

BUDGET & FINANCE
INFORMATION TECHNOLOGY
COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE

MINUTES

A meeting of the Budget & Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on Tuesday, March 15, 2011.

Members Present:

Legislator DuWayne Gregory - Chairman
Legislator Jay Schneiderman - Vice-Chair
Legislator Ed Romaine
Legislator Tom Muratore
Legislator Lou D'Amaro
Presiding Officer William Lindsay - Ex-Officio Member

Also In Attendance:

George Nolan - Counsel to the Legislature
Jason Richberg - Aide to Legislator Gregory
Renee Ortiz - Chief Deputy Clerk of the Legislature
Gail Vizzini - Director Budget Review Office
Robert Lipp - Deputy Director - Budget Review Office
Paul Perillie - Aide to Majority Caucus
Dennis Brown - County Attorney's Office
Catherine Stark - Aide to Legislator Schneiderman
Justin Littell - Aide to Legislator D'Amaro
Eric Kopp - County Executive's Office
Eric Naughton - Director of the County Executive's Budget Office
Connie Corso - Deputy Director of Finance
Angie Carpenter - Suffolk County Treasurer
Joseph Sawicki - Suffolk County Comptroller
Christina Capobianco - Comptroller's Office
Dot Kerrigan - AME
All Other Interested Parties

Minutes Taken By:

Donna Catalano - Court Stenographer

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

*(*The following testimony was taken & transcribed by
Donna Catalano - Court Reporter*)*

CHAIRMAN GREGORY:

Okay. Good morning, everyone. We are going to get started with today's Budget and Finance Committee meeting. We are going to start with the Pledge of Allegiance led by Legislator Schneiderman.

SALUTATION

Okay. Let's go to the agenda. Public portion. We have one card. Doralyn De Dios. Good morning.

MS. DE DIOS:

Good morning. Hi. My name I'm a Doralyn De Dios. I'm a student from Suffolk Community College, and I'm representing the student government. We the students of Suffolk Community College are extremely concerned about our future. Each and every one of us come from different backgrounds. And coming to the community college allows us to continue our education at an affordable cost. Continuing our education not only benefits us, but the community, including you. We are the future. Therefore the more education we obtain, the brighter our future will be.

If 10% of our school's budget is cut, we are destined to lose essential components that will make us successful. Taking away what little we already are working with is not going to help make up the State deficit. Our tuition will have to take a large increase inversely affecting the ratio of students, less students will matriculate in succeeding semesters as years past. Over the past ten years, enrollment at Suffolk Community College has increased 33%, resulting in the current enrollment at 26,756 students.

According to the State Law, the college is supposed to be funded one-third by state, one-third by the County and one-third by the students. Currently, 24.44% of our funding comes from the State, 22.57% comes from the County, and 45.85 come from the students. The students are paying almost if not double what the State and County are giving us. Enough is enough.

We are college students trying to get an education so we can provide the best future for the world. Why must we be kept from enhancing the life not only for ourselves, but also others, including you. Without an education, we won't know what happened in the past, resulting in our repeating past mistakes and not moving forward. All the hard work you have done will go to waste. Why do we have to be pushed away from following Gandhi's quote, "Be the change you want to see"? What will the future hold if Cuomo's cuts are approved?

So like the letter was stating, we are paying more than double of what our share should be, and we are totally against this. And we just hope that you can really do something about these budget cuts, because it will affect us greatly being that we know there's a big crisis, and Suffolk is very affordable. It's the first step in receiving a education. And without education, really, would you be here? Thank you.

CHAIRMAN GREGORY:

Thank you. That was a well-spoken, articulate, intelligent statement. That's all the cards that we have. Is there anyone else that would like to speak on the record? Okay. Seeing none, we will go to the agenda. And next we have a joint presentation with the Budget Office and Budget Review -- I'm sorry, the Comptroller's Office and the Treasurer's Office. Good morning. This can't

be good. Everyone is so serious.

TREASURER CARPENTER:

Good morning.

CHAIRMAN GREGORY:

Good morning.

COMPTROLLER SAWICKI:

Chairman Gregory, would you like us to begin?

CHAIRMAN GREGORY:

Yes. I was waiting for you. I thought -- I was allowing you time to get your things together.

COMPTROLLER SAWICKI:

There's a lot of information here in those three pages. At your request, Chairman Gregory, and for the purpose of the committee, the Treasurer Angie Carpenter in our responsibility, our duty and our obligation to inform you from time to time when the County's financial situation may seem a little bit strained. I'm trying to search for the best word. I think cash-wise, not budget-wise, we're up here talking purely cash positions at this time, this coming year, we probably will be in extremely tight conditions. And -- tighter than we have seen in a long, long time.

As you will see from some of the charts we have prepared, the bulk of the reason why we're so tight cash-wise and why we expect to be tighter later on in the year -- and Angie Carpenter will share some of her numbers with you as well -- is because of the buildup of State and Federal aid, predominantly State aid, the State aid receivables, we book as receivables.

But before I get into that, I would just like to kind of real quickly -- what you are seeing today is a glaring example of the checks and balances between our two office in the County. Basically, and most of you know this, is we audit and prepare the payrolls and all of the operating checking accounts for payment. Once we approve all the County's vouchers, we send it over to the Treasurer's Office, and it's the Treasurer that has to maintain the cash in the different accounts to make sure that obviously our checks don't bounce. So again, it's checks and balances. You know, we prepare on one side, and the Treasurer issues the checks and ensures that there's cash on a daily basis to cover all those checks and all the County's liabilities.

In looking at the cash flow statement, it's really basically a simple -- a simple chart, a simple schedule, even though it looks confusing because of lots of numbers on there, but we -- the Comptroller's Office prepares the cash flow projection over the course of the next 12 months. And we do this also to assist the Treasurer as she plans her weekly and daily cash needs, but we also prepare this in conjunction with a lot of the numbers given to us from the County Executive's Budget Office, but we also have to prepare this for the bond rating agencies whenever we borrow our Tax Anticipation Notes and our DTANs, Delinquent Tax Anticipation Notes.

This typically becomes part of the bond ratings meetings that we hold with the County Executive and the Budget Offices which are scheduled usually at the end of April. So the Standard & Poors, the Moody's and the Fitch, they take these long-term cash flow projections very seriously. So you will see, for instance, in the one -- the very first sheet, you will see the first two months, January and February, are actual numbers. And this was just prepared by Brenda Sloan who is our Chief Auditor in terms of our Financial Accounting Unit. And then she, again, working with Angie's office and working with the County's Budget Office, we then project out from March through end of the year. And we plug in on the very -- like the second from the last line from the bottom, we plug in the different borrowing there, which you'll see \$390 million we anticipate this August again, paying it

back from what we just borrowed this past December. And then we'll borrow another 120 million in DTANs in September. If we did not do the borrowing -- if you look all the way over to the last column underneath the red, the \$122 million, if we didn't borrow the \$390 million in December, we would end the year with \$122 million in the red.

So rather than opening it up to questions -- and of course Angie wants to address you as well -- but I think what's paramount here to understand is that in terms of Suffolk County's cash position, we typically, in years past, excluding '09 and '10, we always borrowed the Tax Anticipation Notes to give us the cash flow to get through the year. We would borrow them late December, early January, but we would receive them in early January of the new year. Only in '09 and '10 because we didn't have enough cash to finish out there, we had to move it up a couple of weeks and do it in mid December. So that was -- that's indicative of one cash problem that the County is facing.

Also in '09, we borrowed 350 million in Tax Anticipation Notes in mid December. This past -- in December of '10, we had to up that to 390 million. So the disturbing trend is that not only are we borrowing earlier our Tax Anticipation Notes, but we're borrowing much more. And we really can't go too much higher than \$390 million. We're at just about the end of what Suffolk County can afford in terms of short-term borrowings. This has to be -- whatever we borrow in December and January in terms of TANs have to be repaid in August of the following year.

So that's -- and the other chart -- before I turn it over to Angie -- the other, which you will see a line, a graph, highlighting with the green, the purple and the blue; green is 2009, the purple is 2010 and '11, you will see over in the upper left-hand side. That is a very informative chart of how the Federal and State aid receivables have gone up in the last couple of years. And it's pretty disturbing. If the State and Federal Government were on time in turning over the revenues due us, we wouldn't be in the situation that we are in right now.

So I think I can safely say it's not Suffolk County's fault, it's thanks mostly to the State being tardy. And if you figure out how to solve Albany's problems, then all of us should probably run for Governor. At this point, at the end of February, they owe us \$182.6 million. That's a lot of money. The only time it was ever higher than that in the history of our county was in June of last year, they hit 186 million, but they paid it down significantly, as you can see, through the year. So, you know, the State -- at this point, the State is really doing a number on us in squeezing us cash flow-wise. I'd like to now turn it over to Angie, our County Treasurer.

TREASURER CARPENTER:

If any of what you just heard is disturbing, there's not much that I'm going to be able to say that's going to make you feel any better unfortunately.

In addition to borrowing more with the DTANs and the TANs, from our vantage point, when cash is low and we have the ability to borrow from ourselves from some of the restricted funds, and, of course, you know that we notify all the interested parties; the County Executive, the Legislature, the Comptroller, the Budget Offices get notified when we have a borrowing, we pay that back, we pay it back with interest to the various funds. But in addition to doing that, we're doing it earlier. This is the earliest we have had to borrow from ourselves.

And I thank the Legislature for their cooperation in getting the resolution authorizing us to do that borrowing this year. And I know there's been some discussion in having that be part of the standard operating procedure that happens with the Organizational Meeting each year to just have that resolution in place.

Many, many years ago, you know, the authorization was there and we never had to use it. Unfortunately, these past number of years, we have had to. To kind of give you a little bit of a

picture on where we are cash-wise, I've asked Christina Cooke, who heads our Cash Management Unit to my left and Jean Roberson, who heads Accounting to put together a little bit of a spreadsheet so you could see where the trends are.

This is month end General Fund cash balances from 2008, '09, '10 and to date, the first two months of '11. And you can see the month end balances, how the trend has been going down and down and down. And this year, we started January with about 196 million. By the end of the month, we were down to 49 million cash on hand. At the end of the February, we were down to 5 million cash on hand. So in March, we've had to borrow twice already. We have borrowed 18 million; ten million one week and eight the other.

We have had a number of payouts that we have had to fund; one being the Detectives; the other being the SOA. And that brings me to another issue. Sometimes the communication is not all that it should be. We need to be able to know what's on the horizon, know what we are going to have come up to fund. And sometimes the information is just -- you know, we happen to hear about, "Oh, yes, there's going to be a -- you know, the Detectives settled. There's a payout. You're going to have to come up with ten million, 12 million, whatever it is." And we just kind of hear about it.

So if there could be something that is done to improve that kind of communication, it would be very helpful. I know when we first heard about the Detective payout and I called Connie, it was the first she was aware of it too. So there's got to be a better way to make sure that we're keeping in constant communication so that we can make sure that we've adequately funded so that, in simplistic terms, we don't have any checks bouncing.

To gives you a little bit of a handle on what it costs us to operate, in general round numbers, it's anywhere from 140 million to \$170 million a month that it costs us to operate. So you can imagine how we felt at the end of February sitting there with \$5 million when we knew what was coming ahead.

And then you have other things that are coming up like the payments for debt services: In April, 21 million; in May, 32 million. These payments have to be made. I mean, I asked the question, "So, like, what happens if we are a little late?" That's not an option, because this was something that could jeopardize bond ratings and how we're viewed financially. And we have always prided ourselves in being very fiscally responsible. I think to -- you know, whether it's the Legislature, the County Executive and certainly the Treasurer's Office and the Comptroller's Office, you know, that is our primary responsibility, to make sure we are totally and always fiscally responsible.

We also -- the property tax revenue for '09 and '10, I'll let you have those copies also that can show what actually does come in, in the neighborhood of -- in '09, it was 416 million; in '10, it was 459 million. And with that, I guess we'll open it up to questions.

CHAIRMAN GREGORY:

Thank you. Legislator Romaine, I know you have some questions. I will let you go, then I'll --

LEG. ROMAINE:

I'll defer to you, Mr. Chairman.

CHAIRMAN GREGORY:

Okay. When you look at particularly the month end cash flow chart -- as you mentioned, we have a little over \$5 million in the account, you know, when we need \$140 million to operate. In layman's terms, what affect does that have on us? How much of 140 million is payroll? How much of it is account receivables? Is there a breakdown that you can provide us?

TREASURER CARPENTER:

There's about 60 to 80 million, that varies.

CHAIRMAN GREGORY:

And what is that account?

TREASURER CARPENTER:

Your receivables, your vendor payments, your operating. The payroll is another 60 million; Social Services is another 20 million; and debt service varies, that's a couple of million. Is that fairly accurate; Christina?

MS. COOKE:

Yes.

CHAIRMAN GREGORY:

Okay.

TREASURER CARPENTER:

And that has gone up. And certainly that is indicative of the economy. You know, as more people struggle, people lose jobs or are stressed with their homes and everything, more people are turning to Social Services. So those costs have gone up.

CHAIRMAN GREGORY:

Now what is our recourse with the State and the Federal Government as far as their aid? I know we're in communication with them. I know the County Executive has at least had press conferences. I'm sure he's in communication with them as to, you know, is the money forthcoming. Is there any other recourse? Is it that they don't have the money? Are they waiting for it? Are they waiting for their budget process? What's the story with that?

COMPTROLLER SAWICKI:

The numbers that we plug in as Federal and State aid receivables come directly from the Budget Office and their Federal and State Aid Office. So perhaps you may want to direct that question, Mr. Chairman, to someone in the County Executive's Office and the Budget Office who could probably give you a more definitive or refined answer.

CHAIRMAN GREGORY:

Okay. All right.

TREASURER CARPENTER:

If I could just say something though. I think it's important, though, that we get that information so we know exactly where we stand. We can't keep saying they owe us 150, they own us 180, blah, blah, blah. If we're never going to get 50% of it, we need to know that so we can plan accordingly. We cannot keep saying, "Well, they owe it to us and, you know, we're going to pressure them, we're going to have a press conference, we're going to try to get them to give us the money." We need to know if we're not going to get it.

CHAIRMAN GREGORY:

I get that, that there's some communication issues, even internally. As you mentioned, Connie doesn't necessarily know where some -- different contract agreements or whatever. So there has to be some type of communication between the Legislature, the Executive Branch, your two offices, particularly. You guys are paying out the bills and the accounting and encumbering costs, you have to know whether the, you know, what the balance is on a daily basis, on an hourly basis.

TREASURER CARPENTER:

I just don't want to have any misconception or misinterpretation. Certainly, any communication that I've ever had with Connie has always been very forthright and very forthcoming. My point was that I don't know if they are, you know, getting the right information all the time. It's very, very frustrating.

CHAIRMAN GREGORY:

Right. Right. Now, Joe, you had mentioned that 390 -- you know, it's difficult for us to borrow more than that. Now, if we were in a position that we had to, what would happen if we had to borrow more than that?

COMPTROLLER SAWICKI:

That's -- if you look -- if I just may go back a little bit, Mr. Chairman. If you take that first schedule with all the numbers on it, the cash flow statement, the projected cash flow statement, you will see at the top it's projected from March through December of this year. About two-thirds, three-quarters of the way down, there's a line "total cash available." If you look across that line, you'll see that come May -- April and May, we are really, really close, real close. I mean, to the point where it's scary.

Now, we do try to always prepare these on a conservative -- to be as conservative as best as possible, because we feel that's in the County's best interest. But, you know, should things go awry a few million dollars here or there and we're out of cash -- and I think that's what you may be asking -- if we're out of cash not only at the end of the year, when I say we can't borrow -- how much more than 390 could we borrow, we are really concerned now -- Angie and I are concerned that mid year, April/May, we could be running out. It's a possibility. I mean, it's probably going to be that close. And if that should occur, then the only avenue we would have to pursue would be the borrowing of Revenue Anticipation Notes, RANs; pledging the State and Federal aid receivables as collateral.

I believe there was a county -- we think Rockland County just went through the same motion of the RANs, and they received a rate of 3 1/2%, compared to our TAN. If you remember, I sent all of you a copy of our results of our Tax Anticipation Notes. Even though we borrowed 390 million, we got like a half of a percent in interest rate on it. So, I mean, borrowing is cheap. I mean, it's almost -- I hate to say it -- it's almost free. But compare that to a RAN of 3 1/2% -- it's not a good sign for any municipality to have to dig in and go for the RANs.

CHAIRMAN GREGORY:

It's like counterintuitive. We have less money on hand, but we can't borrow like we normally do, so we may have to do the RANs, but we'll have to end up paying more, which we don't really have the money -- you know.

COMPTROLLER SAWICKI:

If we ever get to that point as a County -- you know, shame on the State of New York if the reason why we have to incur additional interest expense to our taxpayers because they can't pay their debts. Obviously, we can't solve Albany's problems right now. I think we have a governor that's very committed to doing that, but at the same time, they have to understand our cash flow as one of the major counties in the state, and they have to help us down here. I know -- I believe the County Executive's Office has been in contact with them. But maybe there's another mechanism that the Legislature could use, or all of us collectively to send a message loud and clear to our new governor and say, "Hey, Governor, we need some help down here. We need some cash. We need some of the cash you've been owing us for a long time."

CHAIRMAN GREGORY:

I was otherwise busy, I missed the County Executive's State of the County speech. But it's my understanding that he didn't address this issue. He addressed the State aid and the federal -- the lack of Federal aid forthcoming. But it's a little more than that. That's a big part of it, but there's an obvious cash flow issue. So when you had first brought this to my attention, I was really taken aback that we were in this position, because I don't think anyone was aware of that. We just thought that there was aid that we expected from the State and the Federal Government that wasn't forthcoming. Okay, we will get it. But we didn't realize that, wow, you know, there's a real possibility that we may not make payroll. I think that's something that the public should be aware of.

COMPTROLLER SAWICKI:

That's why both the Treasurer and I thought it would be -- you know, thought it would be very important to come before you today at least to give you a few month's warning to what may be on the horizon, what is on the horizon.

CHAIRMAN GREGORY:

Okay. I will defer to my colleague from the First -- I was going to say Congressional District -- the First Legislative District which is within the First Congressional District.

LEG. ROMAINE:

Good morning. Thank you for this information. Obviously, you know, most of us believe that the State of the County was strong, obviously we're getting indications quite the opposite.

Let me talk a little bit about those receivables. Right now, we have -- and I'm looking for the chart somewhere in all the papers that were dropped on me -- State aid receivables, \$182 million. How much of those receivables are, in fact, receivables? Are we going to be reimbursed to the amount that we should be under State, or will the State negate its receivables? That's a question that I'll leave out there, because if you can't answer it, hopefully our Deputy County Executive for Finance can answer that question.

Where are we with payables? And let me be more specific. Last month -- actually last meeting of the Legislature, we approved you to borrow from several funds. I'll address this question to our Treasurer. If we had not borrowed from those funds, what would have happened within a matter of days? Would we have run out of money? Would we have been able to make payroll?

TREASURER CARPENTER:

We were very, very, very tight on the payroll. At one point -- and when I say -- this is checked constantly. It was at the point where we were going down to cashiers on every hour on the hour to see how much money was coming in for the day.

LEG. ROMAINE:

So there was an extreme possibility had we delayed in passing that resolution for whatever reason, the County would not have been able to make payroll?

TREASURER CARPENTER:

At that point in time, we actually did have the payroll covered the night that the resolution was adopted.

LEG. ROMAINE:

So it would not have been an issue, but it might have been an issue for the next payroll.

TREASURER CARPENTER:

Yes. Yes.

LEG. ROMAINE:

I'm cashing my check early.

TREASURER CARPENTER:

The payroll, yes. The retro, no. In fact, it was ironic, because one of those payments as we were reviewing everything that had to go out was a six and a half million dollar payment for Medicaid that we had to send to the State that had we not sent it, we would have been charged interest and penalties. And it just seemed so ironic that here we're struggling to fund everything that we have to pay including a payment to the State. Had they been giving us our payments in a timely fashion, we wouldn't be having that discussion.

LEG. ROMAINE:

Let's talk about our payment to vendors. How on time is our payment to vendors? Are we behind? Is there a delay? Is there an issue with payment to vendors of any type?

COMPTROLLER SAWICKI:

We are -- we are down from five and a half to six weeks down to four weeks now, approximately four weeks. And as I've made the case to you over the past several months, it was because of cutbacks and the inability to fill those certain positions in the office. We're not going to revisit that again, because thanks to you, we solved that. We have to wait about another month to go back and hire the appropriate personnel when the law takes affect.

It's always been my goal, Mr. Romaine, to -- as Comptroller of this County, to pay our vendors no further out than 14 days, 10 to 14 days, I think is fair. After we process it, it goes to the Treasurer, which I believe takes no more than five days to a week to get the check out.

LEG. ROMAINE:

But because of positions placed in the budget, approved by this Legislature, taxes imposed by the taxpayer, but left vacant, you were at one point -- the County of Suffolk, not you, but the County of Suffolk was six weeks behind in paying their vendors. Is there any law that imposes a fee on the County if it pays late?

COMPTROLLER SAWICKI:

The non-profit law on the books that took affect January that if it's more than 30 days we pay 3%. So obviously, those non-profits now are a priority to be paid on time so we don't incur that. It's a good law, but if you start applying it across the board to everybody, which I believe it should, then we're right back to where it started.

LEG. ROMAINE:

So as the Comptroller of this County, you strongly believe that the County should pay its bills within a timely fashion, say 14 days -- 14 days -- within 14 to 21 days; is that fair to characterize?

COMPTROLLER SAWICKI:

Keep in mind, Legislator Romaine, that that's the turn-around time that I strive for in our office. By the time the vouchers are audited, perhaps sent back to the departments for further clarification, 10 to 14 days -- we do 255,000 vouchers a year. Keep in mind, though, that the vouchers are hung up often out in the department. We have no control over that.

LEG. ROMAINE:

I understand that. Let me ask you about some other things. I was looking at the last independent

auditor's report is through December 31st of 2009. That report indicated that we ended 2009 with over \$155 million deficit. Obviously, we don't have the audited report for '10, but for 2009, this County ended that year with a \$155 million deficit; is that essentially correct?

MS. CAPOBIANCO:

Mr. Romaine, that's because that's on a gap basis, that fund balance.

LEG. ROMAINE:

Right. But isn't that the way the government is obligated to keep its books?

MS. CAPOBIANCO:

It is, but it's more of a paper deficit, because we need to accrue the post-retirement health benefits due to GASBY 45 requirements. So it's not a cash deficit. I believe on a budget basis, we ended the year with about \$21 million fund balance.

LEG. ROMAINE:

But we -- obviously, it's like -- gap is like an accrual basis where you're accounting for expenses that you're incurring but have yet to pay.

MS. CAPOBIANCO:

Correct. But there's no way we would have to pay that entire liability within a year.

LEG. ROMAINE:

Right. But nevertheless, it is a liability that has to be recorded on the books..

MS. CAPOBIANCO:

It's a future liability over many years.

LEG. ROMAINE:

Right. It's worth noting because I think even we don't have to pay it out, it obviously is an obligation that we have to note. And according to the independent auditor's report, we ended 2009 with a \$155 million plus deficit. Let me ask you about the bonded indebtedness, the long-term bonded indebtedness. Can you comment, either the Treasurer or the Comptroller or both, on the long-term bond indebtedness of this County?

COMPTROLLER SAWICKI:

Off the top of my head, we are at 1 point -- a little over 1.3 billion, and I can certainly provide you with the breakdown of that number when I get back to the office.

LEG. ROMAINE:

I believe you are correct. If my memory serves me, because I don't have it listed anywhere, I believe in 2004 the bonded indebtedness was about 600 million. So in the course of about six years, our bonded indebtedness has doubled; is that a fair assumption?

COMPTROLLER SAWICKI:

That's correct.

LEG. ROMAINE:

What does that mean in terms of long-term interest payments on this debt in terms of a percentage of County budget?

COMPTROLLER SAWICKI:

Our debt service -- our debt services payment has fluctuated, believe it or not. And it's all based on

how many years each obligation, long-term obligation is due, the interest rates, etcetera, etcetera. But, I mean, clearly with the bonded indebtedness, overall bonded indebtedness rising to this point, you know, it's something that we obviously have to keep our eye on.

LEG. ROMAINE:

There's no question about it. One of the issues out there, of course, is the jail, which is projected to cost \$242 million. And according to the independent audit, I don't know what was spent by the end of this year, but by the end of 2009, we had only spent \$66 million of that, which meant that a lot of that debt was still yet to come. Do you know how much debt is in what we call here in the Legislature the debt pipeline? In other words, debt that we know is coming but we haven't incurred yet, such as with the jail. We know the jail is going to cost 242 million, we know at the end of 2009 we had spent approximately \$66 million of that, probably more by 2010, but that's debt that's going to be incurred probably in 2011 and possibly 2012. Do you have a sense of how much debt we have in the debt pipeline?

COMPTROLLER SAWICKI:

Again, Legislator Romaine, I don't have anything in front of me right now.

LEG. ROMAINE:

Right. This is all ballpark. We're just trying to get an impression.

COMPTROLLER SAWICKI:

We've already borrowed 150 to 155 million for the jail.

LEG. ROMAINE:

So we have about another hundred million, more or less.

COMPTROLLER SAWICKI:

That's what we've been told. I mean, we borrow at the direction of the Legislature who borrows after receiving the requests from the departments, and of course, the jail comes through the DPW.

LEG. ROMAINE:

Right. And of course that's a mandated State expense. We have to build that jail, the State Committee on Corrections, I believe, has mandated that.

One last question. This has to do with the nursing home. I know in the budget the nursing home is funded through March 31st of this year. Has there been any request to fund it beyond that date?

COMPTROLLER SAWICKI:

Not that we are aware of, Legislator Romaine.

LEG. ROMAINE:

I'll save that. I'll save that for the Budget Director.

COMPTROLLER SAWICKI:

We would be last to know, fortunately or unfortunately.

LEG. ROMAINE:

So are we, because --

COMPTROLLER SAWICKI:

If I may just go back for a quick second. In terms of the pipeline, the debt pipeline, maybe your Legislature's Budget Review Office would have some good numbers, because, again, these are more budget-type of issues.

LEG. ROMAINE:

Right. Absolutely. Well, I appreciate your appearance. As always, both of you are right on target. Thank you for watching the County's money and keeping us informed. Appreciate it. Thank you.

CHAIRMAN GREGORY:

Thank you. Anyone else have any questions? Presiding Officer, then Legislator Schneiderman.

P.O. LINDSAY:

What's owed to us, 182 million, is that all State money or is some of that Federal money?

COMPTROLLER SAWICKI:

Some is Federal, Legislator Lindsay, the bulk of it is State.

P.O. LINDSAY:

You don't have a breakdown of what's mandated? Like, I mean, we're mandated to do a lot of the stuff for Medicaid or, you know -- is there any way that the State and the Feds could back out of paying us?

COMPTROLLER SAWICKI:

That would be a good question for, again, the County Executive's Budget Office, who I believe are here. Because we get this number through their State and Federal Aid Office. So the number is as good as, you know, what is shown here. You know, could we book on collectibles? That's a scary thought. I can't answer that.

P.O. LINDSAY:

What's really frightening about this is we just had this episode with this Article 6 money where they call it a clawback for services we already provided. I mean, if they start pulling that with \$182 million, folks, we are bankrupt.

TREASURER CARPENTER:

And that's precisely what we were saying earlier. There's got to be a way that we can get some real straight answers as to whether or not we should be expecting to get all of this 182 million, because if not, we've got to plan accordingly.

P.O. LINDSAY:

Okay. Thank you.

CHAIRMAN GREGORY:

Legislator Schneiderman.

LEG. SCHNEIDERMAN:

Good morning. Thank you for your presentation. I know later we are going to get a presentation from BRO talking specifically about the budget shortfall. Your presentation has been about cash flow, and I just want to explore a little bit of the connections between the two if I may. I understand that we are borrowing earlier this year. I know that we were borrowing from our own funds. Though they may be special district funds, like the Sewer District Fund, I know we are paying interest on that money.

So my first question, the impact of borrowing earlier, and I think Joe you said the interest rate was very low, a half a percent is what we're mandated to pay these funds. What does that come to this year over let's say a typical year in terms of returning, you know, in terms of taking money away from the General Fund to pay that additional interest over that additional amount of time? Do you

follow my question? It may be very, very small, but do we have that impact?

TREASURER CARPENTER:

You wanted to know what the actual interest payment, what it actually costs us to do that borrowing from ourselves? Is that your question?

LEG. SCHNEIDERMAN:

Right. Because we are borrowing earlier, we are going to have to, even though the interest rate is low, we're paying it over a longer period of time. So there will be a little bit more impact on the General Fund, and whatever that size is, is going to likely add to that shortfall that we're talking about going into 2012.

TREASURER CARPENTER:

Except we really have no choice.

LEG. SCHNEIDERMAN:

We have no choice.

TREASURER CARPENTER:

Right. But I can get that number to you.

LEG. SCHNEIDERMAN:

Okay. And if we are unable, let's say, at the end of the year to -- obviously we have to return all the money by law to all these funds, and let's say we get into a revenue anticipation situation where we have to borrow three or four percent, and I'm not sure what the number would be. I expect around a hundred million dollars over a few months, right, Joe? So again, we'll now have to pay what sounds like a million, two million dollars additional interest than we normally would had we been able to just borrow internally. Is that correct?

COMPTROLLER SAWICKI:

Sure. I mean, again, that interest expense, whatever it is, Legislator Schneiderman, would be because, you know, thanks to the State of New York.

LEG. SCHNEIDERMAN:

I understand, but either way it's going to affect the General Fund and it's going to add to this shortfall that we are going to hear about next. I'm seeing some papers in front of me that BRO provided, but whatever that number is it might actually go up these amounts if we are in that situation. Maybe a million or two from that RAN, maybe a couple of hundred thousand, I don't know, from that earlier borrowing. Okay. No further questions at this point.

P.O. LINDSAY:

I think Legislator Schneiderman has something backwards. The TANS, half a percent, but when we borrow interfund, like when we borrow from the Sewer Districts, we are paying more than a half a percent back on that, right? No, we are paying a half percent?

TREASURER CARPENTER:

Prevailing rate.

P.O. LINDSAY:

The prevailing rate of what the TAN is.

LEG. SCHNEIDERMAN:

And Mr. Presiding Officer, I know you weren't here at the beginning. The Comptroller mentioned

what happens if we get stuck, what happens if we get stuck, we are up against our limit, we can't borrow any more from ourself, we are still short. Obviously we are going to pay the bills. There's no question that the County is going to pay its bills. We have to meet cash flow. What are the options, and the other option could be to do a revenue anticipation note against some of the money that the State owes us. Okay, you were here for that. But it is at a significantly higher interest rate, and I'm just trying to add that in, when that might happen and what that might cost, because we're going to obviously work on next year's budget and we're going to need to know that gap and how we're going to try to fill it.

COMPTROLLER SAWICKI:

Keep in mind that when I say we were at -- pretty much at the maximum at the 390 for the Tax Anticipation Notes, the first 390 -- what that means is the first 390 million that the Treasurer collects in June and July has to be literally restricted to pay that back. So if the Treasurer estimates that she collects about 435 million from the towns at that point, so if we are at 390 now, if we borrow a little more than whatever we get -- again, you see how close we're getting. Everything the towns turn over to us goes right back to pay off the borrowing in December.

LEG. SCHNEIDERMAN:

Are you also anticipating having to borrow more money this year to make the towns whole because of people not paying their second half property taxes?

TREASURER CARPENTER:

It's really too soon to give you any kind of accurate information on that.

LEG. SCHNEIDERMAN:

Okay. And there is no way for us to recapture any of that, right? Whatever the interest on that borrowing is the County has to absorb.

TREASURER CARPENTER:

Yes.

CHAIRMAN GREGORY:

Okay. There's no more questions. Thank you for your presentation.

TREASURER CARPENTER:

Sorry.

CHAIRMAN GREGORY:

Yeah. Thank you for coming, but no thanks for the information. Well, thank you for the information, wish it was different circumstances.

COMPTROLLER SAWICKI:

Both Angie and I thought it was important that you be kept abreast, this committee be kept abreast of what's going on, and hopefully we never get to that point where we have to come back here, you know?

TREASURER CARPENTER:

Hopefully we won't be revisiting the RAN, but, you know, it's a possibility.

CHAIRMAN GREGORY:

Thanks. Now we'll have Budget and Budget Review Office. Hello. Good morning.

MS. VIZZINI:

Thank you, Mr. Chairman, for the opportunity to address the committee in regards to the consensus budget model. The two Budget Offices met. We each independently prepared our budget model as required by the Charter. Budget Review was working right up until this morning. When we last met with the Budget Office, we had some preliminary numbers for the General Fund; we were still working towards the Police District. And so we do have some differences in terms of the total numbers, but what a budget model is is basically a projection in terms of how we've ended 2010, how we expect to get through 2011, and what's on the horizon for 2012. So depending on the assumptions that are made in arriving at those projects, the numbers may vary.

I have handed out -- if anyone does not have a copy. Please let me know. I am going to be speaking from this piece of paper. Everybody's good? All right. So as you can see from the top line, the Budget Review Office projected shortfall totals \$179 million. What this sheet does is it itemizes the major causes for the shortfall. This is cumulative in terms of '10, '11, and '12. The major players here are -- first of all, in terms of retirement, as we have discussed before, not only was there close to a \$40 million increase in 2011 over '10, but there will be a substantial increase in retirement -- the employer's contribution to the retirement system again in 2012. We really have the numbers that are associated with that. It does not assume amortization. Should that policy decision be made, not only for the early retirement cost, but also for this large increase, the State is allowing some degree of amortization, which is addressed at the bottom of your sheet. If that policy decision is made, that's one of the shortfall mitigating policy options.

LEG. D'AMARO:

Gail, could I just ask you, the combined funds is for the three years. That column is for the three years?

MS. VIZZINI:

Correct. Combined funds is the General Fund and the Police District. The model covers ending '10, getting through '11, and our assumptions for '12.

LEG. SCHNEIDERMAN:

Gail, if the State allows amortization, and it has in the past, what type of interest rates would we anticipate?

MS. VIZZINI:

They also mandate the interest rate, which would be at 5%, because the State is losing money by allowing us to borrow and not pay them up front. So this is their way of recouping their losses.

LEG. SCHNEIDERMAN:

Right. So it would help us short-term, but we'd also then have to factor that in over the next -- whatever the life of that amortization is.

MS. VIZZINI:

Correct. Based on historical trends, we've assumed 7% growth in health insurance, Medicaid expenditure caps, plus the loss of FMAP. Debt service we estimate will grow in the neighborhood of about \$12 million. You had asked about pipeline debt. In your capital review we usually report pipeline debt on or about the \$550 million number. What portion of that actually makes its way into bonded indebtedness is usually about 100 million. So each year we'll pay off a certain amount but we'll incur another 100 million from the pipeline.

Our model includes not only the proposed AME agreement, but most of the bargaining units, the contracts have come due. In terms of Public Safety, usually -- our historical experience has been that we enter into more of a protracted period which ends in arbitration award that may cover a two or three year period. So although Eric will speak to this himself, their model may not include the

same assumptions as far as contractual agreements.

Okay. We have also assumed 90 new Correction Officers as budgeted in 2011, but we have also assumed a necessity for 90 in 2012. We have the Article 6 clawback that we have discussed whereby the State is no longer reimbursing us for patient visits for patients over the age of 21, kind of had addressed that at the previous Budget and Finance Committee. And also there are some losses associated with EMS and the Medical Examiner. So that is in there as well.

The Governor's budget has some pluses and minuses in it. Should the Governor's budget go through as proposed, we could suffer an additional 20 million in State aid loss. The Budget Review Office, as we stated in our operating review, believes that the County Executive's estimates for red light cameras are optimistic, and over this period, regardless of the reasons, whether it's the delay in implementing the 100 cameras, the optimism of the revenue in the time period, we believe that we will incur at least a \$10 million shortfall in red light camera revenue.

On the positive front, we did a little bit better in '10 as far as sales tax is concerned, and with that higher base our model estimates -- we are going to use the County Executive's 4.25 percent growth factor for both '11 and '12 and that helps us. These negatives, by the way, are good things. It means reducing the shortfall.

We also observe in our historical projections that we were fortunate in that we received more Federal aid in 2010 and 2011 than the budgets had estimated, and therefore our model shows that is relatively flat, so that will continue. The specifics of that, we do not look into the detail, so the Budget Office's model may differ from that.

Our model assumes that the proceeds from the liquidation of the assets vis-a-vis the nursing home and the sale of the Yaphank parcel netting 12 million will be consummated and will have the one-shot revenue, as well as the \$30 million that we transferred from tax stabilization reserve to offset the -- to the retirement reserve that we're using to offset the retirement costs. That totals \$58 million in one time revenue that will not be there for 2012.

After all is said and done, our projection is that we are in the area of \$179 million combined. To the extent that some of these revenue items don't materialize, to the extent that sales tax does better, these numbers will change. I would defer to Eric in terms of his comments.

LEG. SCHNEIDERMAN:

Gail.

CHAIRMAN GREGORY:

Let's just let Eric and Connie finish and then we'll ask questions so we can move it along.

LEG. SCHNEIDERMAN:

Okay.

MR. NAUGHTON:

All right. Thank you. We did meet last week, as Gail stated. Our numbers are a little slightly different. Our total gap is \$140 million. The areas where we differ are first looking at the retirement. We had always assumed that because of the early retirement that we were getting recurring savings that we would amortize that part of the pension bill over five years, so that's a difference of \$9 million.

Debt service, we're not -- I mean, the amount of pipeline debt we don't feel should be factored into the analysis, so we have a difference there of \$5 million.

We have not assumed any additional classes in 2012 nor -- I'm not sure what the rate of pay that they are assuming for future contracts, we're \$25 million less there. So with those three numbers, that's how we get to the 140.

I think we like to say that, you know, we are in much better shape than most other places. And clearly, from what you heard from the Comptroller and the Treasurer earlier, New York State is hurting us with the unprecedented cuts that the State aid and obviously the increased pension costs. I mean, without those two things we would be really in great shape, but because of those two items we are really still faced with some challenges.

I think with that knowledge, I think it's important for everyone to understand that we should not be looking for hiring additional staff. You know, at each Legislative meeting we hope that people aren't going to be looking to add money to the budget at each meeting. I mean, the reality is, you know, we are still hurting, not because of our own actions, ourselves, but New York State is really devastating us right now.

But, I think, you know, we do acknowledge that we have done a good job together in tackling the fiscal challenges that we faced in the recent years, and with the help of the Presiding Officer we were able to finally come to an agreement with the nursing home. Yes, there is a sale this year, a one-shot revenue, but we are going to have recurring savings once this place is finally sold. And, again, thank you for your help, Presiding Officer. And hopefully we can continue to build on the work that was done with that. Obviously we have problems with the State with the clawback. We need to address how we are going to handle the health centers, and that is something that we want to work with you on that.

CHAIRMAN GREGORY:

Okay. Connie, do you have anything to say?

MS. CORSO:

Well, I guess I have to defend myself in some regard, since I was called out a little bit earlier. I just want to say that communication goes both ways. I used to get daily cash flow reports, and I haven't been getting them from the Treasurer's Office. And I actually had to reach out to Gail to get the last couple of week's of copies. The reason that I had to do that is because I got a late notification on a Friday night that we needed to do a CN at the Special Meeting for the cash flow. Had I been getting the daily cash flows, I would have known about that.

The other thing I want to say is Audit and Control, they are the ones who set the payouts. I don't set the payouts, I just budget for them. So the communication -- I think I'm a pretty good communicator, I don't think that I should have been called out like that. I just want to say that it goes both ways.

CHAIRMAN GREGORY:

Okay. I don't want to be in the position to defend anyone, I don't think that's what they had meant. I think they were kind of defending you that there's information that you need that you don't necessarily have access or have been given or informed of that you need, and they don't have that same information.

MS. CORSO:

I just want to also say with the State aid, with the 182 million, those are expenses that are incurred. That's not just hanging out. Those things are incurred. The State owes us that money. We do as much as we can. I mean, we're heading up to Albany on Thursday with the State Health Department, and we'll mention how much money that they owe us just on handicapped kids. And I

have to say, Presiding Officer Lindsay, they are all mandated. Everything there is mandated. And what happens if we don't pay our bills? They'll intercept our sales tax. So we really don't have a choice there.

CHAIRMAN GREGORY:

Okay. Well, thank you for your presentation. Legislator Schneiderman had another question -- Legislator D'Amaro.

LEG. D'AMARO:

Good morning. The combined funds, balances, deficits are based on assumptions, as you noted in the beginning. So are the 2010 numbers actuals? Do we know the 2010 actual? Is there a deficit for the end of that year?

MR. LIPP:

They're not actually finalized yet. It will probably be at least May until they are. In particular, the most difficult or challenging thing to estimate still to this day is State aid. We have had conversations with the Budget Office about that too. It's not easy. That being said, you know, we're doing -- overall Federal/State aid, we're doing better than we have in the estimated in the 2011 Budget. So already, we're a little bit ahead of the game in that sense.

LEG. D'AMARO:

All right. So when you come up with the 179.3, can you give me a breakdown for the three years; the 2010, 2011 and 2012?

MR. LIPP:

I'll have to get back to you, because the way we have it stated, it's not that simple, but I'll try to work on that as we go along here. And if I can't do it now, I'll definitely get back to you later in the day.

In other words, it's a really complex multi-tabs spreadsheet that looks at, you know, the estimates as well as the actual budget numbers, and it layers on top of each other.

LEG. D'AMARO:

When you look at the first line, "retirement," we anticipate in the combined funds for three years, 67.6.

MR. LIPP:

Yeah. That's just the 2012 increase if there was no amortization or deferral of any of the retirement bill at all. And if you look at the bottom of the file, you will see -- and that's one of the differences that the Budget Office spoke to with us. We felt that's completely a policy issue, so we didn't want to assume anything about amortization. Amortization is two pieces; it's the 2010 bill, number one; and number two, it's the 2010 Early Retirement Incentive Plan that we will have an option in 2012 either to defer or to pay it all up front. That being said, of that 67.6 million, we could defer 48.3 million, which would get the number down from 179 to 131 million.

LEG. D'AMARO:

Right. But the 67.7 in --

MR. LIPP:

That's all in 2012.

LEG. D'AMARO:

That's all 2012.

MR. LIPP:

That's correct.

LEG. D'AMARO:

Same for the health insurance, or is that spread out over three years?

MR. LIPP:

Actually, that's 2012 also.

LEG. D'AMARO:

And I'm just trying to get a handle on how much were actual, you know, 2010. Did we come up short? And 2011, we already did our budget.

MS. VIZZINI:

We will not have the actuals until the later part of April. So neither budget office could give you the actuals on 2010. But we'll know. We'll know at the end of April.

A good portion of this is anticipated increases in 2012 over either '10 or '11, and then, of course, you have the imminent effect of the clawback Article 6, the proposed Governor's budget, red light camera is possibly in -- you know, in our report, we thought that \$15 million short when we do the Operating Budget for the purposes of the model, we spread it five and five.

LEG. D'AMARO:

All right. So the 179.3, the retirement and health insurance, if they're both projected for 2010 only, that's like 83 million there is like a projection into 2012. It's not necessarily impacting how we wind up for 2010 or for what happens in 2011. Not that it makes it more palatable, but it's just in trying to get a sense of, you know, where we're at currently as opposed to projecting forward. Okay. All right. Thank you.

MS. VIZZINI:

Just to note that the Charter does require a two year model, which has always been loosely interpreted as the current year and what we face in the upcoming year.

CHAIRMAN GREGORY:

I'm a little surprised. If you listen to and read the press releases by the County Executive, you think that the sale of the nursing home would have ended this budget fiasco, but we have that included in this model is the sale of the nursing home, we're still projecting at least 140 to \$180 million deficit.

Now, that brings another question. We won't realize a benefit of that until the beginning of 2012, according to the contract, right, because that's when we'll close?

MR. NAUGHTON:

The contract assumes that we'll close by December 31st, so that revenue will get booked in 2011.

CHAIRMAN GREGORY:

What do we do from March -- how do we pay for the building and the services from March 31st to December 30th?

MR. NAUGHTON:

Due to the pending litigation, I really can't comment on that at this time.

CHAIRMAN GREGORY:

You can't comment on how we're going to pay for something that we voted to close?

MR. NAUGHTON:

Sell.

CHAIRMAN GREGORY:

Sell, excuse me. I'm very well aware we voted to sell.

CHAIRMAN GREGORY:

We could talk about the sale, we can't talk about the other issues. We're under litigation, we're not allowed.

CHAIRMAN GREGORY:

Okay. All right. I'll move on. But that is an issue, that's an open issue. That's a big question; six months, five months, whatever it is.

MS. CORSO:

Obviously, we have a plan. We can't discuss it, because we're under court order not to.

CHAIRMAN GREGORY:

Gottcha. Now, one big thing that I saw between the different model presentations; BRO budgeted for 90 COs; your presentation doesn't include that?

MS. CORSO:

I have to answer this because I need to tell that the County Executive signed the SCIN for 50 COs yesterday. So those are -- they are going to start.

CHAIRMAN GREGORY:

Okay. So yours is technically 50 --

MR. NAUGHTON:

No. Both models actually have 90 Correction Officers for 2011.

CHAIRMAN GREGORY:

Oh, I misheard you then. I thought you said that --

MR. NAUGHTON:

We don't have any new officers for 2012.

CHAIRMAN GREGORY:

Police Officers.

MR. NAUGHTON:

Correct.

CHAIRMAN GREGORY:

Oh, I thought you said COs. I'm sorry.

MS. VIZZINI:

The difference is that we have assumed another 90 Correction Officers for 2010. They have no new Correction Officers for 2012.

CHAIRMAN GREGORY:

Oh, so I did hear it right.

MS. VIZZINI:

Both models assume 60 Police Officers in 2011, neither model assumes new classes in 2012 of Police Officers. Okay. All right. Legislator Romaine.

CHAIRMAN GREGORY:

Legislator Romaine.

LEG. ROMAINE:

Just a quick question. As you know, I usually recuse myself from discussing Foley issues, but certainly budgetary issues are not off the table. My understanding in my reading of the 2011 Budget says that funding for the nursing home ends on March 31st; that's correct? I'm directing it to the Budget Director and/or the Deputy County Executive for Finance. I'm asking you does the budget -- has nothing to do with any funding scheme. Does the budget for 2011 end funding for the nursing home effective March 31st, 2011?

MR. NAUGHTON:

The budget that was adopted had assumed a closing as of March 31st, 2011.

LEG. ROMAINE:

I didn't say assume closing, I don't want to get into that discussion. Does the funding end for the nursing home effective March 31st in the budget that was adopted? It's a yes or no answer.

MS. CORSO:

You just amended the budget with the sale.

LEG. ROMAINE:

We had nothing to do with amending the cost -- County cost of operation of the nursing home. I do not, even though I recuse myself from those issues, I'm talking now about a financial issue. I do not remember this Legislature doing anything to alter the budget in terms of funding. Does the funding for the nursing home end as of March 31st in the adopted --

MS. CORSO:

You amended the budget via a resolution to include the sale of the nursing home in the 2011 Budget. How does that not amend the budget? The sale was not in the budget. The closure was in the budget.

LEG. ROMAINE:

Right. I understand that. But I'm not talking about the sale or the closure. I don't want to get into those discussions. I simply want to ask does the funding in the adopted 2011 Budget end as of March 31st?

And before you start talking about the sale, understand, the sale had nothing to do with revenue or expenses, nor was it presented to us in that way regarding the County operation. I'm waiting for the next shoe to drop, because the County Executive said if we didn't sell it, he'd have to lay off 800 people.

MR. NAUGHTON:

Well, clearly, the resolution states that, you know, by selling the nursing home, our plan is not -- that all those employees will stay on board. And as we stated earlier, we are developing a plan on how they will be funded for the balance of the year, but we cannot disclose how that will be

done at this point.

LEG. ROMAINE:

I can ask, I know you can't respond or may not be able to respond, would you please be kind enough to e-mail all the members of the County Legislature on March 31st what your plan is, because whether there's a court order in place or not, you're going to come up with something so people get paid on April 1st, I would assume. Now, that's an assumption on my behalf. But I think that that information should be shared with this body.

MR. NAUGHTON:

I'll take up the conversation with counsel and get back to you on that.

LEG. ROMAINE:

I guess we're not entitled to understand that. Thank you.

CHAIRMAN GREGORY:

And one other difference that I saw that kind of stuck out is the red light cameras. BRO projects a \$10 million deficit or shortfall. You guys, I don't think, even mentioned anything about red light cameras.

MR. NAUGHTON:

We concur with their number.

CHAIRMAN GREGORY:

Now, what's the nature of the shortfall? I know last year it was three million.

MS. CORSO:

Did you look at the snowfall? You had nine-foot mounds on every corner for eight weeks. There was no work that could be done. So there's a sheer delay in the installation of the cameras. I mean, no one could have predicted the heaviest, you know, snowfall in February in the history of this County. And even after the snowfall was done, you had mounds that lasted up until two weeks ago.

CHAIRMAN GREGORY:

Now, where are we -- do you have the actual number that we have installed?

MR. NAUGHTON:

As of Monday, we have 83 cameras that are functioning.

CHAIRMAN GREGORY:

Okay. So we have 17 -- I've met many people that have said they've gotten multiple tickets, so I think whatever you have in, it's working so far.

But I think I heard from somewhere or something that the County Executive is looking to go to the State to get more -- permission for more red light cameras. I know Nassau said it, but I thought the County Executive had mentioned something too.

MR. NAUGHTON:

I believe that, yes, we are going to seek legislation to get 50 more intersections.

CHAIRMAN GREGORY:

Okay. All right. Anyone else have any more questions? Yes, Legislator Romaine.

LEG. ROMAINE:

Yes. We're going to experience a shortfall in projected revenues on red light cameras?

MR. NAUGHTON:

As I stated earlier, we do concur with Budget Review.

LEG. ROMAINE:

So I assume that answer is yes. Am I correct in saying yes? I like simple answers. Yes, we are going to have a shortfall. How are we doing -- and I want to ask you this directly -- is this shortfall in some way related to the ability of the County to process these tickets? Is there a backlog in processing these tickets?

MR. NAUGHTON:

No, not at all.

LEG. ROMAINE:

So if someone ran a red light, let's say March 1st, they ran -- on March 1st, they ran a red light, that -- and it was obvious that they did. Obviously, it's reviewed by the company, and then it's sent by the County, and you have people now employed in a Red Light Camera Unit that reviews these things? Please discuss this with me so I understand how it works.

MR. NAUGHTON:

Well, unfortunately, due to the litigation with the Foley Nursing Home, we were not able to staff up the Red Light Unit, so we are using staff in the various areas in the Exec's Office and in Law to process --

LEG. ROMAINE:

I didn't think you guys had any spare time.

MR. NAUGHTON:

We don't. We worked extra hours.

LEG. ROMAINE:

You don't have any spare time, but you're using people and you don't have a backlog. How does that surprise me that I'm confused by those answers?

MR. NAUGHTON:

Efficient, dedicated workers.

LEG. ROMAINE:

Okay. And having been in government a long time, you know, forgive my scepticism. But let me go back again. You don't have a backlog in processing these tickets now; is that correct, again, for the record?

MR. NAUGHTON:

There's no backlog in processing the tickets. The backlog is getting the actual cameras installed.

LEG. ROMAINE:

My God, I said this I think in 2008 when you guys started into it. And then in 2009 and 2010, you fell way behind schedule. You're telling me the cameras are still not installed?

MR. NAUGHTON:

As I stated earlier to the Chairperson, we have 83 cameras as of Monday. We are assuming that we

can have the 100 cameras up by hopefully the end of April.

LEG. ROMAINE:

At 50 intersections.

MR. NAUGHTON:

Correct.

LEG. ROMAINE:

My only comment is to my colleagues. Obviously, this is something we should really examine who the vendor is again, what causes these delays. If we don't understand the basic operation of government -- this is a question, as the Presiding Officer knows, I've been raising since red light cameras came along. And I've asked what's the problem with getting them installed. And I don't know, that we are still dealing with the issue two years later, it's incredible to me.

Obviously -- you know, I don't want to be critical of the vendor, I don't want to be critical of anyone until I examine the facts. But quite clearly, we need some oversight on to what's happening, because whoever is watching the store, ain't watching it that well. We're coming up short time and time and time again. And this has been repeatedly said, if you go back and review the minutes of the Public Works Committee and other committees of this Legislature where this issue has been raised. And we've been given repeated assurances time and time and time again. And the assurances that we have been have fallen short of what the reality is. I'm not saying that you're to blame or anyone else is to blame, but clearly, if we don't start looking at this as a classic example of what can go wrong of Murphy's Law, I mean, what can go wrong will go wrong, we're missing the boat as a Legislature, because we should be far more intuitive on top of the way this government is operating, because the assurances that we have given, particularly in this issue, have fallen short of the reality. Thank you.

CHAIRMAN GREGORY:

Presiding Officer.

P.O. LINDSAY:

Just a side note on the red light cameras, Eric. I had a constituent got a ticket the other day. He has to send a check to Colorado or some place like that. Why is that?

MR. NAUGHTON:

Based on our contract with the vendor, that's where their bank is. The checks go there, and they remit a check to the Treasurer, to us. So it's just the way the process is right now.

P.O. LINDSAY:

I have a bunch of questions. First to Gail. Do we know what the 2010 sales tax number came in at? Is that finalized yet?

MS. VIZZINI:

Yes, we do. Robert has the number.

MR. LIPP:

It came in, all funds, 10.7 million higher than was estimated in the budget. The total number was one billion-one hundred and thirty five million-one hundred and eighty two thousand and forty nine dollars, over 1.1 billion.

P.O. LINDSAY:

Okay. Do you know what the percentage was, Robert?

MR. LIPP:

The growth rate was six and a half percent as opposed to five and a half that was estimated in the budget.

P.O. LINDSAY:

Very good. Very good. The retirement 412, are we planning to amortize the full amount that is an option for us?

MR. NAUGHTON:

We are exploring that. If we do decide to amortize that, that will save us \$47 million in '12, but we have not made that decision yet.

P.O. LINDSAY:

It isn't really a savings, Eric. I mean, we're paying 5% on that money. I mean, this is a discussion that I had with the State Comptroller's Office. Again, I'm a strong advocate that our State Pension Fund is overfunded, and there really isn't any reason for these very steep increases. And the Assistant Comptroller said to me, "Yeah, but we're letting you amortize it over five years." But I said, "At 5%." I said, "We can borrow money at half of that." And he said, "yeah, but you can't borrow money by State Law for pension costs except from us." I said, "It sounds like you're a loan shark to me." You know what I mean? You're paying double the rate, but there's a statute that says we can't bond it locally for that cost.

LEG. ROMAINE:

What is the vig?

P.O. LINDSAY:

It's 5%. And, you know, the Comptroller pointed out, the Deputy Comptroller, that that's probably half of what they're earning on their investment money now. So I said, "you're earning 10%, why the hell are you raising our costs \$46 million?" It just -- it just baffles me. Is there any news on the lawsuit about the clawback?

MS. CORSO:

Nothing. Nothing yet, no. The little, you know, bits and pieces we get are not positive. I think the best that we're going to be able to hope for is to not have the retro.

P.O. LINDSAY:

Absolutely. You know, if the State wants to cut a mandated program, as much as it pains us, we can't provide the service anymore. But to go back three years after we provided the service is insane. It's absolutely insane.

MS. CORSO:

I mean, anything this body can do to assist; you know, a support letter or something.

P.O. LINDSAY:

I know there was a hearing here of the State Assembly Minority Committee last week, and I testified and I think the County Executive testified after me. I said, "Guys, you know, everybody knows the game plan. You know, we can't raise taxes, we've got to put a tax cap, we have to cut Medicaid, we have to cut this, gives us some mandate relief first. Don't pull this stuff on us, because you're just passing down the cost." And I don't know how to deal with that.

Really the last thing that I just want to say, and it really goes to the County Executive's address about a month ago, that we're in great fiscal shape. All this paperwork I see in front of me, it don't

sound like we're in great fiscal shape. You know, it sounds like a criticism, but unless we recognize we have a problem, how are we going to solve the problem? And we have problems, guys.

MS. CORSO:

The only thing I'd like to say is that we've work together so cooperatively over the last several years. I know it doesn't seem that way. But you know, when the rubber hits the road, we really have come together and come up with plans. And I know -- and maybe I'm just a war veteran who's been here for \$300 million deficits sitting here before you maybe last year, the year before, so to me, if BRO has \$179 million deficit and right away we could amortize 47 million, even though that's not the optimum, and now you're looking at \$140 million over two years, the bulk of that, I would say, 2012, I look at the 2011 Budget, which is lower than the 2008 Budget -- you know I dare say, I think we're in better shape than we were in the last year or the past three years. We're coming out of it. And I would imagine, because a lot of this has to do with Federal and State aid, it's going to be easier for us come together and try to beat back that horse, because that's where this is coming from.

P.O. LINDSAY:

The only thing I disagree with you on, Connie, is the deficits. We did work together with it. And this Legislature will work with the Executive again to do the fiscally responsible things that we have to do as elected officials to keep the thing going. Where we're in worse shape is the one-shots. We have nothing more to sell. I mean, we have already went through the lag payroll, tobacco securitizations, the HMO, now we've sold the nursing home. We are running out of things to sell. And that's what's upsetting to me.

And I'm not blaming anybody. All I am simply saying is this recession is a bear that just -- it's a gift that just keeps on giving. And the remark about facing that there's a problem, I think we know there's a problem. I think our citizens, you know, shouldn't be told that we're in great fiscal shape. You know, that's where I have a problem. All right. Because they still expect the services that we've always delivered. And truthfully, guys, moving forward, I don't see how we're going to be able to deliver the services that we did in the past.

MS. CORSO:

But the reason we won't be able to deliver the services is because the State has stopped reimbursing us for them. So I do believe it's the State that's causing this issue. Even the cash flow, it's the State that's causing the issue, and it's because the State doesn't budget like us. They're not on a modified accrual. They're on a cash basis. So they recognize the expense when the check goes out the door. We recognize the expense when it's incurred. So you have a whole different fiscal philosophy. And you know, fortunately or unfortunately, it depends on what going to happen, you know, with the Wall Street bonuses and what kind of, you know, taxes are going to be paid. I'm going to venture to say we'll probably get some of what we're owe in April, which is very difficult. We come before you in March when the books aren't closed for the County until April and the State -- you don't start getting a fiscal picture from the State until then. So it's a little difficult for us to sit here and talk about the three years.

P.O. LINDSAY:

Connie, I don't mean to debate with you, but it seems like a reversal of roles. You guys always come here around this time of the year or before this with the doom and gloom scenario that the roof is falling in. And this year, the early message was we're in great fiscal shape. You know, it's like a reversal of roles. You know, I don't feel comfortable.

MS. CORSO:

I'm proud of that, Legislator Romaine.

LEG. ROMAINE:

I am too.

CHAIRMAN GREGORY:

I know to a war vet like you this is probably just a little flesh wound with the \$180 million deficit. But the concern --

MS. CORSO:

I'm really taking my knocks today.

CHAIRMAN GREGORY:

I think the concern that we have is, you know, we look at Nassau, and the County Executive loves to -- when it benefits his argument -- loves to refer to them, so I'm going to refer to them. You know, they are being taken over by NIFA. I don't think -- I haven't heard -- and maybe these discussions have been private. I haven't heard them being put in a position where they cannot make payroll. We are possibly in that position. I know they have other issues. But I think that's a very serious issue or concern.

MR. NAUGHTON:

Legislator Gregory, I guess let me just comment on that. I mean, what you also have to factor with Nassau is Nassau borrows for everything that they possibly can. We don't borrow to pay termination expenses to our cops or for any employee. We don't have a tax cert issue. Nassau's debt burden is \$3.2 billion. We should never think of ourselves or compare ourselves to what Nassau County does. And we are quite far from being in their fiscal straights.

CHAIRMAN GREGORY:

But even with that high debt burden, they're still not talking about not being able to make their payroll.

MS. CORSO:

Because they borrow for it.

CHAIRMAN GREGORY:

They borrow for their termination --

MS. CORSO:

They bond it.

CHAIRMAN GREGORY:

Right.

MS. CORSO:

They borrow for operating expenses. So what happens is if you borrow for, say, your PBA award or your Deputy Sheriff award, that frees up cash to pay your payroll. We don't do that.

CHAIRMAN GREGORY:

Okay. Two quick questions. One is the enterprise fund for Foley. What limitations or restrictions are there? Can we use -- do we have to amend the budget? Can we just operate from the enterprise fund? I'm not sure how that works. Is there enough funding in the enterprise fund to operate? Is that going across that line that we can't talk about?

MR. NAUGHTON:

No, we can't really talk about. The issue is you have to look at the appropriations in the fund.

CHAIRMAN GREGORY:

Okay. All right. I can do that.

CHAIRMAN GREGORY:

Second, back to red light cameras. You have exempt personnel working on them, right? I think you alluded to that earlier. It's not Civil Service employees.

MS. CORSO:

I think it's a combination.

CHAIRMAN GREGORY:

A combination. For those personnel, are they getting paid straight time, overtime, or is it, you know --

MR. NAUGHTON:

Unfortunately, I guess, right now, with the limited number of cameras we have right now since we don't have the full 100, the volume is not overwhelming. Seventy-nine percent of our processing is done by one person. So when I say that we have various people doing it, it's really mostly one person is doing 79%; a second is person doing roughly 13% of it. So between two people, 92% of the processing is being done.

CHAIRMAN GREGORY:

Okay. So it's not a big large staff. All right. Legislator Schneiderman.

LEG. SCHNEIDERMAN:

Connie and Eric, you both have pointed to the problems largely having to do with the State. I don't think you were talking so much about the reimbursement schedule, because that's more of a cash flow issue, but more about the Governor's cuts as well as the clawback. And, you know, according to BRO numbers, that looks like those two combined are somewhere in the neighborhood of \$45 million.

At the same time, though, we are buoyed by over \$60 million in additional sales tax. So we're above the -- from 2010 money that came in over our projections, as well as 2012, I guess we had budgeted around 4 1/4% growth. And BRO is now anticipating and additional 43 million there. So in one hand, we're getting hit from the State, but in the other hand, we're getting lucky with the economy growing; is this correct?

MR. NAUGHTON:

Well, I think when we look at sales tax, I mean normally, we would hope that sales tax would help fund our normal ongoing expenses, such as pay raises and step increases for employees. And we look at sales tax, even with the 6 1/2% growth we had in 2010, our total sales tax collection is still below 2006.

LEG. SCHNEIDERMAN:

I understand. That kind of set us off in the beginning when we had the -- the economy fell back, we lost some hundred million dollars in revenue. We did what we could, worked together to try to reduce some of the County's expenditures so we could deal with that. And we did a lot of things that we could say were rainy day initiatives, thinking that the economy is going to bounce back. And maybe, indeed, it is. Based on these sales tax projections, maybe it is starting to bounce back. If it doesn't bounce back, we're running out of those rainy day options to help fill that hole.

When we blame the State, though, I just want to look at one item, and I brought this up before, you know, years ago, maybe it's five years now, we were lucky enough to get the State to voluntarily

impose a cap on our Medicaid at, I think was it 4% or 3%? Three percent. And that brought us, I believe, tens of millions of dollars worth of savings per year. At this point, does anybody know much savings we are getting? Because it would have been cumulative, right? It's 3% from whatever the current number is, right? So had that cap not been in place, we would be paying 25% Medicaid, correct? That's our obligation under the law, 25%?

MR. LIPP:

The hard part is that it's combined with the FMAP savings that we have, which we're estimating through 2012, we'll wind up with, with the extension, over \$113 million in savings, just from the FMAP alone.

LEG. SCHNEIDERMAN:

Let's say the State, in its fiscal disaster said, "We can't do this cap anymore. You're going back to the 25% that you're mandated to pay." What number would that be?

MR. LIPP:

Well, it depends upon the annual growth rate. I think we pay about \$235 million now in the Medicaid cap payments. So for every additional 1%, it's another 23 million.

LEG. SCHNEIDERMAN:

So we're talking, what, hundred million plus --

MR. LIPP:

Two point three million, sorry about that. Two point three million for every 1%.

LEG. SCHNEIDERMAN:

Don't get me wrong, I'm not saying we shouldn't fight the State about the clawback, we ought to. But just bear in mind too that we're getting some relief as well from the State in that Medicaid cap.

MR. LIPP:

Well, but the problem also is if you look at the handout that we gave you, because we are losing FMAP, that's a serious hit to the current year's budget and again to next year's budget.

MS. CORSO:

Also, when they do that, the State is also enriching the program where it's more -- there's more benefits that any other State in this country. So they are imposing what -- you know, the policies.

LEG. SCHNEIDERMAN:

Do you have -- maybe it's premature. But this whole -- whether it's your numbers or BRO's numbers, it's a \$100 million hole, maybe in excess of that. Basically, if all things were equal, going into next year, let's say, if the tax rate was the same, the County's expenses were same, we'd be \$100 million short of basically the County being able to run itself. So do you have ideas, any early ideas, in terms of how to close that hole? As the Presiding Officer says, we're kind of running out of things to sell. Maybe there's some things out there; maybe some basic reductions. But do you have early recommendations, emergency measures, any of you, as to -- you know that whole, \$100 million is double what we collect in property taxes. That's a significant shortfall.

MS. VIZZINI:

Well, of course. You know, to the extent that we begin to discuss solutions, the types of things that we have already done are the types of things that are going to come to the forefront. The money is in the employees and the contract agencies. So there are benefits that our employees reap that comparatively speaking, i.e. health insurance, we do not currently pay for our health insurance. This is an avenue that we may have to consider. There's always the lag payroll.

There's a concern -- you know, one of things about showing the two-year budget model is this gives you a magnitude of the problem in terms of costs going up in 2012. Connie is right in that we have cut expenditures almost every year. And there is a lot less in the budget. It is a leaner budget than it has been. So, you know, when you look at equipment -- what do we have in equipment, about five -- four million dollars? You know, some of the items that we have cut; supplies, equipment, there's a lot less in those line items than we have had in the past. So expenditure cuts, if modest, they're probably achievable, but you're very, very close to the bone at this point.

Last Budget and Finance Committee's presentation, you saw the personnel presentation. The number of employees are going down with the exception of Correction Officers. And yet, the costs, whether it be related to binding arbitration, the cost of doing business, increases in health insurance, what have you, there are still increased costs. The costs are going up at a faster rate than our ability has been to cut them.

We could consider other assets. We do have other assets that we could liquidate or privatize if that is the will of the Legislature. You need to seriously consider recurring revenue. You know, these are big problems. Budget Review has every year pointed out that consideration should be given to the rate of sales tax. We're at 8.625. A quarter percent increase in the rate of sales tax would give us another \$60 million. Difficult political decision, but from a budgetary point of view, it is recurring revenue, it's good for the budget, it's good in the eyes of the rating agencies, not so much in the eyes of others.

And then there's property taxes, increase in the Police District, increase in the General Fund property taxes, if we are going to continue operating at the same level. Those are the few things that come to mind right away.

LEG. SCHNEIDERMAN:

Can we hear from the Budget Office as well?

MR. NAUGHTON:

Sure. I mean, first, obviously, the County Executive issued Executive Order 2 where we do the set-asides. We hope to save about \$18 million from that. We will look at the amortizing of the pension bill, which is worth \$47 million. Clearly, head count is going to continue to go down. We will continue to have a strict hiring policy, and we'll get turnover savings, which could worth up to about \$25 million. FQHC, if that's granted, that could be worth an additional \$5 million over what we have in the 2011 Budget. So that's also something we'll be looking at.

As Gail said, you know, there's other things that we'll be exploring. You know, some of those we can't share right now. But we feel that it's a manageable problem right now, which is why we say the County is in great shape, because it is manageable. You know, when I was here last year for the first time, the gap was twice this amount, and we got through it. So we feel strong that we'll present you in September with a balanced budget once again.

LEG. SCHNEIDERMAN:

You just threw out some numbers and I wasn't able to determine what -- at the end of those numbers what the gap remaining is. Do you have that still?

MS. CORSO:

I have it.

LEG. SCHNEIDERMAN:

Okay. Go ahead.

MS. CORSO:

Forty-four million.

LEG. SCHNEIDERMAN:

Forty-four million.

MS. CORSO:

On a \$2.7 billion budget.

LEG. SCHNEIDERMAN:

Now, are you looking to try to fill some of that remaining with recurring-types of revenues?

MS. CORSO:

Also, I don't think -- I think that we -- first of all, can I -- I've been doing budgets for 28 years both at the Health Department -- one shots happen. And they sometimes they're planned, sometimes they're not. You know, we've had one-shots here that -- you know, we had Segal litigation, we've had refinancings, we've had audited recoveries, we've had -- it's not just things that, you know, like tobacco. There are other thing that happen, believe it or not. You get COLAs, you get rebasings, the list is endless. And they have started in, you know, for as long as I know. In 1983, I was dealing with one-shots. They just happen. I can probably give you an analysis to the beginning of time. So am I going to say here that there isn't going to be any one-shot revenue? There's always one-shot revenue. Is there a plan? No, there's no plan. The plan is to always have budget stability like we have now. You have a 2011 budget that is lower than 2008. That's amazing, and we did that together.

LEG. SCHNEIDERMAN:

The question with one-shots is really the level in the budget, because next year, we have to do it again if we don't fill in that hole.

*(*The following testimony was taken & transcribed by
Alison Mahoney - Court Reporter*)*

MS. CORSO:

Right, and this shortfall includes the loss of those one-shots. Now you're left at the end of the day with 44 million and I'm at March of 2011, the books are not closed. I -- looking at -- just looking at Fund 39, there's a healthy fund balance there. I think we're going to exceed the fund balance in Fund 01, but I won't know until the books are closed. Things are looking better.

LEG. SCHNEIDERMAN:

Connie, do your numbers include this additional \$40 million in sales tax in 2012.

MR. NAUGHTON:

Yes, it does.

LEG. SCHNEIDERMAN:

It does. Can I ask, because there's so many -- that's speculative, it always is going to be speculative. I hope you're right; I hope it's even higher than that. Do we have some early indications -- and I know that right now the world, particularly what's going on in Japan, we don't really know what the financial impact of all of that will be. Do we have some early indications that it's a reasonable assumption, that \$40 million?

MR. LIPP:

Well, the 40 million is for 2012, okay. Every -- one way to look at it is it's well over a billion dollars.

The sales tax, over a 1% growth, you've got over \$10 million, maybe \$11 million in growth, definitely \$11 million in growth for every 1%. So the four and a quarter percent implied assumption, yes, is a projection that, in putting the budget model together, we have not revisited, so we put what I think is a conservative assumption to continue the four and a quarter at this point. There are a lot of storm clouds, such as you're mentioning with Japan, that could, you know, throw a monkey wrench in things. But, you know, once again, 2012 is a fair ways off, the further you get out the greater your forecast error, but it's a reasonable assumption to put into the model.

CHAIRMAN GREGORY:

All right. Mr. Presiding Officer?

MS. CORSO:

It's also still at probably 2007/'08 levels.

LEG. SCHNEIDERMAN:

I know.

P.O. LINDSAY:

I wasn't going to say anything else, but the more we talk the more things that come up. I disagree with you guys about us not being like Nassau. We're amortizing our pension bill, it's a recurring expense. It's like putting your phone bill on a credit card. I don't know how to get around that. I don't have an answer on how to get around that. And I -- maybe I'm a little pessimistic today, but if the economy doesn't pick back up to the levels it was prior to the recession and sales tax growth grows, we're in trouble. You know, we're in trouble. Especially in light of some of the decisions by the State. I mean, the State -- it's like -- it's a great story that they're telling, but the devil's in the details. And so far all I've seen is pushing the burden down on the local governments and local jurisdictions, and no -- no recognition. You're going to bankrupt us.

Robert, what -- we talked about the cap on Medicaid, but what did our cost go up in dollars and cents this year?

MR. LIPP:

Well, we actually had a decrease in the Medicaid cap payment, I believe, in 2010. This year, though, we have over a \$31 million increase projected by us.

P.O. LINDSAY:

Okay.

MR. LIPP:

I'm not sure what the adopted increase is, but -- well, the adopted increase is well over 30 million also.

P.O. LINDSAY:

Okay. So with the cap -- I just -- you know, I just want people to realize, Medicaid is capped on how much we can go up, it doesn't mean that it isn't going up.

MR. LIPP:

Well, like I said before, the real problem is -- what's mixed in there is the loss of FMAP, so that really jacks up the price. We think that the expense will come in projected to this year less than what's in adopted budget, and that's implicit in our \$179 million shortfall.

And just to speak one more time about the sales tax. If you look at the numbers that we presented, to the extent that you agree with them, what it simply says is that the sales tax is not

bailing us out, as good as the numbers are that we have there. It helps, no doubt, but we have problems that are larger than the sales tax growth.

P.O. LINDSAY:

Well, you know, we wouldn't be in bad shape, the sales tax is going in the right direction, if we didn't get another \$46 million in pension bill or 40 million next year, 31 for Medicaid, 20 million they want to claw back for services we already provided. I mean, it just can't rise fast enough to keep up with that.

CHAIRMAN GREGORY:

Okay. Thank you. Thank you. We have an extensive agenda that we're going to try to go through very quickly.

Tabled Resolutions

IR 1941-10 - Directing the Department of Information Technology to publish the County's total indebtedness online (Cilmi). Motion to table.

LEG. ROMAINE:

Please include me.

CHAIRMAN GREGORY:

I have a motion to table.

LEG. D'AMARO:

I'll second.

CHAIRMAN GREGORY:

Second by Legislator D'Amaro. All in favor? Opposed? Abstentions? ***Tabled (VOTE: 6-0-0-0 - Including Presiding Officer Lindsay).***

IR 2106-10 - Adopting Local Law No. -2011, A Charter Law to enhance transparency in County Budget process (Cilmi). I'll make a motion to table.

LEG. SCHNEIDERMAN:

I'll second.

CHAIRMAN GREGORY:

Second by Legislator Schneiderman. All in favor? Opposed? Abstentions? ***Tabled (VOTE: 6-0-0-0 - Including Presiding Officer Lindsay).***

IR 2107-10 - Adopting Local Law No. -2010, A Charter Law strengthening the budget adoption process (County Executive). This has to be tabled for a public hearing, so I make a motion to table.

LEG. D'AMARO:

Second.

CHAIRMAN GREGORY:

Second by Legislator D'Amaro. All in favor? Opposed? Abstentions? ***Tabled (VOTE: 6-0-0-0 - Including Presiding Officer Lindsay).***

IR 1008-11 - Adopting Local Law No. -2011, A Charter Law to enhance budgeting flexibility and responsiveness (Schneiderman).

LEG. SCHNEIDERMAN:

Motion to approve.

CHAIRMAN GREGORY:

Motion to approve by Legislator Schneiderman.

LEG. MURATORE:

Motion to table.

CHAIRMAN GREGORY:

Motion to table by Legislator Muratore. I second the tabling motion. And you have a --

MR. KOPP:

If you table, I was going to talk about it next time.

LEG. SCHNEIDERMAN:

If I could, on the motion.

CHAIRMAN GREGORY:

Okay. Legislator Schneiderman.

LEG. SCHNEIDERMAN:

All right. So this is really up to the -- like everything, it's up to the Legislature. It's a tool, whether you want it or not. We've discussed this in the past, it just gives the Legislature a little bit more flexibility to make budget amendments. An issue just came up recently with I think a bill that Legislator Romaine had where he wanted to modify, I think there was the bill for Cornell Cooperative Extension, the Diabetes Program and the 477 piece for the Pesticide Reduction Program.

All it does is gives us -- to me, it gives us more ability to deal with a fiscal crisis, to move quicker as a body. We're a coequal branch of government. If we don't want that flexibility, then we can stick with our self-imposed limitations of four times a year. This would allow us -- it doesn't give us CN powers, but it would allow us to move through the traditional committee process with budget amendments.

It's a tool. Whether we, you know, use it if you want it, it's really up to the Legislature.

CHAIRMAN GREGORY:

Okay. Presiding Officer?

P.O. LINDSAY:

I'm going to second the approval motion just to have both options before us.

CHAIRMAN GREGORY:

Okay. All right. So we have a second on the table, second on the approve. Mr. Kopp?

LEG. SCHNEIDERMAN:

It also could be discharged without recommendation, let the whole Legislature deal with it.

MR. KOPP:

Good morning; it's still morning, I just checked. The resolution before this committee is one that would make the budget more difficult for the managers. The budget is a document adopted by the

Legislature to set forth a plan for the year, set forth the policy of the County for the year ahead. And the County Executive is the Chief Budget Officer to administer that and the department heads administer the budget in accordance with the desires expressed by the Legislature in the adoption process, and to be able to adopt it and amend it at every meeting would virtually change the budget into jello. So I would recommend that this committee table this and not adopt this at this time.

CHAIRMAN GREGORY:

Okay. Legislator Romaine.

LEG. ROMAINE:

I understand that point, and that's an excellent point. And by the way, I am prepared today to table this for one session.

Would the County Executive be willing to give up his powers and limit himself to four times a year like the Legislature? Since we won't want to turn the budget document into a bunch of gel.

MR. KOPP:

No, he wouldn't. He's the Chief Budget Officer, by Charter it's his responsibility to administer the budget.

LEG. ROMAINE:

I won't put you on the spot, Eric, it's okay. You get my point. I mean, I understand his point, and there's validity to his point.

But is he willing to limit himself likewise? Maybe what Legislator Schneiderman should be doing, instead of expanding our powers, is to be limiting the powers of the Executive and then making a budget document less fungible, as you mentioned. That might be a better approach.

LEG. SCHNEIDERMAN:

Can I ask -- I don't know whether it's our Counsel or maybe Gail. Does anybody know the history of where it ended up? Because we also, we deal with all the appropriations. Where did this come from, this four times a year requirement? Is that something relatively new, was it historically that we could do it at all of our meetings, or at less frequency? Does anybody know?

MR. NOLAN:

I have some recollection, I think at a certain point the Legislature did not have the authority at all to amend the budget during the year. This was a big fight when I worked here previously in the 80's, every year we fought over this, were we going to get this authority. And then I guess at some point, after I left in the 90's, this law passed that gave the Legislature the authority to do it four times a year.

LEG. SCHNEIDERMAN:

Maybe for BRO. The frequency, because it specifically says when we can do it, and I know that sometimes we run into problems with that last one falling too late and contracts can't be amended. Do you recommend any changes from your ability to work with us in terms of responding to the budget, either changes in the timing or the frequency of our ability to put in budget amendments?

MS. VIZZINI:

Legislator Gregory, I think it was a year or so ago, had sponsored a resolution moving the four cycles earlier, so now instead of December being the last one, September is the last one. So I think contract agencies still have a shot at maybe, you know, spending any amendments that are made at that point. So at this point, no, I don't have any recommendations.

LEG. SCHNEIDERMAN:

Okay.

CHAIRMAN GREGORY:

All right. So we have --

MR. KOPP:

I do recollect when it was changed to four and it was quite a to-do then, as the County Executive at that point was interested in maintaining his role as Chief Budget Officer. It was a different County Executive then.

P.O. LINDSAY:

Yeah, just maybe either Eric or Gail, somebody can help me out. I think the budget modifications that we face here don't add anything to how much we're spending, they're always offset. So I don't -- I don't know where the fiscal jello is, Eric. I don't -- you know, and anything, even in the cycles that we face, we're talking about a pittance. I mean, most of the things come up with contract agencies, and I'll use Legislator Romaine's bill the last time around; what was it, \$77,000 to fund a program that he wanted? Which I --

LEG. ROMAINE:

Take it from automobiles, which apparently we no longer need because of all those give-backs from the cars.

P.O. LINDSAY:

But I -- you know, I'll put it on the record, I voted against that. I'm a firm believer that when we do a budget, that the budget should stand, but things happen during the course of a year; agencies go bankrupt, our priority changes. The agency that I might have put in the budget doesn't want the money anymore, doesn't want to provide the service, and there has to be, you know, some mechanism for modifications. I just don't see this as a big deal, but I'll defer to my colleagues.

CHAIRMAN GREGORY:

Yes.

LEG. ROMAINE:

One last comment.

LEG. SCHNEIDERMAN:

I was looking forward to Eric's response, actually, to that. Originally you were going to respond to a question about the fiscal impact of the bill.

MR. KOPP:

I never said there was a fiscal impact, I was just talking about the budget document as a management tool that sets forth the policy. I didn't suggest that this would necessarily have a fiscal impact.

LEG. SCHNEIDERMAN:

Okay. Thank you.

LEG. ROMAINE:

One last comment. I mean, I served in another position in County government, I was County Clerk, purely administrative, nothing to do with Legislative/Executive, but I had more budgeting flexibility there than I have here. I was allowed, by Charter, to move up to 10% of that budget around as I

saw fit during the year, as an administrative official. I had more flexibility there within my budget than I would have here supervising the County budget. I mean, I don't think we even move one-tenth of a percent in a given year. So I just would point that out. I'm going to table for one cycle, but obviously this is something that may require additional debate, and that's why I want to table it for one cycle.

LEG. SCHNEIDERMAN:

And if you don't mind, Legislator Romaine, again, this is a tool. I am not adverse to modifying the bill if you want to put some limitations in terms of how much we can move or what conditions we might be able to move under. Again, it's here for discussion. If we feel, in dealing with a fiscal emergency, which is clear we are facing, that we need additional tools to respond to that emergency, it's up to the body; if the body wants the tools to handle that fiscal emergency, it can have it.

MR. KOPP:

I'm not certain that anybody would suggest we're in a fiscal emergency. I've been around a long time and I've have seen two year structural projected deficits of hundreds of millions of dollars many times in the 20 years that I've served in County Executive Offices.

To Legislator Romaine's point, and I would like to thank him for supporting my point, the administrators have the ability to adjust as they go along, which is why we hire administrators.

LEG. ROMAINE:

Or elect them.

MR. KOPP:

Or elect them, as is the case with the County Clerk.

CHAIRMAN GREGORY:

All right. So we have a motion to table. All in favor? Opposed? Abstentions?

LEG. D'AMARO:

Opposed.

CHAIRMAN GREGORY:

Okay. All right, *motion is tabled (VOTE: 5/1/0/0 - Opposed: Legislator D'Amaro - Including Presiding Officer Lindsay).*

IR 1099-11 - Amending the 2011 Capital Budget and Program and the 2011 Adopted Operating Budget and appropriating \$652,500 in connection with the improvement of the safety and security of Suffolk County through the use of the ShotSpotter® Gunshot Location System(CP 3511) (Gregory). I make a motion to approve. Do I have a second? No second?

LEG. D'AMARO:

I'll second for discussion purposes.

CHAIRMAN GREGORY:

Second by Mr. D'Amaro. Any discussion? Yes.

LEG. MURATORE:

Chairman Gregory, is this going to be a purchase or are we going to be leasing this; what are we doing with this?

CHAIRMAN GREGORY:

This is a purchase.

LEG. MURATORE:

Don't we have a pilot program going on right now in one of the communities?

CHAIRMAN GREGORY:

There is talks of implementation of a pilot program. One of the caveats that I was informed about with the securing of 120, or actually \$200,000 for North Bellport gun -- ShotSpotter is that the donor would like a more -- he would like -- he or she, they would like to be, the County to make more of a commitment as opposed to a lease. And we looked at actually the numbers, to purchase it is actually less, we'll pay less than for the lease, over the long-term.

LEG. MURATORE:

Shouldn't we look at the results of the pilot program first before we going spending over \$600,000?

CHAIRMAN GREGORY:

I understand where you're coming from. My argument with that is if you -- and we were all here, you were here when Chief Moore presented the Police Department's statistics and which communities -- you know, they made their own crime index and they determined which communities were in more of need on that list; if my recollection serves me, Huntington Station was fourth or fifth on that list, the two top were in my district. My contention is you don't do a pilot program in the area that has less of a need than the area that, for instance, had 22 shootings in one month last summer; you know, that's not a task.

People's lives are being affected and hurt each and every day. I just had a shooting the other day in my community. And I saw some Police Officers that were involved last night and they said this ShotSpotter technology would have been appropriate for that because when the incident happened, no one called the Police right away. They didn't call the Police. They went to the scene -- it was a while, they went to the -- they called the Police and they had no idea where exactly, they were driving around, as I was told, until they found the case, the shell casings on the ground, that's when they determined where the shooting happened. So ShotSpotter would determine that.

So my thing is that, you know, this is not new technology. Nassau has it, there were other municipalities throughout the country that has this technology. We had the people here several times, you know. It's steadily improving, it's not lacking in any regard. So, you know, I don't know what there is to test. And certainly, if we're going to do a pilot program, we should do it in the community that has, according to the Police Department statistics, has the most need. And I don't want to be in a position of pitting one community against the other, but I think certainly what's good for Huntington Station certainly is good enough for Wyandanch or Brentwood or CI which have a higher need. Legislator Romaine.

LEG. ROMAINE:

I hear your argument and I understand the public safety value of this completely. You're amending, this resolution amends the 2011 Capital Budget. What is the offset for the amendment, if I ask can ask Budget Review that question?

MS. VIZZINI:

This amends the Operating Budget and the Capital Budget. It's cash. There was a savings in the Police District of \$652,500 in the Omnibus, we're transferring that savings to the Capital and those monies could be used for either the purchase or the lease of the equipment.

LEG. ROMAINE:

So let me ask this question to kind of put the cap on this. This isn't going to cost, theoretically isn't going to cost the taxpayers any extra. This is money that has already been collected that was surplus that we're simply redirecting for another public safety program; is that --

MS. VIZZINI:

Well, actually the intent was stated in the Omnibus that it be used for the surveillance and ShotSpotter.

LEG. ROMAINE:

So there was an intent when this was put in the budget, by the Executive, am I --

MS. VIZZINI:

No, by the Legislature.

LEG. ROMAINE:

By the Legislature; there was an intent to take this money and use it for this purpose.

MS. VIZZINI:

Correct.

LEG. ROMAINE:

Okay. And obviously, it must have some value because Legislator Schneiderman's aide, sitting right next to me, just handed me her cell phone, and on the cell phone was an announcement that the County Executive is going to announce a comprehensive program for ShotSpotter. It just came up on the cell phone, so there must be some benefit. Maybe you could address that, Eric.

MR. KOPP:

Yes. I spoke with Legislator Gregory yesterday afternoon and Legislator Browning's office and told them that the County Executive was going to put forth a bill to meet the needs of their communities, the communities they represent and the ones they talked about in their resolutions, as well as Huntington Station. And that we look forward to talking with Legislator Gregory and Legislator Browning and Legislator Eddington to see if we can have a comprehensive program that will take care of all these communities needs in one bill.

LEG. ROMAINE:

So he has a program. Obviously he sees the value of this, of ShotSpotter?

MR. KOPP:

We see the need to address the concerns of the various communities and to give ShotSpotter a fair trial in these communities, yes.

LEG. ROMAINE:

So this would not -- this resolution would not be a contrivance with his beliefs regarding this issue?

MR. KOPP:

We're going to work to get all of the programs up and running simultaneously. And I think I'm --

LEG. ROMAINE:

So this funding would help.

MR. KOPP:

I'm meeting with Legislator Gregory at noon, I think, to talk about this.

CHAIRMAN GREGORY:

Yes.

LEG. ROMAINE:

Oh, so Legislator Gregory is joining with the County Executive on this matter, and this funding would help accomplish their purpose.

CHAIRMAN GREGORY:

Ah, no.

MR. NAUGHTON:

No.

MR. KOPP:

Apparently we're all working together.

LEG. ROMAINE:

Oh, you are.

CHAIRMAN GREGORY:

We are having a discussion at twelve o'clock, which is 15 minutes ago, to talk about this program. But I would like to move forward with my bill, since it's been in committee.

LEG. ROMAINE:

But in any event, no matter who wants to put their name on this, there'll be funding available for this if this passes; is that correct?

MR. NAUGHTON:

Just to make a statement. We don't think that we should be owning the system at this time, that's why we want to go with a lease proposal. So no, we do not think we should be doing a Capital Project at this time.

LEG. ROMAINE:

I just heard from the Chairman of this committee -- if you may, Mr. Budget Director -- I just heard from the Chairman of this committee that leasing would be more expensive than purchase; is that correct? Have you done an analysis of this?

MR. NAUGHTON:

Yes, we have looked at the lease and we feel that the lease is the most economical, most operational benefit to the County.

LEG. ROMAINE:

Well, let me ask Legal Counsel, then, since we're going to bounce around and get everyone involved. If we appropriated this money, could this be used for a lease as well as purchase? Is there any prohibition for this money being used for leasing as well as purchase?

MS. VIZZINI:

Eric and I had a discussion, was it last night?

MR. KOPP:

This Eric.

*(*Laughter*)*

MS. VIZZINI:

Oh, I mean Eric Naughton and I. But I also have been discussing this with Audit & Control, because I have to say that when we put this together, it was prior to the concept of leasing.

LEG. ROMAINE:

Uh-huh.

MS. VIZZINI:

You can lease through the Capital Program. However, from an accounting point of view, it would be preferable if that was -- the terms and conditions of the lease were that the County was going to own the equipment at the end of the lease.

LEG. ROMAINE:

Would that be what you're looking for, a lease purchase, or just a plain lease? The Executive, what is the Executive Branch looking for?

MR. NAUGHTON:

It's a straight lease.

LEG. ROMAINE:

A straight lease. So at the end of the day we will own the equipment, we would have laid out some serious money, though.

MR. NAUGHTON:

However, with our proposal we will have the ShotSpotter up in more communities.

LEG. ROMAINE:

Do you feel, from discussing with your Police Commissioner, maybe this is a question for Eric number one, if you don't mind. That's you, Eric.

MR. KOPP:

I'm not.

LEG. ROMAINE:

Our Chief Deputy -- excuse me, Deputy, Deputy County Executive; I don't want to get the other guys aggravated.

MR. KOPP:

Very confusing.

LEG. ROMAINE:

Right, the once and former. Has our Police Department recommended that this be used on a broader basis in the communities being mentioned? We have Huntington Station. We're adding Wyandanch, North Bellport, Central Islip and Brentwood. Does he feel other communities, the situation is such that so many shots are fired in other communities that this should be expanded beyond the communities I just mentioned?

MR. KOPP:

You can be number one this time.

LEG. ROMAINE:

Oh, okay.

MR. NAUGHTON:

Eric the younger.

*(*Laughter*)*

All right, I believe we're looking -- the seven miles that we're looking at will cover the same communities.

LEG. ROMAINE:

So you intend to cover the same communities.

MR. NAUGHTON:

But at a cheaper cost to the Count -- to the residents.

LEG. ROMAINE:

A cheaper cost short-run, long-run, both ways?

MR. NAUGHTON:

The way we're looking at this is since there's a strong push on the Legislature to do this, we still feel that let's say after three years that it's determined that this is not an effective tool, at least we don't own it, we're done with it, we're not having ongoing maintenance with it and we're not having a huge capital outlay.

LEG. ROMAINE:

Well, I definitely understand that caution. But I assume the County Executive, in his effort to cover the same communities through leasing -- and our County Legislature, our Chairman, through purchase -- have looked at the history of this technology in other communities. Have they examined the history of this?

MR. KOPP:

From what I'm told, and I've gotten into this fairly late in the process, there's some divergence of opinion as to the effectiveness.

LEG. ROMAINE:

Oh, really? Okay. I mean, I heard Chief Moore testify, in essence, that this was an effective technology that the Police Department could use in areas where there were several shootings or guns that were shot, that they could respond better, they could track down the responsible parties and that this would, at some point, once that technology was stalled and used, become something of a deterrent to additional shootings. Now, that's what I had heard from that testimony. Correct me if I'm wrong, I'm not in law enforcement, I'm not the Chief of Patrol, I haven't done studies, but he seemed to indicate that studies had validated this technology.

MR. KOPP:

Well, apparently there's some anecdotal suggestions that in some areas it has produced some false positives.

*(*The following testimony was taken & transcribed by
Diana Flesher - Court Reporter*)*

CHAIRMAN GREGORY:

Okay. All right. Quickly, we have to move along. It's almost 12:30.

LEG. SCHNEIDERMAN:

Okay. Now, let's assume for our discussion purposes that it is an effective technology and that's why we're pursuing it and it would give law enforcement the ability to pinpoint where shootings occur, okay? My only question, because there's been several communities mentioned and they are all -- they're all within the Suffolk County PD and so clearly we're aiding Suffolk County Police Department with catching criminals, etcetera, maybe responding to a shooting. I assume, then, we are paying for this entirely within Suffolk County PD. Is that correct, Gail, that we're not using whole County funds, which has been a concern of mine, where we continue to use whole county funds --

MR. KOPP:

The proposal that we're talking -- County Executive's proposal is the Police District funds.

LEG. SCHNEIDERMAN:

Police District only.

MR. KOPP:

Correct.

LEG. SCHNEIDERMAN:

And, BRO, is the current proposal or, Robert, Police District funds only?

MR. LIPP:

This resolution shows it would be debt in the General Fund.

LEG. SCHNEIDERMAN:

It would be General Fund debt?

MS. VIZZINI:

Yeah, but he's looking at the previously approved \$450,000 for Huntington Station, the bonded -- the bond.

LEG. SCHNEIDERMAN:

Right. This is more of a pilot program.

MS. VIZZINI:

Right.

LEG. SCHNEIDERMAN:

To test its effectiveness, efficacy? But this proposal for Bellport, Wyandanch, is it? Brentwood, CI, this is funded only by Police District funds; is that correct?

MS. VIZZINI:

Legislator Gregory's cash comes from the Police District. It's cash. There would be no associated debt service.

LEG. SCHNEIDERMAN:

Thank you. And the County Executive's proposal as well?

MR. KOPP:

Correct.

LEG. SCHNEIDERMAN:

Okay.

LEG. ROMAINE:

Just one point of clarification on the County Exec. I understand that there's no debt service on the proposal by our Chairman, which -- the proposal by our County Executive, is there any debt service connected with that?

MR. KOPP:

No.

LEG. ROMAINE:

That's coming out of Operating?

MR. KOPP:

Correct.

LEG. SCHNEIDERMAN:

It's the same pool of money except you guys --

LEG. ROMAINE:

Is it the same pool of money?

LEG. SCHNEIDERMAN:

-- are talking about leasing it versus us spending it outright?

MR. NAUGHTON:

Yes. Yes. Yes, it's the same pool of money.

LEG. SCHNEIDERMAN:

And, DuWayne, are you -- what is it, 600,000 that's available? And you're using it --

MS. VIZZINI:

There's 652,000 in cash. I mean not to complicate the issue, but there was another resolution approved in 2010, resolution 1276, where we authorized \$450,000 for Shot Spotter, but that was with bonds.

LEG. SCHNEIDERMAN:

That was with bonds. That's the Huntington Pilot Project, right?

MS. VIZZINI:

So I don't know how that ties in visa vie the lease given the information that Audit and Control gave us. So I defer to Eric -- one of the Eric's.

LEG. SCHNEIDERMAN:

Right. So in the Chairman's proposal, is there bonding involved? Does the cost exceed the money that's available? The cash? No? Okay. So the two competing ideas, one is to lease so we can do additional communities versus using most of the money to do one particular community. Okay.

LEG. ROMAINE:

One last question. What additional communities would you be doing? Because you said you were going to do additional communities other than the Chairman's proposal.

MR. KOPP:

It also includes Huntington Station, which is talked about in the original test area.

LEG. ROMAINE:

But didn't we bond for that already?

MR. NAUGHTON:

(Inaudible)

LEG. ROMAINE:

To cancel the bond?

MR. KOPP:

Correct.

LEG. ROMAINE:

Okay. So we would cancel the debt for Huntington Station --

MR. NAUGHTON:

Correct.

LEG. ROMAINE:

-- use this pot of money to cover Huntington Station as well as the communities involved in the Chairman's proposal?

MR. NAUGHTON:

That's correct.

MR. KOPP:

And the communities in Legislator Browning's proposal as well.

MR. NAUGHTON:

Yes, no debt.

LEG. ROMAINE:

And Mastic Shirley would be covered also; is that correct? North Bellport?

MR. KOPP:

North Bellport.

LEG. ROMAINE:

North Bellport. But there's a donation. Some guy came forward with about 200 grand anonymously.

MR. KOPP:

And we have to work out how to include all of that. That is one of the reasons we want to have a little discussion.

CHAIRMAN GREGORY:

All right. So we -- any further questions?

LEG. D'AMARO:

I do.

CHAIRMAN GREGORY:

All right, Legislator D'Amaro.

LEG. D'AMARO:

So we have a proposal on the table where we can go forward, table or we have continuing discussions. I think both approaches contemplate that the technology should at least be implemented, tested. I agree with Legislator Gregory that there's a core function. You know, we're dealing with police protection, protecting our citizens. So my question is, if we take the leasing approach as opposed to passing this bill out of committee today, what will happen sooner? What will result in getting this technology into a community quicker?

MR. NAUGHTON:

Yeah, I'm not sure if the installation schedule changes at all. But I think since we don't have to wait to issue bonds and everything that we just go ahead and spend the money on operating, sign a contract to lease, we could probably get all the communities going probably faster.

LEG. D'AMARO:

And you also mentioned that your approach is going to change the funding of the Huntington Station Pilot Project. But I assume that that is moving forward as we speak; is that correct?

MR. KOPP:

Yes, it is moving forward. The discussions with the vendor have been ongoing with the Police Department as far as I know, yes.

LEG. D'AMARO:

I'm sorry, I couldn't hear you.

MR. KOPP:

The talks with the vendor have been ongoing; so it is moving forward.

LEG. D'AMARO:

The talks with the vendor have been ongoing.

MR. KOPP:

Yes.

LEG. D'AMARO:

When do you expect those talks to be concluded?

MR. KOPP:

I'll have to get back to you on that, Legislator D'Amaro.

LEG. D'AMARO:

This policy decision was made that this was important technology both from a pilot project point of view to see whether or not it's as effective as we think it is. Also, Huntington Station suffers from some troubles with shootings as well as Legislator Gregory's district. I don't feel very reassured today hearing that we're still talking about how we're going to fund this and that we're just talking to a vendor. I mean it seems to me we passed that a few cycles ago, that bill, if I'm not mistaken.

MR. NAUGHTON:

No. Just to clarify, the lease does not slow down the process at Huntington Station.

LEG. D'AMARO:

But didn't we already have a vendor? Well, we chose a vendor.

MR. NAUGHTON:

Correct.

LEG. D'AMARO:

I mean at this point you buy the technology and install it. I don't see the delay.

P.O. LINDSAY:

If I could, and maybe somebody correct me, I think your equipment is proprietary. I think there is only one vendor that produces this type of system. And going back to our budget deliberations, if you remember we moved the police class from spring to fall. We acquired some money that we put in a dedicated fund for electronic enforcement; is where this \$625,000 comes from. And at the time we know these systems are very expensive and we only envisioned being able to install with that amount of money maybe one community. And then someone came forward, whether it was the Administration or DuWayne, I'm not sure, that there's a leasing option here that we could cover more communities if we leased the equipment with the existing appropriation that we have without bonding anything. And I think that's a good deal; that we could cover more communities without bonding or going into any debt over this system.

LEG. D'AMARO:

I'm open to the option of leasing. I'm open to the option of putting it into more communities. I mean it's all positive. We're all talking about positives here. And I understand that. But I am a little concerned about moving forward with Huntington Station, another pilot project that's supposed to be moving forward, I hope, will move forward quickly.

I assume your discussions with the Chair are imminent. I will say on the record I'm prepared to pass this out of committee today; however, we're not meeting until Tuesday. It'll give you an opportunity, Mr. Chairman, to explore maybe there's a meeting of the minds on how we approach all of this. But, again, I think that from what I've seen, and I supported the Huntington Station bill as well, this technology in my mind can have an impact. I'd like to move it forward, move it forward quickly. And I'm not going to delay this bill either, but I do encourage the talks. Because if we can save some money and cover some more communities, I'd be all for that as well. So, I'm going to reserve what happens on Tuesday. But right now I think we should push this bill out of the committee.

CHAIRMAN GREGORY:

Okay. Legislator Schneiderman.

LEG. SCHNEIDERMAN:

I do like the fact that maybe Huntington Station might be converted from the General Fund to Police District. What I was going to ask, though, in terms of, if we lease versus buy, the maintenance of the equipment, is that done by DPW, is that done by the Police District? And if we lease, is it done by the vendor? Are there some cost savings to us that way? I don't know. But I imagine there's significant amount of maintenance to make sure that these microphones are operating.

MR. NAUGHTON:

The vendor covers it.

LEG. SCHNEIDERMAN:

The vendor covers it.

MR. NAUGHTON:

Yes.

LEG. SCHNEIDERMAN:

If we buy, who covers it?

MR. NAUGHTON:

If we buy, there's still a maintenance fee of about \$65,000 a year.

LEG. SCHNEIDERMAN:

Okay, so either way it's not County employees who are going to be maintaining it?

MR. NAUGHTON:

Correct.

CHAIRMAN GREGORY:

Okay.

LEG. SCHNEIDERMAN:

Okay. Can we discharge without recommendation so you can have your discussion without tainting it?

LEG. D'AMARO:

I'm open to either; whatever you want. Either way.

LEG. SCHNEIDERMAN:

You know, I'll support it going to the floor, certainly.

CHAIRMAN GREGORY:

Okay. All right. All right. I'll amend my motion to discharge without recommendation. Do we have a second?

LEG. SCHNEIDERMAN:

I'll second it.

CHAIRMAN GREGORY:

Seconded by Legislator Schneiderman. Legislator D'Amaro?

LEG. D'AMARO:

No.

CHAIRMAN GREGORY:

No. Okay. And just for the record, we don't have a competing resolution. So this is the only bill that's on the table. A CN, I don't think is appropriate use of the CN process. So if we don't pass this, we're looking at another month or so.

LEG. ROMAINE:

Well, I'm willing to discharge without recommendation for the record. But obviously you're going to have discussions with our County Executive. I'm sure the Presiding Officer will have some involvement in this. And like Legislator D'Amaro, I reserve my action on Tuesday because if we can

cover more and we don't have to go bond, I'm concerned about the fiscal condition of the County. I think this is important technology. I want to be supportive. So I'm going to vote to discharge without recommendation and hopefully between now and Tuesday the County Executive works something with yourself so that he can join on your bill.

LEG. SCHNEIDERMAN:

On your bill, yeah.

LEG. ROMAINE:

On your bill. I want to emphasize, your bill.

LEG. D'AMARO:

Just to follow up on that, I'm not sure that a CN would be the worst thing in the world because when we did the Huntington Station Pilot Program bill, we talked about the technology at length. We've had those discussions. I think the only thing that would change are what communities are we covering and how are we funding it. So it might not necessarily be the worst thing. I think we've had a lot of discussions at the committee level so far on the technology itself and the substance of what we're trying to do and the need in the communities. So I would just recommend to keep an open mind on that as well.

CHAIRMAN GREGORY:

Okay.

LEG. SCHNEIDERMAN:

I think Legislator Cooper should also be in the conversation, too.

LEG. ROMAINE:

He is.

LEG. SCHNEIDERMAN:

If it's going to affect the delay of the Huntington Station proposal, it was his bill --

LEG. ROMAINE:

He is.

MR. KOPP:

He's probably started the conversation without us.

CHAIRMAN GREGORY:

He's going to be there at our 12 o'clock meeting. Now it's 12:30. Gail?

MS. VIZZINI:

Just to add to the discussion, one of the other reasons to move it to the Capital was to give you some latitude past the end of the current fiscal year to spend the money. What this does, it takes the cash and safely puts it in the Capital Program. Whether we lease with appropriate circumstance, it's still cash. Or whether we -- we pay through the Operating Budget. The Operating Budget, if you don't spend that money by December 31st, anything that's left would lapse to fund balance.

LEG. ROMAINE:

It's lost. And then the Capital you have five years.

MS. VIZZINI:

Correct.

CHAIRMAN GREGORY:

And we actually would save money because generally in the capital fund we bond for it so we're actually paying --

MS. VIZZINI:

Well, this is cash. There is no bonding associated with your resolution. And perhaps Eric and I can talk to Audit and Control in terms of the limitation -- any limitations regarding whether we own the equipment at the end visa vie what the County Executive has in mind.

CHAIRMAN GREGORY:

Okay. All right. Let's move. All right. So we have a discharge without recommendation, a second. All in favor? Opposed? Abstentions? **(VOTE: 6-0-0-0. PO LINDSAY INCLUDED IN VOTE)**

1117, Amending the 2011 Operating Budget and transferring funds to Fund 102 for Public Safety Answering Points (PSAP). (Kennedy). The sponsor asked me to make a motion to table.

LEG. D'AMARO:

Second.

CHAIRMAN GREGORY:

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

INTRODUCTORY RESOLUTIONS

1122, Authorizing certain technical corrections to the 2011 Adopted Operating Budget for Princess Ronkonkoma Productions. (Muratore)

LEG. MURATORE:

Motion.

CHAIRMAN GREGORY:

Motion to approve by Legislator Muratore, second by Legislator Romaine. All in favor? Opposed? Abstentions?

LEG. SCHNEIDERMAN:

And consent calendar.

CHAIRMAN GREGORY:

And place on the Consent Calendar. **(VOTE: 5-0-0-0)**

IR 1129 to readjust, compromise, and grant refunds and charge-backs on Real property correction of errors by: County Legislature (Control No. 844-2011). (Co. Exec.) I'll make a motion to approve and place on the Consent Calendar.

LEG. D'AMARO:

Second.

CHAIRMAN GREGORY:

Second by Legislator D'Amaro. All in favor? Opposed? Abstentions? (VOTE: 5-0-0-0)

IR 1130, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 843-2011). (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1131, To readjust, compromise, and grant refunds and charge-backs on Real property correction of errors by: County Legislature (Control No. 841-2011). (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1132, To readjust, compromise, and grant refunds and charge-backs on Real property correction of errors by: County Legislature (Control No. 842-2011). (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0) Oh, God, 1135. I got to go to the bathroom. 1135. Not that you guys need to know that.

IR 1135 (To readjust, compromise, and grant refunds and charge-backs on On real property correction of errors by: County Legislature) Control No. 848-2011 (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1136 (To readjust, compromise, and grant refunds and charge-backs on Real property correction of errors by: County Legislature) Control No. 849-2011 (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1137 (To readjust, compromise, and grant refunds and charge-backs on Real property correction of errors by: County Legislature) Control No. 846-2011 (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1138 (To readjust, compromise, and grant refunds and charge-backs Real property correction of errors by: County Legislature) Control No. 847-2011 (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1139 (To readjust, compromise, and grant refunds and charge-back on Real property correction of errors by: County Legislature) Control No. 845-2011 (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1140 (To readjust, compromise, and grant refunds and Charge-backs on real property correction of errors by: County Legislature) Control No. 844-2011 (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1141 (To readjust, compromise, and grant refunds and charge-backs on Real property correction of errors by: County Legislature) Control No. 842-2011 (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1142 (To readjust, compromise, and grant refunds and charge-backs On real property correction of errors by: County Legislature) Control No. 843-2011 (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1143 (To readjust, compromise, and grant refunds and chargebacks on Correction or errors/County Treasurer by:) County Legislature No. 350. (Co. Exec.) Same motion, same second, same vote. (VOTE: 5-0-0-0)

IR 1144, (To readjust, compromise, and grant refunds and chargebacks on Correction or errors/County Treasurer by:) County Legislature No. 349. (Co. Exec.)
Same motion, same second, same vote. **(VOTE: 5-0-0-0)**

IR 1145, Authorizing certain technical corrections to the 2011 Adopted Operating Budget for the West Islip Summit Coalition. (Barraga). I'll make a motion to approve, second by Legislator Romaine. All in favor? Opposed? Abstentions? **(VOTE: 5-0-0-0)**

IR 1147, Adopting Local Law No. -2011, A Charter Law to protect Taxpayers from large spikes in property taxes. (Schneiderman)

LEG. SCHNEIDERMAN:

I make a motion to approve for discussion purposes.

MR. NOLAN:

It's a public hearing.

LEG. SCHNEIDERMAN:

So we have to table.

CHAIRMAN GREGORY:

Motion to table by Legislator Schneiderman. I'll second it. All in favor? Opposed? Abstentions?
(VOTE: 5-0-0-0)

IR 1204, Authorizing certain technical corrections to the 2011 Adopted Operating Budget for the Babylon Rotary Foundation, Inc. (Horsley)

I'll make a motion to approve.

LEG. D'AMARO:

Second.

CHAIRMAN GREGORY:

Second by Legislator D'Amaro. And again this is Omni?

MR. NOLAN:

It is.

CHAIRMAN GREGORY:

Okay. All in favor? Opposed? Abstentions? **(VOTE: 5-0-0-0)**

1212, Appropriating funds in connection with Fiber Cabling Network and Wan Technology Upgrades (CP 1726). (Co. Exec.) I'll make a motion to approve.

LEG. SCHNEIDERMAN:

Second.

CHAIRMAN GREGORY:

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

IR 1213, Appropriating funds in connection with the acquisition of A Disaster Recovery Project (CP 1729). (Co. Exec.) I'll make a motion to approve, second by Legislator D'Amaro. Legislator Muratore?

LEG. MURATORE:

I have a question after you're done with this, on 1203, but finish this one first. Did we do 1203?

MR. NOLAN:

It got reassigned.

LEG. MURATORE:

Okay.

CHAIRMAN GREGORY:

All right. All in favor? Opposed? Abstentions? **(VOTE: 5-0-0-0)**

IR 1221, Apportioning Mortgage Tax by: County Treasurer. (Co. Exec.)

LEG. SCHNEIDERMAN:

Motion to table, if I could explain, actually, on the motion. Let me just explain it and then you'll understand. We passed a bill, and Legislator Romaine will remember this, in order to help the towns to distribute mortgage taxes more frequently; rather than twice a year, four times a year. But in that bill there's a requirement that we by procedural motion put that in place. And for whatever reason it didn't come to us by the deadline March 15. But we did put it as a procedural motion on the meeting -- for the special meeting. So we're going to dispose of this issue on Wednesday at the Special Meeting.

LEG. ROMAINE:

This money is collected by -- mortgage tax money, as everyone knows, goes to the State of New York and to the various townships in which the mortgage is made. The County, by the way, both under my leadership and Judy Pascale, we're allowed to get some administrative fees. I think she's getting the highest administrative fees in the State. So we take as much of that as we possibly can to offset cost in the County Clerk's Office. But the towns really need this money. And it's just sitting there. We cannot benefit. We cannot benefit from this. We can't keep the interest. It's just sitting there. There's no benefit for us to hold onto this money and we should be transferring this as quickly as possible to both the State and to the towns.

The State gets their money right away. We have to wire them money by the tenth of the -- you know, whatever money we've collected that month, by the tenth of the next month it has to be wired to the State. So they're getting their money right away. The towns, we're just holding back that money for no purpose. We can't maintain any interest. We get no benefit from holding it to the County financially. The town should get this money as quickly as they possibly can because they have the same cash flow issues. We're complaining about the State; some of the towns are complaining about the County.

LEG. SCHNEIDERMAN:

The law directs this body to do this by procedural motion. And we are -- that is on the agenda for Wednesday meeting.

LEG. ROMAINE:

Good.

CHAIRMAN GREGORY:

Okay. Do we have a motion? Did I make a motion?

MS. ORTIZ:

Legislator Schneiderman made a motion. There's no second.

CHAIRMAN GREGORY:

Okay, I'll second it. All in favor? Opposed? Abstentions? **(VOTE: 5-0-0-0)**

IR 1228, Adopting Local Law No. -2011, A Charter Law to establish a 2% Discretionary spending cap in Suffolk County. (Cooper) I'll make a motion to table for public hearing.

LEG. D'AMARO:

Second.

CHAIRMAN GREGORY:

Second by Legislator D'Amaro. All in favor? Opposed? Abstention? **(VOTE: 5-0-0-0)**

IR 1239, Amending the 2011 Operating Budget and appropriating funds In connection with bonding a settlement for a Bus Liability Case. (Co. Exec.) I'll make a motion to approve.

LEG. SCHNEIDERMAN:

Second.

CHAIRMAN GREGORY:

Second by Legislator Schneiderman. All in favor? Opposed? Abstention?

LEG. ROMAINE:

Abstain. **(VOTE: 4-0-1-0)**

CHAIRMAN GREGORY:

IR 1247, Adopting Local Law No. -2011, A Charter Law limiting annual Increases in the County Expense Budget to no more than 2%. (Co. Exec.) I'll make a motion to table for public hearing.

LEG. D'AMARO:

Second.

CHAIRMAN GREGORY:

Second by Legislator D'Amaro. All in favor? Opposed? Abstention? **(VOTE: 5-0-0-0)** That is all. We stand adjourned.

THE MEETING CONCLUDED AT 12:44 PM

{ } DENOTES SPELLED PHONETICALLY