BUDGET AND FINANCE COMMITTEE

OF THE

SUFFOLK COUNTY LEGISLATURE

MINUTES

A meeting of the Budget and Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on Tuesday, April 30, 2013.

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

Also In Attendance:
George Nolan - Counsel to the Legislature
Renee Ortiz - Deputy Clerk of the Legislature
Paul Perillie - Aide to Legislator Gregory
Kevin LaValle - Aide to Legislator Muratore
Ali Nazir - Aide to Legislator Kennedy
Justin Littell - Aide to Legislator D'Amaro
Michael Pitcher - Aide to Presiding Officer Lindsay
Tom Vaughn - County Executive's Office
Robert Lipp - Deputy Director - Budget Review Office
Craig Freas - Budget Review Office
Lynne Bizzarro - Deputy County Attorney
Rick Brand - Newsday
All Other Interested Parties

Minutes Taken and Transcribed By:
Gabrielle Skolom - Court Stenographer

(*The meeting was called to order at 10:14 a.m.*)

CHAIRMAN GREGORY:
Okay. Good morning. Welcome to today's Budget and Finance Committee meeting. Chairman and Legislator Gregory. Can you all please rise for the Pledge led by Legislator Horsley.

(*Salutation*)

Thank you all for coming today. Do we have any cards?

MS. ORTIZ:
No.

CHAIRMAN GREGORY:
No, we don't have any cards for the public portion. Is there anyone in the audience that would like to make a comment, statement? Please come forward. Okay. Anything from the County Executive's Office? No. Okay. All right. Let's get to the agenda. We have ***tabled resolutions***.

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 public hearing. Motion by Legislator Muratore. Seconded by Legislator Krupski. All in favor? Opposed? Abstentions? **Tabled/Public Hearing (5-0-0-0)**

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

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). Same motion, same second. All in favor? Opposed? Abstentions? **Tabled/Public Hearing (5-0-0-0)**

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 (County Executive). I'll make a motion to approve. Seconded by Legislator Schneiderman. Any discussion? All in favor? Opposed? Abstentions? **Approved (4-1-0-0, Opposed: Muratore)**

LEG. MURATORE:
Opposed.

CHAIRMAN GREGORY:
One in opposition.

Introductory Resolutions, new Introductory Resolutions.

IR 1269, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer By: County Legislature No. 389 (County Executive). I'll make a motion to approve and place on the consent calendar. Seconded by Legislator Schneiderman. All in favor? Opposed? Abstentions? **Approved/Consent Calendar (5-0-0-0)**

IR 1280, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 922-2013)(County Executive). Same motion, same second. All in favor? Opposed? Abstentions? **Approved/Consent Calendar (5-0-0-0)**

IR 1291, Amending the 2013 Operating Budget to provide funding for East Quogue Chamber of Commerce, Westhampton Cultural Consortium and Montauk Observatory (Schneiderman). Motion by Legislator Schneiderman. Second by Legislator Krupski. All in favor? Any discussion? All in favor? Opposed? Abstentions? **Approved(5-0-0-0)**

IR 1297, Amending the 2013 Operating Budget and appropriating funds in connection with bonding for a settlement for a liability case against the County ($100,000) (County Executive). Make a motion to approve. Second by Legislator Schneiderman. We do have counsel here. Lynn -- Ms. Bizzarro, I'm sorry. **Approved(5-0-0-0)**

MS. BIZZARRO:
Thank you.

LEG. SCHNEIDERMAN:
Has this been through Ways and Means?

MS. BIZZARRO:
Yes, it has.

LEG. SCHNEIDERMAN:
And it was approved?

MS. BIZZARRO:
February 27, yes.

LEG. SCHNEIDERMAN:
How much can you tell us without having to go into Executive Session?

MS. BIZZARRO:
Basically, this is -- what is this? IR 1297. This is just -- it's a car accident between a police officer and another vehicle. It was an intersection collision. That's pretty much what I can tell you at this point. I'll be happy to give you details in Executive Session.

LEG. SCHNEIDERMAN:
Okay. And has any -- sometimes with these cases, there's follow up and corrective actions and things like that. Is there anything associated with this?

MS. BIZZARRO:
There may be, yes. An investigation was done. There may be some mitigation efforts on the part of the Police Department, but I don't have that information on my file.

LEG. SCHNEIDERMAN:
And while -- and this is -- I know we're self-insured, but with these automobile cases, we must have car insurance as well, right?

MS. BIZZARRO:
Yeah, we have a three million SIR on these, so once we hit three million, then we have coverage.

LEG. SCHNEIDERMAN:
Is that per incident, or is it total?

MS. BIZZARRO:
You know, I don't know if it goes on the aggregate. It may be, what I'm thinking, I think it's probably per accident and it goes by the amount of people that are involved in the incident.

LEG. SCHNEIDERMAN:
So it's more of a catastrophic occurrence, after three million?

MS. BIZZARRO:
Right. It's on the bigger cases, correct.

LEG. SCHNEIDERMAN:
While you're up there, through the Chair, can I get similar questions on the next one, too, because it's also a liability; is that all right?

CHAIRMAN GREGORY:
Yes.

MS. BIZZARRO:
Yes, on 1298, same thing. Ways and Means approved it on February 27. This matter was -- this was an in-jail incident.

LEG. SCHNEIDERMAN:
Can we get any detail on it or no?

MS. BIZZARRO:
Somebody who was under arrest came into the jail and stayed overnight, and there was an incident that ensued resulting in injury, and as a result, a lawsuit was filed, and this was a very good settlement.

LEG. SCHNEIDERMAN:
And, again, corrective actions?

MS. BIZZARRO:
That, I don't know. I don't know. Again, you'd have to speak to Sheriff DeMarco on that one.

LEG. SCHNEIDERMAN:
Okay.

CHAIRMAN GREGORY:
Ms. Bizzarro, I have a question. Generally, we -- both of these are going to be bonded. Generally, from my understanding, it's generally higher amounts that we bonded; now we're bonding smaller amounts. Didn't we used to have a fund that would kind of handle these lesser amounts?

MS. BIZZARRO:
We still do, but I think what they utilize that fund for is the real small amounts, say 25, 35, 55 even; anything pretty much under $100,000, they use that fund for, you know, to try to get them to the end of the year. So once they hit -- it looks to me like once we're hitting the 100,000 mark, they are looking to bond them. I can't say that's an absolute across the board, but right now that's the feeling that I'm getting. All right. Thank you. Anyone else have any questions?

MS. BIZZARRO:
Thank you.

CHAIRMAN GREGORY:
Thank you. We have a motion and a second, Madam Clerk?

MS. ORTIZ:
Yes.

CHAIRMAN GREGORY:
Okay. IR 1297, All in favor? Opposed? Abstentions? **Approved (5-0-0-0)**

IR 1298, Amending the 2013 Operating Budget and appropriating funds in connection with bonding for a settlement for a liability case against the County ($125,000) (County Executive). I'll make a motion to approve. Second by Legislator Schneiderman. Any questions? All in favor? Opposed? Abstentions? **Approved (5-0-0-0)**

IR 1299, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 923-2013) (County Executive). Motion to approve and place on the consent calendar. Second by Legislator Schneiderman. All in favor? Opposed? Abstentions? **Approved/Consent Calendar (5-0-0-0)**

IR 1304, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 924-2013)(County Executive). Same motion, same second. All in favor? Opposed? Abstentions? **Approved/Consent Calendar(5-0-0-0)**

IR 1307, Adopting Local Law No. -2013, A Charter Law adopting and incorporating 2% Property Tax Cap into the County budget process (Cilmi). This has to be tabled for a public hearing. Motion by Legislator Muratore. Second by Legislator Krupski. All in favor? Opposed? Abstentions? **Tabled/Public Hearing (5-0-0-0)**

IR 1312, Amending the 2013 Operating Budget to assure adequate personnel for Wastewater Management (Schneiderman). Do we have a motion? **Tabled (5-0-0-0)**

LEG. SCHNEIDERMAN:
Motion to approve by Legislator Schneiderman.

CHAIRMAN GREGORY:
Anyone else?

D.P.O. HORSLEY:
Second by Legislator Horsley.

LEG. KRUPSKI:
On the motion.

CHAIRMAN GREGORY:
Let's see what Mr. Vaughn has to say and then we'll -- yes.

MR. VAUGHN:
We certainly appreciate Legislator Schneiderman bringing this forward. We would like some consideration of a tabling motion for at least one cycle. We'd like to have Budget take a look at the resolution. We are concerned about the 477 Funds -- availability of funds being -- in terms of what's available for brick-and-mortar projects and certainly what's available for personnel. As the Legislature is well aware, we have had to use more money in the 477 Funds over the years for personnel issues. The fund can currently support this individual, and we don't disagree with, perhaps, the wisdom of adding the individual, but we would like to see if there is, perhaps, another way to do that, another spending offset for it. And the real concern is, going forward, that we don't want to completely drain the 477 Funds going forward and possibly end up where we would end up having to lay people off because there's not sufficient funds in there to continue paying them past,

let's say, I think 2014 or something along those lines.

CHAIRMAN GREGORY:
We had Legislator Krupski wanted to and then Jay and then Legislator Horsley.

LEG. KRUPSKI:
You know, I'm just objected to poaching 477 money for any salaries, for any salaries, first of all, because it should be used for brick and mortar. It should be used for water quality improvements. And second of all, the monitoring of sewer treatment plants, that should be a State obligation, not a County liability. I don't know why the County would be involved in that at all. Am I wrong there?

LEG. SCHNEIDERMAN:
There's lots of 'em.

LEG. KRUPSKI:
So in other words, it's a State liability and it shouldn't be a County responsibility, period, so we shouldn't even be putting this position in there.

CHAIRMAN GREGORY:
Okay. Legislator Schneiderman.

LEG. SCHNEIDERMAN:
Just to provide a little history here, yes, this is one of those unfunded mandates. The State makes us do this as part of SPDES compliance. We have to monitor -- we had a lot more people, I think at one point like six more people in this division. Legislator Romaine when he was here, now Brookhaven Supervisor Romaine, when he was here, he put in a bill to put three positions back using 477 Funds. We didn't have enough money in 477 to do that. This has been fully vetted with BRO. We can -- the fund can handle this one engineer. It's just one engineer. It's not all I want. I would like three positions there. If we run into problems with pollution of our aquifer or our surface waters because we're not keeping on top of these sewer treatment plants, it really could create tremendous problems for economic development down the road for the County in my mind. This is something -- we all believe in expanding these wastewater treatment facilities to encourage growth in certain areas of the County. I think this is really an important measure. I have been struggling to figure out where we funded from, and I have worked with Legislator Horsley on all different kinds of mechanisms, and I looked at fees, having these private plants in terms of their fees. I have looked at assessment stabilization reserve funds. I have done an exhaustive look at possible funding, and I believe the 477 Fund, which was created for water quality, makes sense and there's funds available for one person.

There was one other aspect of your question, Legislator Krupski. I'm trying to remember what the other piece was. Oh, in terms of using the money for salaries. So we're at a point where about half of the money goes towards salaries, and actually I had a bill several years ago that would set a cap on how much of this fund could be used for salaries. That bill didn't pass. The one bill that I succeeded in passing was requiring the proposed County Executive's budget any positions that are funded with 477 Funds, there has to be a -- an explanation as to what that job entails and why it's being funded, so we can see that it's legitimate for that 477 Fund.

I agree with you; I'd rather see this money being used for storm drains, et cetera, but the County is in a very difficult financial position right now, and I hate to see us lose half the staff in this department. I'm just trying to add one more person back. And it is a sales-tax funded fund. It's the 477 Fund. It is growing as sales tax grows, and right now we're getting some good growth in our sales tax revenues, and there aren't a lot of projects down the pipeline, so to speak, of brick-and-mortar projects, so I think we're in good shape to do this. I think we can put this position in, and I would ask that you support it. And I know the administration has some other ideas they want to discuss, and that's why they look for tabling so maybe discharging it without

recommendation would give me a chance to work with the administration and see if there's a counter, another way of approaching this.

CHAIRMAN GREGORY:
Legislator Horsley.

LEG. KENNEDY:
DuWayne.

D.P.O. HORSLEY:
Hello there, John.

LEG. KENNEDY:
Greetings, Wayne. How are you?

D.P.O. HORSLEY:
I'm just fine, thanks.
I just wanted to weigh in on this issue that if we do look over it the next couple days or table it for one cycle, I certainly don't want the administration to consider using the Sewer Stabilization Fund as a source. That is something that I feel would be tragic. We have some very important missions ahead to grow sewers in Suffolk County, and I don't want to start that ball rolling where we're using the stabilization funds for financing employees. Okay. I just wanted to make sure that was the case.

MR. VAUGHN:
Absolutely, sir, and in some of the conversations we've had, I don't believe that that idea has been broached.

D.P.O. HORSLEY:
Good.

CHAIRMAN GREGORY:
Legislator Kennedy.

LEG. KENNEDY:
Yes. Although, I'm not a member of the committee, let me just weigh in for a second with 477. And to the sponsor, adequate personnel in order to go ahead and monitor privately-operated sewage treatment plants is critically important. And to Legislator Krupski, in a broader concept, you're right, there should be a State responsibility, but unfortunately it's something that we here at the County level have done and done probably for the last 30 years I guess, 30 or 40 years, primarily because the State has never adequately overseen it. I do believe at one point we used to receive some reimbursement from the State for performing this function. BRO could probably tell us that.

LEG. SCHNEIDERMAN:
We do. We do. We still do, I believe, because that was part of the economic calculations. It's not a lot, but there's some reimbursement.

LEG. KENNEDY:
But to the sponsor what I would say to you is the one area I would disagree with you on is the potential for 477 projects. As a matter of fact, as we sit here right now, I'll be looking to go ahead and try to restore funding for our capital program. I had a request for 900,000 last July for the continuation of the fund remediation for the northeast branch, and as a matter of fact, it did not rate high enough and the Groundwater Quality Review Committee put some very strict parameters around the amount or number of projects that would be funded. I believe that in total, there was probably a $7- or $8-million total ask from the Water Quality Review Committee, and, in fact, only

about 1.5 million was ultimately authorized as far as 477 bricks and mortar. And even there, that interpretation for bricks and mortar got a little wavy. I think there was some algae boom stuff and some seeder oyster and things like that. So my point is, is that there is no lack at all, Jay, of actual construction projects seeking to be funded from 477.

LEG. SCHNEIDERMAN:
Maybe Robert has these numbers. I think there's around $8 million that comes in to that 477 fund a year and about 4 million that goes out in salary and benefits. So there should only be about 4 million left, but maybe that's completely changed by now. Robert, do you have that?

MR. LIPP:
Yes, it's completely changed by now. I believe the adopted budget has about a surplus on a standalone basis of about 100,000. It could very well be, though, because some of the cost estimates were miscalculated in the budget that it could be at a slight deficit position for 2013. So let's say --

LEG. SCHNEIDERMAN:
That's based on the projects, brick-and-mortar projects --

MR. LIPP:
It's based upon everything. What I'm saying is --

LEG. SCHNEIDERMAN:
What does the fund bring in per year; do you know?

MR. LIPP:
I'll look it up just to make sure. But the bottom line is we're on a break-even basis on a standalone basis. We have a surplus of $3.5 million, which is being -- which could be drawn down on with this and/or brick and mortar. Of the $3.5 million in 2012 and prior years, the Water Quality Review Committee had appropriated or rather had approved 1.6 million, which has yet to see resolutions. On top of that, the proposed capital program has 1.8 million in it over the multi years of the program. So there's a lot of demands on the remaining 3.5 million, and on a standalone basis, the operating budget is being fully expended.

LEG. SCHNEIDERMAN:
But it's a replenishing fund. So when you -- 3.5 million, yes, that's what the reserve is --

MR. LIPP:
No. The point is it's not being replenished --

LEG. SCHNEIDERMAN:
-- but it's money going out, and there's money coming up.

MR. LIPP:
-- equal to each other.

LEG. SCHNEIDERMAN:
For this year. But depends -- what I'm saying, I believe about half the money is going towards salary and benefits, and the remaining -- what I think is around 4 million -- is available for brick-and-mortar projects. Is that not correct?

MR. LIPP:
Okay. So it's a little over 8 million is the dollar amount going in there. 8.2 is related to operating expenses. 8.3 million in sales tax is adopted, 8.2 related to operating expenses, so it's exactly what I said. It was $100,000 surplus adopted and --

LEG. SCHNEIDERMAN:
But how much is salary of that of that 8 million?

MS. WAGNER:
Part of that might be --

MR. LIPP:
I'll have to get back to you on the salary part but the point is --

LEG. SCHNEIDERMAN:
I believe it's around $4 million.

MR. LIPP:
But we're spending the entire amount is the overriding concern.

LEG. SCHNEIDERMAN:
Right, because we have brick-and-mortar projects for this year that's using the other half of it.

MR. LIPP:
And for prior years too.

LEG. SCHNEIDERMAN:
Right. But the fund replenishes itself, so they approved, I think Legislator Kennedy said, about $1.6 million or something like that in pipeline new projects. There ought to be some flexibility there, and this one position is -- there's enough money, apparently, to cover this one engineer. It sounds like there might be money to cover some brick-and-mortar projects, at least the next year's budget.

MR. LIPP:
Any use of Water Quality funds right now, as far as we're concerned, will be eating into the fund balance of $3.5 million. Simple as that.

LEG. SCHNEIDERMAN:
Okay. So there's a balance, fund balance.

MR. LIPP:
Correct.

CHAIRMAN GREGORY:
Legislator Krupski.

LEG. KRUPSKI:
I think overall if you look at the 477 Funds and you look at the Water Quality challenges that we have on Long Island, and every time you do a brick-and-mortar project, you are going to improve Water Quality, you're going to improve recharge of rainwater into the groundwater, into the aquifer. And I think every time you take -- I think you almost have to separate out your Water Quality -- your monitoring of a sewer plant, that should be separate. That should be part of the sewer plant's operation, and you shouldn't look to other funds. It's like taking it -- you might as well take it from any part of the budget, then. It doesn't matter; 477, you could take it from any part. It's a separate function from Water Quality. That should stand on its own. The sewer plant is -- affluent coming out of the sewer plant should be monitored by whoever is operating the sewer plant, or if New York State thinks it's important, it should be monitored by New York State, but it shouldn't be linked to 477. It seems like in the past, it was a convenient place to take salaries out of, but I don't think that's right. I think you have to look at the bigger issue and separate it.

CHAIRMAN GREGORY:
Okay. Robert, if you could, at least for my edification, can you clarify what you just said to Legislator Schneiderman? Because you kind of confused me. I understood it as if you have 8.3 million coming in through sales, we have 8.2 million in expenses, but then you had mentioned something about a $three million fund balance. Where does that $three million --

MR. LIPP:
Yes. So what happens is that the traditional thing has been in the past that much of the money would go for capital projects, okay, and it would be adopted as zero, those projects. And then during the year, the moneys would be spent as they were appropriated by resolution, and obviously those resolutions require the Water Quality Review Committee to first opine on whether or not they approve it, and then we would adopt it.

CHAIRMAN GREGORY:
So what you're saying is there's $three million waiting to encumbered, but they're already assigned, if you will, or going --

MR. LIPP:
Not necessarily. Okay. So there's a $3.5 million fund balance surplus from prior years, and even though there is a --

CHAIRMAN GREGORY:
Now is that because there are projects that we didn't follow through on?

MR. LIPP:
Exactly. Not everything that the Water Quality Review Committee approves winds up coming in front of the Legislature as a resolution.

CHAIRMAN GREGORY:
Right. Okay.

MR. LIPP:
As a result, it's not clear to what extent these numbers will come in front of the Legislature. That being said, of the $3.5 million fund balance, 1.6 million is out there sort of pipelined, if you will, that may or may not come in front of the Legislature. And, additionally, over the multi-years of the current 2014 to '16 capital program is $1.8 million implicit there that would be future pipeline debt, if you will, to go against that. Right now, unless we change the approach that we have in the operating budget, for instance, for the 2014 recommended and adopted operating budget, we are fully spending the annual amounts of money that are coming in for Water Quality purposes or more.

CHAIRMAN GREGORY:
Right, minus the 100,000.
MR. LIPP:
Well, no, no. Actually, what I'm saying is the adopted budget has a surplus on a standalone basis of 100,000, but we tend to think that projecting out what the costs are that it might actually be in deficit.

CHAIRMAN GREGORY:
Now those are projects that we've taken into consideration. Some are going to end this year, some are going to start this year and proceed for a number of years. And looking at the projections for revenues, that those -- the revenues are going to -- the expenses are going to exceed the revenues.

MR. LIPP:
Correct.

CHAIRMAN GREGORY:
And what has been taken into consideration as far as a reserve? At some point, there's going to be Water Quality projects that are going to be assigned to that $three million. Obviously, it's not going to be a permanent reserve. Those funds are going to be expended.

MR. LIPP:
What'll happen is -- I'm not saying we're going to continue as we are, but if we do, we're going to wind up spending on an annual basis a little bit more than we're taking in, and on top of, then, it'll be very restricted use for capital projects, what's left over, because all we're looking at right now is the $3.5 million balance. Now, that being said, 3.5 million could buy us a few years and could buy us some time in terms of figuring things out. And in addition to that, we fully support what Legislator Schneiderman's saying in terms of the importance of the function here. The real issue is the revenue.

CHAIRMAN GREGORY:
Okay. So let me summarize what I think you've just said, at least in my mind: That we're going to, in the very near future, we're possibly going to be running -- looks like we're going to be running a deficit with the expected revenues. We have a $three million deficit -- excuse me, surplus of our fund balance because of projects that we decided not to go through, Water Quality projects. Now, this bill would be, we would make the decision do we want to incur an expense on the fund balance in our -- you know, with funding positions, which there may, you know, a recurring expense to the fund balance, which is obviously not going to be there for, you know, maybe a few years.

MR. LIPP:
Uh-huh.

CHAIRMAN GREGORY:
So that's the decision before us.

MR. LIPP:
You got it.

CHAIRMAN GREGORY:
Okay. Thank you. Legislator Schneiderman.

LEG. SCHNEIDERMAN:
First, when this resolution was prepared, it was done in conjunction with BRO, and although we're getting testimony that there may not be enough money, when this was put together, I looked at an offset. I was told quite clearly that there was enough money to handle that additional engineer. That's why there's only one position in my ask. There's $100,000 there in BRO that they're saying -- in this fund that, in terms of what is projected to come in this year versus what is going out this year, there is $100,000 left over that could be used for this. There's also a $three million reserve fund that could certainly cover projects like the one that Legislator Kennedy mentioned.

It also looks like for this year, there will be an additional surplus because of the $three million-plus that's available for brick-and-mortar projects, they've only agreed to about half of that, so we're going to see more. And we're also not accounting for the fact that sales tax is growing at a faster rate than this budget projected, so if you apply that extra percentage or more to this fund, you are going to end up with more than enough money to cover this position.

So we can, if we want, we can do this. I know the department needs this. I believe they need several people, but this one engineer will make a difference. Now, I'm willing to work with the administration on this if they have a different approach, but I would like to get this to the floor, so even a discharge without recommendation, I can hear, then, what the administration has in mind. You know, I'm certainly willing to compromise as long as we get the proper staff levels there to

adequately monitor Water Quality. I have no problem with it.

LEG. KENNEDY:
Mr. Chair, if you would suffer just one more question. Through the Chair, I guess, to Mr. Vaughn. Tom, last summer, the administration debated and actually put off for quite some time even convening the Water Quality Review Committee to decide whether or not any applications for brick-and-mortar projects was even going to be entertained. As we're talking now about adding an additional staff person to this responsibility, do you have any information about whether or not we are even going to see the Water Quality Review Committee meeting convened for this cycle?

MR. VAUGHN:
Legislator Kennedy, I'm going to say I would like to get back to you on that one. I apologize for not having the answer to that, but sometimes it's better when you're not positive to just keep your mouth shut and not give --

LEG. KENNEDY:
Well, I know, and I appreciate that, Tom, but I think that's information that's quite relevant and important to this discussion --

MR. VAUGHN:
I completely understand.

LEG. KENNEDY:
-- because we're really talking about -- look, ultimately, collectively, we're talking about the quality of our aquifer and preservation of our aquifer, and there's no doubt about it that we need qualified personnel to be doing the onsite inspections for those 1,000-plus private SDPs. But, you know, I offered the example about the flood remediation. Another project Legislator Horsley and many of us are familiar with is the next version of Rocks in a Box. We still, in many of our towns, do not do a good job in capturing a lot of that stormwater surface waste; and, yet, there is technology out there that we can be bringing that forward to, you know, improve what the recharge is and capture a lot of that surface waste. Again, I'm not a member of the committee. I offer this just for the fact that I would think that would be important information to have before the committee, you know, prior to any decision with this as far as adding staff, for what it's worth.

LEG. SCHNEIDERMAN:
Can I just add, too, that this is half a year we're talking about, so we're talking about 30,000, something in that range. It's a very small allocation.

LEG. KRUPSKI:
What happens to them after the first of the year?

LEG. SCHNEIDERMAN:
Well, we get to do the budget for next year, and then we get to decide if this person stays or goes. Can I -- 'cause Craig was the guy I worked with in developing this, so if I could get Craig on the record here.

CHAIRMAN GREGORY:
Yes, through the Chair.

LEG. SCHNEIDERMAN:
Thank you. Craig. In terms of 477, you worked with me on developing this.

MR. FREAS:
Correct. We looked for several different offsets for this, this particular appropriation. 477 was the best of a bad lot, and while there -- we -- and, as you know, the environmental quality also provided

us with some of the records of the sewer inspections that they were doing, and we had found that a very substantial majority of them were the -- of the repeat -- I want to be careful. A substantial portion of the --

LEG. SCHNEIDERMAN:
The compliance challenge?

MR. FREAS:
The noncompliant treatment systems were, as Legislator Kennedy said, the private operators. We also found, because we looked very carefully at the possibility of a fee to them, which we couldn't do that because New York State already charges a fee for it to fund this position, which I believe we need. The people in environmental quality that I've talked to felt that it would better if we had another engineer to help with the sewer treatment plan inspections. Finally, we were left with 477.

And I just want to be clear what the Director said and what we discussed. The money is here this year, right, the money is here this year. And Legislator Krupski's question is, of course, a legitimate one, but we also do, as you said, do a 2014 budget. In the out years, the expense for the position goes up substantially because this actually starts as a trainee position and then it moves into a regular assistant engineer and, you know, we need the -- and one of the reasons I think we were able to structure it and why it's a smart move going forward is public health engineers are something that we need and perhaps during the austerity moves last year, we went too far in one direction with either releasing or abolishing positions for these particular personnel who we need to help us with our Water Quality work. You gentleman who work for the -- who work more with the sewer than I know that once we wreck the water here, we're all going to have to leave. Nobody is building an aqueduct or a pipe from Westchester to here, so we have the groundwater; that's what we have to sustain the economic life of this island, and keeping the public health engineers here seems like a critical task.

LEG. SCHNEIDERMAN:
Somebody asked whether there was a portion of this that's reimbursable. Do you know?

MR. FREAS:
Correct. These personnel are reimbursable through Article IV. That's one of the ways we were able to save so many of these positions last year, not as many, perhaps, as we all would've liked, but we were able to save them.

LEG. SCHNEIDERMAN:
What rate?

MR. FREAS:
It's 36 percent of their salaries. Their salaries is reimbursable.

LEG. SCHNEIDERMAN:
So, then, the 477 fund would be reimbursed.

MR. FREAS:
Actually, the way -- because of the way 477 is set up, we actually reimburse the General Fund. We can't -- we had originally, when we -- we had originally, last year when we wrote so many of these, we had originally wanted to reimburse 477 directly. We couldn't do it that way because 477 is set up as a trust fund. We had spoken to Counsel about it last --

LEG. SCHNEIDERMAN:
Can you take, let's say, the 63 percent non-reimbursable portion and take that out of 477, and then the General Fund becomes whole? Does that make sense? I don't know if you can structure it that way. In other words, have this position funded in part 477 and part General Fund, and let the

General Fund get reimbursed the 30 -- I think you said it's --

MR. FREAS:
36 percent of the salary.

LEG. SCHNEIDERMAN:
Right, so if you took 36 percent out of the General Fund.

MR. FREAS:
Theoretically, we could structure it that way, I believe. It was a little Byzantine to do it that way.

LEG. SCHNEIDERMAN:
So the actual, then, hit on the 477 Fund would be 60 percent of what I --

MR. FREAS:
Sixty-four percent of 30,000, which is 19-2; is that correct?

LEG. SCHNEIDERMAN:
Something like that. Good work. So that's the real 477 number, 19-2, for this year.

MR. FREAS:
That's the real puzzle. And because it's fungible -- again, as our Director says, the money is fungible. The fact that the reimbursement is getting into the General Fund is giving some relief to the General Fund. The work is still claimable because they were doing the work under the auspices of the Commissioner of Health.

MR. LIPP:
If I could just, like, add one little thing. I said before that we think it's a very important function. Craig agreed to that. I also said that there's 100,000 extra in the adopted budget. We just have questions as to whether that'll materialize. That being said, the resolution is structured properly because the money is in the budget. The intent of what I was saying before was simply to let everyone know that there is a significant problem with the funding of that portion of the Quarter Cent; that's all. It has to be looked at or addressed moving forward -- moving forward on a long-term basis.

CHAIRMAN GREGORY:
If I may, BRO, I recall at least one resolution, if not two, last year to address this issue. I think one was by Legislator Romaine or maybe even a couple. I think one resolution had four positions that he was looking to restore. I thought I recalled that eventually we did restore one, maybe two of those positions.

MR. FREAS:
We actually restored several --well, we restored several health positions through the use of 477 funding. They weren't all in wastewater management. Some of them were in other divisions within the Division of Environment, other bureaus and offices within the Division of Environmental Quality of Health Services. They were positions that could legitimately be used -- or legitimately be financed from 477 Funds, and in those cases as well, because of the difficulty in structuring the resolutions and the problems with putting revenue into 477 from a non-Quarter Cent funding source, we left the -- we actually provided some General Fund relief. This resolution, because it's a separate one, we're technically creating the position and not restoring it, even though we are really restoring it. We're not -- you could even arguably say that we're giving the General Fund help because we're creating a position that the General Fund will receive reimbursement for that it doesn't have an expense for.

CHAIRMAN GREGORY:
The reason for my question was more simple. I recall the argument being that there was cuts made for a reason, although, you know, though many of us felt that there were, you know, unnecessarily severe cuts, and there was attempts at restoring those positions but we consciously made a decision not to restore all of those positions, and it kind of seems that maybe we're coming back to the well with the same request that were denied in the past, and I'm not ready to go there. That's why I asked that. But you're saying some of the positions restored are not similar or do not provide the same function as this position.

MR. FREAS:
Not all of the positions that were restored last year provide the same functions as this position. Particularly when this -- Legislator Schneiderman's current resolution grew out of Legislator Romaine's 1587-12, which had several different positions on it to provide some relief to the sewer treatment plant operators, the Health Department came up with an alternate inspection regime that provided some relief. When I looked at the problem, and the Director had accompanied me to the initial meeting, and we were provided with some backup information by Environmental Quality, we felt that while the new inspection regime was probably a better method of inspecting the sewer treatment plants, that the relief that they expected was not going to materialize 100 percent and they were still going to be short personnel, especially as the economy picks up, because the large majority of the -- again, of the repeat noncompliant operators are the private plants. And, again, typically in that case, we would try and oppose a fee for keep having to go back to the people who were naughty. We couldn't do that because the fee didn't really -- it would've been more punitive than it needed to be.

Do you understand what I'm saying? So since -- and again, as the economy picks up, a new sewer operator comes online. Well, the new operators get inspected four times a year just like repeat violators. So for every new plant -- big, small, indifferent -- I add four more inspections to the regime, and we're really -- it's going to be difficult to sustain even the current inspection regime with the personnel that they have available to them.

CHAIRMAN GREGORY:
Okay. Yeah, I was going to ask that question. There should be some testimony from the department, whether or not they --

MR. FREAS:
You know, the department may have a different opinion. Looking at it for me, this is a better way of doing it, but I thought, Well, gee, you still look like you're going to have a hard time getting the work done without additional staff.

CHAIRMAN GREGORY:
Anyone else have any questions, comments?

MR. LIPP:
Just as a point of information, there's also a DPW resolution from last year that would use up the 250,000 from the fund -- from the Assessment Stabilization Reserve Fund, the sewer fund, if you will, for this purpose.

LEG. SCHNEIDERMAN:
Can I bring Mr. Vaughn up one more time. Tom, I just want to get the perspective of the administration a little bit. So there's some support for adding another engineer but you'd like to find a different way to do it, or you want more time to analyze whether this is the right way to do it?

MR. VAUGHN:
I think that the second way you phrased it is perhaps the best. We want to take an extended look. I'm sure Legislator Kennedy remembers quite well; the administration's position is not to jump

forward immediately and bring on a new individual. We would like to take a look at the funding source; we would like to take a look at other individuals. The reason that I referenced Legislator Kennedy before was that we had extensive debates in Public Safety about bringing on people to PSAPs, and we are not, when the position is critical and when the mission is critical, we have not been averse to signing SCINs and bringing on individuals as needed. We want some additional time to take a look at exactly what -- what you're requesting. We don't think that it's an unreasonable request. We don't think -- we don't necessarily have a problem with the request. We just would like some more time to finish and make sure that it's properly vetted.

LEG. SCHNEIDERMAN:
I think the department needs this position, I do.

MR. VAUGHN:
And, Legislator Schneiderman, quite clearly, you have made that --

LEG. SCHNEIDERMAN:
And I appreciate that, but I also understand that there won't actually be a position unless the administration signs the SCIN form.

MR. VAUGHN:
Well, there's that too, yes.

LEG. SCHNEIDERMAN:
So I have really no choice but to work the administration on this, so I'll withdraw my motion to approve and we'll table it one cycle. I just ask that we continue to have a conversation, because the way this is structured it's only for half a year. The longer we wait, we're not going to even have a half a year. We're going to have a shorter period of time; of course, the funding will shrink as we go as well, but I would welcome a conversation with the administration to see if we can get at least one more engineer there into this function because I think this is the right thing for the County.

MR. VAUGHN:
And as Deputy County Executive John Schneider likes to say, the door is always open, so we will of course be happy to continue those conversations.

CHAIRMAN GREGORY:
Legislator Kennedy, you have a question, comment?

LEG. KENNEDY:
The only other thing I was going to add to the dialogue, and I'm glad to hear that the sponsor is willing to go ahead and let it sit for now, was, as we ask so often, Tom, has the County Executive's -- and I'm going to mangle the phrase -- efficiency team, what do they call it? Function Improvement Team or something like that, what is it?

MR. VAUGHN:
The County Executive's Performance --

LEG. KENNEDY:
Oh, that's it, yeah. There we go. Have they looked at this at all?

MR. VAUGHN:
Legislator Kennedy, I really doubt you forgot the name of that organization.

LEG. KENNEDY:
Listen, I'm an old man, Tom, and time is going on.

MR. VAUGHN:
There is no way I'm buying that. No, but in all honesty, sir, actually Barry Paul is a member of that Performance Management Team, and it was actually Barry Paul in conjunction with the Health Department that helped the design the original idea of how we were going to monitor these sewer functions going forward. So if you recall, last year, Mr. Paul --

LEG. KENNEDY:
Yeah, didn't they talk about they were going to change up the inspection schedule, a whole bunch of things?

MR. VAUGHN:
And that's actually what Craig was referring to before, so yes, Performance Management has been involved in looking at this issue.

LEG. KENNEDY:
Okay. Thanks.

CHAIRMAN GREGORY:
Okay. So we have a motion to table. I will second that. All in favor? Opposed? Abstentions? **Tabled (5-0-0-0)**

IR 1345, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 925-2013). I make a motion to approve and place on the consent calendar. Second by Legislator Horsley. All in favor? Opposed? Abstentions? **Approved/Consent Calendar (5-0-0-0)**

IR 1362, Authorizing additional spending reductions to avoid budget deficit (Kennedy).

LEG. MURATORE:
Motion to approve.

CHAIRMAN GREGORY:
Motion to approve by Legislator Muratore. I will make a motion to table. Need a second for either motion.

LEG. SCHNEIDERMAN:
I'll make a motion to table.

CHAIRMAN GREGORY:
Legislator Schneiderman seconds the tabling motion.

LEG. KENNEDY:
On the motion, Mr. Chair.

CHAIRMAN GREGORY:
Certainly.

LEG. KENNEDY:
Well, I would yield, of course, to anybody from the committee first but as it is my resolution. At the urging of Counsel, let me go ahead and just indicate why I have brought this forward. As the committee is aware, we as Legislators have only very select opportunities to amend the budget. We are now in the time period, actually, right now is the second time in which we can do it. There are only two other opportunities left in which we can actually go in and effect any kind of board parameter constraints or significant reductions. We just had a very spirited dialogue now for the last 40 minutes about what's coming in as far as our sales tax, where our State reimbursements, our

Federal reimbursements are. As we all know, basically, the house is on fire. The County Executive indicated, I believe in January, that he would impose a 10 percent restriction on departments -- on departmental spending. I'm going to ask BRO if they can give us an indication as to where that might be right now.

MR. LIPP:
Okay. As of April 1, and stated in the Fiscal Impact, they had reserved about $10 million, just over, but I had a conversation yesterday with the Budget Director and she said she was moving forward another 5 million, so it would be 15 million.

LEG. KENNEDY:
Okay. If I can, Mr. Chair, and Fiscal Impact Statement, I appreciate it, Robert, but again, I'm not a doctor of econometrics like you are. What does ".06" mean?

MR. LIPP:
Well, .06, I would --

LEG. KENNEDY:
Or .6, I'm sorry. In the Fiscal Impact Statement, you refer to .6 percent.

MR. LIPP:
Right, six tenths of one percent. Well, I would say that's less than 10 percent.

LEG. KENNEDY:
It is. That's what I had thought, but I wasn't quite sure. So I wanted to just make sure. So in actuality, the County Executive had the ability to restrict how much approximately?

MR. LIPP:
Well, 10 percent of unexpended balances would shrink, obviously, on a daily basis. That being said, the dialogue that I had with you, Legislator Kennedy, my understanding that -- was when we put together the resolution, that your intent was to open up a dialogue with the County Executive to develop additional cost-cutting measures and to give them the ability to implement them.

LEG. KENNEDY:
I think that's the reason I introduced the resolution to bring it forward because I certainly had been under the impression that we had an actual 10 percent reduction associated with departmental operations, and, in fact, when I had the opportunity to talk with BRO, that doesn't seem to be the case at all. So an additional five percent restriction -- look, I'll put it in simple terms. I'd rather have us as an entity acquire less paper, reams of paper, or buy fewer pencils or pens or maybe even set the thermostat to 70 in our buildings than lay off more people, and that's inevitably where this is going. So, you know, that is the purpose for bringing it forward to -- in past years by now, we have generally been sitting down with some type of a budget mitigation strategy or plan, and tomorrow's May 1. There's none to be seen anywhere. So that's it.

CHAIRMAN GREGORY:
Legislator Schneiderman.

LEG. SCHNEIDERMAN:
And, Legislator Kennedy, I certainly don't want to lay off more people, either. In fact, we just discussed a bill that would've reversed one of those layoffs and put somebody back to work who, I think everybody agrees, that we need. The issue I have with this bill is that it actually gives the County Executive a little bit more authority, and we approve a budget. We approve a budget with certain spending. We can reduce the County Executive's proposed budget by as much as we want. But day one of the new year, he can take 15 percent of the approved expenditures, but to me the department has to function. You know, you worked in the Clerk's Office. There are certain

expenses you must incur to be able to deliver the services that, in many cases, you are mandated to deliver.

And, look, I agree tearing back a little bit to save an employee. I have no problem with that, but it ought to be through this body. And to me it shouldn't all be at the administration, and the administration, I don't know that they're asking for an extra five percent in terms of their ability to freeze spending.

LEG. KENNEDY:
Well, Legislator Schneiderman, to that point specifically, and I agree with you that I felt it should be a restriction that emanates out of here, but now I'm going to have to go to Counsel, and Legislative Counsel indicated to me the language we have in this bill was basically the farthest that I could go or we could go as Legislators. Isn't that so, George?

MR. NOLAN:
Well, there's a couple different ways to go. In the deficit situation, the Legislature still has the ability to strike expenditures. We can do that, but when we had this conversation about what action to take, we looked at the Administrative Code. It talked about the County Executive's authority to go up to 10 percent within the allotment system, and it was agreed we would try to do this, give him a little more authority, just in this fiscal year, by the way. It's not in perpetuity.

LEG. KENNEDY:
That was my recollection. As a matter of fact, Legislator Schneiderman, this limitation is only for CFY 2013, just this year. And again, in some respects, maybe we're speaking about something that's wholly theoretical. I'm curious if Mr. Vaughn has got any position on it. Again, through the Chair.

LEG. SCHNEIDERMAN:
-- definitely something like this would come through the administration as an ask.

LEG. KENNEDY:
Well, it sounds like 10 percent would have been going in the right direction, but we haven't even hit one percent.

LEG. SCHNEIDERMAN:
Oh, no. I don't know if that's true. We haven't used up 10 percent.

LEG. KENNEDY:
Well, no, we didn't hit six percent. We hit .6 percent.

MR. LIPP:
Correct. The problem is that, you know, it's very difficult to reserve or freeze expenses because of, you know, our obligations.

LEG. SCHNEIDERMAN:
And, in fact, we've already peeled a lot of that away in the budget, so, you know, one year they cut 10 percent, and that becomes the actual expended money in the next year as we put the budget together, so we end up approving a number that's already 10 percent less than the year before. It reaches a point where it's hard to pare back even more. But you're saying the number -- we actually -- the County Executive pulled back, what, less than one percent?

MR. LIPP:
Correct.

LEG. SCHNEIDERMAN:
But had the ability to go 10 percent by law.

MR. LIPP:
Correct, of unexpended --

LEG. SCHNEIDERMAN:
So even if we gave him another five percent, it doesn't mean he'll use it.

LEG. KENNEDY:
It seems that way, but then again, based on the authorities that we have on both sides of the street here -- Tom, don't leave, because I do want to hear what the administration's perspective is. How else, then, do we get the Exec to implement what we adopt as policy?
He utilizes his unilateral authority and indicates he's going to restrict 10 percent, but he doesn't even hit one.

LEG. SCHNEIDERMAN:
I think the only way you can do that is to probably amend the budget and eliminate spending so it's no longer available.

LEG. KENNEDY:
If we can modify the resolution, I would do that too. I'd be happy to go ahead and work with the majority. I mean, if there's a direction we can all collectively go in here, but now is the time.

LEG. SCHNEIDERMAN:
We need to hear from the administration.

LEG. KENNEDY:
Okay. Through the Chair, Mr. Vaughn.

MR. VAUGHN:
Thank you very much, Members of the Committee. So I'm reviewing some notes I have from our Budget Office, and, Mr. Lipp, if you could correct me, we are up to 15 percent of the amount that we've embargoed, sir?

MR. LIPP:
No. We are up to --

MR. VAUGHN:
I'm sorry, 15 million.

MR. LIPP:
-- 15 million, correct, 15 million.

MR. VAUGHN:
So $15 million is the number the Budget Office has thought in terms of getting us through this year, what they are comfortable embargoing at this point in time. Let's see. If we were to go to 10 percent, we believe that would be $100 million and bring the County to a screeching halt. So that's why, as we've gone forward so far this year, $15 million is what we're -- is our goal, and that's why we've set it at that spot. So while we understand and appreciate the Legislator bringing forward these cost-saving measures, we are concerned that if we were to go this high, the County would stop functioning.

LEG. KENNEDY:
Well, again, through the Chair, Tom, the only question that I'd ask you to bring back to the other

side, then, is if that was the administration's intention, why did they put out a directive, an all-department heads' directive, in January pronouncing a 10 percent restriction? If there was that concern that to go ahead and restrict a 100 million would render the County as we know it inoperable, certainly someplace along the line, we got to have some element of communication.

MR. VAUGHN:
I completely understand what you're saying, Legislator Kennedy, but what I would argue is so you put forward a directive asking the departments to embargo 10 percent and put that money away. What you're not -- if you set -- as any of us know, you set a bar high, you aim for the best possible outcome but you also have to be prepared for inevitabilities and for working through a process, so if I want to make sure that I'm embargoing $15 million, I'm going to tell the department that I want to start with 10 percent and then we work our way through this so that way, we can find out in each of the departments, which is the money that they think they can reasonably maintain services with in going forward. So you would ask all the departments for that initial 10 percent so that way you can go through and cull through what you need and what you think you can essentially live without even with a budget that's this barebones at this point in time.

LEG. KENNEDY:
One more, if you can, Mr. Chairman. Again, not being a member, I apologize for monopolizing the committee. What is the budget deficit that we have right now, Robert?

MR. LIPP:
Well, I guess the short answer would be we did a presentation -- "we," being our office, Budget Review Office, and the Executive's Budget Office in March -- and we came up with a total of 215 million over the 2012 through 2014 period.

LEG. KENNEDY:
Okay. And while I appreciated the projections, the general projections, my recollection is what about --149 million attributed to 2014, so that would leave us roughly 100 million between the shortfall from 2012 and the actual that we are down in 2013; back of the napkin, is that pretty close?

MR. LIPP:
I would say back of the napkin.

LEG. KENNEDY:
Okay. So, Tom, your articulating 15 million that the Exec has gone ahead and restricted. Where is the other 85 million coming from, then?

MR. VAUGHN:
I'm going to assume that you realize that that's a rhetorical question, that I'm not here -- that I don't have the information to present the County Executive's budget plan.

LEG. KENNEDY:
In one respect, yes, as a matter of fact. So what I'll leave it at with the Chair, then, is -- and I would very much like the committee to go ahead and move this resolution, but if nothing else, it is essentially about, oh, I don't know 14 hours away from May 1 and we got an $85 million hole. That's the question that needs to be answered, whether we do it or the County Executive does it or we do it together.

LEG. SCHNEIDERMAN:
It depends on how you define the bill because the RAN that we did covers that -- it gets us to next year so that -- it's not that -- assuming that the sale leaseback of Dennison happens, there's not an $85 million hole this year. It's covered.

LEG. KENNEDY:
Well, I don't know about that. Is there a hole this year or not, Robert?

MR. LIPP:
I think what Legislator Schneiderman's speaking to is, okay, in theory, at least, you would end the years with, let's say, 85 million for talking purposes. You would have a deficit on a standalone basis. That being said, we could still get through the year because we would have enough cash because of the RAN. But, that being said, in September when the recommended operating budget is presented and we do our deliberations, we'll be wrestling with, at least as a projection back in March, a $250 problem that will have to in some way be addressed in the 2014 budget.

LEG. SCHNEIDERMAN:
So what I guess I'm saying is that it's addressed but it's not permanently addressed. It's just, basically, we still have to still structurally fix it. If Dennison sale leaseback does not happen, then that is actually a hole in this year, which means we'll be $70 million cash short that I don't know what we'll do. I'm assuming I'm being told that is going to progress that sale leaseback.

LEG. KENNEDY:
Again, I brought the bill forward for the purposes of, as I said, all 18 of us have this ability to go ahead and put forward what we pose as modifications or amendments to the budget only four times a year, so if this one goes by, you know, 50 percent of our opportunity to effectuate any kind of change is gone. Now, the Exec can go ahead and modify the budget any time he chooses with it, you know, being submitted to us.

LEG. SCHNEIDERMAN:
I just wanted to respond to one more thing, John, that you had said about this particular County Executive putting -- you know, encumbering 10 percent and not actually going forth with the whole thing. To my knowledge, this actually has been done -- this is not the first time it's been done. It's actually since the recession hit, every County Executive -- Steve Levy, as well as County Executive Bellone -- early in the year has imposed the identical restriction. I don't know to what extent they've met it or whether this administration is going beyond what was done in the past or not. Maybe, Robert, you had some information on that.

MR. LIPP:
So really --

LEG. SCHNEIDERMAN:
It's pretty much a common practice --

MR. LIPP:
So really --

LEG. SCHNEIDERMAN:
-- since the recession.

MR. LIPP:
Really, I believe, without having the all-department heads' memorandum in front of me, really what's going on is the County Executive invokes the section of the Charter to do the 10 percent. That doesn't mean the County Executive is going to restrict 10 percent. It's that, you know, beyond notice, and, you know, they're going to look judiciously to do it, and implicitly what we're saying is 10 million as of April 1, as Tom had stated and I had also stated in my conversation with the Budget Office yesterday, 15 million within the next couple days total, that's what they've been able to come up with so far.

LEG. SCHNEIDERMAN:
How does that compare with other years; do you have that in detail?

MR. LIPP:
I'm not quite sure. It may be a little bit less. I'm not sure, but that could be, for lack of a better term, the air has been taken out of the budget.

LEG. SCHNEIDERMAN:
Right.

CHAIRMAN GREGORY:
Legislator Horsley.

D.P.O. HORSLEY:
Thank you very much, Mr. Chair. I appreciate Mr. Kennedy's newfound budgeteering prowess. Let me just question and carryout that thinking that Mr. Kennedy is expounding upon. So if we went to 10 percent and we were going to mandate 15 percent, what is it, about $100 million? I'm trying to think. You're faster in the math.

MR. LIPP:
Well, I guess it would be --

D.P.O. HORSLEY:
Fifteen percent.

MR. LIPP:
It depends on how you look at it. Unexpended balances may be 100 million. It's a moving target.

D.P.O. HORSLEY:
That's what I was guessing.

MR. LIPP:
It's a moving target, though.

D.P.O. HORSLEY:
Okay. All right.

LEG. SCHNEIDERMAN:
Fifteen percent would be 150 million, right, on a billion-dollar budget?

D.P.O. HORSLEY:
Right, and by the way, the General Fund budget, which is really what we're talking about is a $2 billion budget approximately, rounding off. That being said, we're getting closer to the billion-dollar mark in terms of unexpended monies, and you can't just --

LEG. SCHNEIDERMAN:
You can't encumber salary pieces. You can only encumber other operating expenses.

D.P.O. HORSLEY:
It's irrelevant at this point in time. Let's say, that $125 million, to cut the difference -- the baby in half here. Okay. So we're going to cut out $125 million from the budget, and, as Mr. Kennedy puts it, papers and pencils and things like that, and, Mr. Vaughn, you so aptly said that this would make the -- at $85 million, would bring the County to a screeching halt. All right. If we mandated the $125 million, where would Mr. Bellone have to go to get that?

MR. VAUGHN:
I think that we would -- I know for a fact it would start coming out of contract agencies and I'm --

D.P.O. HORSLEY:
Okay, so we'd be taking out of contract agencies. Would you further -- would you surmise if we had to take out $125 million immediately and as mandated by this Legislature, would you go to personal service? Would you go to personnel?

MR. VAUGHN:
If the Legislature mandated $125 million right off the bat, I think that you'd have to keep all options open.

D.P.O. HORSLEY:
I would think so too. It seems to me that the majority of our dollars are in personal services in the County, and that's what we've been dealing with. We've already done layoffs, and we've gone through that. Many of us on the Legislature say, Hey, we just can't go to -- we can't cut back further by layoffs. So I would just like to remind us all what we're talking about here is that we're probably moving -- if we mandated these types of cuts, we would be going to personal service; we would be going to layoffs; we would be going to the contract agencies, and not papers and pencils as portrayed.

MR. VAUGHN:
Legislator Horsley, if you don't mind, you know, I mean, we have made, I think, some remarkably difficult decisions over the last 18 months or so. This Legislature has had repeated and ongoing debates over layoffs. We have had repeated and ongoing debates over the status and the fate over the Foley Nursing Facility. We have -- we take this budget crisis very seriously. The County Executive has made quite clear his desire to change the method in which we deliver health services. I mean, this is --

D.P.O. HORSLEY:
-- together on that issue.

MR. VAUGHN:
We have all worked together. I could not agree with you more.

D.P.O. HORSLEY:
So as though I appreciate the conversation, I think we have to get real on this issue, and if we ever got what we so desired, we could be, as you say, taking this County to a screeching halt, so let's be real.

MR. VAUGHN:
I might put that under the category of "Be careful what you wish for; you may just get it."

D.P.O. HORSLEY:
I think -- yeah. I think that that's exactly what you have been saying.

LEG. KENNEDY:
Mr. Chair, let me just respond to some of what Legislator Horsley is been talking about. You know, I can count to 10, Wayne; if I take my shoes off, I actually make 20. So talking about trying to be mindful and prudent today about how we'll end this year, I don't think can ever come too soon, and I'm not foolish enough to think that 85 million comes from just pencils and paper. But I have been with the County long enough and been through other downturns, including when then-County Executive Halpin instituted not only a furlough but a lag. I've lived through five lags in my municipal career. Every lag, as a matter of fact, saves 23, 24 million, I believe it is. That's our bi-weekly payroll. We've already hit eight payrolls so far. There's only 26 in a calendar year. So

if any of those things were going to even be considered, not that I'm saying we're going to do it, because it is the Executive's prerogative to come forth with that, but he's not. And he's only restricted less than one percent on the 10 percent that he put a press release out that he said he was going to restrict. It's time to start to talk about that now. That doesn't lay people off. That doesn't cut them loose. What that means is they make less but they still keep a job; they still keep their benefits; and they still keep their retirement system. That's the reason to talk about this stuff and to start to talk about it now.

D.P.O. HORSLEY:
Well, I certainly appreciate talking about it because we do have to come up with further real cuts, and we all know that, and I along with you, Legislator Kennedy, would like to work on that together.

LEG. KENNEDY:
Good. Good.

D.P.O. HORSLEY:
However, just to throw out arbitrary dollar figures -- percentages that we've got to cut back, I just wanted to remind everybody that what we're talking about is personal service. That's the only way you can get to those kinds of numbers, and if that's what you're proposing, that is what you're proposing.

CHAIRMAN GREGORY:
And not to drag this debate on any longer than it's already gone, but, Robert, it's my understanding, being a part of the Budget Working Group for the five years I've been here that as part of our budgets, we've already cut 5 or 10 percent, at least some cuts in this area, anyway, on top of the 10 percent that the County Executive has chosen to cut discretionary spending on. So, in some instances, the 10 percent in addition to whatever we've already cut in the budget could be 15, 20 percent cuts. I mean, it's a smaller pot each year because we've been cutting that. You know, generally, it's paper and pens. I mean, a few years ago, people I know in DSS were saying they had to bring in their own pens and paper because they just didn't have it. So this pot of money has been slowly diminishing, and then we're taking 10 percent of a smaller pot each year, and then on top of that, the County Executives have been imposing their 10 percent, you know, reductions, so this is a small pot. Whether the County Executive has fully utilized that or not, it's a smaller growing pot for at least the five years that I've been here.

MR. LIPP:
Yes, we've done a number of things to try to control expenses. It's just that certain things are out of our hands: mandates, social service costs because of the economy, the loss of sales tax. Last year, for instance, 2012, we just came back a little bit over the amount of sales tax revenue that we received back in 2007, so it took us all those years just to tread water with 2007.

That being said, we have increasingly larger costs such as pension costs, such as healthcare costs. The recently-passed police contract, that kind of stuff, that, you know, makes it very difficult, even with controlling costs, to keep a lid on things.

CHAIRMAN GREGORY:
Okay. So we have a motion to approve with no second. We have a tabling motion with a second. Tabling motion goes first. Is that right, Madam Clerk?

MS. ORTIZ:
Yes.

CHAIRMAN GREGORY:
All in favor of tabling? Opposed? Abstentions? Okay. Tabling motion passes. **Tabled (5-0-0-0)**

Okay. Legislator Schneiderman has one question before we adjourn.

LEG. SCHNEIDERMAN:
It's a question, but I don't expect you to have an answer yet, but I'd like you to develop an answer. There's a bill, I'm sure you're aware, that's moving through Congress and the Senate about internet.

MR. LIPP:
Right, I thought of that. It's on my radar screen of things to do as soon as we finish the --

LEG. SCHNEIDERMAN:
It looks like it's got a pretty good shot of passing. So as we develop the budget model for next year, hopefully we will have some sales tax coming from internet sales that we don't currently get. The question is how much. There also is, potentially, a multiplier because if people are going to the stores locally, it's money staying in the economy, and those merchants hopefully will spend some of that money on our economy and buy things that we receive sales tax on as well. So what I'm looking for is the beginning of an analysis as to what that might mean.

MR. LIPP:
That's an excellent question, and it has been on my radar screen, and it's a combination of waiting to see if Congress acts and freeing up a little time to actually look at it. But that's an excellent, excellent question.

D.P.O. HORSLEY:
On that point, Robert. If I may, Legislator. I heard a report on the radio the other day that it is not going well. We should check before you get into a lot of extra work, whether or not where it's going, 'cause I had heard that the Republican House of Representatives is looking on that as a new tax and was not going to be received well when it comes over to them. So you might want to check that before you go to taking a long study.

CHAIRMAN GREGORY:
Mr. Vaughn, you had a comment.

MR. VAUGHN:
Yes, just one moment. I just wanted to also echo what Legislator Horsley said right at the end of the debate that we just had on the 15 percent, and that is that the administration -- I'm going to quote John Schneider one more time -- and that is that Deputy County Executive John Schneider truly does believe the door is always open and the administration is happy to have conversations with everyone and anyone about places that we could find savings in this budget, because we do realize that this is a challenge that we cannot do on our own. This is not something the County Executive is going to fix on his own; it's not something the Legislature is going to fix on its own. It's going to be something we're going to have to do together. Thank you very much for your indulgence. I do appreciate it.

CHAIRMAN GREGORY:
Okay. That's our agenda. We stand adjourned. Thank you.

(*The meeting was adjourned at 11:30 a.m.*)