

**JOINT CAPITAL BUDGET MEETING
ECONOMIC DEVELOPMENT and ENERGY COMMITTEE
CONSUMER PROTECTION and GOVERNMENT OPERATIONS COMMITTEE
VETERANS and SENIORS COMMITTEE**

Minutes

The joint Economic Development, Consumer Protection and Government Operations and Veterans and Seniors Capital Budget Meeting was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Smithtown, New York, on Wednesday, **May 28, 2003** at 11:30 A.M.

MEMBERS PRESENT

Legislator Jon Cooper
Legislator Angie Carpenter
Legislator Lynne Nowick
Legislator William Lindsay

MEMBERS NOT PRESENT

Legislator Andrew Crecca
Legislator Brian Foley
Legislator Allan Binder
Legislator Cameron Alden

ALSO IN ATTENDANCE

Ed Hogan - Aide to Leg. Nowick
Joe Muncey - BRO
Jim Spero - BRO
Judy McEvoy - Commissioner of Economic Development
Carolyn Fahey - Economic Development
Pauline Mize - Gabreski Airport
Roger Podd - Aide to P.O. Postal
Alexandra Sullivan - Chief Deputy Clerk

MINUTES TAKEN BY

Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 11:35 A.M.*)

ACTING CHAIRPERSON CARPENTER:

Good morning. Legislator Cooper is running a little late and just

called and asked us to begin. This is the joint Capital Budget hearing for Economic Development, Vets and Seniors and Consumer Protection. We're going to start with the Economic Development portion, so I'd ask Judy McEvoy to come please forward. I guess we'll begin by asking you if you have any comments on any of the Budget Review Office's report regarding any of your --

COMMISSIONER MCEVOY:

I have just two comments, Legislator Carpenter. One is that in the third paragraph of the functional overview they talk about the FAA provides 90% aid.

ACTING CHAIRPERSON CARPENTER:

What page are you on?

COMMISSIONER MCEVOY:

Functional overview.

ACTING CHAIRPERSON CARPENTER:

What page?

COMMISSIONER MCEVOY:

The first page of the Economic Development. It says functional overviews, transportation, aviation. I cannot give you the page number, I'm sorry. If you would like, I can give you this copy because I know what I want to tell you.

ACTING CHAIRPERSON CARPENTER:

Are we talking about Gabreski?

COMMISSIONER MCEVOY:

Yes. Would you like me to bring this up to you?

ACTING CHAIRPERSON CARPENTER:

Sure.

MR. MUNCEY:

It would be Page 37.

ACTING CHAIRPERSON CARPENTER:

Thank you. Okay. Let's continue then.

COMMISSIONER MCEVOY:

Okay. The only two comments I have is that on the third paragraph it says the FAA provides 90% aid for certain eligible airfield restoration and airfield safety projects, etcetera, etcetera.

Actually, for whatever money the FAA provides, the state provides additional 5%. So the projects are actually funded at 95%; 90 from the FAA and five from the state.

ACTING CHAIRPERSON CARPENTER:

Okay.

2

MS. MCEVOY:

And lastly, I have a copy here of the control tower renovations. It says that they -- the project should not proceed without the Air National Guard participation for design, construction and equipment. And it indicates that there is no funding for these. I want to submit to the Legislature a letter of from Congressman Bishop. I wrote to the Congressmen and the Senators asking for funding for towers, for the Gabreski tower, and Congressman Bishop -- and I will give you a copy of this -- has a priority of 2.5 million for a new air traffic control tower at Frances S. Gabreski Airport in Suffolk County. And I will submit this to you, that it is being considered for federal funding. Can I bring this up to you?

MS. LOMORIELLO:

I'll make a copy.

ACTING CHAIRPERSON CARPENTER:

It's being considered, but that doesn't mean we have it.

COMMISSIONER MCEVOY:

Doesn't mean we have it. But Congressman Bishop considers it with the Air National Guard and homeland security to be a priority. He has put it in his priority requests, but we do not have it our hands. And those are the only two comments I have.

ACTING CHAIRPERSON CARPENTER:

I just want to raise the issue as far as what is in the report, the Executive, even I'm sure you have had communications with the County Executive on it in light of this correspondence that you've received from the Congressman.

COMMISSIONER MCEVOY:

The Deputy County Executive.

ACTING CHAIRPERSON CARPENTER:

That the Executive's proposal continues the funding in the subsequent years, not moving it to 2005.

COMMISSIONER MCEVOY:

Yes.

ACTING CHAIRPERSON CARPENTER:

Okay.

COMMISSIONER MCEVOY:

That's the only two comments I have. And we are -- I have Pauline Mize, the airport manager here and Carolyn Fahey to answer -- all of us can answer any questions you have.

ACTING CHAIRPERSON CARPENTER:

On the airport questions, I'm going to defer and wait to Legislator Cooper gets here, because I know he's been, you know, involved in that. The one thing I do want to ask while you're up here Judy is the issue of the downtown revitalization money. And I would just confirm Budget Review that in the County Executive's proposed budget there was no funding put in for downtown revitalization for 2004; is that

3

correct? I'm looking at 263 in your report.

MR. SPERO:

No, there's no funding included in the Capital Program for downtown revitalization for 2004 through 2006.

ACTING CHAIRPERSON CARPENTER:

And what remains in there now?

MR. SPERO:

There's -- for this year, they scheduled \$369,994 for the program which coincides with the amount of money in the Operating Budget, I believe. It will be transferred over to the Capital fund. The Legislature adopted 1.5 million for this year for downtown revitalization improvements. However, the Operating Budget didn't contain the funding to fund those improvements. So there's where that's at at this point in time.

ACTING CHAIRPERSON CARPENTER:

I would just ask, Legislator Lindsay is here and he is Chairing the working group that's working on the Capital Program. It seems to me that perhaps we need to look at altering that and putting some money in for 2004 at the very least. So if you can make a note of that so we can discuss that. Does anybody else have any questions or comments? Jim, did you want to say something?

MR. SPERO:

Just the downtown revitalization improvements are the types of things

that can't be bonded. So we have to provide the funds in the Operating Budget to make those improvements.

ACTING CHAIRPERSON CARPENTER:

But we still did include it in the Capital Program and then made that transfer, right?

MR. SPERO:

No, that's -- the funding is included in the capital, but the -- nothing is in the Operating Budget to back it up. So there is no money to transfer.

ACTING CHAIRPERSON CARPENTER:

But if we don't include it in Capital Program for 2004 --

MR. SPERO:

You need an offset.

ACTING CHAIRPERSON CARPENTER:

-- when we do the Operating Budget this year, this fall, for next year it would make it that much more difficult, I think, to get.

MR. SPERO:

That's right. You'll need an offset next year. So if you include some funding and you back it up in the Operating Budget, then it will be there to be used next year.

ACTING CHAIRPERSON CARPENTER:

Exactly.

MS. FAHEY:

The 369,000 that's in this year's budget is money that's already been appropriated and granted out. It's not a free balance, it's money that was in a fund balance from appropriations in the Operating. So not existing money to be granted out, it's already been granted out for the last --

ACTING CHAIRPERSON CARPENTER:

For three. You're talking about for three.

MS. FAHEY:

For four. That was part of round four's appropriations. So it's not

a free balance.

ACTING CHAIRPERSON CARPENTER:

So you are telling me now there's nothing in there for three at all.

MS. FAHEY:

We've done rounds one, two, three and four. We've appropriated and granted money from four different appropriations, four different rounds. There's no free money for round five.

LEG. LINDSAY:

What about the Year '03.

ACTING CHAIRPERSON CARPENTER:

That's the point. What -- is there money there for any projects in three, the year three, not round three?

MS. FAHEY:

No. Thank you, no. No free balance for 2003.

ACTING CHAIRPERSON CARPENTER:

And unless we back it up in the Operating Budget there will be no money for four, even though there was 1.5 million originally appropriated.

MS. FAHEY:

That's my understanding that there no money in the Operating Budget to support the Capital Budget appropriations.

ACTING CHAIRPERSON CARPENTER:

Okay. Anyone else have any questions or comments?

LEG. LINDSAY:

Just getting back to the control tower. When did you envision that project going forward?

COMMISSIONER MCEVOY:

We would like to -- if we get the -- if we get the funds, we would like to start it in 2004. When I sent the letters to the Congressmen and the Senators, I sent photographs that were taken of the condition of the tower, which made the requests, you know, much more palatable

to them, because it is -- it's not in good condition. Ms. Mize would also like to talk about the equipment that the Air Nation Guard wants

to put in there.

MS. MIZE:

Legislator Lindsay, the control tower requires several upgrades that the Air National Guard is going to commit the equipment to. These upgrades and this equipment; radar, debrights, stars, things of that nature, things that are going to help control traffic and make it a safer facility, can't be put in the existing tower. There are two problems, the most severe one being the grounding and the electrical service to the tower cab. This Air National -- this equipment totals about a million dollars. The Air National Guard -- what we're trying to do, because Budget Review has -- as the Department, we requested this money in '04. Budget Review has put the planning in '05. We'd like to see the planning money continued to '04, because we need to be able to go to the Air National guard and say, don't install that equipment in the tower, we're going to have a new tower on line as long as we can start planning it. Am I answering your question?

LEG. LINDSAY:

{ Shook head yes).

MS. MIZE:

Okay.

ACTING CHAIRPERSON CARPENTER:

The letter that you submitted, Commissioner, I mean, it's rather brief and to the point. And all he's really done is submitted do the Appropriations Committee seeking funding.

COMMISSIONER MCEVOY:

As his priority.

ACTING CHAIRPERSON CARPENTER:

Right. It doesn't say anything about priority, just that it -- you know, he feels it's crucial to transportation on the East End of Long Island.

COMMISSIONER MCEVOY:

He has indicated to me that it was submitted as a priority.

ACTING CHAIRPERSON CARPENTER:

Okay. I would just ask anyone that's familiar with the process, from the time a person -- a member of Congress submits an appropriation request or you know, a request to the Appropriations Committee, how long might it be until this becomes real?

COMMISSIONER MCEVOY:

I can follow up on that, if you would like.

ACTING CHAIRPERSON CARPENTER:

I think it needs to be.

COMMISSIONER MCEVOY:

I can follow up and find out where it is in the process. So I will

6

follow up on that and get back to you.

ACTING CHAIRPERSON CARPENTER:

Okay.

MS. LOMORIELLO:

Usually December.

ACTING CHAIRPERSON CARPENTER:

If they're going to do it.

LEG. LINDSAY:

Another question.

ACTING CHAIRPERSON CARPENTER:

Sure.

LEG. LINDSAY:

I see the Congressman's requesting two and a half million dollars, that will provide funding for how much of that project?

MS. MIZE:

One hundred percent.

LEG. LINDSAY:

One hundred percent. And the \$250,000 that's in the budget for planning by us, is that a matching amount or something or do we have to -- no.

MS. MIZE:

That's our planning money, which we would front load and then recover back as part of the 2.5 million.

LEG. LINDSAY:

Okay. So getting the federal grant for the project isn't contingent on us appropriating the money?

MS. MIZE:

No, it's not contingent.

ACTING CHAIRPERSON CARPENTER:

All right. If there are no other questions, I think we'll just recess until Legislator -- unless you want to go into your --

LEG. LINDSAY:

I'd rather.

ACTING CHAIRPERSON CARPENTER:

Fine. You can take over your portion of it until he arrives.

CHAIRMAN LINDSAY:

The other portion is -- has to do with Consumer Affairs and Veterans and Seniors, is there anyone who would like to address us about anything on those two committee levels? I do not see anyone and the respective departments aren't present, so. Jim have you got anything?

7

MR. SPERO:

The only project would be for the purchase of vans for the nutrition programs. And the only suggestion we have on that program is that the vans be paid on -- funded on a pay-as-you-go basis. That's our recommendations for that project.

CHAIRMAN LINDSAY:

I don't have anything else, so I guess we'll recess until Legislator Cooper gets here.

(*A RECESS WAS TAKEN FROM 11:55 A.M. UNTIL 12:20 P.M.*)

CHAIRMAN COOPER:

Okay. I'd like to start from the beginning, because I missed everything. I'm just joking. Where were we? Where were you, more specifically?

COMMISSIONER MCEVOY:

Good morning, Legislator Cooper.

CHAIRMAN COOPER:

Good morning, Judy, how are you?

COMMISSIONER MCEVOY:

Good afternoon.

CHAIRMAN COOPER:
Whose snide remark was that?

CHAIRMAN COOPER:
Good afternoon.

MS. MIZE:
Good afternoon, Jon.

COMMISSIONER MCEVOY:
We answered a couple of questions previously. I had two comment on the overview of the Budget Review Office. We're open for questions or whatever you want, Jon.

CHAIRMAN COOPER:
My main -- and this may have been addressed, forgive me -- regarding Gabreski, whether final decisions have been made regarding the new fees and implementation of the new fee structure.

COMMISSIONER MCEVOY:
No. I will tell you where we are on that. We have two concurrent processes going on. One, and one is included in the Capital Budget, which is the landing counter. We have only found one company so far that provides for the landing counter, and we have been trying very hard, because the County Attorney wants us to get more than one company that does that. But in terms of the landing fees, the first thing we did is we wrote to the FAA on the landing fees. They responded to us, and they said they deemed the fees as prescribed by the Legislature to be unreasonable high for single-engine planes. If you take a \$35 landing fee plus an eight-seventy five security fee and

a \$35 dollar take-off fee, and an eight-seventy five security fee, it's 87.50 each time a plane comes in is there. The FAA deems that discriminatory based on the class of aircraft, and it violates the grant securities.

We have, to this day, put in a sliding -- we have proposed a sliding scale landing fee which takes into the account the different sizes and weights of the planes, and that will be submitted to the FAA for comment. As soon as we get comment back on that, we can proceed with their suggestions on the landing fees. But the fee the way it's proposed by the Legislature, they feel is discriminatory and will -- it might affect our funding.

CHAIRMAN COOPER:

Does the FAA have published guidelines for fee structure? That would make things a lot easier.

MS. FAHEY:

No, they're not. They're all based upon region and what the other airports are. You have to be somewhat in the same light as the other -- as the regional airports around you. There are no guidelines. They asked us in their response -- when we sent them the Legislature's fees, they asked us to create a sliding scale based upon weight and that's how all the other airports do it, so that you're not charging a single engine the same. So we've done that, it's going to go to the FAA shortly for their comment and then --

CHAIRMAN COOPER:

And what are the two ends of that sliding scale?

COMMISSIONER MCEVOY:

We have it. So we have been working on it, is the answer to your question.

CHAIRMAN COOPER:

Based on the research that you've done, you feel that this fee structure will be acceptable to the FAA?

COMMISSIONER MCEVOY:

The sliding scale, yes.

CHAIRMAN COOPER:

Any idea how much additional revenues this generate for the County?

MS. MIZE:

Not at this point. Part of the problem with being able to look at these fees, Legislator Cooper, is that we currently have provisions in our leases with our tenants, primarily the fixed based operators, that allow them to waive the fee, if the aircraft takes service. So you could come in and say, please kick my tire, and the FBO can deem that to be taking service and waive the landing fee. So we don't yet have a sense of how much more we'll be able to generate with the sliding scale fees, because the FBOs can still waive those provisions.

CHAIRMAN COOPER:

What can we do about revising those provisions?

MS. MIZE:

Our lease is with the FBOs. We've been in discussion with one of the two FBOs. One of the FBOs is -- we have two at the airport. One is under going an audit to make sure the reporting procedures for what we have in place are accurate, that we're getting the correct amount of commissions. The other FBO, we're currently in lease negotiations with. What we've -- we've discussed this issue with them, and they said they'd be willing to collect the landing fees in exchange for favorable consideration on the fuel flowage fee, that's the other way we generate revenue. So we're looking to increase the fuel flowage fee at the same time that we're looking to increase these landing fees. The bigger revenue generated for the airport in terms of landing fees will be the security landing fee, probably not at the eight-seventy five level, but more likely at the dollar for operation level, because the FAA feels we can charge that across the board. That is a more reasonable fee that we can collect with this landing counter system, have it pay for itself and ultimately reach a level where we'll be a little bit more self sustaining in terms of the collections. A lot of airports around the country are doing away with landing fees because they're aggressive. And they're looking at other ways to generate revenue, which is the same thing we're doing. But we are following the FAA guidelines and the Legislative mandate by looking to make our fees more reasonable with the fees within the region.

CHAIRMAN COOPER:

And how many leases are there outstanding right now? Do you know off hand?

MS. MIZE:

In terms of aviation tenants?

CHAIRMAN COOPER:

Right. I'm just wondering, you know, if we were to, as the leases come due, to renegotiate the terms, how many tenants are we talking, how many leases are there?

MS. MIZE:

Well, at this juncture, the one fixed base operator lease doesn't expire to 2019. So that leaves us in a tough place, however, we're going to try.

CHAIRMAN COOPER:

Apparently before I arrived, there was some discussions about the tower project and the question as to whether it should be moved out to 2005 -- was it 2004? What are your thoughts on that, pro and con?

COMMISSIONER MCEVOY:

I would like it to stay in '04, because if you saw picture of the tower, it's a mess. And we -- that money that you have in there is

for the feasibility study that is done. It's the planning. I'm sorry, the planning. So this money that's in for 2004 is just for the planning study for the tower. The -- I did submit the letter from Congressman Bishop because I have been in contact with -- both Congressmen, Congressman Israel and Bishop and both Senators. Senator Clinton has also expressed an interest in funding that tower. I put

10

it on the basis of homeland security, and Congressman Bishop said he would make it his priority. However, I did promise to follow up on that. That letter, as you can see, is about a month old. I don't know where it is at the moment. But I would like to have the planning -- the tower is a mess to say the least.

CHAIRMAN COOPER:

Thank you. I have no further questions on this issue. Legislator Nowick.

LEG. NOWICK:

No.

CHAIRMAN COOPER:

Okay. Thank you very much.

COMMISSIONER MCEVOY:

Thank you very much.

CHAIRMAN COOPER:

Thank you very much. This meeting is adjourned. Have a nice afternoon.

(*THE MEETING WAS ADJOURNED AT 12:29 P.M.*)

{ } DENOTES BEING SPELLED PHONETICALLY

