaro.

LEG. D'AMARO:
Thank you. Mr. Naughton -- and next time you make a projection, I want you to bring your crystal ball and I want you to get it right because we expect you to know exactly what's going to happen a year later with this economy; no one else does; but we expect that from you. All right?

I want to ask BRO, what was the projection for 2009 that the County adopted in our budget?

MR. LIPP:
We did not change the recommended projection for 2009, we left it at minus 6%. What we did do is change just the 2010 projection from a recommended 5% to an adopted 4%.

LEG. D'AMARO:
So 6,000. I'm sorry, 2009 projection remained at the recommended sales tax reduction of 6%.

MR. LIPP:
Correct.

LEG. D'AMARO:
Recommended by the Executive.

MR. LIPP:
Correct.

LEG. D'AMARO:
Okay. And, Mr. Naughton, you're saying that when you come up with your projection, you're doing that earlier in time than when the Legislature, the BRO Office, makes a projection, and then, of course, the Legislators adopt the budget. So there's a gap of three or four months in there?

DIRECTOR NAUGHTON:
Well, there's a gap of roughly about six weeks, but that six weeks is key in October --

LEG. LOSQUADRO:
You are not on mic.

DIRECTOR NAUGHTON:
Okay. I'm okay now? During that time period, in October there's an adjustment check, which is a

good guide as to what sales tax would be, and Budget Review has the advantage of receiving that information.

LEG. D'AMARO:
What was your impression -- well, you weren't here in 2009 when we did all this; right? Yeah.

DIRECTOR NAUGHTON:
Correct.

LEG. D'AMARO:
So the Legislature went ahead and decided that your office recommended a 6% decline. BRO offered a more conservative approach which is about 8.45; is that correct, Mr. Lipp?

MR. LIPP:
Actually, we recommended minus 8.6 and it came in at minus 8.47.

LEG. D'AMARO:
All right. You recommended 8.6 and the Legislature voted to adopt the 6% reduction; right?

MR. LIPP:
Correct.

LEG. D'AMARO:
Okay. All right, thank you.

CHAIRMAN GREGORY:
Okay. Anybody else; any further questions?

MR. ZWIRN:
If I can just weigh in, you know, not as in the Budget Office, but having worked on budgets in both the County and in towns. There are a lot of variables that you can't anticipate when the year begins. You know, the Cash-for-Clunkers Program, people went out and bought cars, those are big ticket items. Sales tax revenue goes up. If you don't know that -- that the Federal government is going to have a program like that early on. Right now you have 0% financing, 0% down, I mean, you walk into a dealership today, you pay your sales tax and you walk out with a new car without -- with almost having nothing out-of-pocket except the sales tax revenue. That's going to help us in the short-term.

Gasoline prices; when they spiked, you know, they were near $4 a gallon, you know, sales tax revenue because of that goes up to the County. We have the Home Energy Tax. I remember last year it was -- last year I was paying $4.89 a gallon for home heating oil, this year it's $3.11. These are things that, you know -- and I know Legislator Romaine knows this, they're things that are volatile and you cannot predict in a year's time how things are going to change.

So I think one of the reasons you see the County Executive when he's criticized for not hiring, you know, individuals for the County in advance, they like to wait to see where revenues are coming in over the year so that most hiring is done in government generally is at the later half of the year because they have a better handle on revenues coming in.

LEG. ROMAINE:
If I may, Mr. Chairman. You make an excellent point except for one thing; I was asking what was in the model. I got three factors, most people put 10 to 15 factors. Durable goods, sale of durable goods, car sales, auto sales are key, home heating fuel, gasoline. Although as gasoline prices rise, yes, we tend to collect more in sales tax, but usage drops. So you get a spurge, but it's not that great.

I expected to hear about 15 different factors that go into the sales tax projections, I heard three. And I specifically numbered those three as they were ticked off because I was waiting for durable goods. I was waiting for inventory. We call up the major retailers and ask about inventory, we ask about all these other types of things when you develop a model and a projection for sales tax revenue. I didn't hear that. I heard three simple things that anyone that would base their projections on just those three things would be skewed. Because there's a whole host of things that should be going into that model, which I won't go into now, but clearly there's a lot of other things that should have been discussed such as durable goods, auto sales, heating fuel, gasoline, inventory, just to mention a few. There's a whole host of things that would go into any accurate sales tax projections.

And my point -- to address Legislator D'Amaro, and I understand the differences in time -- is that the County consultant was giving a number of 7.9. Yes, I'm told now it's in August, I did not know that. I'm told that Budget Review six weeks later is giving 8.6, although they factored that down to 8.47. But clearly there's a huge difference in that -- that number. And by using the lower number, we're faced with -- in essence, we inherited a structural deficit, and that's why, that's why I wanted to understand the factors that were used to develop the projections. And what I got were three simple factors which I will tell you, if anyone based a projection on those factors alone, that would skew any type of projections because there should be at least ten to 12 other factors in there that were left out. Thank you.

DIRECTOR NAUGHTON:
Just to comment on that. In my 15 plus years of being on Long Island and looking at sales tax, I've -- we have -- my previous life working in Nassau County, we did all those things that you suggested, calling the dealers, talking to the major -- looking at durable goods, and we found that none of that information was ever accurate in terms of projecting what the sales tax would be. Your best estimate was always tended to be looking at your current trends. Unfortunately, there is a lag between that data and what we actually collect. Unfortunately for us, the State, if we were to ask them for detailed information, their data is two-years old. If we were able to get more accurate information, those factors would be more important, but since we can't, they're not.

MR. ZWIRN:
I think that what you highlight, Legislator Romaine, is a dilemma that any municipality, Nassau, Suffolk; when we have such a heavy reliance, we don't want to, you know, burden the taxpayers of the County as much as possible, we're trying to make their load as light as possible that we rely on sales tax. And I think everybody understands that sales tax is one of the most volatile revenues that you can have and it's caused -- wrecked havoc in Nassau County under previous administrations there and they're still recovering from it, and it's something that we try to be cautious about.

I remember that when they were talking about the sales tax projections in Nassau -- in Suffolk, I think the Tanger Mall was coming on line in Deer Park, that was going to be new shopping and they thought that might have some sort of an impact, that might be a plus because it was a major development that was going on. It is a very tough, tough thing to estimate. And the problem is if we underestimate it, then we get criticized for saying, "Well, you know, we're going to build up a surplus and you underestimated sales tax." So you're damned if you do, damned if you don't. And you try to be as accurate as possible and you also try to be as cautious in the year going forward, when we have such heavy reliance on a volatile revenue, to make sure that we don't overspend. I think that's why the County Executive, I think, has been so cautious and, you know, some say frugal, some say cheap, you know, moving forward over a year's time because as the year goes forward we have much better projections as where we're going end the year.

LEG. ROMAINE:
Ben, as always, you're a fountain of wisdom, and we certainly appreciate that. But then let me ask one last question, and I'll leave that out there. You say you're now vising your projections from 5% to 3%. The Legislature adopted a 4% number. Are we going to have reductions because of that

drop? What does that 1% in sales tax equate to in terms of revenue over a year?

DIRECTOR NAUGHTON:
Roughly $11 million.

LEG. ROMAINE:
How much, 11?

DIRECTOR NAUGHTON:
Eleven.

LEG. ROMAINE:
So, in essence, what you're saying is, you know, we have to downgrade the amount of revenue we're expecting by $11 million. Is that -- is that what you're saying to us today, based on our estimate, 22 million based on your estimate?

DIRECTOR NAUGHTON:
Yes, and that is why in January the County Exec issued Executive Order 1, embargoed reserve funds from the departments which is going to save us roughly $25 million.

LEG. ROMAINE:
So we'll be able to cover that shortfall from that Executive Order 1' Is that what you're indicating?

DIRECTOR NAUGHTON:
That along with a strict hiring plan. We will -- the County Exec is still reviewing all hiring, he's going to control that, and we are also being proactive in looking at 2011.

LEG. ROMAINE:
Has the County Executive considered declaring a fiscal emergency? The reason I ask that is because -- and I'll say it right on the record, I had to live through another County Executive that did that and I was running a department at that time, County Exec Halpin. And the County Exec enures certain special powers when you declare a fiscal emergency that he doesn't currently have, and that better abled Mr. Halpin, in his mind anyway, to control the budget. Are you -- is the County Executive contemplating declaring a fiscal emergency?

DIRECTOR NAUGHTON:
As of today we have not had those discussions.

LEG. ROMAINE:
Okay. Thank you very much.

CHAIRMAN GREGORY:
Okay. Thank you, Mr. Naughton.

Okay. I think that's all. We're going to head to the agenda. Oh, Dr. Lipp?

MR. LIPP:
Just as a point of information there. If we were short with a growth rate of $11 million, that's really $65 million. Because you have a $27 million hole for '09, since the base is lower, that's another 27 million or 54 million already, even if you -- if your growth rate is exact. So if you add 11 million, not that that's the right number to add, but that would give us -- give you a combined hole for '09/10 of 65 million.

LEG. LOSQUADRO:
You are such a negative man, you know?

(*Laughter*)

LEG. ROMAINE:
I hate to draw on your information -- with the Chairman's permission, what are you projecting, at least at this point? This is, what, May 4th, we're into the fifth month of the year; what are you seeing in terms of your projections for the remainder of the year, for how this year might come out based on the several factors that your office looks at?

MR. LIPP:
What we did for the budget model last month is we just assumed that the projections that we did in the fall, 2.75% this year, would occur and that was before the quarter ended, which was a good quarter.

LEG. ROMAINE:
Right.

MR. LIPP:
That being said, since we're in the middle of Capital now and trying to get out from under, one of our first orders of business after that is to regenerate the projections. So I'm going to sort of punt other than the review of the 2.75%, but it looks like --

LEG. ROMAINE:
Okay.

MR. LIPP:
It looks like it will be better than that.

LEG. ROMAINE:
One of the other things I asked Gail Vizzini by e-mail -- and possibly something that members of this committee may want to know, if I get a response, maybe she could send it to the members of this committee -- is how much pipeline debt do we have? By pipeline debt, I mean debt that we've incurred but haven't started projects with. And the reason I ask that is, yeah, obviously I'm reluctant to take on more debt if we have a huge overhang of debt that's out there.

MR. LIPP:
We have over half-a-billion dollars in pipeline debt.

LEG. ROMAINE:
We have over half-a-billion dollars in pipeline debt. Why would we consider going deeper into debt for anything? I mean --

MR. LIPP:
The Capital Program is a long-term program as opposed to looking at the short-term.

LEG. ROMAINE:
Right.

MR. LIPP:
So whatever you adopt for the Capital Program is not likely to result in bonds being issued for a couple of years and, therefore, the impact on the Operating Budget will be a few years.

LEG. ROMAINE:
How long have we had this pipeline debt of half-a-billion dollars plus?

MR. LIPP:
It's slowly creeping up each year.

LEG. ROMAINE:
But would you say that the pipeline debt, the size of the pipeline debt, while it's growing slowly, has been with us for a long time?

MR. LIPP:
Yes.

LEG. ROMAINE:
Thank you.

CHAIRMAN GREGORY:
Just one question on the pipeline. On the debt that we have today, do you have the projections of the debt service?

MR. LIPP:
Yeah. Part of our review is going to be projecting into the future what we're likely to observe in terms of Operating Budget debt service costs for the next several years. So you'll have a comfort level for, you know, whether or not that's going -- to what extent it'll have a negative impact on the Operating Budget moving forward.

CHAIRMAN GREGORY:
Right. Now, is -- you had mentioned that in the Budget Review Commission draft report, right, if I recall? Like a -- well, some of the suggestions --

MR. LIPP:
I'm not exactly sure. Gail wrote that, I gave her some pieces but I'm not exactly sure what that report looks like right now.

CHAIRMAN GREGORY:
Okay. All right. Legislator D'Amaro?

LEG. D'AMARO:
Yeah, just -- Rob, just to clarify. Pipeline debt is the total debt in the entire Capital Project; is that correct?

MR. LIPP:
By pipeline debt, what I'm referring to is previously authorized resolutions to issue serial bonds --

LEG. D'AMARO:
Okay.

MR. LIPP:
-- that we have yet to do. So as a --

LEG. D'AMARO:
All right. So it's not -- it's more than just being in the Capital Budget, it's also that a resolution has been passed to authorize the issuance of the debt.

MR. LIPP:
Correct.

LEG. D'AMARO:
Of the bonds. All right, and that's about a half-a-billion, 500 million?

MR. LIPP:
Yeah, in the General Fund -- well, if you exclude the sewers and the Police, I believe it comes to like $510 billion.

LEG. D'AMARO:
What's the outstanding debt that we have now?

MR. LIPP:
I'd have to look that up. I probably could give you that in a few minutes.

LEG. D'AMARO:
Okay. Can you get it to me before the end of the meeting; is that possible?

MR. LIPP:
Of course.

LEG. D'AMARO:
Okay. And also, on that outstanding debt, what's the debt service annually to the County?

MR. LIPP:
Sure.

LEG. D'AMARO:
Okay. Thank you.

CHAIRMAN GREGORY:
Yes, Mr. Naughton.

DIRECTOR NAUGHTON:
Legislator Romaine, I'm sorry, I forgot to put on to the -- to mention the County will be issuing an RFP for an economic consultant, it will probably go out this week. And we'll make sure that all the local economists get a copy of that, including Mr. Conoscenti.

LEG. ROMAINE:
It's going to go out this week?

DIRECTOR NAUGHTON:
Yes, it is.

LEG. ROMAINE:
Oh; okay, great. I was hoping it would go out a little bit later so our RFP law could go into effect, if this involves more than $50,000 and we have an opportunity to take a look at that, but, okay. Good. I'm sure you'll keep us posted on that. I assume that the projections that your office has been making -- do you have a consultant currently employed in your office to make these projections?

DIRECTOR NAUGHTON:
No, not at the moment.

LEG. ROMAINE:
So for the -- when did the -- when did the last consultant, I guess it was Mr. Conoscenti, when did his -- when did his employment end?

DIRECTOR NAUGHTON:
December, 2009.

LEG. ROMAINE:
December, 2009. So for the first five months of 2010, your sales tax projections have been done in-house; is that correct?

DIRECTOR NAUGHTON:
That is correct.

LEG. ROMAINE:
And yet you feel the need now, and I would assume the way RFP's take in terms of responses, RFP review committees, etcetera, that we probably would not have an RFP consultant do this RFP on line until at least July; is that a safe assumption?

DIRECTOR NAUGHTON:
If you take a look at the way that the County's used the consultants in the past, it's mostly been just in terms of preparing the budget in September. So the consultant will be on line in time for that.

LEG. ROMAINE:
So you say they'll be hired some time during the summer of 2010; is that a safe projection?

DIRECTOR NAUGHTON:
Yes.

LEG. ROMAINE:
All right, so for the first six or seven months of 2010, you've done all your sales tax projections in-house and now you feel the need to hire a consultant to do it for the budget when you've been basing all your budgetary evidence on whatever you've gathered in-house; is that correct?

DIRECTOR NAUGHTON:
I would not have worded it that way. No, I think --

LEG. ROMAINE:
I just did.

(*Laughter*)

You know, I can ask questions, you're free to answer them any way you choose so.

DIRECTOR NAUGHTON:
No, the billing -- my feeling is that, no, getting extra information is always good and to have information from local economists will be valuable.

LEG. ROMAINE:
What type of information could a local economist gather, since we're going to talk about the RFP, that you haven't gathered in staff, that your in-house staff hasn't gathered? Because as you said, most of the information that I've discussed, like durable goods, automobile sales, fuel costs, home heating fuel, gasoline prices, they're irrelevant because your experiences, as what you said on record, is based on trends and you found the trends are more accurate in judging sales tax

DIRECTOR NAUGHTON:
My statement was not that they were irrelevant, my statement was that we don't place as much value as maybe perhaps you would.

LEG. ROMAINE:
Okay. So what is the consultant going to do that isn't being done now by your staff? I'm just curious.

DIRECTOR NAUGHTON:
The consultant would give us that extra level of expertise that we may not have, and it will give us someone else to bounce ideas off of. There may be new things that we may want to look at that the consultant could help us and come out with estimates for.

LEG. ROMAINE:
What type of new things would you be looking at?

DIRECTOR NAUGHTON:
At this time I would not like to say, but there are things that are possible that could come up at any point. And as far as --

LEG. ROMAINE:
Oh, in terms of the sales tax projections? Because essentially your economist would be doing sales tax projection work; is that correct? Is there other work that the economist would be doing?

DIRECTOR NAUGHTON:
No, they could help us in doing any other type of revenue estimates that -- where you need economic analysis.

LEG. ROMAINE:
And what other type of revenue estimates would you need, other than sales tax?

DIRECTOR NAUGHTON:
Any other new idea that creative people come up with.

LEG. ROMAINE:
Hopefully the County isn't going into derivatives.

(*Laughter*)

DIRECTOR NAUGHTON:
No, that will not happen.

LEG. ROMAINE:
Thank God.

CHAIRMAN GREGORY:
I just have a quick question.

LEG. D'AMARO:
Are you suggesting that we should, Legislator Romaine?

LEG. ROMAINE:
No.

(*Laughter*)

CHAIRMAN GREGORY:
So this economist is someone who's on-board throughout the year and not just during the budget cycle?

DIRECTOR NAUGHTON:
That is correct. I mean, the person is employed -- I mean, the last contract with Mr. Conoscenti was a two-year contract with two one-year options. We chose not to renew the options, we thought it was best to get a fresh look. And Mr. Conoscenti may turn out to be the person who we may decide

to go with again, but at this point we decided to explore all options.

CHAIRMAN GREGORY:
Okay. All right, thank you.

LEG. ROMAINE:
We have input.

CHAIRMAN GREGORY:
Oh, yes?

MR. LIPP:
I have the answer to Legislator D'Amaro's question.

LEG. D'AMARO:
Great. Thank you.

MR. LIPP:
I think if you just restrict it to the General Fund, which is probably a good idea -- I could give you all funds, too, though -- between 2010 and 2028, we still have outstanding principal of $778.7 million.

LEG. ROMAINE:
In overhang debt.

MR. LIPP:
Well, it's existing debt service payments all the way out into the future. Because basically we issue bonds, you know, that typically are 20 years, the bond that we're going to issue later this month will be for 18 years, so that'll be around for 18 years.

There's an additional $282.9 million in interest payments over that period. So between 2010 and 2028, total debt service payments will be almost $1.1 billion, but that's over, you know, several years. But it is a lot of money.

MR. ZWIRN:
How much of that is the jail, though?

LEG. D'AMARO:
The 282.9 is annual debt service?

MR. LIPP:
No, no, no. This is like cumulative debt service all over those years.

LEG. ROMAINE:
How much of that is the jail? I'll ask for my good friend, Ben Zwirn, he wanted to ask that question, but I'll ask in his behalf.

MR. LIPP:
The jail is only a small part of that.

LEG. D'AMARO:
Wait, before you get to that, just so I understand the number; 282.9 represents what?

CHAIRMAN GREGORY:
Interest.

MR. LIPP:
That represents interest between 2010 and 2028, but just for the General Fund in terms of serial bonds, which is long-term capital -- borrowing for long-term capital projects.

LEG. D'AMARO:
And then what's the 1.1 billion?

MR. LIPP:
That's if you add the principal plus the interest. Okay, the debt service is the sum of principal repayment plus interest.

LEG. D'AMARO:
What is the --

LEG. ROMAINE:
And that's just for the General Fund.

MR. LIPP:
Correct, just for the General Fund.

LEG. D'AMARO:
All right. What is the interest projected -- the debt service projected just for 2010?

MR. LIPP:
Just for 2010 --

LEG. D'AMARO:
Right.

MR. LIPP:
-- the principal is, in the General Fund, almost 36 point --

LEG. D'AMARO:
No, no, the debt service, the interest.

MR. LIPP:
Oh, the total combined.

LEG. D'AMARO:
Yeah, yeah.

MR. LIPP:
Okay, is $69.2 million.

LEG. D'AMARO:
All right. And what was the principal? You might as well give me that as long as you have it, for 2010.

MR. LIPP:
Okay. The principal portion of that is $36.9 million in 2010.

LEG. D'AMARO:
The principal portion; that's the paydown of principal?

MR. LIPP:
Yes, exactly.

LEG. D'AMARO:
All right.

MR. LIPP:
Sort of like your mortgage, you know, you pay a combination of principal and interest.

LEG. D'AMARO:
Okay, great. Thank you.

MR. LIPP:
And then the debt we're issuing this year, the debt service on that will start next year. So, for instance, with the jail, we've already issued seventy something million dollars on it. In the current bond issue later this month, there'll be an additional $36 million issued to that; the debt service on that won't start till next year. But in --

LEG. D'AMARO:
What percent is the annual debt service of the total Operating Budget? It looks like I'm going to get an exact figure, huh?

MR. LIPP:
It looks like -- I'll get back to you in a second.

LEG. D'AMARO:
Yeah, I'm just talking about 2010.

MR. LIPP:
Right.

LEG. D'AMARO:
Not overall.

MR. LIPP:
Zero point four percent, because it's -- the Operating Budget's like $1.9 billion, General Fund.

LEG. D'AMARO:
So four-tenths of 1% is the debt service for 2010 for Suffolk County, in the General Operating Budget.

MR. LIPP:
Let me just recalculate that. No, I'm sorry, yeah, I knew that was wrong, I'm off by a decimal place. It's 3.6%.

LEG. D'AMARO:
Okay, thank you.

CHAIRMAN GREGORY:
All right, thank you.

Okay. Let me go to the agenda. We have tabled resolutions.

TABLED RESOLUTIONS

IR 1176 --

LEG. ROMAINE:
Motion to table for public hearing.

CHAIRMAN GREGORY:
Okay; can I read it first?

(*Laughter*)

LEG. ROMAINE:
Oh, sorry.

LEG. LOSQUADRO:
If you must.

LEG. D'AMARO:
Sounds like a lot of coffee this morning.

(*Laughter*)

CHAIRMAN GREGORY:
Yeah, a little hyper. ***IR 1176-10 - Adopting Local Law No. -2010, A Charter Law to repeal the Suffolk County Energy Tax via public referendum (Romaine).*** The sponsor makes a motion to table, I second that motion. All in favor? Opposed? Abstentions? ***Tabled (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).***

IR 1198-10 - Reducing Home Energy Taxes on Suffolk County residents (Schneiderman). I make a motion to table.

LEG. D'AMARO:
Second.

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

LEG. ROMAINE:
Opposed.

CHAIRMAN GREGORY:
Tabled (VOTE: 3-1-0-1 - Opposed: Legislator Romaine - Not Present: Legislator Schneiderman).

IR 1223-10 - Establishing a Suffolk County Budget Advisory Commission. (Romaine). I make a motion to table.

LEG. D'AMARO:
Second.

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

LEG. ROMAINE:
Opposed.

LEG. LOSQUADRO:
Well, it's -- Ed, do you want to have to reintroduce it or no?

LEG. ROMAINE:
I don't care. I'm always up for a vote.

LEG. LOSQUADRO:
Opposed.

CHAIRMAN GREGORY:
Okay. It's tabled.

MS. ORTIZ:
It fails ***(VOTE: 2/2/0/1 Opposed: Legislators Romaine & Losquadro - Not Present: Legislator Schneiderman).***

CHAIRMAN GREGORY:
Oh, okay. Gotcha. All right. So I'll make --

LEG. ROMAINE:
Motion to approve.

CHAIRMAN GREGORY:
Motion to approve by Legislator Romaine.

LEG. LOSQUADRO:
Second.

CHAIRMAN GREGORY:
Second by Legislator Losquadro. Any other motion?

LEG. D'AMARO:
No, take the vote.

CHAIRMAN GREGORY:
Okay. All right, all in favor? Opposed? I'm opposed.

LEG. D'AMARO:
Opposed.

CHAIRMAN GREGORY:
Abstentions? All right, ***it fails (VOTE: 2/2/0/1 - Opposed: Legislators Gregory & D'Amaro - Not Present: Legislator Schneiderman).***

(*Laughter*)

LEG. ROMAINE:
Counsel, please introduce the bill for the next -- so we meet the five o'clock deadline.

MR. NOLAN:
Yes.

LEG. ROMAINE:
Thank you.

CHAIRMAN GREGORY:
Okay. All right, IR 1368-10 - Adopting a Smart Government Plan to address -- Oh, did I? Oh, I'm sorry.

IR 1355-10 - Adopting Local Law No. -2010, A Charter Law to implement two-year rolling debt policy under 5-25-5 Law to mitigate budgetary shortfall (County Executive). I make a motion to approve.

LEG. D'AMARO:
Second.

CHAIRMAN GREGORY:
Second by Legislator D'Amaro.

LEG. ROMAINE:
Could I have an explanation from Counsel?

CHAIRMAN GREGORY:
Yes.

MR. NOLAN:
This is something we've done several times over the past eight, ten years, which is to waive the requirements of the 5-25-5 Law for another two years. That law basically lays out certain recurring expenses that should not be bonded, so this Local Law would put that requirement on hold for another two years.

LEG. ROMAINE:
Just explain what 5-25-5 means.

MR. NOLAN:
Well, it refers to the length and the cost of different items.

LEG. ROMAINE:
Mr. Lipp, if --

MR. NOLAN:
Mr. Lipp is --

LEG. ROMAINE:
With the Chairmans's permission.

MR. NOLAN:
Go ahead.

MR. LIPP:
What it refers to is cost incurred on an annual basis whose per item price is 5,000; that's one of the fives, or less; the aggregate cost, which would be less than 25,000, that's the 25; and then whose useful life is five years or fewer, that's the other five.

LEG. ROMAINE:
And we would be forbidden from bonding things that had a useful life of less than five years and a cost of less than $25,000; is that correct?

MR. LIPP:
Correct, according to Local Law 23 of 1994, which is the 5-25-5 legislation.

LEG. ROMAINE:
This is a law that was adopted to prevent us from going deeper into debt, for us bonding out the small things. Twenty-five thousand dollars in 1993 meant a great deal more than it means 17 years later. But if we have to start bonding out things who have a useful life of less than five years and a cost of less than $25,000, then we don't have control over our budget.

It is a mistake to adopt this because this gives us better control of debt and this is a -- this type of constant putting in and saying, "Oh no, it's okay. You know, we have problems." Yes, we've renewed this every year that I've been here, I have not been supportive of this. I had to live under this law when I was a department head and I made sure that we either had money in the budget to buy something, or if we were going to bond it was going to cost more than 25,000 and it had a useful life of more than five years; I don't think that's a very high criteria to meet. And for us to waive this law, for us to incur more debt for small items is something that I think is foolhardy and fiscally irresponsible. This is not something this County should be doing. Thank you.

CHAIRMAN GREGORY:
Thank you. Legislator D'Amaro?

LEG. D'AMARO:
Yeah. Dr. Lipp, if this resolution passes, it would waive the 5-25-5 Law. Would the County still have the option of paying cash if the funds are available?

MR. LIPP:
Correct. It just would -- it would give you the option as opposed to if you didn't pass this, you wouldn't be able to borrow for things that fell under this category.

LEG. D'AMARO:
So we would have the flexibility to go either or.

MR. LIPP:
Correct.

LEG. D'AMARO:
All right. And what types of items are covered? Because instead of -- in lieu of bonding, I think I'm hearing a suggestion that if we can't afford it and can't pay cash, then we should not buy it. I'm just curious, what type of items are we talking about here?

MR. LIPP:
Hold on one second, let me call up a file. Dredging projects that have an aggregate cost of 100,000 or less, road resurfacing, equipment repair, roof replacements, equipment purchases, 9-millimeter handguns, soft-body armor, vests are examples.

Basically, even though the technical term is 5-25-5, it's supposed to apply to recurring costs, and the pros and cons are such that it's a short-run/long-run time horizon problem. In the short-run, it's more expensive to pay cash; in the long-run, if you leave it alone and you do it this way, you could save a lot of money, but that takes several years.

LEG. D'AMARO:
All right. So it covers those -- some of those items that you've listed, capital items, purchases.

MR. LIPP:
Right. And a full-blown program is probably in the neighborhood, but we really never did that, of around $20 million a year.

LEG. D'AMARO:
What do you mean by that?

MR. LIPP:
I mean if you took all of the items that you could consider and you did an aggressive pay-as-you-go program.

LEG. D'AMARO:
Oh, I see. Okay. Right, that was my next question. So if we did not waive this law and had to pay cash for items that we are not willing to cut, what's the impact? You're saying it's about $20 million in a year?

MR. LIPP:
Well, no, that would be an aggressive program. I'm not quite sure, I'd have to check with Counsel, we'd have to look over things, but maybe perhaps ten million. You know, we've really never put in much more than ten million, that's only been a couple of times in our past history. So we haven't been as aggressive as 20 million.

LEG. D'AMARO:
Right.

MR. LIPP:
So it might cost --

LEG. D'AMARO:
All right. So we're in a budget crunch, we're in a cash crunch right now, this law would give us the flexibility to either pay cash if we have it or to bond. And just one more question; are interest rates for bonding at historic lows right now?

MR. LIPP:
Oh, yeah.

LEG. D'AMARO:
Oh, yeah. Okay. All right, thank you.

LEG. ROMAINE:
Mr. Chairman?

CHAIRMAN GREGORY:
Yes, Legislator Romaine.

LEG. ROMAINE:
I just would add to that a number of things. This 5-25-5 Law was adopted in 1993 in an effort to control costs over the long-term. And by looking only at the short-term, as some would love to do, we get a kind of distorted picture of the County's finances. We keep on going into debt for small items that we could theoretically pay, pay-as-you-go with something. I've been back in the Legislature for five years. Every one of those five years, in the spring of that year, the County Executive has come in to say the roof is collapsing and coming in with a fiscal remedy to cut, to do this, to sell that, a whole host of things.

Maybe that we should have a more honest budgeting situation where items that are small items we can pay for in an Operational Budget, particularly since they're a recurring cost. And anyone that's familiar with budgeting knows that recurring costs are things that go in Operating Budgets, not Capital Budgets, things that are paid for by cash and not bonded out. In the long-run, the County adopted this policy because it would save money and they didn't want to bond for small items. At some level, even this Legislature says, "Whoa." Because I remember, they came before us, a bond for $4,000 for an improvement to Gabreski Airport and I was stunned by that. But under this 5-25 policy, it's totally possible that those things can happen.

The reason you adopt this is to set up a policy that says the small, recurring expenses in a County government should be paid for from your Operating Budget, not your Capital Budget. You should not be going deeper into debt for recurring expenses. This is a long-term policy for long-term fiscal health. Short-term? Go ahead, go into debt, take out the credit card; that's something that I think

this policy should be in effect. I'm going to vote against waiving it, particularly waiving it for two years. I didn't know we were going to be in a crisis for two years. We've been in a crisis for five years, that's a very black outlook on things. But I'm opposed to this. Thank you.

CHAIRMAN GREGORY:
Okay. Do we have a motion? No? Okay.

MR. ORTIZ:
Yes, we do.

CHAIRMAN GREGORY:
We do, okay. So a motion to approve. All those in favor?

LEG. LOSQUADRO:
Well, on the motion.

CHAIRMAN GREGORY:
Okay.

LEG. LOSQUADRO:
I, too, have a concern that this is waiving this for a two-year period, but I'm going to allow this to get to the full floor so we can debate it further. I think waiving it for one year might be a more prudent policy at this point. But allowing the full Legislature to discuss this outside of the confines of this committee, I think would be a prudent course of action given our economic condition.

CHAIRMAN GREGORY:
Yes, Legislator D'Amaro.

LEG. D'AMARO:
Just one follow-up comment. The point I want to make -- and I'm also going to support it, although we should look at the time period, I agree with that -- is that this is really just giving flexibility. I'm sure in many instances over the last year where the County could have bonded, instead chose to pay cash if the funds were available. I know we did see in a couple of instances, Legislator Romaine is correct, bills that were proposed where we were bonding a very small amount and the preference of the Legislature was to pay cash and, in fact, that's what was done. Pretty much backing up my point that if you waive this rule and give more flexibility to the purchasing process throughout the year in a tough economic situation, I think it's better to have that flexibility than to not have that flexibility.

CHAIRMAN GREGORY:
Okay. We're ready to vote. We have a motion to approve. All in favor? Opposed? Abstentions?

LEG. ROMAINE:
Opposed.

CHAIRMAN GREGORY:
Okay. ***Approved (VOTE: 3-1-0-1 - Opposed: Legislator Romaine - Not Present: Legislator Schneiderman).***

IR 1368-10 - Adopting a Smart Government Plan to address budget shortfalls to prevent property tax increases (County Executive). I make a motion to table.

LEG. LOSQUADRO:
Second.

CHAIRMAN GREGORY:
Second by Legislator Losquadro. All in favor? Opposed? Abstentions?

LEG. ROMAINE:
Please note my recusal on this.

CHAIRMAN GREGORY:
Tabled (VOTE: 3-0-0-1-1 - Not Present: Legislator Schneiderman - Recused: Legislator Romaine).

INTRODUCTORY RESOLUTIONS

IR 1373-10 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 832-2010)(County Executive). I'll make a motion to approve and place on the Consent Calendar.

LEG. LOSQUADRO:
Second.

CHAIRMAN GREGORY:
Seconded by Legislator Losquadro. All in favor? Opposed? Abstentions? ***Approved and placed on the Consent Calendar (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).***

IR 1376-10 - Amending the 2010 Operating Budget to support the Smithtown Performing Arts Council Inc. (Nowick). I make a motion to approve.

LEG. D'AMARO:
Second.

CHAIRMAN GREGORY:
Second by Legislator D'Amaro. Legislator Losquadro?

LEG. LOSQUADRO:
That's fine.

CHAIRMAN GREGORY:
Oh, I thought you had a question. Okay. This is -- Counsel, this is all -- I think these next several resolutions are all Omnibus?

MR. NOLAN:
I believe this is Omnibus, it's 4980; is that correct, Robert?

MR. LIPP:
It is not Omnibus, no.

MR. NOLAN:
No?

CHAIRMAN GREGORY:
No? CSI?

LEG. LOSQUADRO:
No.

MR. KOVESDY:
It's not Omnibus. We did check with the department and the money would be better served doing

this transfer.

CHAIRMAN GREGORY:
Oh, okay. All right.

LEG. LOSQUADRO:
This is a contract and it's moving from one agency to another; I was just going say that.

CHAIRMAN GREGORY:
Oh, okay, gotcha.

MR. LIPP:
Right, there was an offset.

CHAIRMAN GREGORY:
All right. All in favor? Opposed? Abstentions? ***Approved (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).***

IR 1377-10 - Amending the 2010 Operating Budget and transferring funds to the Suffolk County Boy Scouts (Presiding Officer Lindsay).

LEG. D'AMARO:
Motion.

CHAIRMAN GREGORY:
Motion to approve by Legislator D'Amaro, seconded by myself. All in favor? Opposed? Abstentions? ***Approved (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).***

IR 1378-10 - Amending the 2010 Operating Budget to support the Montauk Chambers of Commerce, Fall Festival, and the East End Arts Council, Harvest Gospel Concert Series (Schneiderman). I make a motion to approve.

LEG. D'AMARO:
Second.

LEG. LOSQUADRO:
Second.

CHAIRMAN GREGORY:
Second by Legislator Losquadro. All in favor? Opposed? Abstentions? ***Approved (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).***

IR 1409-10 - Amending the 2010 Operating Budget and transferring funds for the Southampton Hospital Ellen Hermanson Breast Center. (Schneiderman). I make a motion to approve.

LEG. LOSQUADRO:
Second.

CHAIRMAN GREGORY:
Second by Legislator Losquadro. All in favor? Opposed? Abstentions? ***Approved (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).***

IR 1419-10 - To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 337-2010 (County Executive). I make a motion to approve and place on the Consent Calendar.

LEG. LOSQUADRO:
Second.

CHAIRMAN GREGORY:
Second by Legislator Losquadro. All in favor? Opposed? Abstentions?
Approved and placed on Consent Calendar (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).

IR 1420-10 - To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 338-2010 (County Executive). Same motion, same second, same vote. ***Approved and placed on Consent Calendar. (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).***

IR 1421-10 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 833-2010)(County Executive). Same motion, same second, same vote. ***Approved and placed on Consent Calendar (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).***

IR 1432-10 - Adding depository to list of designated depositories for Suffolk County (M&T Bank)(Presiding Officer Lindsay). I make a motion to approve.

LEG. LOSQUADRO:
Second.

CHAIRMAN GREGORY:
Second by Legislator Losquadro. All in favor? Opposed? Abstentions? ***Approved (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).***
IR 1459-10 - Amending the 2010 Operating Budget and appropriating funds in connection with bonding a settlement for an auto liability case. (County Executive). I make a motion to approve.

LEG. D'AMARO:
Second.

CHAIRMAN GREGORY:
Second by Legislator Losquadro -- D'Amaro.

LEG. LOSQUADRO:
I just wanted to ask the County Attorney's Office; this settlement went through all the channels already?

MS. BIZZARRO:
Correct, it did. I believe it was approved by the Ways & Means Committee on March 17th of this year.

LEG. LOSQUADRO:
Thank you.

MS. BIZZARRO:
You're welcome.

CHAIRMAN GREGORY:
Okay. All in favor? Opposed? Abstentions? ***Approved (VOTE: 4-0-0-1 Not Present: Legislator Schneiderman).***

Okay, that is our agenda. We stand adjourned. Thank you.

(*The meeting was adjourned at 11:08 A.M.*)

{ } DENOTES SPELLED PHONETICALLY