

JOINT CAPITAL BUDGET MEETING

ECONOMIC DEVELOPMENT, HIGHER EDUCATION AND ENERGY

LABOR, WORKFORCE and AFFORDABLE HOUSING

The joint Economic Development, Higher Education and Energy, and Labor, Workforce and Affordable Housing Capital Budget Meeting was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Smithtown, New York, on May 22, 2007.

MEMBERS PRESENT:

Legislator Wayne Horsley - Chairperson
Legislator Steve Stern - Vice-Chair
Legislator Thomas Barraga
Legislator Ed Romaine
Legislator Kate Browning
Legislator Rick Montano

ALSO IN ATTENDANCE:

George Nolan- Counsel to the Legislature
Gail Vizzini - Director Budget Review Office
Lance Reinheimer - Budget Review Office
Joe Schroeder - Budget Review Office
Joe Muncey - Budget Review Office
Renee Ortiz - Chief Deputy Clerk - Suffolk County Legislature
Jim Morgo - Commissioner of Ec Dev and Workforce Housing
Carolyn Fahey - Economic Development
George Gatta - Suffolk County Community College
Robert Martinez - Aide to Legislator Montano

MINUTES TAKEN BY:

Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 12:07 P.M.*)

CHAIRMAN HORSLEY:

All right. Good morning -- good afternoon, everybody. Welcome to the Economic Development, Energy and Higher Education Committee Capital Budget Hearing. And may we all at this time stand for the Pledge of Allegiance.

SALUTATION

CHAIRMAN HORSLEY:

And may we also stand for a moment of silence for those men and women who are fighting for our freedoms across the seas.

MOMENT OF SILENCE

CHAIRMAN HORSLEY:

Thank you very much. Please be seated. Ms. Vizzini. Gail, do you know, is this a joint committee meeting with Labor? I'm just hearing this from one of my colleagues. Is that true?

MS. CATALANO:

Yes.

CHAIRMAN HORSLEY:

There you go. We're also here to make sure that Legislator Montano is in the right meeting, and he is, which I just learned is -- in addition to the Economic Development, Higher Education and Energy Committee, we are also joining with us Labor, Workforce and Affordable Housing. All righty.

We will commence with the hearings. And what we'll do at this point in time is we'll entertain comments from the public, from the entities involving the County, as well as anyone else that is interested in speaking at this point in time. Mr. Stein, please. Good afternoon, gentlemen.

MR. STEIN:

Good afternoon. Charles Stein from Suffolk County Community College, and I'm joined by Paul Cooper, Executive Director of Facilities -- Central Facilities at the College. And thank you for allowing us to come up.

CHAIRMAN HORSLEY:

Paul, Chuck, may I just add that on behalf of I think there were at least three of us that were at the graduation ceremony the other day, the unified graduation ceremony seemed to be a smashing success. And congratulations on the next step for Suffolk Community College.

MR. STEIN:

Thank you very much. On behalf of the College, I appreciate you being there. It was a historic day for us. And I think it came out very well. Thank you.

I'd like to take just a few moments to discuss the Capital Program request of the College. I know I addressed the public hearing out at Riverhead last week, and I also wanted to go over what the Budget Review Office reported. In its report, Budget Review supported the College's position that three of the projects that had been removed from the recommended Capital Program and Budget be restored. Those were the Health and Sports Facility at the Eastern Campus, the Learning Resource Center at the Grant Campus and the Sagtikos Building renovations at the Grant Campus.

The other projects that we had requested that are already in the Capital Program, we asked that they be advanced to 2008, were the renovation to Crailing Hall and the partial renovations to the Peconic Building at the Eastern Campus. We asked that those be advanced because they are

currently in the State's current five year program, which ends in 2008. And in order to assure that we maintain those funds, if we advanced those two projects to 2008, we'll have that assurance.

The other aspect that was brought up in the Budget Review Office Report talked about the inflation factor that was utilized in terms of the Capital Projects, all of the Capital Projects at the College and that the inflation factor should have been a higher inflation factor. One of the things that I wanted to talk about was that when the College designs -- goes out for a design on Capital Project, the design is limited by the amount of available funds. And therefore, it's something for all the buildings that have been built in the past at the College, there have always been inflation factors. As you know, the way the process works, sometimes it takes years to get to the project. And in fact, those projects are designed given the available funding. The same holds true with any future projects.

However, if this Legislature goes along with the BRO Report and increases the inflation factor on these projects, I think the total for all of the College's projects came to about \$16.4 million with the higher inflation factor, half of which comes from the County. If the County sees fit to include those funds, certainly we will pursue the matching funds from the State. But I just wanted to advise you that the design of a project does conform to the available funds. And with that, I'll be happy to answer any questions.

CHAIRMAN HORSLEY:

Legislator Romaine.

LEG. ROMAINE:

In preparing for the Capital Budget, did you meet with the County Executive and/or representatives of his office?

MR. STEIN:

I know that there were discussions that took place between John DeMaio, who unfortunately has a bad back and isn't here today -- between John DeMaio and the Budget Office at the County Executive's Office.

LEG. ROMAINE:

These projects that you have recommended that Budget Review also has recommended, including the inflation factor, the County Executive did not include in his Capital proposal?

MR. STEIN:

Well, I think the amounts that were requested for those projects that were included, the County Exec included the amounts that we had put in. I think what happened was subsequent to that, BRO's analysis said that we should have -- we the College, should have used a higher inflation factor.

LEG. ROMAINE:

I see. Thank you.

CHAIRMAN HORSLEY:

Legislator Montano.

LEG. MONTANO:

Chuck, how are you?

MR. STEIN:

Hi.

LEG. MONTANO:

Just with respect to the two projects that you said you wanted advanced to 2008, which were those two projects again?

MR. STEIN:

Crailing Hall at the Ammerman Campus and the partial renovations of the Peconic Building at the Eastern Campus. This is the space currently that houses the -- what we call a library at the Eastern Campus. As you know, one of the projects that is being moved forward on is the Learning Resource Center at the Eastern Campus, which will be a new building. So when the existing library moves out of the Peconic Building, that space is going to be renovated for classes.

LEG. MONTANO:

Okay. So these two projects are in the State budget or the State plan for 2008?

MR. STEIN:

Correct. We've already had the commitment for State funding for that. Now --

LEG. MONTANO:

Are they going -- well, go ahead. I'm sorry, Chuck. Go ahead, explain it to me.

MR. STEIN:

We've been advised by the Chancellor's Office that funds that are not spoken for stand a chance, they're not saying definitely, but they stand a chance of being reallocated to other institutions. And what we're saying is if we can advance these projects to 2008 and get authorization in 2008, doesn't necessarily mean we're going to issue the bonds, because we don't go for the bonds until we need the money, but if we get the authorization in 2008, that tells the State that the project is there, it's spoken for, and they won't take the -- potentially take the State funds away.

LEG. MONTANO:

So the State funds are in the State plan up until 2008, at which point they expire, is that what you are saying?

MR. STEIN:

They could expire, they could be reallocated to other institutions.

LEG. MONTANO:

Or they could be put back into another five year plan?

MR. STEIN:

Possibly. We'd have to pursue that.

LEG. MONTANO:

Those are the three options.

MR. STEIN:

Yeah.

LEG. MONTANO:

So what you're -- from what I understand, what you're asking is for us to advance them to -- advance these projects from what year, by the way? Where are they at now?

MR. STEIN:

2010, I think.

MS. VIZZINI:

There's a million-four in 2009 for the Peconic, and there's 3.48 million in 2010 for Crailing Hall.

LEG. MONTANO:

All right. So it's 2009 and 2010. So you want those moved up to 2008 to conform with the State five year plan?

MR. STEIN:

Correct.

LEG. MONTANO:

Do you have any indication that the five year plan from the State is actually going to be implemented, in that in 2008, they are going to authorize those funds?

MR. STEIN:

Oh, yeah. As a matter of fact, they've been pushing the colleges, all of the participating colleges, to obligate all of those funds. And some of the institutions have obligated all of their funds already. These are the two remaining items for Suffolk Community College.

LEG. MONTANO:

So if we advance the money and put it in 2008, you think that the State is going to say let's go ahead with the project and all we have to do is appropriate the money, is that what I'm hearing?

MR. STEIN:

What we basically -- if we get an appropriating resolution in 2008, that's a signal to the State it's a done deal with the County, with the local sponsor, and those funds will remain with Suffolk Community College.

LEG. MONTANO:

Which funds, the State funds?

MR. STEIN:

State funds.

LEG. MONTANO:

But will they appropriate the money in the same fashion? Does it work that way?

MR. STEIN:

Yeah. In other words. It's spoken for. We pursue the funding with the local sponsorship there.

LEG. MONTANO:

Right. To simplify it, all I'm asking is that if -- what you are asking is that if we -- if we move the money to 2008 --

MR. STEIN:

Correct.

LEG. MONTANO:

And appropriate the money in 2008, the State has sent signals that they will appropriate their share of it in 2008?

MR. STEIN:

Correct.

LEG. MONTANO:

Okay. Thank you.

CHAIRMAN HORSLEY:

Thank you very much, Legislator Montano. Legislator Barraga.

LEG. BARRAGA:

Good afternoon, Chuck.

MR. STEIN:

Hi.

LEG. BARRAGA:

Let me ask you a question. If all five projects were to go forward as you depicted, as I understand you, the overall cost of 16.4 million, but 50% of that is reimbursed by the State, so it's 8.2 million, is that the affect on the current Capital Budget?

MR. STEIN:

No. There are two separate issues here. The projects -- the three projects that I mentioned to be included in the Capital Program in subsequent years, you wouldn't be authorizing anything at this point, there wouldn't be any borrowing at this point, there wouldn't be any cost at this point. It would be in the Capital Program, it's a demonstration of local recognition of the projects so that we can go to the State, which is currently putting together its next five year plan, and with that demonstration of inclusion in our Capital Program, it's a very good probability that they will be in the State's next five year plan. That's one thing.

LEG. BARRAGA:

Okay. So where does the 16.4 million --

MR. STEIN:

The 16.4 million was the Budget Review Office's recommendation for the inflation adjustment, the inflation factor adjustment for all of the College's projects. Basically what BRO said -- you know, I don't want to speak on behalf of BRO.

LEG. BARRAGA:

Is the inflation factor adjustment in the County Executive's proposal? No?

MR. STEIN:

No. This came about in a report that was released on Friday. BRO reviewed the projects and said that because some of them were going to be a few years out, the inflation factor was going to increase the cost.

LEG. BARRAGA:

What is the dollar affect on the Capital Budget if your proposals go forward? What sort of an affect does it have? Is there -- for example, is there --

MR. STEIN:

The 2008 budget, Capital Budget, it would be affected by moving the two projects up from 2009-2010 into 2008. That would be the effect.

LEG. BARRAGA:

What's the cost?

MR. STEIN:

It was 1.4 million from one project and 3.4 for the other.

LEG. BARRAGA:

So we're talking, what, \$4.8 million?

MR. STEIN:

Half of which would be --

MS. VIZZINI:

Those monies are already in the program. So in one sense, there's no net effect. It's just in '08 rather than '09 or 2010.

LEG. BARRAGA:

So this has no affect on the County Executive's budget. So for example, his overall Capital budget was less this year than last year by \$18 million. That's what I read recently. So that would still basically stay the same in terms of your point of view? There's no change there?

MS. VIZZINI:

Unless you were looking at the first year. If you were looking at, you know, the first year of the Capital Budget, which in this case is '08, it does increase '08 by the --

LEG. BARRAGA:

How much, 4.8 million?

MS. VIZZINI:

4.4.

LEG. BARRAGA:

4.8 million?

MS. VIZZINI:

4.5 million.

LEG. BARRAGA:

That's all I wanted to know. Thank you.

CHAIRMAN HORSLEY:

Any further questions from the Legislature? Chuck, let me ask you just quickly, case in point, do you have priorities here which ones -- I know you gave the three that you were looking for to be reestablished -- is there any priority list on that?

MR. STEIN:

I think the three projects -- again, they're important, because without inclusion -- and we're looking for the subsequent years' section to have them included -- without inclusion, it would be difficult to get the State to put it in the State's five year plan.

CHAIRMAN HORSLEY:

Okay. So basically, no is the answer.

MR. STEIN:

We would like to have them all in. Okay. Thank you.

CHAIRMAN HORSLEY:

I understand that. Are there any further questions? Ms. Vizzini, did you want to comment on each section, or how do you want to do this? What's your druthers?

MS. VIZZINI:

Well, while the College is here if I may, just want to echo our support that we would like to see the three major projects that have been omitted from the Capital Program restored as they had been for the past several years. Of course, they were in the outer years, meaning they actually coincided with the new SUNY plan, which covers the 2009-2013 years. So even though they may have been in the '08 -- the '06-'08 Capital Program, they weren't in there until the '09-2010 years. So we would like to make right by that.

Of course, including in that in the subsequent years would mean increasing the subsequent year category by 55.2 million for all three projects. In terms of the College's preference for there to be the other two projects advanced from '09-2010 respectively to 2008, there's two ways you can approach that. It really is no net increase on the overall Capital Program, although it is advanced. The other is if we do have a firm commitment from the State of the 50% aid, it is possible to amend the Capital Program without an offset if the project is aided more than 50% -- 50% or more. So that would be another alternative for you.

CHAIRMAN HORSLEY:

Is that a possibility?

MS. VIZZINI:

Yes, it is. Although, Mr. Stein did indicate that there's nothing like an appropriating resolution to demonstrate --

CHAIRMAN HORSLEY:

To kick it off.

MS. VIZZINI:

Yes.

CHAIRMAN HORSLEY:

Okay. Thank you. Could you comment or give a little more detail to the inflation rate, Gail, that you commented on? Is that something that --

MS. VIZZINI:

That's a recurring theme in our College Project Reports. Mr. Stein and I had spoken about that after the -- just before the report was released actually. And the College does do to the extent that it can some due diligence there. One of our concerns was, for example, Red Square. When all was said and done, we still needed another \$750,000 to complete the project as originally envisioned. And, you know, that is at the County expense.

CHAIRMAN HORSLEY:

Was that inflation? Was that -- I wouldn't say mismanagement, because we certainly know that wasn't the case. But where does that -- you know, is that strictly an inflation rate that you would -- you would have layered on initially?

MS. VIZZINI:

Well, there were a lot of contributing factors to that project. But generally speaking, this argument regarding the impact of inflation and construction materials almost holds water for all of our estimates. In last year's Capital Program, the County Executive put forth a major revision to the Capital Program process whereby departments can now submit their requests any time. You don't have to wait for the Capital Program months. The idea here is to spread the work load out so that Public Works can give us a little better on-target estimates so that the estimates which often remain the numbers for the projects for a number of years as they -- you know, as they are in the Capital Program are a little bit better.

We wanted to initiate a dialog that the College certainly be more aware so that when we are making our submissions to the State, the State knows what it is going to be paying 50% of and that we know what our commitment is. That's the gist of that concern expressed in the report.

CHAIRMAN HORSLEY:

Just on that inflation issue one more time. When we underestimate, because of timeliness or whatever the reason we seem to be routinely underestimating our costs, how does the State deal with that issue? When they're looking to aid or go 50%, how do they -- do they ever come back and say, hey, get real, you know, we're competing against China now? You know, what does -- how

does that work?

MS. VIZZINI:

I'll defer to Chuck in terms of how the State deals with that, but it's a wonderful segue for me to mention to you in regards to value engineering, particularly what we as a County ultimately do is we try to remain within budget. And sometimes that means we value engineer, which is a very friendly term for reducing the scope, magnitude or energy efficiencies in a project. And we want to make you aware that that not happen. That's one of our other recommendations to increase the 1664, which is our major energy project, where although there is funding in there, the County Executive has improved the level of funding, we would like to see more, specifically to avoid having to reduce projects that perhaps have more expensive LEEDs complaint or energy efficiencies, which may cost a little bit more on the -- you know at the get-go, but our energy consumption, our light power and water line in our Operating Budget is over \$30 million.

So the extend to which we can infuse energy efficiencies in our Capital Projects balance the staying within the budget recognizing that there may be efficiencies that you don't want to give up in the beginning, especially when we're constructing, you know, 24/7 facilities such as the Fourth Precinct, the replacement jail and some of our other facilities that operate on a 24/7 basis. Those are the buildings you want to target for these energy efficiencies. I'll defer to Chuck in terms of what the State's comment is.

MR. STEIN:

First, I'd like to comment on what Gail just said. We're proud of the fact that at the College we've factored in energy saving items in our renovations and construction. In fact, we saved a considerable amount of money; cumulatively about \$620,000 so far in terms of our operating expenses. So, you know, we're very happy about that, and I support what Gail has said in terms of the County's construction.

With respect to the College, I just wanted to point out what I said before. Our designs conform to the available funding. And with respect to Veterans Plaza -- we no longer refer to it as Red Square -- with respect to Veterans Plaza, the items that were in the resolution were for add alternates. They were items in addition to what was in the project. Now, as the resolution that was approved a few weeks ago asked, we have contacted SUNY to request State funding for 50% of that additional \$750,000. So we pursue the funding. And, you know, hopefully, we'll get a positive response from them on that. I hope that answers your question.

CHAIRMAN HORSLEY:

But they're not critical on an overall basis that you're under costing a lot of these projects?

MR. STEIN:

No. They're very, very realistic in terms of what happens to construction. They recognize that the process that exists here, especially in Suffolk, is somewhat lengthy in terms of getting a project approved. It takes a number of years. They recognize that there are factors involved. I might point out that the Veterans Plaza situation, which was not necessarily brick and mortar, it was a different situation than constructing a building and it has a different inflation factor, if you will, in terms of what the costs were with respect to that. But there's a recognition on part of the SUNY in terms of what happens with cost.

As a matter of fact, one of the things that were looking at in their upcoming five year program was a contingency amount to be part and parcel overall for SUNY, not necessarily with individual colleges, but overall, because they recognize the world we live in has inflation, so.

CHAIRMAN HORSLEY:

All right. Thank you very much. Legislator Montano.

LEG. MONTANO:

Chuck, just quickly. I want to make sure I get this. What is the total amount of the three projects that were deleted from the budget that you requested be put back in?

MR. STEIN:

55.2 million dollars.

LEG. MONTANO:

Now, does that include -- so the 55.2 was what you asked -- those are your numbers -- that you asked to go back into the budget?

MR. STEIN:

Correct.

LEG. MONTANO:

In subsequent years?

MR. STEIN:

Correct. That's both State and County share.

LEG. MONTANO:

All right. So then really our dollars is half of that, but we put in the full amount. But it increases the subsequent year budget or the total Capital Budget by 55.2 million. The other 4.8 million which is the two projects that are already there, you want those advanced?

MR. STEIN:

Correct.

LEG. MONTANO:

Now, the \$16.4 million that BRO is talking about in terms of the inflation factor, that's added to the \$55.2 million? How does that work?

MR. STEIN:

BRO looked at all Capital Projects, all of the College's Capital Projects.

LEG. MONTANO:

Well, so far we have five. Is that all of the Capital Projects for the College?

MS. VIZZINI:

No.

MR. STEIN:

No.

LEG. MONTANO:

Okay.

MR. STEIN:

We have ongoing projects.

LEG. MONTANO:

Oh, okay. So it factors in the ongoing projects.

MS. VIZZINI:

The 15, yeah.

LEG. MONTANO:

So that inflation factor would have to be factored in any way for the ongoing projects.

MR. STEIN:

Assuming that the design -- again, I want to stress this, because it's important. When we go out for design, we have the design conform to the available funding.

LEG. MONTANO:

Right. I understand that. But my point is that is there -- Gail, was there any way to factor in the increase for the inflation rate simply on the \$55.2 million that they requested? Was it broken up that way? If it was, I don't know.

MS. VIZZINI:

We actually have that in the project-by-project analysis in terms of the detail. We can get that for you.

LEG. MONTANO:

No. I'm not hung up on that. I just want to guesstimate how much it is, because what I'm hearing is that the request from the College is to increase the budget by 52.2, you are adding figures to that because of the inflation rate. But those some of the figures would have to be included anyway because we have ongoing projects.

Just I'm curious as to how much more -- how much we would have to add to the 55.2 in terms of this year's Capital Budget to comply with the request of the College. Another five million, two million, three million, you know? And then -- I can wait on that. Chuck, the only other question I have is do you know why the projects were deleted from the budget, if you know?

MR. STEIN:

I don't know.

LEG. MONTANO:

I mean, was it explained to you as to why?

MR. STEIN:

No.

LEG. MONTANO:

So it was just taken out with no --

MR. STEIN:

As they have been in prior years and the Legislature has put them back in.

LEG. MONTANO:

We've been doing this, what, three, four, five years?

MR. STEIN:

A number of years.

LEG. MONTANO:

All right. Thanks.

MR. STEIN:

Thank you.

CHAIRMAN HORSLEY:

Okay. Anything else you would like to add on the College's --

MS. VIZZINI:

Just in terms of for the 55 million, it would be roughly 1% to bring it up to the 3.5% contingency. So roughly \$5 million additional.

LEG. MONTANO:

That's 10%.

MR. STEIN:

Half a million dollars.

MS. VIZZINI:

You're right. 500,000, correct?

LEG. MONTANO:

About that. So it goes from 52 -- really you're asking for \$55.7 million for those three projects.

MS. VIZZINI:

I'll give you a project-by-projects write ups in terms of the dollars.

LEG. MONTANO:

I think we have them, I just don't have them handy. It gives me the figures. So 55.7 more or less a couple of dollars.

MS. VIZZINI:

Yes.

LEG. MONTANO:

Thanks.

CHAIRMAN HORSLEY:

Any further questions from the Legislators? Okay.

MR. STEIN:

Thank you.

CHAIRMAN HORSLEY:

Gentlemen, thank you very much. We appreciate your input. You want to come on up, Carolyn? I know you didn't have anything specifically to tell us, but give us an overall -- what your impressions were about the budget issues that you may be concerned about or not concerned about. Feel free.

MS. FAHEY:

We were very pleased with the County Executive's proposed budget. The development of the industrial park is going to be moving along at Gabreski Airport. The Town of Southampton actually has their second public hearing tonight to adopt the zoning code. So hopefully that will be adopted in the next month and a half to two months. We will RFP and move that Homeland Security Business Technology Park forward.

The funding in our Capital Program has additional funding to couple with last year's funding for the infrastructure for that park to allow for the expansion of the sewer system, the public water and the new roadways. Otherwise, there really wasn't anything that jumped out at us. If there's questions, we'd be more than happy.

CHAIRMAN HORSLEY:

The dollars for the economic development grants are in place?

MS. FAHEY:

Yes. The Downtown Program is 500,000.

CHAIRMAN HORSLEY:

Okay. Are there any questions of Ms. Fahey. Anything else you would like to add? Okay. Thank you very much. Nice and easy. Anyone else like to be heard in relation to Economic Development? Energy? Labor, Workforce and/or Affordable Housing? That's it. Okay. If that is the case, we will -- this meeting stands adjourned.

(*THE MEETING WAS ADJOURNED AT 1:38 P.M. *)

{ } DENOTES BEING SPELLED PHONETICALLY