

**BUDGET & FINANCE
COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE**

MINUTES

A meeting of the Budget and Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on Tuesday, May 1, 2012.

Members Present:

Legislator Lou D'Amaro - Chairman
Legislator Jay Schneiderman - Vice-Chair
Legislator Lynne Nowick
Legislator Tom Muratore
Legislator Wayne Horsley

Also In Attendance:

George Nolan - Counsel to the Legislature
Justin Littell - Aide to Legislator D'Amaro
Barbara LoMoriello - Deputy Clerk of the Legislature
Gail Vizzini - Director - Budget Review Office
Robert Lipp - Deputy Director - Budget Review Office
Legislator John Kennedy - 12th Legislative District
Joseph Sawicki - County Comptroller
Christine Capobianco - County Comptroller's Office
Paul Perillie - Aide to Legislator Gregory
Catherine Stark - Aide to Legislator Schneiderman
Ben Zwirn - County Executive's Office
Kim Brandeau - County Executive's Budget Office
Frank Casiglia - AME
Reverend Katie Roche - Rainbow Chimes
Denise Ferrera - The Community Program Center of Long Island
Patricia Bishop-Kelly
All Other Interested Parties

Minutes Taken By:

Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 10:08 A.M.*)

CHAIRMAN D'AMARO:

Good morning, ladies and gentlemen. Welcome to the Budget and Finance Committee of the Suffolk County Legislature. I'm going to ask everyone to please rise and join the committee in the Pledge of Allegiance led by Legislator Jay Schneiderman.

SALUTATION

Please be seated. Okay. Welcome again, everyone. Thank you for joining the committee this morning. I'm going to ask the committee's indulgence and skip over the public portion of our meeting to first bring up our presenter this morning, who is our Comptroller, Joseph Sawicki. Mr. Sawicki, welcome. If you would please come on up, I'd appreciate it. And while you're coming up here I'd like to extend my thanks and thanks on behalf of the committee for coming up today in response to our request to discuss some of the County's fiscal situation.

MR. SAWICKI:

Good morning, Chairman D'Amaro and fellow Legislators. First off, let me thank you for the opportunity to share with you our serious concerns over the critical financial issues and the critical status of our -- Suffolk County's finances these days.

As you know, just last week, we closed -- we sold and closed on the first Revenue Anticipation Note that the County had to sell in 20 years. The rate was good, but the news we received as we went through the transaction was very sobering. The \$85 million was sold at a rate of 1.05%, that's about the only good news that we experienced in this -- again, this transaction.

As you know, a month ago, we initially estimated the RAN to be approximately 70 million. We asked for 90 million as a little cushion in there because you just don't know. And it was a good thing we did, because a few other issues came up, like the SCAT pay payable to the -- with the new -- I think it was the PBA and SOA Early Retirement Incentives. And the State aid actually slowed down at a rate that we thought -- that we didn't expect. So that's what basically necessitated raising from 70 to \$85 million.

We negotiated this sale as opposed to open competitive. By negotiated, means we used the RFP, and we chose who we thought would be the best underwriter for Suffolk County. Such an underwriter, such a negotiator, actually goes out and takes it upon themselves -- in this case, it was Roosevelt and Cross -- takes it upon themselves to basically advertise, market and sell Suffolk County's notes, as compared to the open market where everybody, you know, basically throws in a bid at exactly, you know, 11 a.m. on such and such a date or 10:59 a.m., and then you open up and we always accept naturally the lowest bidder.

We felt -- this is the first time we negotiated since the refund -- we did a refunding about five, six, seven years ago. And this is the first time we actually refunded a note sale. The refunding was for bonds. But we thought it was in our best interest, because Suffolk County had been the subject, as we all know, of such -- such depressing publicity over our financial condition. And so, as it turned out, we think the negotiated sale did good for us, again, at the 1.05%.

Roosevelt and Cross shared with us some of the more sobering feedback that they received from potential investors. That day, we did not receive the most positive results in market, 11 other financial institutions and funds actually turned us down. Eleven turned us down, which five -- only five major investors purchased our notes. And the reason why -- this is what's important, I think, to all of us to understand is that the 11 funds turned us down basically for our credit reasons and concerns about the outcome of the Budget Deficit Mitigation Plan Phases 2 and 3, will they be

actually implemented, when will they go through, what will be the actual savings, and, of course, their concerns over our alternative liquidity, meaning the status of our cash flow reserve accounts. Because, you know, we have heard a lot of talk and a lot of discussion about how we should treat Tax Stabilization Reserve Fund and other reserve funds, which, as you know, the Treasurer uses to borrow from or to transfer from to cover cash needs when other accounts are short. So it's important that those cash flow reserves -- those reserve accounts, next March, when this RAN will be paid back, March 28th to be exact, that they are intact with the \$85 million in there.

The cash flow projection that we've prepared -- and I think you have a copy in front of you -- for 2013 actually shows the need for us to use the reserve funds to pay the RAN back. So right now, our projections and what we're showing to all the credit agencies and what we're supplying them in terms of our cash flow projections actually show that we use and we need the reserve funds to pay that RAN back.

About a year from now, on May 1st, we anticipate doing another RAN, once the first RAN is paid off for a lesser amount, at this point, \$65 million. This is not unlike the situation 20 years ago where they did RANs four years in a row until we get ourselves out of this hole and out of the mess that we're in. And of course, the amount of the RAN in 2013 -- and a lot of these 2013 numbers that we plug into the cash flow will all be contingent on the actual 2013 Adopted Budget that you will ultimately pass. You know, because of such, it could change.

My staff -- you know my Chief Deputy Christina Capobianco to my left, and to my right is Brenda -- Brenda Sloan, who is our Executive Director of Accounting Services. Brenda oversees the putting together of our financial statements and also oversees the cash flow projections with Christine. She put together a -- which I thought very instrumental for you so that you could gauge what happened in 2011. You heard the news -- again, the news that we had to release probably four or five days before we did the RAN borrowing, and that was that the projected 2011 deficit of roughly anywhere from 30 million or less was actually \$60 million. It was 27 to \$30 million higher. These are -- what these are actual results, actual financial statements. They are subject to audit by Ernst & Young as they are every year. But in the past, we have never had an adjustment by Ernst & Young anywhere more than three or \$4 million, very immaterial type of items.

Keep in mind, when you're talking several million dollars, it sounds like a lot of money, it's out of the scheme of things of a \$2.7 billion, it's not a whole lot. But in this day and age, \$100,000 is a lot of money. I say that more in reference to the fund balance that we ended with or the deficit of \$60 million, which leaves us at minus 53 million, right, Brenda? So you will see that one schedule, which is before you that Brenda put together and Christina, the actual budgeted for 2011 and the actual amounts that came in. The actual amounts, again, is what we in the Comptroller's Office deal with in terms of our financial statements, and then the third column is the variance.

Over in the far right, the second right of the schedule, you will see all the numbers at the top under revenues, you'll see the negative numbers, which basically accounts for variance of the \$60 million. And on the bottom, you'll see expenses have gone up a little more in social service programs; seven million for the daycare and five million for the handicapped children. So that's kind of, in a nutshell, where the \$60 million came from and how it was derived. With that, Chairman D'Amaro, I will certainly try to answer any questions as best we can.

CHAIRMAN D'AMARO:

Thank you, Comptroller Sawicki. We very much appreciate your presentation. And you hit the two areas that I had some questions about. And I want to get to the RAN and the comments that you made, because I think you are helping us to stress the point in delivering the news about the difficulty or some difficulty in completing that transaction, just how seriously we have to address the budget crisis that we are facing.

But before I get to that, just to go back to the cash flow -- the chart for 2011. I'm looking at the last page where it references the minus \$58,810,829. That's the actual cash amount now final determined deficit for 2011. So we have a final figure on that. We had previously -- before the committee, Fred Pollert was here -- and right about I think the same day or the day after you had discovered that this was going to be worse than what we had originally thought -- he had mentioned that the reason for the increase was largely due to some catch up from prior years. And I just wanted to ask you if that's what, in fact, is happening here and the way you see it. You know, what explains the discrepancy?

MS. SLOAN:

He was probably referring to a large number of the accruals that we made this year to make sure that everything is in line with the 2011 year. But all accruals both on the expenditure side and on the revenue side were made, so if there were expenditures that were accrued that related to 2011, the related revenues were also accrued. So it can account for some of it, because, obviously, not everything is reimbursed to us at 100% so that I couldn't account for some of the increase in the expenditures.

CHAIRMAN D'AMARO:

Just bear with me for a moment, because I don't speak that language. But my understanding from a layman's perspective is that, yes, the projected deficit for 2011 did go up, a substantial part of that is accounting back to or is caused by finalizing numbers in prior years that didn't come in exactly as projected; is that correct? Because you would think those numbers would have been final.

MS. SLOAN:

We accrued everything back to 2011 that was related to 2011.

MR. SAWICKI:

I think Chairman D'Amaro by accruing back to '11, we took extraordinary pains this year -- when I say pains, I mean extra time -- so that we wouldn't miss any major adjustments for the 2011 year, meaning that come February and March, any outstanding revenues that departments may have known about, whether it's the real property tax revenue that was \$4 million short -- I'm reading the front page again -- seven million dollars in sales tax revenue that was under-budget, the State aid portion of Social Services, that \$10 million that didn't come in. So we wanted to wait as long as possible so we could get a real actual focus on how '11 ended.

CHAIRMAN D'AMARO:

I see. So that was impacted by what was happening early on in 2012. So when you say accrued back to 2011, I mean, it properly -- you have to -- revenue that would even still be coming in in 2012 would accrue back to 2011 and lack of revenue would also accrue back to 2011; is that basically what happened?

MS. SLOAN:

That's correct.

CHAIRMAN D'AMARO:

That's correct. So when you got into 2012, you waited as long as possible to make those determinations because you want to be as accurate as possible.

MS. CAPOBIANCO:

We wait until all the bills come that relate to 2011. We may not pay them until April of 2013. But accruing back simply means recording the 2011 expenditures in the proper year. Even though we

paid them in '12, they relate to 2011, so we accrue them back to 2011.

CHAIRMAN D'AMARO:

So is it uncommon to have that much of a difference, or is this an aberration or is it something that we missed? I'm just not sure, is that a normal kind of adjustment that we see?

MR. SAWICKI:

I think, Legislator D'Amaro, that it's a question of if you look -- if you analyze each of the items in the far right half or column --

CHAIRMAN D'AMARO:

That's what's impacting it?

MR. SAWICKI:

Yeah, that's what's really impacting -- I mean, the sale of the Yaphank land was never recognized, \$15 million, you know, we were told that was going to come in; \$10 million, the Red Light Camera Program was under revenue or under budget; sales tax came in \$7 million under budget.

CHAIRMAN D'AMARO:

So the function of the economy overall, some things just not materializing, and when you put it all together, it adds up to 58 for 2011.

MR. SAWICKI:

Exactly. Exactly. And one thing, if I may, Legislator D'Amaro, going back to the RAN, the S&P -- Standard & Poor's gave us -- and that's the only rating agency that we solicited a rating from this time -- they gave us an SP-1, Standard & Poor's 1, for a short-term rating. We've always enjoyed in the past an SP-1+. So that was a little -- and you all know that Moody's also, back in late '11 downgraded us as well. So that impacted us. And also, the investigators that we're looking at lending us the money, it impacted them.

But also, of the 85 million, Roosevelt and Cross and Jeffries actually absorbed the \$25 million themselves on a voluntary basis, which could not be sold that day. They did not have to do that. They could have, you know, just let it go into the free market, which would be kind of scary, but because both Roosevelt and Cross and Jeffries are very confident, they expressed to us their confidence in Suffolk County's financial stability, that they have no problem absorbing them into their own inventory and marketing them at some future point.

CHAIRMAN D'AMARO:

And they would not have done that had they not had the confidence in the notes that they were purchasing, which --

MR. SAWICKI:

Absolutely.

CHAIRMAN D'AMARO:

Unlike the other 11 companies though that turned us down -- I'm sorry, I interrupted. Go ahead.

MR. SAWICKI:

You are right. You know, I have to tell you, also, the County Executive, County Executive Bellone has really bent over backwards doing what he has to do to keep the rating agencies in tune with every step that we're taking in Suffolk County. And I think that's a good thing, because if there's anything else the rating agencies, Wall Street and the bankers want to see is transparency.

CHAIRMAN D'AMARO:

Right. And we're dependent on it at this point as well and being able to go into the market and to sell these for cash flow purposes if not for other purposes. I appreciate that you brought this to our attention that it was somewhat problematic in getting the RAN completely done and sold, if for no other reason, it just stresses, as I mentioned earlier, the point that, you know, we can't kick this can down the road anymore. We have to address these budget problems head-on. And we all recognize that there are some very, very difficult choices, as we all experienced just last Tuesday, as well with impacting people's lives and their livelihood.

These are very serious issues. But this reenforces the fact that we have to seriously, seriously address this sooner rather than later, because I think you had mentioned in your comments, which was news to me, that we may have to do yet another RAN, Revenue Anticipation Note, coming May 1st. So we are not out of the woods yet as far as cash flow and managing our cash flow. This is not borrowing for spending, it's just cash flow. But we're not out of those woods by this offering alone.

MR. SAWICKI:

No, not whatsoever. And excellent point, Legislator. The RAN will probably -- at this point, I think we probably have to bet there might even be a need for it in the third year. Again, very similar and analogous to what happened 20 years ago. The note though that -- the one ray of sunshine is that our DTAN that we do in September, last year we did 120 million, this year, at this point, we expect to lower that to 90 million.

CHAIRMAN D'AMARO:

Well, that's good news.

MR. SAWICKI:

You know, a lot of it has to do with the 85 million we just borrowed as well, but we'll have cash.

CHAIRMAN D'AMARO:

My last inquiry, and then I'll turn it over to other members of the committee, just could you explain again the necessity or the importance of those reserve funds as we go through these RAN borrowings.

MR. SAWICKI:

The reserve funds have to stay intact because we are showing the credit agencies and the financial world that we are depending on them to pay off -- to pay back the RANs in just about 11 months.

CHAIRMAN D'AMARO:

Isn't that more as a backup that we have the wherewithal to pay them off should cash not materialize as we expect it to come in?

MR. SAWICKI:

Well, you know, our cash flow is showing that we are going to use them as -- you know, to borrow and transfer funds out of as part of our cash evaluation. You know, say something -- something really good happened almost miraculous, and we got an infusion of a hundred million dollars in cash in the 2013 budget, then we could designate that to pay off the RANs, which, you know, who knows what kind of revenue producer that could be.

CHAIRMAN D'AMARO:

I can't remember the last time we saw a miracle like that. So the point being that those reserve funds are in the mix as far as the RANs being successful, not only sold, but then, of course, paid back and the County meeting its obligations. So we have to be sure to keep those intact

for -- that's a very legitimate purpose, otherwise, we can't manage our cash flow.

MR. SAWICKI:

Absolutely. Because the Treasurer borrows, you know, basically in a year-bound basis transfers -- I don't know if that's the right word -- transfers from those funds basically, you know, most of the year to make our operating accounts and our payroll accounts whole. State Law dictates that by 12/31, all those reserve funds and funds that the Treasurer has borrowed from have to be repaid and made whole.

CHAIRMAN D'AMARO:

Right. My last thought, the difficulty with the RAN that you just completed, is that an indication of a difficulty the County may have in floating bonds, you know, funding capital projects and things like that, or is it apples and oranges?

MR. SAWICKI:

Yes and no. I mean, it all reflects on our financial situation, whether it's long-term or short-term. The fact that Moody's and Standard & Poor's and Fitch have actually downgraded us over the past year and a half will impact us. We're going out for 60 million in a couple of weeks, two or three weeks, long-term, which is quite a bit lower than we have had the last few years, I believe, right, between the jail is almost complete and open space is coming to a wind down? So that's a good thing. So we'll certainly keep you posted as to that borrowing progresses.

CHAIRMAN D'AMARO:

All right. Again, I want to say thank you to you and your staff for coming in and sharing this with me. I'm going to turn it over to other members of the committee, I know they have questions. But again, it just drives home the point that we really need to -- and we have, I think Phase One of the Budget Mitigation Proposal is coming up before the committee in a few minutes here this morning as well. I'm sure we'll have some debate on that. But nonetheless, you've driven home the point, I think, here today that is vitally important; that we stay focused, laser-focused on this financial situation and get it resolved. Legislator Schneiderman, please go ahead.

LEG. SCHNEIDERMAN:

Thank you, Mr. Chair. Thank you, Joe and Christina and Brenda for coming out this morning. Joe, I want to first go to the RAN. You had said that the group that was marketing our RAN ended up stepping in at the end and absorbing 25 million or so of it. So explain that to me. They actually are -- they are the ones now lending us that \$25 million? They're going to flip it to another entity. Are they guaranteeing that 1% -- 1.5%; is that how that works?

MR. SAWICKI:

Yes, Legislator Schneiderman. They basically stepped in, purchased -- lent us the \$25 million.

LEG. SCHNEIDERMAN:

They had the liquidity to do that, huh?

MR. SAWICKI:

Yeah.

LEG. SCHNEIDERMAN:

Okay. They're not typically a borrowing institution though -- a lending institution, right?

MR. SAWICKI:

You know, I can't profess to be an expert in how Wall Street and the underwriters work.

LEG. SCHNEIDERMAN:

But they are guaranteeing the same percentage, right? I imagine they're going to flip it to one of those other entities.

MR. SAWICKI:

Eventually, sure. I mean, you know, those are more questions for a financial advisor who does this day-in-and-day-out.

LEG. SCHNEIDERMAN:

On 25 million, even a portion of a percentage is a significant amount of money. So if they guarantee it to us at 1.5; is that --

MR. SAWICKI:

1.05.

LEG. SCHNEIDERMAN:

1.05. Right.

MR. SAWICKI:

They felt as though that rate was good for them to be able to lend us the money, purchase our paper and remarket them, right.

LEG. SCHNEIDERMAN:

They're going to obviously remarket and maybe they get a rate of 1.00, and then they've made some money on the difference. So they're confident.

MR. SAWICKI:

Keep in mind, Legislator Schneiderman, I believe these underwriters, and Roosevelt and Cross are certainly one of the largest, they do this day-in-and-day-out.

LEG. SCHNEIDERMAN:

There's no conflict in doing that; marketing it and then purchasing it themselves? It's not an issue?

MR. SAWICKI:

It's a good question. I don't think so. It's done.

LEG. SCHNEIDERMAN:

A lot of this is new.

MR. SAWICKI:

They lent us the money. We have the 85 million.

LEG. SCHNEIDERMAN:

As long as we're guaranteed our percentage of it, and we've got the lowest percentage we could possibly get in terms of that RAN. Is that typically -- that was a pretty good rate, the 1.05.

MR. SAWICKI:

We think so. To compare, Rockland County, several months earlier, March 1st, Rockland was a little lower than us on the rating scale, and they borrowed at 1.75. So by comparison to a similar-sized county, we did well.

LEG. SCHNEIDERMAN:

Same term, one year? What is the term of it?

MS. CAPOBIANCO:

It will be repaid March 28th. So it's about ten months. So what Roosevelt and Cross did, when there were no other investors at this rate of 1.05%, they had a choice of purchasing the notes themselves at that rate or going back into the market and finding investors at a higher rate, which would have cost the County more money. So Roosevelt and Cross and Jeffries absorbed the 25 million at the 1.05%, they will hold it in inventory, and then they will remarket it and sell it on a secondary market. But it benefitted the County, because they were willing to step up and buy the notes at the same rate as the five investors who purchased the \$60 million.

LEG. SCHNEIDERMAN:

As long as it's all kosher, it's fine. Let's move on. Question number two. On your chart, the State aid portion of it was \$42.6 million less. That was a big number there. You said you had -- \$10,000 of it is Social Service assistance under budget. Are we still owed money? It didn't come in? Or is this from clawback or from reducing the percentages we get?

MS. SLOAN:

Well, if you look down just one line to the Federal aid, there's an increase of about 33 million. So there's kind of a swing between the Federal aid and the State aid programs. So the ten million is State aid portion that wasn't -- that wasn't absorbed by the Federal aid, and that's related to Social Service assistance.

LEG. SCHNEIDERMAN:

So what we didn't get in State aid, we got in Federal. It just shifted over? Is that kind of what happened?

MS. SLOAN:

Yeah. I mean, that's happened sometimes, like, through the F-MAP and some of the ARRA funding. We've received some of it in Federal aid rather than in State aid.

LEG. SCHNEIDERMAN:

Joe, this is kind of a question more for the future. As we are doing our budget, and, you know, predict a shortfall, let's say we're doing the 2012 Budget; we know 2011 is coming in short, whatever we think it is, \$10 million. In other years, we used to carry fund balances, now we carry deficits. So when we do our budget, we have to make up that number in the next year. So obviously, when it comes in higher than we thought later on during the year, there's really nothing we can do midyear, correct, other than maybe, like, a RAN that pushes it into the next year. But, you know, we have already set our tax rolls and everything else, so there's not a lot that we can do to fix it.

So my question really is about forecasting and, you know, whether some of this is more predictable. So let's say, you know, our Social Services, we may budget a particular number from the year before, but during the year, we see demand is up, right, or maybe the prison population, maybe we're sending 10% more prisoners out of County. Typically, when you budget -- and I used to do this too as Town Supervisor -- you often, as you're preparing your budget, you look at last year's numbers, it's a pretty good estimate, adjust them, CPI, inflation, but the demand thing really gets into a kind of more day-to-day forecasting, a realtime forecasting. We'll say, "Oh, this is going to change. This is changing midyear." Do we do that kind of forecasting? Could we? Could BRO get better numbers when they're advising us in terms of our budget model for the following year? Is it more expensive to do that? Are there different mathematical formulas and tools that we could use for better forecasting?

MR. SAWICKI:

Since we don't get into budgeting principals at all in the Comptroller's Office, we do, again, actual financial statements and pay the actual bills and book the actual revenues, I don't want to speak for our esteemed Budget Review Office headed by Gail and Robert. But I do know that a lot of the revenue estimates that came in short came from the County Executive's Office. And as estimates are, I mean, estimates are only as good as the prognosticators are. I mean, I'm not giving you much of an answer, Jay, I know.

LEG. SCHNEIDERMAN:

You're giving me actually the answer I expected. So the Administrative Branch actually have a lot more detail technically to know -- they would know if more prisoners are going out-of-County, they would know some of these things from the department heads or commissioners that they could give us more accurate -- I don't know if I really want to ask the question then. I mean, did they just simply rely on the year before's numbers or did they --

MR. SAWICKI:

I don't know.

LEG. SCHNEIDERMAN:

Because they were off by quite a bit. Did they ignore the demands in Social Services?

MR. SAWICKI:

Just take a look at a couple of the big items; the \$15 million in the Yaphank land not recognized, the sale never happened. You know, we get the information for our cash flow from the Executive's Budget Office. And when they tell us, for instance, that there's a sale of Yaphank land imminent and put this in your cash flow for X month, we do that. Just like the red light revenue that was adopted as a budget item by the Legislature and the County Executive, so we put that in as a revenue item. So it's very difficult to question after the fact for us.

LEG. SCHNEIDERMAN:

They were telling us the budget was balanced, that we didn't need to raise property taxes, etcetera, because the budget was balanced. But they were balancing the budget by making certain assumptions on revenues and expenditures that weren't real world. They weren't -- it doesn't seem like they were based on anything. I'm not even sure they were based on the year before's projections.

MR. SAWICKI:

Well, you know, that's a good point. Realize also going back to the departmental level for departments like Social Services and Health and all those revenues, I have to believe that the Budget Office and the County Exec's Office rely on those very, very heavily for accurate numbers, both on the revenue side and the expense side and of course, the State and Federal aid side. So it's not an easy task being a budget director and trying to analyze every single revenue. But when you go into certain revenues like red light cameras being off \$10 million, \$15 million of land sale that never happened, I mean, I just scratch my head when I see those numbers. That's \$25 million right there that never happened.

LEG. SCHNEIDERMAN:

Right. So somebody made very convenient assumptions, but not helpful in a way. All right. Let me go to my last question. So you mentioned, Joe, that 20 years ago we were in a similar situation; we had these -- kind of a series of RANs, the County was digging out of a similar shortfall. I don't know what the size of that shortfall was. How did the County get out of it 20 years ago? What did they do to fix it?

MR. SAWICKI:

Was anybody around 20 years ago? As a teenager, Gail was a student intern.

LEG. SCHNEIDERMAN:

It's somewhat of a rhetorical question, because I may know the answer, but go ahead, Gail.

MS. VIZZINI:

One of the things that Budget Review does in addition to telling you that the budget was not balanced, you know, we look back historically in terms of, you know, when we were last here and how do we get out of it, what did we do and this and that.

So in 1991, we ended the year in the negative to the tune of \$99 million, even more than the 60 million that we're talking about here. The solutions there -- the problems were big so the solutions had to be big. There were two back-to-back increases in the sales tax rate; September of '91 and September of '92.

LEG. SCHNEIDERMAN:

What were those two adjustments?

MS. VIZZINI:

A quarter cent each.

LEG. SCHNEIDERMAN:

A quarter cent each.

MS. VIZZINI:

Right. Which today, a quarter cent would be worth about 64 million, nickel and diming it here. You know, that was also the year that we referred to in terms of we had to do a RAN, understandably, cash was also a major concern. The cash flow was a major concern. The economy was a factor. What were the other solutions that we opted for? Oh, we also raised property taxes. And I believe that we -- did we do anything with the home heating? Not at that time.

LEG. SCHNEIDERMAN:

Property taxes were increased and sales tax went up half a percent with the two jumps?

MS. VIZZINI:

Yes. And the General Fund property tax levy was probably three times what it is now. So despite that --

LEG. SCHNEIDERMAN:

Around 150 million.

MS. VIZZINI:

Yeah. The economy really hit us hard. And with that, there's increases in Social Service's costs, because, you know, people face hard times. And we had to make some very difficult, but necessary decisions. The good thing was in the mid '90s -- or the early to mid '90s, the economy did turn around, and we were able to bring down the General Fund property tax levy because sales tax was so bountiful. But at this point, we're so deep into it, that even a tremendous increase in sales tax is not enough to bring us out of the \$530 million problem.

LEG. SCHNEIDERMAN:

All right. So a big chunk of the pie used to be property taxes. So we've become much more reliant now on sales tax as our main funding source, right? Because that 150 million we had then, if you

adjusted it to today's dollars probably would be double that, right, 300 million or so or more? You know, I think there probably is a desire to not go to property taxes in general because of -- you know, it affects all the residents of Suffolk County. But -- all right. So they used multiple solutions; property taxes, sales taxes. And new revenues as well?

MS. VIZZINI:

I'd have to take a closer look. One of your colleagues has asked me to review that whole situation. And if it pleases the committee, we can probably put something a little bit more definitive together, so you can see what the history told.

LEG. SCHNEIDERMAN:

Okay. Thank you, Gail.

CHAIRMAN D'AMARO:

Okay. Thank you, Legislator Schneiderman. Legislator Horsley, please go ahead.

LEG. HORSLEY:

Thank you very much, Legislator D'Amaro. It's always good to look at the historical record. I like that, I think it's a good idea. By the way, Gail, was there an increase in gas tax back in the '90s? That was my recollection.

MS. VIZZINI:

Gasoline tax was in 2001. 2001 is another example.

LEG. HORSLEY:

It was out of that whole experience I think we raised the gasoline tax.

MS. VIZZINI:

The 9/11 experience, basically people stopped purchasing.

LEG. HORSLEY:

And if one recalls, this was the whole leaving of Grumman and Fairchild and Hazelton and all that --

MS. VIZZINI:

There were a lot of economic factors.

LEG. HORSLEY:

-- turnover in the local economy too. Let me ask you -- let me get back on point here. Joe, you mentioned the reserve funds, that we should keep them intact, and that when we think of reserve funds, we normally go the fund balance in particular. Are we also talking about Sewer Stabilization Fund? Are we talking about the Land Preservation Funds? Are we talking about those funds as well when we're considering that we've got to stabilize and not spend those dollars?

MS. CAPOBIANCO:

The Tax Stabilization Fund and the Sewer Stabilization Fund are the two main reserve funds. Those are the ones we are speaking of.

LEG. HORSLEY:

The two. Okay. So the Sewer Stabilization Fund and the Tax Stabilization Fund. Gail, does that mean that there are no monies for allocation for the 2011 Budget as far as dollars for new sewer projects?

MS. SLOAN:

When we include the reserve funds for the borrowings in the cash flow, we would eliminate any monies that have already been budgeted for, and we wouldn't include those as amounts that we could borrow from.

LEG. HORSLEY:

So I can understand it, what you're saying is those monies that were budgeted for new sewer projects in 2011, the Levy/Horsley Bill, those monies are still available for expenditure? Because I know that committee is meeting later on this week for that purpose of possible allocation or moving that down the road. You're just saying that from 2012 forward, we should not be spending any more additional stabilization funds; am I right?

MS. SLOAN:

Yeah. For cash purposes, we've taken into account that those monies that were budgeted for 2011 would be spent. So we wouldn't have included those as monies that we could borrow. At the end of 2012, I should say, what we estimate to be in the reserve funds at that point, that's what we're going to use to borrow in the 2013 Year and that money there have already projected to borrow in 2013, so that's the money that we're saying can't really be touched.

LEG. HORSLEY:

I think I understand then. So it's 2012 dollars that are accruing over the year, those monies, they've got to stay in place. 2011 monies for new sewer projects that have not been expended as yet, that have not been given out, those monies are still open for allocation?

MS. SLOAN:

That's correct.

LEG. HORSLEY:

Good. Okay. I think I got the idea then. Can I go back and -- I know you've already asked and answered these questions, but just so I can understand it, on the Social Services end involving that State -- that \$10 million differential that we seem to have been behind, are we going to get that \$10 million? Are they owed to us? Or is this, as I suspected -- was State pull-backs?

MS. SLOAN:

From what I understand from Social Services, they're saying it was a retroactive rate reduction.

LEG. HORSLEY:

That's a nice way of saying they are taking the monies back.

MS. SLOAN:

That's right.

LEG. HORSLEY:

That's pretty much -- yeah, you didn't say that before or maybe I just didn't understand it was even more vague talk. So in other words, that's a State pull-back those \$10 million basically?

MS. SLOAN:

Yes.

LEG. HORSLEY:

And we won't see them.

MS. SLOAN:

That's right.

LEG. HORSLEY:

Got it. The other thing is I just want to go to the Roosevelt and Cross purchasing the \$25 million of our bonds. Is that -- is that market, because of the low interest rates, is that a depressed market in itself just simple because -- is it worth it to make 1%? I mean, I was a big investor, I would rather go to the Stock Market at this point than go to this.

MR. SAWICKI:

Remember --

LEG. HORSLEY:

It's easy for me to say. I guess I'm asking is that market depressed?

MR. SAWICKI:

I can't say if it's depressed. I don't think it's the healthiest market out there. You know, I'm not an economist or an Alan Greenspan, but, Wayne -- and I don't mean that to be sarcastic either, but I just simply don't know.

LEG. HORSLEY:

I read Greenspan's book, so I understood that.

MR. SAWICKI:

Even the 1% is tax free all the way around. So if you're an investor and, you know, 1% these days -- I mean, what are we getting in our bank accounts on the local level? Not much. A quarter percent if that, .015?

LEG. HORSLEY:

I guess the question would be why take any risk for those kinds of dollars? I guess if it's enough -- a dollar here -- a billion here, a billion there.

LEG. SCHNEIDERMAN:

They get the prime lending rate that the government -- from the Federal Reserve, right? They're getting close to zero, and then they're selling it for 1%. They're doing okay.

LEG. HORSLEY:

I wasn't feeling bad for them. Okay.

MS. CAPOBIANCO:

These are institutional investors that are looking for a safe place probably to park funds; pension funds. I mean, they're large institutional investors that are buying the notes at this percentage.

LEG. HORSLEY:

So I guess the bottom line to all of this is that Roosevelt and Cross really did us a good service, is what it boils down to.

MR. SAWICKI:

That's why I think it was a good decision to actually negotiate this, because we knew we had them -- I mean, Roosevelt and Cross has been institutionally behind Suffolk County for decades.

LEG. HORSLEY:

I know that.

MR. SAWICKI:

So it was like a good --

LEG. HORSLEY:

Faith in our future and our leadership.

MR. SAWICKI:

Correct.

LEG. HORSLEY:

There you go. Thanks, Joe.

CHAIRMAN D'AMARO:

But I think the larger point there is that maybe they did us a favor, but I'd rather that we don't need the favor, and that's why we need to address our budget situation.

LEG. SCHNEIDERMAN:

I think we have to account for the interest of whatever it is on the RAN.

MR. SAWICKI:

I mean, usually, up until this point, we're oversubscribed, overbid actually ten, 11, 12 times in our notes. If we go out for \$400 million in Tax Anticipation Notes, we will get total bids up to ten times that amount. So it's never, ever been a problem. Just in this last few months, so.

CHAIRMAN D'AMARO:

Okay. Legislator Anker, did you have a question? Please go ahead.

LEG. ANKER:

Again, what's frustrating as a fairly new Legislator is the fact that we've gotten ourselves in debt so deeply that we can't get out any time soon. So I guess a couple of questions. Again, they can be brief, because I'm sure there's philosophical ideas behind them. But did we see this coming years ago? In other words, looking back, I know Gail had mentioned we were in this situation before, and I remember asking is this the worse situation we've ever been in? So that's the first question.

MR. SAWICKI:

Well, is it the worst we've ever been in? Now and 20 years ago were pretty bad when we ended, as Gail was saying, \$99 million. But I know your Budget Review Office has issued warnings over the last several years that the budget was -- I don't want to say out of balance, but had structural problems, a structural imbalance.

In 2011, we were worried about not making payroll several times in which we came and actually asked this committee and this Legislature for authorization to do a RAN. In November, as it turned out, we didn't need to because cash came in at the last second. But things are just too far out of whack now that we necessitated that we had to have a RAN. Gail, are you going to say anything?

MS. VIZZINI:

I just wanted to take the opportunity to correct something I said earlier. As far as the solutions, it wasn't back-to-back quarter cent increases, it was back-to-back half cent.

LEG. SCHNEIDERMAN:

It was a full percent?

MS. VIZZINI:

Correct, it went up a full percent.

LEG. SCHNEIDERMAN:

Today, a full percent is worth?

MS. VIZZINI:

Close to 140 million.

LEG. SCHNEIDERMAN:

More than that. A full percent --

MR. LIPP:

It's about 270 million, I'm sorry. Yes. About 68 million is a quarter cent in the Adopted Budget. So if you round up to 70, you get 280 million. So perhaps 270 million, because that number is overestimated.

LEG. SCHNEIDERMAN:

So each quarter of a percent increase is 60 something million?

MR. LIPP:

Sixty eight in 2012 adopted dollars.

LEG. SCHNEIDERMAN:

Our sales tax right now compared to Nassau -- it's the same as Nassau, right?

MR. LIPP:

Correct. But it's a quarter cent lower than New York City's and an eighth of a cent lower than two other counties. And also, you should note that when we did increase by half a cent in September '91 and half a cent in September '92, we still couldn't get out of our own way without having to issue a budget note with a sales tax pledge, that is we didn't have enough appropriations in large part because of Social Services cost overruns, mandated costs, so we needed to increase appropriations. And the only way we were able to do that was by issuing a budget note, which gave us the extra appropriations. But we wouldn't have been able to do that without the sales tax pledge, because we wouldn't have the revenue to back it.

LEG. SCHNEIDERMAN:

Do you know, Robert, just one more question on this, when we did increase sales tax, what was the affect on the economy itself; did gross sales decrease because of that? Do we have that historical data?

MR. LIPP:

Well, it's hard to say exactly and hard to look back exactly. But we were -- see the problem is there's a lag between the economy and the budget. So here we are, the economy is doing a little better, it's not doing great for sure, but it's doing a little better. And only now we're starting to really reap the bad prospects associated with that. So the point I'm trying to make is that the economy overall fell apart in '91-'92. And '92-'93 is when we were fixing the problem. So there's a little bit of a lag there. So the point being that even though we raised the sales tax, the economy was starting to pick up so you didn't directly see that. You'd need a whole --

LEG. SCHNEIDERMAN:

So in spite of that sales tax increase, the economy grew the following year.

MR. LIPP:

Yes. In other words, there were bigger dynamic growth issues that helped the economy beyond any decrease in economic activity.

LEG. SCHNEIDERMAN:

Because, you know, if anybody is going to talk about having our sales tax look like New York City's sales tax, I think the first question might be will that not produce the revenue we might think because people will stop buying in Suffolk County, they will buy in other places.

MR. LIPP:

Typically, there's a threshold level. I mean, there's always going to be some of that. You know, I mean, the bottom line is you raise tax rates, does it have an adverse affect on economic activity? Sure. Anyone could tell you that, whether they are liberal or conservative. The problem there, though, is if you really want to truly balance the budget, then you're talking about the tradeoffs between tax increases and expenditure decreases. And also, the expenditures decreases have a negative impact on the economy also.

LEG. SCHNEIDERMAN:

Do you know, has Nassau and Suffolk always had the same sales tax rate? Has that historically been the same?

MR. LIPP:

I'm not sure exactly from year to year, but more or less we seem to be in line.

LEG. SCHNEIDERMAN:

Do we know if Nassau is talking about raising their sales tax rate?

MR. LIPP:

As I know, no.

CHAIRMAN D'AMARO:

I'm sorry. Legislator Anker, go ahead please.

LEG. ANKER:

The other question I have related to -- being a Legislator and trying to understand what the real numbers are, it just seems like there's a lot of underestimating, overestimating. There's not a real sense of really where we are. And we've experienced that by getting three different evaluations of the budget; you know, the County, of course, you the Comptroller, and then we have, BRO, Legislative. Do you -- the three groups, do you meet periodically during the year to discuss -- to see if your sheets are up to balancing?

MR. SAWICKI:

I know Brenda and Christina meet with -- for cash flow purposes meet with the Treasurer constantly and continuously meet with the Budget Office of the County Exec, meet with your Budget Review Office. That's strictly for cash flow purposes.

What you are seeing here, Legislator Anker, what I'm sharing with you for 2011 are the actual financial statements that we've recorded; all the revenues and we've recorded all the expenses, and that's our bottom line, the \$53 million in the red. So we don't get involved in the budget process as the Comptroller's Office. And strictly the budget process goes back and forth between the Budget Review Office and the County Executive's Budget Office. I don't think it would behoove the County to have a third budget office at this point. I think it would be a little bit of overkill. So we're more for auditing, paying exact expenses, booking the revenues exactly.

LEG. ANKER:

But the question was do you get together around the table, the three groups, and go over the numbers, the cash flow coming in and the cash going out?

MR. SAWICKI:

I think I just said that. For the cash flow projections, we continuously meet with all the financial offices of the County.

LEG. ANKER:

So how did everybody have such different numbers?

MR. SAWICKI:

Because cash flow projection is different than actual numbers. When you're talking about budgets, the 2011 budget, for instance, you're talking about, you know, budget estimates throughout the year on both the revenue side and the expense side. We don't get into that. We strictly do the cash flow to make sure we have cash in the bank to pay the County's bills.

LEG. ANKER:

I'm trying to understand if there's a way that we can prepare for the next, you know, tsunami, if that's going to happen. Do you have any suggestions? Maybe, you know, we need to be more conservative than we're doing right now.

MR. SAWICKI:

I think the task force that the County Executive assembled and which you heard the projections for 2012 and 2013 was an excellent, excellent starting point. At this point, I'd say we should -- if we err in the budget process, err on the conservative side as opposed to the liberal side.

LEG. ANKER:

Evidently, we got where we are because there was just -- we were too liberal; is that what you're saying at this point?

MR. SAWICKI:

No, I think that your own Budget Review Office was probably right on over the last several years in terms of pointing out the structural imbalance in the County's financials in the budget process for the last three or four years. Moody's put that in their downgrade report, that the County's basic budget has been -- they use two words; structurally imbalanced since 2008. Those are scary words to an investor. That's why it's so critical that for the next year that between the County Executive and the Legislature you have to come up with a mitigation process to -- that's what everybody is looking for in terms of financial -- that people are going to lend us the money. Do we -- does Suffolk County have a mitigation plan that's solvent and that's going to work?

LEG. ANKER:

Okay. I'll just ask this question, maybe for Gail. Is there -- have you done research in understanding what other municipalities or County Governments, what are they doing for revenue other than taxes and grants? You know, we have sewer taxes with specific projects, but is there any way to raise revenue that you know of at this point?

MS. VIZZINI:

We always look to other municipalities. I mean, there are consolidations going on in Nassau County, there are sale of assets, there are municipalities that are getting out of the nursing home business or getting out of other service delivery. Counties have asked the State for increases in sales tax and have been rejected. There's also all sorts of alternatives; you know, hence, some of

the options that Budget Review has presented to the Legislature in terms of the huge problem that we have.

What Joe means when he says Budget Review has been on target, regrettably, we have had way too many years in terms of exclusive cuts and one-shots. It's very hard to replicate the value of a one-shot year after year after year if there is no political will to increase the rates of the taxes or fees for the service provision.

LEG. ANKER:

It's the one-shot, kicking-the-can-down-the-road scenario that has gotten us into this.

MS. VIZZINI:

That in addition to the borrowing for everything, even, you know, operating expenses like automobiles, equipment, and what have you. This is something that the County had not done in the past. We had extremely conservative borrowing practices. But again, the absence of generating sufficient revenue to keep up with the cost of providing services and running a government, there's a big dichotomy.

LEG. ANKER:

All right. Thank you.

CHAIRMAN D'AMARO:

All right. Those are certainly very valid areas of inquiry, and there are lots of big issues to be discussed. Having been here myself for six years and listening to the Blue Ribbon Commission tell us about we're really a victim of the overall economy, a lot of those things we don't control right down to how we managed our budgets over the last several years, which we've been getting through on a year-by-year basis. Legislator Anker brings up some very valid questions. Part of addressing is going to be with the mitigation measures we're going to be looking at right here in this committee in a few moments. So stay tuned for that. Legislator Stern, did you have some questions?

LEG. STERN:

The two items on the lower part of the right-hand column, Social Services daycare expenditures with the \$7 million, handicapped children maintenance expenditures with the \$5 million difference, how would you say those numbers compare? And in going forward, can we anticipate that big of a spread in next year, the year to come? Those seem like pretty substantial differences. So I was wondering where the difference comes from year over year in the \$12 million total.

MS. SLOAN:

I think that's part of the economy that we are seeing the Social Services expenses increasing. I mean, this is -- what we're showing here is a difference between what was budgeted for and what the actual expenditures were. I don't know that we would see that in the future, because now we are aware that the expenses are increasing.

LEG. STERN:

Do you have any idea -- you'll be much better at the math real quick than me. But approximately what kind of a percentage increase does that represent as opposed to last year and the year before?

MR. SAWICKI:

Legislator Stern, I don't have those numbers in front of us. But, you know, in terms of to hone in what's going on in Social Services and why their expenses are higher and revenues are lower than anticipated, you may want to speak to Commissioner Blass and ask -- again, we get this information strictly from the department themselves and really don't monitor it unless we do an audit of a

particular program. Robert says 2.1%. So if Robert says it's 2.1%, it's 2.1%. Greg Blass might be the perfect guy to ask for what's going on in Social Services, which may be a good point to raise.

LEG. STERN:

Sure. I had always viewed, particularly when we had our discussion about the RAN that our Tax Stabilization funds were to be looked at as our collateral and being able to get the RAN and then looking forward, to utilizing cash flow to pay that back at the end of the year when it came due. But I think what I'm gleaning is that that's not necessarily going to be the case. We're actually going to have to utilize some of those monies as we pay it back. At this point, Joe, any idea to what extent we can expect to have to use those monies to actually be a part of the payback; is it a small amount, is it a very large amount, somewhere in the middle? Can you even anticipate that at this point?

MS. SLOAN:

What happens when we pay back the RAN is we have to restrict the Federal and State aid that we are borrowing against. So while we're restricting those monies, they're not available for use. So we're actually using the stabilization funds for other operating expenses that are coming through for cash flow purposes. And at this point, we're expecting to use all of the reserve funds in 2013 to make it through our operating expenses.

MR. SAWICKI:

Keep in mind, it's often difficult to understand when you go back and forth budget and actual. And we're just concerned right now -- I know Brenda and Christina are concerned on a weekly basis and project throughout the year that we have the cash on hand to pay anticipated bills. We're not using the Tax Stabilization Reserve Funds for any other purpose -- for just borrowing temporarily, using the cash that's in that fund to pay the bills until the end of the year when all those funds are made whole again. And by law, they have to.

LEG. STERN:

Thank you.

CHAIRMAN D'AMARO:

All right. No other questions this morning. I just wanted to ask you one more point. You said anticipating May 1st next year, perhaps another borrowing, this is not something that's a one-time thing to manage our cash flow. So that presents us basically with a year now to address, as we've been trying to do and are doing, we're going to do today, to address the budget situation here in the County, try to improve it as best we can while we're going through a very difficult economy and to hopefully get to a point where next May 1st, we may still have to go for that borrowing. But hopefully, there will be no one out there that's going to look at us say, "We don't want to help you out." So that's pretty much the goal at this point. So at least we are managing our cash flow, we're meeting our bills as they come due, we're getting through our budget, and then hopefully the overall economy will start to help us as well.

Comptroller Sawicki, to you and your staff, I want to say thank you very much for coming in. It was very informative. Thank you for reporting back to us. You're certainly welcome to come back any time that you would like to as well. On behalf of all the members of the committee, thanks again. I appreciate it.

MR. SAWICKI:

Thank you, Chairman D'Amaro. You hit the nail on the head. If I may close with this real quick, that the fact that the Legislature is listening and this committee is listening to our problems and willing to take action, that speaks volumes, especially in the financial world.

You're right. Hopefully, a year from now -- it would be great if we didn't do another RAN, but at least it's shrinking and not increasing. Again, the tough decisions lie ahead, and there's no better time than to start right now. So thank you. We are available any time you need us to come over.

CHAIRMAN D'AMARO:

Thank you. Thank you very much. Okay. Ladies and Gentlemen, I'd like to go to the public portion of our agenda, I'll call the first speaker. Each individual will have three minutes to address the committee this morning. The first up is Reverend Katie Roche. Good morning and welcome to the Budget and Finance Committee. When you're up at the podium, just please, you have to hold your finger on the microphone button so we can hear you. Thank you.

REV. ROCHE:

Good morning. I'm the Executive Director of Rainbow Chimes Early Education Center based in Huntington with a second satellite site operated for Western Suffolk BOCES. As part of our non-profit mission for the past nearly 30 years, we elected to be a County -- contracted childcare agency in order to serve low income working poor.

I would like to remind you at this point that research often proven has shown that for every dollar spent and invested by the various governments in childcare, two hard dollars and at least seven soft dollars have been returned to public youth. Just keeping that in mind as I'm speaking. New York State mandates that childcare ratios and staff qualifications are mandated by them. So this is determining our labor cost as well as nearly every expense we have. New York State also sets the market rate reimbursement for cash so our revenue is fairly fixed as well.

There were never any funds to cover the extra costs associated with the living wage mandate imposed by the County. At first, the County, like most other living wage municipalities, exempted the childcare providers, but later, the hardship assistance was provided to offset much of the financial burden. If the County takes these hardship stipends away but leaves the requirement in place that the Living Wage still had to be paid, Rainbow Chimes and many, many other programs will not be able to staff as the law requires. The Legislators here need to understand that this is only one part of the perfect storm that has now overtaken the County childcare providers. And understanding this may better inform your decision regarding the stipend part.

Part two is that only a few months ago in response to the New York State cuts, DSS lowered the family income level from 200 to 185% of poverty level. This caused hundreds of children to be cut from the rosters. Now in response to further allocation cuts, the income eligibility has just been set at 150% of poverty and 1900 plus children are being summarily kicked out of care as I speak.

At Rainbow Chimes, we are projecting this will cause a \$400,000 loss in 2012 revenue. And since we're self-insured for unemployment, we'll have to pay for caregivers that we can no longer employ. All of this is so staggering that I can't even begin to fathom how we can possibly manage. And then there are the parents who must choose to put their children in unregulated, unsafe, cheap care or quitting their jobs, presumably going on welfare.

Part three is that the Legislature's also considering the abolition of the Non-profit Prompt Payment Law. And providers have already incurred two months of expenses by the time a prompt payment check arrives. Some of you may remember the harrowing stories told right here in this room by the Directors and Board Members who had to cash out and loan their personal pensions, their homes as collateral for loans and lines of credit and propping up six-figure budget deficits all because of late payments by the County. Banks no longer make bridge loans for this sort of problem. And not paying the providers on time is a sure way of putting many of them out of business. I beg you not to rescind the Prompt Payment Law. And this is all State pass-through monies, so we're really hoping that you'll just pass it right on to us as quickly as possible.

CHAIRMAN D'AMARO:

All right. I need to ask you to wrap up, your time has expired.

REV. ROCHE:

So I ask that the living wage hardship stipend be allowed to continue for this year and that the childcare providers, once again, be fully exempt from the wage requirement from 2013 onward. Thank you very, very much.

CHAIRMAN D'AMARO:

Thank you for your comments this morning. Next speaker is Denise Ferrera.

MS. FERRERA:

Good morning. I'm Denise Ferrera. I'm the Director of the Early Discovery Center, a childcare program of the Community Program Center of Long Island. And I want to thank you for the opportunity to speak today.

I'm here to voice my concerns about the immediate suspension of the living wage hardship assistance that County Executive Bellone has proposed. If this goes forward as an all-or-nothing decision, it will have dramatic negative effects on the operations of the Community Program Center of Long Island, CPC, an agency that for the past 32 years has grown to serve over 500 children, elders and families each year.

We understand the difficulties in balancing the budget and challenges of our current economic times, and we appreciate the difficulty that the County's deficit creates, but it is our hope that while the County takes steps to ensure its financial help, it does not undermine the financial solvency of an agency receiving a legislatively-designed living wage hardship assistance. It is our hope that we can be a part of a solution and that together we can find some middle ground that will help CPC gradually move away from the dependence on hardship assistance instead of eliminating it all at once.

When the County first passed the Living Wage Law, the champion legislation to provide hardship assistance to childcare providers that could not otherwise comply, CPC in good faith wanted to maintain our services to lower-income families subsidized by the Department of Social Services and wanted to do the right thing for our childcare staff and families. CPC maintained its contract with DSS and implemented the living wage and requested hardship assistance to fill the gap that was otherwise insurmountable. Now the complete and immediate elimination of the assistance package would place in jeopardy the childcare services we provide and the jobs of more than 40 employees.

Additionally, it may have unintended negative financial consequences in relation to our other programs. CPC has worked on becoming financially independent from the County's hardship assistance. Between 2004 and 2011, we reduced our request for hardship assistance by over 50%. I want to emphasize that to completely eliminate the hardship assistance immediately would have a devastating consequence to our childcare program and a negative ripple effect on other programs.

Alternately, CPC has developed a responsible plan to reduce our reliance on hardship assistance gradually with a complete elimination by 2015. The effects of the economic downturn over the past several years has limited our ability to fill the gap on our own. Today, we are hopeful that we are in a different position because of this year's market rate increase from DSS funding that we received and the fact that we think that now an increase in our childcare tuition, which is something we held off because of families in the economy that they could not simply afford to pay anymore.

Through a combination of cost savings and revenue-generating activities, we believe we can reduce

our reliance on the living wage subsidy to 64,000 in 2012. And we have a reasonable goal of eliminating the hardship by 2015. We are proud to be one of the larger providers of childcare to Social Services families. Nearly 30% of our total enrollment are DSS. We are proud to pay a living wage to our staff and promote stability, longevity and improved qualifications. Please support the gradual phaseout of the living wage hardship to our agency so we can continue to be a viable community resource to children, elders and families in Suffolk. Thank you.

CHAIRMAN D'AMARO:

Thank you. And, before you leave, I just -- are you aware that part of the proposal we are considering today has been amended for more of a phaseout, which is what you're speaking to? It's something that we're going to be discussing in the committee in a few moments.

MS. FERRERA:

No. We were under the assumption it was an all or nothing, it wasn't a phaseout.

CHAIRMAN D'AMARO:

I believe -- when we get to that part of the agenda and you want to stay to hear a little bit more about that, you're welcome to stay, of course.

MS. FERRERA:

Yes, we'd like to. Thank you.

CHAIRMAN D'AMARO:

Frank, Frank Casiglia. Frank, good morning and welcome back.

MR. CASIGLIA:

Good morning, Mr. Chairman, Honorables All. I had spoken yesterday on my personal experience regarding the security guards at the Department of Social Services. We will do a full presentation on the 315 layoffs later on this week, but right now, I'd like to speak about the security guards. The County agrees not to layoff any employees due to the assignment of unit work. That comes from Appendix F of the Collective Bargaining Agreement that was passed by this Legislature 18-0.

It's happening. You're laying off guards -- I'm going to call them officers, because they do more than just guard. You're laying off security officers and replacing them with a private company. That seems in direct violation of the Collective Bargaining Agreement, and we'll address that accordingly. Yesterday, Commissioner Blass on the record advised that the total savings of laying off all these guards was \$90,000, \$90,000. We have a two and a half billion dollar budget. We can't find \$90,000? Well, you're going to have to, because when you pay the SCAT pay, it's going to probably be several hundreds of thousands of dollars for the same people that you're only going to save \$90,000 for.

I don't know if anybody has bothered to think about that. That's only a \$13,000 average per member that's being laid off from DSS. And I'll take it further, and forgive me, numbers are absolutely not my forte, but I'll do my best, between this year and next year, it will cost \$270,000 to save all of these positions. That's what it would cost. That's the savings to the County by laying them all off. With an average of \$13,000 in SCAT pay per member, that's approximately \$270,000. You are going to lay out the same amount of money immediately, not over a two year period, to let 21 people go that would be funded just by the SCAT pay. One individual, if laid off on July 1st will be 45 days short of retirement, 30 years. That will cost him several hundred -- I think it's about \$700 a month in pension for the rest of his life. And all you're saving is \$4250 per member per year. But that's before you pay your portion of unemployment insurance. There is no savings on this.

They save lives. I'm 34 years with the Department of Social Services. I have seen them defuse situations. They are professional, they are trained. You had asked the question, Chairman D'Amaro, about the cost of Dreamland. I've looked through their contract. They pay their people eight dollars to 15.50 depending on experience. Since the County would be paying them \$18.69 per security guard, they're not going to get 15.50, and you're not going to get an \$8.50 individual to step between the Bloods and the Crips at the Southwest Center. It's not going to happen. Our members know who these people are. They know how to recognize the signs. And they have stepped in. They've dealt with shootings, with people overdosing. They save lives.

They are worth more to this County than \$90,000. You can find that in a two and a half billion dollar budget. Please reconsider. Join Commissioner Blass in his fight to save those jobs. These are not just individuals, these are officers that protect the residents. One lawsuit, and you will be very sorry that you let them all go. Thank you very much.

CHAIRMAN D'AMARO:

Thank you, Mr. Casiglia. Appreciate your comments. Patricia Bishop-Kelly. Patricia? GERALYNN Rosser.

MS. ROSSER:

Good morning.

CHAIRMAN D'AMARO:

Good morning.

MS. ROSSER:

My name is Gerry Rosser. I'm a hydrogeologist with Health Services. I'm going to speak on only one aspect of Health Services Groundwater Investigative Services. I first wanted to thank those Legislators that took the time to get back to me. I know they are very busy, so thank you.

One of my questions to them, and I'd like to put it out to you is do you know what I do? I believe most of you may know generically that I'm a groundwater specialist, but my specific job function, so I'd like to take the opportunity to speak today to explain the services that I provide to the people of Suffolk County that maybe you'll understand what you're voting to eliminate. Every commercial and industrial property needs to have Environmental Site Assessment performed by the bank that will hold the mortgage. Those Environmental Site Assessments or ESAs, as we call them, are reviewed by the County's Office of Pollution Control. Each ESA is thoroughly reviewed by our staff. If there's any indications that groundwater or soil vapor is impacted, then the ESA is forwarded to me for my review. There's approximately 300 ESAs that go through our office each year, and about 30 of those come to me.

Once a site has been determined to be cleaned or remediated to our satisfaction, we issue a "no further action" letter. When the bank receives that letter, then the property transaction can take place. If I'm not there to review those banks -- those ESAs, those property transactions cannot take place. If I'm not -- because there can no longer be a "no further action" letter issued, because there's no one in my office that has the expertise and the qualifications to perform my job. This is also the area -- and I want to make that perfectly clear, that the ability to perform groundwater investigations and to be able to drill are very important.

So what will happen to these properties that now can no longer be sold? These properties now can potentially be brownfield sites. Brownfields sites are abandoned or underused industrial and commercial sites available for reuse and commonly contaminated with low level or hazardous waste. Currently there are 26 brownfield sites in Suffolk County; 60 more sites that are not typical brownfields and additional sites that are in tax default.

Most, if not all, of the sites are eyesores, a physical safety hazard and are not paying taxes. Now add to these sites 30 additional sites a year. Each neighborhood will have multiple sites that pose both a health and environmental hazard. They are off the tax roll and carrying a stigma that may prevent them from ever again being productive. They are a financial drain as well as a huge hindrance to the County's economic development. Past history shows us that most brownfield sites sit around for decades.

So now imagine that several years go by. Possibly 200 or more of these sites around Suffolk County, people aren't going to be able to sell their homes that are impacted. They will not want to move in the area that has these sites. And businesses are not going to want to relocate near them. Eliminating the position can impact -- my position can impact so many people, businesses and the County's economic future.

I know I have to wrap up now. I just want to say that we have a unique County providing critical services to the people of Suffolk County. We need all of the hydrologists, the assistant hydrologists, the entire well crew to provide the services that protect our drinking water, ensure a safe environment for our children and protect all the valuable resources to our beautiful County. Please don't compromise that. Thank you for your time and attention.

CHAIRMAN D'AMARO:

Thank you. Okay. I don't any more cards for those who may have signed up in advance to address the committee. Is anyone else present who would like to address the committee this morning? For the record, there's no response. Okay. No further comments at this point to the committee. And we will go to the next portion of our agenda, which is Tabled Resolutions. I'll call the first.

The first is Resolution **1014, Adopting Local Law No. -2012, A Charter Law to ensure accountability and honesty in the budget adoption process. (Cilmi)**

LEG. MURATORE:

Motion.

CHAIRMAN D'AMARO:

Motion to approve by Legislator Muratore, is there a second? I'll offer a motion to table.

LEG. ANKER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Anker. Any discussion? All in favor? The motion to table takes precedence. All in favor? Opposed? Abstentions?

LEG. MURATORE:

Opposed.

CHAIRMAN D'AMARO:

Legislator Muratore in opposition. The motion passes, the resolution is **TABLED (VOTE: 4-1-0-0; Opposed; Legis. Muratore)**.

MR. ZWIRN:

If I might, Mr. Chairman. If I can just respond on this particular bill. Some of the discussion that was had earlier, Legislator Schneiderman and Legislator Anker were talking about projecting on

budgets. And Legislator Schneiderman is a former Town Supervisor, knows that when you look at -- he was talking about the actual numbers from the year before. And generally when you are doing a town budget, you have about nine months worth of actuals in place. You look at the previous year for your revenue projections. This will shorten the ability of both the Legislature and the County Executive to be able to make those projections looking forward. I mean, the more time we have going forward, the better idea we have of revenue and expenses coming in. So this has a direct impact on some of the things you were talking about this morning and a negative impact with budget forecasting.

CHAIRMAN D'AMARO:

All right. Thank you, Mr. Zwirn, for pointing that out.

LEG. SCHNEIDERMAN:

Can I just say on this too, the 2013 Budget may be the most challenging budget this County has ever faced. And to ask the new County Executive to complete that process in a shorter timeframe than any County Executive has ever had seems a bit unfair too. You know, maybe we can talk about this after the County Executive's first budget and whether he's able somehow to make it happen in a shorter timeframe. But I think for his first budget, it would seem unfair to me.

CHAIRMAN D'AMARO:

Okay. The next resolution is **1020, Adopting Local Law No. -2012, A Charter Law to require timely filing of budget amendments to increase public awareness. (Cilmi)**

LEG. MURATORE:

Motion.

CHAIRMAN D'AMARO:

Motion by Legislator Muratore, I'm going to second the motion. Are there any other motions? Motion to table by Legislator Anker.

LEG. SCHNEIDERMAN:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Schneiderman. The motion to table will be called first. All those in favor? Opposed?

CHAIRMAN D'AMARO:

Opposed.

LEG. MURATORE:

Opposed.

CHAIRMAN D'AMARO:

Two in opposition. The resolution is **TABLED (VOTE: 3-2-0-0; Opposed - Legis. Muratore and D'Amaro).**

1023, Adopting Local Law No. -2011, A Charter Law to improve the process for adopting the County's Operating Budget. (Romaine)

I will offer motion to table.

LEG. MURATORE:

Motion to approve.

CHAIRMAN D'AMARO:

Motion to approve by Legislator Muratore. Are there any seconds?

LEG. ANKER:

Second to table.

CHAIRMAN D'AMARO:

Second on the motion to table by Legislator Anker. I'll call the vote on the motion to table. All in favor? Opposed?

LEG. MURATORE:

Opposed.

CHAIRMAN D'AMARO:

One on opposition. Any abstentions? Motion carries, resolution is **TABLED (VOTE: 4-1-0-0; Opposed - Legis. Muratore)**.

1073, Amending the 2012 Operating Budget to transfer funds from the Assessment Stabilization Reserve Fund (Fund 404) and amending the 2012 Capital Budget and appropriating funds for the Village of Northport for Wastewater Treatment Collection System Improvements (CP 8193). (Spencer)

At the request of the sponsor, I will offer a motion to table, seconded by Legislator Horsley. All in favor? Opposed? Abstentions? Motion carries, resolution is **TABLED (VOTE: 5-0-0-0)**.

1121, Amending the 2012 Operating Budget to provide funding for the Medford Chamber of Commerce. (Calarco)

I will offer a motion at the request of the sponsor once again to table, seconded by Legislator Horsley. All in favor? Opposed? Abstentions? Motion carries, resolution is **TABLED (VOTE: 5-0-0-0)**.

1355, Adopting Local Law No. -2012, A Charter Law to implement one-year Rolling Debt Policy under 5-25-5 Law to mitigate budgetary shortfall. (Co. Exec.)

LEG. MURATORE:

Motion to table.

CHAIRMAN D'AMARO:

Motion to table by Legislator Muratore. Legislator Schneiderman offers a motion to approve, seconded by Legislator Anker. Any discussion? On the motion, this would be the bill to adopt -- or to suspend this policy for one year as opposed to the next bill that's coming up, which would be the two year. Mr. Zwirn, did you want to add anything to that?

MR. ZWIRN:

We would prefer the two years, because for planning purposes, it would be helpful going forward with the 2013 budget and forward with that. But we would at least very much like that -- we need 1355 at the very least, because there are bills that we're actually holding up, we can't vote on yet, because we're changing things to be bonded, as Gail from BRO indicated earlier, about vehicles and things like that. We have public safety vehicles that we're going to try to bond this afternoon in

Public Works, police cars, things like that. And we can't do that unless this is passed.

CHAIRMAN D'AMARO:

My position has been pretty consistent on this that we do it on a one-year basis and just reevaluate where we are the following year. So I will support this, but I will not support the two-year suspension. All right. There is a motion pending to approve. I'll call the vote. All those in favor? Opposed? Any abstentions?

LEG. MURATORE:

Opposed.

CHAIRMAN D'AMARO:

One in opposition, Legislator Muratore. The motion carries and the resolution is **APPROVED (VOTE: 4-1-0-0; Opposed - Legis Muratore).**

1356, Adopting Local Law No. -2012, A Charter Law to implement two-year Rolling Debt Policy under 5-25-5 Law to mitigate budgetary shortfall. (Co. Exec.)

I'll offer a motion to table, seconded by Legislator Muratore. All in favor? Opposed? Abstentions? Motion carries.

TABLED (VOTE: 5-0-0-0).

Going now to Introductory Resolutions. Section Six of the agenda, 1374, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 891-2012). (Co. Exec.)

I'll offer a motion to approve and place on the Consent Calendar, seconded by Legislator Muratore. All in favor? Opposed? Abstentions? Motion carries. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 5-0-0-0).**

1375, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer By: County Legislature No. 370. (Co. Exec.)

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 5-0-0-0).**

1376, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer By: County Legislature No. 369. (Co. Exec.)

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 5-0-0-0).**

1377, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 892-2012). (Co. Exec.)

Same motion, same second, same vote. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 5-0-0-0).**

1379, Amending the 2012 Operating Budget to provide funding for the Sag Harbor Historical Society. (Schneiderman)

Legislator Schneiderman.

LEG. SCHNEIDERMAN:

I'd like to approve this. There's no budgetary impact on this. This out of the hotel tax money that's for historic purposes. It was slated for the East Hampton Historical Society, which borders the Sag Harbor Historical Society. The work that they're doing is on the Sag Harbor side of the line. So I would just like to do this correction and ask for your support.

LEG. MURATORE:

Second.

CHAIRMAN D'AMARO:

Okay. There is a motion to approve by Legislator Schneiderman, and it's received a second by Legislator Muratore. I just had a question on this myself. This is money that is in one line item of a budget and is being moved to a different use or a different organization, Legislator Schneiderman?

LEG. SCHNEIDERMAN:

Well, the East Hampton Historical Society will be moving over to the Sag Harbor Historical Society for a similar use.

CHAIRMAN D'AMARO:

Now, East Hampton originally received the budget line item. And I believe this involves, what, 5000 according to my notes?

LEG. SCHNEIDERMAN:

It's 5000, right.

CHAIRMAN D'AMARO:

So if we did not move the money, then it would fall to our fund balance; is that correct, Gail?

MS. VIZZINI:

It's dedicated hotel/motel monies that is we did not move the money, it would go back into the hotel/motel funds. But it is part of the chunk that goes to the historic purposes.

CHAIRMAN D'AMARO:

All right. And we appropriate that money as it's available or have we -- don't we do that just once a year, if my recollection is correct?

MS. VIZZINI:

What we have been doing since the increase in the rate from one and a half to 3% is there's usually a lump sum that is in the recommended. The Legislature has opted to line item the allocation for the cultural and historical.

CHAIRMAN D'AMARO:

In the first instance, looking at the bill, and I guess I'll address this to Legislator Schneiderman as well, the sponsor, given all the clouds hanging over the County that we just heard more about this morning, if there's funding in the budget that is going to lapse for some reason, you know, rather than reassigning it, I would always consider first, at this point, using it to go towards a balance. But this would be a balance that would be carried in this particular Hotel/Motel Tax account, so to speak, and could only be used for a similar purpose; is that correct?

MS. VIZZINI:

Correct. There is an amount from hotel/motel that does go to subsidize the General Fund in the Parks area, but we are at the maximum as far as that.

MR. ZWIRN:

Mr. Chairman.

CHAIRMAN D'AMARO:

Right. So it's not really providing any relief to the Operating budget is the point I'm trying to make.

MR. ZWIRN:

I would agree. I was not aware that this was not out of the General Fund. And if it had been, we had consistently objected. And with the Legislature's support, they have withheld those transfers. But this is not in the property tax fund, it is in the Hotel/Motel Tax. I thought, as the Chairman, that we generally do that with the work of the Cultural Arts Program and we vote on that. I don't know how this got into the budget, but it's not property tax money.

CHAIRMAN D'AMARO:

So that point being made, there is a motion to approve that has received a second. I'll call the vote. All in favor? Opposed? Abstentions? Motion carries, resolution is **APPROVED (VOTE: 5-0-0-0)**.

1385, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 893-2012). (Co. Exec.)

I'll make a motion to approve and place on the Consent Calendar, seconded by Legislator Schneiderman. All in favor? Opposed? Abstentions? Motion carries. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE: 5-0-0-0)**.

1393, Amending the 2012 Operating Budget and appropriating funds in connection with bonding a settlement for a Bus Liability case. (Co. Exec.)

I believe Ms. Lolis is here if anyone has any questions. Maybe just give us the general background on how much we are bonding. I assume that this has already gone through the Ways and Means process in Executive Session.

MS. LOLIS:

Yes. It was approved in Ways and Means back in March. It was a settlement after a jury selection just prior to trial before the trial judge. The amount is for \$150,000. That is for two plaintiffs; a husband and a wife, that were in a vehicle that was struck by a Suffolk County bus.

CHAIRMAN D'AMARO:

Gail, we contract out our bus service; is that correct?

MS. LOLIS:

That's correct.

CHAIRMAN D'AMARO:

And so the County's liability here is arising based on indemnification provisions in the contract?

MS. LOLIS:

Yes and by -- under law.

CHAIRMAN D'AMARO:

I'm sorry?

MS. LOLIS:

It's mandated by law that we indemnify, yes.

CHAIRMAN D'AMARO:

But it's an indemnification mandate or requirement that's compelling the County to make the payment here.

MS. LOLIS:

That's correct.

CHAIRMAN D'AMARO:

Very good.

LEG. SCHNEIDERMAN:

Can I ask on that, so whoever was the driver of the bus is not a County employee, it's an employee of one of these contractors?

MS. LOLIS:

Yes.

LEG. SCHNEIDERMAN:

Okay. Do they also share responsibility -- obviously, they carry insurance like anybody driving an automobile would have insurance. Is that insurance company involved? Is the company that provided this driver involved or is it all just the County?

MS. LOLIS:

It's the County. And under the General Municipal Law, it is mandated to be indemnified by the County because they're operating our transit system.

LEG. SCHNEIDERMAN:

Just in general then, because sometimes, you know, as the Chair of the Public Works Committee, I've attended a lot of the hearings for -- you know, whenever we talk about SCAT fares or bus fares. They're open hearings, and people come up with all kinds of things. Sometimes I'll hear that, say, a bus driver is talking on the phone, which is against the law. We deal that -- you know, we always forward those concerns to the operating company, but we don't have direct control; they're not our employees. We have this kind of secondary function, yet, we have the full liability?

MS. LOLIS:

We have full liability as far as indemnification is concerned. There are controls in the contract, so even though they are the operator's employees, there are certain requirements in the contract to protect us.

LEG. SCHNEIDERMAN:

Okay. And in this case, there's no negligence involved by the company?

MS. LOLIS:

Well, there's negligence involved allegedly by the operators -- by the actual operator. Her foot slipped off the brake, and she struck another vehicle in the rear.

LEG. SCHNEIDERMAN:

So we can't go after the operator?

MS. LOLIS:

No.

LEG. SCHNEIDERMAN:

It is what it is, but it just doesn't seem to make a lot of sense.

CHAIRMAN D'AMARO:

Legislator Anker.

LEG. ANKER:

What the insurance? So we have an umbrella policy to be able to cover this?

MS. LOLIS:

We are -- our self-insurance would cover this. The umbrella policy starts at \$3 million.

LEG. ANKER:

Okay. Thank you.

CHAIRMAN D'AMARO:

Okay. Thank you, Ms. Lolis. Is there a motion pending on this, to the Clerk?

MS. LOMORIELLO:

No.

CHAIRMAN D'AMARO:

No.

LEG. SCHNEIDERMAN:

I'll make a motion.

CHAIRMAN D'AMARO:

Okay. A motion by Legislator Schneiderman to approve, I'll second. All in favor? Opposed? Abstentions? Motion carries, the resolution is **APPROVED (VOTE: 5-0-0-0)**.

1394, Amending the 2012 Operating Budget to support the Fishers Island Senior Hotline (AHT1). (Romaine)

This is proposing an amendment to the Operating Budget.

LEG. MURATORE:

Motion.

CHAIRMAN D'AMARO:

There's a motion to approve by Legislator Muratore. I'm going to offer a motion to table. Is there a second?

LEG. SCHNEIDERMAN:

What is this again? This has come up in the past? It's a small amount of money.

CHAIRMAN D'AMARO:

Well, I wanted to ask the Budget Review Office just what exactly is the offset or how this is being effectuated in the Operating Budget?

MR. LIPP:

It's \$5000 and the offset would be purchase of automobiles.

CHAIRMAN D'AMARO:

Okay. So this is just taking from the automobile fund and reallocating it to a different purpose; is that correct?

MR. LIPP:

Of course, this is not consistent with budget shortfall mitigation. We don't support the offset as the Budget Review Office.

CHAIRMAN D'AMARO:

Right, and I appreciate that, nor do I. We are at a point now where we're going to be shortly discussing just Phase One of many more phases to come from mitigation and addressing our budget shortfalls. I don't think this is the time. Although there are many worthy causes to be addressed, we're prioritizing by looking at those mitigation measures, and I'm not going to support this at this time.

LEG. KENNEDY:

Mr. Chair, on the motion.

CHAIRMAN D'AMARO:

Legislator Kennedy.

LEG. KENNEDY:

While I'm not a member of this committee, I appreciate it. Mr. Romaine would be here if he was able to. He had a surgical procedure last Friday. But nevertheless, I had an opportunity to discuss with him about this resolution in particular. I believe the reason that he introduced this was Fishers Island, as you know, is a part of Suffolk County, yet physically separated from the balance of the County. And when you look at the bundle of services that the population on the island actually receives, it is relatively small, if nonexistent. There is an aged population. And I believe the reason that Legislator Romaine brought this forward was to try to provide some assistance for the senior population. Notwithstanding the concerns, and I've heard the discussion, but nevertheless, I just felt that it was important that the sponsor's motivation and intent be brought forward.

CHAIRMAN D'AMARO:

Thank you, Legislator Kennedy. Legislator Schneiderman.

LEG. SCHNEIDERMAN:

I guess my question is more general. I'm familiar with Fishers Island. I believe it's part of the Town of Southold. And the towns often provide these types of hotlines throughout the County. I don't know that the County itself has been providing these services anywhere else. They are not the only island; there's Oak Island, there's Shelter Island, though that's assessable by car some hours of the day, not 24 hours a day. I just think that Fishers Island seems to be the only place that we're doing a senior hotline or we have been or supporting one. Is that the case, Gail, anybody? You know, it seems like that's a town function in general. No?

MR. LIPP:

We'll take a look in the budget to see if there are any other hotlines. We'll let you know in about 60 seconds.

LEG. KENNEDY:

Through the Chair, I can't really, you know, comment on it directly. The only islands we have in

Smithtown are uninhabited actually. They're in the Nissequogue River.

CHAIRMAN D'AMARO:

And the point I want to make is we went through the Operating Budget last November, there was no Omni money put in that budget, as we all know. We all have very worthy causes. I am certainly not diminishing the cause we're looking at here, but this, in my humble opinion, is not the time to start nitpicking into our budget and giving out funds when we're turning to our employees and asking them to understand that they are being terminated. I just don't think that this is the appropriate time to do this. And it's not to diminish the cause, it's not to say there aren't needs out there, but I just think it's wholly uncalled for at this point.

MR. ZWIRN:

If I might, Mr. Chair. The administration feels -- the Medford Chamber of Commerce was going to get a transfer. There are a lot of organizations that normally this Legislature would fund and has over the years. This year it's just brutally hard.

CHAIRMAN D'AMARO:

And I can tell you, in my own District Office, I've had to respond to, as we've all had to I'm sure, many, many organizations that are all hurting. And I've had to say no to every single one of them, because we have to start looking back at the core functions. Not to, again, diminish anyone's function, but we have an obligation to deliver certain core services, and we need to stay focused on that. That was the point I was trying to make also when Comptroller Sawicki was here earlier.

LEG. SCHNEIDERMAN:

To my point too, is if you're going to go beyond your core services, which I don't think we should, but it ought to be fair. You know, we ought to provide it to everyone, not just one community. In this case, it seems like it's much more of a town function than a County function. The people on Fishers Island pay property taxes, a certain amount goes to the town. And it seems like -- I'm sure the Town of Southold has a Human Services Department, they probably have a senior nutrition type of program, it seems like it would fall more into their purview than ours. For \$5000, I know it's a lot of money, but I think the Town of Southold could probably pick it up.

LEG. KENNEDY:

I'll make the suggestion to Legislator Romaine, and he may have a conversation with Supervisor Russell. And I wouldn't hasten to guess what the Supervisor might say, but you know quite well, Legislator Schneiderman.

LEG. SCHNEIDERMAN:

I think we can predict that.

CHAIRMAN D'AMARO:

Okay. No further discussion at this point. Is there, to the Clerk, a motion pending?

MS. LOMORIELLO:

You have a motion to table without a second and a motion to approve without a second.

CHAIRMAN D'AMARO:

Okay. Are there any seconds?

LEG. SCHNEIDERMAN:

I'll second to table.

CHAIRMAN D'AMARO:

Legislator Schneiderman offers a second to the tabling motion. If there are no other seconds, I'll call the vote. All those in favor? Opposed? Abstentions?

LEG. MURATORE:

Opposed.

CHAIRMAN D'AMARO:

One opposition, Legislator Muratore. The motion carries, the resolution is **TABLED (VOTE: 4-1-0-0; Opposed, Legis. Muratore)**.

1443, Amending the 2012 Operating Budget to support the Islip Arts Council. (Barraga)

LEG. MURATORE:

Motion.

CHAIRMAN D'AMARO:

Motion by Legislator Muratore to approve. I'll offer a motion to table, seconded by Legislator Schneiderman. Any discussion? Okay. I'll call the vote on the motion to table. All in favor? Opposed? Abstentions?

LEG. MURATORE:

Opposed.

CHAIRMAN D'AMARO:

One in opposition. Motion carries, the resolution is **TABLED (VOTE: 4-1-0-0; Opposed, Legis. Muratore)**.

1445, Amending the 2012 Operating Budget to preserve Suffolk County's ability to conduct groundwater investigations. (Romaine)

LEG. MURATORE:

Motion to approve.

CHAIRMAN D'AMARO:

Motion by Legislator Muratore to approve. I'll offer a motion to table.

LEG. SCHNEIDERMAN:

I'll second the approval for discussion purposes.

CHAIRMAN D'AMARO:

The motion receives a second to approve by Legislator Schneiderman.

LEG. KENNEDY:

On the motion.

CHAIRMAN D'AMARO:

Legislator Kennedy, go ahead please.

LEG. KENNEDY:

Again, on the behalf of the sponsor, this is an issue that I think it known well to every member of this committee. The well drilling unit, and I'm paraphrasing, the actual title in the Health Department is water quality monitoring, I believe, is an extremely effective and very busy unit, sad to say, throughout our County. In my district, and actually in the building that we sit right now, as

a direct result of the ongoing monitoring that this unit has done and the monitoring wells that were sunk right to the left of the entrance into the North Complex here, most recently, there has been testing that's revealed elevated VOCs.

Now, anybody who's got any knowledge associated with the aquifer knows -- Legislator Anker, certainly from your work with the environment -- volatile organic contaminants are not good for human life. That's as a result of the dry cleaning spill that occurred over on Oser Avenue some 20 years ago. And as a matter of fact, the work that this unit did some two years ago helped to define the foundation and the vapor barrier in our new 4th Precinct immediately east of us.

They do work throughout the County. I believe that there is a list of the ongoing work and projects that have been done in every Legislative District. And they are partially funded, I believe, through Article 6 as well as contract work that they do with Suffolk County Water Authority and an additional capability to actually do soil augering and soil {brewing}. They are extremely effective. And I believe the speaker that we had just previously is one of the hydrogeologists that is attached to this unit. So quite frankly, we are being compelled to make hard decisions at this point, but this is one of the tough decisions I think we need to make to keep this unit intact.

CHAIRMAN D'AMARO:

Legislator Schneiderman, go ahead.

LEG. SCHNEIDERMAN:

If ever there was a position that should be 477 funded, this would qualify. These are directly related to groundwater quality, which is what that 477 fund was designed to protect. Are these positions funded in the 477 Fund?

MR. LIPP:

No.

LEG. SCHNEIDERMAN:

Can I get a balance on our 477 fund? Because, you know, sometimes in the past I haven't been thrilled to support the use of 477 for salaries, but this one makes absolute sense. The guys mowing the lawns at the golf course, I'm not so sure, but this one does. What's our 477 Fund looking like these days?

MR. LIPP:

Off the top of my head, I could be wrong, and I'll get back to you if I am, it's probably in the neighborhood of five million, because there were capital closeouts and stuff. That being said, there are more people funded in the '12 budget than there were previously. It is a very interesting policy implication though.

LEG. SCHNEIDERMAN:

Can I ask the other question? Because I know the Comptroller and the Treasurer, they're borrowing, doing a lot of inter-fund borrowing. So although there's five million there, is it really five million, or has it all been used to pay something else. If I went to look at the actual balance, would it be five million or would it be owed five million?

MS. VIZZINI:

Even so, you're asking whether there would be money in the budget to support this function from Water Quality. The other point is there is at least one more crew, the other people that do this same function. So, you know, you have to address the policy issue as to whether you're going to bifurcate that unit and fund all of them or some of them with Water Quality monies.

LEG. SCHNEIDERMAN:

I'd probably fund them all if there's money to do it.

MS. VIZZINI:

That would also be a budget amendment.

LEG. SCHNEIDERMAN:

You know, Suffolk County Water Authority might be also a good party to talk to too, because we're assisting in evaluating the aquifer that they're using for public supply wells. I'm not sure whether they could help us financially with this type of function.

MR. ZWIRN:

Legislator Schneiderman, that's exactly what we're doing, we're involving Suffolk County Water Authority to see if they can pick up some of these responsibilities.

LEG. SCHNEIDERMAN:

All right. So what I would say, either way or a combination of 477 and Suffolk Water Authority. I think we ought not to be losing these people. This is an important function to the County, it's an important function to public health and really the future of our ability to sustain ourselves to provide a clean potable water supply. Legislator Romaine's bill funds it in a different way, right? He's using funded positions that are not filled; is that correct?

MS. VIZZINI:

There's a retirement and a -- one of the incumbents returned from maternity leave but on less than a full-time basis. So this, interestingly enough, for the remainder of the year, their salaries were enough to offset the cost of putting back the three-person crew in addition to paying for their benefits. So the extent to which that may already be implicit in the turnover savings that the budget is looking to achieve in order to mitigate the shortfall is the policy decision.

MR. ZWIRN:

If I might add, I think it was about \$68 million in turnover savings that was incorporated in a budget that still had a \$60 million deficit. So a lot of these offsets just aren't -- you know, we have had this debate. It may have been budgeted, but there's no money -- just because you budget something doesn't mean the money is there. It doesn't mean the expense is what is budgeted for or that the revenues are coming in.

LEG. SCHNEIDERMAN:

Right. But that 477 Fund, you wouldn't be able to shift to deal with some of the other shortfalls whereas it could, you know, help -- I'm saying that -- I could talk to the sponsor. This could be a good interim measure, potentially what the sponsor has said, but I think it would be better to see it through 477 and even better to see it through Suffolk County Water Authority. But the idea that we shouldn't be dismissing these water testers, I think the sponsor is absolutely right on that. So if there is a way to do it without hurting the budget, I think we should certainly try.

CHAIRMAN D'AMARO:

Legislator Schneiderman, I agree with you. If there is way to find funding for frankly any employee providing any function and service to folks in Suffolk County, we need to find a way. But I don't think this gets us where we want to be. I wanted to ask Gail very quickly, the offset for this funding is from the salary line; is that correct?

MR. LIPP:

Yes.

CHAIRMAN D'AMARO:

Wasn't the presentation made to us recently that those salary lines are underfunded in our budget?

MR. LIPP:

There's always going to be lines that are overfunded and underfunded. It's just, obviously, the net impact of all the lines in the budget are large deficits. This one, as Gail has just said, there is a surplus if you're looking myopically at the line item.

LEG. KENNEDY:

Mr. Chair. Through the Chair, there are a couple of additional items that I think I'd like to ask the committee to consider here. First of all, it's my understanding that there has been a contract pending for execution with the Suffolk County Water Authority for a while now. Through the Chair, maybe if Mr. Zwirn could get us some status on that.

As recently as some time over the last six months, I know this unit has sunk four or five wells on behalf of the Water Authority to the tune of 20,000. And we are in actuality awaiting execution of an ongoing contract so that we can perform additional functions on the behalf of the agency. I think there's need, no pun intended, to drill down and find out where this contract is right now, get it executed and get the unit to continue to do that work on the behalf of the agency.

I'm also aware that in addition to the Article 6 general reimbursement of 36%, I'm going to ask through to Budget Review now, there is a separate State grant that funds some of the members of that unit specifically as to groundwater quality monitoring or testing. Am I articulating that right?

MR. FREAS:

I believe you may be referring to the pesticide grant, and it does partially fund the members of the unit. And again, we have had a similar problem throughout the budget where revenues were not changed in anticipation of the layoffs.

LEG. KENNEDY:

So in actuality, while we have the grant, we established eligibility of entitlement to the grant. If these individuals were to move off, in essence, we would be forfeiting that eligibility and may, in fact, be in position where we would have to refund back to the State for failure to be able to go ahead and undertake the functions.

MR. FREAS:

It would not be unreasonable to assume that the funders would not continue to fund the project if the work wasn't being done.

LEG. KENNEDY:

There's one other element, Mr. Chair, that I think it important to bring to light here. Over the last two to three years, I believe we have acquired a half almost million dollars worth of equipment for this unit in particular. We have a deep depth well drilling rig. We also have some specialized well removal or setting and removal equipment, all of which we are paying the interest on. And if we remove the people that are going to work these pieces of equipment and machinery, in essence, we're going to have the capability and expertise and no ability to actually conduct the studies. We'll be paying in equipment that we have nobody to actually even get out and drive.

CHAIRMAN D'AMARO:

Thank you, Legislator Kennedy. To BRO, if you know, were these positions part of the positions that were addressed with the July 1 layoff list.

MS. VIZZINI:

Yes.

CHAIRMAN D'AMARO:

They were. Okay. And this is with the Department of Health, if I'm not mistaken. At a minimum, given the fact that the layoffs -- the letters have already gone out, I would want to hear from the Health Department as to how the Health Department is going to function in this important area with these layoffs pending since it was basically the Health Department that reviewed that list and was submitted to us and we approved. So I hear what you are saying, and those are very valid concerns and arguments, and I want to say that I'm still open to continuing that dialog, but I think at a minimum we need at least someone from the Department of Health here to explain to us how they're getting by funding these positions.

LEG. KENNEDY:

Mr. Chair, again, you are being quite gracious to extend the accommodation to go ahead and discuss with the committee as I am not a member of the committee, but also cognizant of the calendar, we will not be together again for committee purposes for another 21 days. And so if the committee doesn't at least discharge without recommendation, I'm afraid that we're going to be losing some significant time. Not my place at all, but I would suggest that there may be the opportunity to achieve your concern as Chair to hear from the Health Department while maintaining the ability to keep the reso live.

CHAIRMAN D'AMARO:

John, the point I was making was we already really did hear from the Health Department, because we just went through that whole meeting last Tuesday where the department was, in effect, telling us this is who we believe should be terminated on July 1. There's no easy way to say something like. I don't say it lightly. We are working towards -- we did, in fact, the other day restore 149 positions. But these were not part of the restoration. So, in effect, the Health Department has already spoken and has said to us that this is an important function and somehow they have that covered. I can't give you something definitive because I just don't know what they're thinking within the department itself, unless, Ben, you have anything further to add to that.

MR. ZWIRN:

The point that we'd make is that this offset is defective. There's no money here that they're talking about to restore these positions.

CHAIRMAN D'AMARO:

Well, I had asked our Budget Review Office if the line was underfunded, and I was told there's, in fact, a surplus. So that's a little confusing to me.

MR. ZWIRN:

When you have a \$60 million deficit --

CHAIRMAN D'AMARO:

You're talking about overall, right.

MR. ZWIRN:

Absolutely.

CHAIRMAN D'AMARO:

I agree.

MR. ZWIRN:

And I know we're on the same page. And it's not -- it's just not here. The only reason we didn't object to Legislator Schneiderman's transfer was that was hotel/motel. If this had been a fund that was unrelated to General Fund property taxes, then it would be a different discussion. But this is taking money that really is phantom money to restore positions that we don't have. It will only exacerbate an already awful situation.

CHAIRMAN D'AMARO:

We are in a situation where the Comptroller just sat here and told us that five out of eleven potential purchases of the County's debt obligations turned around and walked away and said no. We've gone through the very, very tip of the iceberg here and the very beginning of a process in addressing our budget crisis. And, you know, the smoke hasn't even cleared from our first round last Tuesday, and here we are now restoring positions. I think that's a very danger path. I'm not not saying that we shouldn't prioritize, I'm not saying we shouldn't address them on a case-by-case basis, but at a minimum, I think the Health Department is saying to us at this point given the newness of the recent vote and the restoration vote that this is something that they're going to manage through in the Health Department when we're going through a tough economy. Legislator Horsley.

LEG. HORSLEY:

Thank you, Legislator. I agree with you, Legislator D'Amaro, as well to Ben that this is wrong offset. We can't approve it in its present form. To table it is something that we can look at over the next several weeks. John, as you know, the well drillers are a very important entity within the County. So we will take a look at it. I realize there's a time element here. But is the 477 account a possibility? Maybe so. But at least we have to have all of the players in the room to discuss it. So I would vote to table at this point.

CHAIRMAN D'AMARO:

Well said, Legislator Horsley. Is there a motion pending, to the Clerk?

MS. LOMORIELLO:

We have a motion to approve with a second and a motion to a table without a second. Okay. Who made the motion to table? I did. Seconded by Legislator Horsley. Legislator Schneiderman.

LEG. SCHNEIDERMAN:

Well, first off, maybe I will change my motion to approve to a motion to discharge without recommendation and do it that way. But I do because the clock is ticking to have this on the floor would be a good thing. I don't think the funding is right either. I think there's a problem. And I think 477 would be appropriate if we could get this amended or a CN to do that.

If, however, the administration is able to get the Water Authority to cover it, which I think is the best solution. You know, considering the fact that a few years ago we fought a lawsuit due to MTBE pollution in groundwater, and I think the Water Authority ended up getting like \$90 million from our efforts there, that's a lot of money.

Besides -- you know, in addition to that, we have done a tremendous amount of work preserving aquifer areas. I mean, we've spent hundreds of millions of dollars I believe on protecting Suffolk's groundwater. I don't think this is unreasonable for the Water Authority to cover these people. If we can discharge without recommendation, if the administration can work out that deal, I would much rather go that way. But at least this keeps it on the floor, keeps it before us with that clock ticking that Legislator Kennedy referred to. It's not a lot of time. Within 60 days, these guys are gone. So I'll make motion to discharge without recommendation.

CHAIRMAN D'AMARO:

All right. There is a motion to discharge without recommendation made by Legislator Schneiderman and a second by Legislator Muratore. Legislator Anker, go ahead.

LEG. ANKER:

This is a real important topic. Groundwater here in Suffolk County needs a lot of direction and needs a lot of guidance. However, today, I really would like to hear more in this committee, especially from the Health Department looking into the fund. I don't think we should go, you know, directly to the full Leg. I would like to vet it through this committee, and that's why these committees are formed. So I will go with tabling this for now and really looking into this issue, because this is a very important issue.

CHAIRMAN D'AMARO:

Thank you, Legislator Anker. That was also my position as well that, you know, we can vet this further in the committee. I would like to hear more from the Health Department. Also, what Legislator Schneiderman is suggesting is something, of course, legitimate that should be pursued, but I don't feel any special need to get this out of committee today. We have two meetings in June where we can address this in the first meeting I would hope, and then make a decision at that time.

MR. ZWIRN:

If I might, Mr. Chairman. This would set a terrible precedent to refund the position with phantom revenue. We had trouble selling the RANs.

LEG. HORSLEY:

We agree.

MR. ZWIRN:

Roosevelt, Cross and Jeffries had to come in and buy 25%. They weren't going to go out on the street with them.

CHAIRMAN D'AMARO:

I think that was 25 million, not 25%.

LEG. SCHNEIDERMAN:

Can I ask. It sounds to me like it's going to get tabled. But if the sponsor amends this the 477 -- and this really maybe is for Gail -- does it have to go to Water Quality Committee then to be approved as a project, or can this be done by the Legislature?

MR. LIPP:

The policy issue is really what do you pay for water quality in terms of staffing in the budget -- and we had started on at that slope a few years ago -- versus what are you reserving for projects that are reviewed by the Water Quality Review Committee. So you would be shifting.

LEG. SCHNEIDERMAN:

If we shift it over to 477 does it have to through the Water Quality Committee for recommendation before we vote?

MR. LIPP:

No, because it's not a water quality project. It's doing water quality work, but it's not a project they would be vetting out.

LEG. SCHNEIDERMAN:

They only vet the projects, not the labor issues? Correct. And the issue then would be to the

extent that you're reducing the project portion is the extent that they would have less resources.

CHAIRMAN D'AMARO:

So if the sponsor changes it to 477, it would then be eligible for a vote at the next committee cycle. That's really what I'm asking.

MR. LIPP:

I believe so.

CHAIRMAN D'AMARO:

But, again, I'm not sure what's in 477, whether or not there's an offset available there as well.

LEG. SCHNEIDERMAN:

Well, maybe Mr. Zwirn and the Water Authority will come up with a plan to have the Water Authority cover it, and then it's done.

MR. LIPP:

Just for your information, one of the laundry lists of possible options that we were talking about in our list that we have been discussing had all sorts of stuff, and some of it obviously not being things that would ever see the light of day, was 1.2 of the water quality for stuff perhaps like this. So it's clearly a policy issue and the dollars and whether or not you're going to do it.

CHAIRMAN D'AMARO:

I think we're pretty much all saying the same thing. It's just a question of timing.

LEG. HORSLEY:

Yep.

CHAIRMAN D'AMARO:

I believe that we do have time. It's short, but I think we do have time to address this responsibly going forward.

LEG. KENNEDY:

Mr. Chair, if I can just ask one procedural one. Certainly I'll carry the committee's suggestions back to the sponsor, to Mr. Romaine, but as to the Chair's request to hear from the Health Department, shall I ask Mr. Romaine if he would, you know, invite not only Commissioner Tomarken, but there is a group that has the knowledge and the expertise, if you will, associated with these, I believe it's nine or ten folks that actually do this drilling work.

CHAIRMAN D'AMARO:

I agree with you, Legislator Kennedy. And through Mr. Zwirn, I would ask if at the next meeting if we could have a representative here who can address this who's knowledgeable and can explain to us if we do not approve this bill how the department is going to function in this area. It would be very helpful to me and I'm sure other members of the committee.

MR. ZWIRN:

I'll do that.

CHAIRMAN D'AMARO:

Legislator Horsley.

LEG. HORSLEY:

Yeah, just quickly may I add, Ben, I'm not sure if you have the ability to reach out to the Water

Authority and make the inquiry on whether or not they would be amenable to picking it up. Frankly, I heard the argument over the last couple of weeks from the County Budget Office and saying, "Oh, we can always hire -- you know, we can hire well drillers as contracts," and I don't buy it. I think these guys are really -- these guys are special and especially needed for Suffolk County. Okay?

MR. ZWIRN:

Got it.

CHAIRMAN D'AMARO:

Okay. There are several motions pending. The motion to table goes first. I'll call the vote. All in favor? Opposed? Two in opposition. Abstentions? Motion carries, the resolution is **TABLED (VOTE: 3-2-0-0; Opposed - Legis. Schneiderman and Muratore)**.

1476, Adopting an Omnibus County Economic Savings Plan for Fiscal Year 2012. (Co. Exec.)

As we have been discussing all morning, this is what we have been labeling Phase One of our attempt to mitigate our budget situation. This bill has been submitted by the County Executive for our consideration. It has several components. And at this point, we can go through them one at a time. Mr. Zwirn, did you want to summarize it somehow?

MR. ZWIRN:

I'll take questions or I'll go through it. Kim Brandeau is here from the County Executive's Budget Office to back me up. We did amend this bill yesterday. We made some changes that had been requested by members of the Legislature; the tobacco securitization portion has been removed. So it's -- \$2.1 million will go back in the budget and pay for tobacco education and some of the things that were asked for by the Legislature.

In addition on the living wage, we are going to do -- now do it over a phased-in period so that there would be \$200,000 this year in the budget for living wage to help the day-care providers gradually wean them off of that program that the County has had for the last number of years. And I think it would be eliminated in 2013, 2014 that would finally be part of the mitigation plan going forward. Those with the two amendments that were made to the original bill. We can go through it, if you would like.

CHAIRMAN D'AMARO:

Mr. Zwirn, I'd like to ask you, you mentioned someone was here in the Budget Office; who is here?

MR. ZWIRN:

Kim Brandeau.

CHAIRMAN D'AMARO:

Kim. I think a good place to start would be if the bill is adopted as it is written and amended, what the impact to the County budget would be, the overall savings in each of the three years that we have been discussing for the last few months.

MS. VIZZINI:

The fiscal impact talks about if everything is adopted as presented, \$2.8 million savings in 2012. And the bulk of the savings in 2013 is 100.48 million.

LEG. HORSLEY:

Repeat that.

CHAIRMAN D'AMARO:

What was the number in 2013? I'm sorry.

MS. VIZZINI:

100.48 million.

CHAIRMAN D'AMARO:

Okay. And the bulk of the savings then would be in 2013 and we'll be going into that process come the fall, correct, in the Operating Budget?

MS. VIZZINI:

The bulk of the shortfall is in 2013. I just want to point out that we still have about \$100 million shortfall in 2012 that, although not all Phase One mitigation is presented in IR 1476, there are other component pieces in other committees, Government Operations for one and DPW is another. We're not at a \$100 million worth of mitigation for 2012 yet.

CHAIRMAN D'AMARO:

But it's a start. Let me ask Ms. Brandeau, thank you for joining us this morning. The first item is the Federally Qualified Health Centers. I know we recently voted on the Elsie Owens Center. In fact, I think there's an article in today's paper about it as well where we were attempting to enhance service and realize savings at the same time. Is it your understanding that that's materializing?

MS. BRANDEAU:

Yes. My understanding is that's materializing as it's outlined in the fiscal impact statement.

CHAIRMAN D'AMARO:

Okay. Very good. And this resolution would direct, empower and authorize the County Executive to go forward and explore the FQHC status for our other health centers.

MS. BRANDEAU:

Yes, that is correct.

CHAIRMAN D'AMARO:

Very good. The Part B of the bill talks about State-aided initiatives; Red Light Safety Program, I think we're all familiar with that; Traffic and Parking Violations Agency. I'll just quickly summarize what we're looking at, and if anyone has any specific questions, please go ahead. And then Employer Contribution Stabilization Program. Maybe you can just detail that for us a little further.

MS. BRANDEAU:

Okay. Starting with the Red Light Safety Program?

CHAIRMAN D'AMARO:

Yeah.

MS. BRANDEAU:

Okay. The State Legislature legislation that allows us to increase the number of red light intersections that we can do from 50 to 100. So at this point we're looking to -- that will double the size of the program.

CHAIRMAN D'AMARO:

Right.

MS. BRANDEAU:

The Performance Management Team led by Deputy County Executive Tom Melito is heading up the project to get the next 50 intersections implemented. They have a variety of approaches that they're looking at. They're doing an analysis of what's going to be the best way for us to move forward with the 50 intersections. The projected revenue is a million dollars for this year and \$6 million for 2013, which is a conservative estimate of net revenues based on past performance.

LEG. SCHNEIDERMAN:

Is this the same vendor or a different vendor?

MS. BRANDEAU:

That's one of the things that they're exploring, whether they're going to look to RFP it, what the options for continuing a contract, extending a contract, the legal implications. They have a whole team put together that's working on it.

CHAIRMAN D'AMARO:

And the Section B, which talks about State-aided initiatives, which would require further action by the State and the State Legislature, except, I believe, for the pension amortization. I think that's something that's been approved; is that correct?

MS. BRANDEAU:

The red lights have been approved. That's done.

CHAIRMAN D'AMARO:

Okay.

MS. BRANDEAU:

The Traffic and Parking Violation Agency, my understanding is that -- maybe Ben has a better update, but that it's in process and it's looking favorable.

MR. ZWIRN:

We have asked for this in the last several years. It is in the Senate now, and the Senate has approved it in the past. The stumbling block has also been in the Assembly. We're optimistic this year. We have made a concerted effort. Luis Montes has gone up there, Assistant Deputy County Executive for Intergovernmental Relations, has spent a lot of time up in Albany trying to shepherd this through. So we were more optimistic in the past. But if it doesn't come through, then we will have to fix this hole. If it does go through, then we're very much optimistic this revenue will be realized. There will be some startup costs, but after that we'll be getting revenue that right now we pass on to the State.

CHAIRMAN D'AMARO:

Kim, what is the revenue associated with that particular initiative for 2012 and 2013?

MS. BRANDEAU:

The two-year net revenue impact \$13.2 million. This is another project that's being headed up by Performance Management.

CHAIRMAN D'AMARO:

Okay. All right. Section C of the bill speaks to emergency medical airlift, which is basically reimbursement by private insurance companies for use of the Medevac; is that correct?

MS. BRANDEAU:

That is correct.

CHAIRMAN D'AMARO:

What's the net to the County anticipated on that?

MS. BRANDEAU:

Okay. According to the fiscal impact statement for the resolution, which was signed off by the Deputy County Executive Fred Pollert, the estimated revenues are \$2 million in 2012 and \$4 million in 2013.

CHAIRMAN D'AMARO:

Okay. Very good.

LEG. KENNEDY:

Mr. Chair, on that item C, if I can?

CHAIRMAN D'AMARO:

Sure, go ahead.

LEG. KENNEDY:

The airlift has been something that we've all talked about and, as a matter of fact, supported. But the language of the reso doesn't differentiate. It speaks about medical transportation only. Through the Chair, there's no intent at this point to bill for evacuation by our Marine Unit or -- I believe the Police Department does have its own ambulance. We're looking only at air at this point, I believe; isn't that correct?

MR. ZWIRN:

Yes. The Police Department has one ambulance, but that's only to be used in an emergency situation where there's hostage situation or they have to send people in under fire to be able to rescue somebody. That's the only reason there's a police ambulance, unlike Nassau County, which has their own police ambulances.

LEG. KENNEDY:

I ask only because the language isn't clarifying that it is airlift only. It speaks about transportation, it's somewhat generic language.

MR. ZWIRN:

That's the only kind of relief we provide.

LEG. KENNEDY:

Thank you.

CHAIRMAN D'AMARO:

Okay. Thank you, Legislator Kennedy. Next section, expenditure reduction, the First Resolved Clause -- or the Fourteenth Resolved Clause, but the first under Section II is the living wage subsidy. I know there were some individuals here speaking to go that earlier. That is now not -- the bill has been amended, as Mr. Zwirn said. To not eliminate that funding altogether immediately. The funding will be eliminated though in 2014 with phaseout over this year and 2013.

LEG. SCHNEIDERMAN:

Before you move on so this.

CHAIRMAN D'AMARO:

Legislator Schneiderman, go ahead.

LEG. SCHNEIDERMAN:

We have a County Law that requires the County contractors to pay a living wage, and then these day-care centers basically we're subsidizing that difference between what they can pay and what they're supposed to pay, is that how that works.

MR. ZWIRN:

Yes.

LEG. SCHNEIDERMAN:

So are we then, because I don't see a companion bill here. Are we then suspending that policy? So we're not asking the day-care centers now to cover this additional cost of paying this higher wage. Are we making them pay the living wage or we're going to accept them paying below the living wage, because we're no longer subsidizing it?

MR. ZWIRN:

No. The living wage will still stay in effect if they contract with the County. But instead of eliminating all the money, we will try to work with them to bring it down and wean them off of it. Originally, the living wage was only supposed to last for a year or two, because when the Living Wage Bill was passed by the County, they weren't prepared to do that. It's become a --

LEG. SCHNEIDERMAN:

Well, our requirement that they pay that living wage, and then we -- it becomes an unfunded mandate now once we take away this money. The last the thing I want to see is these day-care centers close, so because they are so important that both parents are able to go to work, particularly, like, a single mother. And we've seen a lot of these day-care centers shut down. I'm actually a little bit concerned. I don't mind doing this, but I think at the same time, we should be suspending our policy, you know, at least concurrent with the ending of this subsidy that we're not going to require them to pay that.

MR. ZWIRN:

These are only ones that I'm sure that contract with the County. If they're privately done without County assistance, I don't think we have -- aside from minimum wage, I don't think we have any requirements. We don't have any control. This would just be for ones that have County contracts.

LEG. SCHNEIDERMAN:

Anybody have more information on that?

MR. ZWIRN:

It's not across the board.

LEG. GREGORY:

We can take DSS -- Mr. Chair, if I may.

CHAIRMAN D'AMARO:

Yes, Legislator Gregory.

LEG. GREGORY:

My understanding is if you take kids from DSS, you're required to abide by the Living Wage Bill. I don't necessarily think that centers will close. The likelihood scenario, if anything, is that they would not accept the DSS kids, which obviously, is an issue.

LEG. SCHNEIDERMAN:
That's a real problem too.

LEG. GREGORY:
But I think this is a more reasonable approach, phasing it out as opposed to just total 100% cut.

LEG. SCHNEIDERMAN:
Could we ease our living wage policy a little bit by the same amount of money so there's no impact to the day-care centers?

LEG. GREGORY:
Like --

CHAIRMAN D'AMARO:
Other than a subsidy, how would do you that?

LEG. SCHNEIDERMAN:
Allow them to pay the wage that they have been paying, slightly below the living wage.

MR. NOLAN:
You would reduce the amount they would be required to pay their employees. I mean, that's the other alternative. You would have to amend the Local Law that's on the books that requires the living wage for the people we contract with, not just childcare providers, but everybody.

LEG. SCHNEIDERMAN:
Or adjust it based on the lack of the subsidy. Because we have to reduce the subsidy, we would then also provide a little relief to the day-care centers. It could be done afterwards, but I think it makes sense.

CHAIRMAN D'AMARO:
Well, it certainly makes sense, Legislator Schneiderman. Whether or not we can afford to do it do is another issue.

LEG. SCHNEIDERMAN:
There's no impact to us. You hear what I'm saying? It doesn't hurt us to do that. It would only help the day-care centers. We're taking away our subsidy that's making the difference between what they have to pay and what they are paying -- they're paying the higher wage, and then we're making up the difference because they have to pay that higher wage.

CHAIRMAN D'AMARO:
I understand. It would only have an indirect impact to the County.

LEG. SCHNEIDERMAN:
It would help the day-care centers.

MR. NOLAN:
I think it's also true, Legislator Schneiderman, that not all the childcare providers get the subsidy. I think it's just some of them that get the subsidy, not all. And certainly nobody beyond childcare providers get a subsidy to pay the living wage.

LEG. SCHNEIDERMAN:
Perhaps we can then write the amendment to target it, the relief, exactly to those who are taking DSS kids. Is there a way to do that, George?

MR. NOLAN:

All things are possible, Legislator Schneiderman.

LEG. SCHNEIDERMAN:

I'll leave it at that.

CHAIRMAN D'AMARO:

If I could just have the last word. I think this bill take the right approach. It doesn't immediately eliminate the funding. And the bill has been amended. It puts the industry on notice that this is the direction that we're get heading. And certainly, in a perfect world, we would like to provide -- continue to provide the full subsidy. We're not in a position to do so. And I think this is a good compromise and we're heading in the right direction.

Okay. The next portion of the bill very quickly goes to the methadone delivery to needy County residents. What I see here is just getting some bids from hospitals and other groups who provide such a service to see if there's some cost savings associated with that. What is the projected savings to the County on that, if you would.

MS. BRANDEAU:

Looking for an alternative methadone clinic delivery, the savings for 2012, the net savings, 150,000. And for 2013, 300,000.

CHAIRMAN D'AMARO:

Okay. The next section goes to savings through workers compensation medical costs. Again, I think trying -- the County is trying to get a further discount of certain services by going out in the procurement process and looking for providers. What is the savings projected for the County?

MS. BRANDEAU:

This is another project that's being headed up by the Performance Management unit. The 2012 projected savings are \$2 million. And the 2013 projected savings are 4.54 million.

CHAIRMAN D'AMARO:

Okay. Could you just explain exactly what that language means? What would be accomplished if we enact this? What would change from what we're doing now?

MS. BRANDEAU:

My understanding is that -- and I'm not involved in this particular project at all so I don't want to --

CHAIRMAN D'AMARO:

Okay. I won't even ask you to answer. If you look at the language of the bill, what it says is that we would be switching to a competitive procurement process, which in my mind is more efficient and would have substantial savings to the County. The last Resolved Clause eliminates the appropriation for the Health Smart program. So that's the full text and all of the mitigation measures. Ms. Vizzini, you are saying no; did I miss something?

MS. VIZZINI:

The Eleventh and Twelfth Resolved Clauses, I assume they're still in the last version, vis-à-vis the Employer Contribution Stabilization Program whereby we will be amortizing for the 66.8 million in retirement.

I just wanted to bring to your attention that although it would provide substantial relief in the 2013 Operating Budget not to have to include this not only from the budget, but also from a cash basis,

there is a cost associated with approximately 14 and a half million. And that's based on the 3.75% rate that the State currently allows.

CHAIRMAN D'AMARO:

Right. And we're between a rock and a hard place on that one, because the contribution or the increase in the contribution is so substantial that I don't see that we have a choice other than to go ahead with the amortization process. But thank you for pointing that out. Appreciate that. All right, that is the bill that is pending. Is there a motion pending? I'll offer a motion to approve.

LEG. HORSLEY:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Horsley. Any further discussion? All in favor? Any opposed? Abstentions? Motion carries, the resolution is **APPROVED (VOTE: 5-0-0-0)**.

And that brings us to our last resolution on our agenda. **1477, Amending the 2012 Operating Budget and creating twenty detective positions in the Police Department. (Kennedy).**

This bill has been reassigned by the Office of the Presiding Officer to the Public Safety Committee, so it will be considered at the Public Safety Committee on Thursday. That concludes the agenda for today. There's no further business before the committee. I want to thank everyone for participating today. We stand adjourned. Thank you.

*(*The meeting was adjourned at 12:32 P.M. *)*

