

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, November 27, 2012.

Members Present:

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

Also In Attendance:

George Nolan - Counsel to the Legislature
Sarah Simpson - Assistant Counsel to the Legislature
Renee Ortiz - Clerk of the Legislature
Gail Vizzini - Director Budget Review Office
Robert Lipp - Deputy Director - Budget Review Office
Joe Schroeder - Budget Review Office
Paul Perillie - Aide to Legislator Gregory
Ali Nazir - Aide to Legislator Kennedy
Greg Moran - Aide to Legislator Nowick
Tom Vaughn - County Executive's Office
All Other Interested Parties

Minutes Taken By:

Gabrielle Skolom - Court Stenographer

Minutes Transcribed By:

Denise Weaver - Legislative Aide

(*THE MEETING WAS CALLED TO ORDER AT 10:09 A.M.*)

CHAIRMAN D'AMARO:

Good morning. Welcome to the Budget and Finance Committee of the Suffolk County Legislature. Please rise and join in the Pledge led by Legislator Schneiderman.

SALUTATION

CHAIRMAN D'AMARO:

Okay. Note for the record the committee has received correspondence this morning. It's addressed to all Suffolk County Legislators from Adrienne Esposito, and it's regarding allocation Quarter Cent funding from the Sewer Stabilization funds for the Northport Harbor Sewage Treatment Plant upgrades. And that bill is pending before the committee and the correspondence is dated November 19th of 2012. Okay.

Are there any cards this morning, to the Clerk?

MS. ORTIZ:

No.

CHAIRMAN D'AMARO:

Okay. For the record, there are no cards. Is there anyone present who would like to address the committee this morning? For the record, there's no response. We'll turn now to the tabled agenda. I'll call the first bill.

TABLED RESOLUTIONS

It's 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)

D.P.O. HORSLEY:

Motion to table.

CHAIRMAN D'AMARO:

All right. There's a motion to table by Legislator Horsley, second by Legislator Muratore. Just on that motion, I guess, Legislator Horsley, do we have any further update with respect to the Sewer Infrastructure Committee? I know we've been waiting pretty much for the year.

D.P.O. HORSLEY:

Years. Yes, we -- I do have a further update. It is a complicated process to put together these applications so that they become -- that they are fair and they make sense. And they are in the process of completing the application right now. It has been promised that they will have the process done prior to the end of the year. So, in other words, the applications will go out to the prospective communities, such as Northport, they'll be able to complete it, and hopefully that is an end-of-the-year discussion. Does Mr. Vaughn know anything differently? I mean, I sat in it -- I sat in the meeting. My understanding is that Ms. Lansdale is going to have it completed by the end of the -- under the year.

MR. VAUGHN:

Sir, I was not at that meeting.

D.P.O. HORSLEY:

Okay.

MR. VAUGHN:

Unfortunately I don't have anything to add to it.

D.P.O. HORSLEY:

That's fine.

MR. VAUGHN:

But I would be happy to follow up.

D.P.O. HORSLEY:

That is my understanding. It's my story, and I'll stick to it.

MR. VAUGHN:

Legislator Horsley?

D.P.O. HORSLEY:

Yes.

MR. VAUGHN:

Just as matter on that, I'd be happy to follow up and confirm that for you after the meeting is over.

D.P.O. HORSLEY:

Sounds great.

MR. VAUGHN:

Very good.

CHAIRMAN D'AMARO:

And, Legislator Horsley, do you know if the recommendation that we're waiting for from the Assessment Stabilization Committee is advisory or is that a prerequisite to --

D.P.O. HORSLEY:

That is advisory to us. They're going to have a rating system similar to our Land Acquisition Program and then we will move forward on that. But all approvals on that program come from the Legislature.

CHAIRMAN D'AMARO:

So would we expect to see the recommendation of this committee by the next time the committee meets in two weeks?

D.P.O. HORSLEY:

I don't think so. I think what -- the applications will go out prior to the end of the year and then it'd be very short after because I don't think there -- one of the qualifications is that it had -- the properties have to be shovel-ready, and there just aren't that many out there that are going to meet that qualification. So -- and one of them would be Northport. They are apparently in the game and they're ready to go. So I think that'll be very shortly after the new year in which we would have absolute recommendations to the Legislature.

CHAIRMAN D'AMARO:

Right, and they're advisory. I wanted to ask the Budget Review Office, good morning, by the way, this funds that are coming out of the Assessment Stabilization Reserve Fund over the 140 million, I believe. What's available for this type of funding? The portion of monies that this particular bill is seeking, how much is actually available? because in this bill, I think it's nine -- nine million being requested, if I'm not mistaken.

MR. LIPP:

Umm.

LEG. NOWICK:

Seven point five.

CHAIRMAN D'AMARO:

Seven point five; thank you, Legislator Nowick.

MR. LIPP:

Okay. I don't have the exact number, but what comes to mind is about 35 million.

CHAIRMAN D'AMARO:

Thirty-five.

MR. LIPP:

It's -- what it is is 5/8 of the amount that's over 140 million since 2011.

CHAIRMAN D'AMARO:

Yeah, 'cause we might want to consider if the Sewer Infrastructure Committee is not going to make a recommendation any time soon, we could consider the bill on its merits. And you're saying there's about 35 million available in that fund?

MR. LIPP:

Correct.

CHAIRMAN D'AMARO:

All right.

D.P.O. HORSLEY:

Mr. Chair, on that as well.

CHAIRMAN D'AMARO:

Right, no, Counsel just told me we have to receive the recommendation in order to move the bill.

D.P.O. HORSLEY:

That would be my understanding as well.

CHAIRMAN D'AMARO:

Right.

D.P.O. HORSLEY:

One of the things that I may add to it is is the question of -- and I think this is ultimately going to have be decided by the Legislature, is do -- when these monies are given to, say, if it's Northport, does it -- is it given in the form of a loan? Is it given in form of a partial loan? Is it given outright as a grant? All those -- that question has to be answered as well, and that's one of the decisions

that this body is going to have to make.

CHAIRMAN D'AMARO:

Legislator Nowick, please.

LEG. NOWICK:

Should I assume that the Town of Huntington is putting in the majority of the money for this?

CHAIRMAN D'AMARO:

No.

LEG. NOWICK:

This is the entire amount, the 7.5 to build the sewage treatment plant?

D.P.O. HORSLEY:

No, they have a sewage treatment -- what --

LEG. NOWICK:

Is it there? It's there already?

D.P.O. HORSLEY:

Oh, yeah.

LEG. NOWICK:

What do they -- they want to extend it?

D.P.O. HORSLEY:

We haven't seen their application, so we're not sure of the full extent, but what they're -- what the problem is is that they are under a DEC order, regulation, to update and better the Northport sewer plant because what's happening is that they have -- they've got tide issues, red tide issues or brown tide, whatever it may be, and they're absolutely damaging the north -- the Sound off of Northport and the Northport Harbor where you can't shellfish and things like that and they've got major problems with their plant, and they just don't have the dollars to do it. So that's the question, you know, well, is this a loan? Is this --

LEG. NOWICK:

Legislator Horsley, when the DEC comes in, and we've talked about this --

D.P.O. HORSLEY:

Yes.

LEG. NOWICK:

-- and they mandate the change, unfunded mandate, is that it?

D.P.O. HORSLEY:

That would be an unfunded mandate.

LEG. NOWICK:

And in this particular area, the Town of Huntington, the Village, has to just go looking for money in order to --

D.P.O. HORSLEY:

They are looking for monies. We're, you know -- and frankly, you know, the dollar amount here,

7.5 million, that's a major chunk of change from this fund. Do they, you know, because of, you know, fairness to the rest of the County, do they get that larger piece of the action? I don't know and that's a decision that's got to be made.

LEG. NOWICK:

Well, would the Town of Huntington come in and --

D.P.O. HORSLEY:

This is a village.

LEG. NOWICK:

But it's a Village of Northport.

D.P.O. HORSLEY:

It's a village.

LEG. NOWICK:

But Huntington doesn't have anything to do with it than the town. It's the Village itself. They don't pay anything.

D.P.O. HORSLEY:

No, what I would like to see personally is that they extend the pipes into Centerport, I believe it is, so that we're actually seeing some growth of the sewer issue to other parts of the Town of Huntington because it's sorely needed elsewhere as well.

LEG. NOWICK:

It would seem that if they took care of the part, and I understand the nitrogen is an issue --

D.P.O. HORSLEY:

Right.

LEG. NOWICK:

-- and they took care of part of that, that it would probably go into other areas of the Long Island Sound, you know.

D.P.O. HORSLEY:

One would hope, but apparently Northport Harbor is -- is got major pollution issues because of the condition of the --

LEG. NOWICK:

That's such a pretty harbor too.

D.P.O. HORSLEY:

Yeah, absolutely.

LEG. NOWICK:

But that's a lot of money. So it seems like the County would be the only one.

D.P.O. HORSLEY:

We might be the only game in town, but there is -- they're going to be reaching out to the State and other things as well, so it's going to be a debate and that's one of their things that when this decision comes down we're going to have to -- we're going to have to hash this out and figure out what is the right way to go.

LEG. NOWICK:

So if they need 7.5, but we don't know. Maybe the State will give them money, maybe the federal government will give them money.

D.P.O. HORSLEY:

Maybe.

LEG. NOWICK:

So this is something we should table until we find out.

D.P.O. HORSLEY:

Let's look at the recommendations.

CHAIRMAN D'AMARO:

Right. The problem I have with that is that we've been waiting for about eight or nine months now for this recommendation.

LEG. NOWICK:

What's taking so long?

CHAIRMAN D'AMARO:

I don't know. I really don't know and I know that there are issues with the state of the harbor there, and I know that the legislation that was passed, Legislator Horsley, you mentioned should it be a loan, should it not be a loan. That's interesting. I don't know what the original -- I don't recall what the original legislation contemplated.

D.P.O. HORSLEY:

It didn't address that issue.

CHAIRMAN D'AMARO:

Right, so when we were voting on that bill, were we even thinking about loans? I don't think we were.

D.P.O. HORSLEY:

I don't think we were, either. But it is a question, you know, do -- say, for instance, if we use their numbers of 7.5 million, do -- you know, do you say, well, I will give you a grant for 3.5 and then, you know, the balance of it, you can pay over a 20 – 20-year program, get into the stabilization fund itself so that you are, you know, you are raising your, like the rest of the Counties that have sewer areas --

CHAIRMAN D'AMARO:

Right.

D.P.O. HORSLEY:

-- raising their rates three percent a year, and then use that to pay back the fund so it becomes a revolving fund for growth. I mean, that's -- it's more complicated than it --

CHAIRMAN D'AMARO:

It is. And also another question is whether or not the funds were put in place for this particular type of purpose. I know that when we were -- when the Legislature passed that resolution, it was about expanding sewers and putting sewers in, but certainly, you know, improvements to existing sewer treatment plants might be encompassed by this bill.

D.P.O. HORSLEY:

It -- actually, that it is written into the bill as such. The improvements are our qualification that fits within the bill.

CHAIRMAN D'AMARO:

Uh-huh.

LEG. NOWICK:

Just quickly, when do we have that conversation with them to know whether or not they're going to fund half of it or borrow the money or, I mean --

D.P.O. HORSLEY:

Well, first of all, they haven't put in an application. There is no application. The application process we're -- they are completing the applications now. And it's like we are inventing the wheel when it comes to this.

LEG. NOWICK:

We're getting in the ready position --

D.P.O. HORSLEY:

That's correct.

LEG. NOWICK:

-- but there's no application.

D.P.O. HORSLEY:

Right. The applications are not finalized. They are written at this point. They've got to -- need to be voted upon by the committee. It's a shame that Public Work's is not here, you know, because Gil Anderson and others have been on this committee as well as the Health Department and stuff like that. And so, as you can see, it's a complicated issue. And, to make this even more complicated, is \$2 million per year of the dollars will go to smaller sewage -- sewage plants that can be located whether or not in a neighborhood or this was designed for the East End where sewers will never be requested in a large form, like pipes in the street and stuff like that. So they're going to be getting \$2 million to maybe do a restaurant and those types of things in small sewage packages.

LEG. NOWICK:

And there are a lot of restaurants around there.

D.P.O. HORSLEY:

Absolutely. It could be --

LEG. NOWICK:

It just seems backwards: first amending the Operating Budget, then telling them to put the application process in, but it's the way we do things.

D.P.O. HORSLEY:

Well, we're making steps. Yes, we're making steps.

LEG. NOWICK:

Okay -- support the tabling.

CHAIRMAN D'AMARO:

Okay. Is there a motion pending, I believe, and received a second. I'll call the vote. All in favor?

Opposed? Abstentions? Motion carries. The resolution is tabled. **TABLED (VOTE: 5-0)**

Next bill, **1611-2012 - Amending the 2012 Operating Budget to purchase Emergency Integrated Lifesaving Lanyard (EMILY) units. (Romaine)** We had a question yesterday to Counsel concerning the status of bills that were sponsored by our former colleague, Legislator Romaine. Mr. Nolan, would you like to just put on the record what you think your conclusion may be?

MR. NOLAN:

Yeah, the practice has been when a Legislator leaves and he's the only sponsor of the bill, the resolution is going to be stricken. If he has cosponsors, the cosponsors become the main sponsors, and then they can be considered by the Legislature. So my recommendation on this one is that it should be tabled, allow the Clerk to do what they normally do.

CHAIRMAN D'AMARO:

Okay. All right. I'll offer a motion to table.

LEG. MURATORE:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Muratore. Thank you. All in favor? Opposed? Abstentions?
Motion carries. **TABLED (VOTE: 5-0)**

1073-2012 - Adopting Local Law No. -2012, A Charter Law to adopt tax policy prior to Election Day ("Taxpayer Awareness Act Part 1"). (Cilmi) I'll offer a motion to table.

D.P.O. HORSLEY:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Horsley. All in favor? Opposed? Abstentions?

LEG. NOWICK:

Opposed.

LEG. MURATORE:

Opposed.

D.P.O. HORSLEY:

Second.

CHAIRMAN D'AMARO:

Two in opposition, Legislators Nowick and Muratore. Resolution received three votes and passes. I'm sorry, is tabled. The resolution is tabled. **TABLED (VOTE: 3-2-0-0 Opposed: Legislator Nowick and Legislator Muratore)**

Next is 1703-2012 - Adopting a Local law to adopt tax policy prior to -- oh, I'm sorry. Excuse me.

1704-2012 - Adopting Local Law No. -2012, A Charter Law to require open deliberations in budget amendment process ("Taxpayer Awareness Act Part 2"). (Cilmi)

LEG. NOWICK:

Motion to table.

CHAIRMAN D'AMARO:

Motion to table by Legislator Nowick.

D.P.O. HORSLEY:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Horsley. All in favor? Opposed? Abstentions?

LEG. MURATORE:

Opposed.

CHAIRMAN D'AMARO:

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

1705-2012 - Adopting Local Law No. -2012, A Charter Law to improve transparency and participation in setting spending priorities ("Taxpayer Awareness Act Part 3"). (Cilmi) I'll offer a motion to table.

D.P.O. HORSLEY:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Horsley. All in favor? Opposed? One in opposition. Abstentions? Motion carries. The resolution is tabled. **TABLED (VOTE: 4-1-0-0 Opposed: Legislator Muratore)**

1947-2012 - Adopting Local Law No. -2012, A Charter Law to establish multi-year budget plan. (Cilmi) I'm going to offer a motion to table.

D.P.O. HORSLEY:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Horsley. Any discussion? Mr. Vaughn, would you like to come up?

D.P.O. HORSLEY:

I'm sorry to jump --

CHAIRMAN D'AMARO:

That's fine.

D.P.O. HORSLEY:

I know, Mr. Vaughn, is -- caught me in my ear coming in the committee this morning, and the administration has some feelings about this that they'd like to share.

MR. VAUGHN:

Thank you very much, Legislator Horsley. Deputy County Executive Fred Pollert apologizes for not being able to be here this morning. He has taken a look at this bill, and he's concerned that with these current staffing levels that he would not be able to implement the intentions of the bill. He

also had a couple of concerns conceptually with the issue. For example, the bill is asking us to budget three years out and while this is -- it's certainly good to be looking forward and to be developing plans. It also is asking us to come up with solutions three years out. And so, for example, if you have budgeted successfully, let's say, for the first two years in this bill, and then find yourself faced with a situation year three, what if the only solution to that potential cliff that you may find yourself in is layoffs? Should 900 layoffs, for example, be hanging over the heads of the employees for three years when you still have two years to potentially solve the problem?

He's also concerned about we're putting -- what -- how this information may impact a rating agency. So, for example, if you have -- if you are forecasting two solid budget years and then do find yourself in a projected hole in year three, you have two years to try and come up with solutions to address that potential hole in year three. However, if you start disclosing that there is a -- an -- putting that information out it advance that there's a hole in year three, it may negatively impact your bond ratings in years one and two when there was no problem to begin with or at least there wasn't -- you weren't at that point yet, which may make the problem even worse going forward.

So it is not -- it is something that we would like to see tabled and continue discussions on going forward at this point in time.

CHAIRMAN D'AMARO:

Yeah, Mr. Vaughn, I tend to agree with you. I think that this would really confuse what is already an unpredictable situation. I don't -- I can understand when we have a capital program when you're dealing with infrastructure or upgrades to computer systems you know they have useful life, you know, you anticipate what their conditions are.

With an Operating Budget it seems to me -- and I'm certainly not an expert, but I know the Budget Review Office is here, and I'd like to know your opinion -- but it seems to me that we deal with so much uncertainty as it is just trying to craft the budget for the following year that to identify and describe in detail all actions necessary and appropriate to ensure that any projected deficit is closed, I don't know that we could do that going two and three years out. We don't know the state of the economy. We don't know state of revenue, expenditures, unforeseen circumstances.

The bill also wants us to identify and describe reserve fund balances available to make onetime payments to offset unforeseen expenditures. Well, we don't know what those expenditures are nor do we know what the reserve fund balances will be, not just because -- not even knowing the level of income to them, but what events are going to happen in between that three year period.

So, I don't think it would be useful, in fact, I think just the opposite. I think that it would take an awful lot of time from staff to put together what essentially amounts to guesswork on budgeting and what'll happen is even if you can come up with something that you feel reasonably comfortable with on day one, by day 366 it's going to completely change anyway. And I just don't think it's useful and I don't think it's worth the time especially given the limited staff. I think you had mentioned in your comments --

MR. VAUGHN:

Yes, sir.

CHAIRMAN D'AMARO:

-- that the Budget Office believes that, you know, staffing would be an issue, we're putting this together as well, that I just don't think it's worth the effort because I think it would just confuse things.

Jay, did you want to say something?

LEG. SCHNEIDERMAN:

Yeah.

CHAIRMAN D'AMARO:

Legislator Schneiderman.

LEG. SCHNEIDERMAN:

You know, earlier this year, the Bellone Administration actually put out a financial report that was a three-year deficit projection, and that was then followed by a budget mitigation plan and all of that was actually helpful to us and affected some of the decisions we made this year, understanding the magnitude of the -- the structural problems within the budget and the looming and growing deficit.

So there -- and there is some merit to looking ahead three years, certainly, though the level of detail in this bill I think is onerous, you know, it is certainly helpful to know as you're doing a budget what the impacts of that budget are in future years, how much is -- how much deferred spending is there that was used to be operational and now is being bonded like we did with pensions. It's helpful to know how much nonrecurring revenue is being used, holes we'll have to fill in the next year to keep the budget equal. I'm not sure that this bill actually discusses either of those two things; it does some other things. So, it's not perfect, but I certainly don't want to put a new requirement on Fred's office, though it is a helpful tool to have some idea of what the future looks like and the County Executive did that in March, you know, so maybe we need to work with the sponsor a little bit. And with the County Executive's Office, maybe there could be a -- an annual review in March, say, of what that three-year picture is so at least we know as we're going through the year if the outlook is improving or not, or maybe it could be incorporated into the State of the County address, something like that. So there might be ways to get this information to the Legislature so that we can better plan financially for the future. So I think at this point that's --

CHAIRMAN D'AMARO:

Okay, anyone else? All right. To the Clerk, is there a motion pending on this bill, please?

MS. ORTIZ:

Yes.

CHAIRMAN D'AMARO:

There is, has received a second. Motion to table. I'll call the vote. All in favor? Opposed? Abstentions?

LEG. SCHNEIDERMAN:

I'll abstain.

CHAIRMAN D'AMARO:

One abstention, Legislator Schneiderman. The motion carries. The resolution is tabled. **TABLED (VOTE: 4-1-0-0 Opposed: Legislator Schneiderman)**

MR. VAUGHN:

Thank you.

2023-2012 - Adopting Local Law No. -2012, A Local Law to authorize a real property tax exemption for improvements to Real Property Meeting Certification Standards for Green Buildings. (Schneiderman) Legislator Schneiderman.

LEG. SCHNEIDERMAN:

I'll make a motion to approve.

CHAIRMAN D'AMARO:

Okay. There's a motion to approve by Legislator Schneiderman.

LEG. MURATORE:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Muratore. And, Legislator Schneiderman, what are we doing here? We're giving tax abatements for LEED certifications?

LEG. SCHNEIDERMAN:

Right. So recently in Albany a bill was passed that allows taxing authorities; schools, towns, the County to opt in to creating a -- an exemption to property taxes for new construction, new LEED certified construction. There are different levels of exemptions based on LEED certification standards. It's basically the taxes of the new construction would be phased in. So this is tax money we're not currently getting. This is tax money that we would get if these developers or businesses actually do do construction. So it would -- this is to foster economic growth and it's supposed to also to foster green construction.

CHAIRMAN D'AMARO:

Uh-huh.

LEG. SCHNEIDERMAN:

And we're hoping it works. As you know, the County portion of the sales tax is not the -- of the property tax is not the big piece. It's the school taxes. And the hope is that some schools will opt into this as well. But there's no fiscal impact to the County because we don't have this revenue, we're not giving up something we have, we're only phasing in something we would get if we can encourage these developers to go this route.

CHAIRMAN D'AMARO:

Well, I just need --

LEG. SCHNEIDERMAN:

Just let me just finish.

CHAIRMAN D'AMARO:

Yeah.

LEG. SCHNEIDERMAN:

One of the problems we've had in encouraging green construction is that the -- the payback period often is so long that people aren't willing to spend the extra money to go green. And we're trying to basically incentivize this so that that numbers work a little bit better so if they have this property tax exemption, maybe the numbers will work and, you know, they will spend a little bit more to build in an energy efficient way and, of course, we get the savings as well in terms of not put as much stress on the infrastructure.

So, I think it's a good bill. And I think the County would be leading by example here, and hopefully some other taxing entities will also join -- follow suit and then we can promote some green construction and certainly the construction industry could use a boost at this point.

CHAIRMAN D'AMARO:

Can you just explain to me again how it's there's no -- there's no revenue impact, no property tax impact?

LEG. SCHNEIDERMAN:

It doesn't exempt what's already there. It only exempts the addition. So if you're put a green addition on a building, you know, you're still paying the taxes on the current building. The additional tax would be phased in.

CHAIRMAN D'AMARO:

So if you get LEED certified for your entire building, you're not abating the real estate taxes for that building? You would have to have some kind of addition and there'd be a separate assessment just for the addition?

LEG. SCHNEIDERMAN:

Robert, do you have the answer on that?

MR. LIPP:

What it is is because you have the exemption it lowers the tax base so it would -- so if his building was exempt then, and we were the only three property owners, then all the property tax would have to be distributed between the two of us.

CHAIRMAN D'AMARO:

Right, I understand that. But if you have an existing building that decides to implement certain measures to get LEED certified, gold or platinum or silver, whatever level, and this bill would then kick in on the abatement. Is that correct, on the existing properties?

LEG. SCHNEIDERMAN:

I think it's only into the added value, I believe. George, do you have that?

CHAIRMAN D'AMARO:

You mean a higher assessment?

LEG. SCHNEIDERMAN:

Yes, the increase.

MR. LIPP:

It applies to the construction of improvements commencing after beginning of the year and having values of an excess of \$10,000.

CHAIRMAN D'AMARO:

So I just want to be clear on this.

LEG. SCHNEIDERMAN:

I believe it's on the increased assessment in that case. If you're converting an existing building, is that your question, rather than just adding?

CHAIRMAN D'AMARO:

Uh-huh.

MR. NOLAN:

It says, "The exemption shall apply the extent of any increase in assessed value resulting from the construction or reconstruction of property," meaning the LEED certification. So the extent is an increase in value, that's what's going to be exempt.

CHAIRMAN D'AMARO:

So how do you -- is it practical -- how do you -- how do you charge that? Legislator Nowick, you may have an answer for that.

LEG. NOWICK:

Well, the first question I have is can we afford this?

CHAIRMAN D'AMARO:

Well, we'll get to that.

LEG. NOWICK:

The second question I have is also if a company comes in and builds, comes in and builds a new business, new building --

CHAIRMAN D'AMARO:

Right.

LEG. NOWICK:

-- that would mean -- and they do a LEEDs building and they do this because, number one, it's green and it's the right way to go, we all know that. But let's assume it's a -- a new building, and they do this because, let's be honest, they want to save money in the long run, fuel and energy and so they are going to save and they're going to hopefully make it up. But here's the thing, when a town is planning and developing business and industry, they depend, I believe, school districts, towns, depend on industry to bring in more tax revenue for property. It's like the most important thing you can have in a taxing district, which is why if you were to go to Hauppauge and be taxed in that school district, you would save thousands of dollars because there's industry.

So my concern is at this point while I think it's an excellent idea because we should be encouraging people to build in a green manner, but they -- but an industry that builds that way is going to save money. Can the County also? I don't think we can afford to give it -- to give any other tax exemptions, I mean, we are just teetering on the edge here.

LEG. SCHNEIDERMAN:

Again, it's not exactly a tax exemption. We're not giving up money that we're currently collecting.

LEG. NOWICK:

I understand that --

LEG. SCHNEIDERMAN:

This would be phasing in new money --

LEG. NOWICK:

-- but we put new business in.

LEG. SCHNEIDERMAN:

-- but we don't get that new money unless they build anyway so we want to encourage them to build. I mean, we've already done exemptions, we've got enterprise zones where we're

encouraging people to, you know, bring -- create new jobs in areas. It's same kind of thing where we phase in the taxes. We got exemptions on sales tax for solar panels, which we actually give up money we would get when they --

LEG. NOWICK:

Yeah, that's the whole thing we -- money.

LEG. SCHNEIDERMAN:

This actually -- this actually brings us money because if we can incentivize this construction, this is coming on the tax rolls. It is being phased in over a period, but we're spurring new development, I mean, and not only new development but green development. It's just exactly what you want to do.

LEG. NOWICK:

No, no, I understand that.

LEG. SCHNEIDERMAN:

When Senator LaValle sponsored this in the Assembly it went through overwhelmingly, now's the time for people to -- for communities to opt in and I think we can set the example by being the first, I think, in New York State to say, yes, we want to spur green development, we want to create jobs. Let's get this moving. I don't see --

LEG. NOWICK:

Legislator Schneiderman, I do believe in green projects and I know how expensive they are and I know that when a company is going to build a green building, they're going to spend more and what I would think is they're going to spend more because hopefully they're going to save more. And I -- but I do think it will affect the bottom line on new buildings that go up because that's your tax base, industry is your tax base and that's what helps you save money in your school districts.

LEG. SCHNEIDERMAN:

Again, if they will build then we will get more money than we had before. We're increasing our tax base by doing this. We're not losing a thing. Those schools and those towns and villages they need to opt in separately. This is just that County portion. We're talking about a very small amount of money to begin with, but hopefully we'll be getting new revenue that we didn't have in if past because they are adding to the base and if they do that, as you know, the pie changes and everybody's taxes go down a little bit because your tax base is growing.

LEG. NOWICK:

I like your idea and think it's a great thing, and I believe in LEEDs and greenery, but I don't think our tax base is going to go down. I don't think we're going to be making more money on it.

LEG. SCHNEIDERMAN:

I do.

CHAIRMAN D'AMARO:

Well, a couple things -- thoughts that I have also is that the decision to, let's say, put up a new building is not determined by whether or not a LEED's tax abatement is available. So it is revenue that if a business decision is being made to construct a building or expand a building I would say to you that that decision is not going to turn on whether or not this abatement is available.

Now, you do want to promote green buildings, you know, that makes total sense to me. But remember, the businesses if they decide to do that on their own are also going to reap the benefit of that by the energy savings, which they will recoup over time. So the question in my mind is, and I

do believe government can incentivize this type of development and it's a worthy policy goal. But I'm looking at the chart here of the abatement and in all levels of LEED certification you're proposing a 100% tax abatement for the first three years.

LEG. SCHNEIDERMAN:

Just understand this -- this chart is -- this is what's in the State law. This is part of the authority that we have. So we can't change this. This is what Albany has passed --

CHAIRMAN D'AMARO:

Okay.

LEG. SCHNEIDERMAN:

-- in terms of the phase in. So, yes, it's a 100% in the first year of the added value and that over a 10-year period it eliminates down to zero percent.

CHAIRMAN D'AMARO:

Well, my point was going to be that on a State level because LEED certification, I believe, is very expensive when you're constructing a building. It may make sense for the State of New York, which has a much deeper pocket to incentivize that for the first three years especially by abating the taxes 100 percent. Well actually the State doesn't have a property tax. What is this? What type of tax abatement is this?

LEG. SCHNEIDERMAN:

It's a property tax.

CHAIRMAN D'AMARO:

Oh, so the State passed this and said, "go ahead, you can take the hit if you want."

LEG. SCHNEIDERMAN:

It's an opt in.

CHAIRMAN D'AMARO:

Oh, I see. Yeah.

LEG. SCHNEIDERMAN:

It's a property tax.

CHAIRMAN D'AMARO:

Well, let me say this then. I disagree with the first three years of 100 percent property tax abatement for two reasons: one, it's excessive. And two, the level of your County property tax is not going to be enough to really incentivize anyway. So we're just kind of like, to use the metaphor, we're throwing the money out the window, but we're not -- we're not incentivizing business because it's such a small portion of your tax bill, I don't see how it even makes a difference. If a business decides they want to go green in constructing a new building, this abatement is not going to have an impact on that decision.

LEG. SCHNEIDERMAN:

I'm sure --

CHAIRMAN D'AMARO:

County portion, right?

LEG. SCHNEIDERMAN:

Yes. And I know the County portion is a small piece of your property tax, but it adds up and we're trying to get people to go green and when they crunch the numbers this might, even though it's small, might be the piece that makes the numbers favorable. It's just -- it's a small amount that we could do to incentivize green construction and construction in general. And I think it's a very positive measure and it would make a big difference if the school districts opt in, but I think we as a County should kind of take the lead and set the standard and say, yes, we want to promote green construction.

LEG. NOWICK:

I have a question.

CHAIRMAN D'AMARO:

Legislator Nowick.

LEG. NOWICK:

Did you just say that the State passed this tax abatement that doesn't affect the State and it just affects the County?

LEG. SCHNEIDERMAN:

-- the State. Just affects the County.

CHAIRMAN D'AMARO:

Right. It's opt out.

LEG. NOWICK:

That was very big of me.

LEG. SCHNEIDERMAN:

We can't, unfortunately do this on our own without the State approval. And this is true of any, most of taxes we do comes through the State.

LEG. NOWICK:

Look Jay, in a perfect world I think it's a great idea, but, you know, but every little bit helps us also. That, you know, it could go both ways. We're on the edge.

LEG. SCHNEIDERMAN:

Right.

CHAIRMAN D'AMARO:

Do we have any other program in place in the County that abates taxes similar to, you know, for energy initiatives? Anyone know?

D.P.O. HORSLEY:

As Legislator Nowick says we have green parking spaces. That was mine by the way.

LEG. NOWICK:

I know.

(*Laughter*)

CHAIRMAN D'AMARO:

I think the town's -- some town's exempt like --

D.P.O. HORSLEY:

They do.

LEG. SCHNEIDERMAN:

Clean energy like wind or solar from adding to your tax assessment even though you might -- might be a \$50,000 system you put on your roof, they won't add 50,000 to the value of your home and tax you on it. So I'm not sure about all the towns provide that exemption, but some towns do.

CHAIRMAN D'AMARO:

And this would apply to the increased assessed value of the property.

LEG. SCHNEIDERMAN:

Yes, and only for a short period of time.

CHAIRMAN D'AMARO:

Right. And in the case of new construction though you have a three-year 100percent abatement --

LEG. SCHNEIDERMAN:

Right.

CHAIRMAN D'AMARO:

-- for any level of LEED certification that's achieved.

LEG. SCHNEIDERMAN:

For the new construction.

CHAIRMAN D'AMARO:

Right. And you believe that without that 100 percent available for the first three years, the building would not get built.

LEG. SCHNEIDERMAN:

I think in some cases that may be true, yes. It may just create enough incentive that a developer will move forward with the green construction versus not.

CHAIRMAN D'AMARO:

Or it may be built and not LEED certified.

LEG. SCHNEIDERMAN:

Right.

CHAIRMAN D'AMARO:

Yeah, okay.

D.P.O. HORSLEY:

I have a quick question.

CHAIRMAN D'AMARO:

Yes, Legislator Horsley, please.

D.P.O. HORSLEY:

Okay. First of all, my first question goes to BRO, have you guys assessed this, the effect on the -- on our dollars here in the County?

Hey, Joe.

MR. SCHROEDER:

Good morning. I apologize, I didn't participate in the review of the proposed legislation but just a comment. The existing inventory of facilities on Long Island are built to the typical code applying to that type of structure. The more aggressive, more robust energy efficiency, water conservation and other features of the LEED type of construction have not organically occurred in our marketplace or any place really without the kind of support that this legislation is proposing. I'm not commenting on the efficacy of the tax abatement, but --

D.P.O. HORSLEY:

Except in the Town of Babylon, in the Town of Babylon this is required.

MR. SCHROEDER:

Well, as the code requires.

D.P.O. HORSLEY:

The code requires it.

MR. SCHROEDER:

Right. But if the local code doesn't require it then it's typically not an organically occurring process.

D.P.O. HORSLEY:

Fair enough. It is interesting though, that yeah, this is -- what Senator LaValle and Legislator Schneiderman is proposing is something that is code in the Town of Babylon, which, I think, is -- just shows how far our hometown is on this -- on this matter.

But, BRO, going back to my question, do you agree that there is no dollars taken from the County budget on this issue?

MR. LIPP:

Yeah, clearly in the budget there's no impact because it's just a change in a tax base. So in other words whatever -- whatever the municipality raises, in this case here, the County, that would be the property tax it would just to be spread more thinly with the remaining assessed value in the County.

D.P.O. HORSLEY:

Right, Legislator -- so in other words it has no effect on --

MR. LIPP:

Not from a budget point of view. Yeah.

D.P.O. HORSLEY:

Not from a budget point of view. Legislator Schneiderman, the first three years of a 100 percent relief to a company, is this -- is this in the -- in a form of those remaining years will it be in the form of a pilot? Are they just phased in?

LEG. SCHNEIDERMAN:

No.

D.P.O. HORSLEY:

Okay. I think I understand that.

LEG. SCHNEIDERMAN:

It's the first three years on the new construction, that added value you wouldn't be charged additional County property tax if we opt in. And then you would, you know, depending on the -- if

it's platinum it's a ten year phase in of taxes, if it's gold it's basically an eight year or silver it's, I think, seven year phase in. So it's not a -- it's not a -- there's no pilot program. There's no payment in lieu of taxes it's just basically -- it's as if the new construction didn't occur from the County's standpoint.

D.P.O. HORSLEY:

And at the end of the ten year period it's -- it expires and you're paying full taxation.

LEG. SCHNEIDERMAN:

Full taxation on it. Absolutely.

LEG. NOWICK:

How would it work on a new building?

D.P.O. HORSLEY:

Well, that's what he's saying, he says within -- the question that Legislator Nowick's asking, how would that work on a new building, what it would do it'd be just basically phased in. It's almost like the State has a program similar to this, it has nothing to do with LEEDs or ratings or whatever, where if you do new construction on a building that they phase in the new construction on your tax rate if you apply for the -- if you apply to be in the program, that's at the town level in which it's administered, I think, you start off phased in, you only pay 20 percent of the taxes if you do a -- if you do improvements to your home and stuff like that up to a ten year period or eight year period, I think it is and then it jumps into full taxation. It's based on a lot of programs. The construction -- new construction for homes it's based on IDA type of programs. It's an interesting concept. Obviously the reason for this is to spur the energy saving building in Suffolk County. I think it has -- my opinion I think it has merit.

LEG. SCHNEIDERMAN:

You know, in terms of, I think, Lynne, you had a question about what happens to a brand new building, would they be tax exempt? No, they wouldn't be tax exempt. My understanding is they would be exempt only for the difference between if they hadn't built it to the LEED standards, you know, versus what they had built. It's the difference in value. It's the exemption on the increased value because of the green elements to the construction.

D.P.O. HORSLEY:

It's almost as if this is an economic development program for energy saving construction. Am I reading that right?

LEG. SCHNEIDERMAN:

Yeah, that's what it is.

CHAIRMAN D'AMARO:

Just to clarify that point, so if you build a new office building and there's a value to that building, if it were not LEED certified and there's a value to that building if it were LEED certified, you're only abating the taxes to the extent that it's LEED certified.

D.P.O. HORSLEY:

No.

CHAIRMAN D'AMARO:

No.

LEG. SCHNEIDERMAN:

That's my understanding. So, I mean, I could read a little extent of the exemption. This is off the State bill. "Such real property or portion thereof, which is certified under a LEED certification standard for the categories of certified silver, gold, platinum as meeting green building standards is determined by the LEED's accredited professional shall be exempt provided below for the respected percentages provided."

Let me see where it says --

CHAIRMAN D'AMARO:

So it sounds like the whole building would be (inaudible).

LEG. SCHNEIDERMAN:

No, such exemption shall be --

CHAIRMAN D'AMARO:

Okay.

LEG. SCHNEIDERMAN:

-- to the extent of any -- it's right here. "Such exemption shall be to the extent of any increase in assessed value resulting from the construction or reconstruction of the property meeting LEED certification."

CHAIRMAN D'AMARO:

All right. So it'd be the whole building. Yeah, okay.

LEG. SCHNEIDERMAN:

No.

CHAIRMAN D'AMARO:

Yes.

LEG. SCHNEIDERMAN:

I think it's just the LEEDs --

LEG. NOWICK:

It would be the whole building.

CHAIRMAN D'AMARO:

All right, hold it, one at a time. Jay, go ahead.

LEG. SCHNEIDERMAN:

George, what's your interpretation of the language of the bill? I interpret it as just the added value because it's LEED's.

MR. NOLAN:

I interpret it whatever the construction that's LEEDs certified. Whatever the value that adds to the assessed value that's what's going to be exempt.

D.P.O. HORSLEY:

And if it's new construction, that's everything.

MR. NOLAN:

Right. It would -- I don't think it -- your assessed value would not go up as a result of building a

new building that's LEED certified. So it'd be assessed the way it was prior to the building, to the construction of the LEED certified building.

D.P.O. HORSLEY:

If it's an older building.

MR. NOLAN:

Or vacant, you know.

D.P.O. HORSLEY:

Or vacant. But a new building would be all the construction.

MR. NOLAN:

That's the way I interpret it.

LEG. NOWICK:

Well, for example, the fourth precinct is a LEED's building. So wouldn't -- let's just assume that that was a private building, that would be the whole building you'd have to -- this exemption would be on.

CHAIRMAN D'AMARO:

Yeah.

LEG. SCHNEIDERMAN:

Let me say this because I would like to get this -- that question fully answered before we vote as a Legislature. So why don't I change my motion to discharge without recommendation and by the floor, you know, I will talk to the sponsor, if -- let me talk to Senator LaValle and let me get a clearer understanding of whether on new construction it's just the added value because it's green versus if it were not green or whether it's a full tax exemption. So, I'll agree to a discharge without recommendation. Tom, will you support that?

MR. VAUGHN:

Sure.

LEG. SCHNEIDERMAN:

Okay, thank you.

LEG. NOWICK:

If you have so many figures. I don't understand how much we're losing in this or we're not losing in this.

CHAIRMAN D'AMARO:

Legislator Nowick, please use the microphone. All right. So, to the Clerk, what motions are pending presently?

MS. ORTIZ:

Legislator Schneiderman said he's changing his motion to a discharge without recommendation.

CHAIRMAN D'AMARO:

Okay. Discharge without recommendation by Legislator Schneiderman, second by Legislator Muratore.

MS. ORTIZ:

No other motions.

CHAIRMAN D'AMARO:

No other motions. Okay. I'll call the vote. All in favor? Legislator Nowick, go ahead. Go ahead, please.

LEG. NOWICK:

Just before it goes to the full Legislature, better ask the question here. If they get -- if businesses, buildings get exemptions --

CHAIRMAN D'AMARO:

Uh-huh.

LEG. NOWICK:

-- who makes up the difference?

CHAIRMAN D'AMARO:

(Indicating)

LEG. NOWICK:

Okay.

CHAIRMAN D'AMARO:

Although if it causes the building to be built, as an incentive, eventually you'll be getting tax revenue that you otherwise would never have received.

D.P.O. HORSLEY:

It's the basis that almost all economic development programs are built on.

CHAIRMAN D'AMARO:

Correct. All right. There is a motion to discharge without recommendation. That has received a second. I'll call the vote. All in favor? Any opposed? Abstentions? Motion carries and the bill is discharged without recommendation. **DISCHARGED WITHOUT RECOMMENDATION (VOTE: 5-0)** And, Legislator Schneiderman, we look forward to additional information on Tuesday.

Okay. **2024-2012 - Resolution of the Legislature of the County of Suffolk, providing exemptions from sales and compensating use taxes for receipts from sales of, and consideration given or contracted to be given for, or for the use of, property and services exempt from state sales and compensating use taxes pursuant to subdivision (hh) of section 1115 of the New York Tax Law, pursuant to Article 29 of the Tax Law of the State of New York. (Romaine)** Everyone got that? Okay. This is a bill that's been sponsored by our former colleague Legislator Romaine, now Supervisor Romaine. I'll offer a motion to table.

LEG. MURATORE:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Muratore. All in favor? Opposed? Abstentions? Motion carries. **TABLED (VOTE: 5-0)** Section six of the agenda, introductory resolutions.

INTRODUCTORY RESOLUTIONS

2080-2012 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 906-2012). (Co. Exec.)
I'll offer a motion to approve and place on the consent calendar. Is there a second?

LEG. MURATORE:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Muratore. All in favor? Opposed? Abstentions? Motion carries.

APPROVED and PLACED on the CONSENT CALENDAR (VOTE: 5-0)

2081-2012 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 907-2012). (Co. Exec.)

Same motion, same second and without objection same vote. **APPROVED and PLACED on the CONSENT CALENDAR (VOTE: 5-0)**

2083-2012 - Authorizing the County Comptroller and County Treasurer to close certain Capital Projects and transfer funds. (Co. Exec.)

LEG. MURATORE:

Motion to table.

CHAIRMAN D'AMARO:

Motion to table by Legislator Muratore. Is there a second on the motion?

LEG. SCHNEIDERMAN:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Schneiderman.

D.P.O. HORSLEY:

On the motion.

CHAIRMAN D'AMARO:

On the motion, Legislator Horsley.

D.P.O. HORSLEY:

I'm not sure I'm clear on what this is. Counsel, would you please explain this to us?

MR. NOLAN:

Well, it looks like Budget Review would like to speak to this so I'll defer to them, Legislator Horsley.

CHAIRMAN D'AMARO:

Yes, Ms. Vizzini, please go ahead.

MS. VIZZINI:

Thank you, Mr. Chairman. What this is is annually those capital projects that have met the five year sunset, there has been no expenditure and no movement, they -- by our own laws they are presented to you to be closed out. Some of them may have some cash balances, some of them do not. In the backup there's usually a justification provided by the Budget Office in terms of why they are being closed out.

I'd like to just bring to your attention that one of the projects, capital project 5185, improvement to Suffolk Avenue, Legislator Montano has a bill, IR 2082 to actually extend the authorization for those funds. The work has already been done for the improvements in Brentwood, Public Works has received a bill, but regrettably there hadn't been any activity. So our laws do allow for an extension of the authorization so that -- that prior authorization can be used to pay the bill for the improvements.

CHAIRMAN D'AMARO:

Legislator Muratore, just if I could as you, were you looking just for more time to be able to review the list? Is that the purpose of tabling or is there a specific objection you have?

LEG. MURATORE:

Yes, Mr. Chairman, particularly project 5556, noise abatement on County Road 83, Ocean Avenue.

CHAIRMAN D'AMARO:

Okay.

LEG. MURATORE:

So if we can -- if I can just get some time to talk to the Commissioner and find out what happened there.

CHAIRMAN D'AMARO:

Well, we do have one more cycle after this. So, unless there's some time urgency to this that I don't know about if we tabled it for one cycle and addressed it, everyone would have an opportunity to take a closer look at the list and we can address it at the next committee meeting. Is everyone okay with that?

D.P.O. HORSLEY:

Sure.

CHAIRMAN D'AMARO:

All right. There's a motion to table. It's received a second. I'll call the vote. All in favor? Opposed? Abstentions? Motion carries. Thank you. **TABLED (VOTE: 5-0)**

2084-2012 - Authorizing the County Comptroller and the County Treasurer to transfer funds for Terminal Vacation Pay. (Co. Exec.) I'll offer a motion to approve.

D.P.O. HORSLEY:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Horsley. Just to the Budget Review Office a brief explanation, please.

MS. VIZZINI:

The resolution transfers a million one from the salary contingency in order to pay for those salary lines where the terminal vacation pay was insufficient for certain County departments where employees were either laid off or retired.

CHAIRMAN D'AMARO:

This is pay that the County is obligated to make.

MS. VIZZINI:

Yes, it is.

CHAIRMAN D'AMARO:

Okay. All right. I'll call the vote. Was there a motion and a second? Yes. All in favor? Opposed? Abstentions? Motion carries. **APPROVED (VOTE: 5-0)**

2154-2012 - Amending the 2012 Operating Budget and appropriating funds in connection with bonding for settlement for a bus liability and an employment liability case against the County. (Co. Exec.) All right. These are two settlements. Both were approved by the Ways and Means Committee, I believe, in executive session.

LEG. SCHNEIDERMAN:

Second.

CHAIRMAN D'AMARO:

And there's a motion by Legislator Nowick to approve, second by Legislator Schneiderman. All in favor? Opposed? Abstentions? Motion carries. **APPROVED (VOTE: 5-0)**

Okay. That concludes the agenda. No further business before the committee, I'll offer a motion to adjourn, second by our Vice Chair, Legislator Schneiderman. All in favor? Opposed? Abstentions? Motion carries. We are adjourned. Thank you.

THE MEETING CONCLUDED AT 11:01 A.M.