

Budget and Finance 5-6-14  
**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 May 6, 2014, at 12:30 p.m.

**MEMBERS PRESENT:**

Legislator Lou D'Amaro - Chairman  
Legislator Sarah Anker - Vice-Chairwoman  
Legislator John Kennedy  
Legislator Monica Martinez  
Legislator Steve Stern  
Legislator Robert Trotta

**ALSO IN ATTENDANCE:**

Presiding Officer DuWayne Gregory - District No. 15  
Deputy Presiding Office Jay Schneiderman - District No. 2  
Legislator Tom Cilmi - District No. 10  
Lora Gellerstein - Chief Deputy Clerk/Suffolk County Legislature  
George Nolan - Counsel to the Legislature  
Pam Donovan - Aide to Legislator Anker  
Greg Moran - Aide to Legislator Trotta  
Lisa Pinkard - Aide to Legislator Martinez  
Bill Shilling - Aide to Legislator Calarco  
Maria Barbera - Aide to Legislator Cilmi  
Ali Nazir - Aide to Legislator Kennedy  
Debbie Harris - Aide to Legislator Stern  
Tom Vaughn - County Executive Assistant  
Amy Keyes - County Executive Assistant  
Lynne Bizzarro - Chief Deputy County Attorney  
Frank Bayer - SC Comptroller's Office/Executive Director of Audit  
Joseph Pecorella - SC Comptroller's Office/Investigator/Audit  
Lance Reinheimer - Director/Vanderbilt Museum  
Neil Watson - Long Island Museum  
Christina Strassfield - Guild Hall Museum  
Ruth Appelhof - Guild Hall Museum  
Douglas Quattro - Theatre Three Productions  
John Eilertsen - Bridgehampton Historical Society  
Svetlana Caton - Lumiere Ballet  
Bonnie Cannon - Bridgehampton Childcare & Recreation Center  
Devon Daniel - Boys & Girls Club of Suffolk  
Kevin McEveddy - AME  
Rick Brand - Newsday  
All Other Interested Parties

**MINUTES TAKEN BY:**

Alison Mahoney - Court Stenographer

**MINUTES TRANSCRIBED BY:**

Kim Castiglione - Legislative Secretary

***(The meeting was called to order at 12:41 p.m.)***

**CHAIRMAN D'AMARO:**

Good afternoon, ladies and gentlemen. Welcome to the Budget and Finance Committee. Please rise and join the committee in the Pledge of Allegiance led by Legislator, our Deputy Presiding Officer, Jay Schneiderman.

***Salutation***

Thank you. Okay. Turning to the agenda this afternoon, the committee has not received any correspondence. We'll go next to public comments. I've received several cards. When I call your name, please come up to the podium and state your name for the record. You will be given an opportunity to address the committee for three minutes this afternoon. I will call the first, Ruth Appelhof.

**MS. APPELHOF:**

Good afternoon.

**CHAIRMAN D'AMARO:**

Good afternoon. Welcome.

**MS. APPELHOF:**

Can you hear me?

**CHAIRMAN D'AMARO:**

Yes.

**MS. APPELHOF:**

Good. Thank you for having me here today and I want to start out by thanking Jay Schneiderman, who has just been wonderful to Guild Hall and the East End of Long Island for a number of years, and we certainly appreciate everything that he does. We had an opportunity to call Joe Pecorella, who is here today, about our -- the question of our funding and the proportion that is going toward administrative, and he explained to us that you're really looking at our 2012 990 Form. And I do know that if you were to look at that it's -- we're at 33%, not the 20% that you require. And I'd just like to say that we are currently in our auditing phase and we are trying very hard to comply for 2013. So we'll hope that it will be acceptable to you once it's completed.

I also would like to say that Guild Hall is -- takes a very conservative approach to our accounting policies and we're careful to allocate only actual programming expense to the program expense line. However, we -- and I hope you all have a brochure from Guild Hall. We have very, very high quality programs at very low cost. Well, how do we do that? I think we're unique to institutions across the country. We have the most amazing group of neighbors who are artists and musicians and very, very talented people in all walks of life, and they are the ones that come on our stage, they're the ones that offer their paintings for an exhibition.

We just recently had an exhibition last summer of the work of Chuck Close. Chuck is one of the greatest artists in the world. He happens to have lived in East Hampton for many years and our Museum Director, Christina Strassfield, accompanied me here, she was able to do an exhibition of

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Chuck Close's tapestries and paintings last summer that cost very, very little, in the \$100,000 range. However, if you were to do that at any other place in the country, it would be a half a million dollars. So we were very lucky. Chuck helped us out, Arne Glimcher from Pace Galleries helped us out. People in every area of the arts contribute their time and talent. We also had Blythe Danner in a play last year, and Blythe, who lives out in East Hampton, was sensational starring in this play for no compensation at all. So we're very lucky that we can negotiate special rates with these performers because they really believe in Guild Hall and Guild Hall's mission.

We do hope that when you look at our 990 for next year we will be in compliance or close to -- I think it's important to say that last year we had our largest attendance ever, 51,000 people came, summer and winter. We're doing some great programming in the winter as well.

**CHAIRMAN D'AMARO:**

Ms. Appelhof, your time has expired. So if you could wrap up, please.

**MS. APPELHOF:**

Yes.

**CHAIRMAN D'AMARO:**

Thank you.

**MS. APPELHOF:**

So we very appreciate the funding that comes from Suffolk County and I do appreciate the time that I've taken today to talk to you about how important Guild Hall is to our community. Thank you.

**CHAIRMAN D'AMARO:**

Thank you.

**D.P.O. SCHNEIDERMAN:**

Ask if she will be able to answer questions when the bill is discussed?

**CHAIRMAN D'AMARO:**

Will you be staying? What's going to happen is when we get to the next part of our agenda we'll be -- the committee will be discussing Guild Hall as well as some other agencies that are also in excess of the threshold 20%. Will you be available? Can you stay?

**MS. APPELHOF:**

Yes. I'm catching a plane in a few hours, but I certainly have time to stay for a while.

**CHAIRMAN D'AMARO:**

Okay. All right, as best you can.

**MS. APPELHOF:**

All right. Thank you very much.

**CHAIRMAN D'AMARO:**

Thank you. All right. Next up to address the committee is Lance Reinheimer. Lance?

**MR. REINHEIMER:**

If I can, can I sit at the table? I have a short PowerPoint presentation.

**CHAIRMAN D'AMARO:**

Okay. You have two minutes and 54 seconds.

(\*Laughter\*)

**MR. REINHEIMER:**

I'm here -- this is kind of an unusual situation I'm here. The County Executive is coming forward on Tuesday with a bond resolution to finish the structural shoring up of the boathouse that was suspended in 2008. They stopped in the middle of the program due to lack of funds. The funds were appropriated, but the Bond Resolution failed. This is the boathouse as it looks today. This boathouse is 100 years old. Resolution 1139 of 2008 appropriated \$475,000 to complete the work that was started that's holding up the roof and the porch of the boathouse. That was suspended in 2008. The Bond Resolution failed by a vote of 11 to 7.

This is the beach side of the house, boathouse, and if you look, it's hard to see on this picture, but there's structural supports that are holding up the concrete porch on the left and right and also the roof above that. This is a close-up of those structural temporary supports that have been there for six years, and this is the detail of what it looks like from the porch.

I'm really asking for funds. This building can't be used. This is temporary shoring up on a structure that, you know, sooner or later one's going to give or the other. We either continue to fix the work that's started or we just let it go and hope that things don't get worse.

Potential use for the building. Basically, this building has a very unique and very odd floor plan. It can't be used for large groups or for catering. You could have a very small group there. But, you know, we suspended our Marine Programs, education programs, many years ago. Cornell did it for several years, but prior to Cornell the museum conducted Marine Programs. We can't do that without this house. This would enable us to have beach access, expand and possibly do some marine programs for schoolchildren.

I also included a picture of the house the way it looked back when it was first built. This is the building as it looked many years ago, and if you look at the left and right by the granite, those structures there that are holding up the porch and the roof aren't there, and that's what's being held up by temporary steel structures that are holding it today and have been there since 2008.

So the funds have been appropriated, a Bond Resolution is coming forward. This is an unusual situation, and I know that in the past when the Legislature has a Bond Resolution without an appropriating resolution there's questions, and so I'm here today to alert you of what's coming down Tuesday and if you did have any questions, to answer them.

**CHAIRMAN D'AMARO:**

All right. So this Bond Resolution has been put on or is being put on the agenda for Tuesday's General Meeting?

**MR. REINHEIMER:**

Yes. I spoke to Tom Vaughn in the County Executive's Office. He informed me yesterday that they were going to come forward with the resolution. They also know that I was going to address this committee and the Parks Committee.

**CHAIRMAN D'AMARO:**

So at some point there was a vote on that bond, it failed. What was the date of that vote?

**MR. REINHEIMER:**

That vote was February 3rd in 2009.

**CHAIRMAN D'AMARO:**

And that's the last time that was brought up for consideration?

**MR. REINHEIMER:**

Yes.

**CHAIRMAN D'AMARO:**

Okay.

**MR. REINHEIMER:**

Yeah, and that -- it received 11 votes. I have a copy, if anyone wants, of the vote sheet.

**CHAIRMAN D'AMARO:**

Lance, will you be available on Tuesday?

**MR. REINHEIMER:**

Unfortunately, no, I have a prior commitment. I'm getting married on Saturday and my future wife wants me to go away with her.

*(\*Laughter\*)*

**CHAIRMAN D'AMARO:**

Some things even trump the Vanderbilt, I guess.

**MR. REINHEIMER:**

And with my track record, I'm not striking out again.

*(\*Laughter\*)*

**CHAIRMAN D'AMARO:**

Good for you.

**D.P.O. SCHNEIDERMAN:**

Congratulations.

**MR. REINHEIMER:**

Thank you.

**CHAIRMAN D'AMARO:**

So we're going to be considering the Bonding Resolution at Tuesday's General Meeting.

**MR. REINHEIMER:**

That's correct.

**CHAIRMAN D'AMARO:**

And you gave us this brief presentation today, but you feel that you support the resolution, that you do have a use and a need for the boathouse, and how does it fit into the financial picture? Does it help the Vanderbilt in generating revenue?

**MR. REINHEIMER:**

It's minimal in terms of revenue. There's potential there for education program expansion for Marine Programs, but I'm not going to make something up. This is not going to increase revenue, and there's two reasons for coming forward with this. There's temporary structures that are holding that cement porch and the roof line that goes, you know, goes down on to those supports. And they've been there since 2008. They have the concrete forms, they were in the process of going forward and ran out of funds, and that's why this resolution came forward in 2008 to appropriate more funds.

**CHAIRMAN D'AMARO:**

So is this considered an historic structure?

**MR. REINHEIMER:**

Oh, absolutely. It's a hundred years old.

**CHAIRMAN D'AMARO:**

It is. But do you think that -- how much is the bond for?

**MR. REINHEIMER:**

Four hundred and seventy-five thousand.

**CHAIRMAN D'AMARO:**

Right. Now, let's say we go ahead and pass that and renovate, you know, what's the cost of maintaining and operating the boathouse. The boathouse, right, that's what we're talking about?

**MR. REINHEIMER:**

Correct.

**CHAIRMAN D'AMARO:**

The cost of operating and maintaining the boathouse on an annual basis. How much of a drain would it be on your finances?

**MR. REINHEIMER:**

We are heating this today so we're maintaining it as far as the heat goes today. We've actually -- because it's been vacant it was infested with raccoons. We've removed eight or nine raccoons this past week through Public Works and they're fixing the point of entry so that that doesn't happen. But this is what happens when buildings are vacant, unused, critters get in there.

**CHAIRMAN D'AMARO:**

Uh-huh.

**MR. REINHEIMER:**

So the cost of putting it back online is minimal. It's really for two reasons, to keep it -- to stabilize it permanently and to use it as an access to the beach for Marine Programs.

**CHAIRMAN D'AMARO:**

So after the renovations it will be usable.

**MR. REINHEIMER:**

Well, after the renovations it can be used, yes. Right now we're not allowed to be in the house.

**CHAIRMAN D'AMARO:**

Right. Okay. Legislator Anker, yes, please.

**LEG. ANKER:**

You know, again, just to clarify. I was on the Vanderbilt Board for three years, and I remember walking down there and it was in pretty bad shape, but it's actually pretty roomy inside and, you know, I can see having some private parties, you know, right there, you know, even by the beach. I can see it as generating some revenue. Maybe not large, you know, nothing over a hundred people perhaps.

**MR. REINHEIMER:**

Right. It's -- you know, I'm realistic. It's -- you could have it for catering but it's not going to be a

game changer, it's not going to generate a lot of revenue. It gives us an option to use the porch and have access to the beach for very small gatherings.

When Public Works looks at a building they look at it in terms of fire code. It does have a strange floor plan. It has a hatch stairway that goes down from the kitchen, so there's actually a hatch in the floor that you go down. It has a very narrow spiral type staircase on the second floor that even if you are aware of that staircase and have gone up and down it, it's still tricky to navigate.

**LEG. ANKER:**

Now what about the -- this isn't the hangar. The hangar is a different structure.

**MR. REINHEIMER:**

That's a whole different -- this building with this work should be usable. Now, the museum, you know, has a person on staff that can do repairs and we can get it back in shape, and part of the raccoon relocation program was to clean-up the inside and to get it in the position where now you can do some renovations to it to fix it up to make it inhabitable again.

**LEG. ANKER:**

Since this is a historic structure, is there any way we can get funding through the State or Federal government for the actual, you know, Capital Projects that this structure has to go through?

**MR. REINHEIMER:**

We haven't done that -- I didn't mean to cut you off. Suffolk County hasn't done that in the past. We haven't done that. We have raised a lot of money for Capital Programs. As you know, we raised \$160,000 for the planetarium. We have a \$100,000 for the Stoll Wing. We also have funds from the sale of the Chrysler, 275,000. We've used some of those funds, about 40,000, for the mansion. So when we're done with the Stoll Wing we'll have spent \$300,000 in private funds for Capital Projects, and that's something I'm really proud of and it's part of the private/government partnership.

**LEG. ANKER:**

Right. And again, I'm thinking, you know, naming of the building. Is there someone that we know that have half a million dollars that would like a building named after them? Have you looked into that?

**MR. REINHEIMER:**

I'll consider anybody for that. The Sarah Anker Building perhaps?

*(\*Laughter\*)*

**LEG. ANKER:**

No \$500,000 here, sorry. But you have looked into that, though, as far as naming the building? You know, with these Capital Projects because, again, you know, the Vanderbilt is getting funds through the County for all Capital Projects and if there's a way that we could supplement that, you know, it's always a good thing.

**MR. REINHEIMER:**

Yeah, well that's what we did with the planetarium. We have a 20-year agreement for \$1.7 million. Part of naming buildings and doing that, it's an excellent idea, it's the marketing and going out and finding people that are receptive to that. You know, I have a part-time development person who's currently out on maternity. I feel that development falls on the Director. People would rather talk to the Director. I haven't gotten out as much as I wish I could because I'm stuck in the office but, you know, I'm out there shaking the bushes as much as I can.

**LEG. ANKER:**

Newsday is here I see, the Guild is here, a lot of our lovely museums and theatres, so if you -- spread the word if you know someone who would like a building named after them. Thank you, Lance. You have done an excellent job, you know, and we really appreciate all the effort that you put into the Vanderbilt Museum.

**MR. REINHEIMER:**

Thank you. Just one last -- I did ask Kevin Peterman from, he's a Trustee of the museum, that on Tuesday if there are any questions concerning this Bond Resolution, he would be prepared to answer those questions. But it is an unusual situation, but the County Executive is supporting it and the museum, of course, is supporting it and it just finishes the work that was stopped in the middle.

**LEG. KENNEDY:**

Mr. Chair?

**CHAIRMAN D'AMARO:**

Okay, Lance, there are some more questions for you, if you would stay put. Legislator Trotta and Kennedy.

**LEG. TROTTA:**

Question. Is the \$450,000 going to make it finished, complete, carpet, whatever you have to do to it, or is it just to the fix the structure?

**MR. REINHEIMER:**

It's just to the fix the structure. And that 475, you know, I'm not an engineer. I don't think Public Works has done any updated estimates. I'm sure they're going to have to in their terms value engineer. I'm not going to mislead you. This will, I hope, fix the structure to stabilize it, but by no means will this renovate the interior. A lot of the work on the inside is minor work. We do a lot of that work in-house. I have one restoration carpenter. He does that when he has time, if he's not cutting the grass, but we can do a lot of the work on the inside. I'm not looking for funds to renovate the inside. I think we can do that on our own over time.

**LEG. TROTTA:**

Have you gotten a price from anybody to fix it? Have you brought construction guys in, Racanelli, to see how much that costs to fix it?

**MR. REINHEIMER:**

That's up to Public Works. They let the contracts, they do the estimates with New York State with prevailing wage. There are contracts that they go through the bidding process. They have to use contracts that were -- contractors that went through the proper RFP process.

**LEG. TROTTA:**

Has that all been done?

**MR. REINHEIMER:**

Yes, they have contract -- yes.

**LEG. TROTTA:**

In 2008 or recently?

**MR. REINHEIMER:**

Well, they have contractors now that are under an ongoing contract that can come in and do general construction. They have those people on hand now. Now, if this is specialized and they don't have a contractor that can do the work, they would send that out to bid. That would go through the bid

process. Public Works is in charge of all Capital Projects whether they're funded privately through the museum or whether they're funded through Suffolk County.

**LEG. TROTTA:**

So we don't know if \$450,000 is enough. You don't have any bid saying we can do this for \$400,000.

**MR. REINHEIMER:**

Well, what Public Works generally does, will work within existing appropriations. This was an estimate from 2008. That was -- from talking to them they said that was a tight estimate back in 2008. This will do most of the work and I'm sure they'll do their best to finish it with these appropriations. They haven't said they needed more. They feel that they can do it, but it's going to be tight. And I don't want to speak for Public Works. I'm paraphrasing conversations I've had with them during the past year concerning this building.

**LEG. TROTTA:**

It would seem to me that they would send someone down there, look what happened in the past six years and say okay, it needs this now or that, and get a price for it before you come here.

**MR. REINHEIMER:**

That's generally -- in this case it doesn't -- what we're doing is we're bonding existing appropriations. So those appropriations, it's a lock. In other words, the -- the resolution passed and it's set at 475. There's no -- you know, unless you put it back into the Capital Program again, there's no way to change that amount, higher or lower. It's -- so what we're doing is generally when you have a Capital resolution there's a Bond Resolution with it that funds it. This was a disconnect and this is why I'm coming before you today, because this is highly unusual. It does happen and it's extremely rare. I've never heard of a resolution coming in five years later and saying the bond -- but I had dialogues with the County Executive since the end of last year concerning this building and this is a way to use existing appropriations, but we need to fund them, and that's what this bond does. It funds what's already in the Capital Program from years ago.

**LEG. ANKER:**

Right. And also, I just want to comment on what you're saying. When I was on the board, about 2008, we really thought the Vanderbilt doors were going to close. Why should we bond anything if we're not going to, you know, have that museum? Well, things have turned around substantially, you know, especially with Lance being, you know, directing. So that was some of the issues regarding the financial situation with the Vanderbilt.

**LEG. TROTTA:**

My concern is we give you 400 and whatever it goes, and then it cost 550 and it sits like that for another five years again. I'd like to know that it costs "X" amount of dollars and do it right, because if it costs 550,000, they get three-quarters of the way done, you have no more money, and now where are we. It could sit here for another five years.

**MR. REINHEIMER:**

I think that's a valid concern. I'll call Public Works today and hope to get some kind of indication from them. I'm coming back tomorrow for the Parks Department -- Parks Committee for the same reason, so in the meantime I will call Public Works and see if they can give me an idea of where we are. And you are absolutely right, why be in the same position tomorrow after we appropriate this 475,000 that we're in today and have a job that's half done. You're absolutely right. I will get an indication from Public Works.

**CHAIRMAN D'AMARO:**

All right. Thank you, Legislator Trotta. Legislator Kennedy, please, go ahead.

**LEG. KENNEDY:**

Thank you, Mr. Chair. Lance, similar to what Legislator Trotta has spoken about, you did point out that this is extremely atypical. If we had had the bond and more than five years elapsed that would -- essentially would have lapsed as well. We have to have any bonded project basically at least substantively started within that 60 month time period, I believe.

**MR. REINHEIMER:**

You're absolutely right. To make this even more unusual, this is from the 2008 Capital Program. The Bond Resolution -- actually the appropriating resolution was adopted by the Legislature, vetoed by the County Executive, and overridden by the Legislature in 2009. So because the appropriating resolution was adopted in 2009, the five year clock ends this year and that's what makes this very critical. So we're still within that five years being in 2014.

**LEG. KENNEDY:**

Okay. So procedurally we've got this wrinkle -- I'll talk with George. I know, listen, you know this stuff cold from having done it for us in BRO. But towards what Legislator Trotta spoke about, I would like to see something from Public Works. I want to see what they're proposing to do. You know, are we going to throw some cinderblock with brick facade up there, are they putting in structural steel, do we have the DEC permit in place because we're waterfront there. What is it, are they sinking pilings underneath it? I want to see something substantive from whoever engineered it in the first instance as to what the stabilization aspect of it is.

It's admirable that you're indicating you're willing to take on whatever the interior reno stuff is. Now, that's going to portend, then, the whole question about the wiring, the electrical in there, the compliance from the Huntington Town Fire Marshal, how, you know, legally how many can we have in there at one time? The gamut of what's involved with this thing is fairly huge, and the simple ask for 475 really kind of leaves me in any event, and us I think, kind of in the pendulum here not knowing that, you know, all of the nuts and bolts and meat and potatoes on the other side is really in place.

**MR. REINHEIMER:**

I will call Public Works. You know, I know that they were -- they had concrete forms that were being built for the concrete. Two questions. See if they can do the work with the allotted appropriations.

**LEG. KENNEDY:**

Yes.

**MR. REINHEIMER:**

And to get an idea of how -- what structure improvements they're doing to shore this up to secure it. You're right about the DEC, I'm not sure that they have that in place. I'm not sure --

**LEG. KENNEDY:**

That often takes a couple of years, as you know, from the time that you submit. They don't move fast. It's very easy to have 24 months elapse before they'll give approval or consent.

**MR. REINHEIMER:**

You are correct on that. So I've got some questions to ask Public Works. I hope to have some answers by tomorrow, and at least by Tuesday. There's nothing for you to vote on, there is nothing before you today here in this committee or the Parks Committee tomorrow. This is coming up Tuesday and it's good to have this dialogue today so that when this comes up on Tuesday we have some answers for you.

**LEG. KENNEDY:**

Good, good. And by the way, congratulations.

**MR. REINHEIMER:**

Thank you.

**CHAIRMAN D'AMARO:**

All right. Thank you, Legislator Kennedy. And I think it would be helpful, then, if you would let Commissioner Anderson know that on Tuesday Legislator Kennedy, myself and some others will probably have questions needing more detail on all of this. It's not something we can really get that deeply into committee with because there's no bill pending here anyway.

**MR. REINHEIMER:**

Right.

**CHAIRMAN D'AMARO:**

This is just a Bond Resolution. The appropriation bill was already passed.

**MR. REINHEIMER:**

Correct.

**CHAIRMAN D'AMARO:**

But I appreciate the questions that are being asked, and I think we need to just address it before the full Legislature. Legislator Cilmi, you had some questions? Please go ahead.

**LEG. CILMI:**

Briefly, thanks. Thanks, Mr. Chairman. Lance, thanks for your presentation. I would make a suggestion, and I only do this today because you won't be there on Tuesday, and in the interest of trying to give you some time to do what you need to do. If this bill was originally passed in 2008, the appropriating bill, but the Bond Resolution failed, to me it's sort of tantamount to it not passing in the first place. And then that sort of brings me to my -- the crux of my point, which is that in 2008 or even 2009, we had a wholly different Legislature. I mean, there are -- I just did a quick count. We have at least eight new members sitting here today --

**MR. REINHEIMER:**

Uh-huh.

**LEG. CILMI:**

-- as compared to 2009. So it seems to me the appropriate thing to do, and this may assist in answering some of the questions that others on the committee have posed, the appropriate thing to do would be to come forward with another resolution entirely. You know, allow it to go through the committee process, allow those questions to be answered and, you know, only at that point I would say that we have the, you know, the ability to vote on the bond, on another Bond Resolution.

I think to ask us to vote on the Bond Resolution now, some five years hence with an entirely different Legislature is, I'm not sure that I want to use the word inappropriate, but certainly within legal, you know, the legal bounds of what our Charter allows, but there's something wrong with it to me. And it's not to -- that's not a commentary on the value of the project at all, it's just a, you know, a comment on the process, if you will.

**CHAIRMAN D'AMARO:**

Legislator Cilmi, that's a very interesting point, and I appreciate the fact that if you weren't here at the time you would want to have that discussion. However, I think Counsel might want to respond to that as well.

**MR. NOLAN:**

I just was discussing with the Chairman the problem with doing that now is there's no -- I presume there's no money in this year's Capital Budget and Program to appropriate. So if you wanted to try to do it the way you are suggesting, Legislative Cilmi, you'd have to find an offset of \$475,000 to appropriate for this particular project. So you'd have to take the money from somewhere else in this year's Capital Budget. There needs to be an offset. So, you know, we appropriated money back in 2008, 2009, but if you wanted to do both, the underlying resolution now and a Bond Resolution, I think you'd have to find 2014 money, a new pot of money.

**LEG. CILMI:**

Through the Chair, if I could just continue that dialogue then. If we -- if this was budgeted, however, in the Capital Program in 2008, and an appropriating resolution was passed, I mean, what happens with that? I guess it falls to fund -- there's really no fund balance with a Capital Budget, so it just goes away? I mean, what --

**MR. NOLAN:**

I think it's hard to describe what happens. I would really defer to Budget Review, but it basically has been sitting in limbo.

**LEG. CILMI:**

And in answering the question, Robert, if you would, maybe there's some other mechanism that needs to happen or maybe we do need to find an offset for that money now because, I mean, we -- the Legislature approved that appropriating resolution in 2008 based on a certain set of -- based on a certain set of, you know, fiscal realities. And, you know, clearly today we're facing a different fiscal reality than we were facing in 2008 and 2009.

**MR. LIPP:**

So there is no budgetary impact of this particular resolution until it -- unless it would be adopted, the Bonding Resolution. What typically happens is after five full years are completed there's a law that says that the authorization would be rescinded. So after five years, I guess at the end of this year perhaps, the County Executive would come across with a resolution to rescind authorizations that dime one was not spent on.

That being said, you could choose to do it the way you're suggesting and try to find an offset or the like, or could you say, well, okay, given those realities, let's put it in front of the Legislature and it would require a higher level of approval, that is 12 votes instead of ten anyhow to pass this. And we could resurrect the fiscal impact statement if you want from 2008 and modify it if need be and probably would be up until today's debt service type schedules. But that's, you know, your prerogative which way you want to go.

**LEG. CILMI:**

So what's the reason for the -- I'm not sure what the proper term is, for the rescinding of the authorization after five years?

**MR. LIPP:**

I guess one way to look at it would be sort of like a housekeeping rule, if you will. You know, you don't want to have stuff laying around your house too long that you're just not using. Clean out your closet, so to speak. You haven't worn that shirt in five years.

**LEG. CILMI:**

Okay. I mean, just for me and, you know, if I were others who were new to this Legislature, I would want an opportunity to fully vet the proposal, not just in terms of a budget or not just in terms of a Bond Resolution. And to me, if we don't have -- if we can't -- we're in the middle of doing our Capital Budget and Program now. If we can't come to the conclusion now through the adoption of

that Capital Budget and Program or some other means that this is a priority, then we shouldn't approve it in the first place, but I would like that opportunity to, you know, to talk with you in greater depth about the project through the process of having a resolution, a new resolution in front of us. That's all. Thanks.

**CHAIRMAN D'AMARO:**

Legislator Cilmi, as you know, the bond would require 12 votes.

**LEG. CILMI:**

Yes.

**CHAIRMAN D'AMARO:**

So it's a higher threshold.

**LEG. CILMI:**

Sure.

**CHAIRMAN D'AMARO:**

So if we go to the Leg meeting on Tuesday and the bond is pending, we could vet the merits of the project at that time. And then, of course, decide whether or not you want to support it or not.

**LEG. CILMI:**

So it would be tantamount to a CN, a Certificate of Necessity.

**CHAIRMAN D'AMARO:**

Well, except we -- yeah. We have notice of it now. I'm just trying to make a suggestion that, I mean, another thing we could do is just wipe this out and put it into the Capital Budget that's being drafted now, but I would think of this more as if you want all that more detail it would be more difficult to get through the Capital Project process right now, because we're doing so much at the same time. You could think of this more as like a standalone that's coming before the full Legislature on Tuesday, and we can request that Commissioner Anderson come down and we can just fully vet it on Tuesday, if you're comfortable with that.

**LEG. CILMI:**

Well, I --

**CHAIRMAN D'AMARO:**

There's nothing for us to vote on today.

**LEG. CILMI:**

I'm one of 18. There's nothing for us to vote on today. You know, we're taking up valuable committee time on this.

**MR. LIPP:**

Just as a point of information. So it's up to the County Executive, obviously, to come forward with the Bonding Resolution or not, and my office will prepare some documents for you to tell you what the current debt service scheduled will be and also we'll pull out hopefully the Capital Project write-up when this was, you know, relevant back five years ago. So you'll have that information to make your determination.

**CHAIRMAN D'AMARO:**

And also, Legislator Cilmi, one option that the Legislature would have on Tuesday is to commit back to committee as well so, you know, we can reserve that whole discussion and all of those options will be open on Tuesday when we meet.

**LEG. CILMI:**

Why couldn't the bill, the Bonding Resolution, come through committee in the first place?

**MR. NOLAN:**

The practice is --

**LEG. CILMI:**

If we can commit it back, then why couldn't it just come from the committee in the first place?

**MR. NOLAN:**

I think that would be up to -- our standard practice is Bond Resolutions come directly to the full Legislature, normally with an underlying resolution, but not always. Sometimes the appropriating resolution and the Bonding Resolution gets separated and voted at different times. But I think it will be presented to us on Tuesday. It will be in our packet, and then the body can decide what it wants to do with it that day. If it's the will of the Legislature to have it go through committee and be vetted there and discuss the merits of the project, that's up to the body.

**LEG. CILMI:**

I appreciate the opportunity to weigh in and express my concerns to Lance at least. Thank you.

**CHAIRMAN D'AMARO:**

Yeah, and I think many of us have concerns and I think at a minimum on Tuesday we'll start to address them. If we're not comfortable with that, we can go back to the committee process. Legislator Stern.

**LEG. STERN:**

Thank you, Mr. Chairman. George, to you first. The other option, if it's before us on Tuesday and Legislator Cilmi and others still have questions, rather than have it come back to committee, the Bond Resolution before the full Legislature can simply be tabled.

**MR. NOLAN:**

Sure.

**LEG. STERN:**

And put over to the next meeting. That would give an opportunity not just to participate in that kind of a dialogue at committee, but for all 18 to have an ongoing dialogue and give everybody some time. So that's another option as well.

Lance, as you know, a couple of years ago Legislator Horsley started an initiative where he wanted to look at particular historical structures that were badly in need of repair and maintenance, and so he attempted to start a program developing a public/private partnership, but inviting private entities to come in, or they could be public entities, just other than County entities, to participate in using the historical structures that we have as a way to bring outside groups in and take on some of the cost. Is that something that has been or can be considered here with this particular structure? I know that there are limited uses for it, limited access for the public. Is that the kind of thing that can or has ever been discussed among the Board of Trustees?

**MR. REINHEIMER:**

It hasn't been discussed by the Board of Trustees since I've been there. As I said earlier, Cornell did run a Marine Program out of this facility. They were the last ones to use it and they were there for several years, so there was sort of a quasi-public, too, but an outside agency did come in and run those programs. It's a possibility. We haven't explored it, though.

**LEG. STERN:**

Is that the kind of matter that can be brought up to the Board? I'd be interested to know what the general consensus would be among board members. My assumption here is that if the structure is brought up to standard and if there was a round of invitations going out to outside entities to come in and make use of it, I would be interested to know if that would be one of the options that the Board would be willing to consider.

**MR. REINHEIMER:**

Yeah, I think the Board is open to many options, especially when it comes to education; it's our mission. So -- and they want the museum to be successful and to reach as many people as possible. So the Board is pretty receptive to many of those suggestions that you made. I'm not speaking for the Board, but knowing how they think and their mission, they would be receptive to that. I don't think there are any -- this is not something that they could use for catering in its present state as was mentioned before, fire code and whatnot, the floor plan. It doesn't work with public assembly in this building. It's an odd floor plan.

**LEG. STERN:**

And because of that, you know, it's one thing to open up the structure and invite maybe not-for-profit organizations to come in for educational purposes. It's very different to have an outside entity, whether it's for profit or not-for-profit to be able to use it for their specific use in an ongoing way and be able to assume much of the upkeep and the maintenance that's involved. Two very different models.

**MR. REINHEIMER:**

You're absolutely right.

**LEG. STERN:**

Thank you.

**CHAIRMAN D'AMARO:**

Thank you, Legislator Stern. Are there any other questions? Lance, thank you. Good job, as usual, and good luck to you over the weekend.

**MR. REINHEIMER:**

Thank you. Thank you very much. And I'm not getting married at the museum. I tell people I'm not getting married at work.

*(\*Laughter\*)*

**CHAIRMAN D'AMARO:**

Right. Excellent. No, really, best regards to you. And we'll pick this up on Tuesday before the full Legislature.

**MR. REINHEIMER:**

Thank you.

**CHAIRMAN D'AMARO:**

Thank you. What I'd like to do now is the remainder of the cards that have been submitted are from individuals wishing to speak on some of the bills that are pending here with respect to contract agencies. Is there anyone here who wants to address the Legislature that does not want to speak about a particular contract agency? Okay, that being the case, what I'm going to do is ask the committee rather than finish this public portion, is to just go directly to those bills, to those IR's, and address them one at a time and whoever has filled out a card and is here representing the particular agency can come up at that time and engage in a dialogue with us, along with Joe Pecorella. Joe,

come on up, is here from Comptroller Sawicki's office as well. He will be here to provide his expertise and answer questions and maybe give us a brief overview as well.

So what I'd like to do is turn to the second -- the third page of our agenda, and starting with Resolution Number **1432-2014 - Approving County funding for a contract agency (Guild Hall of East Hampton) (Schneiderman)**. I'd like to offer a motion to take that bill out of order and place it before the committee at this time.

**LEG. STERN:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. 1431 of 2014 is now before the committee -- 1432, thank you, is now before the committee. This was the prior speaker, Ruth Appelof.

**MS. APPELHOF:**

Here.

**CHAIRMAN D'AMARO:**

Still here, okay. They're holding the plane for you. Please come up, if you don't mind. What I'd like to do is the County has a rule -- excuse me -- that says that, it's actually Section 189-41 of the Suffolk County Code, which prohibits contract agencies from receiving funding if administrative expenses are greater than 20% of that agency's total program expenses.

What we have before us today are several agencies that have received funding, so it's not in question as to the merits of what your organization does and the services that you deliver and how you enhance our communities. What is in question, though, is why the administrative expenses are greater than 20% of your program expenses.

Now, what happens is the Comptroller's Office is charged with the responsibility of enforcing that particular portion of our code and comes up with a listing of these contract agencies and advises the Legislature that these several agencies do not meet that requirement. In order to get your funding, you have to do one of two things; either come into compliance or you require a separate resolution approved by a two-thirds vote of the entire Legislature to release that funding, which is what is before us today.

So, Mr. Pecorella, I want to, first of all, thank you for coming down to help us out. Perhaps you can just give us a brief overview of this particular section and what it is that you look at on the administrative expenses side and what it is you look at on the program expenses. If you keep that short, I would appreciate it, and then we'll get into each bill.

**MR. PECORELLA:**

You're talking specifically about one agency?

**CHAIRMAN D'AMARO:**

You need to turn that mic on, though.

**D.P.O. SCHNEIDERMAN:**

I think the first question is a global question, right?

**MR. PECORELLA:**

Are we talking about one agency in particular or?

**CHAIRMAN D'AMARO:**

I'm sorry. Is your microphone on?

**MR. PECORELLA:**

I'm holding the button.

**CHAIRMAN D'AMARO:**

All right, just move up as close as you can to it. I'm getting old, I can't hear anymore. All right, so there are two standards here, the administrative expenses is on one side of the equation and the program expenses are on the other side. So when we talk about administrative expenses, what in particular are you looking for?

**MR. PECORELLA:**

We're basically looking at page ten of the Form 990 that's sent to the IRS. It's column C on page ten. Those are the administrative expenses; and column B are the program expenses.

**CHAIRMAN D'AMARO:**

So when you have the Form 990 in front of you, you're using that form to make this determination.

**MR. PECORELLA:**

Correct.

**CHAIRMAN D'AMARO:**

Now, I know in past instances various agencies have contacted you and worked with you to come into compliance. How does that happen? Do you change the actual form, amend the form?

**MR. PECORELLA:**

Basically their accountant is changing the form, yes, and resubmitting it to the IRS.

**CHAIRMAN D'AMARO:**

Okay. So at times perhaps something was categorized in one particular way when it should have been categorized another way.

**MR. PECORELLA:**

It could be something misclassified, that's possible.

**CHAIRMAN D'AMARO:**

I'm sorry?

**MR. PECORELLA:**

It could be something was misclassified on the form, yes. They put the numbers into the wrong column, that's possible.

**CHAIRMAN D'AMARO:**

All right, good. And you've had some success in dealing with contract agencies and meeting the threshold or getting below the threshold of 20%.

**MR. PECORELLA:**

Yes.

**CHAIRMAN D'AMARO:**

All right. So now in particular the bill before the committee now is 1432, which is approving County funding for a contract agency, Guild Hall. Mr. Pecorella, do you have specific information for each one of these bills?

**MR. PECORELLA:**

I do.

**CHAIRMAN D'AMARO:**

All right. Can you go ahead on this one and let us know what you have?

**MR. PECORELLA:**

For Guild Hall, according to their 2012 IRS Form 990, the administrative expenses, \$824,194, and the program expenses are \$2,495,254, which gives you 33%.

**CHAIRMAN D'AMARO:**

All right. So it's 33%, the administrative expenses are 33% of the program expenses.

**MR. PECORELLA:**

That's correct.

**CHAIRMAN D'AMARO:**

All right. And -- okay. So Legislator Schneiderman, did you have questions?

**D.P.O. SCHNEIDERMAN:**

Well, in terms of what is considered programming. So we're looking at administration versus not operating but programming, because in the performing arts venue most of the money, a significant amount of the operating budget, is going to be spent on maintaining that building, heating that building, maintaining that stage. Even if in this case the performances, they could be free actors and actresses, so there might not be a lot of money being spent on the actual performances, the money is being spent on the physical entity. Does that get to count for programming?

**MR. PECORELLA:**

It depends on how it's classified on the Form 990 by the accountant. This particular one, I think it was prepared by their CPA, it looks like most of the administrative expenses pertain to salaries. I can give you actual numbers if you want.

**D.P.O. SCHNEIDERMAN:**

Let me ask just one other related question, because a lot of these organizations like Guild Hall spend a lot of time fundraising. And Dr. Appelhof, you probably raise what, three or four million in a particular year?

**MS. APPELHOF:**

Four.

**D.P.O. SCHNEIDERMAN:**

Four million dollars. And I imagine a considerable amount of your time is spent raising that four million dollars.

**MS. APPELHOF:**

Yes, sir.

**D.P.O. SCHNEIDERMAN:**

Is that an administrative expense, the time the Executive Director spends bringing money in for programming?

**MR. PECORELLA:**

We're just going by the total numbers on the Form 990.

**D.P.O. SCHNEIDERMAN:**

You're just looking at the IRS forms. So it's really how they classify it to the IRS.

**MR. PECORELLA:**

Without us doing an actual audit of each agency, there's no way of telling if the numbers are correct.

**D.P.O. SCHNEIDERMAN:**

And Dr. Appelhof, you are saying in 2013 you believe you are going to come in even --

**MS. APPELHOF:**

Yes.

**D.P.O. SCHNEIDERMAN**

-- based on your current methodology with the under 20% or under administrative costs?

**MS. APPELHOF:**

I think that we can do that. We're going to try. The auditors are arriving on Monday, but we've been talking internally and looking at all of the expenses of the institution, and we are realizing that there are a number of things that are programming, which we had attributed to administration, one of them being partial expenses for our marketing area. We think that if one were marketing programming that that expense would be a programming expense, so we thought we would look at that and talk to the auditors about it.

**D.P.O. SCHNEIDERMAN:**

Okay.

**CHAIRMAN D'AMARO:**

Yeah. So you're saying if there are salaries being paid to individuals who are marketing the programming, that might be a program expense?

**MS. APPELHOF:**

Yes, sir.

**CHAIRMAN D'AMARO:**

Yeah, I'm not sure about that, either.

**MS. APPELHOF:**

Well, that's -- we --

**CHAIRMAN D'AMARO:**

To me, programming is more of the actual, in your case, performances, things like that.

**MS. APPELHOF:**

Well, as I said before, we're in a catch-22. We have the most amazing stars from Broadway on our stage, but they don't charge us so we don't have high expenses, but we have amazing programs. So it's one of those things that I don't know any other institution would have.

**CHAIRMAN D'AMARO:**

Well, the purpose behind this law, I was here when it was passed, was our past Legislator, Presiding Officer Lindsay, had been taking a look at all contract agencies at the time, and was concerned that the County, and as the economy was getting worse and worse, we were still trying to fund programs because we know the value of doing that. And, however, we wanted to make sure and he wanted to make sure that the funding that the County provides was going towards the programming as opposed to salaries and other types of expenses, administrative expenses. So you can't meet the

20% threshold this year. Have you tried to revise your Form 990 for the year we're talking about now?

**MS. APPELHOF:**

For next year, the auditor is coming --

**CHAIRMAN D'AMARO:**

No, this would be 2012.

**MS. APPELHOF:**

No, we have not tried to revise that.

**CHAIRMAN D'AMARO:**

Right. Have you spoken to the Comptroller's Office about that at all?

**MS. APPELHOF:**

We did speak to Joe.

**CHAIRMAN D'AMARO:**

You did.

**MS. APPELHOF:**

Yes, but not about changing anything.

**CHAIRMAN D'AMARO:**

Okay. Just a more general kind of discussion?

**MS. APPELHOF:**

Yes.

**CHAIRMAN D'AMARO:**

In order for me to properly evaluate what you're saying today, I would have to get a disclosure from you of what are those salaries.

**MS. APPELHOF:**

Sure.

**CHAIRMAN D'AMARO:**

Who are they paid to, what services are performed for them. And I am in no way saying that they're not earned, but our concern has always been -- and you can appreciate this, we're using public funds. And if we're using public funds to pay an exorbitant salary as opposed to providing services and programming, that would concern us.

**MS. APPELHOF:**

Right.

**CHAIRMAN D'AMARO:**

So we have to have more detailed discussion in order to determine whether or not we should make an exception, at least in my mind that's what I would require. So I'm not sure if we have the time to do that here today or how we do that?

**MS. APPELHOF:**

I don't have the information with me today, but I'd like to also just say that there is some new thinking on the horizon that says that many of the areas that one would consider as administrative

are actually now looked at as programming. For instance, in our development area, we actually have 12 programs that we do in our development programs for people that we are nurturing, cultivating. We don't charge them to come but they are doing programs like going to the Metropolitan Opera this week or going to the Morgan Library or, you know, having an opportunity to kind of experience other kinds of cultural and exciting programs. So there's a lot of layers to this that doesn't really -- that salaries don't clearly show.

**CHAIRMAN D'AMARO:**

I agree with you, and so how do you feel for next year you can get within the 20%?

**MS. APPELHOF:**

I think we're going to do it. Should I knock on wood?

**CHAIRMAN D'AMARO:**

Right, I hope you do also.

**MS. APPELHOF:**

Thank you.

**CHAIRMAN D'AMARO:**

But how do you propose to do that, like what's changing?

**MS. APPELHOF:**

Well, first we're going to be talking to our auditors. I think that's the key here if I'm not oversimplifying it, but I think that we have to understand with our auditors what they see as the operative program area versus the administrative area. As I say, there's a lot of activities that happen at Guild Hall on stage in the museum education that are easy to point at and say okay, they're the programs, but then what about the off-site programs and the other works that we do that come out of different departments, that don't come out of the Museum Department, they come out of the Development Department. So I'm -- I think we have to talk to the auditors.

**CHAIRMAN D'AMARO:**

So talking to them you might be able to recategorize enough of your expense in order to move it from the administrative to the programming side.

**MS. APPELHOF:**

Yes, sir, that's what I'm thinking.

**CHAIRMAN D'AMARO:**

Right. Well, that's --

**MS. APPELHOF:**

Because once they accept it, then it's on the 990 and you all would then accept it as well.

**CHAIRMAN D'AMARO:**

And you're having that discussion this week?

**MS. APPELHOF:**

Yes, sir.

**CHAIRMAN D'AMARO:**

I see. All right. Any other questions? Legislator Anker and then Legislator Stern.

**LEG. ANKER:**

You know, you mentioned that you have a lot of performers or people that come in that offer in-kind services.

**MS. APPELHOF:**

Yes.

**LEG. ANKER:**

So if you were to include that, again, I don't know how this would look on your IRS form, but that would really tip the scales, you know, up. In other words, it would show that there's lots of contributions toward your organization. I think you mentioned the \$2 million, right, that you put but I mean it's probably much higher than that --

**MS. APPELHOF:**

Uh-huh.

**LEG. ANKER:**

-- if the performers charged you.

**MS. APPELHOF:**

Absolutely.

**LEG. ANKER:**

So that would even tip it further, which would make your administration cost, you know, probably fall in line.

**MS. APPELHOF:**

Right. And I think we're very unusual. I mean, Matthew Broderick is coming out, Sarah Jessica Parker, Blythe Danner, Alec Baldwin. I mean, they're on stage every summer. So you just have to put that in the mix, it's a different mix than other institutions.

**LEG. ANKER:**

So, again, you might want to talk to your accountants and see if that would help, as far as even applying for grants and other forms of funding. But it's very exciting. And also understanding how important your facility is to bringing tourism out east supporting the Suffolk County economy, so we appreciate all the time that you've put into your organization. Thank you.

**MS. APPELHOF:**

Thank you. We are very fortunate to have so many tourists from New Jersey, from Connecticut, from New York City, they're all in East Hampton. Thank you.

**CHAIRMAN D'AMARO:**

All right. Thank you, Legislator Anker. Legislator Stern.

*(\*Presiding Officer Gregory entered the meeting at 1:37 P.M. \*)*

**LEG. STERN:**

Thank you, Mr. Chairman. I just want to be clear on the status.

The 990 is before the Comptroller's Office for your review. You have taken a look at it, you've determined that based on the information that's in the 990 you've come up with a percentage.

**MR. PECORELLA:**

Correct.

**LEG. STERN:**

Okay. You are going through the process right now on that same 990 to determine what, if any, changes, according to your accountants and/or auditors might be making to change what has already been reported on the 2012 990; correct?

**MS. APPELHOF:**

No, that's not correct. We're not going to --

**LEG. STERN:**

You're not going to change the 990 for 2012, you're only speaking with your counsel and professionals to see what changes, if any, could be made going forward.

**MS. APPELHOF:**

Correct.

**LEG. STERN:**

Not going back.

**MS. APPELHOF:**

That's right.

**LEG. STERN:**

Okay. So we're left with what has been placed before you on the 2012 990, which is that percentage, and that's what we're asked to base our determination on; correct?

**MR. PECORELLA:**

Yes. This was actually compiled last year, I guess like in September and October, last year's report that went to the Leg. The last complete year at that time was 2012, that's why I basically am using 2012 numbers.

**LEG. STERN:**

Has there been any additional information or documentation provided to your office that would have you recalculate or make a different determination than what you have already done based on the numbers that are on the 990 before you for 2012?

**MR. BAYER:**

At this point, no. What we would be -- request is the contract agency would actually have to submit an amended 990. We are not auditing, we're not reclassifying the expenses they claimed. We're relying on their CPA to do that. Several agencies have submitted amended 990's filed with the IRS. In those cases we have removed agencies off the list. I believe originally there was 36, now we're down to 20.

**LEG. STERN:**

Okay, but if I'm hearing it correctly then, that is not intended in this situation for you guys. What other agencies have done regarding changes to their 2012 990, which is what you are basing your determination on, new information, new documentation, new dialogue back and forth, that is not your intention at this point.

**MS. APPELHOF:**

That's correct.

**LEG. STERN:**

Okay.

**MR. BAYER:**

Just to note, we would accept, if they have their 2013 990 completed and filed with the IRS, we would look at that document and take them off the list going forward.

**LEG. STERN:**

Going forward, but not for your determination based on --

**MR. BAYER:**

Well, as of this point, we can't release funding, but if they come in compliance, if their current 990 brings them into compliance, we would remove them from the list.

**LEG. STERN:**

And that would apply for this particular funding that's before us right now.

**MR. BAYER:**

Yes. If they can get the 990 in within the next month or two, it's possible they could get their funding for 2014.

**LEG. STERN:**

Okay, very good. Thank you.

**MS. APPELHOF:**

Thank you.

**CHAIRMAN D'AMARO:**

Legislator Schneiderman. Yes, go ahead.

**D.P.O. SCHNEIDERMAN:**

First, maybe a clarification from the Comptroller. So the law requires that they be under 20% or under administrative versus program expense. Is program programming or is it operating? Because in a -- I don't know what you are, Dr. Appelhof, where you're at in terms of administration versus overall budget. It may be well under 20%, but if you are just counting the program, what you pay performers and things like that and you're not able to count the cost of maintaining the stage, which is enormous, so how does that work? It says program in the law. Is that the entire program? Is that operating or is that just the performing piece?

**MR. PECORELLA:**

We're talking about Local Law 13-2007. It's talking about total administrative expenses for an agency compared to total program expenses. We're not going by line items on the 990 bottom. We taking the bottom line, line 25, it's the total expenses for each column. We're not reclassifying anything, we're not adjusting anything. We're taking what was prepared by the agency or the IRS and we're using those numbers. So it's basically in total. It's all program expenses, expenses normally allocated between program and administrative.

**D.P.O. SCHNEIDERMAN:**

Dr. Appelhof, do you know your total operating expense?

**MS. APPELHOF:**

For 2012? Yes, it was \$4 million.

**D.P.O. SCHNEIDERMAN:**

Four million dollars. So, okay. Also, a comment was made by the Chair regarding the use of public funds, and we gave -- of that four million dollars, you received from the County about -- this grant is 20,000 I believe.

**MS. APPELHOF:**

Yes.

**D.P.O. SCHNEIDERMAN:**

And the concern was we didn't want to see public funds being used to support exorbitant salaries, etcetera. Can you tell me of that 20,000, how much of that is going toward administration and how much is going toward programming? What is that grant for?

**MS. APPELHOF:**

In my mind, it's all going to programming because we haven't --

**D.P.O. SCHNEIDERMAN:**

So that 20,000 of public funds is all going directly to programming. Is your mic on? I'm sorry, Dr. Appelhof.

**MS. APPELHOF:**

I'm sorry. In my mind it's all going to programming. We have written the application asking it to be available to us so we can do our play this year, which is a play starring Marlo Thomas called Clever Little Lies. I think the community will love it. So we're asking the Omnibus funds to help support that.

**D.P.O. SCHNEIDERMAN:**

Right, and this is a reimbursable grant. So you actually have to spend the money and then you have to show your receipts to the County so that you can be eligible for that reimbursement.

**MS. APPELHOF:**

That's correct.

**D.P.O. SCHNEIDERMAN:**

So you are showing \$20,000 in programming expenses and then getting reimbursed for it; correct?

**MS. APPELHOF:**

That's exactly right.

**D.P.O. SCHNEIDERMAN:**

So all 20,000 is directly for programming. None of that taxpayer dollars is going toward any administrative costs.

**MS. APPELHOF:**

You'll get every receipt.

**D.P.O. SCHNEIDERMAN:**

Okay. I think it's an important distinction.

**CHAIRMAN D'AMARO:**

Legislator Kennedy.

**LEG. KENNEDY:**

Thank you, Mr. Chair. And thank you for being here, Ma'am. I have to tell you, I have never had the opportunity to be in your theatre but I am impressed with your catalog.

**MS. APPELHOF:**

Thank you.

**LEG. KENNEDY:**

And you do a great job as far as trying to enrich and enhance a significant portion of Suffolk County. I was going to ask a question, but I thought it might be too obvious, as a matter of fact, and Legislator, the sponsoring Legislator, I was going to ask you why you even want \$20,000 from us.

*(\*Laughter\*)*

But you explained it was for a play. Do you get any other public funding from anybody else?

**MS. APPELHOF:**

Yes. We get New York State Council on the Arts funding, and also Suffolk County gives us a grant.

**LEG. KENNEDY:**

Beyond this?

**MS. APPELHOF:**

Beyond this, it's \$7,000, usually, from Suffolk County and the New York State Council gives us about 13,000.

**LEG. KENNEDY:**

Okay. So you -- and then you've talked about the fact that you obviously go out to the community for various types of fundraising initiatives, you hold dinners, you do whatever, you get in-kind contributions, so you really do work to try to make it a comprehensive type of an entity, and that's a plus.

So then let's -- we have a bit of a bind or a conundrum, and I am one of the Legislators that was here, like the Chair, when we had this limit put into place back in 2008, and I think it still holds generally because we have quite a few agencies that we have to evaluate. How many agencies, Joe, did you wind up having to go through for this?

**MR. PECORELLA:**

Initially?

**LEG. KENNEDY:**

Yeah.

**MR. PECORELLA:**

We got about 503 contracts, I believe.

**LEG. KENNEDY:**

About 503 contracts.

**MR. PECORELLA:**

Yes.

**LEG. KENNEDY:**

Okay.

**MR. PECORELLA:**

Well, some agencies have more than one contract, I can't give you an exact number as to how many agencies at the time. It could have been maybe 300 agencies, like 500 contracts.

**LEG. KENNEDY:**

And when you -- now, that process started back in -- probably it was June of '13 when you did the

first request for agencies to submit the 990's or whatever it is?

**MR. PECORELLA:**

Correct. Like every June we send out letters to each contract agency asking for information about their County contracts.

**LEG. KENNEDY:**

Okay. And so somewhere in the latter part of the summer you started to get in responses and things like that.

**MR. PECORELLA:**

They start in July and they go right through to September.

**LEG. KENNEDY:**

Okay. And then you guys generated a report that was somewhere around -- wait a minute.

**MR. PECORELLA:**

First week in October.

**LEG. KENNEDY:**

Yeah, I have it here; October, right? Okay. Ma'am, when did you start to talk with Joe about where we were at as far as the admin in excess of 20%?

**MS. APPELHOF:**

Well, actually, I should say that I started talking to Jay earlier than that because we were so concerned, and he has been, you know, really very, very helpful and supportive. It was Joe that we spoke to last Friday.

**LEG. KENNEDY:**

I see. Okay. But previous to that you and the Legislator were having some dialogue.

**MS. APPELHOF:**

Yes.

**LEG. KENNEDY:**

And looking at where things might be able to get. So 2012 the ship set sail on. Where are you at with 2013 and how -- how likely is it that you may be able to have a 990 that they would be able to look at and work with?

**MS. APPELHOF:**

Well, I wish I -- I wish this were a week later, because I have the accountants coming in on Monday, and at that time we have asked them if they would look at everything and we'll have some discussions with them and see if, in fact, there are portions of the administrative fees that we can legitimately move over to the programming areas. And if they agree, then I think we can come back to you with that, and as Joe said, in two months I think we could have it done for you.

**LEG. KENNEDY:**

Okay. So you expect it possibly in a month or two months from now.

**MS. APPELHOF:**

Yes, sir.

**LEG. KENNEDY:**

When is your play scheduled to be held?

**MS. APPELHOF:**

(\*Laughter\*). Well, the Clever Little Lies is coming in June -- in July.

**LEG. KENNEDY:**

Okay.

**MS. APPELHOF:**

It opens I think the 19th of July.

**LEG. KENNEDY:**

I see, okay. All right. Well, listen, thank you very much for being here. I appreciate it and I'll yield.

**CHAIRMAN D'AMARO:**

Thank you, Legislator Kennedy.

**MS. APPELHOF:**

Thank you.

**CHAIRMAN D'AMARO:**

Before you leave, I just want to ask Joe, looking at the 990, I have a copy of it up here on my screen. Section 9, one through 25, is that what you're looking at for administrative expenses?

**MR. PECORELLA:**

Yes.

**CHAIRMAN D'AMARO:**

Which include benefits paid to members, compensation of officers, directors, trustee, key employees, other compensation, salaries and wages, pension plan accruals, employee benefits, payroll taxes, fees for services, management, legal, accounting, lobbying, professional fundraising services are classified as administrative, and investment management fees, advertising and promotion, office expense, information technology, royalties, occupancy and travel, and there's a few more on the list but I won't read them all. So where is the section of the form that you're looking at for total programming expense.

**MR. PECORELLA:**

It's line 25, column B.

**CHAIRMAN D'AMARO:**

Line 25. What section of the form, because that was section 9. It's on page 10.

**MR. PECORELLA:**

It's on page ten, yeah. It's the totals at the bottom.

**MR. BAYER:**

It's all the same form, it's section nine.

**CHAIRMAN D'AMARO:**

All right. Just hold on. Let me take a look at the form. Thank you. Line 25, total functional expenses. It says add lines one through 24, so that's administrative.

**MR. PECORELLA:**

It's a total for each column. Like column A --

**CHAIRMAN D'AMARO:**

Oh, I see.

**MR. PECORELLA:**

-- that's all the expenses, almost four million dollars. That's all the agency's expenses. Column B is the program, column C is administrative, column D is fundraising.

**CHAIRMAN D'AMARO:**

Oh, okay. So you could -- if you go down to line, for example, if you go down to line that says salaries, right, you can allocate on this form a portion of those salaries towards column B program expenses.

**MR. PECORELLA:**

That's what's normally done by the accountants. They allocate the expenses amongst different --

**CHAIRMAN D'AMARO:**

So line seven says other salaries and wages. You can classify all or a portion of that as either program service expenses, management in general expenses, fundraising expense or total expense. So that's already in place on the form where you can change -- you can put more towards programming -- even salaries more can be put towards programming than it would be towards administrative.

**MR. PECORELLA:**

Sure. Column A is just a sum of columns B, C and D.

**CHAIRMAN D'AMARO:**

Oh, I see that.

**MR. PECORELLA:**

A million-342 in salaries.

**CHAIRMAN D'AMARO:**

So column B is program. What do you look at for administrative?

**MR. PECORELLA:**

Column C, management and general expenses.

**CHAIRMAN D'AMARO:**

Okay.

**MR. PECORELLA:**

Those are all the administrative expense.

**CHAIRMAN D'AMARO:**

All right. So let me just ask by way of example, Ms. Appelhof, Dr. Appelhof, on your 990 where it says wages and salaries or any compensation, there are several lines for compensation, is any of that compensation classified as program service as opposed to administrative?

**MS. APPELHOF:**

You know, I'm not sure about all of the compensations, but I know on my own compensation that 50% of my compensation is program related.

**CHAIRMAN D'AMARO:**

Okay. So you're already attributing a portion of at least, you know, your salary going towards the program expense.

**MS. APPELHOF:**

That's correct.

**CHAIRMAN D'AMARO:**

But you're not sure if other -- do you pay other salaries?

**MS. APPELHOF:**

Yes.

**CHAIRMAN D'AMARO:**

All right. And you're not sure if some of those other salaries --

**MS. APPELHOF:**

I don't know how they're allocated, but I could find out easily.

**CHAIRMAN D'AMARO:**

Right. Okay. So -- yeah, I would have to see your particular 990 to really get an idea of how you classified them and how you classified each expense, whether it was going towards program or management, and that's why you need to ask your auditors what you can legitimately move from the B to the C column.

**MS. APPELHOF:**

I understand that, yes.

**CHAIRMAN D'AMARO:**

Okay.

**MR. BAYER:**

Legislator D'Amaro.

**CHAIRMAN D'AMARO:**

Yes.

**MR. BAYER:**

We have their 990. I can give you the break out.

**CHAIRMAN D'AMARO:**

All righty. Can you tell me then --

**MR. BAYER:**

The total expenses was 1.3 million.

**CHAIRMAN D'AMARO:**

That's column A, right?

**MR. BAYER:**

That's column A.

**CHAIRMAN D'AMARO:**

Right.

**MR. BAYER:**

Column B, which is program, was 552,000; column C, which is the management and general expense was 517,000; and 272,000 is fundraising.

**CHAIRMAN D'AMARO:**

So there already is a break down --

**MR. BAYER:**

Yes.

**CHAIRMAN D'AMARO:**

-- for all of this. So which two numbers do you compare for the 20% threshold? Which columns.

**MR. BAYER:**

Well, it's column C to column B the way the law is written, so we're looking at total management compared to total program expenses.

**CHAIRMAN D'AMARO:**

Right. Okay, I see. So you're not including in that mix the fundraising expense.

**MR. BAYER:**

No, we're excluding fundraising. Initially -- last year I think we did include fundraising as part of management in general, but after review the IRS specifically breaks that out. Based on our review of the law it was silent with fundraising, so we excluded those. If it wasn't in fundraising it used to be in management/general, which --

**CHAIRMAN D'AMARO:**

Well, I could understand that because it's anything but program expense.

**MR. BAYER:**

Right.

**CHAIRMAN D'AMARO:**

But because it's broken out separately on the IRS form you decided not to include that because then you'd have another 50 agencies that didn't meet the threshold.

**MR. BAYER:**

Correct.

**CHAIRMAN D'AMARO:**

Right. Okay. All right. So at this point you're 13% over.

**MS. APPELHOF:**

Yes, sir.

**CHAIRMAN D'AMARO:**

So I think you need to talk to your auditors and move 13.1%, if you can legitimately of course.

**D.P.O. SCHNEIDERMAN:**

We have to vote on it.

**CHAIRMAN D'AMARO:**

Are you willing to take a look at that if we table this until the next meeting?

**MS. APPELHOF:**

Yes, sir. Thank you.

**CHAIRMAN D'AMARO:**

Does that work for you?

**MS. APPELHOF:**

Of course.

**CHAIRMAN D'AMARO:**

Okay. Because I think we're all learning now what we'd have to specifically look at in order to meet the test.

**MS. APPELHOF:**

So at the next meeting you would like me to bring in the next audit from 2013.

**CHAIRMAN D'AMARO:**

What I'd like you to bring in is a 990 that the Comptroller's Office says meets the requirements of the law. Now, if for some reason you cannot meet that, then what you would need to do is come in and say, *"This is the best I can do. However, I still would like a two-thirds vote of the Legislature to approve my funding and here's why."* In other words, justifying that although you're not meeting the specific threshold requirement of 20%, that you can somehow justify that your expenses are higher and it doesn't -- it doesn't go specifically, I would think, towards just salaries or pure administrative expenses. Maybe there's some areas where you were forced to classify it one way but you really believe that it really does help or go towards programming. So we would need some justification. Because what's happening is there are hundreds of other contract agencies that are looking at this law and are complying with this law, but we wanted to leave that two-thirds vote in place because we realize that there may be special circumstances or a gray area or a legitimate explanation as to why you cannot meet that threshold. I don't think you should be 20 and 30% above that threshold, but if you're five, six or seven percent, you know, whatever it may be, I don't want to set a number, I think, you know, we're open to discussion about that.

**MS. APPELHOF:**

Okay.

**CHAIRMAN D'AMARO:**

So if you're willing to defer for a little while and talk to your financial folks and see where you can go with your 990, I would suggest to the committee that we table this and give you that opportunity.

**MS. APPELHOF:**

Thank you. So I should be bringing in the 990 from 2013; is that correct?

**CHAIRMAN D'AMARO:**

Yeah. I think the 2013 would supersede the 2012 for purposes of this decision.

**MS. APPELHOF:**

Exactly.

**CHAIRMAN D'AMARO:**

Okay.

**LEG. CILMI:**

Mr. Chairman.

**CHAIRMAN D'AMARO:**

Yeah, one second. Legislator Stern, go ahead.

**LEG. STERN:**

Thank you, Mr. Chairman. I agree with the Chairman and would certainly look forward to the opportunity to reviewing revised numbers and even the Comptroller's Office said that they are willing to look at revised numbers as long as it meets the standard of your auditor. And then ultimately I would hope that the numbers, whatever they do show, would be acceptable to the Comptroller's Office and it will be left to us to make a policy decision perhaps. But what I would ask, if we are going to take another look at revised numbers or at least new numbers that appear on the 2013, that those numbers be provided with plenty of time to the Comptroller's Office so that they have an ample opportunity to look through those numbers and render an opinion that would be made part of the discussion when we take it up next time.

**MS. APPELHOF:**

Absolutely. Thank you.

**CHAIRMAN D'AMARO:**

Legislator Cilmi.

**LEG. CILMI:**

Mr. Chairman, if I could. I don't want to be -- I don't want to put words into our Comptroller's mouths, but if I understand the process correctly or if I understand what they're saying correctly, if this agency or any other agency was able to provide to them a 2013 990 that demonstrates an admin cost that's less than 20% of the program costs, then they wouldn't even have to come to us for a resolution I don't think; is that correct?

**MR. BAYER:**

Yes, that's correct.

**LEG. CILMI:**

So this resolution in that case would be moot, it would be unnecessary. So if you -- if your accountants do that 990 for 2013 and the admin costs are less than the 20% threshold, we don't even need a resolution, just so you know.

**CHAIRMAN D'AMARO:**

That's a good point.

**MS. APPELHOF:**

Is that true for the 2012 that we're going to be reinterpreting then for '13?

**LEG. CILMI:**

If I heard correctly, the Comptroller's Office said they would accept a 2013 990 to apply to the 2012 money.

**CHAIRMAN D'AMARO:**

No, no, it's the other way around. What we're talking about is funding for 2014. We're relying on a 2012 form to decide whether or not to release that funding. Instead, we will be willing to rely on the 2013 form. The reason why we didn't rely on that in the first place is because it just wasn't available.

**MS. APPELHOF:**

Correct.

**CHAIRMAN D'AMARO:**

All right. So if you do your 2013 form and it meets the 20%, Legislator Cilmi is exactly right, then you can go to Legislator Schneiderman and ask him to withdraw the bill and you'll get your funding released because the Comptroller will make that decision. If you do not meet the threshold you still

have an opportunity to come here -- our next committee meeting March 27th. The bill will still be on our agenda and you can explain --

**LEG. ANKER:**

May.

**CHAIRMAN D'AMARO:**

I'm sorry, May 27th, and you can explain to the committee what I mentioned before about the justification for exceeding the threshold and by how much.

**MS. APPELHOF:**

Thank you.

**CHAIRMAN D'AMARO:**

Okay. Legislator Schneiderman.

**D.P.O. SCHNEIDERMAN:**

Doctor, I appreciate you coming out today, certainly, and the work, the remarkable work that Guild Hall does. And I know the show must go on. You have a play scheduled for July.

**MS. APPELHOF:**

Yes.

**D.P.O. SCHNEIDERMAN:**

This is a reimbursable grant so you'll have to spend the money to get it. You are going to at that point be well on the way to promoting and putting the show together and you'll have probably done several purchases related to it without knowing whether you are going to get this grant or not. So I just really wanted to comment on -- or for you to comment on can you work with that? The committee is asking for another few weeks to give you the opportunity to see if you actually even need this resolution, and maybe when you've taken a second look at these numbers, if you still need it, it might be a smaller deviation from our 20% threshold. You're indicating that you can live with that? That's workable?

**MS. APPELHOF:**

I am very grateful actually, although I think I have made a fairly good case for why it's always going to be difficult for Guild Hall, because our programming costs are so low, and I don't know if any of you have really taken that into consideration. But that's my primary argument today that, you know, we have high administrative costs only because -- they appear to be high only because our programming costs are so low.

**D.P.O. SCHNEIDERMAN:**

Right, and it was certainly my hope in submitting this resolution that the committee and Legislature would get an understand -- a better understanding of how a venue like a performing arts center works and what the overhead is to running something like that. In your case, four million in private money coming in to help subsidize these events that all of Suffolk County can partake in. And because the stage is often available for free, it's not something you're paying for programming, yet you're spending millions of dollars to make that stage available. And with that in mind, I think it possibly might meet that test of that super majority vote, even if it didn't -- even if it exceeded that 20% threshold. But if you're okay with the delay, then I'll defer to the committee.

**CHAIRMAN D'AMARO:**

All right. I appreciate that, Legislator Schneiderman. And again, I think that -- I agree with Legislator Schneiderman and I do hear what you're saying as far as your programming costs are low. I understand that. You're not inefficient and you're probably operating at capacity as well

using your facility as much as it can be used, so it puts you between a rock and a hard place there and I understand that. But at the same time, if you can look at fees, such as maintaining the stage, as Legislator Schneiderman is talking about, perhaps you can legitimately reclassify some of that cost and expense towards programming. So I'd rather take it just another few more weeks and get this right and be done with it now than for having you come back here every single year and get a two-thirds vote each time if you are over that threshold. I appreciate you working with the committee on that.

**MS. APPELHOF:**

Thank you very much. I appreciate your time. Thank you.

**CHAIRMAN D'AMARO:**

Okay. Thank you. Good luck on your flight.

**MS. APPELHOF:**

Thank you.

**CHAIRMAN D'AMARO:**

I'll offer a motion on 1432-2014, approving County funding for a contract agency, Guild Hall, of East Hampton. Motion to table.

**LEG. ANKER:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Anker. All in favor? Opposed? Abstentions? Motion carries. **(VOTE: 7-0-0-0 - Presiding Officer Gregory is included in the vote)**

Next is resolution **1433-2014 - Approving County funding for a contract agency (Shinnecock Nation Cultural Center and Museum) (Schneiderman)**. Is there anyone here on that particular bill?

**D.P.O. SCHNEIDERMAN:**

Not here.

**CHAIRMAN D'AMARO:**

Okay. Motion to table by Legislator Schneiderman. I'll second.

**D.P.O. SCHNEIDERMAN:**

No, I'm not on the committee.

**CHAIRMAN D'AMARO:**

Oh, I apologize. Motion to table by Legislator Anker. I'll second. All in favor? Opposed? Abstentions? Motion carries. **(VOTE: 7-0-0-0 - Presiding Officer Gregory is included in the vote)**.

All right. Resolution **1434-2014 - Approving County funding for a contract agency (South Fork Natural History Museum)**. Oh, we need to take it out of order. 1434 of 2014 I'll offer a motion to take out of order.

**LEG. STERN:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Stern. All in favor? Opposed? Abstention? Motion carries. This is now before the committee approving County funding for a contract agency. This is South Fork Natural History Museum. Anyone here on that today?

**D.P.O. SCHNEIDERMAN:**

Table it.

**CHAIRMAN D'AMARO:**

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

**LEG. ANKER:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Anker. All in favor? Opposed? Abstentions? The motion carries. **(Vote: 7-0-0-0 - Presiding Officer Gregory is included in the vote)**

The next is **1435-2014 - Approving County funding for a contract agency (Bridgehampton Historical Society) (Schneiderman)**. This is Bridgehampton Historical Society. Motion to take out of order. Second by Legislator Anker. All in favor? Opposed? Abstentions? Motion carries. The bill is now before the committee. Is there anyone here from the Bridgehampton Historical Society?

**MR. EILERTSEN:**

Yes.

**CHAIRMAN D'AMARO:**

Sir, come on up and join the committee if you would.

**MR. EILERTSEN:**

Good afternoon.

**CHAIRMAN D'AMARO:**

Good afternoon and welcome.

**MR. EILERTSEN:**

My name is John Eilertsen. I'm the Director of the Bridgehampton Historical Society doing business as the Bridgehampton Museum.

**CHAIRMAN D'AMARO:**

All right. Thank you for coming in today. I think you've heard -- you were present during the prior discussion?

**MR. EILERTSEN:**

Yes.

**CHAIRMAN D'AMARO:**

All right. Do you know offhand what your -- how -- the administrative expenses that you have, how far they exceed your programming expenses?

**MR. EILERTSEN:**

I did bring it with me. It was quite high according to our 990. This says 84.91%. Now, one of the issues with us, too, is that our accountants, our outside CPA's, tells us how they're apportioning our expenses and we've just relied on them. I've not talked to them about revising our 990. We already pay \$7250 for an audit, which we don't get till usually in August because we're one of the

smaller agencies. Our total operating budget is about \$300,000. So I know what their response would be. Sure, there'll get to it sometime in August and they'll charge us an additional fee. Our County grant last year, thanks to Jay Schneiderman, was \$5,000. I don't want to start spending that \$5,000 to have our tax returns redone. Last year we did receive 5,000. We spent \$5120 just on program costs. In addition, another \$780 in advertising.

I did notice going through the figures our 2012 990, much of our staff salary was just shown as administrative expense when, in fact, at least one full-time position is a curator whose sole job is to care for historic documents, maps, photographs, make those available to the public and develop exhibitions based on those things. So really her whole job is programmatic, not administrative. That's true with other employees that we have.

In addition, as an Historical Society and museum, our main mission is to preserve and restore the historic buildings in our care. I can make an argument that those are programmatic as well. We can't function if we don't take care of the buildings that we occupy that are on our site. We care for the 19 -- the circa 1900 Bridgehampton Jail, a Wheelwright Shop as well as the courthouse that was built in 1825.

**CHAIRMAN D'AMARO:**

That's all done through salaried employees?

**MR. EILERTSEN:**

That's all done through salaried employees.

**CHAIRMAN D'AMARO:**

But yet all of your salaries are indicated as administrative.

**MR. EILERTSEN:**

No, not all of them. They were broken down --

**CHAIRMAN D'AMARO:**

Oh, they were.

**MR. EILERTSEN:**

-- but fairly arbitrarily by the accountants, 50-50 is what he went by. And frankly, the 20% rule never was an issue for us. We were never aware of it. We were always aware of the matching requirements for the specific program grants that we get from the County. When we've gotten grants from the -- through the Office of Cultural Affairs, it was always a 50-50 match. Through the Parks Department there was no match, but we had to spend all of those funds, and that's what we concentrated on, spending all of those funds on the program.

**CHAIRMAN D'AMARO:**

Okay. So your problem may simply be that the expenses are not properly classified on your IRS form.

**MR. EILERTSEN:**

I think a large part of that is.

**CHAIRMAN D'AMARO:**

We've had other agencies prior to today that certain Legislators have been aware of this problem and worked with the Comptroller's Office and gotten their form, their figures down below the 20%. It sounds like you may need to take a shot at that as well. I mean, you are showing 84% towards administrative costs?

**MR. EILERTSEN:**

Correct.

**CHAIRMAN D'AMARO:**

In excess of your programming expense, and you know, just thinking about that, you just feel that just can't be the case, I would assume.

**MR. EILERTSEN:**

Well, I think that looking back, no, that's not accurate, I think.

**CHAIRMAN D'AMARO:**

Right.

**MR. EILERTSEN:**

But again, revising our 2012 tax return or 990 probably is --

**CHAIRMAN D'AMARO:**

Well, no. The 2013 --

**MR. EILERTSEN:**

Well, the 2013 we can do. I can correct -- I can ask our CPA. They seem to have this rule that they have to apply CPA and auditing standards, so we've had discussions before when I've wanted certain things reflected and they've said, "*No, we cannot because*".

**CHAIRMAN D'AMARO:**

Right.

**MR. EILERTSEN:**

So I can explore this and try to see if they can reallocate that more accurately reflects staff salary. However, with a \$300,000 budget, 20% of that is \$60,000. That's tight, you know, in an organization like mine.

**CHAIRMAN D'AMARO:**

Well, it's not 20% of your total budget.

**MR. EILERTSEN:**

Well, I'm just saying that's the maximum. So if it's 20% of our --

**CHAIRMAN D'AMARO:**

Well, that would mean 60,000 would go towards programming expense.

**D.P.O. SCHNEIDERMAN:**

No, administrative.

**CHAIRMAN D'AMARO:**

I'm sorry.

**MR. EILERTSEN:**

No, that would be -- we would be limited under best case scenario to \$60,000 --

**CHAIRMAN D'AMARO:**

For administrative expenses.

**MR. EILERTSEN:**

Yes, which is hard to run an organization with \$60,000 in a year.

**CHAIRMAN D'AMARO:**

Well, just that then goes into the mix of us making a decision because then -- I hear what you're saying, but then it leads to the question of whether or not the organization is run efficiently enough.

**MR. EILERTSEN:**

Sure.

**CHAIRMAN D'AMARO:**

So you have a small budget, granted, but you have high administrative expenses, so in that particular instance, you know, what kind of bang for the buck are you really getting.

**MR. EILERTSEN:**

Right.

**CHAIRMAN D'AMARO:**

All right, so if you're only spending -- if you're spending 84% of that total 300,000 towards administrative expenses, I would want to know, you know, then what are you really accomplishing.

**MR. EILERTSEN:**

Uh-huh.

**CHAIRMAN D'AMARO:**

So would you like an opportunity to come up with your 2013 990?

**MR. EILERTSEN:**

I'd love to, but realistically I know our auditors won't have it done. They haven't even begun the process yet. Each year they -- we're one of the organizations they always apply for an extension for our tax returns because we're a smaller client. We usually get done sometime -- they'll audit us in July or August and we'll get the reports in August or September. We have gone as late as October as well.

**CHAIRMAN D'AMARO:**

All right. What about revising the 990? Joe, how does that work? It's up to the applicant or the organization to revise the form or do you look at it yourself?

**MR. PECORELLA:**

No, the agencies have to actually contact their accountants to have them look at the numbers to see if something is incorrect, if they have to revise the Form 990 and resubmit it to the IRS. An amended 990.

**D.P.O. SCHNEIDERMAN:**

That would be an expense.

**MR. PECORELLA:**

It could be an expense for a small agency, sure.

**CHAIRMAN D'AMARO:**

Okay. All right. Are there any questions?

**LEG. CILMI:**

Mr. Chair?

**CHAIRMAN D'AMARO:**

Yes, Legislator Cilmi.

**LEG. CILMI:**

Just a quick point. This is the second speaker now that brings up what may be a flaw. I'm not sure how to correct it, though, in the law because I understand the intent of the law, but at the same time if in this case we have a Historical Society, and there may not be any cost at all associated with the programs that this society puts on with the exception of possibly, you know, some heat and lights in the building, etcetera, and if you -- even if you had one Executive Director that was making, you know, \$50,000 a year or \$60,000, with an organization of your size, of your budget, it's going to be impossible to get that admin cost to be less than the program costs. Am I --

**CHAIRMAN D'AMARO:**

If I could respond to that. If you look at the Form 990, what has to happen is the organization has to make the case in the first instance to the accountant that, well, when you look at -- how much of your budget are salaries? What percentage?

**MR. EILERTSEN:**

Almost 50% with four employees.

**CHAIRMAN D'AMARO:**

Okay, but maybe 40% of that should really go towards program expenses for the type of work and services that you deliver.

**MR. EILERTSEN:**

Yes, I believe so.

**CHAIRMAN D'AMARO:**

Right, like Legislator Stern is saying. It might actually be a simple matter because you're -- all you really have are salaries and what they're classifying now as administrative expenses, but they're all going towards delivering the program to the public that you're trying to deliver.

**MR. EILERTSEN:**

Yes.

**CHAIRMAN D'AMARO:**

So -- and if your accountant says to you that, you know, *"I hear you, yes, you could make the argument it's for program and not administrative, but the IRS guidelines prohibit me from reclassifying"*, that's when you need to come in here and explain to us that even though on an IRS form I can't call that programming expense, it really is and here's why.

**MR. EILERTSEN:**

Okay, fair enough.

**CHAIRMAN D'AMARO:**

Okay? So you have that opportunity. We're not going to be married to the IRS form. The Comptroller is, but we, then, by a two-thirds vote can overrule that if you can make the case that it really is a program expense.

**LEG. CILMI:**

Could I just -- I'm sorry.

**CHAIRMAN D'AMARO:**

Go ahead.

**LEG. CILMI:**

Just quickly to our Comptroller's Office. Do you know of any laws or policies that are in place from an accountant's point of view that would prevent them from allocating of, you know, an unusually large percentage of an administrator's costs or an executive director's costs to programs?

**MR. BAYER:**

No, it's something that we look at when we actually do audits of our contract agencies. When we're doing an audit we'll look at time studies, we'll look to interview employees, we'll see how much work the director is doing hands on with the program. Cause, you know, we're relying on a CPA firm to prepare the 990, but as you can see, there's -- it's subjective to an extent. So when we go in we'll actually, if we're doing an audit of the agency, we'll have them substantiate. There's been times where we'll recommend that you are doing more programming and you should have your rate changed, and we've always gone the other way. Some contracts will have funding based on reimbursed administrative fees. So -- but there's nothing definitive. There's guidelines on the GAAP accounting, there's guidelines under the IRS that we use, but ultimately it becomes subjective.

**LEG. CILMI:**

Okay. So it's conceivable, then, that if this gentleman ran a Historical Society that was a building with some historical, you know, photographs and artwork and whatever might be there, let's say that he's the only salaried individual working for that organization. There's no real program to speak of other than the fact that this building is open to the public, unless you make the argument that that in effect was the program. How would we view his, say, \$60,000 a year salary?

**MR. BAYER:**

I would -- we would look at his time studies. Like years ago we did audits of the Friends of Long Island Heritage. You know, the people that actually fixed up the houses were considered program. The Administrative Director, some of his salary was allocated to program, some of it was general and admin. We'd have to look at, you know, it's a case by case. But, you know, if they hire contractors, if they have employees that are painting the property, fixing it up, those people are generally going to be program related in this particular case.

**LEG. CILMI:**

If he's not doing that, what would he be considered in your view?

**MR. BAYER:**

If he's administrative he's generally going to be general administrative.

**LEG. CILMI:**

Okay.

**MR. BAYER:**

There is room for some of it to be program related, but it's hard to have, you know, his full salary be deemed program related.

**LEG. CILMI:**

Okay. Thank you.

**CHAIRMAN D'AMARO:**

Steve.

**LEG. STERN:**

Yeah. Thank you, Mr. Chairman. So you guys are looking at the 990 and that is guiding your decision making process, but at the same time from what I'm hearing, you're also looking behind the numbers somewhat or at least giving opportunity to look behind the numbers for additional

explanation.

**MR. BAYER:**

I mean, we're not restating their 990's. If we see something and we're talking with the contract agency we may tell them that this is something you may want to discuss with your CPA. Unless we're doing an audit and seeing their books and talking to their employees, we can't make an adjustment to their schedules.

**LEG. STERN:**

Understood, but at least you might after a conversation with some of the facts and some of the circumstances that might apply to a particular organization in getting a better feel for the kind of programs that they -- that they're providing, you at least would maybe have a different take on -- certainly not restating nor recommending that you do, but at least have a better understanding of how and why the accountant or the auditor is stating it the way they are. I guess my question for you is has that conversation taken place in this situation with this organization?

**MR. PECORELLA:**

With this particular agency? No.

**LEG. STERN:**

Okay.

**MR. PECORELLA:**

If you look at the Form 990 for this particular agency, they have about \$145,000 in salaries, of which 60,000 are classified as program, 61,000 administrative, and 20,000 fundraising. It looks like the accountant broke it out based on some methodology as to what he observed or maybe his interviews. We don't know what they're looking at when they're making these allocations. I really couldn't tell you.

**LEG. STERN:**

I think that's the point, is that in this situation we don't know the reasoning behind those numbers.

**MR. PECORELLA:**

Correct, and some agencies just may be high, you know, in general, because of what they do.

**LEG. STERN;**

Sure.

**MR. PECORELLA:**

The numbers could be high.

**LEG. STERN:**

Okay. Thank you. Thank you, Mr. Chairman.

**CHAIRMAN D'AMARO:**

Thank you, Legislator Stern. Sir, I'm sorry. Your name again?

**MR. EILERTSEN:**

John.

**CHAIRMAN D'AMARO:**

John, based on the type of service that you're trying to deliver, the Historical Society, do you want the opportunity now to ask us to release your funding based on an explanation? Do you want that now or would you like an opportunity to come back?

**MR. EILERTSEN:**

I'd like it now because I don't think I would get any additional information in time for your next meeting.

**CHAIRMAN D'AMARO:**

Okay. All right. Go ahead.

**MR. EILERTSEN:**

All right. I would ask that this committee release our funding for the reasons discussed already for 2014.

**CHAIRMAN D'AMARO:**

Well, the grant here is for \$5,000.

**MR. EILERTSEN:**

Yes.

**CHAIRMAN D'AMARO:**

Is there a particular purpose for that funding?

**MR. EILERTSEN:**

Yes. We would use it to, again, bring in tradition bearers from throughout the community, people demonstrating crafts they've learned from --

**CHAIRMAN D'AMARO:**

So it's programming expense.

**MR. EILERTSEN:**

Absolutely programming.

**CHAIRMAN D'AMARO:**

All right. And do you feel that some of the expenses, although indicated on an IRS form as administrative, should be classified as programming expenses?

**MR. EILERTSEN:**

Yes, I do.

**CHAIRMAN D'AMARO:**

How much of your expense do you believe should be reclassified?

**MR. EILERTSEN:**

I think just looking at our 2012 990 at least 30 to \$40,000 of that should be reclassified. That would drop the total percentage.

**CHAIRMAN D'AMARO:**

Okay. And do you think it's because the nature of the service that you deliver that it would be difficult, if not impossible, for you to meet the 20% threshold?

**MR. EILERTSEN:**

I think would be difficult.

**CHAIRMAN D'AMARO:**

Why is that?

**MR. EILERTSEN:**

The nature of our business is that a lot of our programs are free to the public. There is no cost or income involved with it, and yet we have to have staffing, heating, electric, etcetera, in order to make the building accessible to the public.

**CHAIRMAN D'AMARO:**

So you have higher -- relative to programming expenses you have higher administrative expenses because there's not that much of a cost to deliver the type of programs that you deliver.

**MR. EILERTSEN:**

Correct.

**CHAIRMAN D'AMARO:**

What are those programs?

**MR. EILERTSEN:**

Again, we have an archive with historic documents, photographs and papers spanning back 150 years of document and papers at least. We have to process those, care for them, document them, digitize them, make them available to the public. We also create an annual publication that's given out free to all of our members.

**CHAIRMAN D'AMARO:**

How many paid, salaried employees are there?

**MR. EILERTSEN:**

This year there are three; last year there were four.

**CHAIRMAN D'AMARO:**

Okay, three or four. And so is there anyone who is full-time administrative?

**MR. EILERTSEN:**

No.

**CHAIRMAN D'AMARO:**

No. Everyone is helping out in maintaining records, archives, whatever it is that the historical society is focused on.

**MR. EILERTSEN:**

Well, I write the journal plus I facilitate the folk art presentations and I work with the other staff on developing and presenting programs.

**CHAIRMAN D'AMARO:**

Of the total hours put in by the three or four individuals, how much of that time is spent on purely administrative functions would you say?

**MR. EILERTSEN:**

Well, as long as my board's not here, probably five to six hours a week of my time is pure administrative. We have an assistant bookkeeper. Probably five hours a week of her time is administrative.

**CHAIRMAN D'AMARO:**

Out of how many hours?

**MR. EILERTSEN:**

Out of 35 hours a week.

**CHAIRMAN D'AMARO:**

Oh, out of a full week.

**MR. EILERTSEN:**

Yeah. And the third person this year, 100% of her time is spent on programs, no administrative time at all.

**CHAIRMAN D'AMARO:**

What other administrative expenses do you have?

**MR. EILERTSEN:**

Well, there's maintenance of the buildings that we count as administrative, utilities.

**CHAIRMAN D'AMARO:**

The buildings are historical buildings?

**MR. EILERTSEN:**

Yes.

**CHAIRMAN D'AMARO:**

They are.

**MR. EILERTSEN:**

Yes.

**CHAIRMAN D'AMARO:**

And they're maintained and open to the public?

**MR. EILERTSEN:**

Yes.

**CHAIRMAN D'AMARO:**

So the cost of maintaining those buildings is administrative, not program.

**MR. EILERTSEN:**

Well, that's where it gets a little complicated. Yeah, the source of maintaining them is administrative, but the buildings themselves are part of the program.

**CHAIRMAN D'AMARO:**

Well, it's an administrative program expense.

*(\*Laughter\*)*

**MR. EILERTSEN:**

Well, if we pay the heat --

**CHAIRMAN D'AMARO:**

Well, it's different than doing payroll, let's say.

**MR. EILERTSEN:**

Correct, yes.

**CHAIRMAN D'AMARO:**

Or, you know, dealing with the State or whoever, you know, your private company that runs your pension plan. You know, things like that.

**MR. EILERTSEN:**

Well, dealing with painters or carpenters or plumbers or electricians I would have previously considered that pure administrative, but I think listening to everything today I would think of that as part of the programming. It's making the building -- maintaining the buildings, preserving them really, and then making them available to the public.

**CHAIRMAN D'AMARO:**

Because if you had to go out and hire a company to maintain this building so that it could be maintained and safe and open to the public, in my mind that's more of a program expense because that's your mission of what you do.

**MR. EILERTSEN:**

I accept that.

**CHAIRMAN D'AMARO:**

Right?

**MR. EILERTSEN:**

Yeah.

**CHAIRMAN D'AMARO:**

Okay. So if we moved everything over from one category to the other that appropriately could be arguably go to programming expense, do you think you'd come close to that 20%?

**MR. EILERTSEN:**

Yes.

**CHAIRMAN D'AMARO:**

You do.

**MR. EILERTSEN:**

Yes.

**CHAIRMAN D'AMARO:**

Okay.

**LEG. KENNEDY:**

Mr. Chair.

**CHAIRMAN D'AMARO:**

I don't know if I'm going to remember all that for next year.

**MR. EILERTSEN:**

*(\*Laughter\*)*.

**CHAIRMAN D'AMARO:**

Yes, Legislator Kennedy.

**LEG. KENNEDY:**

Thank you, Mr. Chair. I appreciate you coming in here, Sir, and probably like many, many agencies,

you know, where you wear multiple hats, I imagine that the lion's share of your time -- the only thing that I'm going to ask of you is, is you know, you make a very compelling case. Our objective here is not to have any not-for-profit agency to have to incur additional expense with accountants when you have to do an annual audit anyhow. That's not our objective. But what I would say is, and I want to make sure that I understand this. Prior to this you've really had no conversation with the Comptroller's Office at all about these various categories?

**MR. EILERTSEN:**

This year I spoke to Joe on Monday. We were -- I was only given a copy of our noncompliance report through Legislator Schneiderman's office on Friday. We had never -- so I had never been aware that we were in noncompliance.

**LEG. KENNEDY:**

Here's one of the things I think that I'm a little surprised about, and we've -- bear with me for a second. So this report that was done in October of 2013, you have -- you saw this four days ago, five days ago?

**MR. EILERTSEN:**

This past Friday, yes.

**LEG. KENNEDY:**

Okay.

**MR. EILERTSEN:**

We have had an issue with the Comptroller's Office. They're always very helpful, but they don't seem to understand that we don't have house delivery in Bridgehampton. It has to come to our post office box and the Post Office will return it to sender. It doesn't matter if it's a member or a government agency or a Federal check.

**LEG. KENNEDY:**

Well, I don't know that that's an issue here in this case with this report, sir, because my understanding is that this was a report that was sent to all 18 of us as Legislators. I don't know that this was sent to any particular agencies. My understanding is, as a matter of fact, it wasn't.

**MR. EILERTSEN:**

Okay.

**LEG. KENNEDY:**

Because this is something that we passed going back six or seven years ago, and the Comptroller is actually apprising us of those agencies in our particular areas. I had a case and worked with four different agencies in Smithtown that originally had some of the same things that you're speaking about, and then through dialogue and discourse over the course of a month, they ultimately were able to demonstrate that, in fact, much of what they were doing fell under the program category and therefore were taken off of the list that compels you to have to spend the better part of afternoon with us.

**MR. EILERTSEN:**

Right.

**LEG. KENNEDY:**

So I guess what I'm going to ask, Sir, is, is if you would have some follow-up conversation with them. I do not object to acknowledging that there may be some compelling reason for them, but they're the CPAs, not me. I really -- my -- I would like you to have at least some substantive dialogue with them first before I would have a comfort level to act. Thank you, Mr. Chair.

**CHAIRMAN D'AMARO:**

Thank you, Legislator Kennedy. I completely agree with you. We've already asked other contract agencies today to go back and work with the Comptroller's Office.

**MR. EILERTSEN:**

Uh-huh.

**CHAIRMAN D'AMARO:**

What I'd like to do is table this bill as well and give you that opportunity. You're at 84% right now. You make a compelling case, but as Legislator Kennedy points out, you know, let's keep the process consistent. I would rather see you have a conversation with the Comptroller's Office and see what that number should really be. And if it's too high you've already made your case and we can consider everything that you've said, but I would be more comfortable giving you that opportunity.

**MR. EILERTSEN:**

That's fine. Thank you.

**CHAIRMAN D'AMARO:**

Is that all right? So at this point then I will offer a motion to, what number is this, 1435 of 2014. I'll offer a motion to table.

**LEG. KENNEDY:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Kennedy. All in favor? Opposed? Abstentions? Motion carries. Sir, thank you. *(Vote: 7-0-0-0 - Presiding Officer Gregory is included in the vote)*

**MR. EILERTSEN:**

Thank you.

**CHAIRMAN D'AMARO:**

All right. The next to take out of order is *1436-2014 - approving County funding for a contract agency (Bridgehampton Child Care & Recreation Center) (Schneiderman)*. Second by Legislator Anker. All in favor? Opposed? Abstentions? Motion carries. That resolution is now before the committee. Is there anyone here? Hi. Please state your name.

**MS. CANNON:**

Hello. I'm Bonnie Michelle Cannon and I'm the Executive Director at the Bridgehampton Child Care and Recreational Center.

**CHAIRMAN D'AMARO:**

Thank you, Ms. Cannon. Thank you for joining us today. You have heard some of the discussion. Would you like to address the committee?

**MS. CANNON:**

Well, definitely there is definitely a mistake that needs to be corrected with the accountant or speaking with the Comptroller because everything that we do is programs. First thing that I will say to you is to basically please take out of your mind and just picture in your mind Bellport, Wyandanch, Bay Shore and place that in the heart of Bridgehampton. We are -- that's the type of work that we do there.

We service mostly minorities, Latinos, African Americans and our low income individuals. We have after school programs there, we have a food pantry there. We also do give out clothing there. We

have a summer program there that we're able to give that is basically for seven or eight weeks for the summer program is \$500 for the families, and most of the kids we give scholarships there, and it's a full day summer camp that you can't find anywhere in the Hamptons from nine to five p.m.

We do this with a minimal staff. I'm the Executive Director, but I'm also one of the camp counselors, I'm also one of the teen advisors, I'm the bus driver, sometimes I'm the cook, I'm the chaperone this weekend. We have a program where we're taking a busload of the children to see the Universal Circus and I will be the chaperone for that. Our receptionist is a chaperone/cook/bus driver. I'm also a social worker, not by trade, but I have many hour one on one's with parents of our children.

So this is the first time that this has come up for us so it sounds like that we need to spend some more time with the accountant in reallocating the, I guess the percentages and how we're differentiating programs versus admin because basically that's all we -- that's all we do is programs.

**CHAIRMAN D'AMARO:**

All right, very good. Thank you. What is the percentage on this, Joe? If you have it.

**MR. PECORELLA:**

Currently at 29%.

**CHAIRMAN D'AMARO:**

Twenty-nine percent, okay. So you've heard what we've asked the other organizations to do before you today, is if you could just revisit your Form 990, because the Comptroller's Office in making this decision is not making this judgment based on anything other than what you have submitted through your accountants.

**MS. CANNON:**

Understood. Unfortunately, we have the same situation that I heard the gentleman speak of from the Bridgehampton Historical Society. As far as us revisiting our 990, we've just engaged with our accountant now to meet with us in about three weeks, and usually we do not get our, you know, our audit done until later on during the year when it's completed. So I'm not sure whether or not we are going to meet the timeframe that you need us to meet.

**CHAIRMAN D'AMARO:**

Well, let me suggest to you that even based on the 990 that's been submitted for 2012 you can have a discussion with the Comptroller's Office and see if you can -- they can help you to decide whether or not some of the expenses on the 990 are not properly classified, at least for our purposes, not necessarily under IRS guidelines.

**MS. CANNON:**

And just for my clarification just moving forward.

**CHAIRMAN D'AMARO:**

Yes.

**MS. CANNON:**

Because when I look at -- can you also help me to understand how the contract agency disclosure form, is that no longer going to be taken into consideration? Should we more or less just focus in on the 990? Because when I looked at the contract agency disclosure form and what we have listed under, you know, what has been reported, because as I know Jay had said earlier, when we put in our vouchers to receive the funding, most of the vouchers are for our salaried employees that work with the program, so they're all program. I just -- I'm not an expert, I'm not a CPA, so I'm just trying to --

**CHAIRMAN D'AMARO:**

Right, but the test here is not whether or not the County funding in particular is going towards programming expense.

**MS. CANNON:**

Okay.

**CHAIRMAN D'AMARO:**

It's in deciding whether or not to give County funding we want to look at your overall budget picture --

**MS. CANNON:**

Okay.

**CHAIRMAN D'AMARO:**

-- to look at the efficiency of your organization and to look at that you're efficient in the sense that you're delivering most of your funding towards programming and delivering service as opposed to paying salaries and administrative costs.

**MS. CANNON:**

Okay.

**CHAIRMAN D'AMARO:**

But, again, the room is here to make the argument that although it may be classified one way on an IRS form, it, in fact, should be going the other way for purposes of determining whether or not to give you that funding.

**MS. CANNON:**

Yeah. Again, that was never something that -- has never come up before, so.

**CHAIRMAN D'AMARO:**

Okay.

**MS. CANNON:**

We have to do, you know, I guess more -

**CHAIRMAN D'AMARO:**

Yeah. And in fairness to you and everyone else that's come before you today and who's about to come up, this is something that the County is now focusing on, and so it's a process we need to go through. And hopefully although it is, you know, problematic to do it this year, at least you'll be aware of it going forward. I see you're getting funding of about 40,000.

**MS. CANNON:**

Yes, we get about 40,000. And while I'm before the committee, just so that you understand, again, you just have to picture in your mind that we are on a six acre property. We have four buildings there that are all in need of repair that we have not been able to repair. We don't have anyone stepping forward to us to name a building after them as was mentioned earlier for a suggestion, for someone to come forward to put a name on a building. If there's anyone there that would like to we would love to have them to do that sort of thing, to come and name a building. But basically my point that I'm trying to make is that we are a child care and a community center and the private funds that go to places such as Guild Hall and to the other places out there we do not receive those type of private funds.

**CHAIRMAN D'AMARO:**

Right, I understand that. The County funds several, multiple facilities such as yours --

**MS. CANNON:**

Understood.

**CHAIRMAN D'AMARO:**

-- where they are meeting the threshold, the 20% threshold that's in place. So again, I would encourage you to have a discussion with the Comptroller's Office and they can help you. They're not going to change your form, but they can at least give you some idea whether or not they agree or disagree that it should be more towards programming category as opposed to the administrative category, and then you can come back here and tell us how you made out with that.

**MS. CANNON:**

Okay.

**LEG. KENNEDY:**

Mr. Chair?

**CHAIRMAN D'AMARO:**

Legislator Kennedy.

**LEG. KENNEDY:**

Quick question. Ma'am, thank you for making the trip here. And as the Chairman pointed out, this is the first resolution we're hearing that is from the general budget, I believe. Is this -- this is a question for BRO. Robert, is this County funds or is this pass through money?

**MR. LIPP:**

This is County funds.

**LEG. KENNEDY:**

This is all County funding, but I have a copy of your contract, ma'am. So you work with our Youth Bureau. Reverend Pearson is the signator on your contract? Is that the agency where you submit your vouchering through?

**MS. CANNON:**

Yes.

**LEG. KENNEDY:**

It is. Okay. And they weren't able to help with you any of the 990 filing or any of the other material that you had to submit to the Comptroller.

**MS. CANNON:**

As I had indicated, as he had indicated, I just heard about this as well on last Friday, so this is the first that I had heard about it.

**LEG. KENNEDY:**

You didn't know anything about this prior to Friday.

**MS. CANNON:**

I didn't know anything about it prior to me getting the notification from Jay's office.

**LEG. KENNEDY:**

Okay, Ma'am. Well, listen, thank you for the good service that you do. What is your agency's total

budget, just out of curiosity. If we're giving you 40,000, and I see that your program is designed for juvenile delinquency prevention and you're working with economically impacted children?

**MS. CANNON:**

Yes, yes. And just so that you know, I've had many discussions with your Deputy Commissioner Risco Mention-Lewis regarding some of the work that she's done trying to get those types of services out to our area. We've had many discussions there. That's the type of work that we do. That's one type of work that we do there and we're looking to even expand it more and have those types of programs out in the area.

**LEG. KENNEDY:**

Okay. How many children a day, just on an average day, Ma'am.

**MS. CANNON:**

On an average day we service probably around like anywhere from 50 to 75 kids. During the year we service probably around 200 kids, and you have to also expand that to their families as well, because you can't just deal with the child, you have to deal with the parent as well, because that's basically where your issues are a lot of times because what we do at the center --

**LEG. KENNEDY:**

You do an after school in addition to regular daycare?

**MS. CANNON:**

We do after school, we do daycare, we do career counseling. We've had individuals that I have assisted in getting them set up with the YouthBuild organization. I've had instances where we've had social workers come in to counsel families that have family problems. I've had issues where I helped and assisted teen parents in getting their Associate Criminal Justice Degree, those types of things. So it's just not a childcare and a, you know, recreational center. We are basically dealing with the family because if we don't deal with the family, we're not going to have any successes with the children.

**LEG. KENNEDY:**

Okay.

**MS. CANNON:**

So we do it all.

**LEG. KENNEDY:**

Thank you, Ma'am. And if you'd speak with them, I'm sure we'll be able to get it worked through.

**CHAIRMAN D'AMARO:**

All right. Thank you, Legislator Kennedy. So I'll a motion to table 1436 of 2014.

**LEG. MARTINEZ:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries. Thank you. Thank you very much for your help here today. **(VOTE: 6-0-0-1 - Not Present: Legislator Anker; Presiding Officer Gregory is included in the vote).**

The next bill I'd like to take out of order is **1437-2014 - Approving County funding for a contract agency (Three Village Community Services) (Hahn)**. I'll offer a motion to take that out of order. Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries.

Good afternoon. Thank you for your patience. Please state your name.

**MR. DANIEL:**

Good afternoon. My name is Devon Daniel. I'm the Executive Director of the Three Village Community Youth Services doing business as the Boys and Girls Club of Suffolk County.

**CHAIRMAN D'AMARO:**

Great. Mr. Daniel, welcome. We're here today to talk about your administrative expenses as opposed to your or measured against your program expenses. Do you know what number, what percentage, what threshold number you are at?

**MR. DANIEL:**

No, Sir, I do not.

**CHAIRMAN D'AMARO:**

Okay. Let's ask the Comptroller's Office.

**MR. BAYER:**

Their rate is 36%.

**CHAIRMAN D'AMARO:**

Okay. So presently the County requires that your administrative expenses be no more than 20% of your total programming expenses. You're at 36%. What we've been looking at is your IRS Form 990, which classifies your total expenses into categories; one is administrative, the other is program expense. Is there anything that you would like to add to that discussion?

**MR. DANIEL:**

Well, for the sake of not being redundant, but it's the same thing. We have administrative staff that also serves programmatically. As myself, not only am I the Executive Director, but 80% of my time is in program, driving the bus, going to the school.

**CHAIRMAN D'AMARO:**

Right. Okay, that's fair. So what's happening is this IRS form may require classification one way when, in fact, you can make an argument that it's not exactly accurate for our purpose. So what I'm going to ask you to do is what we've asked the others to do, is to have a discussion with the Comptroller's Office and look at one, whether or not you can reclassify and make the argument to reclassify some of those expenses to get your number down, the percentage down.

**MR. DANIEL:**

Yes, Sir.

**CHAIRMAN D'AMARO:**

Okay? Is that all right?

**MR. DANIEL:**

That's fine. My concern would be in the timeframe because this is for our 2014 money, in which we're six months into the contract period now.

**CHAIRMAN D'AMARO:**

Right.

**MR. DANIEL:**

And that may cause a delay in regards to the reimbursement, because we have to spend it to get it, and if we don't get it back that makes our cash flow very difficult.

**CHAIRMAN D'AMARO:**

Well, our next meeting is May 27th, so that would be on -- that's a Tuesday when this committee meets again. If you either meet the 20% threshold or make the case as to why you should not be held to it and the committee votes the bill out, the full Legislature would have to vote by two-thirds majority at our next meeting after that, which would be the following Tuesday. So we meet on a Tuesday, a week later the bill would be up for consideration, very early June, I think, for the two-thirds vote. But I think it would be a good exercise for you to talk to the Comptroller's Office because even if you get past the committee you're going to have to convince two-thirds majority of the full Legislature that the threshold is justifiably exceeded. I would encourage you to have that discussion.

**MR. DANIEL:**

Yes, Sir.

**LEG. KENNEDY:**

Mr. Chair.

**CHAIRMAN D'AMARO:**

Legislator Kennedy.

**LEG. KENNEDY:**

Thank you. And, Sir, thank you for coming to speak to us as well. Your funding -- again, I'll go to BRO. This unlike the majority of the other resolutions we were asked to consider, this is also general funding as well?

**MR. LIPP:**

Correct.

**LEG. KENNEDY:**

And it's for how much?

**MR. LIPP:**

It's for \$134,853.

**LEG. KENNEDY:**

Okay. I contacted the County Attorney's Office and the predecessor agency there is a contract in place for, Sir, but the County Attorney's Office has no record of a contract or any kind of -- no paperwork on you at all. Is this the first year you're being funded, Sir?

**MR. DANIEL:**

Not at all. We've been receiving funding for -- the organization has been around for 33 years. We've been receiving -- I've been there since 2007, and before I came they were receiving County funding.

**LEG. KENNEDY:**

They may have it indexed under Boys and Girls Club. I asked under Three Village Community and they may -- Boys and Girls Club, I assume you're dealing with children from all over Suffolk County.

**MR. DANIEL:**

Yes. Currently we're serving children from the Three Village area, Port Jefferson, Mount Sinai, Selden and Centereach.

**LEG. KENNEDY:**

Okay. All right, well, I'll ask the County Attorney's Office then. Is it the Youth Bureau that you deal

with as far as vouchering?

**MR. DANIEL:**

Our voucher, it goes in layers. We actually voucher back to the Town of Brookhaven Youth Bureau and then they send it, I believe, back up to the County for reimbursement. So it's many levels, but our actual voucher goes to the Town of Brookhaven.

**LEG. KENNEDY:**

Is that right?

**MR. DANIEL:**

Yes.

**MR. PECORELLA:**

Legislator Kennedy, I believe they're part of a Block Grant, where the town basically administers the program and funds like six or seven different agencies. The money is allotted, that's probably why you can't find it.

**LEG. KENNEDY:**

Again, through the Chair, back to BRO, then. Indulge me for a second, Sir. When we went through the Budget Working Group I don't recall any agency -- the Town of Brookhaven we didn't slug, you know, a large amount of money into, did we, Robert?

**MR. LIPP:**

Well, I can't speak specifically about this agency. What we did at the Working Group, I do know that as a rule we say there are several youth agencies that are referred to as single disbursement agencies and you shouldn't be touching them because it will affect the overall aid associated with it.

**LEG. KENNEDY:**

Which would be my next question, that's why I started with is this County money or is this pass through. So is this a combination with this gentleman?

**MR. LIPP:**

Well, I can't say without researching it further whether or not they're one of the single disbursement type agencies with certainty. That being said, it's still true that it's General Fund monies, just that it might be, assuming that they are, that you wouldn't want to touch it if that was the case.

**LEG. KENNEDY:**

I understand. Have you seen anything since you opened the doors in January, Sir?

**MR. DANIEL:**

We have been getting reimbursement money, yes.

**LEG. KENNEDY:**

Okay. So it sounds like we have perhaps maybe some issue that we have to work out with with Brookhaven as well. Again, to the Chairman's point, if you are going to have dialogue with them, hopefully we can get this worked out. Thank you.

**CHAIRMAN D'AMARO:**

Thank you. I'll offer a motion to table 1437 of 2014. Second by Legislator Anker. All in favor? Opposed? Abstentions? Motion carries. ***(VOTE: 7-0-0-0 - Presiding Officer Gregory is included in the vote).***

The next resolution out of order is the last resolutions on the agenda, **1441-2014 - Approving County funding for a contract agency (Lumiere)(Gregory)**. I'll offer a motion to take that particular bill out of order. Second by Legislator Anker. All in favor? Opposed? Abstention? Motion carries. The bill is now before the committee. Is there anyone present on that agency, contract agency? Come on up.

**MS. CATON:**

Good afternoon.

**CHAIRMAN D'AMARO:**

Good afternoon.

**MS. CATON:**

Thank you for being here. Thank you for having me here.

**CHAIRMAN D'AMARO:**

Of course.

**MS. CATON:**

I'd like to just start by saying where our main interest lies. First of all, my biggest concern is to keep good relationships with public officials, and also to work on a very difficult mission, which is to close the gap between today's audiences and the classical -- and the classic fine arts. We do not offer recreation programs. We do community service as directors, artistic directors and general directors, of Lumiere Ballet.

Now, the reason I'm here is because there is a discrepancy and a question about the 20%, and we are over 20%. I cannot be very educated about finances, but I know exactly what I'm doing with our budget in terms of services. So if you would be so kind as to help me with questions, I would be delighted.

**CHAIRMAN D'AMARO:**

Okay, absolutely. Thank you for being here. What is your total budget?

**MS. CATON:**

The total budget here as for 2013/2012, because we go from August --

**CHAIRMAN D'AMARO:**

Well, just today, your most recent budget.

**MS. CATON:**

One hundred and eighteen thousand.

**CHAIRMAN D'AMARO:**

One hundred and eighty thousand dollars, and this funding that we're speaking about today is \$6,000 from Suffolk County.

**MS. CATON:**

Specifically for a public performance at Tanner Park in the summer.

**CHAIRMAN D'AMARO:**

How many salaried employees, if any, do you have?

**MS. CATON:**

Two; myself and my partner.

**CHAIRMAN D'AMARO:**

Okay. And what do you do and what does your partner do?

**MS. CATON:**

Everything; we teach classes every day, rehearsal, coaching, offer performances, full stage ballet costumed, we make sets, etcetera.

**CHAIRMAN D'AMARO:**

Okay. So you're working extensively on delivering and meeting your mission statement, your programs that you provide.

**MS. CATON:**

That's correct.

**CHAIRMAN D'AMARO:**

How much of your time do you feel you spend towards just running your organization as opposed to delivering the service?

**MS. CATON:**

A lot, Sir, because I do this, I don't count the hours. I just start in the morning and then I go teach and then I go home and I continue.

**CHAIRMAN D'AMARO:**

Okay. Do you -- so are you both salaried?

**MS. CATON:**

We are in a very modest way, but we are.

**CHAIRMAN D'AMARO:**

Okay. And let me just stop with you for one moment and ask the Comptroller's Office, do you have the 990 in front of you?

**MR. PECORELLA:**

We're looking at their financial statements actually, for the fiscal year ending August 31st, 2013. They're at 22%. It was one of the ones that's really pretty close to the border.

**CHAIRMAN D'AMARO:**

Very close, okay. All right.

**P.O. GREGORY:**

Two thousand dollars.

**CHAIRMAN D'AMARO:**

Do you hire any management, consultants, legal services, accounting services or lobbying or anything like that?

**MS. CATON:**

We have a bookkeeper, who is a CPA, and then we have the CPA.

**CHAIRMAN D'AMARO:**

Okay.

**MS. CATON:**

To file our taxes so that's a cost, you know, the general cost. It costs us about 2500 a year.

**CHAIRMAN D'AMARO:**

Right. All right. Well, you're very close to the 20%, you're only at 22%.

**MS. CATON:**

Correct.

**CHAIRMAN D'AMARO:**

And it's a small dollar figure because your budget is relatively smaller than some of the other agencies that we look at. Do you pay any other type of compensation other than the salary and your accountant?

**MS. CATON:**

Well, we have, you know, for instance, my partner has done some very big projects with exclusive professional cast.

**CHAIRMAN D'AMARO:**

Okay.

**MS. CATON:**

Those artists have to be paid their salary.

**CHAIRMAN D'AMARO:**

Right.

**MS. CATON:**

If I can call it salary. They're not salary, they're just honorarium for when they perform. Then we have videographers, photographers, we have to print programs.

**CHAIRMAN D'AMARO:**

Okay. Joe, let me ask you, is anything indicated in column D on that 990?

**MR. PECORELLA:**

I'm actually looking at a financial statement for them that was done by their auditors. They're numbers are kind of small so they're, you know.

**CHAIRMAN D'AMARO:**

It's arguable, I mean, a \$2,000 threshold you can go either way.

**MR. PECORELLA:**

You could go either way on their 20%.

**CHAIRMAN D'AMARO:**

Right, I tend to agree. Are there any other questions from the committee on this? Legislator Anker.

**LEG. ANKER:**

I just want to say Theatre Three is such a wonderful, thriving, like a mom and pop --

**MS. CATON:**

I'm sorry, we're not Theatre Three.

**MR. QUATTROCK:**

I'm Theatre Three.

*(\*Laughter\*)*

**LEG. ANKER:**

I'm so sorry.

**CHAIRMAN D'AMARO:**

How do you say the name of your organization?

**MS. CATON:**

Lumiere, Sir. It means light. You know, in Sleeping Beauty, the candle, Lumiere. And the Lumiere Brothers are the two Americans that did the movies.

**CHAIRMAN D'AMARO:**

Okay. Well, you're doing a good job in almost meeting the County requirement. And speaking for myself, I would be prepared to approve your funding today, but that would be up to the rest of the committee as well. And even if we do, it still has to go before the full Legislature and receive a super majority vote. Your sponsor of this bill is Legislator Gregory, our Presiding Officer, and I'm sure he'd be happy to make the case for you at the legislative meeting, as I would, too.

**MS. CATON:**

Thank you.

**CHAIRMAN D'AMARO:**

Does anyone else want to be heard? Legislator Kennedy.

**LEG. KENNEDY:**

Yes. Thank you, Ma'am. Thank you for being here. So then I apologize, but I'm not sure that I understand. You've spoken with the Comptroller's Office?

**MS. CATON:**

Yes.

**LEG. KENNEDY:**

Joe, you said that they're at 22%.

**MR. PECORELLA:**

Yes.

**LEG. KENNEDY:**

Okay. Now, that was based on going through the 990, all the different columns and categories where various things are at. All you can do is, is look at what's being presented to you. Did you look at that 990 at all, Ma'am, to see if that's accurate or reflective of the way your operation actually goes?

**MS. CATON:**

Sir, I have been looking at page four of the financial statement and I kind of briefly glanced through the 990, which I'd like to do more carefully, so I can't say I am very well versed into the 990's detail.

**P.O. GREGORY:**

Svetlana, let me try to answer the question.

**LEG. KENNEDY:**

Yeah, I'll yield to the sponsor, through the Chair, because I think you're doing great work, Ma'am, and it sounds like you're real close to not even needing this reso.

**P.O. GREGORY:**

My office had been dealing with her, with Svetlana's CPA, who couldn't make it here today because he said he would have to charge \$1,000 and we thought that was kind of ridiculous for a \$5,000 grant.

**LEG. KENNEDY:**

Absolutely.

**P.O. GREGORY:**

He had offered to do a conversation call and I said that -- probably wouldn't be able to do that as well. So the financial stuff Svetlana is not really versed in, he is more versed in it. There were some questions. My Chief of Staff had been working with Joe from the Comptroller's Office. Like, for instance, their bank fees are \$2300 but, you know, do you program that as a management expense or an admin expense. You know, I mean, they're right under, you know, they're just over the 20% threshold. I was informed it was about \$2,000 over the -- what would bring them to the threshold. I mean, they're a program -- I had first met Svetlana, she was volunteering ballet classes in the middle school in Wyandanch.

**LEG. KENNEDY:**

I think that the mission and the group sounds like it's outstanding. I have no concern or issue with that at all.

**P.O. GREGORY:**

Right.

**LEG. KENNEDY:**

I mean, do you think, is there any more eyeballing of this that will get us to the point where they can be characterized as 20%?

**P.O. GREGORY:**

We were trying to get a better understanding of what can be characterized as a program expense, a management expense, an admin expense and we didn't really, my Chief of Staff was been handling it, he's been on the phone back and forth with the CPA, with Joe. We weren't really sure as to -- it got to a standstill. Some things there was an understanding, and then it got to a standstill as to where to proceed further.

**LEG. KENNEDY:**

Today -- let me go to them for a second, if I can, Mr. Presiding Officer.

**MR. BAYER:**

Legislator Kennedy, this agency started at a rate of 27%. Through discussions with Joe and the CPA firm and the Presiding Officer's Office, it was restated down to 22%. They have very limited payroll expense. You know, the Executive Director, there's very little wiggle room on this particular entity.

**LEG. KENNEDY:**

You think they got it down pretty -- just about as far as they can?

**MR. BAYER:**

It's only \$2,000, but at this point it's, you know, it's the Legislator's to vote, but I don't think there's that much more wiggle room on this that we can change it.

**LEG. KENNEDY:**

That's fine. All right. Thank you. Thank you, Mr. Chair. I appreciate it.

**CHAIRMAN D'AMARO:**

All right. You're very close to the threshold, as we mentioned, and I appreciate that you've already dealt with the Comptroller's Office through your Legislator, through the Presiding Officer as well, and do you feel that even at 22% that some of your expenses should be and could be classified as going more towards delivering programs than for administration?

**MS. CATON:**

Yes, Sir. Absolutely.

**CHAIRMAN D'AMARO:**

Okay, by about \$2,000 maybe?

*(\*Laughter\*)*

**MS. CATON:**

By more than that probably.

*(\*Laughter\*)*

**CHAIRMAN D'AMARO:**

More than that. That's the right answer. All right. I don't know how the rest of the committee feels about this.

**LEG. STERN:**

Mr. Chairman.

**CHAIRMAN D'AMARO:**

Legislator Stern.

**LEG. STERN:**

Obviously the number is close. The representative for the organization I think has done what the committee has asked and expected here, respecting the process and the procedure that we as a committee had laid down prior. We specifically asked those organizations that were listed to take every opportunity through their Legislator or others to work with the Comptroller's Office, which seems to have happened here. I appreciate the fact that there's very little place to go here on the numbers. The numbers are the numbers at this point. I think the office was very clear about that, but now I think procedurally it does fall to us to make the decision. So I would certainly support the idea of going forward today.

**CHAIRMAN D'AMARO:**

All right. Any other comments? Legislator Anker.

**LEG. ANKER:**

I apologize, my daughter had a medical procedure yesterday. She's back at the doctor just now so I stepped away and I truly apologize for -- I'm like wait a minute, we are on a different resolution.

**MS. CATON:**

No problems.

**LEG. ANKER:**

But I wish you the best. And again, you know, it's very important what you do and I appreciate your time and your effort. Thank you.

**MS. CATON:**

Thank you.

**CHAIRMAN D'AMARO:**

All right. So this bill, 1441, is before the committee. I'll offer a motion to approve.

**LEG. STERN:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. That resolution is approved and it will now go to the full Legislature on Tuesday. **(VOTE: 7-0-0-0 - Presiding Officer Gregory is included in the vote).**

**MS. CATON:**

Thank you ever so much.

**CHAIRMAN D'AMARO:**

Thank you. Resolution **1438-2014 - Approving County funding for a certain contract agency (Theater Three) (Hahn)**. Is there anyone here today? Great. Come on up, Sir. I'll offer a motion to bring that resolution before the committee. Second by Legislator Anker. All in favor? Opposed? Abstentions? Motion carries. This resolution is now pending.

Sir, welcome to the Budget Committee. Thank you for your patience. You have had an opportunity to hear some discussion. State your name and then please go ahead.

**MR. QUATTROCK:**

Certainly. My name is Douglas Quattrock. I'm the Director of Development at Theatre Three Production as well the Director of Marketing.

**CHAIRMAN D'AMARO:**

All right. I apologize for interrupting. I just want to ask the Comptroller's Office what your percentage allocation was.

**MR. QUATTROCK:**

I would like to know, too.

**MR. PECORELLA:**

Right now they're at 67%.

**CHAIRMAN D'AMARO:**

Sixty-seven percent. All right. Do you understand the issue before us today?

**MR. QUATTROCK:**

I do, yes.

**CHAIRMAN D'AMARO:**

Do you want an opportunity to discuss that 67% with the Comptroller's Office?

**MR. QUATTROCK:**

Absolutely.

**CHAIRMAN D'AMARO:**

Okay. So I'm going to, if you don't mind -- is there anything else you'd like to add at this time?

**MR. QUATTROCK:**

No. I would just like to thank you all for taking the time to give us the opportunity to review this.

**CHAIRMAN D'AMARO:**

And we appreciate you working with us as well. We appreciate that very much. So I'll offer a motion to table 1438 of 2014.

**LEG. STERN:**

Second.

**LEG. D'AMARO:**

Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. **(VOTE: 7-0-0-0 - Presiding Officer Gregory is included in the vote).**

I encourage you to have that discussion. We'll see you back here next time.

**MR. QUATTROCK:**

Thank you very much.

**CHAIRMAN D'AMARO:**

Thank you, Sir. **1439-2014 - Approving County funding for a contract agency (Long Island Museum of American Art History and Carriages)(Hahn).** Sir, hello. And to the Comptroller's Office, can you give us the --

**MR. WATSON:**

It's the Long Island Museum, just so you know.

**CHAIRMAN D'AMARO:**

Oh, didn't I say that?

**MR. WATSON:**

You said the Long Museum. You just shortened it.

**CHAIRMAN D'AMARO:**

I'm not wearing my glasses.

**MR. WATSON:**

That's okay, that's okay. My name is Neil Watson and I'm the Executive Director.

**CHAIRMAN D'AMARO:**

All right, a scrivener's error. There you go. I'm sorry, sir. Go ahead, please.

**MR. WATSON:**

Sure. My name is Neil Watson and I am the Executive Director of the Long Island Museum.

**CHAIRMAN D'AMARO:**

Thank you for your patience today, Mr. Watson.

**MR. WATSON:**

Sure.

**CHAIRMAN D'AMARO:**

And to the Comptroller's Office, what's the percentage here?

**MR. PECORELLA:**

They're at 32%.

**CHAIRMAN D'AMARO:**

Thirty-two. All right. Sir, do you understand the issue before the committee?

**MR. WATSON:**

I absolutely understand the issue. We have been in communication with the Comptroller's Office. At the time that we were in the discussion our audited -- the audited portion had already been filed and our 990 had already been filed, so --

**CHAIRMAN D'AMARO:**

I see.

**MR. WATSON:**

The cost of going back to reopen it was too significant. However, I will say that we have our 2013 and we've brought it down to 18.5%, and I have the audited copy and we are filing our 990 on the 15th of May. So you will have that within --

**CHAIRMAN D'AMARO:**

Okay. If you provide that to the Comptroller's Office they will notify us if they agree, to take to the sponsor of this resolution, Legislator Kara Hahn. She'll withdraw the resolution and you'll be on your way.

**MR. WATSON:**

So the process is we send you the 990.

**MR. PECORELLA:**

Correct.

**MR. WATSON:**

Perfect. Thank you very much.

**MR. PECORELLA:**

I'll take it right now if you have it. Do you have the financial statements?

**MR. WATSON:**

I have the financials.

**CHAIRMAN D'AMARO:**

And what we'll do is we'll table this resolution for now while you are going through that process.

**MR. WATSON:**

I appreciate it.

**CHAIRMAN D'AMARO:**

All right. So I'll offer a motion to table 1439 of 2014. Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries.

**MR. WATSON:**

Also, thank you for your support.

**CHAIRMAN D'AMARO:**

Okay, of course. Thank you. Resolution **1440-2014 - Approving County funding for a contract**

**agency (Islip Arts Council)(Cilmi).** At the request of the sponsor I'll offer a motion to table.

**LEG. KENNEDY:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Kennedy. All in favor? Opposed? Abstentions? Motion carries. **(VOTE: 7-0-0-0 - Presiding Officer Gregory is included in the vote).**

That concludes the contract agencies. Let's go back, then to the beginning. And I want to thank the Comptroller's Office, Joe and Frank, for your help today. I know we gave you a little more work to do and you'll get a few phone calls, but we do appreciate it.

**LEG. KENNEDY:**

The process is working. Thank you.

**CHAIRMAN D'AMARO:**

Yes.

### Tabled Resolutions

All right, so we're back to **1052-2014 - Amending the 2014 Operating Budget to restore Vocational Education and Extension Board (VEEB) funding to continue current operations and staffing at the Suffolk County Fire Academy for a full twelve months in 2014 (Kennedy).**

**LEG. KENNEDY:**

I'm just going to table it one more cycle, Mr. Chair. We have full funding in front of us and so I'll probably wind up withdrawing after we approve that.

**CHAIRMAN D'AMARO:**

Okay. I'll second the motion to table by Legislator Kennedy. All in favor? Opposed? Abstentions? Motion carries. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker).**

Resolution Number **1146-2014 - Amending The 2014 Operating Budget to provide additional funding for the Citizens Advisory Board for the Arts (Schneiderman).**

**LEG. KENNEDY:**

Motion to table.

**CHAIRMAN D'AMARO:**

All right, there's a motion to table by Legislator Kennedy. I'm going to second the motion. But before I do, I would like to ask Dr. Lipp for a brief explanation of this funding and how much is available.

**MR. LIPP:**

Okay. Reviewing the actual year-end numbers, actually there is a surplus. There's a shortfall on the revenue side.

**CHAIRMAN D'AMARO:**

Right.

**MR. LIPP:**

But there is actually a surplus on the expense --

**CHAIRMAN D'AMARO:**

Which we've explained in past meetings.

**MR. LIPP:**

Right. So the net turns out to be a surplus in 2013 of 63,495, which is more than what's being requested. That being said, it is a break in form in terms of how the monies would be allocated.

**CHAIRMAN D'AMARO:**

Right. What we've done in the past is roll this funding, any surplus, if any, over to the following year.

**MR. LIPP:**

Correct.

**CHAIRMAN D'AMARO:**

And then allocate it during the budget process.

**MR. LIPP:**

Correct.

**CHAIRMAN D'AMARO:**

All right. Does anyone else have any questions? I will call the vote. All in favor? Opposed? Abstentions? Motion carries. The resolution is tabled. ***(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker)***.

Resolution ***1248-2014 - Removing HSBC as a bank doing business with the County of Suffolk and amending Resolution No. 7-2014 (Kennedy)***. Legislator Kennedy.

**LEG. KENNEDY:**

Motion to table.

**CHAIRMAN D'AMARO:**

I'll second. All in favor? Opposed? Abstentions? Motion carries. ***(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker)***.

Resolution ***1252-2014 - Adopting Local Law No. -2014, A Charter Law to update, clarify and improve process for Budget Deficit Mitigation (D'Amaro)***.

I'm still revising this bill. I'll offer a motion to table. Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. ***(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker)***.

### **Introductory Resolutions**

Section Six of the agenda, Introductory Resolutions. ***1336-2014 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 955-2014)(Co. Exec.)***. I'll offer a motion to approve and place on the consent calendar.

**LEG. STERN:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker).**

Resolution **1337-2014 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 956-2014)(Co. Exec.).**

Same motion, same second, and without objection, same vote. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker).**

**1346-2014 - To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer By: County Legislature No. 406 (Co. Exec.).**

Same motion, same second, same vote. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker).**

**1347-2014 - Amending the 2014 Operating Budget and appropriating funds in connection with bonding for a settlement for a liability case against the County (Co. Exec.).** This is a \$225,000 settlement for a negligence action which was approved by the Ways and Means Committee. I'll offer a motion to approve.

**LEG. KENNEDY:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Kennedy. All in favor? Opposed? Abstentions? Motion carries. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker).**

Resolution **1366-2014 - To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer By: County Legislature No. 407 (Co. Exec.).** I'll offer a motion to approve and place on the consent calendar.

**LEG. MARTINEZ:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker).**

Resolution **1367-2014 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 957-2014)(Co. Exec.).** Same motion, same second, same vote. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker).**

Resolution **1372-2014 - To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer By: County Legislature No. 408 (Co. Exec.).** Same motion, same second, same vote. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker).**

Just a few more. **1377-2014 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 959-2014)(Co. Exec.).** Same motion, same second, same vote. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker).**

Next is Resolution **1389-2014 - Amending the 2014 Operating Budget to provide funding for the Three Village Historical Society (Hahn)**. This looks like -- this is going from the Comsewogue Historical Society, which did not utilize the funds, so I would assume this is Omni funding.

**MR. LIPP:**

Yes, it's Hotel/Motel money.

**CHAIRMAN D'AMARO:**

Oh, is it? So I'm going to offer a motion to approve.

**LEG. STERN:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Stern. Anyone on the motion? All in favor? Opposed? Abstentions? Motion carries. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker)**.

**1420-2014 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 960-2014)(Co. Exec.)**.

I'll offer the motion to approve and place on the consent calendar.

**LEG. MARTINEZ:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries. **(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker)**.

**1426-2014 - Amending the 2014 Operating Budget to provide funding for the Central Islip Public Library (Martinez)**. Legislator Martinez? Transferring \$8500 from the Brentwood Historical Society; is that correct?

**LEG. MARTINEZ:**

Yes. The Brentwood Historical Society was not going to be utilizing that money for this year and the Central Islip Library would like to revamp their historical section of their library, and when we spoke to BRO if it's from historical to historical, it can be done.

**CHAIRMAN D'AMARO:**

Okay. Would you like to offer a motion?

**LEG. MARTINEZ:**

Motion to approve.

**CHAIRMAN D'AMARO:**

I'll second.

**LEG. KENNEDY:**

On the motion, Mr. Chair.

**CHAIRMAN D'AMARO:**

Legislator Kennedy.

**LEG. KENNEDY:**

So the library is going to use this for doing renovation work?

**LEG. MARTINEZ:**

No, it's more preservation, and they're going to be conducting classes to the children in Central Islip School District and showing them the history of Central Islip and the -- pretty much just creating a local history of Central Islip at the library.

**LEG. KENNEDY:**

Do they have by any chance like a Friends of Library association?

**LEG. MARTINEZ:**

I cannot answer that. I'm not sure.

**LEG. KENNEDY:**

Okay. Traditionally, and it comes up every time we talk about County funds going to any other type of a governmental entity. We had the conversation I think last Tuesday, as a matter of fact. It is funding that's identified for a not-for-profit agency, but in fact what we're doing is, is giving it to another -- a municipal entity with the power to go ahead and levy and tax. That's the only reason I ask if -- do they have like a not-for-profit fundraising entity or like a Friends of the Library or anything of those kind of things at all. We don't know? We do know.

**LEG. MARTINEZ:**

I personally do not know.

**LEG. KENNEDY:**

Okay. All right, I'll yield.

**CHAIRMAN D'AMARO:**

Okay. Well, there is a motion to approve pending. It has received a second. If there's no other discussion on the motion, I'll call the vote. All in favor? Opposed? Abstentions?

**LEG. KENNEDY:**

I'm going to abstain.

**LEG. TROTTA:**

Abstain.

**CHAIRMAN D'AMARO:**

Legislator Trotta and Legislator Kennedy abstain. Motion carries. ***(VOTE: 4-0-2-1 - Presiding Officer Gregory is included in the vote; Abstentions: Legislators Kennedy & Trotta; Not Present: Legislator Anker)***.

Okay. Next is Resolution Number 1429 has been withdrawn. Next is ***1431-2014 - Adopting Local Law No. -2014, A Charter Law to authorize Reserve Fund transfers (Pres. Off)***. It requires a public hearing. I'll offer a motion to table. Second by Legislator Trotta. Thank you. All in favor? Opposed? Abstentions? Motion carries. ***(VOTE: 6-0-0-1 - Presiding Officer Gregory is included in the vote; Not Present: Legislator Anker)***.

The next several bills we've already gone through. 1447 has been withdrawn. And that concludes our agenda. If there's no further business before the committee, we are adjourned. Thank you.

***(\*The meeting was adjourned at 3:14 P.M. \*)***