

BUDGET AND FINANCE COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE
MINUTES

A meeting of the Budget and Finance Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on November 25, 2014.

Members Present:

Legislator D'Amaro - Chairman
Legislator Anker - Vice-Chair
Legislator Kennedy
Legislator Martinez
Legislator Stern
Legislator Trotta

Also In Attendance:

Legislator DuWayne Gregory - Presiding Officer
Sarah Simpson - Assistant Counsel to the Legislature
Jason Richberg - Deputy Clerk of the Legislature
Justin Littell - Aide to Legislator D'Amaro
Ali Nazir - Aide to Legislator Kennedy
Tom Vaughn - County Executive's Office
Robert Lipp - Director, Budget Review Office
Rick Brand - Newsday
All Other Interested Parties

Minutes Taken and Transcribed By:

Gabrielle Severs - Court Stenographer

(The meeting was called to order at 11:11 a.m.)

CHAIRMAN D'AMARO:

Ladies and gentlemen, we'd like to start with the Budget and Finance Committee. This morning, I want to welcome everyone and ask if you would all please rise and join the committee in the Pledge of Allegiance lead by Legislator John Kennedy.

(Salutation)

Thank you.

Is there anyone present who would like to address the committee this morning? We've received no cards. For the record, there's no indication. There are no presentations. No tabled resolutions, so we'll go right to Part VI of the agenda, which are Tabled Resolutions, and I'll call the first.

It is resolution number **2015 of 2014, Approving County funding for a contract agency (Southside Hospital) (Martinez)**. Legislator Martinez?

LEG. MARTINEZ:

Motion.

LEG. ANKER:

Second.

CHAIRMAN D'AMARO:

Motion by Legislator Martinez. Second by Legislator Anker. All in favor? Opposed? Abstentions? Motion carries. **Approved (VOTE: 7-0-0-0, Presiding Officer Gregory voting)**

Next is resolution number **2027 of 2014, Amending the 2014 Operating Budget and appropriating funds in connection with bonding for a judgment for a liability case against the County (County Executive)**. This appropriates \$463,846. It satisfies the judgement. It was in a negligence action arising out of a car accident against the county and was vetted through the Ways and Means Committee. I'll offer a motion to approve.

LEG. ANKER:

Second.

CHAIRMAN D'AMARO:

All in favor? Opposed? Abstentions? Motion carries. **Approved (VOTE: 7-0-0-0, Presiding Officer Gregory voting)**

Resolution 2029 of 2014, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 417 (County Executive). I'll offer a motion to approve and place on the consent calendar.

LEG. ANKER:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Anker. All in favor? Opposed? Abstentions? Motion carries. **Approved/Consent Calendar (VOTE: 7-0-0-0, Presiding Officer Gregory voting)**

Resolution 2030 of 2014, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 977-2014) (County Executive). I'll offer the same motion, same second, same vote. **Approved/Consent Calendar (VOTE: 7-0-0-0, Presiding Officer Gregory voting)**

Resolution number 2033 of 2014, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature (Control No. 418) (County Executive). Same motion, same second, same vote. **Approved/Consent (VOTE: 7-0-0-0, Presiding Officer Gregory voting)**

Resolution 2038 of 2014, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 978-2014). Same motion, same second, same vote. **Approved/Consent (VOTE: 7-0-0-0, Presiding Officer Gregory voting)**

Next resolution is **2051, Authorizing the County Comptroller and the County Treasurer to transfer funds to cover unanticipated expenses in the 2014 Adopted Mandated Budget from the 2014 Adopted Discretionary Budget (County Executive).** This is transferring money from, I guess, the mandated to discretionary to the mandated budget to cover a shortage. Dr. Lipp, if you would just like to give us an explanation.

MR. LIPP:

The shortage is in debt service, so there isn't enough funds in the budget for that.

CHAIRMAN D'AMARO:

Okay. So it doesn't involve any new revenue; it's just switching the revenue?

MR. LIPP:

It's expenditures. In other words, there weren't sufficient appropriations in the budget --

CHAIRMAN D'AMARO:

Right.

MR. LIPP:

-- all the debt service, so money had to be moved around. It's sort of a housekeeping resolution.

CHAIRMAN D'AMARO:

Yeah. It's something we do as a matter of course.

MR. LIPP:

And the next two resolutions are similar but for different items.

CHAIRMAN D'AMARO:

All right. Thank you. I'll offer a motion to approve.

LEG. MARTINEZ:

Second.

LEG. ANKER:

Second.

CHAIRMAN D'AMARO:

Second by our vice chair Legislator Anker. All in favor? Opposed? Abstentions? Motion carries.

Approved (VOTE: 7-0-0-0, Presiding Officer Gregory voting)

Resolution 2052 of 2014, Authorizing the County Comptroller and the County Treasurer to transfer funds to cover unanticipated expenses in the 2014 Adopted Mandated Budget (County Executive). I'll offer the same motion, same second, same vote. **Approved (VOTE: 7-0-0-0, Presiding Officer Gregory voting).**

And, finally, **Resolution 2053, Authorizing the County Comptroller and the County Treasurer to transfer funds to cover unanticipated expenses in the 2014 Adopted Discretionary Budget (County Executive).** Once again, same motion, same second --

LEG. KENNEDY:

On the motion, Mr. Chair.

CHAIRMAN D'AMARO:

On the motion, Legislator Kennedy.

LEG. KENNEDY:

Yeah. Just out of curiosity, how much is involved with this one, Robert? What's the total amount that we're moving?

MR. LIPP:

I'd have to call up the resolution. I didn't put that in my notes. I could explain different pieces of it. If you want to wait a minute, I'll call up the --

LEG. KENNEDY:

Well, maybe, George, do you have it in front of you?

MR. NOLAN:

Fiscal?

LEG. KENNEDY:

Yeah. Yes, please. What do we have; how much on this one?

MR. NOLAN:

Three mill.

LEG. KENNEDY:

Three mill. Three mill and looks like the lion's share of what we're moving is into light, power, and water, and we're moving four million over to Hudson River. Do you have it in front of you, Robert?

MR. LIPP:

Yeah I have a spreadsheet open now, but there's a lot of pages so it's going to take me a few minutes. Just to make sure we're talking about the same thing, we're talking about 2053 now, correct?

LEG. KENNEDY:

Yes.

MR. LIPP:

I'm not seeing the Hudson River part right now. Well, yeah, there are. So there's -- some of it is Health Department, Hudson River, correct; and they are 100 percent funded through state aide, that part. There's also money for Parks' salaries, for snow removal and DPW. Those are all the fund

one pieces. There's also a snow removal piece in fund 105, the county road fund, which needs to be, because of the snow removal, needs money, a million point one from the general fund transferred to make that whole. There's also three million in PPACA funding fees for 2014 but won't be paid until 2015.

LEG. KENNEDY:

Hold on. What is that?

MR. LIPP:

So that's a fee, part of the Affordable Care Act that there are charges to the county that we had that written up in the operating budget, and the first year we thought was 2014, but it's going to be 2015, and there's some significant dollars there that it's a requirement of the Affordable Care Act.

LEG. KENNEDY:

Why are we paying it, though, in '14, or why are we identifying or transferring the funds in '14 if, in fact, it doesn't become a liability until '15?

MR. LIPP:

I need to look at the detail on the resolution. I'll be right back.

LEG. KENNEDY:

Well, I don't want to delay the committee, but I guess I have some underlying questions on it, so perhaps maybe I'll just abstain.

CHAIRMAN D'AMARO:

Well, Dr. Lipp, how much time do you need to do that? I mean is it something you can do now?

MR. LIPP:

I have it now.

CHAIRMAN D'AMARO:

Okay. Great. Thanks.

MR. LIPP:

I probably misspoke in the direction. The money that's needed -- it's a lower \$3 million -- it's for prescription claims for the Employee Mental Health Plan and the offset is the PPACA money. So to clarify what I said before, that money won't be needed. We thought it would have to be spent in 2014. The first year, as it turns out, is going to be lagged to 2015, the three million will need to be spent in 2015. We don't need the money in 2014, so what this piece to the housekeeping resolution is doing is taking the three million from PPACA and using it to spend prescription claims which were under-budgeted.

LEG. KENNEDY:

Because we had 17 million in this year's budget in savings that we were supposed to see?

MR. LIPP:

Well, that's an interesting conversation to have. It's hard to say for sure. We may not gotten the 17 million; I cannot say that with certainty, though, because there's a reconciliation with our, sort of, contract agency locked in that will occur in mid-June of 2015 to determine whether or not there 17 million in savings in each of 2013 and '14, but apparently, there are insufficient funds for insufficient claims, for whatever the reason is, in the 2014 adopted budget. And the definition of PPACA, by the way is "Patient Protect and Affordable Care Act."

LEG. KENNEDY:

Okay. Well, so let me bring this back to -- I've managed to wander and meander all over the place. Let me go back to Hudson River, then. Se we are providing 4,022,073 to Hudson River this year that we had not previously budgeted for? Is that what I'm seeing in this schedule A that's attached? And if so do we know which clinic it's for?

MR. LIPP:

I'm still looking. I don't have an answer right now.

LEG. KENNEDY:

All right. Again, I know the committee had a prior committee that kind of went on some time. So you know what, Mr. Chair: I'll just be happy to defer and I'll abstain and I'll do my own due diligence towards Tuesday. Okay? Thank you.

CHAIRMAN D'AMARO:

Presiding Officer Gregory.

P.O. GREGORY:

Thank you, Mr. Chair. Through the Chair, I guess through Robert, I had noticed -- I was going through this yesterday, and I had noticed some of the same claims that Legislator Kennedy had noticed, particularly the, light power, and water, given some of the standalone resolutions when we passed the omnibus used this as an offset. My question is -- and I failed to e-mail you yesterday and I meant to -- did we budget enough for next year for '15's budget so that we don't fall in the same situation?

DR. LIPP:

Okay. So just to clarify, this is housekeeping resolution for 2014, we had said there may be excess appropriations in 2015; we still believe that's the case. Of course -- so, therefore, the answer is we believe there will be sufficient appropriations. Of course, light, power, and water is a -- utilities in general -- energy is a highly volatile sector, so prices jump up and down. They're relatively tame. We think we'll be fine, but it remains to be seen, and I don't really have an exact answer. For instance, there's a contract agency, which is the Hudson River for over \$3.1 million in the resolution that's an increase. I have to research as to why it was under-budgeted. It was difficult, I guess, in terms of scheduling when things would be rolled out and what the cost would be. Apparently, the adopted budget didn't quite get it right, so those appropriations, in theory, would've had to have been spent anyhow in 2015, but they knew that wasn't going to be the case. We were able to move a little faster, I guess, than anticipated in terms of rolling out the health centers to Hudson River.

P.O. GREGORY:

I would beg to differ; I think, some of them, there was slight delay. We were supposed to turn over -- according to this year's budget, I think they were all supposed to be turned over by August 1 or September 1. That certainly is not the case. So I think this goes to our payment to them in helping them, you know, whatever agreement they negotiate. I think that's what that is. But as far as the turnover, I think that was supposed to be done -- I think last year's proposed recommended budget had it August 1, and we had moved it to September 1.

MR. LIPP:

So the only thing I could tell you right now is I will get back to each of you with an explanation why the number is what it is, but it's a Health Department question, and we'll research it.

P.O. GREGORY:

Okay. Thank you.

CHAIRMAN D'AMARO:

Thank you, Presiding Officer Gregory.

Rob, is there any -- should we table this for a cycle? There seems to be questions about this. Would it make a difference to table it for this cycle? It's a short turnaround.

MR. LIPP:

It probably wouldn't make a difference. The expense is what it is. If you think you need clarification, one way to look at it is you could either discharge or approve it, and I'll have the answer for the Tuesday meeting.

CHAIRMAN D'AMARO:

Right, but if there's questions about the source of the fund -- funds being moved that perhaps could be changed, or is that not an option?

MR. LIPP:

I don't think that is. You might not be happy with whatever the actual explanation is. I think that's more to the point.

CHAIRMAN D'AMARO:

Right. Okay. All right. So, then, there's a motion pending, to the clerk, to approve and I believe it's received a second. Is that accurate?

MR. RICHBERG:

Yes, it has.

LEG. STERN:

Mr. Chairman, if I may.

CHAIRMAN D'AMARO:

Legislator Stern.

LEG. STERN:

Legislator Kennedy raises -- and Legislator Gregory raised very important questions here. While I agree with Dr. Lipp that these moneys need to be moved, the expenses need to be covered, these are important questions and I might not like the answers, but they are important questions to raise and I am sure Dr. Lipp will make sure that we have answers to these question and other anticipated questions that we have coming up. I would, unlike Legislator Kennedy, who might've indicated -- you're going to abstain on this, John?

LEG. KENNEDY:

Through the chair, look, \$7 million is a lot of money, and I, think towards the chairman's point, we have a pretty tight cycle. I think that some further explanation from Dr. Lipp would be beneficial. I'll offer a motion to table in the alternative. I don't think one cycle is going to be all that problematic, and quite frankly, look, we all the end of the year housekeeping function; that's a very normal, basic, routine function. That being said, \$7 million is a lot of money. We ought to get some answers.

CHAIRMAN D'AMARO:

We should just post a sign.

LEG. KENNEDY:

That was before my time, Mr. Chair.

CHAIRMAN D'AMARO:

I wouldn't have an objection to the tabling motion, either, only because as long as Budget Review is saying that we can pass it two weeks from now without putting anything at risk, our financial position, I don't have an issue with that. Presiding Officer, any opinion on that?

P.O. GREGORY:

I wouldn't have any objections. I wasn't encouraging a tabling, but I think with the close cycle, we can still get what needs to be done by the end of the year.

LEG. STERN:

I mean, I would suggest, Mr. Chairman, if we do have the assurances of Dr. Lipp, that it really doesn't impact us either way. Important questions to raise, important specific issues that are raised as well, and if nothing else, hopefully the question and answers that we'll be able to continue with Dr. Lipp and BRO will, at the very least, set us on what is hopefully a more definitive course when it comes time to make those decisions again. So because of the quick turnaround cycle, because we have the assurances of Dr. Lipp that it will not have any real impact, other than giving us all the opportunity to ask, continue to ask those questions, I would support the tabling.

MR. LIPP:

The only caveat I would have is I couldn't say if there were any of these line items that would be problematic in terms of prompt payment, for lack of a better term, that would have to be held up. That, I couldn't speak to.

LEG. KENNEDY:

Mr. Chair, again, to Dr. Lipp, I don't think -- certainly my intention is not to go ahead and delay payment for services that are rendered. The relationship with Hudson River seems to be an ongoing one that we've worked on for the better part of two and a half years, so I would think in the spirit of cooperation and collaboration, I would hope that they wouldn't be offended or take issue with what might be a two-week delay.

As to power, light, and water, I have no issue whatsoever in dragging PSE&G to table, kicking and screaming. As one of my colleagues out there on the campaign trail said, we spend \$1.2 million a month for power, so I think two weeks to get some answers makes some sense.

CHAIRMAN D'AMARO:

All right. There's a motion to table that has been offered, I believe, to the clerk.

MR. RICHBERG:

Yes, but who was the second?

LEG. TROTTA:

I'll second.

CHAIRMAN D'AMARO:

All right. Second by Legislator Trotta. I'm going to support the tabling motion at this point. I'll call the vote. The tabling motion goes first. All in favor? Opposed? Abstentions? That motion carries. **Tabled (VOTE: 7-0-0-0, Presiding Officer Gregory voting).** And, Dr. Lipp, if you could be prepared to provide those answers at the next meeting in two weeks, we'd appreciate it.

All right. There is no further business before the committee. We are adjourned. Thank you.

(The meeting was adjourned at 11:29 a.m.)