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 March 12, 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
Legislator John Kennedy - 12th Legislative District
Legislator Tom Cilmi - 10th Legislative District
Michael Pitcher - Aide to Presiding Officer Lindsay
Tom Vaughn - County Executive's Office.
Paul Perillie - Aide to Legislator Gregory.
Kevin LaValle - Aide to Legislator Muratore
Ali Nazir - Aide to Legislator Kennedy
Maria Barbara - Aide to Legislator Tom Cilmi
Gail Vizzini - Director Budget Review Office
Robert Lipp - Deputy Director - Budget Review Office
Rick Brand - Newsday
All Other Interested Parties

Minutes Taken and Transcribed By:
Gabrielle Skolom - Court Stenographer
Kim Castiglione - Legislative Aide

(The meeting was called to order at 10:05 a.m.)

CHAIRMAN GREGORY:
Welcome to this morning's Budget and Finance Committee Meeting. We will start off with the Pledge of Allegiance led by Legislator Schneiderman.

(*Salutation*)

Okay. All right. I see we have the County Executive's Budget Office here. Do we have any cards, Madam Clerk?

MS. ORTIZ:
No.

CHAIRMAN GREGORY:
Okay. No cards. Is there anyone in the audience that would like to come forward during the Public Portion, make comment? Okay. Seeing none, we will go forward. We have presentations. We'll ask Fred Pollert and Connie Corso to come forward. Robert Lipp is at the ready.

MR. LIPP:
Are we ready? You're ready, right?

CHAIRMAN GREGORY:
Ready when you are.

MR. LIPP:
Okay. Sorry about that. I apologize. I'm going to do the talking for starters, and we have a -- I have a presentation here. Just basically it's a spreadsheet with a big picture view. You can feel free to ask questions at any time and the Budget Office will chime in as necessary. Okay. So here we go.

CHAIRMAN GREGORY:
Talk right into the mike.

MR. LIPP:
Okay.

CHAIRMAN GREGORY:
So just before you start, have your office and the County Budget Office, have you guys kind of ratified, clarified, compared your numbers and you're pretty much on point with each other?

MR. LIPP:
Big picture, we're fairly close.

CHAIRMAN GREGORY:
Okay.

MR. LIPP:
Okay. You know, we have different methodologies, so, you know, things can be a little different, but as a big picture, we're fairly close with the number.

Okay. So we have a shortfall that we're projecting in the neighborhood of $50 million, and that's

combined Police District and General Fund.
Most of the action in the -- good morning, Legislator Horsley.
D.P.O. HORSLEY:
Good morning.

MR. LIPP:
Okay. So let me start again since Legislator Horsley just came in. So big picture, we have a shortfall that's in the range of $150 million. That's for General Fund, Police District combined. And here, basically all I'm going to do is give you, you know, so I don't overstate the case and go into too much minutia or detail, give you the big picture view as to where the problems are.

LEG. SCHNEIDERMAN:
Just for clarity, when you say $150 million shortfall --

MR. LIPP:
250.

LEG. SCHNEIDERMAN:
$250 million shortfall, you are not say that this budget as approved is $250 million short of meeting, you know -- in terms of generating the revenue to expenses, you're saying there's a structural problem --

MR. LIPP:
Okay. Good question. Okay. So basically what the projection is it looks at 2012, 2013, and 2014. So 2013 adopted budget was put together with estimates of 2012, not the actual, so we're going more recent projection of what we think 2012 will end at. 2012 has not ended yet, though. Well, yes it has; the calendar has turned the page, so in that sense I don't want to confuse you, but the books are not closed on 2012. There's a lot of stuff still going on in terms of accruing back to 2012, so there's a lot of noise in the numbers, so we really don't know what 2012 exactly will be yet, so it's still a projection. That being said, we're closer to the pin, so here's a projection.

2013 is -- obviously, we adopted that, and here we are in 2013, so it's a little closer look at current state of information, what's going on. So, really, in a sort of sense what the budget model is doing, it's projecting what will happen for the 2014 budget if we don't have any initiatives or changes, and the answer is, well, other things being equal, property taxes would have to go up by $250 million, General Fund, Police District combined. "Other things being equal" means if we don't do anything.

LEG. SCHNEIDERMAN:
So there's no additional revenue if there's -- if we run out of things to sell, there's no one-shots.

MR. LIPP:
Right.

LEG. SCHNEIDERMAN:
We would end up in 2014 with a $250 million differential between expenses and revenue.

MR. LIPP:
Correct. And I'm calling it a "shortfall." I'm not calling it "an increase in property taxes." In other words, this is the shortfall that we would have to address.

LEG. SCHNEIDERMAN:
A future problem, not per se a current problem.

MR. LIPP:
A future problem in the sense that this is sort of a mock putting together of the 2014 budget right now, which obviously will not be done until the third week in September. The Executive presents or recommends the budget, then we vet it out, and then in November, we adopt it.

LEG. SCHNEIDERMAN:
The point I'm trying to make is it doesn't actually exist yet. If we take the appropriate actions, it may never exist; it could exist if we don't.

MR. LIPP:
Correct. Okay. Feel free to chime in at any time. Okay. What you see here, then, is a breakdown of items one, two, and three that is looking at the three years of the projection. As I said, 2012 still hasn't ended. So we're adding -- just big picturing. There's a lot of detail in terms of a lot of pluses and minuses. The big picture, this adds up to close to the $250 million. So basically what we're talking about is in the neighborhood of $60 million in 2012, without going into specifics yet; close to the same $60 million in 2013; and then a little more than doubling that as the problem for 2014. So that's how you can look at it in terms of breakdown.

LEG. KRUPSKI:
Could you go back to 2012? The shortfalls for 2012, were those estimates -- were they overestimated just to make the budget balanced? And then is it a surprise that there's $60 million in shortfall?

MR. LIPP:
No, actually -- well, let me go through the specifics of these four items that I have here; then you could ask detailed questions that might answer your questions.

LEG. SCHNEIDERMAN:
Just one more --

CHAIRMAN GREGORY:
Hold on, hold on, hold on. No. Let's let Robert get through his presentation, then we can ask our questions, because if not, then we're going to be here for hours. Interrupting him every other word, every other sentence is doing us no good. So let's at least allow him to get to the 2012. If you have any questions on that, we'll ask those questions then, and then 2013 and 2014.

MR. LIPP:
Okay. So for 2012, you see there are four items here. This is rather troubling, the first item. This is 14.9 million, almost $15 million additional loss in property tax revenue. That is, we budgeted a $10.5 million loss. The 2012 estimate and the 2013 budget recognize a 10.5 million loss. Just to keep you up to speed, as some of you may be aware -- this is for the General Fund -- the General Fund makes all property taxing jurisdictions whole; that is, the schools, the towns, the other County property taxing jurisdictions such as the police district are all given 100 cents on the dollar of their property tax, and any shortfall of that, i.e. delinquencies, is made up in the General Fund.

So what we were doing is we were tracking, since 2005, we were taking in less money than the General Fund warrant because of the real estate problems. And it looked like it was trending down, and it looked like a loss in the 2013 budget for 2012 with 10.5 million; seemed to be a nice conservative number.

That being said, as it turned out, we just got these numbers, as we accrue money back from February to the previous year, that it's actually an additional over 25 million total, an additional $14.9 million loss. This is very troubling, okay, because it speaks to how bad off the real estate

market is, number one. Number two, it's not completely the current real estate market because what happens is this number reflects, among other things, receivables in terms of delinquencies, and that includes property that we take deed to, and that has go gone up. Now, properties that we take deed to reflect delinquencies, people that are delinquent at least three years, okay, and then we take the deed.

So the increase in deeds that the County has taken reflects actions that have occurred in the real estate market three, four, even five years ago, so we're still seeing that problem. So we thought we were -- that the real estate market was improving in the numbers on this item, but that wasn't the case. It's very troublesome.

Next, this is really not a loss, if you will, but it is in 2012; that is, in the budget, we recognized 19.25 million from sale of land in Yaphank, and it still appears, although it's not 100 percent sure, it still appears that we will get that money, but it will be this year. So assuming we get the money, the bottom line, okay, loss of 19.5 million -- looks like a bigger shortfall in 2012, but that money will come in at least based upon our projection here in 2013, so it will be a push or a wash, if you will. But nevertheless, it's reflected as a loss in 2012.

Next, there was a sales tax shortfall. The General Fund piece is 8.65 million; that is, we estimated a revenue number that was higher than what came in. In our review back in November, October, what we said is we saw at least a $4 million hole; turned out to be 8.65 million, and the difference can probably be attributed to Superstorm Sandy. And I'll be getting to what impact that will have on sales tax in 2013 in a minute.

Okay, and then next, in terms of cost associated with Superstorm Sandy, we're looking at $17.5 million of preliminary net estimated cost that is net of revenue. We're assuming three quarters reimbursement of the cost of Superstorm Sandy of a gross number of 70.5 million. That's probably not a final number, but that's basically Budget Office's sort of counting what's going on. It's not clear exactly how the budget will wind up splitting up the costs and the revenue between 2012 and 2013 still at this point because we have yet to close the books on 2012.

So that's where the $60 million comes -- and also to note that when the budget was put together, Superstorm Sandy was not on the radar screen in terms of what the impact would be, so that wasn't implicit in the budget nor was the realization that it would take so long to sell the land in Yaphank. So those are the big ticket items in 2012.

CHAIRMAN GREGORY:
Legislator Kennedy has a question.

LEG. KENNEDY:
Robert, I wanted to go back to the first item in 2012 under "A," and you alluded to it somewhat because if we looked at 25.2 or 3 million from property tax collection un-received, that's half of the total levy that we have in that year. It's a $50 million levy. That number is not reflecting that the true tax bills for 2012 didn't get paid up to 50 percent. You're dragging the prior three years into that? What is it that you're actually telling us there with that one?

MR. LIPP:
First of all, I'm not doing the dragging.

LEG. KENNEDY:
Well, no.

MR. LIPP:

I say that in jest, actually. I'm not thinking that you're accusing me of anything. The reason why I'm saying that is simply because it's a very unusual, for lack of a better term, calculation how the property tax is calculated. You don't really want me to go into specifics on how it's calculated here because it would require a bottle of aspirin. That being said --

LEG. KENNEDY:
Which is fine. We're doing a 30,000-foot view, but the other thing that somebody should be putting in there is is when we true up, we're truing up with interest and penalty, which is quite -- goes up exponentially on delinquent tax.

MR. LIPP:
Correct.

LEG. KENNEDY:
Okay. Fine.

MR. LIPP:
Just as a point -- yeah, go ahead, Fred.

MR. POLLERT:
Clearly, the County has had an increase in property tax delinquencies last year. The collections came in less of what we had anticipated; however, what also has to be kept in mind is it's delinquencies on the entire tax warrant for all jurisdictions, so our collection rate has remained nearly the same. So we had a collection rate two years ago of 98.33 percent on the entire warrant. In 2011, we had a collection rate of 99 percent. We are continuing to borrow delinquent property tax borrowings for cash flow purposes even though the amount of delinquencies that the County has had to pay out to the towns and the villages and the schools to make the property taxes whole, our a collection rate has maintained relatively constant. There's clearly going to be even more noise in 2013 because of people not paying their property taxes because their homes could have been damaged with Hurricane Sandy. So part of both of the budget offices' models include an increase in 2013 for property tax delinquencies. We're hoping it reverts back to normal in 2014.

The difficulty with property tax delinquencies is we cannot budget them in the budget, so when we adopt the budget, we adopt the budget with a total tax warrant, why it was adopted by the Legislature. If I lowered that estimate by property tax delinquencies, we'd be collecting less money. So the property tax delinquencies have really two impacts: one is it creates a budgetary shortfall, and two, it creates a cash flow problem.

LEG. KENNEDY:
I agree, Freddy, and we'll talk about this offline. I don't want to get into this because it goes to some of the things we've talked about before including even factoring the delinquency taxes and the vacants and things like that. We've talked about that in the past. There's always been a strong resistance to that primarily because the Treasurer and most other folks say when a party gets made whole, primarily when they go to sell a house, if it's two years, three years, four years delinquent, they are paying back tax plus interest plus penalty, which exceeds 100 percent of what was levied. So there is some aspect of an additional amount that ultimately gets received. So you can roll past years' delinquent tax in, but then you should be rolling in past years' reconciliation too.

MR. POLLERT:
We do do that. So there's a line in the operating budget called "Interest and Penalties on taxes" that has grown dramatically as property taxes have gone up. We recognize that, but we cannot recognize a future payment for those taxes. So we do that for cash flow purposes on the issuance of the DTAN. That's where the collection rate is particularly important. We do have a collection

rate of 99 percent over an extended period of time over the three years.

LEG. KENNEDY:
All right. All right. Let's let that one go for now. Thank you, Mr. Chair.

MR. LIPP:
Just one minor point on the property tax collections, and that is for a given rate of collections, our delinquent -- our monopoly money that we're getting back because of delinquencies actually goes up, and the reason why is because we have a flat General Fund property tax, $49 million, yet the overall warrant for all schools, towns, and all municipalities continues to rise. So for a fixed level of percentage delinquencies, you're going to see an increasingly larger dollar property tax delinquency because the school tax, the town tax, the police tax, yadda, yadda, yadda, keep on going up. So even if the real estate market is sort of turning around, there actually could be another shortfall. That's a problem.

CHAIRMAN GREGORY:
Legislator Horsley.

D.P.O. HORSLEY:
Thank you, Mr. Chair. Again, this is sobering news from our Budget Offices, as we anticipated. I have -- I have a question that goes back to some of Fred's comments about Superstorm Sandy and how it related to tax delinquencies, et cetera. A concern I have, and I'm not sure how you factored it into your model, was when I go along in my district in certain areas south of Montauk Highway, you can see that the houses are dark, meaning that no one is living there. My suspicion is at some point over the next year or so, many people are going to go and reassess their homes and now are finding that their property values have dropped considerably. I'm worried about this. I'm worried about that on the overall model for you, for our budget. Where do you factor in the reassessment, not delinquencies, but reassessment of houses that may be lowered because simply they're -- they haven't been fixed, people don't have money to get fixed, you know, the insurance companies, banks, all these things we're hearing about day in day out of not being able to bring our homes back to its normal state. How do you factor this in? Because it could be huge at the end of the day, these reassessments of these houses that people are no longer living in?

MR. POLLERT:
Yes, it could have a rather dramatic impact. Newsday had just recently spoken to the issue with respect to tax certioraris and erroneous assessments. The County is responsible for depending upon the timing providing the cash for those erroneous assessments. So the homeowner is made whole, and then we re-levy the taxes to the jurisdictions the following year.

So from a budget point of view, it affects our cash flow, but it really doesn't effect the bottom line on the budget with respect to the erroneous assessments. It will impact the charges to the towns next year and what they have to include on their tax rolls. So to the extent that an individual gets a reduction in their property taxes and the County pays that reduction in property taxes back to the taxpayer, it's going to be relieved to all the taxpayers in that taxing jurisdiction the following year.

For 2013, we assumed that there would be a continued increase in the amount of property tax delinquencies. We haven't gotten into calculating yet, obviously, what the impact is going to be on the tax rolls, so a lot of our financial ratios are built upon full equalized valuations measure of wealth. So when the rating agencies look at the County's finances, they say, What is your coverage ratio full equalized value, calculates your constitutional debt limit, your constitutional taxing limit. We have a tremendous amount of slack there, which other municipalities may not have, but it's definitely going to impact the tax rate and the distribution of taxes to the population.

D.P.O. HORSLEY:
So basically what you're saying, then, is that at the end of the day, the greater impact will be on the towns than it would be on the counties more so because we're sales-tax driven rather than property-tax driven; however, the warrant of our total worth is going to be less in 2013, '14. How does this work out?

MR. POLLERT:
It's going to start up in 2014 when we do the operating budget, and that was very well done. That's what I was trying to say.

D.P.O. HORSLEY:
Well, thanks. I'm glad you understood me, because I'm not sure I understood myself. But it is certainly a dilemma that is going to -- hitting us all in the face. You're projecting into 2014. How far out do you think that this issue is going to last until we get ourselves back on our feet. The assessments start to come up. Do you have any projections that way?

MR. LIPP:
Okay. Well, to put a little perspective on this, the erroneous assessments or errors in assessment, as Fred had said, are off-budget basically, just a cash thing, and they get placed on the tax warrant every year. Okay? So whenever people grieve their taxes or businesses go into tax certiorari proceedings, as a result, we have to put those outcomes on the tax warrant, and we apportion -- we don't apportion, we charge each of the towns whatever their assessments were. That being said, last year the total on all total taxing jurisdictions amounted to $120 million, so effectively what we're talking about is there's this sort of quasi-taxing jurisdiction that you have on your bill that's $120 million as opposed to the County General Fund that's only $49 million and that the average tax is over $200 on the average resident associated with that. That being said, some towns are a lot higher and some towns are a lot lower; that's just an average. So we're probably talking maybe about a one year pop in terms -- or two years at most -- in terms of the impact of the errors of assessment, that being because you could figure that --

D.P.O. HORSLEY:
Rob, that would be '14 and '15, is that when you think this is going to hit the fan?

MR. LIPP:
I think it'll be mostly -- yeah, it's hard to say exactly because my confusion is what the taxable status states and all that, how it's going to show up on the warrant in terms of grieving because, you know, I believe the taxable status date is March 1, so that ship already --

D.P.O. HORSLEY:
My suspicion is that many homeowners haven't even dealt with this issue. As I said, you go through the -- you go through your neighborhoods, you'll still see dark houses, you can see the dark ones where people are living and where people are not living. That's going to hit the fan.

MR. LIPP:
I would say that we would see it on next year's tax warrant and the year after, and to what extent the breakdown would be, it's kind of murky for me but then what I think what we'll see is it turn the other way because a lot of these properties will be renovated and all that kind of stuff.

D.P.O. HORSLEY:
Okay.

MR. LIPP:
But it would be off budget for us.

D.P.O. HORSLEY:
Okay. So --

MR. LIPP:
And just as a note, one difference between us and Nassau County, I hate to do a comparison but --

D.P.O. HORSLEY:
Go ahead. We need some good news.

MR. LIPP:
Nassau, instead of putting it on the tax warrant, which we do, the $120 million, they borrow for it, and so the interest and the debt service that they are paying on the amounts that they have borrowed over the years, I believe exceeds -- it does exceed, perhaps even double, I'm not sure, the actual one year errors in assessment.

D.P.O. HORSLEY:
So, Rob, what you're saying is at the end of the day --

MR. LIPP:
They've created a monster.

D.P.O. HORSLEY:
-- we're in bad shape, but they are worse.

MR. LIPP:
Right.

D.P.O. HORSLEY:
Got it. Thanks. I appreciate it. You'll be factoring that into the model, is the bottom line to this, as we look into '14-'15 because I do think it's going to be difficult and substantial.

MR. LIPP:
Yes, and, not to speak about it now, but I even have some ideas about changing the whole structure, but it requires -- tax structure -- but it requires State aide and the Legislature.

D.P.O. HORSLEY:
Thank you.

MR. LIPP:
So feel free to ask me but not here.

CHAIRMAN GREGORY:
Legislator Cilmi.

LEG. CILMI:
Thanks, Mr. Chairman. Just a quick question, which I hope will yield a quick answer. So there's two items in your Section Number One that deal with the 2012 budget shortfall. Item B, the lost revenue from the Yaphank sale, which we're expecting to receive at some point, and Item D, "Cost Associated With Superstorm Sandy," 75 percent of which possibly will be reimbursed at some point in time. So my question, very simply, is have you accounted for the revenue from Item B and the revenue associated with the reimbursement from Item D, have you accounted for both of those revenues in your 2013 budget shortfall model?

MR. LIPP:
Okay. Since you wanted a quick response, yes and yes.

LEG. CILMI:
Very good. Thanks.

CHAIRMAN GREGORY:
Legislator Krupski.

LEG. KRUPSKI:
I could understand, you know, the shortfalls from Superstorm Sandy because -- and not budgeting for those because no one forecasted or predicted the storm.

MR. LIPP:
Right.

LEG. KRUPSKI:
However, if you look at the property tax, the loss in property tax revenue from 2012, 2013, it seems like a trend, you know? Is there anything that's being done to more accurately forecast those things so the budget itself is more accurate. It might not be a pleasant task to have the budget more accurate, to have the anticipated income more accurate, but to make it more realistic so that in 2014, the deficit won't be a 100 million just because everything was forecast with a bright and cheery picture that, *Oh, no, those revenues will be coming in, we're going to sell this, we're going to sell that, everything, the economy is going to pick up,* et cetera, et cetera, and then, *Oh, no, look, it didn't happen.* So what are we doing to forecast more accurately or more realistically?

MR. LIPP:
Well, you know, we look at trends in this item, okay, and as I was sort of implying earlier, if the loss, if you will, from the property taxes -- what we book compared to what the warrant is -- that loss was trending down. So as I said earlier on, the $10.5 million loss that we put in the 2013 budget seemed to be a very reasonable number. You know, the Executive's staff put that number in, and while I often disagree with them, and because it's the natural thing to do, I agreed with them on that. And then when the number came in, as it was getting close to the end of February when we accrued stuff back and I saw what was going on, I was flabbergasted. It was, like, way beyond anything even I would have expected. That being said, I have looked at the methodology for doing the calculations and how to project it, but it's -- the method to do the calculation is mind-numbing. I've even tried to come up with a better method, but it didn't work out for reasons that we could talk about, but I'd rather not get into them now. Like I said before, I do have some ideas that you may want to listen to at some point about, you know, how to change the whole system.

LEG. KRUPSKI:
I think we need to as reality replaces the budget.

MR. LIPP:
It's pretty complex, though. That would be -- I'd be more than willing to talk to anybody about that. That's a conversation, I think, for a later time because it's pretty involved.

CHAIRMAN GREGORY:
Okay.

MR. LIPP:
Okay. Should I go on to 2013?

CHAIRMAN GREGORY:
Yes.

MR. LIPP:
Okay. So say goodbye to 2012. Okay. So here what we have is -- and this is just the big items here. We add up to close to 60 million again in budget shortfalls for 2013, 58 million here. The first one relates to the nursing home. The budget assumed that we were selling the nursing home. We were getting $23 million in assets, sale of assets, and it would be closed at the end of 2012, and it would be no expense ins 2013. Well, that didn't happen, and what our model is assuming is it would close by the end of September. Their model assumes, I think, three months earlier. So, you know, that's okay. It's a budget projection, and, you know, our assumptions and projections aren't going to be exactly the same, and you could add approximately a million dollars a month each month it stays open.

You should note that this 32 million that's in the budget model is not a policy statement; that's important to note. What I'm trying to tell you is this is a projection of what it appears the Administration is looking to do moving forward. This is not, you know, meant to be a support or a statement against or for; it's meant to try to gauge what is the most likely scenario out there right now. It could very well be that we keep it open for the full year and we keep it open for the full year next year, but the budget model right now assumes that it would close by the end of September. And as I said, Fred and Connie's budget model assumes it would close three months earlier, I believe, okay, so that's that the first item. I know you're dying to ask questions, right?

Okay. So second item, that is 2B, that we're budgeting in here a $20-million shortfall on property taxes. I'm not quite comfortable as to whether or not that's a good number or not. I think it's a pretty conservative number, though. My initial number was actually 10 million, and after we hashed it out, we decided we would go with 20. Better safe than sorry, I guess; that's the moral of the story. Item C, okay, that we're anticipation of sales tax -- okay. Sales tax. Item C relates to sales tax. As you saw from 2012, we actually had an 8.65 million shortfall in the General Fund. As of now, we're projecting that we're going to come in on target and the logic is the following -- but of course it remains to be seen. The logic is if you look at economic studies, as a result of any sort of natural disaster, you get injections into the local economy, in this case here from Federal government, such as FEMA, also private insurance will be paying people to do renovations, and they'll also take money out of our pockets. So there's likely to be in the year immediately following, and of course it's slow to develop and it remains to be seen how it's rolled out, some economic activity associated with rebuilding and injections from State and Federal government.

So from economic models, whenever there's an injection into the local economy, that expands economic activity. So I'm not saying here and I'm not making the point that, Oh, Superstorm Sandy was a good thing; of course it wasn't, and of course many people's lives are twisted over it, okay? But in terms of just economic activity, you know, the injections into the local economy will help.

That being said, this is a very brief taking of the temperature right now. We've had three checks so far this year in terms of sales tax, and year to date, we're up 6.34 percent. We would need 4.3 percent growth at the remainder of the year in order for this assumption to come true as we meet budget. So that's what we have for 2013 in terms of sales tax. I know you're dying to ask questions. Okay.

Next. We have health insurance costs going up both in the General Fund and the Police District -- that's D and E -- 6.5 million in the General Fund, 3.5 million in the Police District. We didn't properly, in our estimation, budget for incurred but not reported expenses that is rollout after the year's over. That's what's referred to in the trade as IB and R. I'm not sure what trade that is,

but government's always a bunch of acronyms.

Next, out-of-county tuition, Legislator Cilmi's favorite topic. So we have, like, a $12 million shortfall that we're estimating based upon not only but mainly FIT upper classmen, Fashion Institute of Technology; that is, we're supposed to pay tuition for our resident students that go to community colleges outside of Suffolk County, so if you go to Nassau County, then we have to make up the difference, and as if they were out of the area and so they have to pay a higher rate and we have to make up the difference. And for FIT, we were under the impression, and George and Legislator Cilmi could speak better to this, there was litigation out there and that we wouldn't have to pay for the FIT upper classmen; that is, they're a community college, they went to four years back in the day, they have graduate programs too. So if you go to FIT, regardless of if you're a freshman/sophomore or you're a junior/senior graduate student, we still have to pay. We thought we wouldn't have to pay for that. So we haven't included it for a couple years in the budget, and our estimates of that, plus a couple other things, but mainly that. So we're going to wind up having costs associated, 12 million, 7.5 million of that is in 2013.

Lastly, we get the money back, according to the budget model, for the sale of land in Yaphank that we looked at as a loss in the previous year. So much for 2013. I will pause.

CHAIRMAN GREGORY:
Okay. Health insurance. Now, that was part of the agreement and we're supposed to save 16 million. That was, what, in July, August, that we're supposed to come up with a plan?

MR. POLLERT:
Yes. I'm also on the MHP board as a representative from management. There was an RFP that was done for a new pharmacy benefits manager. That award was made. The union and management are currently working with a new pharmacy benefits manager for a plan design that's being rolled out to the membership we expect that we will achieve on an annualized basis. That's $17 million. Because of one or two months' worth of delay in rolling it out, we have the proportional 1 or $2 million worth of loss, it will roll into the future year. So on an annualized basis, we have achieved plan design changes that will generate the $17 million worth of savings which are included in the agreement.

With respect to the IB and R, we feel that the IB and R was properly forecast within the budget. That's part of the reason that there's some noise between both the Budget Office and the Budget Review Office model.

CHAIRMAN GREGORY:
Okay. So you're -- so the 6.5 million is because of delayed implementation of the new plan, pretty much.

MR. POLLERT:
No, that is -- primarily, that is a number that came up from the Budget Review Office with respect to the IB and R.

CHAIRMAN GREGORY:
All right. What is the IB and R?

MR. POLLERT:
What it means is that if you go to a doctor, let's say, or to a hospital, it takes a period of time before the bill is turned in. It's adjudicated, and that there's a payment that is made, so there's a run-out in claims. We incur an expense, but it's not reported for a period of time thereafter. So what we did is the County always does accruals. If you go to a doctor in January, February or, you know,

March, until they close the books, if it's related to the previous year's expenses, we roll it back. The estimate of an IB and R comes from an actuary. What we did is we looked at the actual accruals that rolled back over the previous three years and used that same dollar amount. We had found that over that same period of time, the actuary had overestimated the amount of IB and R. So the forecast included in if budget differs from the forecast done by the actuary, but it is consistent with what is our historical track record with respect to rolling back those claims.

MR. LIPP:
Basically what Fred's saying is -- we disagree on this point -- but big picture, between $50 million, we agree on. You know, it's just a matter of how you get there.

CHAIRMAN GREGORY:
I'm not sure exactly how IB and R relates to the drug plan because that's where the savings are.

MR. LIPP:
It doesn't.

CHAIRMAN GREGORY:
Right, but it's reflected as part of being the same.

MR. LIPP:
No, no. It's two factors, as you could see over here, the word "and."

CHAIRMAN GREGORY:
Oh, yeah. I see.

MR. LIPP:
But the IB and R is making us blue but not them. We could continue to talk about it. We just disagree on it. If you want, I could give you a little more perspective on my part, but I think, you know --

CHAIRMAN GREGORY:
No, that's fine. Legislator Cilmi has a question.

LEG. CILMI:
So just to readdress this very, very, very quickly, with respect to the health insurance cost, the new prescription plan that we put into place will see some savings. So is the additional cost that you're representing here net of that savings or irrespective of that savings, or do each of your answers differ?

MR. LIPP:
I think the additional cost about the 17 million, if I understand your question, is to recognize that the budget assumed about a month and a half delay in implementation, and it appears that it'll be a three-month delay and that the implementation will start at the beginning of April, and that's implicit in here. That's the smaller part of the 6.5 million in the General Fund and 3.5 in the Police District. The larger part of Budget Review Office's view of the incurred but not reported that we recognize that the budget has less than five percent of expenditures for IB and R and that the historical trend is more like eight percent, so we're putting in more money because of that.

LEG. CILMI:
So that the simple yes or no question, then, would be that the savings that we anticipate as a result of the prescription plan change is included in these numbers albeit in a delayed fashion.

MR. LIPP:
Yes.

MR. POLLERT:
Correct.

LEG. CILMI:
Okay. Secondly, just as a point of information for everyone, my understanding is that the State Legislature, both houses of the State Legislature, have included one house bills to, at the very least, reimburse the counties for the cost of the upper classmen at FIT. Whether or not that actually makes it into a reconciled budget and whether or not it gets approved by the governor is a different story, but we're hopeful as far as that goes. And I see you've indicated in your line item G that the revenue from the sale of Yaphank in 2013, you've accounted for that. With respect to the nursing home number at the top of the list, have you done any accounting for either the closure of or revenue from the sale or lease of the nursing home in 2014? Has that entered into your 2014 projections at all?

MR. LIPP:
No.

LEG. CILMI:
Okay.

MR. LIPP:
It's a yes or no question.

LEG. CILMI:
I appreciate that. Those are answers I can completely understand. Let's see. On the sales tax numbers, just refresh my memory. With each percentage of sales tax growth, that equates to roughly how much in terms of actual revenue?

MR. LIPP:
Close to 12 million.

LEG. CILMI:
Okay. So when you say that --

MR. LIPP:
Actually more like 11 million from the General Fund piece.

LEG. CILMI:
Okay.

MR. LIPP:
Okay, because we're really talking that, and the way we've been slicing the pie is we've given fixed dollar amounts to the Police District each year, so whether the percentage growth in sales tax is up or down, it doesn't affect either way to take in the Police District just the General Fund's piece.

LEG. CILMI:
Okay. So when you say that we need to see a 4.3 percent growth for remainder of the year in order to comply with the budget that we passed; is that correct?

MR. LIPP:
Correct.

LEG. CILMI:
Okay so, and even with that, we would still see a $58 million shortfall in 2013. So hypothetically, if sales tax continues to show growth in excess of that 4.3 percent for the remainder of the year, then that $58 million number will be reduced.

MR. LIPP:
Correct.

LEG. CILMI:
What is your opinion, and if Mr. Pollert can offer an opinion, as to how likely that is?

MR. POLLERT:
The two budget offices have agreements with respect to major issues with the budget sales tax is one of them, so we believe that the County will be able to achieve the amount of money included in the budget this year. I think it would be unlikely to exceed that dollar amount. For 2014, we both agree that the growth rate will be about three percent.

LEG. CILMI:
Okay. So you think the projected revenue that's included in the 2013 budget will be accurate at the end of the day.

MR. POLLERT:
Yes.

LEG. CILMI:
Okay. Thank you.

CHAIRMAN GREGORY:
Legislator D'amaro.

LEG. D'AMARO:
Just two quick questions. First of all, the shortfall for property tax for 2012 and 2013, don't we bond for that? Isn't that a cash flow, not a budget problem?

MR. POLLERT:
It's both.

MR. LIPP:
No, we don't -- for the property tax shortfall, we don't bond for that, no. It's a -- well, implicitly, since it's a cash flow problem, it's implicit that we would, therefore, need more cash, so, therefore, a portion, I guess you could argue, of the cash flow borrowings, TANs and RANs, include -- recognize those delinquencies, so I guess, actually, the answer is yes.

LEG. D'AMARO:
So there is a revenue source to make up that shortfall?

MR. LIPP:
No, it's not a revenue source in terms of the budget. It's basically the borrowings that we get that's cash only. The budget doesn't recognize that as revenue. What the budget does is it recognizes the interest expense.

LEG. D'AMARO:
Okay, but let me see if I can put it another way. The shortfall in property tax, we have covered because we're able to go out and bond for the shortfall? No? Am I missing something?

MR. POLLERT:
So what happens when there's a shortfall in property tax, it creates a dual problem, as Robert had said. One is a budgetary problem because the revenues haven't come in, and the second is a cash flow problem. The implicit in the DTAN and the RAN borrowings, which are cash flow borrowings, the shortfall in the actual sales tax is -- sorry, in the property tax is made up with the cash flow borrowings, but it does not impact the County's operating budget, which continues to show that there is a shortfall.

LEG. D'AMARO:
Right, I understand that, but just as far as managing cash flow, we have what needs to cover that aspect of the cash flow problem. Okay. That was my first question.

Second question was just going back to this IB and R, the County's on an accrual basis, so if a service is rendered, we accrue the charge but it's not paid immediately thereafter, so there's a gap and that's what that shortfall represents.

MR. LIPP:
Yes.

LEG. D'AMARO:
How come we didn't budget the 10 million more for that? I mean, we're pretty experienced at doing this year to year. Why did that come in so short? I mean, we know there's this IB and R problem, I would assume, every year.

MR. POLLERT:
Well, to say the truth, the Budget Office doesn't feel that there's a problem. We have budgeted consistently with what our actual experience has been over the last three years. What we found is that the actuaries who prepare those estimates had too high of an estimate over the past three years. They had recommended that we raise taxes for an IB and R that never really existed. So what we did is we went back when we did the budget this year, because it was a tight operating budget, looked at what were the actual accruals to move back the IB and R, and that was the change that we had proposed in the County's operating budget.

LEG. D'AMARO:
So you went with the actuals or the historic actuals --

MR. POLLERT:
We went with the historic trends.

LEG. D'AMARO:
-- as opposed to what an actuary was telling us, but the actuals, it turns out, were not accurate for this year.

MR. POLLERT:
No, that is the projection of the Budget Review Office. We believe that those forecasts will be accurate.

LEG. D'AMARO:
Okay. So that's the difference between two offices there. All right. Okay. That's all for now. Thank you.

CHAIRMAN GREGORY:
Yes, Legislator Kennedy.

LEG. KENNEDY:
I'm going to go back to the property tax issue one more time without trying to delve down too far into it, and it's a question for the both of you, really. So in this year, you both feel you'll harmonize with a $20 million shortfall.

MR. LIPP:
Yes.

LEG. KENNEDY:
How much -- if we compare back to where we were last year, we had a 50 percent less projection but then we realized about 150 percent increase off that for a $25 million shortfall. So frame for me what does this 20 million reflect? Is it a shortfall in our 2012, 2013 collection, or is it an aggregate of the multiple years prior hitting in this calendar year?

MR. POLLERT:
It's a change in the receivables from one year to the next that affects how large the shortfall is.

LEG. KENNEDY:
So you know what I'm saying.

MR. POLLERT:
Yes. So the calculations are done by the County Treasurer's Office. The numbers included in the budget are generally exactly whatever was requested by the Treasurer's Office or forecast by the Treasurer's Office. So we, too, were concerned. The first two months worth of collections, we had a very good base year in 2011 with respect to the collections, and that's part of the reason the collection rate went up to 99 percent. In 2012, we had only collected $13.5 million as of this point in time. For 2013, currently we have collected 21.5, so our collections, in comparison to last year --

LEG. KENNEDY:
We're ahead. Right.

MR. POLLERT:
-- we're $8.5 million -- but there's so much noise in that to be conservative. Exactly what Legislator Horsley had said, a lot of people haven't made up their mind yet, I think, with respect to their house has been damaged, do they continue to pay the property taxes if they may not be getting a permit to rebuild. So we don't know at this point in time. It is just a forecast. We are attempting to factor in the fact that there's been a lot of damage caused by Sandy, and we don't know exactly how it's going to work its way out through the assessment process.

LEG. KENNEDY:
I don't want to minimize that, Freddy. It is something significant, and for each one of the residents, as a matter of fact, it's the most probably prevailing issue in their lives, if you will. But on the aggregate, if you take a look at all the impacted properties, we're probably talking about no more than 2500 or 3,000 properties. That's against 510, 520,000 improved properties in the County of Suffolk. So even if every one of them was to prevail and succeed, you're taking their assessment down from a habitable property to something that's damaged and uninhabitable, when you factor it

out across the levy with all of the jurisdictions, collectively the impact I don't think is going to be that overwhelming. Individually to, perhaps, as village or to, you know, a smaller entity, it will be a much larger spike, but when you aggregate it across the board -- and by no way, shape, or form am I advocating this. I mean, I don't want to see 3,000 families walk from their properties, but even if that was the case for all of them.

And, by the way, when they apply for the reduced assessment, they're not locked to that March first timeframe. When you have a catastrophe, you can always make application to the assessor to go ahead and move from habitable to uninhabitable.

My point is is, yes, we need to be cognizant of it, we need to watch it, but as to what the impact is going to been on a large level, I'm a little unsure. So you feel comfortable with this 20 million figure, and that's something we're going to wind up getting a significant true-up in 2014 beyond where we're at because the one we look at for the past year was -- we didn't hit the mark.

MR. POLLERT:
You know, perhaps one of the difficulties is that the numbers are so large, you have a $5 billion tax warrant for all the taxing jurisdictions. Even a few hundredths of a percent change in the collection rate results in a significant impact on the County. So we're making up the property tax delinquencies not just for the County's $50 million or $500 million worth of property taxes if the Police District is included. We're making up the delinquencies for $5 billion of the total tax bill going out.

So, you know, a thousandth of a percent is rather significant, so we try to do the best we can. I think the County Treasurer tries to do a good job, but there's so much variability where a small swing in the overall percentage, it could be a whole host of reasons, has a dramatic impact on our bottom line.

LEG. KENNEDY:
No doubt. No doubt, and such a vagary to the Suffolk County Tax Act. It's good to be a lesser entity in the County of Suffolk. We're always going to take care of you. All right. Thank you.

CHAIRMAN GREGORY:
Okay. Robert, proceed.

MR. LIPP:
Okay. So we say goodbye to 2013 and say hello to 2014. So now we're talking about in the neighborhood of $130 million shortfall in 2013, so it's basically to oversimplify a quarter of the problem from 2012, a quarter from 2013, and the other 50 percent will be from 2014. So what we have here, first of all, is we have in 2013, we're recognizing it may not be that strong a projection, but as of last night when we put this to bed, that in 2013, there's $70 million in revenue in the budget that we're recognizing from sale leaseback, and 2014, that will not be there, so that's a one-shot that's lost, so that's a $70 million problem for 2014.

In addition, if you notice the next three pieces here relate to debt service and those three pieces have to do with, well, number one, related to the sale leaseback, we're going to have to be paying lease payments or rent, which modelling in our budget model as debt service, 'cause effectively that's what it is. We're using as collateral the 70 million -- the assets to buildings as 70 million and to basically sort of take out a loan, and we're paying it back with debt service in each of the next 15 years. So the first year of the 15 years we'd be paying it back is 2014, and based upon projections that I did, the first year's payment would be $5.7 million; that'd be 5.7 million a year.

Next, similarly we had, in terms in one-shots, if you will, we had borrowed 75 percent of our future stream of revenue from tobacco securitization or tobacco revenues back in 2008 and remaining 25 percent of tobacco -- future stream of tobacco revenues in 2010.
2011, we borrowed it, yes.

We, therefore, don't have that money and what we did is we used that money to lower our debt service payments -- well, the increase in debt service payments, mostly attributed to that but also just normal, you know, paying back of debt service is a 32.5 million increase in debt service from 2013 to 2014. We will be paying 32.5 million more in debt service largely but not only attributed to loss of proceeds from tobacco securitization.

On top of that is the 5.7 million associated with the payments for sale leaseback. And lastly, in terms of debt service ones, we are -- at the last General Meeting, we authorized the issuance of bond, and it's going to be issued later this month or the beginning of next month. In all likelihood, it'll be a five-year bond -- it could be a one-year bond anticipation note, though -- and we're scheduling here or projecting the likelier scenario, five-year bond, and that should be over five years, a $38 million bond. 7.8 million will be the debt service payment or lease payment -- well, no, debt service payment associated with that. So that takes care of number one, the loss of the one-shot with the tobacco securitization and three jumps, if you will, in debt service in 2014 that are pitfalls.

Next, Item E, we're going to lose revenue. In the budget now is 8.47 million in 2013 as revenue received indirectly from the Assessment Stabilization Reserve Fund. Here we go, one of those acronyms again: Assessment Stabilization Reserve Fund; that's the sewer fund, if you will. Okay. And the projection is we're taking three eighths -- we passed the bill a couple years ago that we could take three eighths of any surplus in that fund above 140 million and use it for tax relief, and the other five eighths of that surplus would be used for, for lack of a better term, expanded sewer purposes. So we're talking here about the loss of revenue to the General Fund, the three eighths above 140 million, which for this particular year, 2013, is included in the budget 8.47 million. That's expected to be a big fat zero next year, so that's a loss.

Next is the 2014 piece of the out-of-county tuition that we spoke about earlier related to 2013 and the 2014 piece, at least the way we're budgeting it here of 12 million is 4.5 million, 2014 piece. And then, just as a sort of sync item, because there are a lot of pluses and minuses in our budget models that, as we've said, aren't always the same. And that is, well, we're going to have three percent growth in sales tax revenue, and that'll offset most of the normal increases and expenditures, and for the General Fund piece, one percent, as I said earlier, amounts to $11 million for the General Fund piece, so that's a $33 million plus increase in revenue in sales in '14 that will largely offset lots of the other increases and expenditures.

I'm finished.

CHAIRMAN GREGORY:
Okay. Legislator Schneiderman has a question.

LEG. SCHNEIDERMAN:
Let me start with the $250 million earlier projection. So we've heard all kinds of projections over the past year about future shortfalls, as much as 500 million. I think that was about to 2015 or was it a longer thing? Is this good news somewhat that we're seeing this number shrink down considerably? I mean, we've done a lot of remediation, so to speak, and layoffs and curtailing services. Is the picture getting better here?

MR. POLLERT:
Well, I wouldn't say that the economy has improved dramatically. What has happened is -- you're exactly right -- the Legislature and the Executive, working together, have been very proactive. You've had a lot of reorganizations going on, you've had a reduction in personnel levels which will result in reoccurring savings for approximately $65 million per year. You've had reduction in overtime costs. You've had embargoing of funds. So there's been a whole host of things that were done during 2012.

LEG. SCHNEIDERMAN:
We also need to mention we also did increase taxes in the Police District, brought sales tax revenue back to the General Fund. We also established more red light cameras for revenue and other revenue sources, fees, et cetera. So we've hit it in multiple different directions to try to lower the possibility of this shortfall. So if we had nothing else going for us then a strengthening economy, and I know we take in something like 1.2 billion in sales tax, what kind of growth would we need over the next two or three years in sales tax revenues to make it so that we kind of run the County at an even keel without having to look for new revenues or cut additional County services?

MR. POLLERT:
The Budget Office had done a report for th Executive last year, which identified that over the last several years you've had a structural imbalance of about $125 million or so. So you need a concomitant revenue increase to be able to maintain and to cover that structural imbalance. Part of the difficulties which we are --

LEG. SCHNEIDERMAN:
Fred, my question is if the economy were to rebound, it would have to grow at a rate of six percent, seven percent, eight percent so that we would, within a matter of years, close that hole. I mean, I remember years ago -- maybe it was during the Gaffney Administration -- where we saw eight percent growth in our economy, what level would we need right now to wipe out this structural problem. I know when the recession first hit, we lost $100 million just in sales tax. We've never really recovered from that.

MR. LIPP:
Well, to use Fred's analogy of $125 million structural deficit, which would not take care of past sins, you're talking about, like, a 12 percent growth of both what we have in the budget.

LEG. SCHNEIDERMAN:
Remember, Robert, it's compounding, so you wouldn't need -- if you had that one year, then the second year, you would end up with enormous surpluses.

MR. LIPP:
I'm just talking about a one-year increase.

LEG. SCHNEIDERMAN:
I'm just saying over time, you wouldn't need 12 percent growth.

MR. LIPP:
Well, to wipe it out in one year. And it would be 12 percent over the --

LEG. SCHNEIDERMAN:
That is not what I'm asking for. So I realize that if you're growing at, let's say, six percent a year, it might take five or six years to wipe it out, but it would disappear. That's what I'm asking. What would that number be in terms of sustained growth to wipe out that hole?

MR. LIPP:
I'll have to do a calculation. It'll take me a few minutes.

LEG. SCHNEIDERMAN:
Okay. So let me go to now -- in your 2014 numbers, you've interestingly added the lack of the repeat sale of the Dennison Building, which is -- you could've said that about anything; the lack of being able to resecuritize our tobacco we can sale and lease it back one time, but it may not be the end of oneshots. There might be other opportunities. At one point, you had presented a list of other County buildings that potentially could be sold on leaseback. I think the jail was one of the possibilities, the one in Riverside. There are obviously multiple factors. I'm not even suggesting that's the right thing to do. I'm not even convinced, you know, selling the Dennison Building is the right thing in leasing it back. But you're assuming in that shortfall, the lack of any one-shot revenues. That's basically how I read that line.

MR. POLLERT:
Yes. So part of the way the two budget offices worked up the budget model is we didn't want to presuppose either Executive or Legislative action, so this is a cost to continue. So there's a variety of things which could be included; for instance, we've had reoccurring increases in the Police District property taxes, as you had mentioned, to support the operations of the police. We didn't factor that in. This is just a status quo going forward, cost to continue. It does not include a whole group of items which, you know, really would well --

LEG. SCHNEIDERMAN:
I think what you're trying to say is that through the years, within the budgets we've seen over the past decades, there have been nonrecurring revenue sources, whether they were the sale of the County HMO, Yaphank land, the nursing home, tobacco securitization, restructurings of borrowings. There's been various things we could do one year but not necessarily follow it up in the following year, so I think it would be a giant leap to say that we're going to go from 100 million in one-shots down to zero in one year. I do think it's good County fiscal policy to wean ourselves off of one-shots and have a sustainable model, but I think it's also fair to say that that would be a heavy lift to have no one-shots in the budget model.

MR. LIPP:
A couple points to make here. Basically, number one, consistent with what Fred was saying, the purpose of this presentation is basically to take our temperature to see how big the problem is. It's not to suggest at this point what initiatives we may or may not want to bring forward, number one. Number two, what's important to keep in mind that's implicit in the budget model, that you may or may not be aware of and is not on the presentation here, the list, is we're assuming that 2014, we're going to continue to amortize as much as we can of the pension bill, and that's supposed to be over, at this point, over $80 million --

MR. POLLERT:
83.

MR. LIPP:
$83 million, so there's another one-shot right there.

LEG. SCHNEIDERMAN:
Assuming there's no relief from Albany, but there also is an effort to get some relief there.

Let me ask you one other question because I didn't see it in your numbers. There is a contract with AME and with Police. I believe this year, there is no salary increases, there were no raises, but I think by 2014, those do kick in at, what, two percent or so. Is that factored into your model?

MR. POLLERT:
Clearly, there's a difference between the two budget offices. We both agree very closely on the bottom line over the three years. The way that we've done our forecast is we're forecasting a larger projected problem in 2014, and 2014, which is not included in the bullet points that Robert was talking about, are continued increases in employee medical health costs, Medicaid cap costs, property taxes potentially, and both pension as well as increased salary costs. So part of what is included in the Executive's budget model are some of those categories. Our forecast in 2014 is a shortfall of about $175 million, so we're about $40 million higher. Those items which I had talked about, some have been included in Robert's model to some degree.

So just as an overall concept, we feel that we have less of a problem in 2012. The books haven't been closed yet. There's a tremendous amount of noise in the 2012 numbers, but we feel have a substantially large problem in 2014.

LEG. SCHNEIDERMAN:
You feel that you have a $40 million bigger problem in '14. You have a $40 million less of a problem in the earlier years.

MR. POLLERT:
Yes.

LEG. SCHNEIDERMAN:
Okay. So you're ending up both with the 250 million, but you're taking a different path to get there.

MR. POLLERT:
Correct.

LEG. SCHNEIDERMAN:
That's a large divergence of that one 440 million rift.

MR. POLLERT:
Part of it deals with methodology, so what's important is really to understand how the two offices approach doing the forecast. With the Budget Office, we had spent a tremendous amount of time working on the 2012 budget, working on the 2013 budget. It was reviewed by the Budget Review Office. There was an agreement with the County Executive and the Legislature that the budget estimates were close and reasonable. So what we're doing our forecast on is looking at what are the variances that we currently know in the 2012 Operating Budget, what are the variances that we're forecasting in 2013. The Budget Review Office has taken a different approach. They're, at this point in time, looking at expenditures in year-to-date expenditures by categories. There will always be a lot of noise in whatever the two budget offices will be forecasting in 2012. One thing I can guarantee you, both of our estimates will be incorrect by the time the independent auditors accrue back expenses. Sandy alone could have a swing of 5 or 6 or $10 million in 2012 bottom line depending upon how the independent auditors will be recognizing those expenses, posting them to '13 or rolling them back to '12.

LEG. SCHNEIDERMAN:
Now, in both of your budget models, you are anticipating the 70 million for sale and leaseback in 2013. Can I just ask, is there progress on that? I know that requires Albany approval. Do we have a bill before them? What is it, Judicial Facilities Administration, are they involved? Are they going to be the ones leasing this? Are the pieces being put in place to make that happen?

MR. POLLERT:
Yes, it is part of the State Legislative agenda, which we have up in Alabany. Luis Montes, who does intergovernmental relations with the State of New York, has been up there twice this last week. We've had a number of conversations, and to the best of our knowledge, we're on track. That's what is being represented in the County's official statement on this new borrowing.

LEG. SCHNEIDERMAN:
I'm also assuming that the revenue we projected for Traffic and Violations will be -- both of your models are assuming that revenue will come in. Are we on track there? Do we believe, too, in terms of getting it up and running, our numbers are realistic in terms of what we'll take in?

MR. POLLERT:
The Traffic Violations Bureau, we really don't have a good track record worth of experience, so at this point in time, we believe that the revenue estimates on the Traffic Violations are on track; however, we're really going to see how things pan out with respect to that operation. We felt that we had budgeted conservatively. That was one of the questions that was raised to me during the budget process. We attempted to be conservative. We feel that we will come in with the revenue estimates with the traffic violations.

LEG. SCHNEIDERMAN:
So no adjustments there. Let me just ask one last question. Last year, we did raise taxes, not up to the Governor's cap but close. If we were to live within the Governor's cap over the next few years -- I know that's not projected. There's no increase in taxes in your projection. Nobody wants to increase taxes, but if we chose to live within the cap, how would that affect the overall model? What would be the shortfall if we did two percent tax increases over '13 and '14?

MR. POLLERT:
So it would be raising approximately 12 to $14 million more per year depending upon how much you want to be underneath the cap, so this last year, we raised about $12 million.

LEG. SCHNEIDERMAN:
So that would -- and it would compound slightly, so basically, some are less, slightly under $30 million over the two-year period, so that number would go from $250 million to $220 million problem.

MR. POLLERT:
Yes, and that would be over '14 and '15 because it was included in 2013.

LEG. SCHNEIDERMAN:
Right. So we still would have a sizable projected shortfall?

MR. POLLERT:
Yes. When Robert had gone through the numbers, he had done it at a relatively high level. A significant portion of this $250-or-so-million-dollar problem are related to Sandy, which, hopefully, are nonrecurring type of issues. So just on the revenue side, we lost about $44 million between the property taxes and the sales tax. That, unfortunately, is not going to be reimbursable. We're losing about $17.5 million just to associate it with the 25 percent share that we have to pay for costs which we've incurred.

So going forward, you have some distortion of the $250 million by events beyond the control of the Legislature, beyond the control of the County. The budget that was put together in 2012 and 2013 was a very fundamentally strong, structured type of budget, but it got, again, impacted by events that were beyond the control of the County.

LEG. SCHNEIDERMAN:
If we're fortunate to not have another storm like that, and hopefully. I mean, even factoring Sandy out, we still have a structural problem. Are you going to be developing, perhaps in conjunction with BRO, a list of alternatives? I know none of them will be easy pills to swallow, but are there going to be some ideas of how we can avoid that potential shortfall in 2014.

MR. POLLERT:
Yes, the County Executive wants to work cooperatively with the Legislature. We have already taken actions that we can administratively with respect to tight overtime controls with tight position control; however, at this point in time, we need to develop options with the Legislature cooperatively to come up with how to solve the forecasted problem for 2013 and '14, and it's my understanding that the Executive is reaching out to the Legislatures to try to set up a meeting in the very near future to come up with that type of discussion.

LEG. SCHNEIDERMAN:
I certainly would like to be part of that discussion because I don't think there's any one of us who wants to see that hole a reality, and I think we all will do what we need to do to make sure it doesn't. Thank you.

CHAIRMAN GREGORY:
Legislator Cilmi.

LEG. CILMI:
Thank you. So a couple of questions, and you probably said this already, but I just need it reiterated; I didn't catch it. On the 70 million of the sale leaseback, why again -- I mean, I thought we had that included in the 2013 budget, so why again have we accounted for it here in the 2014 numbers.

MR. POLLERT:
Because it will not be a reoccurring revenue in 2014, so it's much like the tobacco. When the Legislature securitized the tobacco, that's going to be expiring in 2014, so we're going to be losing $33 million worth of revenues there. So the primary drivers in fiscal 2014 relate to non-reoccurring items which are expiring, including an $8 million transfer from the Assessment Stabilization Reserve Fund, the sale leaseback, and the tobacco monies.

LEG. CILMI:
Okay. But that, then, assumes that that sale leaseback happens in 2013.

MR. POLLERT:
Correct.

LEG. CILMI:
And if it doesn't, then your $58 million projection for 2013 all of a sudden $128 million.

MR. POLLERT:
Correct, yes. So what would happen then is 2014 goes down, just like the sale in Yaphank would go down by $70 million, but we have major problems in 2013, both from a budgetary point of view as well as a cash flow point of view, and I don't know the capability to be able to borrow enough cash to be able to cover that loss of $70 million if it doesn't happen.

LEG. CILMI:
Okay. With respect to the RAN that we just did and some of the other debt, the long-term debt that

we -- well, I know RAN isn't long-term but some of the other major debt that we enter into, have you accounted for debt service payments in 2014 on that?

MR. POLLERT:
Yes, we have.

LEG. CILMI:
Okay. And if you could just reiterate for me again the reason for the 8.5 million loss of revenue from the assessment stabilization. I understand what you've said in terms of, you know, I know we passed a bill to cap the fund at 140 million and utilize any overage for certain purposes. I know that we did that, but explain to me why you show that as $8.47 million loss in revenue for 2014.

MR. POLLERT:
Because we will no longer be able to bring it in as an interfund transfer as revenue from the Assessment Stabilization Reserve Fund, so the 2013 Operating Budget shows $8.5 million; 2014 will show 0.

LEG. CILMI:
Okay, and -- but that's assuming, A, that there's an increase in the fund, and, B, that the increase in the fund is limited to a certain amount.

MR. POLLERT:
Actually, there were two assumptions implicit in it. Number one is the legislation expires. The last year which we could do the transfer was 2013, so legally we can't do the transfer even if the surplus exceeds a $140 million next year. The second problem is that the legislation was really based upon a model that was done by the previous administration which was overly exuberant with respect to some of the assumptions. One of the assumptions that were made in the model were that all of the sewer districts would be paying back loans to them with the current rate of increases that is really not an acceptable assumption. The Budget Office redid the budget model. There's no extra money there. So even if the law was extended to 2014, we would not be able to make a transfer from the Assessment Stabilization Reserve Fund and keep that $140 million-dollar cap.

LEG. CILMI:
Okay. I think that's all I have for now. Just in the details of this, let me just generally ask you a question or two. So you've gone out through 2014; have you also looked at 2015, at least in a general sense?

MR. POLLERT:
In a general sense, we have, yes.

LEG. CILMI:
What are your thoughts about 2015?

MR. POLLERT:
If the problems are solved in 2014 so that we don't have a carryover deficit, 2015 will be the best year over the last five or six years. So 2015 is really dependent upon how the 2013 and '014 problems are going to be fixed. If they are fixed with reoccurring savings, in 2015, we will be in relatively good shape depending upon if there's more nonrecurring revenues and short-term reductions to fix 2014, then 2015 will be commenced really worse.

LEG. CILMI:
Okay. We do, however, expect our pension fund contributions to continue to escalate significantly.

MR. POLLERT:
That's correct.

LEG. CILMI:
You know, aside from the fact that the Governor has proposed some scheme to spread that over time, the fact is the cost is the cost. So what about in terms of sales tax, have you -- it looked like you expect -- is it safe to say that you expect a three percent growth in sales tax in 2014?

MR. POLLERT:
Yes. That is one of the assumptions in the two models.

LEG. CILMI:
And do you expect in any growth in 2015 at all?

MR. POLLERT:
Historically, we have had higher than a three percent growth, so with the continued rebounding in the economy, yes, we would expect there would be a larger increase and the increase --

LEG. CILMI:
But, certainly, at least three percent?

MR. POLLERT:
Yes, and perhaps, you know, two percent on top of that. Okay. Okay. Thank you very much.

CHAIRMAN GREGORY:
Legislator Krupski.

LEG. KRUPSKI:
So in the past few years, we've kicked the can down the road, and it seems like we're now at the end of the road, and even on that model there, on G on 2014, there's a $40 million difference of opinion on what the final shortfall will be. So I'm glad there's an effort and an attitude here to address the long-term structural imbalances, or whatever you want to call them, structural defects in the whole system itself, but in the meantime, I would suggest that every action we take, we think about not making things worse, at the very least, and not continue to just keep doing business as usual, at least in the meantime until we can effectively address the problem because you're looking at a serious problem here.

CHAIRMAN GREGORY:
Okay. Legislator Kennedy.

LEG. KENNEDY:
Okay. So we're been given some sobering news, but the thing I didn't see is -- and this is, I guess, if you want to call it, recurring savings. Newsday today says the County Executive wants to get out of all of healthcare, so that's 150 people, doctors and nurses laid off there, and you got another 200 CNAs, PNs, and everybody else. That's 350 employees that are getting whacked. Now, that's about five percent of our work force. We got a bi-weekly payroll of, what, 22 million, so that's 1.1 million right there. That's 13 million realized this year and 26 million next year; that's recurring. Is that in the model anywhere?

MR. POLLERT:
No, it's not included in the model for two reasons. Number one, we have not yet completed the RFP process to know actually what the savings are going to be. Number two is the hope is that wherever there's a restructuring, it will take place so that there's continuity of employment with the

new person taking over and providing services to the County with respect to healthcare.

So at this point in time, whatever dislocation of employees we're currently looking at, we're doing the backfill for the jail medical unit as a priority from those individuals, but again, that would come back before the Legislature to enter into a contract. There's been nothing that has been laid on the table yet. We are working on a final agreement with Hudson River with respect to the East End clinics, but the RFP process is just really underway with respect to all the other clinics.

LEG. KENNEDY:
But, Freddy, there's no RFP there. As a matter of fact, the article itself says it was done by waiver. That's why I put the bill in, in order to get some idea of what's on the waiver agendas.

MR. POLLERT:
There are actually two proposals underway. Proposal number one that deals with the East End clinics was done by waiver, so that resolution will come back before the Legislature, and that agreement will be available when it's finalized with Hudson and will be coming back as I had said for review and acceptance by the County Legislature. Implicit in the 2013 Operating Budget was a continuation of the Legislative initiative to move to a federally-qualified health center. An RFP was done in that are for all of the other health clinics that we have, and we are reviewing the responses in that RFP process. However, the RFP process hasn't even gotten to the point of opening up cost proposals or anything of that sort.

(The following was transcribed by
Kim Castiglione, Legislative Secretary)

LEG. KENNEDY:
You know, I supported the FQHC concept, Fred, when Hudson River came here, as a matter of fact, and it was with the idea that the Coram clinic was going to be a pilot, if you will, or some type of a small step forward. Every one of us knows that there are tremendous economic benefits associated with the shutting of the liability and all the other back end items. And quite frankly, the FQHC seems to be a more expansive model. I know the dental clinic just opened a week or so ago, and they have the mental health component. So I'm not adverse to the FQHC, but I got to tell you. I hear anecdotally from my constituents they are paying through the nose for X-rays, for medical tests. Diabetics that routinely have to go ahead and get blood tests, hypertensive blood tests. All of that was previously included in what a visit would be. So, you know, maybe Hudson River is saying well, we can't operate in that manner, but I certainly want to know what the impact is to my constituents who are attempting to continue to get health care and, you know, what the new reality associated with this entity is.

Look, my point is, is you've given us some information on a model here, but at the same time we're seeing rather broad statements that are coming from the other side that will have significant and profound impacts in this year and possibly into next year that don't appear in that model at all. It's a much shorter version of I guess what Legislator Schneiderman talked about.

MR. POLLERT:
Yes.

LEG. KENNEDY:
But somehow there's got to be some factor or some acknowledgement of where that's at. Thank you.

CHAIRMAN GREGORY:
Okay. Legislator Horsley.

D.P.O. HORSLEY:
Thank you very much, Mr. Chair. Just a quick note. I know it was brought up before by Fred that the County Executive is going to be proposing a meeting shortly to look at the overall picture, where can we go, ideas that the Legislature may have. The Administration has reached out to us in the last couple of days. I just wanted to confirm that and that we would be setting up some sort of a working group to look at the budgetary issues. So I wanted to make sure that that was clear and the Legislature welcomes it to work together. You know, as Fred mentioned, you know, we're in this together, so thank you.

The other issue, I read in the paper that we've had some problems over the last couple of days with the sale leaseback, whether it's in the budget, not in the budget, etcetera. What also I read is that, and the fact that I'm reading it is a little concerning, is that we're dealing with another building or two or something like that? I haven't -- what buildings are we talking about to be thrown into the sale leaseback? Is it because there's not $70 million in the Dennison? What's the story with that?

MR. POLLERT:
The authorizing resolution authorized the Dennison Tower and other County assets, including the North County Complex.

D.P.O. HORSLEY:
The whole complex? So we're not one building.

MR. POLLERT:
No, no, no, no, no. So part of it goes back to how a building is going to be valued. There are multiple ways of valuing an asset. There's a normal real estate what could be if you put it on the market, but there's also an income method of valuation. So we had a meeting with our real estate agent that the County has under contract. A proposal like this would be valued based upon an income statement. So if the County is willing to spend just, you know, kind of making up numbers at this point, $15 a square foot worth of rent, the building is worth $70 million. If we decide to pay $20 a square foot in rent, the building may be worth $80 million. So it's a valuation based upon what is the County willing to pay in rent for an asset.

Where I think the confusion has come in is if we were doing a sale leaseback with a private entity the title of the building would be transferred. So if the County was giving away an asset worth $100 million for a $50 million revenue generation, we would not be carrying out our fiduciary responsibility. Instead, this is a transaction between two government entities. The County is never losing title to the building that JFA will have title to the building. No one's going to be enriched by it, so the proper valuation method is how much are we willing to pay in cost per square foot as a rental cost, is it reasonable and how much bonds can be defeased with that revenue stream going to the JFA. So if it's valued based upon the income stream from the Dennison Tower, it's only the Dennison Tower. If the State of New York or someone else requires a different valuation methodology, it may be more than the Dennison Tower. So I think that's part of the dialogue going on currently up at the State of New York given --

D.P.O. HORSLEY:
So this is up to -- what you're saying is that the JFA is going to determine how much the building is worth as a sale leaseback to the State.

MR. POLLERT:
No, it's a sale leaseback to the JFA, which is independent of the State.

D.P.O. HORSLEY:
That's what I meant, JFA, yeah. It's an authority, I got it.

MR. POLLERT:
So that the State will never be on the hook if the County doesn't make a lease payment to the JFA. So it is identical to what we had done with the Cohalan Court Complex and previous to that when the Southwest Sewer District was sold to the IDA. The amount of cash which we needed to generate was dependent upon the lease payments that the County was willing to make.

D.P.O. HORSLEY:
Okay. So basically what you're saying, and again, it's going to be haggling between the JFA and the County on how much moneys the building is worth per square foot, if it's only going to be used by public employees and things like that. I think I get that. But what you're saying is you're throwing into the mix the whole north side of our complex as part of the sale leaseback. Just simply more square foot and sooner or later we'll hit $70 million.

MR. POLLERT:
Right. Just to fine tune it, I don't think there's any disagreement between the County and the JFA. The JFA when this proposal was discussed with them last year had no problems with a $70 million sale leaseback on the Dennison Tower. It's just a financing methodology. It's the State of New York that is now saying --

D.P.O. HORSLEY:
Wants to dot the i's, cross the t's.

MR. POLLERT:
That's correct.

D.P.O. HORSLEY:
We want $70 million worth of buildings in the formula, so you've thrown in the whole North Complex as a possibility to hit 70 million.

MR. POLLERT:
Well, I'm not sure exactly where we are with the discussions with the State of New York.

D.P.O. HORSLEY:
I'm being facetious a little bit, Fred, but basically the bottom line is it's the Dennison building and the North Complex.

MR. POLLERT:
It could be.

D.P.O. HORSLEY:
Could be, depending on what the JFA comes up with as their --

LEG. KENNEDY:
Not the police precinct.

MR. POLLERT:
No. Something like a police precinct wouldn't make sense because when --

LEG. KENNEDY:
It's by itself.

MR. POLLERT:
Exactly. It's completely leveraged, right.

D.P.O. HORSLEY:
We owe it all there. That's all the new bonds. I got that part. Okay. I think you've answered my question satisfactorily.

Let me go to the ASRF. You know, I'm always interested in that subject. It appears that from what I gather from the way Robert described it that there will be no moneys over $140 million this upcoming year, and would there be a minus? Does it go dip below the 140 million? Is that also being stated?

MR. POLLERT:
No, that will first occur either at the end of 2014 or the beginning of 2015 depending upon sales tax growth.

D.P.O. HORSLEY:
That would be into the future or how far do you project that remain under $140 million? And again, we are all looking at the growth of sewers in Suffolk County, so.

MR. POLLERT:
It would be less than $140 million from that point going forward.

D.P.O. HORSLEY:
Okay.

MR. POLLERT:
But the first year loss is less than -- it's about $288,000. It dips under, and then it's about -- my recollection about a half a million dollars like the next year, and then it starts to accelerate depending upon the assumptions that we put into a model. The problem is it's a highly leveraged type of model so it goes out through 2032. It's very sensitive to assumptions on the cost of electric, cost of chemicals, cost of salaries, cost of pensions, cost of health insurance. So if you change any of those variables, if you come up with a more effective way of providing source services, it could maintain the solvency of the Assessment Stabilization Reserve Fund going forward for a much longer period of time.

D.P.O. HORSLEY:
For a much longer period of time. Would -- if we factored in the growth of sewers into the future would that change the formula?

MR. POLLERT:
It absolutely would. So it all depends upon if you can do relatively inexpensive improvements to sewer districts that would enable connection fees go up --

D.P.O. HORSLEY:
Right.

MR. POLLERT:
You would have a new revenue source. So that's part of what is being --

D.P.O. HORSLEY:
So if -- the possibility of the use of say the $38 million that is over 140 million now that we're looking at in 013 to distribute, if that grows the system enough that formula could -- that could change.

MR. POLLERT:
Absolutely.

D.P.O. HORSLEY:
Okay, that's interesting. The other thing -- I want to just quickly go to Robert. I think this is -- and I know this is your, you know, your bailiwick is projecting into the future. I mean, I'm hearing all over the place that the economy is finally starting to heat up, that housing stock is dwindling and the unemployment rate has suddenly dipped on Long Island as it has across the county. What do you think into the future, is it possible that we're going to be able to grow our way out of some of these problems that you're forecasting?

MR. LIPP:
No.

D.P.O. HORSLEY:
I had a feeling that you would say that. But again we don't always agree on this.

MR. LIPP:
Yes.

D.P.O. HORSLEY:
Okay. So you're saying that it's not going to grow enough.

MR. LIPP:
Correct.

D.P.O. HORSLEY:
Got it.

CHAIRMAN GREGORY:
Okay. Legislator Lindsay.

P.O. LINDSAY:
I always get a kick out of Robert, your face, when you make this presentation. This seems to be the highlight of your year, you know, with these projections, you know. And it never changes, good or bad, you know, you always find a dire way of putting on the projection.

I think the most important thing that I've gotten out of this joint report is that we agree pretty much on everything. We're very, very close to our estimates, and for those of my colleagues that are fairly new, that hasn't always been the case. And it really makes a difference moving forward that we have some kind of general agreement on the number and, of course, the toughest part is how to get to that number with as little pain as possible. I know Legislator Kennedy was alluding to the number of people that might have to be laid off moving forward. I don't think the Executive takes great joy in that and certainly this body doesn't take great joy in laying off any more of our employees, on a micro level and a macro level. It isn't a good thing for our economy, and it isn't certainly a good thing for our County and our citizens with the services that those employees provide, you know.

It's -- the other comment that was made is Legislator Krupski, every meeting he spends here his eyes get wider, like -- and I can almost read his mind, "What the hell did I get myself into?"

LEG. KRUPSKI:
It's a little different.

P.O. LINDSAY:
Yes, yes. So I guess it isn't a good time to propose to put the police bodyguards back on the County Executive. Not a good time, Fred. I applaud the work that both Budget Offices have done and I, you know, I just hope you guys continue working together and come up with some ideas that we can use. The model of working together has produced some positive things. I mean, last year, as you recall, the leaseback of Dennison was an idea that came out from Legislator Romaine initially and this Legislature -- and nobody -- when he first proposed it I said, "What are you crazy?" And I think that was the initial reaction of everybody, but it looks like we're going down that path. So something that comes up initially as a little bit off the wall after we analyze it a little bit it really isn't, so I don't think we should reject any idea that comes up. Thank you.

CHAIRMAN GREGORY:
Thank you. And I think as grim as the numbers that are represented there still are some numbers that are -- that we're facing that aren't in those projections. I think Cilmi -- Legislator Cilmi mentioned the pension costs, which seem to be going up every year for the past five years, but another cost that we've just had to, I think which is reflected in some aspect with the Correction Officers for retro pay, I think we're facing the same situation. Should we settle contracts or, you know, in 2014 for contracts that are, you know, that we're negotiating now. We have potential payouts that aren't in these numbers as well.

MR. LIPP:
Case in point on that, we have, and I believe they have also, but they vary differently. We made some assumptions about contract settlements. It would not be appropriate to talk about what those assumptions are because it would affect negotiations which would be inappropriate, but we do have something in there to account for some sort of contract negotiations.

CHAIRMAN GREGORY:
Right. Obviously for some unions because, you know, AME, their contract just was --

MR. LIPP:
Yeah, we can't discuss what the assumptions are, though.

CHAIRMAN GREGORY:
No, no, I'm not. I mean, for I think AME their contract expired December of last year.

MR. LIPP:
Correct.

CHAIRMAN GREGORY:
So that number was not going to be necessarily as big as far as retro because it's, you know, the sooner we settle, the better for us. I mean, some of these contracts were years. That's my point, so. And I know it's hard enough to project that as it is, but there may be some concerns regarding that area that we may have to deal with that aren't reflected here. But thank you for your report. It certainly I think --

P.O. LINDSAY:
One more thing, Mr. Chairman.

CHAIRMAN GREGORY:
Sure. Sure, Legislator Lindsay.

P.O. LINDSAY:
This is a comment that I usually make to Robert every year privately, but I'll make it publicly. The

pension costs, which everybody knows is a favorite topic of mine, we understand that the State Pension Fund is built on market values to a great degree. They depend on the market a lot as far as the cost of our pension costs. Now that the market has surpassed its high points, it's almost gained back what, a hundred percent of its value it lost from the low points? Why is it still going up?

MR. POLLERT:
Perhaps Robert has a more complete answer, but it's my understanding that they're not completely invested in the equity market. In fact, it's my understanding that it's about half, I guess, is involved in the equity markets and then they have other investments.

Number two is there's also time, time for delays. So if we were just in the County, you know, just having expenditure problems of like $100 million a year and then sales tax popped up, it's going to take a number of years to generate enough revenues to pay off that $100 million shortfall that we had incurred over a number of years. So it's a combination of making up the funds that they had previously lost as well as the fact that they are not completely involved in the equity market.

MR. LIPP:
There's also a lag in how they calculate the contribution rates so it reflects a few years of prior stock market performance, so it'll be another couple of years before -- even if the market stays this way, that we would see that in a contribution rates under the current system. That being said, in our review we actually did a calculation going out several years to show what we project the retirement or pension costs would be in each of the next several years. It's a convoluted calculation but it takes several years. The idea supposedly is that they want to blend in past stock market gains or losses so that it's not sticker shock either way. The problem was in the fourth quarter of 2008 the world sort of came to an end and ditto in 2009. So yeah, we came back, but we're still seeing some of that '08, '09, those numbers in the contribution rates.

LEG. CILMI:
Through the Chair.

CHAIRMAN GREGORY:
Yes.

LEG. CILMI:
If I could also add or ask, doesn't the fact that we amortized over the past couple of years the pension contribution, doesn't that lock us into a certain higher level of contribution or higher level of payments or requirements for the next few years?

MR. LIPP:
Yes. We -- the amortization is basically a loan from the State Retirement System over ten years, so each year we borrow, like two years ago 19 million, last year like 45 million, this year a little over sixty million. According to the budget model like 83 million next year. Each of those will be paid back over a ten year period to debt service. So what we're doing is we're going to be layering on debt service for each of those borrowings each year. So that's a yes.

LEG. CILMI:
But not only that, isn't there also some sort of a caveat to doing that, that the -- if the pension fund sees increases in revenue as a result of the improved market, we don't get to take advantage of those increases because of the amortization.

MR. LIPP:
Yeah. There's a caveat, as you say. If you're going to amortize then you can only get a small gain

from the decrease in the contribution rate. I think it's one percent a year maximum, so arguably if the contribution rate that is a percent of salaries that we have to pay for the pension goes down, let's say for argument's sake by three percent, we only could recognize one percent decrease, and the rest goes into a reserve because we were bad boys.

LEG. CILMI:
So not only are we paying more for the amortization/borrowing in interest payments, which by the way, at least they used to exceed the rate of return on the pension fund itself, but we're also penalized because we did it by not being able to take advantage of a better market.

MR. LIPP:
Yes.

CHAIRMAN GREGORY:
Okay. Thank you, lady and gentlemen. All right. Let's get to the agenda.

Tabled Resolutions

IR 1947-2012 - Adopting Local Law No. -2013, A Charter Law to establish multi-year budget plan (Cilmi).

CHAIRMAN GREGORY:
I'm going to make a motion to table.

LEG. CILMI:
Mr. Chairman, if I may speak to this.

CHAIRMAN GREGORY:
Yes. Hold on. Let me get a second.

LEG. CILMI:
Sure.

LEG. KRUPSKI:
Second.

CHAIRMAN GREGORY:
Second by Legislator Krupski.

LEG. MURATORE:
Motion to approve.

CHAIRMAN GREGORY:
Motion to approve by Legislator Muratore.

LEG. KRUPSKI:
Second. Can I second it?

LEG. CILMI:
So we have a motion to table and a second and we have a motion to approve with no second.

CHAIRMAN GREGORY:
I don't think you can do that. Can you make a second on two competing motions? Okay, haven't

seen that done before.

LEG. SCHNEIDERMAN:
You can get a second on a tabling and an approval?

LEG. KRUPSKI:
He was just going to move it forward since it's not moving it forward.

LEG. SCHNEIDERMAN:
What do we have for a motion now?

CHAIRMAN GREGORY:
We have a motion to table with a second, a motion to approve --

LEG. CILMI:
So Legislator Krupski seconded the motion to table, is that correct.

CHAIRMAN GREGORY:
Yes.

LEG. CILMI:
And you'd also like to second the motion to approve, but there's some question as to whether or not that's --

LEG. SCHNEIDERMAN:
I'll second the motion to table if that makes it easier.

CHAIRMAN GREGORY:
Okay. All right. Here we go.

LEG. CILMI:
Okay. So now on the motions. We just heard, I won't call it sobering because, you know, I think many of us, probably most of us saw this coming. So, I mean, I for one had already been sober. But we heard some pretty frightening predictions from our Budget Office, from our Budget Review Office as well as the County Executive's Budget Office, and they seem to, you know, carry on this theme that, you know, we sort of established a couple years ago of honesty in the challenges, the fiscal challenges, that our County faces. Now, we've seen projections through 2014, and you may remember during my questioning of both our Budget Office and our Budget Review Office, I asked if they had done projections for 2015 and they said they had, albeit on a more cursory level. And I asked them because they spoke largely of expenses in their presentation, I asked them if they could also project sales tax and they said with some degree of, I guess, hopefulness is probably the best way to put it, yes, they could through 2015.

So I guess my question for this committee in tabling this bill is why? Why would you want to not receive a plan when we get our budget in September on a cursory level, and this requires nothing more than that, why would you not want to in addition see a plan for the next three years when we continually hear about multiple year budget deficits. It just seems to me like common sense, and if the County Executive's Office is already doing it to some extent and our Budget Review Office is already looking at it to some extent, and this doesn't really require any significant increases in their resources, why wouldn't we want to do this? So I would ask the -- I would ask the, you know, the committee to just address that.

LEG. SCHNEIDERMAN:
If I might. You're not asking for multiyear to some extent. You're asking it as a full budget process.

LEG. CILMI:
No, I'm not, to answer your question, Legislator Schneiderman. It's not asking for that at all.

LEG. SCHNEIDERMAN:
But category by category.

LEG. CILMI:
It's asking for sort of a breakdown, Health, you know, but it's not specific.

LEG. SCHNEIDERMAN:
Well, let me turn it over to BRO because, you know, we already are looking at multiyears as we did today with these projections. How would this impact the work that you do, Robert, in your department.

MR. LIPP:
Well, as I understand the bill to the best of my ability, I think what Legislator Cilmi is saying is you wouldn't be adopting the revenue expenditure plan for the multiyears. You would still only be adopting it for the upcoming year. So for instance, the proposed 2014 budget, or I'll say the adopted 2014 budget, you would adopt just, you know, the numbers for 2014, but you would have projections in that document for 2015 and for 2016 so you could see if things are getting better or worse, that kind of thing. It sort of like would force you to stretch your mind and to think further out as opposed to myopically looking at the one year. Would it be more work? Yeah, it would be more work. Is it of value? Yes. It's actually recommended by the Government Finance Officers Association to have multiyear budget plans. That being said, it would be a bit of a headache for us, but hey, that's our job.

LEG. SCHNEIDERMAN:
Most of the work would be the County Executive's part because they have to propose the budget with the three year planning involved. You're responding to it.

MR. LIPP:
Yeah, we always have it a little easier. As I like to say sometimes our job is easier in the sense that they are the doers, we're the reviewers.

LEG. SCHNEIDERMAN:
So is there somebody still here from the Executive's Budget Office who could speak to this? Tom, I see you motioning toward the podium.

MR. VAUGHN:
Good afternoon, Legislator Schneiderman. I have spoken with Mr. Pollert about this and I regret that he had to return back across the street before the debate on this bill actually came up. However, in speaking to him he is greatly concerned about the --

LEG. SCHNEIDERMAN:
Is he still out in the hall?

MR. VAUGHN:
I see another gentleman, I don't see Mr. Pollert. I see somebody talking. From my point of view I can't see Mr. Pollert.

LEG. CILMI:
While we're waiting to see if he's here, through the Chair, George can you verify or controvert what Robert suggested in terms of that this would not require us to adopt a multiyear plan, but rather just look at some rough numbers for the future.

MR. NOLAN:
Right. It puts all -- the whole obligation is on the County Executive at the time he proposes his operating budget. At the same time he would provide the information for the subsequent three years.

LEG. CILMI:
And it wouldn't require a line item by line item by line item. You know, it wouldn't require for every single line item that we stretch that out so the document itself wouldn't have to be substantively bigger.

MR. NOLAN:
Well, I don't know -- it doesn't require line item detail. It's more categories, revenues, expend -- you know, things like that.

LEG. CILMI:
Right. And roughly how many categories do we have in terms of departments in the budget, roughly.

MR. NOLAN:
Well, it says six or seven things in the first section, including a baseline estimate of expenditures in revenues, identifying and describing reasonable detail all actions necessary and appropriate to ensure that -- with respect to each major fund. That any projected baseline deficit is closed and that annual aggregate operating expenses for the fiscal year will not exceed the revenues. Provide that each of the major funds will be balanced, identify and describe all reserve and unreserved fund balances that are available to make on time payments. Identify anticipated threats to the success of the plan, identify and describe contingencies and opportunities which may be available or which may occur during the plan to enhance the probability of success of the plan.

LEG. CILMI:
So basically on the major funds it's requiring some narrative and some predictions, in a nutshell.

LEG. SCHNEIDERMAN:
Fred is in the room so --

MR. NOLAN:
There is some narrative, there is some numbers.

LEG. SCHNEIDERMAN:
So my question -- I thank you, Fred, for coming back in, and through the Chair. I had some concerns and, you know, not that this is not a bad idea, I just know that the budget process is an onerous one and I know that you have been undertaking these multiyear projections overall in terms of fund balances. I don't know if you had an opportunity to review Legislator Cilmi's bill that would require the proposed budget to do a number of things, go through all these major funds and do these projections. Have you had a chance to look at this bill?

MR. POLLERT:
No, I haven't looked at it in detail, but concept-wise I understand what the Legislator is attempting to do. One of the questions that was, you know, that you had raised was what's going to be the

impact on 2015 or one of the Legislators had raised that question. Based -- you know, the 2014 model going out one year has a lot of noise to it. If you go out two or more years there's tremendous amount of noise, so currently what is, you know -- the major drivers for 2015 will be what happens with the State plan with respect to the assumption of Medicaid costs, what will be the actions of the Legislature and the Executive to deal with the 2014 problem. So if you come up with, as I had said, recurring types of savings, it's dramatically going to impact what the outlook is for 2015.

On a two or three billion dollar budget it's not unusual to have budget variances early in the year of a hundred, two, three, four, hundred million dollars. As you amplify that going out you've got tremendous noise. It's like trying to forecast out the water quality model through the year 2030. If I change a sales tax assumption growth by one or two percent, it's going to have a dramatic impact over a forecast time line of two or three years. Having to come up with corrective action options then makes it extremely difficult if you're very conservative in your forecast.

It also presents some problems with respect to the rating agencies. You're now laying out there a three or four year plan and could contemplate laying off a ton of employees which may not be necessary, or doing something of that sort which will never come to fruition because there's always things happening during the year. The possibility of one shots, possibility of improvements, or sometimes things get worse like a Hurricane Sandy blows in.

So again, if you go out much more than looking one year ahead you wind up with tremendous noise in the forecast. We can do that for salary cost, we can do that for pension cost, we can do it for employee, you know, health insurance costs, but even where we have stable trend lines for sales tax, in 2008-2009 we lost more than a hundred million dollars. Where we have stable trend lines for health insurance ObamaCare is going to change the fundamentals of those previously stable trend lines. So it, you know, it's just that there's going to be a tremendous amount of noise if you go out more than one year.

LEG. SCHNEIDERMAN:
How many -- because this bill would require for all major funds the three year projections. How many major funds do we have?

MR. POLLERT:
We probably have -- so if we consolidate all the sewers you've got about a half a dozen major funds.

LEG. SCHNEIDERMAN:
So six.

MR. POLLERT:
Yeah.

LEG. SCHNEIDERMAN:
Do you have a sense of how much additional work you'd have to do to be able to provide those three year projections?

MR. POLLERT:
No I don't, because as I had said, I read through the law but I really didn't spend a lot of time going through the nitty-gritty details because we've been working on a whole host of other things, including this budget model.

LEG. SCHNEIDERMAN:
Okay.

LEG. CILMI:
May I ask a question?

CHAIRMAN GREGORY:
Sure. Then Legislator Horsley.

LEG. CILMI:
To Counsel. When is the deadline for amendment if the -- and I guess my question is if we were to amend this bill to change the three year out projection of plans to a two year plan, because I recognize as you get out there is going to be additional noise, but it doesn't mean that we shouldn't do it. So can we amend this today? If the committee chose to pass this today, could we amend it and change the three years to two years and still be ready to vote on it on Tuesday of next week.

MR. NOLAN:
No. We're past the amended filing deadline, which was yesterday. So any amendment now, it would have to be tabled.

LEG. SCHNEIDERMAN:
You can refile.

LEG. CILMI:
Okay. Well, all right, that answers my questions. I mean, obviously -- I'm a little surprised that the County's Budget Director hasn't read a bill that specifically impacts his office. But again, and Fred has articulated some, you know, some valid concerns, but again, it doesn't mean that we shouldn't do it. I mean, they do it now and any responsible Budget Office would look out two or three years to do it. This just says that while, you know, they're doing this in whatever month, March we're in now, do it when you present the budget. Thanks.

CHAIRMAN GREGORY:
Okay. We have a motion. Oh, I'm sorry. Legislator Horsley.

D.P.O. HORSLEY:
Yeah, I just wanted to confirm the -- I think the largest fear that I would have is something that Fred mentioned. Fred, just quickly on the bond rating issue. If you're taking a conservative forecast in the future, which we usually do, do you feel that -- you know, I just want to reconfirm that because that's a big deal, that the bond rating agencies could actually downgrade you or something like that if there is -- if we forecast negative issues?

MR. POLLERT:
Clearly it would be an area of concern to them, so we have spent the last week and a half, because of the RAN borrowing, doing an update to the budget section on the preliminary offering statement. There's a lot of discussion in there on what transpired in 2011, 2012. We always spend a lot of time, "Gee, you came up with a forecast that said X, Y and Z, where is the variance on that forecast?" So if we're going out for two years and if we're doing a borrowing for two years, we have a forecast with a tremendous amount of noise in it that I would assume that they would be concerned about if we're showing future year shortfalls and deficits, and more importantly --

D.P.O. HORSLEY:
So that would go to like a negative impact.

MR. POLLERT:
Well, it could. You know, clearly they look at a number of different variables. Equally disconcerting, though, is having to come up with contingency plans on how you are going to deal

with it. So if I let's say have a mistake in the budget model going out two years with a $200 million problem, my largest discretionary expense to reduce is personnel. So putting a plan out there that says that we have to have a reduction in force of two or 300 individuals is really counterproductive, especially since there may be other events occurring. So even for 2014 when Robert and myself talked about the model we didn't say, "Gee, we're going to solve $120 million with layoffs" or anything of that sort. It's counterproductive. Hopefully there are other options we can come up with, but the further out you go, you know, your degrees of freedom are really limited on what you can propose.

D.P.O. HORSLEY:
Thank you.

CHAIRMAN GREGORY:
We have a couple questions.

LEG. SCHNEIDERMAN:
Fred, don't go anywhere yet.

CHAIRMAN GREGORY:
Jay, you had a question?

LEG. SCHNEIDERMAN:
Yeah. I did. My question, Fred, are other counties, similar size counties, do they do three year budgets, two year budgets?

MR. POLLERT:
No, they generally do not. What they may have is a group of assumptions that they are using to go forward, so going forward on the sales tax for the water quality model, we have an assumed growth of three and a half percent. Both Robert and myself when we started to meet on what the budget forecast would be is we sat down to come up with agreement on major drivers in the operating budget. You know, what is the forecast on sales tax, what's the forecast on employee medical health costs, what is the forecast on, you know, pension costs, what are the forecasts on debt service if we do borrowings of $125 million per year.

Most counties probably have something of that sort, what are the major drivers, but actually coming up with how it falls out fund by fund by fund. So I can have an eight percent growth, let's say, in the employee medical health insurance costs, trying to apportion that out to the General Fund, to the Police Department, becomes really problematic. How many police classes am I going to have, how many employees am I going to have. So once you go out more than one year you have to make a ton of assumptions on staffing levels. You have to make assumptions on what's going to happen with Federal health care reform, you are going to have to make assumptions on the economy. So you could technically solve the budget problem if you say, "Gee, by 2015 we really feel that we are going to have a sales tax growth of eight percent", and one time we had eight, nine, ten percent compounded annual growth in sales tax. So if I throw in eight percent I don't have a problem, and then I go to the rating agencies and they say, "You idiot, what have you done. You've got an eight percent growth here. You have got a wide budget variance that for two years you said was not going to be happening."

LEG. SCHNEIDERMAN:
Would you, you know, have any issue in including in the proposed budget that type of review that you're saying other counties do in terms of more of a narrative look at two or three years ahead and some of those outstanding factors that could be --

MR. POLLERT:
With respect to the major drivers that would not be a major problem. Rolling it into the budget to see exactly what the impact would be would be difficult.

LEG. SCHNEIDERMAN:
Can I ask one other question, because one thing that's always bothered me is I don't see in the budget a solid estimate of nonrecurring revenue used, particularly as a percentage of overall expenses, overall revenues, as well as nonrecurring expenses, too. If you have a one-time expense that's being offset by a one-time revenue source that's okay to me, but when you are using those nonrecurring revenues for a recurring expense I have an issue with that. I just would like to know to what extent -- whether I do it through a bill or whether you did it just administratively, would you have any problems with including that type of evaluation in a budget?

MR. POLLERT:
So even when we were doing -- technically no. However --

LEG. SCHNEIDERMAN:
It's a reflection of that shortfall, that's why I'd like to see it.

MR. POLLERT:
Really the devil is in the details. So just a few minutes ago Robert had said the budget assumes the continued pension amortization in 2014 with $83 million. He's classifying that as a one shot, and I'm sure some people would agree with him. Do I include that as a one shot? We've done it for a number of years. We have the capability of doing for a number of more years, so it's the definition of how you're defining a one shot. If, you know, the two budget offices got together, yes, we could definitely do something like that. But I'm sure that there's going to be --

LEG. SCHNEIDERMAN:
Yeah, I think we can get past the semantics.

MR. POLLERT:
Right. So if you could get past --

LEG. SCHNEIDERMAN:
We could figure out what qualified as a nonrecurring revenue source and then you'd have no objection once it was clearly defined?

MR. POLLERT:
We already do that as part of our out year forecast.

LEG. SCHNEIDERMAN:
Okay. So just to have that as a mandatory requirement in the budget.

MR. POLLERT:
Well, it would, you know, it's a lot easier --

LEG. SCHNEIDERMAN:
Particularly if we're looking for this out year, you know, if Legislator Cilmi succeeds in some form to have some of these projections contained in the budget, that this could also be included, this type of analysis of the reliance on one shot revenue sources.

MR. POLLERT:
What my preference would be is to do it voluntarily just to see how it works out, to find out if we

meet the mark or not. Once it is codified in law then we'd have to go through all sorts of hoops. So classic case in point is we probably between the two Budget Offices waste more than a week of time going through arcane calculations that no one ever looks at with respect to what's mandated, what's not mandated, what's an undistributed expense or undistributed type of revenue. It takes us conservatively in the Budget Office a week of time to do a calculation that's also verified by the Budget Review Office that has become tremendously meaningless. So when you codify things in law you are stuck with it forever and ever and ever. As a first go round during this budget process I'd be happy to work with Budget Review Office and try to come up with those major drivers and come up with a list of one shots. There may be noise between us --

LEG. SCHNEIDERMAN:
That information may be more valuable to us than some of the other things you're referring to, so maybe, you know, if you want to bring those things to our attention and if this body feels that it's not necessary for you to spend the week working on those projections and more important to do these type of projections, maybe that could be a tradeoff.

CHAIRMAN GREGORY:
Legislator Cilmi.

LEG. CILMI:
Yes. So this bill would not require you to roll any information into the budget. It simply requires you to offer to us a plan for how we're going to deal with the next three years. It doesn't require us to adopt that plan. It makes those numbers no more concrete than the numbers that you just presented to us. And as far as your assertion about the bond rating and whatnot, and about the long-term budgeting, the County Executive came to us at the beginning of last year and offered to us a three year deficit prediction through 2014, which consequently precipitated a decrease in our bond ratings if I recall correctly. And if I continue to recall correctly, we initially came out and said there was a $406 million deficit, and then the committee said there was a $530 million deficit, and the Comptroller said no, you were wrong, in 2012 it's going to be 30 million more, making the committee's assumption $560 million. And then we got back down somehow to 300 million and at the beginning of this year, when the County Executive talked about the state of the County, we were back to 400 million.

So I recognize that these numbers are somewhat fluid and that's why you have a budget process every year, because you make more concrete predictions in the budget itself. And as we've seen, even those numbers that are in the budget are not concrete.

So again, I would ask the committee to strongly consider supporting this bill. It makes complete sense. It will not put the County Executive's Office under any stress, any more stress at all, despite what the Budget Director says. All it will do is talk about the problems in a formal way and talk about the potential solutions in a formal way. Isn't that something that our County deserves?

CHAIRMAN GREGORY:
Do you have a comment, Fred?

MR. POLLERT:
The problem is really coming up with contingency plans. So if we had come up with contingency plans for 500, 400, 300 million dollars, you would have had chaos as, you know, you have different layers of these plans. So I can propose looking at reductions in the discretionary area. We could cut out the Health Department, you know, like the County bus program. It's not a priority. You know, it would be things that would be high priorities of the Legislature and Executive. That's part of the dialogue process as the budget goes along to come up with a consensus. Coming up with the potential, you know, proposals could cause a tremendous amount of angst and a tremendous

amount of problems if you're proposing things going two years out that need not even occur.

LEG. CILMI:
Well, Fred, we spoke about two years out a year ago.

MR. POLLERT:
But we didn't have contingency plans.

LEG. CILMI:
But clearly we had plans. I don't know if you'd call them contingency plans or whatever kind of plans you'd call them, you said to us if we don't do these things then we're going to realize this much of a deficit. And that was, you know, you were making some assumptions in those -- in that presentation to us. So how is it any different.

MR. POLLERT:
Because even now we have come up with alternatives that could total to more than the projected layoff.

LEG. CILMI:
Okay.

MR. POLLERT:
Part of the reason of working cooperative between the Executive and the Legislature is cobbling something together which is mutually acceptable. So in previous years the biggest problem that the County ever had with respect to the ratings really go back to the Halpin Administration. They were dueling plans. The County Executive had a plan, the Legislature had their own independent plan. I lived through a meeting with the rating agencies where they said, "We don't want to see competing plans. We don't want to see ideas. We want to see one plan, which is endorsed by the Legislature and by the Executive" and because we didn't have that we -- we were reduced to almost junk bond status. There were tons of plans, we could have over solved the problem, but the construction of how you're going to deal with the problem is important to both the employees, service providers and having something unilaterally come out of the Budget Office saying, "Gee, we're forecasting a $250 million problem next year. We're going to solve it by laying off employees" would not be acceptable to the Legislature nor to the Executive.

So that's -- you know, we can come up with what the major drivers are, what the major expenses are. We did that last year but it's the identification of the plan that really needs to be a collaborative venture between the Executive and the Legislature.

LEG. CILMI:
Okay, but it is a collaborative adventure. And although a plan is a plan, it's not necessarily, again, in stone. So while you might say in your budget plan or in the plan portion of the budget that you present to us this year, you might say that as a result of increasing pension costs and whatever, you know, we plan to do this, this, and this. And should that change there's nothing preventing us from revising those plans. I mean, we do it all the time.

MR. POLLERT:
But one of the difficulties, again --

LEG. CILMI:
If I may finish. And you said they are looking for collaboration. Well, last time I checked the County Executive's Office proposes a budget and we adopt a budget. There's nothing preventing us from working together at that point once the budget's been presented and either agreeing or

disagreeing and proposing to amend whatever it is that you've suggested in this portion of the budget, so it would be a collaborative effort.

MR. POLLERT:
Again, even though it could be a "what if" plan going forward, once it's written down it's cast in concrete. So --

LEG. CILMI:
Is this -- was what you presented to us today cast in concrete for 2014.

MR. POLLERT:
But that's not a plan. If I had laid out a plan on this is how we are going to deal with $250 million, put it in a budget narrative, we then have to explain why we have variances from that plan to the rating agency. So firstly we have rating agency calls. The first 20 minutes are going to be, "So how did you do with the plan that you rolled off last year? Where are your pluses, where are your minuses, where were you successful, where are the budget variances?" It gets progressively worse when the books close. We spend with a face to face conversation more than 50% of the time talking about you had a plan, how did you do to -- how was your actual performance based plan. So again, doing the major drivers we can do easily. It's the last part we're doing a plan that I think could be very counterproductive for the workforce and --

LEG. CILMI:
I don't think planning is counterproductive. I think those conversations with the rating agencies are worthwhile having and -- again, I just don't -- we just disagree, Fred. We really just disagree here.

MR. POLLERT:
Okay.

LEG. CILMI:
I just don't see how planning is a bad thing.

CHAIRMAN GREGORY:
Okay. All right, we have a half hour before the next committee and we haven't gotten past the first bill yet on our agenda.

LEG. CILMI:
I'm on the next committee.

CHAIRMAN GREGORY:
Okay, and realize some have to eat lunch. So we have two motions, right Madam Clerk, a table and an approve. The tabling motion goes first. All in favor? Opposed? Abstentions? Please opposed raise your hands.

LEG. MURATORE:
Oppose.

LEG. KRUPSKI:
Opposed.

P.O. LINDSAY:
Motion is tabled.

CHAIRMAN GREGORY:
Okay, the ayes have it. The motion is tabled. ***(Vote: 4-2-0-0 Opposed: Legislators Krupski and Muratore. Presiding Officer Lindsay is included in the vote).***

IR 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. I make the motion. Second by Legislator Schneiderman. All in favor? Opposed? Abstentions? ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

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 has to be tabled for a public hearing. I make the motion. Second by Legislator Schneiderman. All in favor? Opposed? Abstentions? ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***
IR 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. I make the motion. Second by Legislator Schneiderman. All in favor? Opposed? Abstentions? ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

Introductory Resolutions

IR 1131 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 915-2013)(Co. Exec.).

Legislator Schneiderman makes a motion to approve and place on the Consent Calendar. I second that motion. All in favor? Opposed? Abstentions? ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

IR 1132 - To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 385(Co. Exec.).

Same motion, same second, same vote. ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

IR 1141 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 916-2013)(Co. Exec.).

Same motion, same second, same vote. ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

IR 1142 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 917-2013)(Co. Exec.).

I'll offer same motion, same second, same vote. ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

IR 1143 - To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer By: County Legislature No. 386 (Co. Exec.). Same motion, same second, same vote. ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

IR 1144 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 918-2013)(Co. Exec.). Same motion, same second, same vote. ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

IR 1170 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 919-2013)(Co. Exec.). Same motion, same second, same vote. ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

IR 1171 - Adopting Local Law No. -2013, A Charter Law to implement One-Year Rolling Debt Policy under 5-25-5 Law to mitigate budgetary shortfall (Co. Exec.). This has to be tabled for a public hearing. I make the motion, second by Legislator Schneiderman. All in favor? Opposed? Abstentions? ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

IR 1201 - Amending the 2013 Operating Budget and appropriating funds in connection with bonding for a settlement for a liability case against the County (Co. Exec.). I make a motion to approve. Second by Legislator Schneiderman. Any questions? All in favor? Opposed? Abstentions? ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

IR 1202 - Amending the 2013 Operating Budget and appropriating funds in connection with bonding for a settlement for a liability case against the County (Co. Exec.). I make a motion to approve. Seconded by Legislator Schneiderman. Any questions? No questions. All in favor? Opposed? Abstentions? ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

IR 1203 - Amending the 2013 Operating Budget and appropriating funds in connection with bonding for a settlement for a liability case against the County (Co. Exec.). I make a motion to approve. Second by Legislator Schneiderman. Any questions? No questions. All in favor? Opposed? Abstentions? ***(Vote: 6-0-0-0 - Presiding Officer Lindsay is included in the vote).***

That is our agenda. We stand adjourned. Thank you.

(The meeting was adjourned at 12:33 P.M.)