

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 November 26, 2013.

Members Present:

Legislator DuWayne Gregory - Chairman
Legislator Jay Schneiderman - Vice-Chair
Legislator Wayne Horsley
Legislator Tom Muratore
Legislator Al Krupski

Also In Attendance:

Bill Schilling - Legislative Aide
George Nolan - Counsel to the Legislature
Paul Perillie - Aide to Legislator Gregory
Christina DeLisi - Aide to Legislator Schneiderman
Kevin LaValle - Aide to Legislator Muratore
Rosalind Gazes - Budget Review Office
Tom Vaughn - County Executive's Office
Connie Corso - County Executive's Office/Budget Director
Rick Brand - Newsday
All Other Interested Parties

Minutes Taken and Transcribed By:

Gabrielle Skolom - Court Stenographer

*(*The meeting was called to order at 10:06 a.m. *)*

CHAIRMAN GREGORY:

Good morning. Welcome to today's Budget and Finance Committee meeting. If you'll all rise for the Pledge of Allegiance led by Legislator Krupski. Thank you.

*(*Salutation*)*

We don't have any cards. Is there anyone in the audience that would like to come forward and speak? Please come forward. No mad rush. We'll go on with the agenda. I see members of the administration here. Is there any statements or anything you want to make before?

MR. VAUGHN:

Good luck, guys.

CHAIRMAN GREGORY:

Let's get to it.

We have *tabled resolutions*.

IR 1564, Amending the 2013 Operating Budget and appropriating funds in connection with bonding for a Consent Judgment in partial settlement with the United States Environmental Protection Agency concerning County underground storage tanks and universal waste (County Executive).

MR. VAUGHN:

Would the committee please entertain a motion to table? The county attorney's office is still working on this.

LEG. SCHNEIDERMAN:

Motion to table.

CHAIRMAN GREGORY:

Motion to table by Legislator Schneiderman. Second by Legislator Krupski. All in favor? Opposed? Abstentions? **Tabled (VOTE: 5-0-0-0)**

IR 1570, Adopting Local Law No. -2013, A Charter Law to improve the County's Budget approval and amendment process to increase transparency and accountability ("Taxpayer Awareness Act") (Cilmi). Motion to table. Second by Legislator Horsley. All in favor? Opposed? Abstentions? **Tabled (VOTE: 5-0-0-0)**

IR 1591, Adopting Local Law No. -2013, A Charter Law to institute a Departmental Omnibus Budget Amendment Process (Cilmi). Motion to table. Second by Legislator Schneiderman. All in favor? Opposed? Abstentions? **Tabled (VOTE: 5-0-0-0)**

IR 1597, Creating a commission to identify real cost saving measures in Suffolk County Government and affirming the current structure of the Suffolk County Charter as it relates to the Departments of Audit and Control and Finance and Taxation (Kennedy).

LEG. SCHNEIDERMAN:

Table.

CHAIRMAN GREGORY:

Motion to table by Legislator Schneiderman. I'll second that. All in favor? Opposed? Abstentions? *Tabled (VOTE: 5-0-0-0)*

IR 1605, Adopting Local Law No. -2013, A Charter Law to establish a two-year Budget Planning Process (Cilmi). We've been tabling this measure as well. I'll offer a motion to table. Second by Legislator Horsley. All in favor? Opposed? Abstentions? *Tabled (VOTE: 5-0-0-0)*

IR 1678 was disposed of at our last general meeting by CFN.

IR 1716, Adopting Local Law No. -2013, A Charter Law to improve the accuracy of Fiscal Impact Statements (Cilmi).

LEG. SCHNEIDERMAN:

Motion to table.

CHAIRMAN GREGORY:

Motion to table by Legislator Schneiderman. I will second it. All in favor? Opposed? Abstentions? *Tabled (VOTE: 5-0-0-0)*

IR 1792, Adopting Local Law No. -2013, A Charter Law amending Article II of the Suffolk County Charter to clarify the requirements of a revenue impact statement (County Executive).

LEG. SCHNEIDERMAN:

Motion to table.

CHAIRMAN GREGORY:

Motion to table by Legislator Schneiderman. I'll second. All in favor? Opposed? Abstentions?

LEG. KRUPSKI:

On the motion.

CHAIRMAN GREGORY:

Yes.

LEG. KRUPSKI:

Can we get a description on that? Is there anyone here from the administration who would like to comment?

MR. VAUGHN:

If it's okay with the committee, could we reserve our right to comment until the next meeting?

LEG. SCHNEIDERMAN:

Are you okay with tabling?

MR. VAUGHN:

Yeah, we're okay with tabling for now. Thank you, though, for the opportunity.

CHAIRMAN GREGORY:

All in favor? Opposed? Abstentions? **Tabled (VOTE: 5-0-0-0)**

IR 1814, Adopting the 2014 Operating Budget and prioritizing delivery of services while stabilizing taxes for Suffolk County Residents in Fiscal Year 2014 (Mandated) (County Executive),

1815, as well, **Adopting the 2014 Operating Budget and prioritizing delivery of services while stabilizing taxes for Suffolk County Residents in Fiscal Year 2014 (Discretionary) (County Executive).** I apologize. They shouldn't be on the agenda.

IR 1949, Adopting Local Law No. -2013, A Charter Law to increase Budget Transparency (Calarco). This bill was amended. Can we get an explanation, Counsel?

MR. NOLAN:

Basically, it poses a requirement on the Division of Budget that after the county legislature adopts an operating budget each year, they will publish that adopted budget online on the county's website by no later than January 31, following the adoption of the operating budget.

LEG. SCHNEIDERMAN:

Who would publish it, the executive?

MR. NOLAN:

The executive would be responsible for seeing that it's published.

LEG. KRUPSKI:

What's the policy now?

MR. NOLAN:

There's no policy in our written Charter Administrative Code. I think the impetus for the bill was that Legislator Calarco believed that he couldn't access the adopted operating budget in a timely manner following its adoption.

D.P.O. HORSLEY:

Why January 31 versus any other date?

MR. NOLAN:

He had an earlier date. He had December 31. I think he did this at the request of the county executive's people, to move it back to January 31 to give them more time.

CHAIRMAN GREGORY:

Ms. Corso.

MS. CORSO:

I just want to say, it's an uncertified -- it would be an uncertified copy online, because we couldn't possibly have a certified copy done at that time, so it's similar to the reference document that you got in 2012.

LEG. KRUPSKI:

How long would it take to put a certified document up?

MS. CORSO:

We're going to shoot for before spring. We'll shoot for February 28, by maybe March 15. What happens is you have to merge the payrolls and that can't happen until 12/20. You don't anybody to fall out of the budget, so you have to merge -- what happens with the budget, very technical. There's three different systems we work with. It's ACCESS, IFMS, and the PPS system, and the three have to merge, and we can't merge PPS until the 2013 final payroll runs, then we load in the 2014 payroll.

D.P.O. HORSLEY:

And that's a certification process?

MS. CORSO:

What happens is, then, we print the staffing sheets and the rest of the budget and we get it together, and we send it over to BRO, and they review it and then the clerk of the legislature certifies it, and it goes out to print shop, and once it's printed, it goes online. So what happened was once you adopt the budget, there's only 29 working days for us to get it certified, but because the payroll can't be certified by the comptroller's office until after 12/20, it's impossible for us to get that done. I don't even think there's -- there's like seven or eight working days to get that done, and that would mean that BRO would have to certify it, the clerk would have to certify it, and the print shop would have to have it done. I'd love to do it for you, but I don't think it's possible.

D.P.O. HORSLEY:

Is the 31 okay with you?

MS. CORSO:

The 31 of January for an uncertified copy.

CHAIRMAN GREGORY:

Connie, so does that mean that we'll still get the hard copy, or are you just going to eliminate that?

MS. CORSO:

What I could do is I would prefer to put the uncertified copy online and not have to print that document and then give you the printed adopted budget sometime, you know, late February, early March so this way, you would have the certified copy. We can run a print of that, if you would like.

CHAIRMAN GREGORY:

No, I'm just saying will we get the printed certified copy --

MS. CORSO:

Yes.

CHAIRMAN GREGORY:

-- whenever it's done, or will it all be online?

MS. CORSO:

Yes, of course.

CHAIRMAN GREGORY:

Oh, okay. Just want to be clear.

MS. CORSO:

This is the first time we've put an uncertified copy online just as a reference guide for the public. I think that's what his point was.

LEG. SCHNEIDERMAN:

It will clearly say "uncertified" on it?

MS. CORSO:

Yes, yes.

LEG. SCHNEIDERMAN:

As long as you're okay with that.

MS. CORSO:

I am okay with it. I appreciate the cooperation.

LEG. SCHNEIDERMAN:

You know, taking it and getting it online, how -- is that a very difficult process? Do you give it to somebody and say --

MS. CORSO:

I know it probably sounds like I could just press a button, and Roz is smirking a little bit. It's not that easy. Because it's three systems -- and yes, it would be great to get a new budget system, but I realize the constraints that we're under -- it's not that it has to be -- you know, three systems have to merge and then be certified. So what will happen is your payroll sheets should be accurate but because we've had so many bump and retreats and re-classes and things of that nature, what we like to do is, even though we'll recertify -- after 12/20, we certify the payroll, but we like to let it run twice so we make sure that everybody's in their proper title. And then once we run it twice, we'll run the staffing sheets, and we'll get that together. We're actually already working on it. We got the hint.

LEG. SCHNEIDERMAN:

All right.

CHAIRMAN GREGORY:

Okay. I'll make a motion to approve. Second by Legislator Schneiderman. All in favor? Opposed? Abstentions? **Approved (VOTE:5-0-0-0)**

IR 1977, Adopting Local Law No. -2013, A Charter Law to improve budget and fiscal communication in County Government (Cilmi). This is in public hearing, so it has to be tabled.

MR. NOLAN:

I have it closed.

CHAIRMAN GREGORY:

Oh, it's closed.

D.P.O. HORSLEY:

We closed a whole bunch of them last week.

CHAIRMAN GREGORY:

Oh.

LEG. KRUPSKI:

Motion to approve.

CHAIRMAN GREGORY:

Okay. Can we get clarification from Counsel?

MR. NOLAN:

This would create a financial review committee comprised of the director of Budget, the director of Budget Review, the county treasurer and the comptroller. The committee would be required to meet on a quarterly basis to review the county's fiscal condition, discuss present potential challenges, and develop strategies to address those challenges. The director of Budget Review will be charged with reporting a summary of the committees discussions to members of the county legislature. Let me just add, I think, if I'm -- that we have something like that now. I think this group of people do meet on some regular basis, but these directives they are getting do not exist in a charter right now.

CHAIRMAN GREGORY:

Connie, correct me if I'm wrong, this exists with -- that's part of the reason or the requirement that you do the combined budget presentation in March?

MS. CORSO:

Right. We are required to come together, the director of Budget Review and the budget director, to let you know early if we see there are any fiscal problems in the current year or anything we see on the horizon that's going to effect the budget. There is a committee -- it's called the Joint Audit Committee. It is comprised of the treasurer, the comptroller, the budget director, and the director of Budget Review. We meet at least annually to go over the county's financial statements, but we have gotten together during the fiscal crisis of the last few years. The treasurer has called us together for cash flow; the comptroller has called us together; the county executive has asked me to call the group together; and Budget Review Office, the director is always there, and we could always report. You can call on us at any time.

CHAIRMAN GREGORY:

So is there any material difference in this legislation than what already exists?

MS. CORSO:

I think as George said, I think it makes things a little bit more specific as far as --

MR. NOLAN:

Right. It requires quarterly meetings and the Budget Review Office to report to the legislature the discussions that were had by that group.

LEG. KRUPSKI:

DuWayne?

CHAIRMAN GREGORY:

Legislator Krupski.

LEG. KRUPSKI:

When's the last time this committee met?

MS. CORSO:

We met earlier -- I believe we met earlier this year. We meet when the county's financials are released in April, so I think we met in April or May.

LEG. KRUPSKI:

See, I see the value in this because you have those four people: the director of County Executive Budget Review, the legislative Budget Review, the county treasurer, and the county comptroller, and I think there's a lot of value in having them meet four times a year to discuss all the challenges that we're being faced with here and sit down in one room together; and then to have to report four times a year to the legislature and public, I think that's got a lot of value. You know, to get that, it's got value, I think, to the county internally, but it's also got value to us as the lawmakers to say, you know, what are the issues, what are our options going forward. I think to lay it out like that I think would be -- I know it would be helpful to me.

LEG. SCHNEIDERMAN:

You know, because this also requires a report. It also mandates that the treasurer chair the group. We haven't heard any testimony from the treasurer or from the comptroller on this or BRO or the executive branch, for that matter, from Mr. Pollard. So I think this is well-intentioned, and certainly the more information we can get, the better, but you're going to now require on a quarterly basis these individuals to meet. A lot of them do very separate functions, you know, treasurer versus the comptroller. You're going to require them to compile a report. It may be pulling them away from other things and creating a structure that is duplicative of what is already going on. So I think at least before we move this forward, we should hear Joe Sawicki. I don't understand why we wouldn't be putting the comptroller in as the chair, why we'd be putting the treasurer in as the chair. But I would like to hear from the other people who would be forced to meet regularly, so I'm going to support tabling it. I'll make a motion to table.

CHAIRMAN GREGORY:

Anyone else?

D.P.O. HORSLEY:

George, I don't have the legislation in front of me. If I can ask a question through the chair. There are no other members at this point that is being requested? Because I remember when I heard about this initially, they were talking about this is like a financial review board. Is this the same legislation?

MR. NOLAN:

Different. There was another resolution. I think it was tabled subject to call that requested a committee up in Albany look at the county's finances. This is internal.

P.O. HORSLEY:

This is all internal, all our folks, and the treasurer is the head. The treasurer calls the meeting together?

MR. NOLAN:

The chair, yes.

LEG. KRUPSKI:

I thought it was a rotating chairman.

LEG. SCHNEIDERMAN:

Not according to the bill.

MR. NOLAN:

No, the treasurer is the chairperson.

CHAIRMAN GREGORY:

I think what -- Legislator Schneiderman brings up a valid point, that at least we should be able to hear from the treasurer and the comptroller. I spoke to Joe last night -- excuse me -- Comptroller Sawicki last night. He, unfortunately, won't be able to make it here today, but I didn't speak to -- not in reference to this bill, the refunding bill, and obviously Angie Carpenter isn't here, the treasurer, so maybe we could table it at least for the next meeting. Okay. So I'll second Legislator Schneiderman's tabling motion. All in favor? Opposed? Abstentions? **Tabled (Vote: 5-0-0-0)**

Introductory Resolutions

IR 2001, Refunding Bond Resolution of the County of Suffolk, New York, Adopted December 3, 2013, authorizing the refunding of certain outstanding Serial Bonds of said County, stating the plan of refunding, appropriating an amount not to exceed \$430,000,000 for such purpose, authorizing the issuance of not to exceed \$430,000,000 refunding Bonds to finance said appropriation, and making certain other determinations relative thereto (County Executive). I'll make a motion to approve. Second by Legislator Horsley.

LEG. SCHNEIDERMAN:

Just on the motion. Maybe one of the budget people can explain exactly what this is doing in lay terms.

CHAIRMAN GREGORY:

Just before Ms. Corso comes up -- hopefully I won't mess it up too much -- in my conversation with Comptroller Sawicki, this is something that we do every two or three years. It gives them the authority to go out and to refund and otherwise find bonds that may have a high interest and if the market so dictates we get a lower interest, we --

LEG. SCHNEIDERMAN:

Is this a refinancing; is that what this is? We're taking current debt and just refinancing it at lower interest rates?

MS. CORSO:

Right. I think there's a schedule attached. I don't think that the intent is to refund the \$430 million at one time, but this will give them the authority to kind of maybe do it in chunks. Look at some of the -- I think there are some bonds on there that had five, five-and-a-half percent interest rates. We could probably do a little bit better. So it's not necessarily going out for a whole \$430 million refunding. It's going out, you know, giving him the authority to look at the county's portfolio and to see which ones should move forward for refinancing.

LEG. SCHNEIDERMAN:

Ms. Corso, can I ask you a couple questions related to that. Obviously, when you do refinancing, there's cost associated with that. There's bond counsel, there's preparing the package, there's a lot

of associated expenses that need to be factored into, so I want to make sure we come out ahead. But I'm also interested in the term of these loans, so you say we might be paying 5 percent interest but maybe there's 10 years left on it or 5 years left on it. Is this changing the term, the expiration of some of these bonds as well?

MS. CORSO:

I would really --

LEG. SCHNEIDERMAN:

Which would give us short-term gain but wouldn't necessarily --

MS. CORSO:

I would prefer to defer to the comptroller because it is his bill. But, as you know, the county does -- even though we go out for 20-year bonds, usually we pay back in 18, so we try to pay back as fast as possible.

LEG. SCHNEIDERMAN:

Right. I mean, I'm just trying to, you know, wrap myself around it.

MS. CORSO:

You're definitely, you know, for the most part --

LEG. SCHNEIDERMAN:

So you can finance your home loan?

MS. CORSO:

-- you're going to -- if you have seven years left on a five-and-a-half percent bond, you're going to probably go to the ten years at four or three and a half or whatever you think. That would be up to the comptroller. I would have absolutely nothing to do with that. What happens is we have a -- Capital Mark is our financial advisor, and they give us the advice that in the end, it has to net positive or it's not worth doing, including your cost of issuance.

LEG. SCHNEIDERMAN:

So this would, then, in your opinion potentially extend the life.

MS. CORSO:

It could potentially extend. I couldn't swear to it. It depends on what kind of bonds we're going out for. It would depend on how many we're going to put together, what the packet looks like. This is just the entire portfolio of candidates that are eligible for possible refunding. We may not go out for any if it's not economically feasible.

LEG. SCHNEIDERMAN:

What might make short-term financial, you know, by stretching some of these out, we maybe have two to three years left --

MS. CORSO:

That's not the idea. The idea is, even if we extend the term, the idea is to save the money, so even if the term is extended there has to be economic savings or else they're not going to do it.

CHAIRMAN GREGORY:

And if I may interject, my conversation with the comptroller was that they are not looking to take a five-year bond, extend it to 15 years to save the cost by spreading it out. They're looking strictly at the interest rates to see if it's a lower --

MS. CORSO:

Right, and that's what Tom was just pointing out in the fiscal. The fiscal says it will not extend beyond the original term of the original bonds. Again, it's not our bill; it's the comptroller's bill. I'm just trying to help out.

LEG. SCHNEIDERMAN:

Thank you.

LEG. SCHNEIDERMAN:

Thank you. That's what I was looking for.

CHAIRMAN GREGORY:

And to add, I think he said the last time we did it, we saved \$6 million dollars. Okay. Any other questions? No. Okay. We have a motion and a second. All in favor? Opposed? Abstentions? **Approved (VOTE: 5-0-0-0)**

IR 2010, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer By: County Legislature No. 395 (County Executive). I'll make a motion to approve and place on the consent calendar. Second by Legislator Schneiderman. All in favor? Opposed? Abstentions? **Approved/Consent (VOTE: 5-0-0-0)**

IR 2050, To Amend Resolution No. 7-2013, designating depositories pursuant to Section 212 of the County Law (Horsley). I'm going to make a motion to approve. Second by Legislator Muratore. Counsel, this is a current depository to change the name of the bank?

MR. NOLAN:

That's according to the treasurer, that the Herald bank has been renamed Bank United, and it's the same address. Again, the treasurer requested that we make this change.

CHAIRMAN GREGORY:

Okay. Questions? All in favor? Opposed? Abstentions? **Approved (VOTE: 5-0-0-0)**

IR 2055, Authorizing the County Comptroller and the County Treasurer to transfer funds to cover unanticipated expenses in the 2013 Adopted Mandated Budget from the 2013 Adopted Discretionary Budget (County Executive). Make a motion to approve. Second by Legislator Horsley. Counsel, can you explain?

MR. NOLAN:

Budget Review?

MS. GAZES:

These are housekeeping resolutions that we do generally every year to move money within the budget to cover expenses. There's no additional cost. It's just moving it from one part to another to cover unanticipated expenses where we have extra money to move those funds. There are three of them, actually, on the agenda.

CHAIRMAN GREGORY:

Okay. No questions. All in favor? Opposed? Abstentions? Motion carries. ***Approved (VOTE: 5-0-0-0)***

IR 2056, Authorizing the County Comptroller and the County Treasurer to transfer funds to cover unanticipated expenses in the 2013 Adopted Mandated Budget (County Executive). Same motion, same second. All in favor? Opposed? Abstentions? ***Approved (VOTE: 5-0-0-0)***

IR 2057, Authorizing the County Comptroller and the County Treasurer to transfer funds to cover unanticipated expenses in the 2013 Adopted Discretionary Budget (County Executive). Same motion, same second. All in favor? Opposed? Abstentions? ***Approved (VOTE: 5-0-0-0)***

That is our agenda. We stand adjourned.

(*The meeting was adjourned at 10:31 a.m. *)