

BUDGET AND FINANCE COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE
MINUTES

A meeting of the Budget & Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on Tuesday, August 10, 2010.

MEMBERS PRESENT:

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

ALSO IN ATTENDANCE:

George Nolan, Counsel to the Legislature
Sarah Simpson, Assistant Counsel to the Legislature
Robert Lipp, Deputy Director, Budget Review Office
Lance Reinheimer, Assistant Director, Budget Review Office
Lynne Bizzarro, County Attorney's Office
Jason Richtberg, Aide to Legislator Gregory
Linda Bay, Aide to Legislator Losquadro
Paul Perillie, Aide to Legislator Cooper
Bill Shilling, Aide to Presiding Officer Lindsay
Ben Zwirn, County Executive's Office
Tom Vaughn, Intergovernmental Affairs
Joel Block, SYJCC
Jack Kulka, SYJCC
Dot Kerrigan, AME 4th VP
All other interested parties

MINUTES TAKEN BY:

Lucia Braaten, Court Stenographer

MINUTES TRANSCRIBED BY:

Kim Castiglione, Legislative Secretary

[THE MEETING WAS CALLED TO ORDER AT 10:09 A.M.]

CHAIRMAN GREGORY:

Good morning, Ladies and Gentlemen. We'll get started with today's Budget and Finance Committee meeting. We're going to have the Pledge of Allegiance, led by Legislator D'Amaro.

(Salutation)

Okay, we don't have any cards this morning, but is there someone in the audience that would like to come before us and speak? Okay. Not seeing anyone, we'll go to presentations. We have two members from the Suffolk Y of Commack. Please come forward Jack Kulka and Joel Block. Yes, good morning. Thank you for coming in today. At the request of some of the members here on the Budget and Finance Committee, we had asked you to come to today's meeting at the last meeting. I know, Mr. Kulka, you were in the audience, the Comptroller and some of his staff were here to talk about the recent audit. We wanted to give you an opportunity to respond, or if you had any comments about the audit.

MR. KULKA:

First of all, I'd like to thank you for the opportunity to speak. Our comments pertaining to the audit is that the audit as done by Comptroller Sawicki was excellent. It was a superior, I'm not a judge of audits since I'm not in the accounting business, but from what everybody tells me he took the contracts, took the analysis, took the Y's financial statements and did a very thorough, complete job based on what their understanding of the contracts were and made their recommendations. For all intents and purposes, the Y's audit was a clean bill of health as to our accounting procedures, our prudence and our conservative nature in handling finances.

The one issue, of course, was what the intent was of the documents that were executed, because throughout the entire history of this, and if you've seen copies of our response to the audit, we were basically, and we confirmed all this in writing and there's numerous documents that you have as that package that was sent out, we were told that we were to expedite payments. We would -- we had come up with programs and broken them down like we now seem to be leaning towards, but we were told in order to expedite payments our methodology wouldn't work, it was difficult, and all this is confirmed in writing in letters that we confirmed. And they would pay us for hard currency items, LIPA bills, etcetera, which would then free up money for programming.

In light of what we see in this contract, that's the exact opposite of what those three famous clauses in the contract state. So the methodology for how money was to be distributed, how it was to be handled, was contrary to what the Y submitted in its original documentation and in subsequent documentation. When we were told that this is the way it has to be in order to expedite and simplify matters, we accepted that. At no time did anyone from either the Suffolk Y, the County Executive's Office, and a number of administrations, the Gaffney administration, the Levy administration, was there ever any discussion about income offset. In fact, our own auditors, we have certified audits, we have two, that didn't even come up in our own audits. So the concept of income offset was totally contrary to what we were directed to do with regard to how monies were to be handled. And the entire basis of that was we will pay you for hard ticket items, this will free up money for services that you can use, it simplifies the system, and that's what we were advised. And we have confirmed that in a number of letters. Those letters are part of our answer to the audit.

We're here to answer any questions and try to clear up any misconceptions, and basically that's our presentation.

CHAIRMAN GREGORY:

Okay. Now, you said that you were directed to have the funds from the County pay for LIPA and other utilities and things like that so that you can use those funds to -- that you had I guess originally programmed or budgeted, so that you could use it for other purposes?

MR. KULKA:

That is correct, sir.

CHAIRMAN GREGORY:

And that was at the direction of who, what department, the Youth Bureau or --

MR. KULKA:

Mr. Kovesdy.

CHAIRMAN GREGORY:

Okay.

MR. BLOCK:

It was two, it was the Youth Bureau and the Budget Department. We had had a meeting in 2003 when we were first advised that we had gotten the grant. We were asked to come down to the Dennison Building. There was the representatives from both departments and they said this is how we want to handle it.

LEG. D'AMARO:

Good morning. Is that because the funding was in one line item as opposed to being targeted or earmarked for specific programs?

MR. BLOCK:

You know, I don't know what the -- what the reasoning was for why they did that. I know that originally we had asked for funding -- I think it was in about seven or eight different areas. It wound up in one big contract in the Youth Bureau. How it wound up there I really couldn't tell you. Our involvement with it really was the first time we got the call that said come down, this is the agency administering it.

MR. KULKA:

I might add that pertaining to how we were instructed, there are in that packet that was submitted as part of the -- there are letters that were sent on July 31, 2003 to Presiding Officer Postal, which specifically states that our original request provided by the Suffolk Y identified eight programs where funding could be applied, totaling \$500,000.

And then there was a meeting that took place on Thursday, June 12th. At that time we were informed that the Suffolk County Youth Bureau would be administering the grant because it was retroactive to January of 2003. Policastro, Kovesdy, {Crois} and Verbarg explained that the areas we identified had specific criteria which could not be retroactively initiated in order to comply with January 1st start date of the grant. They suggested that the Suffolk Y JCC submit bills for "hard costs", and that is in quotation marks, in the program areas originally identified, thereby freeing up necessary monies to spend for service delivery. Specifically they said that the Suffolk Y JCC should submit insurance, security and health benefit bills proportionate to the departments identified for service. They stated this would resolve the issues related to retroactive reimbursement. And the letter continues on. This is a confirmation.

And there are other subsequent letters in this package that basically in subsequent years say the same thing. We have a letter here, August 18th, to Mr. Policastro, the Suffolk Y JCC is submitting invoices for security, LIPA and KeySpan utilities and personnel insurance for day care, preschool, juniors, special needs and senior department, thereby freeing up the necessary funds to be used in those aforementioned areas.

I truly believe that no one, including the Suffolk Y, including our accountants, including two administrations of the County Executive Office, ever believed or realized that there was quote "an income offset provision", which was in our contract and similarly was in a lot of other -- still is in a lot of other agency contracts. And, in fact, I heard when I was here a couple of weeks ago that

when the County Executive's peer personnel testified that they inherited the contract, and I don't even know when that concept with the various different income offset provisions was ever adopted.

LEG. D'AMARO:

Mr. Kulka and Mr. Block, I don't have any doubt, especially based on the correspondence that you just read to us, that what seems to have happened is that a grant was awarded in the operating budget and whatever administration it was or whoever was overseeing that grant was working to ensure that it got to you in some form or another. So in the nuts and bolts discussions of how do we do that, it seems to me that there were certain programs that you wanted to target the funding for, maybe applying the parameters of those programs they didn't quite fit so they found another way, which was -- which was still in compliance with the guidelines of the grant itself. And that's one issue, and that's one issue we're going to address going forward in I would assume our next Operating Budget where any grants that come down to this organization will be specifically targeted in the appropriate lines. And that's really something more on our side than on your side.

The other issue, however, was about the offset. And, again, this was not picked up until the audit had been done. But I want to ask you a question, and Mr. Sawicki, Comptroller Sawicki confirmed this the other day, or at least I think he said that he had no information to the contrary, that although there was no offset, either in a budget submitted by the organization or a request from the County, that the -- all the funding that was made available to the organization itself, however, was used for the programs that they were intended to be used for, is that correct?

MR. BLOCK:

Absolutely. In fact, I have to tell you, one of the nice things, and I really appreciated at the last meeting, when Joe Sawicki went out of his way to say that we were truly a superb agency. That really meant a lot. The interesting thing, and you probably don't see it all that often, our lead auditor, Frank, we got to mention your name, who's here, they spent months with us. I would tell you and they would tell you the same thing, we probably opened ourselves up in a way that most that agencies don't. We really go out of our way to do due diligence and absolutely 100%, I think Frank would say the same thing, reviewing all our books, every dime that we got went into programs.

LEG. D'AMARO:

And that includes any -- you know, the offset really is based on income generation by your organization. So as long as those funds were turned back in to run the organization, to administer it or to help the clients of the organization, I would say that that would be a legitimate use. It wasn't exactly within the parameters of how the grant was set up, but nonetheless it was an appropriate use outside the grant.

MR. BLOCK:

Yeah, Joe said it, he was correct; Frank would confirm it. That's exactly how the money was used.

LEG. D'AMARO:

All right. Thank you.

MR. KULKA:

And I'd also agree with your concept that yes, I think there was a great effort by everyone involved to try to come up with an efficient methodology for providing funds to the agency so it could go back into the community as quickly as possible.

CHAIRMAN GREGORY:

Okay. Legislator Romaine.

LEG. ROMAINE:

Just a quick question. You don't disagree with some of the statements that the Comptroller made in the audit in terms of recommendations?

MR. KULKA:

All of the four recommendations with regard to the recommendations of the Comptroller's Office were minor in nature. We've implemented all of those.

LEG. ROMAINE:

Right.

MR. KULKA:

Obviously the one that we have a disagreement with is the return of monies due to the income offset provision.

LEG. ROMAINE:

Right, but you understand why the Comptroller put that in the audit.

MR. KULKA:

I truly understand. If I were the Comptroller, I'm not a financial mind, but I would have done that. That was exactly -- he only can go with what the paperwork he sees in front of him, which is the dollars and cents of a contract, what provisions there are in a contract, and he did exactly -- that office did exactly what I think any prudent audit office would do.

LEG. ROMAINE:

Let me just follow-up on that question. Obviously you feel that while that recommendation was prudent on behalf of the Comptroller, the reason that it may lack validity is because of directions you received from the Gaffney administration, the Levy administration, about how to administer this grant.

MR. KULKA:

I think twofold; there are two reasons. One is it's based on my initial meetings with Maxine Postal.

LEG. ROMAINE:

Right.

MR. KULKA:

Where the original \$500,000 grant was not a grant from the County Executive's budget, but came from the Legislative budget.

LEG. ROMAINE:

Legislative budget, right.

MR. KULKA:

And that was a pure grant. And subsequent to that, based on all of the discussions and directions and confirmations, I don't think it was to anyone's knowledge that the income offset provision either existed, which is hard to -- in light of what we see in the documents.

LEG. ROMAINE:

Right.

MR. KULKA:

Or that -- that was meant to offset income, because if that were the case, numerous other agencies, in addition to the Suffolk Y, this could create a major trickle effect as Presiding Officer Lindsay said a couple of weeks ago. It creates a real problem.

LEG. ROMAINE:

But you have correspondence, as well as verbal communications, that direct you regarding that income offset that that's how you should proceed.

MR. KULKA:

We have confirming letters that were sent out after various meetings summarizing what we were to proceed and subsequent correspondence, not only with the Presiding Officer at the time, but also with members of the -- the youth service coordinator, etcetera, that this was what we were to follow to do to then -- which would then free up monies. They would pay for hard costs, we would free up monies for programming in other areas.

LEG. ROMAINE:

Did anyone at any time, either in the Gaffney administration at the beginning of the grant, or the Levy administration come to you and give you instructions that you should proceed otherwise to the way that you've proceeded?

MR. BLOCK:

If your question is the only time that we ever heard the words income offset --

LEG. ROMAINE:

Yes.

MR. BLOCK:

-- was in May when we got the copy of the audit. That was the first time the words "income offset" were mentioned to us, ever.

LEG. ROMAINE:

But you didn't receive any instructions prior to that that you should change the methodology that you had proceeded under the last few years?

MR. BLOCK:

No.

LEG. ROMAINE:

Okay. So no one in either administration came to you who was overseeing your grant and at any time said to you what you're doing, you've got the wrong methodology here, you've got to try something out, or you should be doing it this way not that way, or you shouldn't be using income -- no one's ever said that to you prior to the audit.

MR. KULKA:

The original methodology we submitted was to pay for various different programs, similar to what I think we're going to in that direction now. It was the County that then told us that didn't work from an expeditious process and also retroactively getting us the money. And I think that -- and this is my conjecture on my part.

LEG. ROMAINE:

Right.

MR. KULKA:

We had a small grant of about \$4,000 with the Youth Bureau at the time, and I think that since that was a line that had opened up, I think the decision was made to go through the Youth Bureau and I think the decision was then made to expedite the monies to get it to the community as quickly as possible to pay for hard costs, so that that was not our original suggestion. And subsequent to that, we followed that every year, because that's what we were told to follow and that's what had been accepted in previous years.

LEG. ROMAINE:

So you had received either verbal or written instructions on how to proceed every year that you received grant money.

MR. BLOCK:

Absolutely. And the other thing I think that's also important, and it applies for 2009-2010, is the words income offset actually no longer appear in the County contracts. That was something that when the contracts were redone I guess in 2009 got taken out, which just kind of indicates that whatever the original intent of that language was, income offset really wasn't it.

LEG. ROMAINE:

Obviously someone must have said, "Whoops," and took that out of the contract in 2009. So it seems to indicate that the County was aware of that provision and made a conscious effort in 2009, at least to me, to delete that from contract provisions, but I'm surprised that someone didn't say, oh by the way, we just had had a "whoops" moment and you should really change the way you're doing business. But in 2009 no one came to you and suggested that you change the methodology of your business?

MR. BLOCK:

Not at all.

LEG. ROMAINE:

Okay. Thank you.

CHAIRMAN GREGORY:

Legislator D'Amaro.

LEG. D'AMARO:

Just to follow up on that, you have to be careful not to mix the two issues here. I just want to make it clear for the record that in all of your correspondence and your discussions with the County over the years, it wasn't about the income offset, it was more about how to get the funds to the organization and the reimbursement.

MR. BLOCK:

The only conversations that we had with the County was specifically about what bills to submit.

LEG. D'AMARO:

Right.

MR. BLOCK:

Income offset as a term, the first we ever heard of it was in May when we got the audit.

LEG. D'AMARO:

Right. And the other point I wanted to make was I think Comptroller Sawicki also said on the record that the provision not necessarily was deleted from contracts but was revised, and it's a much, to use his words, I think, looser type of contract language where if that language had been in your contract over the years, he would not have sought the reimbursement. It would not have been enforceable against the organization.

MR. BLOCK:

It's interesting. I think, and this was only from conversations that I've had since then, that the original intent of the wording in the contract was to ensure that an agency didn't try and collect from the County and the State for the same service or from the County and the Federal Government for the same service.

LEG. D'AMARO:

Right.

MR. BLOCK:

So they cleared it to say, you know, we never meant this, that if Joe's Little League was doing a car

wash and collected \$500, that they had to go back to their Little League contract and subtract the \$500 from the money that they got. I think there was a clear understanding that that's not the direction anybody wanted to go.

LEG. D'AMARO:

Right. It seems that the intent may have been more about other sources of aid as an offset, as opposed to the income you're generating. Because after all, even if one program is generating some income, it doesn't necessarily mean it's running in the black or that the entire organization is running in the black.

MR. BLOCK:

Absolutely.

LEG. D'AMARO:

Right. It doesn't seem to make sense to me to apply that type of clause. When we give a grant, and I think Legislator Schneiderman had said this at the last meeting as well, you know, my intention is not to say if I'm going to give you a hundred dollars, but you make 99, I'm only giving you a dollar and I don't care about what the rest of the organization is doing, that doesn't help you in any way. So I think that may explain the revision and Comptroller Sawicki's comment that had the proper language as revised today would have been in your contract, we wouldn't be sitting here right now, or at least his audit would not have sought the reimbursement.

CHAIRMAN GREGORY:

The Presiding Officer.

P.O. LINDSAY:

It's not that I disagree with you, Legislator D'Amato, but I think the problem is a more fundamental problem here. We -- either the Legislature or the Executive put money in a budget. The Executive Branch works out a contract that both sides sign, but really the recipient of the grant doesn't have any choice; we give them a contract. Then the Executive Branch oversees that contract and everything is smooth, nobody says there's anything wrong, we keep paying you the money, and then five years after the fact, the Comptroller does an audit and wants the money back when there really -- the money wasn't misappropriated, it was spent on programming. It just didn't live up to an interpretation of the contract. And it's really -- the audit is -- the audit not only of the recipient of the grant but the agency that administrators the grant as well, and they're both at fault, they're both at fault.

And I'm, you know, maybe I'm way off base. This goes way beyond just this agency. You know, I mentioned trouble with other agencies as well, but, you know, I think if an audit like this is performed and this fault is found, a cease and desist order should be issued without trying to reclaim the money from five years ago. And then if that order is violated, by all means then the money should be taken away. But if we keep operating along this lines with the three components of government, the Legislature, the Executive Branch and the Comptroller, we're going to bankrupt a lot of our not-for-profit agencies that we absolutely need to provide services to our citizens. And I don't -- you know, I've been talking to Counsel about remedies for this situation and something has to be done globally to correct this problem, not just with this one agency.

MR. BLOCK:

And by the way, I just want to say, and I've said this to Presiding Officer Lindsay before and I'm always happy to hear him talk about the importance of the not-for-profits. You know, so much of what we do deals with the frontline services of the community. I would tell you whichever not-for-profits you individually support, the amount of people that that helps -- that helps avoid those people having to become more dependent on direct County services is tremendous. And I think that, you know, the not-for-profits traditionally, whether it's us, the YMCA's who, you know, are our good partners, we're really the frontline defense for a lot of people who otherwise would become dependent on a system that would be overwhelmed. The fact that you speak so

wonderfully, and I always appreciate this, the last time I was here also about the not-for-profits and the role we play is terrific, because it really does make life in this County so much better.

MR. KULKA:

I might add, I've listened to the Presiding Officer two weeks ago. It's true, not all agencies can withstand five years after the fact being told they're owed 750, four million, three million, 400,000. It becomes difficult. I might add that the Suffolk County Y JCC has a voucher for the amount of approximately \$230,000 under the new contract which doesn't have that language that's been held up. That's obviously causing financial difficulties for us because we have to come from another source, because the money has been held up because of this audit and we're trying to ascertain what it takes to have that hole being removed.

I might add that after the County Comptroller testified at the last hearing we had received prior to that a demand letter for the \$780,000, and then we received an e-mail rescinding that demand letter. However, we still have two-hundred and thirty something thousand dollars on the new contract that is now in suspended animation. And as Presiding Officer Lindsay said, talking about other agencies, this could, in essence, bankrupt many of our agencies that are providing services.

CHAIRMAN GREGORY:

Legislator Losquadro.

LEG. LOSQUADRO:

Thank you. Now, I sort of find this analogous to the way that -- the standard that we hold ourselves to even when it comes to liability exposure. We have something that we require prior written notice, say there's a pipe sticking up out of the ground in a park. We say well, we can't be held liable unless we knew it was there. Unless somebody told us that pipe was sticking up, well, they can't hold us liable, they can't sue us. So we require that ourselves. Unless someone has the knowledge -- I mean, it's a different situation obviously if money is being misappropriated. But if that's not the case, you know, monies in the past, if someone was operating under a pretense that this is how, you know, a contract was supposed to move forward, you know, I think that should be the standard. Obviously we hold ourselves to that standard, we should hold the agencies that we do business with to that same standard.

So I agree with the Presiding Officer. Obviously we need to find a global solution to this in moving forward, and I really appreciate you coming down here to discuss this.

MR. BLOCK:

And by the way, I have to tell you, absent obviously the issue of the contract, going through the audit process for us was and, you know, Frank would say the same thing, it was a wonderful experience because when somebody who's not you comes in and spends six months with you and comes out and says not only are you clean, but you are truly superb, I was going to put that in our advertising. I mean, it's as good as it gets. So, you know, it really kind of reinforces for you that the work that you're doing you're doing well.

CHAIRMAN GREGORY:

Okay. Legislator Schneiderman.

LEG. SCHNEIDERMAN:

I mean, I think it's clear that we all agree that what happened was not what our intention was, at least at this body. The only question really remains is what's the best way to fix it, what's the remedy. From somebody, is there a way Legislatively that we can fix it? I know we talked about it fixing it globally, I think that's important, too. For this particular agency that's stuck, what -- can we figure out a solution? Can we have a bill brought before us that would solve it?

CHAIRMAN GREGORY:

I think the County Executive's Office said they were going to work out some type of way of fixing it.

Dumas had mentioned that last time. I think that's the appropriate place. It's, you know, it's their contract, you know, they should fix their contract. Our place is to appropriate the funding to the organization, the County Executive's and their administration works out the contract details, and if they should exclude those provisions in there that caused this problem, that will be their choice. But for us to fix their problem I think is not the right way to go. I don't think any of us, whether the County Executive or the Legislative Branch, at least what I'm hearing so far, is looking to recoup the money. We just want to fix this glitch so that all the not-for-profits --

LEG. SCHNEIDERMAN:

So we're expecting a CN at the next meeting; is that what's going happen?

CHAIRMAN GREGORY:

I don't even know if it needs a CN.

LEG. SCHNEIDERMAN:

You're not -- the administration is not pressuring you for the money at this point, right, for either the seven-hundred or the two-hundred thousand?

MR. KULKA:

Well, the seven-hundred, that letter of -- demand letter has been withdrawn. The two-hundred and thirty is still in suspended animation and that's based on a contract that has a substantially watered down income offset provision. I did call Mr. Sawicki the other day and he was looking into it to see what can be done to resolve it. I did get a call from Mr. Dumas that he, based on Mr. Presiding Officer Lindsay's suggestion, that they will be submitting something. I also think that not only does this agency have to be resolved, but I think there has to be a global solution so that it doesn't -- we learn from our past mistakes.

LEG. SCHNEIDERMAN:

Perhaps somebody from the County Executive's Office could chime in here.

MR. ZWIRN:

Good morning. I believe that we will work on a solution to this. I think in part we were waiting for a sense of the Legislature as well, to see if the Legislature was going to suggest that we try to go back and get this money. But I think, as Legislator Schneiderman has said and the Presiding Officer has indicated and Legislator D'Amaro and Legislator Losquadro, that there's no feeling on the part of the Legislature to go back, and this was a mistake, going back to a contract that predates this administration, and we will resolve it. Solving this, again, so it doesn't happen again is something that we can all work toward, but I believe the County Exec's Office is going to get this resolved, whether it's an amendment to the contract or a budget amendment on the part of the organization. There are things that we can do to get this thing resolved. Again, I think the County Executive was waiting to get a sense of the Legislature and I think I can bring that back to him now.

With respect to the other two-hundred and some-odd thousand dollars, I will find out. I don't know if it was a cash flow issue, I'm not sure if it was money coming through the State that we passed through that we haven't received yet, or -- again, waiting for a sense of the Legislature to resolve this matter, but I will find out about that right away.

LEG. D'AMARO:

That may just be a function of -- as long as the 750 is outstanding the County is not going to further fund when there's that offset hanging out there. It might just be that simple.

LEG. SCHNEIDERMAN:

Maybe something that can be done administratively, it may not have to come back to this body. Is that --

MR. ZWIRN:

I will let you know.

LEG. SCHNEIDERMAN:

Okay.

MR. ZWIRN:

If it has to come back to the Legislature you certainly will know, but I will let you know if we do it internally so that you can close the book on this.

CHAIRMAN GREGORY:

Okay. Thank you. No further questions, we will get into the agenda. Thank you, gentlemen.

MR. BLOCK:

Thank you.

MR. KULKA:

Thank you.

CHAIRMAN GREGORY:

Tabled resolutions.

LEG. ROMAINE:

Mr. Chairman.

CHAIRMAN GREGORY:

Yes.

LEG. ROMAINE:

Before we start I was hoping someone would be here from the Budget Office to answer the question about the RFP for the sales tax consultant. I think that's important simply because our budget projections that the Executive makes in his budget to be released the third Friday in September will be, I assume, based on the projections of whoever is hired to do these sales taxes. I don't see anyone here from the Budget Office, and I'm not going to ask Mr. Zwirn to put him on the spot.

MR. ZWIRN:

I'll get somebody.

LEG. ROMAINE:

Is there someone here?

MR. ZWIRN:

I'll get somebody.

LEG. ROMAINE:

Oh, that's great. Thank you. Why don't we proceed with the agenda and when they come in we can go back to that question.

CHAIRMAN GREGORY:

Thank you, Mr. Chair.

LEG. ROMAINE:

To hold-up --

CHAIRMAN GREGORY:

I know. All right. Tabled resolutions.

Tabled Resolutions

I.R. 1198 appears on your agenda but it's actually stricken, so that's a mistake. So we go to ***I.R. 1368, Adopting a Smart Government Plan to address budget shortfalls to prevent property tax increases. (Co. Exec.)***

LEG. D'AMARO:

Motion to table.

CHAIRMAN GREGORY:

Motion to table by Legislator D'Amaro, seconded by myself. All in favor? Opposed? Abstentions?

LEG. ROMAINE:

Please list me as a recusal on this resolution.

CHAIRMAN GREGORY:

Okay. ***(Vote: 4-0-0-0-1 Recusal: Legislator Romaine)***

I.R. 1709, Adopting Local Law No. -2010, A Charter Law to implement a one-year rolling debt policy under 5-25-5 Law to mitigate budgetary shortfall. (Co. Exec.)

CHAIRMAN GREGORY:

I make a motion to approve.

LEG. D'AMARO:

Second.

CHAIRMAN GREGORY:

Second by Legislator D'Amaro.

LEG. ROMAINE:

Motion to table.

CHAIRMAN GREGORY:

Motion to table by Legislator Romaine. Any seconds? No second? Okay. All in favor? Opposed? Abstentions?

LEG. ROMAINE:

Opposed.

(Vote: 4-1-0-0 Opposed: Legislator Romaine)

CHAIRMAN GREGORY:

I.R. 1710, Adopting Local Law No. -2010, A Charter Law to implement a one-year rolling debt policy in 2011 under 5-25-5 Law to mitigate budgetary shortfall. (Co. Exec.) I make a motion to approve.

LEG. D'AMARO:

Second.

CHAIRMAN GREGORY:

Second by Legislator D'Amaro.

LEG. ROMAINE:

Question.

CHAIRMAN GREGORY:

Legislator Romaine.

LEG. ROMAINE:

I have a question for Counsel. It says that this Charter Law will be subject to a 60 day permissive referendum. What is needed for a permissive referendum on this issue, Counsel?

MR. NOLAN:

For it to get on the ballot there would have to be a petition circulated. Many thousands of signatures would have to be taken.

LEG. ROMAINE:

Could you find in the next day or two how many signatures would be needed for a permissive referendum on this topic?

MR. NOLAN:

Surely.

LEG. ROMAINE:

Because this is an issue, and I'm going to make a motion at this point to table this resolution. I suspect I won't get a second, but I'll make a motion to table.

CHAIRMAN GREGORY:

Okay. We have a motion to table. Legislator Losquadro.

LEG. LOSQUADRO:

On the motion. Is this, maybe to the County Exec's Office, the timing of this, does this -- would this have to be moved today to have the County Executive include this in his budget model for 2011?

MR. ZWIRN:

It would be helpful to have it so that we can -- I mean, the Legislature can always put money in for pay-as-you-go, but we haven't for the last couple of years because of the economic situation. The County Executive, while they put together their budget for 2011, I don't believe they're at this time because the economy is still struggling, was anticipating putting any money in for this.

But if we pass this resolution what happens going forward is that we can -- we waive, you know, the 5-25-5. We can do, you know, smaller projects that often the Legislature is in support of, otherwise those projects would be unavailable to be funded. So it's really a convenience. We didn't put any money in in this year's budget and I don't anticipate we're going to put any money in next year's budget, and the Legislature didn't either. So as we move forward we would ask for you to support it. We've usually done it in two years at a time, so it's not something that's any different than we've done the last couple of years.

LEG. ROMAINE:

Could we hear from Budget Review on this matter, please.

MS. VIZZINI:

Yes. I just wanted to add that we have adopted the 2011-2013 Capital Program and there is no pay-as-you-go money in the 2011 Adopted Capital, which is the companion to the Operating Budget.

CHAIRMAN GREGORY:

Okay. All right. We have a motion to approve, we have a motion to table, but no second. Okay? All in favor? Opposed? Abstentions?

LEG. ROMAINE:

Opposed.

(Vote: 4-1-0-0 Opposed: Legislator Romaine)

Introductory Resolutions

CHAIRMAN GREGORY:

Introductory Resolutions. ***I.R. 1772, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 836-2010). (Co. Exec.)*** I make a motion to approve and place on the Consent Calendar. Second by Legislator Losquadro. All in favor? Opposed? Abstentions? **(Vote: 5-0-0-0).**

I.R. 1773, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 835-2010). (Co. Exec.)

Same motion, same second. All in favor? Opposed? Abstentions? **(Vote: 5-0-0-0).**

I.R. 1783, Tax Anticipation Note Resolution No. -2010, Resolution delegating to the County Comptroller the powers to authorize the issuance of not to exceed \$140,000,000 Tax Anticipation Notes of the County of Suffolk, New York, in anticipation of the collection of taxes levied for County purposes or returned to the County for collection for the fiscal years commencing January 1, 2007, 2008, 2009 and 2010, and to prescribe the terms, form and contents, and provide for the sale and credit enhancement of such notes. (Co. Exec.)

I make a motion to approve.

LEG. LOSQUADRO:

Second.

CHAIRMAN GREGORY:

Second by Legislator Losquadro. Any discussion? This is -- from what I understand, this is the largest we've done in recent history or largest ever?

MS. VIZZINI:

Yes. This is to address our cash flow needs. We always ask for a higher authorization than we actually end up borrowing. However, as you are aware, not only do we have significant fiscal budgetary problems, they create cash flow problems. With property taxes not coming in, sales tax not coming in, State Aid not coming in, we have maximized borrowing from our interfunds and the projections on the part of Audit and Control indicate that we do need to request at least the maximum, 140 million, at this point. So -- and that is based on a formula in anticipation of the delinquent taxes coming in.

CHAIRMAN GREGORY:

Okay. All right. Thank you. All in favor? Opposed? Abstentions? **(Vote: 5-0-0-0).**

I.R. 1829, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 837-2010). (Co. Exec.)

LEG. LOSQUADRO:

Motion to approve and place on the Consent Calendar.

CHAIRMAN GREGORY:

Motion to approve and place on the Consent Calendar by Legislator Losquadro, seconded by myself. All in favor? Opposed? Abstentions? **(Vote: 5-0-0-0).**

Okay. That's the agenda. If we can have someone from the Budget Office come forward.

MR. KOVESDY:

Good morning.

CHAIRMAN GREGORY:

Good morning. Thank you, Allen. Legislator Romaine had some questions about the RFP or the tax consultant.

MR. KOVESDY:

Shoot.

LEG. ROMAINE:

Yes. First of all, Allen, I hope your mom is feeling better.

MR. KOVESDY:

Thank you.

LEG. ROMAINE:

I know you were down in Florida visiting because she was very ill. I hope everything is okay.

MR. KOVESDY:

Thank you.

LEG. ROMAINE:

Having said that, and I wish Eric was here because he could probably answer these questions a bit more directly. Obviously I was concerned because we were doing an RFP to replace or to get a sales tax consultant. We had one, we let the contract expire back in December. We issued an RFP back in June. I assume we got responses. I assume the RFP Committee met and evaluated that response. Have they selected a consultant?

MR. KOVESDY:

Yes.

LEG. ROMAINE:

Okay. And are you at liberty to discuss what the County will be paying this consultant?

MR. KOVESDY:

I don't know. He's coming in this afternoon to the Budget Office.

LEG. ROMAINE:

Well, isn't that when you select a consultant in response to an RFP, doesn't a potential consultant have to give an amount that they're prepared to work for?

MR. KOVESDY:

I can simplify it. The RFP has three categories.

LEG. ROMAINE:

Right.

MR. KOVESDY:

Forty percent is qualifications.

LEG. ROMAINE:

Right.

MR. KOVESDY:

Forty percent is past history or track record, 20% has to do with a financial end of it. You would

have to ask somebody who was there. You have one representative as to what the costs were. The reason why I'm being a little bit vague is --

LEG. ROMAINE:

Okay. So I'm going to make a demand as a Legislator if I could get responses. I don't believe they're confidential, unless they are. I mean, I believe they're public record, and I'd like to see the responses to the RFP.

MR. KOVESDY:

I think you have -- you have a representative in your office of the Legislature who was at the meetings and can tell you all --

LEG. ROMAINE:

Unfortunately I wasn't and I'm not on that committee, so I'd like to see the responses to the RFP. I believe we've hired someone and I believe that person used to work in the Office of Budget and Management in Nassau County, where I believe our current Budget Director came from, if I'm not mistaken. I know he worked on the Legislative side. Correct me if I'm wrong.

MR. KOVESDY:

I've never met the gentlemen. I know his resume has, off the computer, it was Nassau County.

LEG. ROMAINE:

You know what, Mr. Chairman, rather than delay this committee, perhaps we could request the Budget Director to come and discuss this matter at the next meeting very briefly.

CHAIRMAN GREGORY:

Okay.

LEG. ROMAINE:

Okay. In the meantime, I have my request in for copies of the RFP -- responses, the copies of the responses to the RFP. Thank you.

MR. KOVESDY:

If I might.

CHAIRMAN GREGORY:

Yes.

MR. KOVESDY:

Just a note. If the Legislature doesn't go ahead with the sale of the nursing home, this is my last committee meeting, so I will be taking the early retirement, so I will be at the Legislative meeting, this is my last committee meeting, so I just wanted to say it's been a pleasure. And, you know, going out on a high note, sales tax the last check was up considerably, and I just wanted to say thank you very much and I'll see you down the road.

LEG. ROMAINE:

Mr. Chairman.

CHAIRMAN GREGORY:

Yes.

LEG. ROMAINE:

Just two comments. One, I want to wish you great success. It's been a pleasure working with you over the years. Secondly, did the County Executive really sign off on your early retirement?

MR. ZWIRN:

Last year.

LEG. ROMAINE:

Did he? He really wanted you gone, Allen. God bless.

(Laughter)

LEG. LOSQUADRO:

I just also want to share my best wishes and thank you for many years of fine service during my tenure here. It's always been a pleasure working with you. And we've worked through some very difficult times. A testament to the hard work on your part and on the part of our Budget Review Office that we're in the position we're in to be able to weather the storm, so thank you again.

CHAIRMAN GREGORY:

Yes, and thank you for your service and wish you Godspeed and the best of luck, enjoy your retirement or whatever you're going to do. And I'm sure we'll probably see you around somewhere.

MR. KOVESDY:

Thanks a lot.

LEG. SCHNEIDERMAN:

Myself as well, too, Allen. Congratulations on your retirement and thank you for your service to the County.

CHAIRMAN GREGORY:

All right, we are adjourned. Thank you.

[THE MEETING WAS ADJOURNED AT 10:56].

{ } Denotes spelled phonetically