BUDGET AND 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, February 26, 2013.

Members Present:
Legislator Gregory - Chairman
Legislator Schneiderman - Vice-Chair
Legislator Horsley
Legislator Muratore
Legislator Krupski

Also In Attendance:
George Nolan - Counsel to the Legislature
Sarah Simpson - Counsel to the Legislature
Joseph Sawicki - Suffolk County Comptroller
Tom Vaughn - County Executive's Office
Robert Lipp - Deputy Director - Budget Review Office
Craig Freas - Budget Review Office
Michael Pitcher - Aide to Presiding Officer Lindsay
Paul Perillie - Aide to Legislator Gregory
Ali Nazir - Aide to Legislator Kennedy
Christina DeLisi - Aide to Legislator Schneiderman
Debbie Harris - Aide to Legislator Stern
Kevin LaValle - Aide to Legislator Muratore
Rick Brand - Newsday
All Other Interested Parties

Minutes Taken and Transcribed By:
Gabrielle Skolom - Court Stenographer

(*The meeting was called to order at 10:07 a.m.*)

CHAIRMAN GREGORY:
Welcome to today's Budget and Finance Committee meeting. We're going to get started with the Pledge of Allegiance led by Legislator Krupski.

(*Salutation*)

Thank you. Please be seated. We don't have any yellow cards, but if anyone would like to make a comment, please come forward. All right. We have Ben Zwirn.

MR. ZWIRN:
Thank you, Mr. Chairman. Ben Zwirn for Suffolk County Community College. The contract settlement between the AME workers and the administration of the college has been settled. The board of trustees has approved it. In the past, that contract would come to the Budget and Finance Committee, but because the community college matters are handled by the Education Committee, it will be appearing there this afternoon at 1:00. I just wanted to let you know if there are any questions. There are some members who serve on both committees that -- Gail Vizzini and Jeff Tempera, familiar names who in another life were working on the BRO and Labor Relations for the County Executive's Office -- will be here to answer any questions. But the contract is inline with the AME contract that was approved. The money was in the budget going forward, so they won't have any budgetary matters that will be affected.

The only other thing I'd just like to take as a matter of personal privilege during the public portion is IR 1111 as a Town of East Hampton resident. This is a bill that is before the committee today and will go before the Legislature to get public safety money. Generally, this money was budgeted in the 2012 budget by the Legislature. All the towns have to do is to really pretty much show their police budget to get that money that they spent more money than what they're getting. This is not the first time that my town has not asked for this money in a timely manner, and with economic circumstances being what they are, we are lucky that the County Executive or our Legislator would have put this bill forward. Otherwise, the County could use this $700,000 that the town could have lost if it's not for the largess of this Legislature. It was a major foul-up by prior administration. It was supposed to never happen again but it has. I urge you to pass it as a taxpayer out there. I can't imagine that we don't need $700,000 in our police budget. So thank you very much, and I'll see you all later.

CHAIRMAN GREGORY:
Thank you, Ben. Anyone else? Okay. We have Joe Sawicki, our County Comptroller, here today and some of his staff. Joe, if you'd like to come forward.

MR. SAWICKI:
I'd like to hand out copies of the cash flow projection for this year, just for 2013.

D.P.O. HORSLEY:
All good news, right, Joe?

MR. SAWICKI:
We need more cash. You have any, Wayne, floating around the Babylon area for us?

D.P.O. HORSLEY:
Babylon has it, I hear.

MR. SAWICKI:
I know we need it on the East End, and Al Krupski is going to definitely want some on the East End, so you better fork some up.

LEG. KRUPSKI:
We were counting on Wayne.

LEG. SCHNEIDERMAN:
We'll take a collection.

MR. SAWICKI:
So, Mr. Chairman, I know I think you have two resolutions on today. I don't know which one you would like to speak about first, but I appreciate the opportunity to come at your request and try to answer any questions the best we can. With me, I have, you know, my Chief Deputy, Christina Capobianco, and Brenda Sloan, Executive Director of Accounting, and Geri Olson, Municipal Finance Administrator sitting behind us. If I may, just for a second, several weeks ago, I sent you a copy of a press release that we received from the Government Finance Officers' Association of the United States and Canada, and the good news I would like to share with you is that for the 29th consecutive year, our office received the award for -- it's a fancy name -- certificate of achievement for excellence in financial reporting. I just want to share with you that this is a top staff that really has won this award, between Brenda Sloan, Executive Director of Accounting, who prepares our financial statements, working with Geri Olson for inputting all the borrowing and other in-depth financial information, of course all overseen by Christina. But these are the people that put it all together, that make the County look good officially, so I just wanted to share that with you.

CHAIRMAN GREGORY:
Congratulations. Maybe, Joe, if you can, we can kind of tackle the quote unquote easier issue of the bonding for the correction officers, "easier" meaning a lower number.

MR. SAWICKI:
Yeah, the lower number; now the bad news after the good news, right? As the resolution requests 38.5 million, as you know, and it's the first time that we've ever, to my knowledge, had to bond or BAN, Bond Anticipation Notes. We're not exactly sure which mechanism we'll use when we go out in a month or so, month and a half or so, but whichever is more beneficial to the County, that's what you'll give me the authority to do. And it's the first time ever that we've ever had to borrow long term for any kind of contract settlement with any of the unions. To us, as financial people, as I'm sure to you, it's kind of disturbing, and it's a shame that cash was never squirelled away in back in '08, '09, and '10, and if it was, it was spent before now. So now, as cash-strapped as we are, we simply don't have the cash or the budget money to lay out to pay this settlement, and the settlement was reached back in, I believe, September with the correction officers. And we hope, with the approval of this resolution with our borrowing, we'll be payable to pay the correction officers at the end of April. But it's a resolution that we need, we desperately need simply because we do not have the cash or the funds available to pay this.

CHAIRMAN GREGORY:
So now we are bonding or borrowing for operating expenses?

MR. SAWICKI:
Well, pretty much, yes, Mr. Chairman. Again, if proper budgeting was done in '08, '09, and'10, you know, some money is used typically squirelled away for one or two percent in anticipation of a raise for any of the unions, and it just obviously wasn't done.

CHAIRMAN GREGORY:
Can you just, for my own edification, just explain to me again what -- a BAN. Is that bonding in anticipation of future revenue, whether it be sales tax?

MR. SAWICKI:
Yes, exactly. If we feel the rates are less expensive, lower interest for the BAN, the bond anticipation note, we will issue a BAN. The BAN, we have to renew every year, though, so we would have to go back to the mark and ask for the proceeds again every year. If a bond -- if a five-year bond is advantageous and the rates are very similar, then for the sake of saving the borrowing costs year after year, we'll select the BAN, but we do that anticipation, well, with the County Exec's budget office and we -- the policy in my office has always been to keep all the financial people involved in the County but more so with our financial advisor, Rich Tortora and Capital Markets. We need to make a determination what the markets would -- how favorably they would view us at this point in time.

CHAIRMAN GREGORY:
Does anyone have any questions?

LEG. SCHNEIDERMAN:
On that issue --

CHAIRMAN GREGORY:
Legislator Schneiderman.

LEG. SCHNEIDERMAN:
38 million is a lot to squirrel away, Joe. I mean, even -- and we do have a reserve fund. We have the tax stabilization fund, but we can't even take from that because of cash flow because it's being borrowed again, so these are challenging times. I don't know how from a budgeting perspective, where you would have -- you know, you don't want to show your hands, so to speak, in negotiations of how much money you're setting aside, thinking that that might be where you end up. 38 million's a lot of money. What's our yearly carrying for that bond?

MR. SAWICKI:
What was that? I'm sorry, Legislator.

LEG. SCHNEIDERMAN:
To take care of that $38 million, what's going to be our yearly debt service?

MR. SAWICKI:
We hope to borrow it under one percent. I mean, borrowing -- the good thing is that borrowing is relatively inexpensive. I mean --

LEG. SCHNEIDERMAN:
And that'll kick in more next year -- that'll affect next year's budget more than this year's?

MR. SAWICKI:
$270,000 in interest expense at one percent.

CHAIRMAN SCHNEIDERMAN:
And, Joe, that's more going to affect us next year?

MR. SAWICKI:
Yes. When we pay the -- when we make the payment correct, so just add it onto '14.

CHAIRMAN GREGORY:
Legislator Horsley.

MR. SAWICKI:
I mean, we did the $410 million in tax anticipation notes in December at .67 percent. Last year's

RAN, which we'll get to next, was .1 percent, so we feel confident that we'll still remain under 1 percent.

D.P.O. HORSLEY:
Thank you, Mr. Chairman. Joe, according to generally-accepted accounting principles -- generally-accepted accounting principles, is this considered operational expense? How is this classified when you're doing the books? I'm not so sure about it being an operational expense.

MR. SAWICKI:
Let me ask my in-house CPA, Executive Director of Accounting on the real technical questions.

MS. SLOAN:
For financial statement purposes, it would be considered an operating expense, but I don't believe we're legally -- we're not legally restricted from borrowing for this.

D.P.O. HORSLEY:
Okay.

MS. CAPOBIANCO:
Bond counsel has opined that this is not an operating expense, and that's why it's a bondable event. It has a life -- it has a life for five years.

D.P.O. HORSLEY:
That was where I was going. So bond counsel says this is not up, so this is debatable.

MS. SLOAN:
It's two different treatments: Local finance law and gap.

D.P.O. HORSLEY:
I see.

MR. SAWICKI:
Bond counsel was no doubt answering the question was it a legal borrowable function so to speak.

D.P.O. HORSLEY:
Either way, I'm not pleased that we have to do this, but, you know, Joe, in the future, how would we have ever anticipated this sizable amount of levy against the budget? Because we didn't know what they were going to settle. It was a court settlement or it was a negotiation settlement. How would we have known that?

MR. SAWICKI:
It's more of a guesstimate as good budgeting procedures --

D.P.O. HORSLEY:
We knew it was out there, we knew it was coming down the line, but we didn't know when, we didn't know how much.

MR. SAWICKI:
-- you kind of guess, you know, it's going to be two or three percent. Yeah, and, again, with the past history as a model, you know that the cost of living is one or two percent, so you put a little bit aside, you know? But, you know, I suppose back in -- well, we weren't as cash-strapped in '08, '09, and '10 as we are now but.

D.P.O. HORSLEY:
So it's -- okay. So because, again, these things will occur where we're going to have these settlements.

MR. SAWICKI:
I hate to be one to sit here and throw darts at prior years and prior administrations, but, I mean, hey, this is why we're in the bind right now in, about $38 million, simply put, because it wasn't put away when it was supposed to be in '08, '09, and '10.

D.P.O. HORSLEY:
Right. And again, we're in the Great Recession, so -- and pulling out of it, and so which always makes it more complicated to budget these types of items. I'm not looking for excuses here. I'm just -- I just wanted to see in the future if we can anticipate this type of thing so that it doesn't happen that it falls on our books like this.

Robert, do you have any comments on this? No, you're good? Just go for it.

MR. LIPP:
I think the Comptroller's staff covered things pretty well. If you have specific questions, I'd be glad to answer them.

D.P.O. HORSLEY:
Thank you.

CHAIRMAN GREGORY:
Okay. Thank you, guys. Maybe we can go on to the RAN.

MR. SAWICKI:
Sure. The RAN requests 120 million. At this point, we anticipate a 115 million because we always request more from the Legislature than we need in case something comes up unexpected. And as I said earlier, last year we borrowed through the RAN 85 million, and I would just like to explain to you -- if I can find my notes -- why the increase of $30 million. Apples to apples, no change in the County's financial picture from last year to this year. One would expect we would be borrowing the same amount of cash, $85 million. The reason for the $115 million between -- and we get it for our cash-flow purposes. You know, please know that Brenda and Geri get a lot of -- get most of their information from the budget office of the County Exec, and they also bounce off a lot of the -- because a lot of its estimates -- bounce it off of your Budget Review Office here and Bob Lipp.

The nursing home, because it's still open, still functioning, that accounts for about $12 million, as I believe the estimates are about a million dollars a month to continue to operate, but the sale did not go through at 12 million. I'm sorry. The sale was $12 million, which didn't got through, so that's a chunk of money, one lump sum. Four-and-a-half million to operate the nursing home through April, roughly a million dollars a month are the numbers we're given by the Budget Office, so it's 12 million plus four and a half million. Hurricane Sandy debris removal of $18 million; that basically will give you the difference. Now, the Hurricane Sandy should be covered by FEMA as soon as that's submitted, the claims are submitted.

MS. CAPOBIANCO:
It's all reimbursable.

MR. SAWICKI:
So that's basically the $30 million, a little over $30 million difference.

CHAIRMAN GREGORY:
Okay. So if I understand, the 23 million that we're supposed to receive from the sale of the Foley

Nursing Home, $16 million of that, we're going to be realizing through this RAN, right? Because you said 12 and then 4. Obviously, we're not selling it, but the word has been, because if the sale didn't go through, it's going to be a deficit, but we're making up for that deficit because we're borrowing in the RAN, so, therefore, our budget's really not going to see the impact, maybe to the tune of $7 million, right, at least cash-flow wise?

MR. LIPP:
Perhaps I could chime in on that. There's a difference between budget and cash. They're talking about the cash, so we need these borrowings that we're talking about now just to be able to meet our expenses like payroll, that kind of stuff.

In terms of the budget, that is a deficit, cash aside. So we -- other things being equal to the nursing home, assuming that it would, let's say, hypothetically close -- I'm not suggesting it will or not, but hypothetically -- then, we wouldn't be able to sell it, so we wouldn't get the 23 million, and, then, of course, we're losing, as an approximation, a million a month on top of that. That's all deficit in the budget.

The cash-flow problem is -- represents a -- they have plugged in -- had plugged in -- I don't know if they still do -- the $23 million at the beginning of the year for the sale. I think later on in the year, they'll have to speak to that, whether or not the cash is there, that no longer will be there, and, B, our expenses so far will be -- are higher by a net of a million a month approximately for the ongoing keeping the facility open, so it is a deficit in the budget. It's a different thing.

CHAIRMAN GREGORY:
It's a deficit as far as revenue, but as far as cash flow, we're on par almost, or am I wrong? I mean, maybe to tune of $7 million, with the delta between the 23 and 16 as far as cash flow but as the budget will see -- the budget sees the revenue as a deficit because we're not getting it.

MR. SAWICKI:
Correct.

CHAIRMAN GREGORY:
But cash flow, we're almost, with the exception of the 7 million, we're not really impacted.

MR. SAWICKI:
Well --

CHAIRMAN GREGORY:
Right? Or am I --

MR. SAWICKI:
It's always difficult to jump back and forth between budget and actual cash, and we're constantly -- we're constantly doing that in our own office, I mean, because we're trying to reach your budget model and then but we have the actual cash numbers and the actual expense and income in our office.

If you think of it this way, Mr. Chairman -- and please jump in, Brenda or Chris, if I'm -- if you need to, and, Robert, you too. If the nursing home was going to -- the sale was going to bring in 23 million, we had a $10 million loss that would cover from last year, so that now leaves you the 12 -- roughly $12 to $13 million that we need now, that we're short now, that we would have if that sale had went through.

CHAIRMAN GREGORY:
Are you just talking about 2012 deficit, nothing to do with the nursing home but just general budget deficit that we have to make up for.

MR. SAWICKI:
That's the nursing home deficit.

CHAIRMAN GREGORY:
Oh, the nursing home deficit?

MR. SAWICKI:
Right.

CHAIRMAN GREGORY:
Oh, okay. All right. I'm sorry to interrupt you.

MR. SAWICKI:
Right. That's okay.

D.P.O. HORSLEY:
That's for last year and the first couple months of this year?

MS. SLOAN:
I'm sorry. The 10 million loss was from 2012, and then we also included in the cash flow another four and a half million, which are the first few months of the year.

D.P.O. HORSLEY:
Which brings us up to the quarter?

MS. SLOAN:
Yes.

CHAIRMAN GREGORY:
I got it.

MR. SAWICKI:
Keep in mind that if we borrowed the money now through the RAN, we have to pay that back once we settle the nursing home. Well, more that'll help, but eventually we'll have to pay it back next year.

CHAIRMAN GREGORY:
Right, and that's the part I was forgetting because it's anticipation of revenue.

MR. SAWICKI:
Right.

CHAIRMAN GREGORY:
Okay. Gotcha. My bad. Anything further? Any questions?

LEG. SCHNEIDERMAN:
Yeah.

CHAIRMAN GREGORY:
Legislator Schneiderman.

LEG. SCHNEIDERMAN:
Joe, what was it, 85 million in '12?

MR. SAWICKI:
Yes.

LEG. SCHNEIDERMAN:
And now it's 115. And I think you attributed certain factors like Hurricane Sandy, though, you know, and the nursing home. I kind of feel like we did that the year before too with Hurricane Irene and the nursing home. And I understand when we did the 2012 budget, there wasn't enough revenue coming in to get through the year. We had to do the RAN, and we made a lot of changes. We laid off employees. We did what we could to stabilize the County so at least that structural hole wasn't enlarging. So now in 2013, it's still there, that hole, and we're -- you know, we can back out some of those one-time things, but we're still short. Is that hole still growing? Because it seems like even when I back those things out, that structural hole is still on the increase, and which will lead me to my next question, if you can answer both of these at the same time. Doing RANS, you can only borrow, obviously, against anticipated revenues. Are we reaching the cap in terms of what we can -- what we can borrow through a RAN? We must be pretty close and still be able to pay it back by the end of the year.

MR. SAWICKI:
The anticipated revenues -- I'll answer the second question first if that's okay. The anticipated revenues that we're pledging against the RAN are Federal Aid and State Aid. We expect to be able to borrow it if we had to based on Federal and State Aid that would come in for '13, $363 million. So, apples to apples, we're borrowing 115 million against the 363.

LEG. SCHNEIDERMAN:
So there's room.

MR. SAWICKI:
Now, even though while that sounds positive, kind of positive, you know, prior years before '12, we never had to borrow against the Federal and State Aid receivables at all. My opinion, in terms of answering question number one, is when 2013 ends, we still are going to have some major structural changes in our budget to repair, big time. You have, like, three major one-shots this year, and they're probably the last one-shots that are available to the County that are out there. You have the sale leaseback, which we have plugged into September's cash flow -- October's cash flow of 70 million, so that's the sale and leaseback of the Dennison Building. So if that doesn't occur, that doesn't have State approval, which there's no indication that it won't, but if that doesn't happen, it's still a $70 million -- that's for our cash flow, but that's also for your budget, I believe, right, Robert?

MR. LIPP:
(Affirmative response)

MR. SAWICKI:
So you have the Yaphank land sale, which is $20 million, and then the nursing home. So that's over $100 million right there in one-shot to balance the '13 budget. So what happens in '14, that's why you're the legislative body that has to vote on the budget, and that's the way to control it. Just keep track, keep counting what you're doing. I'm glad I'm not sitting in your shoes or the County Exec's shoes because you've got some tough decisions to make.

LEG. SCHNEIDERMAN:
So without the one-shots, the RAN would be double what it is?

MR. SAWICKI:
We don't even want to think that way.

LEG. SCHNEIDERMAN:
We're not going to go there, but that basically is the true situation.

MR. SAWICKI:
Yeah, sure. I mean, those one-shots are needed to balance the budget and to give us cash.

LEG. SCHNEIDERMAN:
So even with all those things in there, and I know we're going to get to the cash flow soon, but if for some reason a sell leaseback did not happen and we didn't get State approval, as far as I know, there's no Plan B, but that's another $70 million that, you know, we're banking on, and I see, you know, looking, when we get there, it looks like there's already problems earlier in the year in April with cash flow.

MR. SAWICKI:
If I may, Mr. Chairman, I'd like to ask Brenda to take you through this chart. As confusing as it looks with all the little numbers on there, if she could just show you where all those -- where those one-shots are and how they affect the bottom line. You'll see the bottom line, like total cash available, two-thirds, three-quarters down, and then you'll see the repayments under that of the tax anticipations, the TAN, and last year's RAN. So, Brenda, why don't you -- if you can take it real quick -- an overall.

MS. SLOAN:
The land sale that we discussed, that's in the April. If you look at the "Department and Other" line, there's about $87 million in there. That includes the borrowing for the correction officers and also -- I'm sorry, yes, in the upper half, in the cash receipts.

D.P.O. HORSLEY:
Can I interrupt just one second on that one point, Mr. Chair, through you? Did we get the check for the land sale?

MS. SLOAN:
No, it has not come in.

D.P.O. HORSLEY:
Is that anticipated soon?

MS. CAPOBIANCO:
The land sales, we are told, should close in April. It's still tied up in the courts, but it's anticipated that it would be finalized soon, and we should close in April.

D.P.O. HORSLEY:
Okay. Thank you.

MR. SAWICKI:
So that's in --

MS. SLOAN:
That in the top half of the cash flow under "Department and Other" in the April column. And that's what I was saying: In there includes the $37 million of borrowings for the correction officers and also the $20 million from the land sale coming in.

And then if you follow the line below that in the interfunds budgetary across -- yes, the 37 million for the corrections officers is also included in the payroll in April in the bottom in the cash disbursements. That's part of the 119 million that's showing in payroll that month.

And then down at the bottom of the page, you'll see the cash that's available showing a negative $42 million at the end of the month, which is why we need the RAN that month. So we'll end that month with $72 million once we've borrowed 115 million. And then the following month in May, we get even tighter. We're ending the month with $5.6 million. You know, in June, hopefully our property taxes start coming in, and then the cash improves at that point.

And then if you go back up to the top of the cash flow and look at the "Interfunds Nonbudgetary" line and follow that all the way over to -- I'm sorry, the "Interfunds Budgetary" line, and follow that all the way over to October, you'll see $73.5 million coming in. $70 million of that is from the sale leaseback that's anticipated, and the cash balance at the end of the month is $124 million, which works out, assuming that that $70 million comes in.

LEG. SCHNEIDERMAN:
Did we appraise Dennison? How did we arrive at that $70 million number?

MS. SLOAN:
$70 million is the budgeted amount.

LEG. SCHNEIDERMAN:
I know it was budgeted, but in terms of basing it, even if we get the approval to, let's say, to do the sale leaseback, could it be more, could it be less? How do we arrive at 70 million?

MR. LIPP:
The 70 million, as was just stated, was the budgeted amount, and, at the risk of oversimplifying, that was the number, A, that was in the recommended budget that we decided to approve, and, B, that was the number that balanced the budget. Okay? It wasn't a hard number in terms of an appraisal done, because it hadn't been done yet, but there are several County facilities that potentially could bring it above. We don't have to do the full $70 million, or we could choose to do more if we were allowed to. That remains to be seen, just like we might budget for a new position in the budget, but we might not actually hire the person, so it's a planning document.

LEG. SCHNEIDERMAN:
It's a guess, right? It's a guess, but you're saying that --

MR. LIPP:
Yeah. In conclusion, it's a guess.

LEG. SCHNEIDERMAN:
-- there are fudge factors. So if we had to, we could take other County buildings and add it to the mix to get to the 70 million.

MR. LIPP:
Correct. And as the Comptroller was saying, that we still need to get the State-enabling legislation for it. We don't anticipate a problem, but that hasn't come forward yet.

LEG. SCHNEIDERMAN:
Okay. So in terms of meeting the timeline here to see this revenue by October, do we know when we would need the State approval by and how long it takes to put this money in place? Is there a lengthy process where you go out to different banks or institutions to bid on this?

MR. LIPP:
The only thing I could say, it's legislative agenda or the County Executive. It would be up to them to figure that out.

LEG. SCHNEIDERMAN:
JFA would be the entity?

MR. LIPP:
That's the plan.

LEG. SCHNEIDERMAN:
Okay. I just don't -- I've -- we've never done this before. I don't know how long of a process it is. I just want to make sure that we'll see this money in this year's budget.

MR. LIPP:
That, I can't speak to, but I think they have it sized as best as they could recognizing October, and it's up to the County Executive's staff to try to make that work.

LEG. SCHNEIDERMAN:
Okay.

MR. SAWICKI:
If I may, Legislator Schneiderman, you'll -- you indicated before it was like a guess. Please know that this entire, from February through December, it's all estimate and projections.

MS. CAPOBIANCO:
Based on a budget.

MR. SAWICKI:
Yeah, based on a budget, number one, but even State and Federal aid. You know, it's all anticipating that it comes in timely based on experience, so this is kind of like --

D.P.O. HORSLEY:
As is sales tax.

MR. SAWICKI:
Exactly. We, going back to the RAN again, we, in 1992, it's my understanding -- maybe Robert was here in 1992. Were you here in '92?

MR. LIPP:
Yes.

MR. SAWICKI:
We ran -- I think we needed the RAN four years, four consecutive years and then we kind of pulled out of it.

MS. CAPOBIANCO:
'89 to '92.

MR. LIPP:
I'm not 100 percent sure, but I defer to Christina.

LEG. SCHNEIDERMAN:
Joe, was that RAN against sales tax; do you remember?

MR. SAWICKI:
I wasn't here then. I wasn't here.

CHAIRMAN GREGORY:
If I recall, it was. It was a sunset. There was an increase in sales tax.

LEG. SCHNEIDERMAN:
There was an increase in sales tax, right, and they borrowed against the additional money. Legislator Krupski has a --

MR. SAWICKI:
According to Brenda, we borrowed against the Federal and State Aid back 20 years ago also. We had an increase in sales tax, too, back then, remember. That helped big time, I believe.

CHAIRMAN GREGORY:
Legislator Krupski has a question for you.

LEG. KRUPSKI:
It's a question for everybody, actually, and I did meet with the Comptroller yesterday to try to -- because I am new here and I'm trying to figure out, you know, moving forward. You can see what happened in the past, and now we're here. The ice is pretty thin. You can hear it cracking. So but moving forward, is it this committee's responsibility to work with the County Executive and the Comptroller, and the Budget Review and everybody to try to fix the big structural deficits that keep creating this? I mean, how are we going to move forward here?

CHAIRMAN GREGORY:
Well, there's been, I guess, several approaches. In the past, the former County Executive has convened a working group, if you will. I was on that working group one year. Jay -- it might have been some members of this committee and others. We sat down with some members of the County Budget Office and other legislators. I think Legislator Barraga was involved one year, Lynne Nowick, I think Kennedy as well. And we came up with, you know, budget, you know, amending or budget resolutions -- deficit resolutions, and we addressed it.

It should come through this committee. We do try to get things addressed, as well, through the Budget Working Group, which is the group that puts the budget together, but certainly there should be a dialogue between this body and the County Executive to address any, you know, midyear, during-the-year issues regarding budget and the deficit.

MR. SAWICKI:
If I may, I know that that bond-rating agencies over the years have always admired how Suffolk stands out among many other municipalities, and that is because the Legislature is always willing -- with the County Executive is always willing to confront these problems head-on before they become really, really problematic, like other municipalities have suffered over the years.

So, while you have a huge challenge in front of you, it's good that this issue's out there, it's out there now, and basically there's another 9 months, 10 months to resolve and think about where we're going in 2014.

LEG. KRUPSKI:
From my experience, though, these things, usually don't get fixed until they are really broken, so this seems like a good opportunity to make some changes.

CHAIRMAN GREGORY:
So if we -- and, excuse me, I will correct myself. The current administration, as well, convened a working group as well, myself and Kennedy and Legislator Horsley and I forget -- several others I forget. So the administrations, prior and current, have been very willing to work with this body to address those issues.

Now what happens if we don't borrow, we can't make payrolls? What's the impact? I saw that one month, we only have five million. What's our monthly payroll?

MR. SAWICKI:
Every two weeks, our payroll -- it's about a billion -- 950 million a year. What is it bi-weekly, 74 million?

MS. CAPOBIANCO:
It's about 60 million a month.

MR. SAWICKI:
That's 34 -- 32 to 34 million bi-weekly, so we estimate 62 million a month -- 60 million a month. You'll see that across the line right about halfway down the page. "Payroll" is the first one. You'll see how it varies month to month. So we didn't borrow the RAN, Legislator Gregory, as Brenda was saying earlier, if you look at the bottom of the April column, total cash available without -- we're already -- we would be shy -- we'd be in the red 42 million without the RAN.

D.P.O. HORSLEY:
Cash flow?

MR. SAWICKI:
And again, we don't make the -- cash-wise, right. We don't make these decisions in a vacuum -- or these calculations in a vacuum. You know, Brenda and Christina and Geri meet with Robert and the County Executive's Budget Office as well, so we're all in on the same page.

LEG. SCHNEIDERMAN:
Just to clarify that, so, yeah, we'd be 42 million in the hole in April if we didn't do the RAN, but in May, the other -- you know, we're borrowing 115, so the differential there -- $90 million more, you'd have to add to that by the next month's.

MR. SAWICKI:
Absolutely. It would snowball.

CHAIRMAN GREGORY:
Okay. And from this, the -- just to get back to Foley real quick -- 10 of the 12 million is from 2012 deficit, the borrowing, because mentioned there are two blocks. There's 12 million and there's 4 million, but 10 million of the 12 million -- or did I get it wrong? Was it just the 12 million that's from 2012.

MS. SLOAN:
Well, the $23 million sale, we're not getting the full 23 because 10 of it was a loss from the previous year, so we're left with the 12.

CHAIRMAN GREGORY:
Right. Gotcha. So we're not funded at -- this borrowing doesn't address any loss. Well, you can't, because it's supposed to be anticipated revenue. You can't anticipate it when there's really no anticipation for the sale at this point for the 23 million.

LEG. SCHNEIDERMAN:
The Foley numbers are in your cash flow analysis, right?

MS. SLOAN:
The sale of Foley is not included, but the cost to continue it for the first four months is.

D.P.O. HORSLEY:
Right. That's what it should be.

LEG. SCHNEIDERMAN:
Right, so if that sale can progress, then these numbers get a little better.

CHAIRMAN GREGORY:
Legislator Horsley.

D.P.O. HORSLEY:
Yeah. Just a quick question, and maybe I'm just a little confused. Joe, the moneys that we are going to be getting from the RAN, the $120 million, does any of that $120 million go to pay off last year's RAN borrowings?

MS. SLOAN:
No, it does not.

D.P.O. HORSLEY:
I didn't think so. I just wanted to double sure, because that would really mean we're in trouble.

MR. SAWICKI:
Exactly. Good question. We used the Federal and State Aid that's coming in.

D.P.O. HORSLEY:
Right. So it's all obligated moneys that are coming in to us. Good. I'm glad to hear that. See? Good news.

CHAIRMAN GREGORY:
Okay. Anything else?

MR. SAWICKI:
I think that does it for enough bad news.

CHAIRMAN GREGORY:
Yeah, I think so.

LEG. SCHNEIDERMAN:
Joe, can I ask you on audits, I know one of the audits you're doing has to do with Long Island Convention and Business Bureau. What's the status of that?

MS. CAPOBIANCO:
We completed an audit of LICUB. The audit report was sent to the agency, and they are reviewing it and they're responding to it. Once we get their response, we'll be finalizing it in the next couple of weeks.

LEG. SCHNEIDERMAN:
Okay.

CHAIRMAN GREGORY:
Okay. All right. Thank you.

MR. SAWICKI:
Okay. Thank you, ladies and gentlemen.

CHAIRMAN GREGORY:
Okay. Let's get to the agenda.

Introductory Resolutions

IR 1947, Adopting Local Law No. -2013, A Charter Law to establish multi-year budget plan (Cilmi). I'll offer a motion to table. Second by Muratore. All in favor? Opposed? Abstentions? **Tabled (VOTE: 5-0-0-0)**
Introductory Resolution 1032, Adopting Local Law No. -2013, A Charter Law to adopt tax policy prior to Election Day ("Taxpayer Awareness Act Part 1") (Cilmi). This has to be tabled for a public hearing. Second by Legislator Muratore. All in favor? Opposed? Abstentions? **Tabled for Public Hearing (VOTE: 5-0-0-0)**

IR 1033, Adopting Local Law No. -2013, A Charter Law to require open deliberations in budget amendment process ("Taxpayer Awareness Act Part 2") (Cilmi). This also has to be tabled for public hearing. Second by Legislator Muratore. All in favor? Opposed? Abstentions? **Tabled for Public Hearing (VOTE: 5-0-0-0)**

1034, Adopting Local Law No. -2013, A Charter Law to improve transparency and participation in setting spending priorities ("Taxpayer Awareness Act Part 3")(Cilmi). This also has to be tabled for a public hearing. Same motion, same second. All in favor? Opposed? Abstentions? **Tabled for Public Hearing (VOTE: 5-0-0-0)**

IR 1039, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 379 (County Executive). I make a motion to approve and place on the consent calendar. All in favor? Opposed? Abstentions? Oh, did I get a second? Legislator Krupski, sorry. **Approved/ Consent Calendar (VOTE: 5-0-0-0)**

IR 1041, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 909-2013)(County Executive). Same motion, same second, same vote. **Approved/ Consent Calendar (VOTE: 5-0-0-0)**

IR 1042, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 910-2013)(County Executive). Same motion, same second, same vote. **Approved/ Consent Calendar (VOTE: 5-0-0-0)**

IR 1043, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 911-2013)(County Executive). Same motion, same second, same vote. **Approved/ Consent Calendar (VOTE: 5-0-0-0)**

IR 1044, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 912-2013)(County Executive). Same motion, same second, same vote. **Approved/ Consent Calendar (VOTE: 5-0-0-0)**

IR 1045, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 382 (County Executive). Same motion, same second, same vote. **Approved/ Consent Calendar (VOTE: 5-0-0-0)**

IR 1047, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 384 (County Executive). Same motion, same second, same vote. **Approved/ Consent Calendar (VOTE: 5-0-0-0)**

IR 1048, To readjust, compromise, and grant refunds and charge-backs on correction or errors/County Treasurer by: County Legislature No. 383 (County Executive). Same motion, same second, same vote. **Approved/ Consent Calendar (VOTE: 5-0-0-0)**

IR 1050, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 913-2013)(County Executive). Did we do that? No. Okay. Same motion, same second, same vote. **Approved / Consent Calendar (VOTE: 5-0-0-0)**

1069, Resolution delegating to the County Comptroller the power to authorize the issuance of not to exceed $120,000,000 Revenue Anticipation Notes of the County of Suffolk, New York, in anticipation of the receipt of certain revenues for the fiscal year ending December 31, 2013, to prescribe the terms, form and contents of such notes, and to provide for the sale and credit enhancement thereof (County Executive). I make a motion to approve. Second by Legislator Horsley. All in favor? Opposed? Abstentions? **Approved / Consent Calendar (VOTE: 5-0-0-0)**

1082, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 914-2013)(County Executive). I make a motion to approve and place on the consent calendar. Second by Legislator Schneiderman. All in favor? Opposed? Abstentions? **Approved / Consent Calendar (VOTE: 5-0-0-0)**

IR 1111, To establish eligibility by the Towns of East Hampton and Shelter Island for Public Safety Revenue-Sharing Funds (County Executive). Motion by Legislator Schneiderman. Second by Legislator Krupski. All in favor? Opposed? Abstentions? **Approved (VOTE: 5-0-0-0)**

IR 1117, Amending the 2013 Operating Budget to support the Youth Advocacy and Resource Development (YARD) program (Schneiderman). Motion to approve. Second by Legislator Muratore. **Approved (VOTE: 5-0-0-0)**

D.P.O. HORSLEY:
(Inaudible)

LEG. KRUPSKI:
(Inaudible)

LEG. SCHNEIDERMAN:
So this is money that's in the budget for youth groups that are out of my district, just reapportioning them a little bit. There was some money that was going to East Hampton Juvenile Aid that was moving toward a group called "YARD" in Sag Harbor. I'm trying to clarify that so I changed the title there so that it would show the YARD group, the youth advocacy group, and actually taking a little bit -- something similar to what DuWayne did in his district -- the Sag Harbor Youth Center, taking a little money away from them and also moving it to YARD to help them support their programs.

LEG. KRUPSKI:
Thank you.

LEG. SCHNEIDERMAN:
There's no budgetary impact.
LEG. KRUPSKI:
It's all in the budget.

LEG. SCHNEIDERMAN:
There's no budgetary impact.

CHAIRMAN GREGORY:
Okay. We have a motion and a second. Okay. All in favor? Opposed? Abstentions?

IR 1122, **Amending the 2013 Operating Budget to assure adequate health education for the children of Suffolk County (Spencer).** Make a motion to approve. Second by Legislator Muratore.

If I understand, Rob, I believe there was an amendment as far as the offset. It's coming from the "Fee For Services" line, health services.

MR. LIPP:
Yeah, so but there aren't any offsets that we as a Budget Review Office could stand by because of the deficits, so it's not something that we created. It's the sponsor's offset.

LEG. KRUPSKI:
Wouldn't you need an offset from the Budget Review Office?

CHAIRMAN GREGORY:
Well, you need an offset.

MR. LIPP:
As a policy -- well, first of all, if you're going to increase expenditures or reduce revenue, you need an offset to amend the budget. But last year and this year, we have not been able to come up with offsets that we recommend, we hadn't prior to that. So the, sort of, rule of thumb now is if a Legislator wants to spend more money in a certain area, they have to come up with their own offset.

LEG. KRUPSKI:
And this isn't a comment on the program itself, but how does that work? How do you come up with your own offset?

MR. LIPP:
Okay. We do have some more information. Craig Freas.

MR. FREAS:
The original offset was from the Department of Information Technology, and it was the same amount of money, $75,000, from the object that the Department uses for telephone repairs throughout the County system. That line has not been expended in previous years and -- however, as our system ages, the Department of Information Technology was concerned about it.

My understanding is that the offset from Patient Care Services programs was provided or at least semi-endorsed by the Budget Office; let me put it that way. We amended this bill yesterday in order to change the offset. That line in Patient Care Services, the largest piece of it is part of our contract for the Hudson River Contract, and that contract is deficit-funded. I don't know the particulars of it, but I think, perhaps, since, again, the offset was suggested to the sponsor -- my understanding is the offset was suggested to the sponsor by the County Executive's Office of the budget that perhaps that contract came in slightly lower than expected.

CHAIRMAN GREGORY:
Mr. Vaughn, you have a chime-in?

MR. VAUGHN:
Yes, thank you very much, Legislator Gregory. I think that one thing that we can all be clear about is that there are no such things as good offsets this year. There are, perhaps, less bad offsets. And we do think that this is a less-bad offset than the previous offset that was in this version of the bill. We understand Legislator Spencer's support of this program, and we actually applaud the fact that he took a program that was at one point in time costing over $500,000 and has found a way to continue to make it work with approximately $75,000, and we think that that's an outstanding effort on his part to see something that he so strongly supports go forward in that manner.

That being said, we are comfortable with an offset coming from the Health Department since the Health Department, if they find themselves short in one area or the other, they, along with the administration will be able to move that money between accounts. So that's why we think that coming from the Health Department is at least a less-bad place to take this money from should this Body decide to go forward with this budget amendment.

LEG. SCHNEIDERMAN:
Could we get a little bit more information on this program that we're funding and what it does?

MR. FREAS:
This is the program that sends instructions -- instructors and instructional material into school districts in order for them to teach health education in the schools. Most school district at the -- most school districts below the high school level don't have dedicated health education teachers. This program has been in existence for quite some time. It replaced a DARE program originally. It's a more comprehensive program. The health education unit of Department of Health services came into the Health Committee, I want to say, about a month ago and did a briefing on what the Health Smart curriculum provides. It's a comprehensive Center for Disease Control and Prevention pre-curriculum that provides health education materials from K through 12, although our orientation is more K through 8 because -- my understanding is that it's more K through 8 because that's where the need is in Suffolk County.

What it is is a -- it provides materials in the form of the Health Smart curriculum, which is a purchased curriculum, and it provides instructional support. At one time, the contract, as Mr. Vaughn said, was I believe about a half million dollars. That was the contract with Suffolk County Eastern Suffolk BOCES for administration. We paid the substitute costs in the districts through this contract for the teachers who were pulled out to receive the trainer instruction. We're not doing that anymore, and basically what the 75,000 is going to pay for is some of the part-time instructors who are going to go in and train these teachers in the Health Smart curriculum and for the curriculums itself. We have to purchase the curriculums.

LEG. SCHNEIDERMAN:
Is that Countywide?

MR. FREAS:
I believe so, yes. Eastern Suffolk BOCES was -- just happened to be the contract, previous contract.

CHAIRMAN GREGORY:
Legislator Krupski.

LEG. SCHNEIDERMAN:
Is there a contractor now?

MR. FREAS:
No. We're going to do it in-house with what we have available. When I spoke to Legislator Spencer, and when I -- and after the briefing by the health education folks, we felt that, at least for this year, $75,000 would be sufficient because by the time that -- we probably wouldn't be able to do that much instruction prior to June, and what we were really going to end up doing is September through December training, although we would get a little bit done in, maybe in May/June depending on when and if this amendment passed.

CHAIRMAN GREGORY:
Legislator Krupski.

LEG. KRUPSKI:
I did speak to Legislator Spencer about this, and the program, it does have a lot of merit. However, if there's no money in the budget for it and obviously it's been very difficult to find some money to poach from some other line, from some other part of the budget. I don't see how I could support this.

CHAIRMAN GREGORY:
Okay. Questions? Okay. All right. Do we have a motion and a second?

MS. ORTIZ:
We do.

CHAIRMAN GREGORY:
Okay. IR 1122, all in favor? Opposed? Abstentions?

LEG. KRUPSKI:
Opposed.

CHAIRMAN GREGORY:
Okay. Got one opposition. **Approved (VOTE: 4-1-0-0, Opposed: Krupski)**

All right. **IR 1127, Bond Resolution of the County of Suffolk, New York, authorizing the issuance of not to exceed $38,500,000 bonds to finance the cost of an arbitration award in favor of the Suffolk County Correction Officers Association, Inc. (County Executive).** I'll make a motion to approve. Second by Legislator Muratore. All in favor? Opposed? Abstentions? **Approved (VOTE: 5-0-0-0)**

That is our agenda. We stand adjourned.

(*Meeting was adjourned at 11:02 a.m.*)