

**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 December 9th, 2014.

**Members Present:**

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

**Also In Attendance:**

George Nolan - Assistant Counsel to the Legislature  
Jason Richberg - Deputy Clerk of the Legislature  
Robert Lipp - Director, Budget Review Office  
Tom Vaughn - County Executive's Office  
Justin Littell - Aide to Legislator D'Amaro  
Greg Moran - Aide to Legislator Trotta  
Karen Johnson - Aide to Legislator Calarco  
All Other Interested Parties

**Minutes Taken By:**

Lucia Braaten - Court Stenographer

**Minutes Transcribed By:**

Denise Weaver, Legislative Aide

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**(THE MEETING WAS CALLED TO ORDER AT 12:37 PM)**

**CHAIRMAN D'AMARO:**

Okay. Good afternoon. Suddenly, suddenly -- *(\*Laughter\*)* -- but I say that in jest, of course. But, good afternoon, everyone, and welcome to the Budget and Finance Committee of the County Legislature. Please join us in the Pledge of Allegiance led by Legislator John Kennedy.

*(Salutation)*

**CHAIRMAN D'AMARO:**

Okay. Once again, welcome. Turning to the agenda this afternoon, there are no -- there's no correspondence for the record, and to the Clerk, are there any cards?

**MR. RICHBERG:**

No cards.

**CHAIRMAN D'AMARO:**

No cards today. Is there anyone present who would like to address the Committee this afternoon? For the record, there's no response. We'll go to tabled resolutions, which there are none. So then we'll go to introductory resolutions.

**INTRODUCTORY RESOLUTIONS**

**Resolution No. 2089 of 2014 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 979-2014). (Co. Exec.)** I'll offer a motion to approve and place on the Consent Calendar.

**LEG. ANKER:**

Second.

**CHAIRMAN D'AMARO:**

Second by our Vice-Chair, Legislator Anker. All in favor? Opposed? Abstentions? Motion carries. **APPROVED and PLACED on the CONSENT CALENDAR (VOTE: 6-0-0-0)**

**Resolution 2092 of 2014 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 980-2014). (Co. Exec.)** I'll offer the same motion same, second and without objection same vote. **APPROVED and PLACED on the CONSENT CALENDAR (VOTE: 6-0-0-0)**

**Resolution 2112 of 2014 - Requesting legislative approval of a Contract Award with Suffolk Federal Credit Union for the installation, administration and servicing of automatic teller machines on County property. (Co. Exec.)** I'm going to offer a motion to approve.

**LEG. ANKER:**

Second.

**CHAIRMAN D'AMARO:**

Okay and there's a second by Legislator Stern.

**LEG. KENNEDY:**

On the motion.

**CHAIRMAN D'AMARO:**

On the motion, Legislator Kennedy. And just before you go, Legislator Kennedy, I think this is approving a contract with the credit union because there was only one respondent to the RFP, but go

ahead, please.

**LEG. KENNEDY:**

Which is fine, thank you, Mr. Chair. And then the other item I was going to ask, I apologize, I don't have the resolution in front of me, I would assume or would hope there's no cost associated with this. Through the Chair to the BRO?

**MR. LIPP:**

Actually there's revenue approximately 10,000 per year for whoever.

**LEG. KENNEDY:**

Coming to us from the credit union.

**MR. LIPP:**

Right. So they give us a piece of the non-credit union users of the ATM machines.

**LEG. KENNEDY:**

Excellent. Okay, good. Thank you very much.

**CHAIRMAN D'AMARO:**

All right. Thank you, Legislator Kennedy. Any other questions? If not, I'll call the vote. All in favor? Opposed? Abstentions? Motion carries. **APPROVED (VOTE: 6-0-0-0)**

Resolution 2116 of 2014 - **Authorizing the County Treasurer to borrow cash funds from other County funds for 2015. (Pres. Off.)** I would assume this is a cash flow management tool for the Treasurer. I'll offer a motion to approve.

**LEG. STERN:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Stern.

**LEG. TROTТА:**

On the motion.

**CHAIRMAN D'AMARO:**

On the motion, Legislator Trotta, please go ahead.

**LEG. TROTТА:**

I just want to know a little bit about this. We're borrowing money from different departments, is that what we're doing?

**MR. LIPP:**

No, they're different funds like the Tax Stabilization Reserve Fund, the Assessment Stabilization Reserve Fund, etcetera. Southwest Sewer District has a reserve fund, too, we borrow from. So to manage our cash, we do market borrowings through TANs and RANs, and in addition to that, this supplements it, we do interfund borrowing, so it's cheaper than the alternative of the TANs and RANs.

**LEG. TROTТА:**

How much are we going to borrow and what's it going to cost?

**MR. LIPP:**

So we don't know exactly what we're going to borrow. It gives -- carte blanche is not a term but it

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gives discretion, I should say, to the Treasurer based upon the needs as we need to cut checks and there's insufficient revenue and mainly in the General Fund and they see that there are fund balances in these other funds, they will borrow, keep a record of the number of days and months during the year, and they have to pay it back literally at the -- by the end of the year, December 31st, with interest, which is because of current interest rates is fairly minimal.

**LEG. TROTТА:**

How much did we borrow last year, how much did it cost last year for this?

**MR. LIPP:**

Right. So last year, we -- in 2013 we borrowed over \$250 million at various points of the year. Not all at once, in the beginning of the year, and it's in the neighborhood of about 200,000 the interest on that. And we borrowed -- we didn't use to before too much, but because of our cash flow needs, we've increased this and since 2009 we've borrowed in excess of 200 million per year.

**LEG. TROTТА:**

How much a year?

**MR. LIPP:**

In excess of 200 million per year.

**LEG. TROTТА:**

And do -- this is for 2015 we're doing now? Or --

**MR. LIPP:**

Well, this gives us the ability for 2015, correct, which remains to be seen how much we would borrow then.

**LEG. TROTТА:**

So basically this is telling me we need money.

**MR. LIPP:**

Yes, we need -- we need this avenue, given our finances, this is a needed avenue for lack of better term.

**LEG. TROTТА:**

Okay.

**LEG. KENNEDY:**

Mr. Chairman.

**CHAIRMAN D'AMARO:**

Yes, Legislator.

**LEG. KENNEDY:**

I will -- I will abstain on this. I don't know whether I should abstain or recuse. In either case, I don't think it's probably prudent for me to vote on it but I do have a substantive question. Again, through to BRO through the Chair, Robert, the funds that this resolution speaks to, in some cases, are what we call restricted funds. I think. Are -- I mean, where do we look at that we would find this much money parked that we're going to move for a different purpose, but then make that fund whole within the calendar year?

**MR. LIPP:**

So this year we actually borrowed from a combination of the Assessment Stabilization Reserve Fund for all sewer districts, the Southwest Assessment Stabilization Reserve Fund.

**LEG. KENNEDY:**

How much did we hit Southwest for?

**MR. LIPP:**

It would appear that we have borrowed 37 million from them. That is their reserve fund, not Southwest itself fund 203, this is reserve fund 405.

**LEG. KENNEDY:**

And what is sitting in 405, assuming that we make them whole by December 31st, what'll be sitting -- if we borrowed in this year our responsibility is to make them whole by the end of the calendar year. At that point, then, what will be -- what will be sitting in that fund?

**MR. LIPP:**

Off the top of my head, approximately 77 million.

**LEG. KENNEDY:**

About 77 million.

**MR. LIPP:**

Correct.

**LEG. KENNEDY:**

And what do we anticipate going into '15? Is that fund going to continue to receive -- that's populated by sewer rents right?

**MR. LIPP:**

So there -- we adopted the 2015 budget and part of the budget adoption was Southwest was going to transfer additional monies to its reserve fund, and it would bring up the reserve fund to, I believe, in the neighborhood of 117 million by the end of 2015.

**LEG. KENNEDY:**

Hundred and seventeen by the end of 2015. So this year, we took a short-term loan from that Southwest fund and we did what? We paid for the lights, we made payroll? We put gas in the cars? What did we do with it?

**MR. LIPP:**

Just paid normal bills. You could argue the money's fungible so it's not, you know, it --

**LEG. KENNEDY:**

Well, yes, it is fungible except there's a question as to whether or not you can take funding in a restricted purpose fund, move it and put it out for a general purpose application. But --

**MR. LIPP:**

To my knowledge I don't think there, I could be wrong, but I don't think there are strings attached to what that money is used for as long as it's paid back within the appropriate time. They couldn't use it otherwise. I mean, if, for instance, you know, the finances in the General Fund were that bad that we literally didn't have the cash, be it revenue coming in or cash flow borrowings, such as this, if we literally didn't have that then the Comptroller would have to make a determination perhaps through the Audit Committee as guidelines, which includes the Treasurer, BRO and Budget Office, as to what they would not pay first.

**LEG. KENNEDY:**

Okay.

**MR. LIPP:**

But we haven't gotten to that point.

**LEG. KENNEDY:**

Well, I -- okay. So that's going to be the end of my conversation on this one and, as a matter of fact, I will elect to recuse, Mr. Chair.

**CHAIRMAN D'AMARO:**

Abstain.

**LEG. KENNEDY:**

No, I think I'm probably going to recuse.

**MR. LIPP:**

Just as a point of information.

**LEG. KENNEDY:**

No, I don't have a conflict, but I'm basically I would be acting on something that I would be undertaking that is a ministerial function into next year.

**CHAIRMAN D'AMARO:**

Yes, all right.

**LEG. KENNEDY:**

And so I don't think I should be casting a vote on a policy perspective for a directive I'm going to have.

**CHAIRMAN D'AMARO:**

I see.

**LEG. KENNEDY:**

As far as -- so I think I'm going to recuse.

**CHAIRMAN D'AMARO:**

Okay, very good.

**MR. LIPP:**

Just one point of information though, it's the Treasurer that's doing these interfund borrowings, not the Comptroller.

**LEG. KENNEDY:**

Well, the Treasurer is doing the interfund borrowings but the Comptroller is the one who's actually raving the external revenues through the bond letting and things like that and there's an interplay between the two sources of funds. So it's almost like vicariously I get it by a cushion shot.

**MR. LIPP:**

No disagreement, I just wanted to make sure you understood that, that's all.

**LEG. KENNEDY:**

Okay.

**CHAIRMAN D'AMARO:**

Now there's a grounds to recuse.

**LEG. KENNEDY:**

You like that.

**CHAIRMAN D'AMARO:**

Cushion shot. Very good. Thank you, Legislator Kennedy. Legislator Trotta, please go ahead.

**LEG. TROTТА:**

Just how do we pay -- that 410 million that we authorized borrowing like a month or so ago, is that how we paid this back?

**MR. LIPP:**

Yes.

**LEG. TROTТА:**

So we're borrowing to borrow?

**MR. LIPP:**

Well, so we probably and this is off of the top of my head I'm not sure the right amount, it's probably about two eight, I'll guesstimate, 280 million of the 410 would be used for that purpose. In other words, we have like 200 and -- well, we have the last time I looked, and I have it on my computer screen, 284.4 million we borrowed through interfund borrowings.

**LEG. TROTТА:**

So we borrowed the 410 to pay this back so we could borrow it again. Do you see an end to this anywhere since the speed cameras are gone?

**MR. LIPP:**

Well, speed cameras are a small piece of the action. I don't mean to make light of that. You know, we should be moving in the right direction, not the wrong direction. But there are policy issues there, and we'll have to make policy determinations or you'll -- I should say, I beg your pardon, you and the Executive will have to make policy decisions as to how to adjust for that. But the 4 million really is probably more like two-and-a-half million net, because the 4 million is the revenue, but -- for the speed cameras that is, different issue, but that's what you're asking for, but there's also an expense that won't be incurred because we won't be contracting with an outside vendor.

**LEG. TROTТА:**

The question was more, I mean, like it's spinning around and it's just not going -- we're borrowing to borrow to borrow to borrow to borrow.

**MR. LIPP:**

Umm.

**LEG. TROTТА:**

And with salaries going up and if the tax revenue doesn't go up it's going to get worse.

**MR. LIPP:**

So the interfund borrowings are a little bit higher this year than last year but the Tax Anticipation Note and Revenue Anticipation Note borrowings are about 30 million less. So at the very least I would say our interfund borrowings are stable, probably slightly improved, which is not arguably good enough if you want to be fiscally conservative, but it's not going in the wrong direction.

**LEG. TROTТА:**

Salaries are going up too, right, our expenses are going to be going up also.

**MR. LIPP:**

Yes.

**LEG. TROTTA:**

Okay, thanks.

**CHAIRMAN D'AMARO:**

Okay, thank you, Legislator Trotta. Rob, so at the end of the day this is giving authorization to the Treasurer for 2015 putting another tool in the arsenal, if you will, in order to manage cash flow.

**MR. LIPP:**

Exactly.

**CHAIRMAN D'AMARO:**

Okay. And the funds that are borrowed under this particular IR are paid back within the same calendar year?

**MR. LIPP:**

Yes.

**CHAIRMAN D'AMARO:**

With interest?

**MR. LIPP:**

Yes.

**CHAIRMAN D'AMARO:**

So it's really an anticipation of revenue that hasn't materialized yet where this borrowing would be tapped for the year.

**MR. LIPP:**

Correct.

**CHAIRMAN D'AMARO:**

Okay, thank you. Okay. Any other questions? Is there a motion pending on this bill?

**MR. RICHBERG:**

You have a motion and a second.

**CHAIRMAN D'AMARO:**

We do. Okay, I'll call the vote. All in favor? Opposed? Abstentions?

**LEG. KENNEDY:**

Recused. Note my recusal, Mr. Clerk.

**CHAIRMAN D'AMARO:**

Okay, thank you Legislator Kennedy. The motion carries. **APPROVED (VOTE: 5-0-0-0-1 - Recused: Legislator Kennedy)** Next is resolution **2116 of 2014 - Authorizing the County Treasurer** -- we just did that, I'm sorry.

Next is **2118 of 2014 - Amending the 2014 Adopted Operating Budget to reallocate funding for continuing initiative, psychosocial assessments in the Department of Probation. (Co. Exec.)** I believe this is a transfer of \$2,341 of unused funds into Probation. I'll offer a motion to approve.

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**LEG. STERN:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. **APPROVED (VOTE: 6-0-0-0)**

Resolution **2119 of 2014 - To readjust, compromise, and grant refunds and chargebacks on correction of errors/County Treasurer by: County Legislature (Control No. 419). (Co. Exec.)** Offer a motion to approve and place the on Consent Calendar. Is there a second?

**LEG. MARTINEZ:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries. **APPROVED and PLACED on the CONSENT CALENDAR (VOTE: 6-0-0-0)**

Resolution **2121 of 2014 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 981-2014). (Co. Exec.)** Same motion, same second and same vote. **APPROVED and PLACED on the CONSENT CALENDAR (VOTE: 6-0-0-0)**

Resolution **2126 of 2014 - To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 982-2014). (Co. Exec.)** Same motion, same second, same vote.

And resolution no. **2153 of 2014 - Amending the 2014 Operating Budget and appropriating funds in connection with bonding for a Settlement for Medical Malpractice Case Against the County. (Co. Exec.)** This bill approves a settlement for 650,000 in a medical malpractice action that was previously approved and vetted and authorized by the Ways and Means Committee in Executive Session. I'll offer a motion to approve.

**LEG. STERN:**

Second.

**CHAIRMAN D'AMARO:**

Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. **APPROVED (VOTE: 6-0-0-0)**

That concludes the agenda. There's no further business before the Committee, we are adjourned. Thank you.

**(THE MEETING CONCLUDED AT 12:54 PM)**