

**PUBLIC WORKS
AND
TRANSPORTATION COMMITTEE

of the

SUFFOLK COUNTY LEGISLATURE**

A regular meeting of the Public Works and Public Transportation Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, Veterans Memorial Highway, Smithtown, New York, on Tuesday, January 30, 2007.

MEMBERS PRESENT:

Legislator Jay Schneiderman - Chairman
Legislator Steve Stern - Vice-Chairman
Legislator Jack Eddington
Legislator Joseph Caracappa
Legislator Rick Montano
Presiding Officer William Lindsay - Ex-Officio Member

ALSO IN ATTENDANCE:

George Nolan- Counsel to the Legislature
Kevin Duffy - Budget Review Office
Gil Anderson - Commissioner - DPW
Lou Calderone - Deputy Commissioner - DPW
Catherine Stark - Aide to Chairman Schneiderman
Renee Ortiz - Chief Deputy Clerk - Legislature
Ben Zwirn - County Exec's Office
Gail Lolis - County Attorney's Office
Joseph Loeffler - Village of Ocean Beach
Kenneth Gray - Village of Ocean Beach
Mario Posillico - Village of Saltaire
George Hafele - Fire Island Ferry, Inc.
All Other Interested Parties

MINUTES TAKEN BY:

Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER*)

CHAIRMAN SCHNEIDERMAN:

Good afternoon. I'd like to call the meeting to order. Legislators, please report to the horseshoe. I'd like to ask you to rise and join us for the Pledge of Allegiance led by Legislator Caracappa.

SALUTATION

CHAIRMAN SCHNEIDERMAN:

Thank you for your patience. I understand we're having a late start. It's an unfortunate way to start the first meeting of the year. I want to start out by thanking the Presiding Officer, Mr. Lindsay, for allowing me to continue in this capacity as Chair of this committee. We have a big year ahead, some very large Capital Projects, including the Correctional Facility in Yaphank, as well as many other projects; the County Center out in Riverhead, County Road 39 Project out of my district. And I know the work of this committee is important, and I'm honored to again serve as its Chairman.

Let's start with a -- well, let me see how many cards we have. All right, most of it is on the ferry. I have one card that is on Surrey Circle. All right, why don't I do this? Before we get to the speakers on the ferry, I'll allow the Budget Review Office to present their report. Why don't I take the one card that doesn't have to do with the ferry, which is Joseph Carabott, who is from Mastic and speaking on the topic of Surrey Circle. Is Mr. Carabott here? If you'll step over to the podium, we'll give you three minutes to make your comments and then we'll switch topics and talk about the ferry, the Fire Island Ferry rates.

MR. CARABOTT:

My name is Joseph Carabott. I reside at 135 VanBuren Street in Mastic, New York. I'm speaking on behalf of the residents of Floyd Road and Somerset, which is the Shirley-Mastic particular area.

We have concerns about the volume of traffic including the heavy commercial vehicles on the eastbound artery from the William Floyd Parkway, which County Road 46 that consists of Surrey Circle, Floyd Road, and Somerset Avenue. These roads carry on a daily basis between ten to 10,000 vehicles for the distance of about of mile. This level of traffic needs to be reduced, redirected and shared by other eastbound streets and not be increased by the possibility of getting another left-hand lane from County Road 46 into Surrey Circle.

We urge you abandon that proposal and to install an additional lane from County Road 46 East Surrey Circle. This proposal includes eminent domain that according to our knowledge makes this proposal somewhat expensive. This addition will only serve to increase the level of traffic and danger on this already congested route.

We advise the board to make provisions for another eastbound lane from County Road 46 onto the nearby and part of the Linden Avenue, which is south of the current congested route. This additional route will reduce the correct traffic onto Surrey Circle. We suggest a left turn arrow at Linden Avenue to be effective in the afternoon between 3:00 and 8:00. In this manner, County Road 46 -- the northbound lane will not be hindered during the morning rush hour, and the southbound lane will never be interrupted.

During the afternoon rush hour once the left hand arrow at Surrey Circle and at Linden Avenue simultaneously turn green, there will be two eastbound lanes. Our suggestion will divide and reduce the danger inherent in the idea of providing two lanes, including emerging lane on a residential road than onto -- that are on Surrey Circle. We believe our proposal is less expensive than the one that has already been proposed by the Department of Public Works. If the Department of Public Works were able to accommodate Home Depot, we see no reason why they shouldn't accommodate our request. The nucleus of this problem is that Surrey Circle in relation to the volume of traffic happened to close to the railroad tracks. Thank you.

[THE FOLLOWING WAS TRANSCRIBED BY ALISON MAHONEY - COURT STENOGRAPHER]

CHAIRMAN SCHNEIDERMAN:

Thank you, sir. Okay. At this point, I'd like to call upon Kevin Duffy from BRO to apprise us of their reports that are studying the rates for the Fire Island Ferry Company. I think everybody -- all the Legislators now have copies of BRO's report; is that correct? If not, I do have some in front of me. Mr. Duffy?

MR. DUFFY:

I will briefly outline what our report discusses. Fire Island Ferry is the largest of the ferry boats that the Legislature regulates. It has more than \$6 million in revenue. Fire Island Ferry owns 14 passenger and one freight boat. The last rate increase that Fire Island Ferry had was in 2004; it received 11.8%. At that time, since -- at the time they received the rate increase, the one prior to that was 2001 and the CPI had risen 10.4%.

The petition that is before us was filed on July 28th, 2006. It first requested a 6% increase, it was amended on October 13th, '06, which requested then a 10% increase and use of the COLA, which I will discuss later on. The CPI from December, 2004, the time of the last rate increase, from November, 2006, increased approximately 4%, but this increase would have appeared much higher because if it had been looked at in August, because at that time gasoline was selling for well over \$3 a gallon. The financial statements that the company submitted were originally filed 9/26/06, they filed draft financials at my request because I wanted to see what happened in the last two months of the year for the period ending 9/30/06, they submitted them on December 1st, 2006.

Originally, the company estimated that their pre-tax -- a pre-tax loss of \$134,000, the draft financial showed a \$118,000 profit, a swing of \$250,000. Included in that profit of 118 is a non-recurring item of \$27,000 for the sale of one of its vessels. The need for relief is based upon the allowable expenses that are part of the rate base.

I'd briefly like to talk, it'll just take me a couple of minutes, about the history of the company just to have some idea. In 1989, Ed Mooney, the current owner, came to the Legislature to inform them that his partner had embezzled over \$4 million over a 12 year period. Mr. Mooney cooperated with the Legislature and he instituted a system of cash controls which met the needs of the Legislature in reviewing ferry rates. Since that point in time, cash controls have been a big issue with all the ferry companies. When we've done ferry companies, we are very concerned about their cash controls.

In 1990, Fire Island Ferry increased its inter-company rents to \$570,000; The Budget Review Office took exception with this. This \$570,000 was a base rental, it did not include such things as taxes which were allowed to increase. The ferry company has kept this base rent at the 570 level since 1990; we are now almost 17 years later. That is something that has benefited the ratepayers, okay.

In 1992, Fire Island Ferry merged with Fire Island Cruises. There was a separate company that owned a cruise boat that was used to provide cruises on the Great South Bay. The reason for this merger was that the Fire Island Cruises had a loss carried forward of approximately one million four -- one million four and \$73,000 in tax credit. These were able to be utilized by the ferry company and also benefited the Fire Island ferry ridership.

In 1994, an {ESOP} was established by the company in which the company borrowed a million dollars to buy back 34% of the sole owner's stock; This had been paid back with ferry revenues over a seven year period and had been put into the rate base.

In 1996, Fire Island Ferry retired the treasury stock which it had acquired from the other partner and reduced the capital account by \$800,000. The Budget Review Office took exception with this because we felt that this treasury stock at some point in the future could have been sold to raise money or could have been used to fund the {ESOP}.

In 1998, Fire Island Ferries sold the Evening Star and received almost \$700,000 of cash, of which 450,000 was used to pay ferry company debt and ferry company expenses; again, in this item, the ferry ridership benefitted.

What we talk about and what I've discussed in both the 2001 and 2004 report, an issue that seems to be coming up is the village discounts. There are three villages that -- two of them have leases with Fire Island Ferry in which, under the terms of their lease, they're able to buy a number of discounted coupon books. The Village of Ocean Beach buys 2,100 or 84,000 rides, the Village of Saltaire buys 1,200 or 4,800 rides and the Village of Dunewood buys 200 or 8,000 rides.

What our concern with these village discounts has been and continues to be is that we -- they are steeply discounted. Under the current rate structure, if the company receives the fare that it's requesting, a 40 trip tick booklet -- a 40 trip ticket book for you and me going to the ferry company would be \$240; what the Village of Ocean Beach would pay is \$158 or approximately \$81 less.

We understand that if the company wishes to negotiate some type of discounted ticket book, yes, we can understand that. But our concern is we don't see there's an accounting between the ferry company and the villages as to who is receiving them. When I added the total of all the rides that occur, villages are getting approximately 140,000 rides. The total rides that the ferry company sells in 2005, this is a fairly high estimate, was 872,000 rides, considering one-ways, round-trips; it means that 16% of the rides that the ferry provides are based on village discount books.

What our concern is is that the ferry, and we've kind of looked at this figure, guesstimate that the average ride costs about \$5.35. When we look at the Ocean Beach book, what a ticket, one ride on that 40 trip booking is worth, that's \$3.96, that difference, we feel, is putting an undue strain on the fare categories. Because when you look at a rate request, you first look at the expenses and judge what expenses you feel are reasonable, that's why I went through the things that have happened in the past.

Some of the things Fire Island Ferry has done we disagreed with, some of the things that they have done we agreed with, they benefitted the ridership, it's been a plus or minus. What our concern is is that once something is in the rate base, what happens with the fares is the fare structure has to cover the expenses of the allowable rate base.

The revenue that a ferry company makes is based on two things; the sale price of the ticket and its ridership. Fire Island Ferry, for the last two years, has been fairly lucky because weather has been good. If weather tanks and you have a very bad summer, their revenues would be way down because ridership would be low.

The last thing I'm going to talk about as far as one of the trends we saw that we wanted to bring to the Legislature's attention is that between 2004 and the current application, there's been a decrease in competition that has occurred. Fire Island Water Taxi acquired South Bay Water Taxi. The Fire Island Ferry Group -- which consists of Fire Island Ferries, the Terminal and Fire Island Water Taxi -- basically leased the space from Bay Shore Ferry where boats owned by Ned Hurley who owned Bay Shore Ferry and also owned the Bay Shore Marina for \$100,000 for a period of ten years. This will become part of the rate base; Fire Island Ferry will have a share and the Terminal will have a share in it. And the final thing that happened was Bayard Marine has ceased operating. They had purchased -- Fire Island Ferry purchased the {Pearl Gram} from them which was the vessel they had and they were dealing with garage that was being picked up on Fire Island.

Usually the rate increases, from what I've seen over the 19 years I've been doing this, will usually last the ferry company somewhere between three and five years depending upon ridership and how expenses are controlled. Fire Island Ferry last had a rate increase that went into effect two years. One of the things that they've asked for in their petition is they've asked for a cost-of-living adjustment. The COLA was originally enacted in Chapter 287 early in 1987; no ferry company has

ever successfully evoked it. We had Davis Park that used it six times without notifying the Clerk of the Legislature, they were the only ones that used it. What happened with the other two ferries that had it, Fire Island Ferry, when the problem came up with the partner, that was taken away from the them. And the other ferry that had it was Sayville which the Legislature did not renew.

What our concern with the COLA -- the reason there has been discussion of a COLA is because since last year, the ferries had spoken to several Legislators and Legislative Counsel about attempting to do something, a gas surcharge. We looked at it, the problem we found is that it's very difficult because there are seven ferries that the Legislature regulates, they all have different rate structures. We think there's problems with documentation of the expenses and the equity in spreading it over the entire ridership. That if one ferry comes in, there are various tickets that they sell and theoretically all riders should bear a proportion of it in an equitable fashion. Our problem has been that because of changing and what is going on with the price of gas, probably most of you saw the Cross Sound Ferry cancelled their fuel surcharge about two weeks ago claiming that the market is now stable, but who knows.

What we did in our recommendation is we did not agree with the 10% that the Fire Island Ferry was looking for in a COLA. We said at this point we feel that something more in the neighborhood of six and a half percent would be equitable. Are there any questions?

CHAIRMAN SCHNEIDERMAN:

Mr. Presiding Officer?

P.O. LINDSAY:

Kevin, just today we got -- a communication was sent to my office from one of trustees of the Village of Saltaire and the case that they're making is that that they own the dockage space, the village does, where the ferry docks, and rather than the ferry paying rent, they take that income in discounted tickets for their residents and that by including the discounted books in the overall fare structure, that you're taking something away from them. And they're making a case that, you know, they could have taken it in revenue rather than discounted tickets and reduce the tax base, but they felt that their residents would have preferred the discounted tickets.

MR. DUFFY:

Well, as I said, our concern is -- and just looking at Saltaire, they get 1,200 books -- can get as many as 1,200 40 trip ticket books which is 48,000 rides. What we're concerned about is who are they accounting to? When we look at ferries, the ferry company itself has a vested interest to make sure you and I, who are entitled to a discounted book, are actually eligible for it because it's coming out of their pocket. What happens when all of a sudden we're seeing that 48,000 rides are going to Saltaire, 84,000 are going to Ocean Beach, I've seen the lease of Ocean Beach, it was supplied to me at the last meeting, and in the -- I guess in the Ocean Beach lease under Section 14-1, the ferry is required to provide passes to village employees, up to 21 employees. Where are these tickets going? Are there that many -- we think somewhere there should be some sort of transparency that you can see who is getting tickets and who is not. That's what our concern is.

P.O. LINDSAY:

Okay. The point that the village is making is that it's their property to make a financial arrangement with the ferry company, and rather than take cash they took discounted tickets which shouldn't be any business of the Suffolk County Legislature.

MR. DUFFY:

Well, at least the Ocean Beach lease, I don't have the Saltaire lease in front of me, the Ocean Beach lease requires that the number of books and rate be approved by the Legislature as part of it. It's the Legislature's fiduciary duty to determine that one ridership class is not being favored by another.

P.O. LINDSAY:

Okay. If Saltaire was to take a monetary payment for the --

MR. DUFFY:

Then we would have no concern, that would be an arm's length transaction. Our problem is that what we're seeing is that we're not seeing a transparency there. Who's getting the tickets, that's our concern. And in doing it, like anything, the round trip adult fare is, I guess, the bread and butter of the ferry company, in 2005 they sold approximately 380,000 trips. Now, what happens is that that round-trip fare at that point was \$14, so that's \$7 per trip. It costs, according to the ferry rate, 5.35 to provide the service on an average, and so you have a subsidy at that. If that is the Legislature's will, that they feel that -- we have similar situations, we're not just raising this on Fire Island Ferries, we've raised it on the Shelter Island Ferries which provide resident discounts. The concern or the difference between the resident discount and the village bulk discounts is that in the resident discount, the resident must prove to the ferry company that he is a resident and is entitled to participate in that type of a discounted program. Under the village bulk discounts, there is no point, as far as I'm aware, that there's an accounting for where did these 1,200 books go, where did these 2,100 books go.

P.O. LINDSAY:

I just got this just a little while ago, I'll give you a copy of it and I would suggest that you address the issues that the village is raising here because, you know, it seemed like it was a reasonable argument that they made and I would like it answered.

MR. DUFFY:

Okay.

CHAIRMAN SCHNEIDERMAN:

Legislature Caracappa?

LEG. CARACAPPA:

Thank you, Mr. Chairman. Kevin, just to make it clear for us, there's basically four areas of what you're coming to scrutiny of, a COLA, the discount books, the fuel adjustment and the discounted -- I said that, discounted books. Budget Review is not supporting cost of living increase within --

MR. DUFFY:

We don't see it at this -- or the reason we're having a problem with it is if our purpose was to attempt to have it as a substitute for a fuel surcharge, we don't see it functioning as that type of vehicle.

LEG. CARACAPPA:

Is that what it was, is that what the ferry company was saying, that COLA was a fuel surcharge or rouse of one?

MR. DUFFY:

Well, they're saying -- I've met several times with several of the ferries because all of them were interested in doing some sort of fuel surcharge because of what happened last summer. They looked at what happened with the cross sound ferries that added \$1.50. When I spoke with the people in charge of the Cross Island Ferry, they couldn't tell me who regulates them. They thought for some time they had been regulated by the Federal Government, but that's no longer the case. They imposed it on their own and they deleted it on their own.

What the problem is with a rate increase, basically once their financials are done, depending upon the time of year, it takes about three months for a rate increase to go forth. There's -- we don't have a vehicle in the Charter that provides for a surcharge. The problem with the COLA is that there's a 60 day waiting period from the time you file with the Clerk of the Legislature. And what we're not sure of and what I couldn't find is I couldn't find what would be the procedure, which I had discussed in the report, of how the Legislature would respond. Say if Legislator A didn't feel the COLA should apply, I would think the only way that -- the thing he can do is you can file a resolution

objecting to the imposition of the COLA and that would --

LEG. CARACAPPA:

But we've steered clear as a body in initiating COLA's for ferry companies over the years, correct?

MR. DUFFY:

Yes, what had happened -- yes, it was taken out in 1988 and they haven't given one since then.

LEG. CARACAPPA:

Right. When the application first came to Budget Review, was it 6.5%, was that their number?

MR. DUFFY:

It was around there, yes.

LEG. CARACAPPA:

Okay.

MR. DUFFY:

A little different. I get to a six point percent number a little differently because I sought to increase the cost of the village discounts to \$200 per village as opposed to the contract of Ocean Beach says \$158, Saltaire was based upon the percentage of the one-way, as is Dunewood.

LEG. CARACAPPA:

How does that translate into increase in price of a ticket, 6.5?

MR. DUFFY:

Well, it's -- basically what I do is that --

LEG. CARACAPPA:

For a fare for you and me that we don't live in Dunewood or wherever.

MR. DUFFY:

Okay, it depends what we're doing. Are we doing a --

LEG. CARACAPPA:

Round-trip ticket.

MR. DUFFY:

Round-trip ticket? Okay, well, they have different rates for each ticket, let me just get to the schedule. But in guesstimating the revenue, it's -- okay, a round-trip ticket, basically it's now set at \$14, \$7 a ride, they're asking that it be set at 15.50; I, in my recommendation, said \$15. So I'm going up 50 cents, they're going up 75.

LEG. CARACAPPA:

All right. Fire Island Ferry services how many communities?

MR. DUFFY:

Quite a few.

LEG. CARACAPPA:

I'm just talking passengers.

MR. DUFFY:

Oh, passengers?

LEG. CARACAPPA:

Not -- they just do passengers or they do freight as well?

MR. DUFFY:

They do passengers and freight.

LEG. CARACAPPA:

And freight, okay. How many -- how many passenger ferries are left on the Great South Bay in Suffolk County?

MR. DUFFY:

Well, the two I'm aware of, there are some water taxis who operate that we're probably not aware of, but it's Savill Ferry, Fire Island Ferry and Davis Park Ferry.

LEG. CARACAPPA:

And they do all strictly passenger.

MR. DUFFY:

They do passengers and freight.

LEG. CARACAPPA:

How many do we oversee as a whole, seven?

MR. DUFFY:

The whole, there are seven. There are two -- those three, two on Shelter Island, North and South Ferry, and then we do two that just transport freight. And we did have a couple, Bayard Marine has not surrendered its license, so technically that's an eight one.

LEG. CARACAPPA:

I'll just ask the final technical questions we usually ask. They secured all their landing rights on both sides --

MR. DUFFY:

Correct, yes.

LEG. CARACAPPA:

-- and they're Coast Guard certified, I'm sure.

MR. DUFFY:

Yes.

LEG. CARACAPPA:

Okay, thank you.

CHAIRMAN SCHNEIDERMAN:

Legislator Alden.

LEG. ALDEN:

Boats rights from family.

MR. DUFFY:

I'm sorry.

LEG. ALDEN:

West Ferry was -- that was the boats and the rights from {Zeba} Family?

MR. DUFFY:

I'm sorry?

LEG. ALDEN:

Is that the boats and the rights from the {Zeba} family?

MR. DUFFY:

I don't know that much about their --

LEG. ALDEN:

{Zooliner} and zeros and all those --

MR. DUFFY:

All of those were at one point --

LEG. ALDEN:

That was Westbury --

MR. DUFFY:

Yeah, they were --

LEG. ALDEN:

-- when it was merged in. I just want to put on the record, and thank you, Mr. Chairman, for allowing me to do this because I'm not part of this committee. But I do have a little bit of a problem with the super discount that goes to some of the villages that's handed out and we really don't have any accounting for that. So this could be tightened up either one of two ways; just have one discount and that would be a bulk discount, which that's the way I would pretty much favor it being done, and allow the different communities to look at a market rent and establish a market rent and have that paid; and then the other way would be if we took control or had some kind of a mechanism where they had to report back to us what they were doing with those tickets, who was eligible to buy those super discounted tickets, where they were going, that type of thing. Because it does appear to me that those tickets that are being given to the villages in the rate structure is going to subsidize -- and they're not subsidizing the other people that don't live in those communities that ride those boats, they are subsidizing the people that live in those communities and I spoke against that every time that we came out with either North or South Ferry and the others that we do regulate.

In this instance, in Bay Shore -- and that's what I can speak of because that's in my district. In Bay Shore there is -- with the demise of the Bay Shore Ferry, there's no competition here at all. So whichever side of the street you go down, if you get on Maple Avenue and you go on the left side or you go on the right side, it's all the same ferry company right now. And as was the testimony before, there's over 800,000 rides and a hundred and something thousand of them are going out to the villages in a super discounted manner with no accounting to us as far as, you know, where those tickets are being sold or how they're being sold, what the criteria is, do you have to be a resident of the village, can they give it out to other people?

Either one of two ways I would look for some kind of a tightening up of that. You would just go with one rate for a discounted bulk rate, or if we were going to allow a super discount rate to go to villages, then there's got to be some kind of an accounting, because it does affect the rate structure. Thank you.

And just on another note, we have another piece of legislation coming up, and I apologize, I have to go back to my Legislative Office. But 2299, and that's a Local Law to strengthen a policy for connections by premises outside of sewer districts. There's about 10 or 12 outside connections to Southwest that are also on the menu for today, if you would give serious consideration to 2299. If there are some things you don't like about it, please contact me and I'd like to work on that because I think it's really important for the survival of Suffolk County going forward to have a viable sewer connection on especially outside connections to sewer districts.

CHAIRMAN SCHNEIDERMAN:

What are you asking for on 2299, that it move forward or that --

LEG. ALDEN:

It's tabled in committee.

CHAIRMAN SCHNEIDERMAN:

It's tabled in committee.

LEG. MONTANO:

We're going to get to it, though.

CHAIRMAN SCHNEIDERMAN:

We're going to get to it, but --

LEG. ALDEN:

I would like it passed out --

CHAIRMAN SCHNEIDERMAN:

You would like it passed out, okay.

LEG. ALDEN:

Or if you -- if you have some suggestions for the policy going forward, please get in touch with me and I could try to accommodate those. Thank you.

CHAIRMAN SCHNEIDERMAN:

All right, thank you. Okay, Legislator Montano.

LEG. MONTANO:

Yes, thank you. Kevin, I'm looking at this letter that the Presiding Officer referred to; have you had a chance to see it, the one that's dated January 30th that was sent over via fax transmittal that Legislator Lindsay referred to?

MR. DUFFY:

I saw a copy of it this morning.

LEG. MONTANO:

Okay. The only question I had is that apparently the objection, if I'm reading this correctly, to the increase is that the village negotiated their rights, their exclusive rights to the facilities with Fire Island Ferries and took into account these discounted rates. I don't know if you know the answer but I was just curious, when would -- if there is such an agreement, when does that agreement between the village and Fire Island Ferries expire, do you know?

MR. DUFFY:

I know when the agreement between Ocean Beach and Fire Island Ferries expires. The attorney for Ocean Beach gave us a copy of the agreement last week, or last committee meeting, and that expires in 2010. In the Ocean Beach agreement, the rates that the ferry charges and the number of books they receive are subject to Legislative approval. And there is a mechanism in that lease that if the Legislature does not allow, I believe, the books to that level or the cost to that level, that I believe they can renegotiate.

LEG. MONTANO:

So it's not a binding -- what I'm hearing is that it's not a binding provision between the village and Fire Islands if we don't approve the rates?

MR. DUFFY:

I'm not counsel to the Legislature, but my reading of it is that it -- original language, it says that it's subject -- it goes for the sale of bulk purchases, 750 to 1,200 40 book tickets must be authorized by the Suffolk County Legislature between January 2nd and April 15th during the lease term hereof, village or agent of village, the cost of each book shall be 145 for years 2001-2004. Additionally, the cost of each book shall increase 3% per year for each of the years 2005 through 10, subject to the approval of the Suffolk County Legislature. Payment for the said single bulk purchase shall be made as follows; 80% due March 31st annually, 20% due as of April 15th annually.

LEG. MONTANO:

All right. I'm just curious as to why -- and I don't know that you could answer this, maybe someone from the village -- but why they wouldn't simply take a cash payout from the company and factor that in to their cost in exchange for this discounted rate. I mean, from a business perspective, I think that it just seems to me more, actually, easier just to take the cash and then charge their village residents accordingly, or reduce their taxes accordingly.

MR. DUFFY:

I can't speak for the villages.

LEG. MONTANO:

No, I didn't think you could. Okay, I was just curious about that. Thanks.

CHAIRMAN SCHNEIDERMAN:

Legislator Stern.

LEG. STERN:

Thank you, Mr. Chair. I'm also looking at the same letter that the Presiding Officer had referred to from the Village Administrator and it does seem that these discounted tickets were a part of this bargain on the part of the village. So I guess my question is when you're talking about accountability, transparency and want to know where these tickets are going to, how do you vision that? Are we looking for a list of names, is it just for a class of residents that would be eligible to make this discounted purchase; what does that accountability look like?

MR. DUFFY:

What I would imagine is that we should see what the criteria the village uses to decide who they give the tickets to. If you're talking about Ocean Beach, you're talking about 84,000 rides. I have not seen the -- I have seen several years ago the lease agreement between Saltaire and the ferry company; I don't know if that's the latest one.

What I would suggest, if it were my decision to make, is that we should at least know what the village's criteria are and then see who fits into those criteria. I would not think -- and this is the Legislature's decision, not mine -- that basically I think if we establish -- the ferry company has a vested interest to make sure that those who are not entitled to discounted tickets receive them. I would think that there should be some sort of vehicle where they would be provided with information as to who the tickets were sold to and the criteria that he used, whether someone be -- the only criteria I could see is that you're a resident of the village. We had the same thing on Shelter Island where they've established resident discounts where they have a discounted ticket which we over the years have said it's too highly discounted, but they account to the ferry, they come in and prove to the ferry company that, "I'm a resident of Shelter Island, here's my driver's license, here's my property tax bill," and then they're entitled to buy, purchase those books.

CHAIRMAN SCHNEIDERMAN:

Legislator Montano?

LEG. MONTANO:

Yeah, Kevin, a quick question. I guess what I'm hearing is that you're somehow looking for some

type of audit of the discounted tickets, whether it be --

MR. DUFFY:

Well, I think that -- not really an audit. The first thing I think that should be established is we should know what the criteria are. The other question that I have which --

LEG. MONTANO:

Well, we don't know what the criteria is?

MR. DUFFY:

No, I don't.

LEG. MONTANO:

Is that spelled out in the agreement between the village and Fire Island Ferries?

MR. DUFFY:

No. I just have Ocean Beach's and I read you the section of the lease that refers to that, it just says they're entitled to buy not less than 750, no more than 2,100.

LEG. MONTANO:

So once the village buys that, we don't know what happens with it.

MR. DUFFY:

I don't know whether or not the village -- like Ocean Beach would be buying the tickets this year for I think it's 158 a book. I don't know whether or not the Village of Ocean Beach sells them to its residents at 158 per book or does it put some type of add-on on it for process and handling, I don't know. I don't know -- I assume the criteria must be that it's only for residents of the village. I don't know whether or not -- how they ask, if they had guidelines that said that they asked for a tax bill or a driver's license and that there are, in Ocean Beach's case, 84,000 rides being made by residents of Ocean Beach and that Saltaire is 48,000 rides.

LEG. MONTANO:

Under our guidelines or our right to sign-off, do we have the right to ask for this information and somehow audit that or is that something that's exclusive between the village and the ferry company?

MR. DUFFY:

Well, what we refer to in our cover letter, the Legislature in the late 1990's was sued by North Ferry because we attempted to impose conditions which the ferry company did not agree with. We lost the case, it went to the Supreme Court and it was upheld on appeal. What we say in our letter which is the Legislature's choice is that we have basically two choices, accept or reject. And if a ferry company comes in, they theoretically, if the Legislature rejects their rate increase, they're back at square one. If what has happened in the past, especially with North Ferry, they realize that if you're dealing with the Legislature and you have to come back, you have to work with them. And as all of you recall, when North Ferry was in last year, they supplied the documentation as we asked for, because otherwise our choice would be accept or reject.

LEG. MONTANO:

Well, if we reject, all that does is deny the ferry company the increase and put economic strain on them. It really doesn't force -- it doesn't force them to go back to the village and renegotiate, does it?

MR. DUFFY:

Well, the lease agreement says that the -- according to their lease, that Section one thirty -- 13.5, I can only speak of Ocean Beach's lease because I do not have Saltaire, and I would assume also that you would seek Counsel's opinion on this -- but basically this lease says that the price and the quantity of tickets is subject to Legislative approval. And if you look at resolution -- I don't have it

in front of me, but I think it's the resolution authorizing the rates, the resolution itself authorizes the sale of the village discounted tickets and the quantity and the amount that is requested. So theoretically, if the Legislature chose to, it either accepts or rejects that.

LEG. MONTANO:

Thank you.

CHAIRMAN SCHNEIDERMAN:

Mr. Duffy, first, I'm looking at a map and I'm seeing Saltaire and I'm seeing Ocean Beach, both served by ferry lines; I don't see where -- is it Dunewood, is that the other community that has a discount.

MR. DUFFY:

Yes.

CHAIRMAN SCHNEIDERMAN:

Where are they located?

MR. DUFFY:

I'm not sure, I've never been there. From what I understand --

CHAIRMAN SCHNEIDERMAN:

Is there a separate ferry line that goes directly to Dunewood? I guess that's my question.

MR. DUFFY:

I'd leave that to the ferry company. My understanding is that Dunewood is the Property Owners Association and that there is a small number of homes that are serviced by the ferry, and there's no formal lease between Dunewood and the ferry company.

CHAIRMAN SCHNEIDERMAN:

Okay, but they have some kind of an arrangement that's made, it gives them a discounted --

MR. DUFFY:

I'm sorry, I didn't hear you.

CHAIRMAN SCHNEIDERMAN:

But they have struck some kind of an arrangement with the ferry company that gives them a discounted 40 trip book.

MR. DUFFY:

Yes. Yes, they are entitled to 200 books --

CHAIRMAN SCHNEIDERMAN:

All right. Now, in the case of -- I'm not familiar with this ferry, though as a child I remember riding it. But I am familiar with the other one you referred to out on Shelter Island, and there we do have all different kinds of rates and one of those rates are specific discounts on bulk ticket books for residents of Shelter Island and the rationale is basically they live there, they depend -- to get off the Island they have to take the ferry, and so we understood the predicament that they're in and we sought to give them some relief.

Now, we have kind of a similar situation here in that you have residents, although they may be very seasonal residents, people who own properties up in Saltaire and I guess Ocean Beach who depend upon that ferry for access, and I could understand the rationale for some kind of a discount. But I also agree that it ought to appear the way it does with the north and south fork ferries in terms of a specific price on a rate schedule, a tariff for those individuals so that they would buy the books and then you could follow it and account for it. I know in that case they have to -- they have to establish

or prove that they are residents of Shelter Island. And here I don't know what criteria, as you mentioned, are being used to give this discount.

MR. DUFFY:

Well, that was our concern, that we see that a ferry company has a vested interest in ascertaining that I who come into the office and want to buy a resident ticket, which is a steeply discounted ticket, qualify for that, that's what our concern is.

CHAIRMAN SCHNEIDERMAN:

Can I ask -- the next question I want to ask is really a processing question. You've spent an enormous amount of time doing these recommendations and reviewing these rate schedules and I commend you, you do an extraordinary job, and then we're faced with the decision of saying yes or no. And it seems to me that there ought to be, and maybe there is, a really sitting down with the company long before it gets to a formal application for a rate increase so that we don't end up with what is essentially some minor adjustments that force us -- you know, we certainly don't want to insult or the work you've done. You've made -- in essence, I would agree, I think, with most of what you've said. But at the same time, I don't want to take this company and send them back to the drawing board recognizing they need a rate increase, it puts us in an awkward position, that it would be easier if these things were reconciled before they actually submitted their application.

MR. DUFFY:

Well, we really can't speak on behalf of the Legislature. What we do is that when a ferry company submits an application, we write our report based upon the application submitted. I can say from experience, having done this for a while, that all of the ferry companies we deal with recognize the reality of the situation and they realize that there are certain things that the Legislature may have a problem with and that's why we indicate in the letter that the three choices are accept, reject, and the third one, which we can't force them to do, is negotiate. And the Fire Island Ferry -- under Mr. Mooney since 1989, since I've been involved with them -- has always worked with the Budget Review Office and worked with the Legislature in attempting to reach an equitable fare for all the ridership. What our concern always has been is the casual one-way user, the person who goes out to the beach with a round-trip ticket and is spending the \$14, he's not here today. And he wouldn't be here because he may go the beach six times during the summer or whatever, but he doesn't have that same interest. What we look for is that there's an equitable distribution of the cost, that is the cost costs some \$5.35. Yes, somehow there should be discounted tickets for those who are required to use it more often, but there should be some -- still some relationship between what the cost to provide the service is and what the rider is paying.

CHAIRMAN SCHNEIDERMAN:

In that case, the casual user who goes five or six times would buy round-trip tickets which the ferry company is asking for \$1.50 increase; it's the first increase in quite a number of years and so if somebody went five times, \$7.50 more for the summer than they had paid before.

MR. DUFFY:

Well, the round-trip was also increased in 2004.

CHAIRMAN SCHNEIDERMAN:

Right. 2004, so three years ago, yeah.

MR. DUFFY,

Well, actually what happened, by the time the rate request came into play in 2004 the season was over. So really, this rate request only affected 2005 and 2006 because the Fire Island Ferries are more a seasonal business between Memorial Day and Labor Day, where Shelter Island is all year long.

CHAIRMAN SCHNEIDERMAN:

When you analyze these things, do you -- are you looking at CPI inflationary types of adjustments,

trying to keep them in pace and understanding that these rates may be in play for three or four years and so there might be a little bit more benefit to the ferry company in the first year but it starts to diminish?

MR. DUFFY:

Yes. I do an ad hoc that I look at each individual ferry company because they're all unique. If you look at South Ferry, there are no intercompany rents, if you look at North Ferry there are issues that have been written about over the years with each of the ferry companies. But basically, what has happened in the past is that we look at some type of rate that we feel will give them enough revenue to keep them out between three and five years before they're back.

As you said, the first year -- and this assumes certain things. What we do as far as the revenue is concerned, we take a three year average of the last three year's ridership and that becomes our ridership base. They could theoretically have a great year, which they did in 2005 where the weather was perfect, their revenues were way up. The problem is they could also, especially a Fire Island Ferry, could have a year where it rains every weekend, it's cold. And to me I think that would be worse to them than gasoline going way up, because you can always hope, if the weather is good your ridership will make up for the cost of gasoline, if the weather is garbage you don't have any revenue coming in and you have all your fixed expenses that have to be paid.

CHAIRMAN SCHNEIDERMAN:

So in determining what you believe the correct rates are, and here it appears that you've tried to -- you've taken the sum total of revenues that the company would take in and you've kind of rearranged them a little bit --

MR. DUFFY:

What I was doing was --

CHAIRMAN SCHNEIDERMAN:

Changing the burden slightly, taking it slightly off of the casual rider.

MR. DUFFY:

What I attempted to do was I first look at the expenses that the company tells me that they have, that's my starting point, that's the point you're most sure that --

CHAIRMAN SCHNEIDERMAN:

But I guess what I'm saying is it seems that you've accepted the --

MR. DUFFY:

I've gotten to a point that --

CHAIRMAN SCHNEIDERMAN:

An entitlement of a certain level of profit. Now, we are in a position where we regulate what the rates are and so when you determine what a private for-profit company is entitled to, it seems to me you've -- first of all, you've made the assumption that what they've asked for in terms of an overall increase is acceptable but then we're going to distribute it differently. And I guess my question is since there's so many factors like inflation, consolidation in the industry which might create some cost efficiencies, increased profits, the fluctuating costs of gasoline or ridership, industry trends, it's -- you have a very difficult job in trying to determine how much is a reasonable profit and what that reasonable profit is, not knowing what the next year holds or what some of these things are going to be.

MR. DUFFY:

Well, what I looked at was that when they originally came in and asked for somewhere in the area of 6% and that seemed to support the type of expenses that they had, what then happened is when they amended and sought 10% plus the COLA, I wanted to see how 2006 played out. So I wanted

information on the last two months because they have a September 30th fiscal year, so I wanted information on August and September. And when I got the draft financial statements, instead of showing a loss of 135, they were showing a profit of 117, which I said 27 of that was from the sale of a boat, but you're still showing a profit at that point.

Based upon what I thought how the expenses would increase, and on page -- in our report we -- page 19, we showed the 2005 actuals. What I did is I listed the 2006 draft income statement and then I showed requested rates is what the petitioner was asking for and what we were looking at as far as the rates were concerned.

In my notes I showed where I disagreed as far as I broke out certain items which I thought the Legislature should be aware of including the fuel, because you can see fuel and oil in 2005, it was 713,538 and the 2006 draft income statement, which was supplied to me by the company, they were showing 914,122. In their projection, they're asking for one million oh thirty-six {1,036,000} which I agreed with, I had no reason to disagree. I broke out certain of the other expenses which we have talked about for years.

One of the things that we have as far as the depreciation, depreciation is an expense but theoretically it's not a cash expense that comes out of your pocket, you're not paying depreciation to a third party, it's an expense you recognize, so there may be some cash benefit there. But the whole idea is that I was coming to an expected \$6.2 million -- \$2.8 million and they're thinking somewhere in the neighborhood of \$6.3 million as far as expenses.

If you accept and believe all the things that I talked about as far as intercompany rents, the other things that are embedded into the rate base, that number probably will be reasonable enough to get them for a three year period. If it's not, if something happens that fuel prices, they have the ability to come back and petition again for a rate increase.

CHAIRMAN SCHNEIDERMAN:

I'm seeing most of what you're saying. And on the expense side, I'm not -- you know, you're showing less under your scenario for expenses than they are, but in terms of the revenue side, you basically have increased projected revenues from --

MR. DUFFY:

Well, that was showing 6.6, I'm showing 6.5.

CHAIRMAN SCHNEIDERMAN:

You're basically taking 200,000 away from the casual user in terms of the revenues that come in and added 100,000 to the villages.

MR. DUFFY:

Correct. And if you use what I was guesstimating, recommending a \$200 per book for the village discounts for all three villages, that's how much you would pick up in revenue.

CHAIRMAN SCHNEIDERMAN:

Is your problem that the -- with this that the villages are getting by too cheaply, or is it how they account for that?

MR. DUFFY:

It's my opinion it would be a combination of both, that first we want to see the accounting. And basically, if you're looking at --

CHAIRMAN SCHNEIDERMAN:

Just for an example, in Shelter Island the resident discount is significant, I think it's --

MR. DUFFY:

Well, we complained about it. You don't remember, but what they did is that they raised the

passenger --

CHAIRMAN SCHNEIDERMAN:

Yes, but on a percentage basis, it's far more significant than this.

MR. DUFFY:

That is correct.

CHAIRMAN SCHNEIDERMAN:

Far more. So the resident discount isn't that large, comparatively, whereas with Shelter Island it's enormous.

MR. DUFFY:

Well, we've written -- we've objected to the Shelter Island discounts since I've been with the County as being too steeply discounted, but it is the Legislature's decision as to what level they want to set them at. We're giving you -- our report is merely advisory and we're saying in our view in looking at this, that we believe that the discount shouldn't be at the level it is and we also believe that there should be some sort of -- I'll use the word accounting for lack of a better term, but verification of who is receiving those discounted tickets.

CHAIRMAN SCHNEIDERMAN:

Maybe -- you know, I believe there may be representatives here from the villages, so maybe we'll be able to query them as to how they account for them, and maybe we'll get more infection. We might be able to approach that problem from the village side rather than from the ferry side; it's possible. Okay, any other questions for Mr. Duffy?

P.O. LINDSAY:

Yeah, just --

CHAIRMAN SCHNEIDERMAN:

Mr. Presiding Officer?

P.O. LINDSAY:

Kevin, this has been before us for quite a while, are we getting close to the time limits on this?

MR. DUFFY:

You're getting fairly close. What -- since our report is out now and it will be out 15 days prior to the meeting on Tuesday, if the Legislature wished it could close the public hearing.

There have been different procedures as to what the Legislature and what the committee did. When Legislator O'Leary was Chairman, he would then seek a discharge petition if he was satisfied with where they were, at other times it would come back because you can't vote the resolution out today because the public hearing is not closed. But prior times what they would do is once the public hearing is closed it would then be part of the next cycle.

CHAIRMAN SCHNEIDERMAN:

All right, one more question from Legislator Montano. Before you go, Rick.

LEG. MONTANO:

A quick question.

CHAIRMAN SCHNEIDERMAN:

Again, I want to say in the future, if there is a way, Kevin, so we can have a dialogue and we can establish a mechanism for a dialogue with these ferry companies before they actually submit so that any questions you might have they can begin to think about as they put together their application. I think it would put us in a better situation where we -- because you always make great

recommendations and we're backed up into a corner here this time to say yes or no and not wanting to send the company back to the beginning --

MR. DUFFY:

Well, just looking at the village discounts, this is -- I've been writing about it since 2001 and the ferry company will tell you, I think, that during the time I'm speaking with them, they realize what my concerns are and we talk about them. And what I always tell them is, "That's my concern but it's not my decision, it's the decision of" -- we're just supplying what we think the --

CHAIRMAN SCHNEIDERMAN:

The information, and I appreciate it. And again, you do a phenomenal job, it's very thorough, your review. Legislator Montano.

LEG. MONTANO:

Yeah, Kevin, I just have a letter in front of me that apparently was sent in by a resident of one of the villages. It talks about Fire Island Ferries, Inc., and Fire Island Terminals, Inc.; it says that they're separate companies but share a common ownership. Do we have anything to do with Fire Island Terminals, Inc.?

MR. DUFFY:

We do not regulate Fire Island Terminals. Fire Island Terminals, it is correct -- people from Fire Island are here, they can correct me if I'm not stating what the facts are -- but it is owned by a common owner. Under or Chapter 287, the Budget Review Office is able to inquire into the relationships between brother and sister corporations; that was what our concern was, was the intercompany rents of \$540,000 that the company has froze for the last 17 years, that money is being paid to Fire Island Terminal.

LEG. MONTANO:

Which company froze it, Fire Island Terminals or Fire Island Ferries?

MR. DUFFY:

Yes; well, both, Fire Island Terminals, it's not raised the --

LEG. CARACAPPA:

They're one in the same.

LEG. MONTANO:

Oh, one in the same, but they're separate corporations but they're the same owner.

MR. DUFFY:

The same owner, yes. What had happened in 1990, they came in with appraisals which they guesstimated the rental value of the land that Fire Island Terminal owned, and at that point Budget Review had concerns about it because it was not an arm's length transaction, and an appraisal is an opinion. And we've raised that since 1990 and the ferry company's response to it has been that they've kept the rent frozen at that level, the only thing that has changed is there's an add-on for the real estate taxes that is floated.

LEG. MONTANO:

They've kept the rent frozen but not the rates; am I accurate in that?

MR. DUFFY:

When you're referring to rates, you're referring to the ferry rates; yes.

LEG. MONTANO:

No, to the parking rates.

MR. DUFFY:

We do not -- we do not regulate the parking rates.

LEG. MONTANO:

Right, but -- just so I'm clear, and it's coming at me at the last minute, the agreement between the two corporations for the rent was back in you said 1990, and that's been frozen?

MR. DUFFY:

Yes.

LEG. MONTANO:

But not the rates to people that use the parking because that's been going up.

MR. DUFFY:

Fire Island Terminal was a separate corporation and it charges you or me or someone else who parks there a fee to park. That is not part of what the Legislature regulates, it is --

LEG. MONTANO:

Right, but I'm just responding -- I'm just asking questions with respect to this letter, I don't think you have it in front of you. But it says, "If you look at the increase in ferry parking costs over the last few years, parking season 1999, 470; 2006, 630 which represents a 34% increase in revenue. Have you seen this letter?"

MR. DUFFY:

I haven't seen that letter.

LEG. MONTANO:

All right.

MR. DUFFY:

Under the Charter, Chapter 287, we're only allowed to inquire into brother and sister corporations as to how they directly relate to the ferry company, which would be the inter companies. The rates that the ferry company charges to an individual to park are not regulated by the Legislature.

LEG. MONTANO:

Are not part of it, okay. But it's the same owner is what you're saying, essentially.

MR. DUFFY:

Well, legally it's a separate corporation. I do not know -- from what I understood in the past, it was all owned by the Mooney Family.

LEG. MONTANO:

Okay, thanks.

CHAIRMAN SCHNEIDERMAN:

Legislator Caracappa.

LEG. CARACAPPA:

Yeah, we -- we're like a mini PSC when it comes to ferry operators on our base. We review them as it relates to their docking space, their routes, their vessels and their rates, so that's pretty much what we're able to do.

I know we're not going to act on this today, Mr. Chairman, and you want to get moving along and we have the public hearing still open, but in years past I've seen some of my colleagues try and rush a public hearing through and have it closed very quickly and then vote on -- vote on that item that same night because the time was drawing close for renewal of a rate or coming around and advancing a certain rate; I would urge my colleagues not to do that in this instance at the next

meeting.

As Kevin was saying earlier, we're advocating on behalf of a rider and that certain rider certainly isn't in this room today. You know who else isn't in this room today, as I mentioned earlier and Cameron did as well, is any competition, real competition to Fire Island Ferries. Over the years many up-start companies, ferry companies have come before this body into these chambers, in Riverhead, gone through the process, has gone through Budget Review, we made them jump through hoops, and every single time Fire Island Ferries was there asking for us to deny that new ferry agency, whether it was an increase in rates, whether it was a new petition, whether it was the changing of a schedule, whether it was adding a landing right. And subsequently, those small companies who were trying to provide really competition on the bay eventually went under. And ironically enough, when those companies went under, guess who was there to buy up all the assets of those four companies? Whether it be their boats, their landing rights, where they dock, everybody; Fire Island Ferries.

And then we have Fire Island Ferries come before us, after using many political connections over the years, and it's true they do and it's their right to have them and they've used them -- all you have to do is look at campaign finance reports to see it -- and have these up-start companies that we should be promoting and having more of within our waters to foster this competition, they come before us now and they ask for a huge increase in my estimation, 6.5%, originally it was 10%. We should stop at this increase, to be quite honest with you. Number one, being no real competition on the bay by way of service, ferry service for our constituents and for our people of Suffolk County. And let's face it, Fire Island is a major drawing point for tourists, tourism and sales tax revenue. We need to continue to try and get competition on the bay in Suffolk County and Fire Island Ferry has done everything they can to make sure that has not happened. And to be quite honest with you, we work very hard around this horseshoe to keep taxes recently at a very, very low rate, what, 1% in a \$2 billion budget? And here we have a company that we don't even take into consideration how much money they're making on parking; as Legislator Montano has said, we're not supposed to look at that but let's use common sense. They're crying that they're going broke due to a whole host of other reasons; how can they? They have all the business, they have all the parking, they have all the rights and a 6.5 increase. At this point in time I think is absolutely crazy and I for certain will be voting no when it comes before us.

CHAIRMAN SCHNEIDERMAN:

Any other Legislators? Okay. At this point I'll go to the cards. Thank you, Mr. Duffy. Each speaker will have three minutes to address the Legislature, or the committee. George Hafele, H-A-F-E-L-E, from Fire Island Ferries is first.

MR. HAFELE:

Thank you, Mr. Chairman. I don't know where to start.

LEG. MONTANO:

How about the beginning?

MR. HAFELE:

Okay, in the beginning. Reduced rate books, the discounted books of tickets were started many, many years ago and were available to only homeowners in the two villages, the Village of Ocean Beach and the Village of Saltaire. They own their docks as part -- it's a function of real estate, it's the reason that they get the books of tickets. The books have expanded over the course of the years, but they have always been there. Years ago, when we tried to keep an accounting of where the books went, we used to make the homeowners come in to our office and purchase the books bringing their deed with them.

This predates my ascension into management of the company, but I can remember fist-fights in the office when people were bringing in falsified documents as to whether or not they actually still own the home that they claimed that they did. So we decided to sell the books in a bulk rate to the

village and allow them to disburse them to their constituents. If the books were disallowed, the company would have to make that up in the form of revenue. The only way we can make that up in the form of revenue is to take it out of the ratepayers, what the ratepayers give us and give it back to the villages. We used the books of tickets as -- the way we look at it, it's not -- even though there's a monetary value to them, it is more so the boat is going anyway, whether there are a hundred people on it or 110 people on it, it's still costing Fire Island Ferries the same amount of money. Where else did we go? Books, reduced rate books.

CHAIRMAN SCHNEIDERMAN:

Just to interrupt for a second. So in other words, you would then charge the residents of those villages full ticket prices and then give the village at the end a refund.

MR. HAFELE:

No, what we do is in March -- we require that they buy them in March, the time of year where Fire Island Ferries has no revenue.

CHAIRMAN SCHNEIDERMAN:

No, I understand what you do, it's in the alternative, though, that you mentioned.

MR. HAFELE:

In the alternative, people can come in and buy them all during the course of the year, they would be entitled to one book and they would have to bring their deeds with them.

CHAIRMAN SCHNEIDERMAN:

Okay.

MR. HAFELE:

And the altercation would take place in our office using up time and employee time.

I agree with Legislator Caracappa when he says that we're not looking to force this through, I'm not asking for a discharge petition to be signed on Tuesday. There are a lot of issues that we have here that affect not only Fire Island Ferries, but the other four companies that the Legislature oversees as well. I think that an airing out of these issues and the residents -- I mean, the Legislative -- I'm sorry, the village officials are sitting behind me, they will be coming up next to give their point of view about the books of tickets; that's only one aspect of what we're trying to do.

The reason that we're asking for such a high percentage is because of the price of fuel oil. And with the price of fuel oil being as volatile as it is, my feeling is that maybe we could -- in order to be fair, if we can drop the percentage of fare that we're asking for in return for the Legislature's allowing us to monitor the cost of fuel oil and be able to recoup some of that if there was a catastrophic increase in the price of fuel. What I'm talking about is a fuel strike price where we would agree somewhere along the line at what the price of fuel oil is now, what a catastrophic increase would entail, and then coming before perhaps the Budget Review Office or, as the Chairman was saying, maybe sitting down with a couple of Legislators and explaining what our problems are and possibly using that mechanism as a way to increase our fares, only to make up for the increase in the cost of fuel oil.

I have a chart in front of me which I can read from, it's really boring. What the cost of fuel oil was for every single delivery Fire Island Ferries got last year, it's all up and down the chart as you might well imagine, and right now, today it's pretty low. At a time when historically fuel oil prices went up because people are heating their homes with fuel oil, we were always the beneficiary during the summer when the cost was low and we were the only ones using fuel oil; that's no longer the case. It's not -- the price of fuel oil is no longer dictated by supply and demand, it's also political issues. If something happens in Iraq or Iran, it has an almost immediate affect on the cost of fuel.

The COLA. Now, the reason that the COLA is in there is because that's the only mechanism that we have given to us by the Legislature other than a full-blown fare increase which, as Mr. Duffy pointed

out, can be three months; in my experience it never has. It's always been four to six months, we started this in July and here we are -- we'll be in to March before we get a resolution to this. All we're looking to do is to streamline the process of getting a fare increase at the time when we need it the most and that is if there was a catastrophic increase in the price of fuel oil.

CHAIRMAN SCHNEIDERMAN:

That's your time, but there may be some questions for you. We'll start with Legislator Montano.

LEG. MONTANO:

George, are you done?

MR. HAFELE:

Yeah, I'm much better at taking questions than I am --

LEG. MONTANO:

All right. Just -- the letter that was sent out that the Presiding Officer referred to earlier, sent by the Village Administrator makes the argument that the discounted tickets were part of the negotiations; it may or may not -- you know, I'm sure it is.

MR. HAFELE:

Oh, it is, sure.

LEG. MONTANO:

Well, what is the reason for not simply having the village negotiate something directly with the ferry company on a cash basis and letting the residents pay a regular fare as other people and if they want to buy in bulk there's a mechanism for a discount. I mean, what's the argument against that? Because I guess the impression that it leaves is that somehow there's a sweat heart deal between the village, the residents and the ferry company at the exclusion of everybody else who wants to take a ferry ride.

MR. HAFELE:

As I stated before, the rates -- the people who own the docks are the ones with the keys to the kingdom. We are forced to negotiate agreements with the villages to get exclusive rights to use their docks, all right? And for that, obviously there's value.

One of first things that Legislator Caracappa asked was, you know, are our consents in order, all right, our consents to use other peoples docks. And yes indeed they are in order but they come at a price, and the price for the Village of Ocean Beach is somewhere around \$225,000 a year in rent along with 2,100 books of tickets. Our thinking is that if we wanted to turn that 2,100 books into cash, that all comes out of ridership that would all come out of our revenues.

LEG. MONTANO:

But it would have to --

MR. HAFELE:

The books of tickets, if we sell them the books of tickets at a reduced rate, we're still running the same number of boats, there are just more people on them who are traveling at a different rate, it doesn't -- the monetary value to the company -- we don't have to lay the money out. And in fact, when the villages purchased the books in the month of March, at a time when the ferry company has no revenue, we use that revenue to -- we use the money that we get from the villages when we sell them the books to continue to maintain the vessels and get them ready for the summer. So it's sort of a win-win for the village and its -- you know, for the villages and for the ferry company as well.

LEG. MONTANO:

Right, but it doesn't seem to be a win-win for the average rider because what you're doing is you're spreading out the difference in cost from the village residents to rest of the riders.

MR. HAFELE:

Right, or we could be paying it in cash. And somebody had brought that up, I think --

LEG. MONTANO:

Well, the letter, the letter refers to the fact that the village had the option of striking a cash deal or taking discounted tickets and they chose to take discounted tickets. The problem with that scenario is that the fare increase is regulated by the Legislature so the village isn't the -- they don't have exclusivity here in terms of striking their deal. And there's obviously a sense that somehow this needs to be looked at. And what I'm getting from Mr. Duffy is that there hasn't been, call it an audit or a review, but there's no accounting for how these discounted tickets are distributed.

MR. HAFELE:

Uh-huh.

LEG. MONTANO:

I mean, that's the issue, I don't know that you have the answer. Two quick things, I want to move this on. You talked about an escalator clause with respect to the price of fuel, so your increases don't have that at this point. Is that what you're looking for, some type of approval with a clause that if the price of fuel goes beyond a certain dollar point then you can come back to the Legislature or actually trigger in an increase based on the cost of fuel?

MR. HAFELE:

That's exactly what I have in mind, sir.

LEG. MONTANO:

Okay, interesting. Third question, what's the relationship between Fire Island Ferries and Fire Island Terminals; is it as the letter indicated, the same --

MR. HAFELE:

The same ownership.

LEG. MONTANO:

The same ownership? Okay, thanks.

MR. HAFELE:

Yes.

LEG. MONTANO:

Thanks.

MR. HAFELE:

Okay.

CHAIRMAN SCHNEIDERMAN:

Any other questions. All right, thank you. How do you pronounce your last name?

MR. HAFELE:

Hafele.

CHAIRMAN SCHNEIDERMAN:

Hafele. The next speaker is Joseph Loeffler from Incorporated Village of Ocean Beach. Did I get your last name right?

MR. LOEFFLER:

Loeffler, yes, sir.

CHAIRMAN SCHNEIDERMAN:

All right, good.

MR. LOEFFLER:

Thank you for taking this time to hear me. I am the Mayor of the Village of Ocean Beach, I am also a homeowner and a user of the ferry service. And I would like to clarify just some key points I think that may help you here in your decisions.

No one had asked the Village of Ocean Beach whether we had a written policy for disseminating the books and we do. I mean, if we would know that you needed that, we would have given it to you. We do have a policy, we allow for the purchase of homeowners who are actual owners of real property in the Village of Ocean Beach to receive five ticket books, five groups of -- five books of 40 tickets. And they come into the village office, sign an affidavit and the books are disbursed by the village. We have approximately 620 taxpaying, tax resident properties, which if we used the five book number we would be above the 2,100 books that we already get, so we have a shortage of the number of books that we give to our taxpayers.

But we already have a system in place to do that and if we have any books left over we retain the right to hold on to some of those books. Fifty of our books are given to our volunteer fire department as a disbursement to each one of the volunteer firemen as a token of appreciation with the Village of Ocean Beach for their good work in the village. We also hold on to 150 books to augment our seasonal employees, which during the summer time increase considerably from the 20 full-time employees we have to probably 40 or 50 employees counting lifeguards, street sweepers, seasonal police officers, maintenance people, we have a lot of other people which we have to pay ridership for. They don't ride for free because they're an employee of Ocean Beach, we pay for all of those rides, so they ride at a reduced rate as well.

Now, the other factor is that between the March and April period, the Village of Ocean Beach disburses 320 -- approximately \$336,000 in cash to the ferry company actually to pay for those books, so we guarantee them the 86,000 rides, whether anybody ever rides on that boat or not, we pay for those ahead of time; you lose your ticket book, you lose 40 trips, you lose your 160 -- there's no reimbursement, they're not done that way. If you lose your books you lose them, it's like losing cash. So not all of those books are utilized that way.

So it is -- it was a complicated -- I was not involved initially with the initial negotiations of the contract, but a lot of things went into negotiating this contract to get a fair and equitable contract that we all could live with, and I think that's what happened here. Now all of a sudden, the contract seems to be not as important as it was at one time because certain sections of the contract don't seem to hold any stature in the negotiation session and we feel that that is not the way it should be.

We also feel that the ferry company provides -- there's no doubt, no one has any question, the ferry company provides a good and adequate service to the people of Ocean Beach and the rest of Fire Island as far as I'm concerned, and I'm speaking also as a user of the ferry company. We do feel, though, that the Village of Ocean Beach is the tourist destination on Fire Island. Out of those 800,000 round-trips, a good -- a very high percentage of those trips come to Ocean Beach and they're people that come for the day and they come to enjoy the natural beauty of the seashore and the village as it is. But all of those costs for those people coming are borne by the Incorporated Village of Ocean Beach.

The ferry company doesn't provide bathroom facilities that we do, the ferry company doesn't pay for lifeguard services, police services, EMS, garage pick-up, all the other things that go along with servicing all the people, all the tourism. The ferry company also does not, neither does the Village of Ocean Beach, get any subsidies from any municipal or any government agency to keep this tourist attraction open, so the people of Ocean Beach pay for all of that. So that is offset by the books, by the ticket books, it's \$100,000 about, approximately, that's the offset. We spend much more than

that in servicing the amount of people. If you take -- if you took 200,000 people coming to Ocean Beach, it's probably more than that out of the 800,000, it's probably closer to 200,000 round-trips because it would be 400,000 people; that's a lot of people. And the ferry company, through their own numbers, has shown a steady and consistent increase in the ridership to Ocean Beach, much more than any of the other communities. So when you go ahead and take the discount book and treat it fairly for all three communities, you're really not -- you're doing a disservice to the people in Ocean Beach because we provide a whole different level service than any of the other communities do because we are a tourist destination and we think that consideration should be given at least to that fact.

And I would be more than happy to be part of any negotiation. We didn't know that the Budget Office needed those rules and regulations or we would have provided them. They could have -- I mean, they wouldn't have to FOIL them, we would provide them as a matter of policy. The same thing when I spoke before this organization or this Legislature before, I provided the contracts that we have with the ferry company and I provided the contracts we have with the Fire Island Terminal, which I believe we've spoken about, about the relationship of the Fire Island Terminal and how that is an unregulated monopoly that is utilized in conjunction with the ferry company that is regulated by you. Thank you very much, sir.

CHAIRMAN SCHNEIDERMAN:

Joe, that's your time but there may be some questions. Let me just ask you first if -- the question came up before whether you sell the tickets at the same price as you get the tickets.

MR. LOEFFLER:

I believe we pay \$158 a book, I think we sell it for 160. We used to mail them and charge a mailing charge, we had some books that got lost in the mail and had to reimburse them, so we do it now through the village office, it makes it easier for our clerks to actually check the tax rolls to make sure that that person is, in fact, a legitimate taxpayer in the Village of Ocean Beach.

CHAIRMAN SCHNEIDERMAN:

So it's all accounted for?

MR. LOEFFLER:

Yes, sir, it is. Every book is accounted for, the books are all numbered, the tickets are all numbered, every book is accounted for.

CHAIRMAN SCHNEIDERMAN:

And all these books you buy in advance, do you ever end up with some left over at the end or you would go through them all?

MR. LOEFFLER:

We go through them all.

CHAIRMAN SCHNEIDERMAN:

You go through them all.

MR. LOEFFLER:

Yes, we do. We'd buy more if we could.

CHAIRMAN SCHNEIDERMAN:

Okay. And you spoke of a contract you had with the ferry company and I'm just wondering, does that match the increase? Now, I know Ocean Beach has a very minor increase, from 153.70 to 158.45, a 3% increase.

MR. LOEFFLER:

No, the ticket books want to go from 158 to \$200; that's a 30% --

CHAIRMAN SCHNEIDERMAN:

Well, that's what BRO is recommending, 153 to --

MR. LOEFFLER:

Right. We have a cost -- a 3% cost escalator built into our contract, through 2010 which is the end of our contract which brings the cost of those books up by 3% every year.

CHAIRMAN SCHNEIDERMAN:

Okay. So it sounds like actually --

MR. LOEFFLER:

That's built into the contract.

CHAIRMAN SCHNEIDERMAN:

Okay. So it is according to the contract or below, either way.

MR. LOEFFLER:

Yes, sir.

CHAIRMAN SCHNEIDERMAN:

Okay. Now, there were some other questions; Legislature Stern?

LEG. STERN:

Yeah, thank you, Mr. Chair. Just very quickly, the tickets are then distributed to the homeowners. Many of the -- many of the homes during the course of the season are rented; is there any prohibition against the homeowner then passing on those ticket books to his or her renters?

MR. LOEFFLER:

No, the ticket books are like cash; they are good for one trip, there's no one's name on them or anything, you could disburse them that way. But again, being of a transient nature, more towards the day-trip people that come over and back, the books are utilized much more on a regular basis for people coming over on Fridays or Saturdays or give them out to their families to come over and things like that, so. And not everybody buys five books, some people buy three books, some -- we have a cap of five, so we kind of spread them over so that if everybody buys three books then we have enough tickets for more people to utilize, but we have a cap of five. And we have a form that you have to fill out and you have to certify that you're a resident, a taxpayer, and if we have any books left then we open it up to people that are year-round residents that rent property over there and they're the next category of people that get ticket books. And then past that would be people that have leases, that they can document that they are seasonal rentals in the Village of Ocean Beach, but usually we don't get down that far, the tickets usually go mostly to our homeowners and some to our year-round residents. And then the village, of course, utilizes the tickets for our employees and the firemen.

LEG. STERN:

That's in terms of the -- of those who are the purchasers, so it seems like that's relatively easy to track.

MR. LOEFFLER:

Absolutely.

LEG. STERN:

But the ultimate user of that ticket, that's not nearly as easy.

MR. LOEFFLER:

I don't even -- no, it wouldn't be because the ticket gets torn out of a book, it has a number on it. I

don't know what the accounting system for those tickets are in the ferry company, I don't know whether they actually account for each individual ticket or how they do it. I'm not privy to that mechanism, sir.

CHAIRMAN SCHNEIDERMAN:

Legislator Montano.

LEG. MONTANO:

Actually, that was the question I had. The point, just so I'm clear, is that once the homeowner buys the discounted tickets, they're transferrable to anybody, they could send them to a relative, a friend. There's no guarantee that the --

MR. LOEFFLER:

Similar to a Long Island Railroad ticket, I mean --

LEG. MONTANO:

Right, that's my point, there's no guarantee that the person that's using the ticket for the ride is a resident of the village or a volunteer fireman. So I think that's probably the problem or the issue that gnaws at a couple of people in that ultimately it may -- while it may be purchased by the homeowner, it may not ultimately be used by the homeowner. It may be used by someone outside who can pay the average or the regular fare.

MR. LOEFFLER:

Correct, but I think if you looked at a seasonal basis of 13 or 16 weeks, you looked at a family of four and the travel back and forth, I think we can kind of track that a little bit into who uses the tickets and who doesn't use the tickets, and I don't think you would -- people aren't out there wholesaling the tickets.

LEG. MONTANO:

Right. No, I understand that, they're probably more like giving them away. You know, I'm not looking for a debate, but your position that you contract this is just as easily put in to a cost relationship with the ferry company based on -- and then we don't have this big, you know, issue about who's getting discounted and who's not getting discounted.

MR. LOEFFLER:

Oh, absolutely. In 2010, when we renegotiate the contract with the ferry company, you can be assured that this problem will probably come to an end. Because if we eliminate the ticket and we just charge additional rents for the marina, in essence we'll be giving back to the ratepayers or the holders. I mean, that is something -- like I said, it was a ten year contract that was negotiated a long time ago; I don't know whether that's the right way or the wrong way. The ferry company enjoys the \$336,000 they get in March and April for a start-up cost that they wouldn't normally get either, so I don't know. It's a negotiation, sir.

LEG. MONTANO:

I hear you. I'm not going to belabor this. Thank you very much.

MR. LOEFFLER:

Thank you.

P.O. LINDSAY:

Before -- wait a second.

CHAIRMAN SCHNEIDERMAN:

Mr. Presiding Officer?

P.O. LINDSAY:

Mayor, how long has this relationship with the discounted tickets existed?

MR. LOEFFLER:

As long as I can remember.

P.O. LINDSAY:

As long as you can remember, okay.

MR. LOEFFLER:

I've lived over there for fifty some years.

P.O. LINDSAY:

Okay.

MR. LOEFFLER:

They've always had some sort of a discount ticket.

P.O. LINDSAY:

Kevin, why haven't we not objected to this in the past?

MR. DUFFY:

What brought it to my attention, I think, was when they increased the number of books by 700, they used to get 1,400 and then it was raised by 700 to 2,100. And at that point we raised the question, why are 700 -- this is I think in 2001 or four, I'm not sure of the date, but at that point it was -- those revenues, its not like you're going to have 700 books, 700 tickets -- it's not like those 700 books are going to people who never existed before, those 700 books were a redistribution of rides that were occurring, and that's what our concern was. And I started raising that when I came across what the issue was because Fire Island Ferry is a very complex company and as I went through in the beginning, there have been a number of issues where at times we agreed with what the ferry company did and at times we disagreed.

P.O. LINDSAY:

But going back to the discounted books, you said that one of your objections is you don't have an accounting of that. It sounds like the Mayor is willing to give you an accounting of how they're distributed by the village; is that what you're looking for?

MR. DUFFY:

Well, our concern was that the village doesn't have the same vested interest as the ferry company in controlling who is the ultimate user of the tickets. I don't think -- what I said in the report and what I thought what should be done is that the village should account to the ferry company, because the ferry company has the vested interest that if they need 2,100 books and the village is supplying the ferry company with information as to this is who they went to and if they meet their criteria that these are residents, then you would have the transparency. The issue that several of the Legislators raised as to where the tickets go afterwards, that continues to be a problem.

MR. LOEFFLER:

Could I make a comment?

P.O. LINDSAY:

Sure. What would you like to say?

MR. LOEFFLER:

I think you have to take a good, hard look at the change in the complexion of Fire Island and the people that are living there. We have sold -- we have had a tremendous -- in the last three years we've had maybe a 25% turnover in homes on Fire Island Ocean Beach alone. And most of the people that have turned over those homes now reside in Suffolk County and on Long Island who

make a seasonal home, it's no longer New York City people. People have found, from Long Island have found Fire Island and these people commute to work every day. It's no longer like you come out there and spend a week or a month, some people come back and forth every day so their utilization of the books is part of the complexion of the change of how our village and how everybody who owns homes there is taking place.

So, I mean, there is some justification for why we need more books. And as you can see, I mean, with six hundred and some homes, the largest community on Fire Island, and if each homeowner got their five books we would need 3,000 books, but we don't do that, we kind of do it on a first-come/first-serve basis and we try to disseminate the books in a manner in which we think is proper and the utilization. We do monitoring, it's not like it's a haphazard thing. I mean, we don't sell ten books to somebody that's going to go out on the street and scalp them, and the ferry company probably would be aware of that as it is. I don't know their mechanism for controlling the tracking of the tickets, if they want to produce a different color ticket, you know, there's a lot of things that could be done.

CHAIRMAN SCHNEIDERMAN:
Legislator Stern.

LEG. STERN:

Yeah, thank you, Mr. Chair, very briefly. I just want to make sure that we're not trying to hit a moving target here. Before I had asked the question what would rise to the level of satisfying the need for transparency and accountability and your answer was some type of criteria. The Mayor is saying that there is a criteria, one that has been followed for quite some time. So I don't even know if it needs to be as complex as -- and, of course, I appreciate your responses and your answer, but it seems like there's an objective criteria.

MR. LOEFFLER:

And we were never asked to disseminate that criteria. So, I mean, I will get it and get it to the Budget Review Committee tomorrow.

CHAIRMAN SCHNEIDERMAN:

All right, thank you. I'm going to bring up the next speaker.

MR. LOEFFLER:

Thank you, sir.

CHAIRMAN SCHNEIDERMAN:

Thank you, Mr. Mayor. Kenneth Gray, Village of Ocean Beach. Again, you have three minutes, if you're saying things that have already been stated, you can just concur, but you do have three minutes if you need it.

MR. GRAY:

Thank you very much. Kenneth Gray from the law firm of Bee, Ready, Fishbein, Hatter and Donovan, Village Attorney to the Village of Ocean Beach.

As to the issue of accountability on the tickets, I would concur with everything that Mayor Loeffler had said concerning the strict guidelines that the village holds. As an aside, I also am a homeowner in Ocean Beach, have been the Village Attorney for the past eight years. One day I asked my sister to stop by Village Hall to pick up my bulk tickets that I had previously paid for, their village staff is very familiar with my family and my sister and they would not release it to her because I paid for the tickets. They had to call my law office, have me fax over an affidavit authorizing my sister to pick up the tickets in order for them to release it to her. Now, I do appreciate the village office staff, that might be a bit over the top, but if you worry about documentation, this office has documentation.

One other issue that has not been addressed that the Office of Budget Review had requested concerned the 21 passes that are provided to the village. It's built right into the contract that the 21 passes are for non-resident village employees and others who are deemed appropriate by the Village Board. And it's stipulated into the contract between Ocean Beach and Fire Island Ferries that the purpose of the use of those 21 passes is to go to and from Ocean Beach in the performance of Ocean Beach business and also requires photo ID's for the 21 users of those passes, and this contract also requires the village to give a list to Fire Island Ferries of those people who have been granted use of those 21 passes. So if you're looking for accountability, I believe that's already provided for in the agreement between the ferries and the village.

Fire Island Ferries is in the business to make a profit. They would be in the best position to make a business decision to determine how to do that. They have determined that entering into a contract which includes discount ferry tickets is in the best interest of the company; this Legislature should not disrupt it.

As for discount bulk tickets, we believe it's a two-step process that's built into the contract between the Ocean Beach and the Fire Island Ferries. One is to approve the books, which I believe has already been done by prior acts of the Legislature. The second act would be to improve the 3% increases that are provided for in the contracts, that's before you -- I believe that's before you now; the village is not objecting to that 3% increase at this time which is provided for in the contract between Ocean Beach and the ferries.

I must state, and I believe the Mayor has said this, the village has a good working relationship with Fire Island Ferries. We would not want to be put into a position, should this Legislature deem the discount ferry tickets to be invalid or not to be appropriate, we the village would not want to be in a position to make a legal decision as to how to move forward next, such as possibly voiding the contract or looking to renegotiate.

CHAIRMAN SCHNEIDERMAN:

Mr. Gray, that's your time, sir.

MR. GRAY:

Okay.

CHAIRMAN SCHNEIDERMAN:

Thank you. Okay, any questions.

P.O. LINDSAY:

Yeah, I have a question; are you done, sir? Do you have anything else you wanted to add?

MR. GRAY:

I appreciate that, thank you. I was Counsel during 2001 when the contract with Fire Island Ferries and Ocean Beach was negotiated, Mayor Rogers was the then Mayor at the time. I must state -- I can't speak for Saltaire, but for Ocean Beach, the value of the discounted tickets was an integral part of the negotiations when Ocean Beach determined what we believe the value to be the least for our terminal contract was. We were significantly increasing the rents to Fire Island Ferries, off the top of my head, I would say somewhere in the realm of a 20% increase right off the bat. We believed it was in the best interest, both parties, that a ferry discount -- to continue the discounted tickets was the most palpable way to do it. One, Fire Island Ferries gets a check in March of a substantial nature when they have very low ridership; two, it gave an immediate recognition for benefits to the residents, and for public relation purposes that's very important for a municipality.

So we believe, and I just wanted to state on the record, that the value of those discounted tickets was absolutely considered and added in to the overall value of the contract. Thank you, sir.

CHAIRMAN SCHNEIDERMAN:

All right, thank you. Any other questions? Okay, thank you, sir. Our last speaker, and then we'll get to the agenda, is Mario Posillico from the Village of Saltaire.

MR. POSILICO:

Yes, Mario Posillico, Village Administrator for the Village of Saltaire, the writer of the letter that a number of you referred to earlier. And rather than just rehash what was in that letter, I would like to just answer a couple of questions that were raised during this discussion.

First of all, just as a correction, the number of discount books that the Village of Saltaire gets is 900, not 1,200, that was the previous contract. Our termination date with Fire Island Ferries is December of 2007, that's when the contract ends. We're actually now undergoing a process to do a Request For Proposal for ferry service for 2008, and of course Fire Island Ferries I assume will be in that process. But the Village of Saltaire, since it owns both ends of the ferry fun, I believe we're the only one that has this -- we own the terminal in Bay Shore as well as the terminal in Saltaire -- we have the ability to seek other operators for that service. Although, needless to say, we've been with Fire Island Ferries for 50 years.

It was asked why does the village do this? It's really quite simple; the board wishes to give its residents a tangible benefit for negotiation of the contract, rather than tell them on a line item in the budget, "Your taxes are one-quarter of one-half of 1% based on the contract," they come into the village office and they get that benefit in their hand. It's been that way for, you know, as long as, you know, we can remember and the residents of the village have come to expect that.

And I think unlike Ocean Beach's contract, if the Legislature was to invalidate these tickets, Fire Island Ferries would have to pay us the equivalent amount in a cash payment. This is strictly a negotiated part of the contract. There was a value that the village put on in conjunction with the cash payment for us giving them the exclusive right for ferry service. We wish to do it in two parts; part cash, part tickets so the board can then turn around and give that tangible benefit to its residents.

Our process. We have a process similar to Ocean Beach, we send out an application to those residents via the tax roll and they have to submit that application back to the village office with a payment and they come in to the village office to pick up those tickets. We limit three books per resident, the village holds about 50 books for its own employees, and we always sell out every year, there's no books left over. We can guarantee -- we have a system where those -- each resident has his book number in the computer, so we can go by resident and look up instantaneously what book number they got or one or two or three, up to three maximum, and every year our auditors come and audit our ferry ticket books, who they went to and the process that went into that; so it's not only audited by our village office, our auditors audit that process every year.

CHAIRMAN SCHNEIDERMAN:

Mr. Posillico, again, your three minutes -- just sum up.

MR. POSILICO:

And one more thing I don't think that was really considered in the report or by the Legislature, you know, is this issue as to why should the residents of the village -- and I'll just speak for myself -- the Village of Saltaire get some sort of a benefit through discount books as opposed to a regular rider? All those other riders, they leave from and arrive at terminals that are maintained by the Fire Island Ferries; there's a cost involved in that and that cost should be passed on to those riders. The Village of Saltaire owns and maintains both sides of the ferry run, that cost is our cost, that's not a cost that Fire Island Ferries has to bear in their operation. And as I wrote in my letter, we just -- we're in the process of reconstructing our ferry terminal for \$3.2 million borne entirely by the taxpayers of the Village of Saltaire. We just reconstructed our Bay Shore terminal last year for \$500,000, so almost \$4 million of reconstruction for the ferry run, that's our -- the village -- that's the taxpayer's cost, not the Fire Island Ferries cost. So there's -- that was never considered in the Budget Review Report, never considered. What are the ferry company's maintenance costs for their infrastructure

versus what the village's maintenance costs are for our infrastructure, and that's why we, through our negotiation, gain economic benefit from that and we choose to get that part in cash and part in discount tickets.

CHAIRMAN SCHNEIDERMAN:

Any other questions? Okay, thank you.

[RETURN OF STENOGRAPHER - DONNA CATALANO]

All right, we're going to move to the agenda. I'm going to ask our Commissioner of Public Works to step forward; Mr. Anderson? There may be questions as we go.

P.O. LINDSAY:

Mr. Chairman, before we start on the agenda, I have some questions for our Commissioner. If everybody recalls, and I passed out the Commissioner's response to a resolution that we passed in this Legislature in November, you know, directing the department to go forward with a program that we funded more than three years ago, and that's the inserts in the storm drain. If not, the resolution stated that we needed an explanation why. And what I gave you was a communication from Mr. Anderson of December 29th explaining why the program was not implemented.

And I have a whole bunch of questions, because, you know, truthfully, you know, I found you to be very straight forward, Commissioner Anderson, in your dealing with us, but --

CHAIRMAN SCHNEIDERMAN:

Mr. Presiding Officer, if I can interrupt. I know some Legislators have to go very quickly. And maybe I can find out when, but -- and probably would like to participate in some of the votes. If you wouldn't mind -- let me just see. Legislator Eddington, what time do you have to leave?

LEG. EDDINGTON:

About 20 to 5:00, the latest.

CHAIRMAN SCHNEIDERMAN:

Twenty to five.

P.O. LINDSAY:

Well, this is going to take awhile. And it's a shame that they have to leave, because this is a very important program that this Legislature, you know, saw fit to allocate three million dollars to, and it's never been done.

CHAIRMAN SCHNEIDERMAN:

No. I want to allow absolutely all the time you need for this line of questions. But I also am trying to avoid the situation where some Legislators don't get to vote on some of the things that are on the agenda. So do you object to taking the agenda first and then coming back to this subject?

P.O. LINDSAY:

Well, the only thing in question is, you know, the last resolution is to appoint Mr. Anderson as our permanent Commissioner. And I would like some of these explanation on the record before we take that vote.

CHAIRMAN SCHNEIDERMAN:

Okay. Let's continue with the answer to the questions.

P.O. LINDSAY:

Mr. Anderson, just -- you know, there's like three -- there's like five different points here that are troubling to me. In one part of the report you say that the pilot scale study subjected the inserts to a very reasonable approximation of actual field conditions that our storm drain systems are exposed

to. But yet in talking to one of the contractors that -- or one of the manufacturers, they're telling me that the conditions, 225 GPM is approximately three times the expected field conditions measuring rainfall over the 50 years.

MR. ANDERSON:

I'm going to defer this one to Bill, because I wasn't familiar with the testing.

MR. HILLMAN:

Just for point of note, these testings occurred January of '05 -- January/February of '05. Commissioner Anderson was not here at that time.

P.O. LINDSAY:

I realize that. I realize that.

MR. HILLMAN:

Commissioner Bartha was. Okay.

P.O. LINDSAY:

But the letter came to me with Mr. Anderson's signature on it, and I would like to get to the bottom of it.

MR. HILLMAN:

Certainly. We have had numerous discussion with that manufacturer, and he contends that his flow rate calculations are correct, and we disagree. We strongly disagree.

P.O. LINDSAY:

Well, do you think that flow rate is the normal rainfall that we would get here?

MR. HILLMAN:

The flow rate that he refers to?

P.O. LINDSAY:

No.

MR. HILLMAN:

I do not. The flow rate that we specified in our specification is completely acceptable and is right on target.

P.O. LINDSAY:

Was it 225 GPM?

MR. HILLMAN:

I don't have the specification in front of me. I would not want to speak off the top of my head, but the calculated flow rate, we went through numerous discussion with the manufacturer on how we obtained our flow rate and how he obtained his flow rate, and he is incorrect.

P.O. LINDSAY:

Okay. Let's go on. These trials demonstrated extremely rapid deterioration in units functioning that would render them useless and potentially hazardous after a mere five rainstorms, but then you said that it would be six months, which I think is -- we have always estimated that had the filtration systems had to be changed somewhere between six months and a year.

Again, going back to the manufacturer, it says he has three hundred units installed in Long Island, New Jersey, Connecticut alone, and there's absolutely been no report of product deterioration or a hazardous condition stemming from these units.

MR. HILLMAN:

Well, that's a subjective opinion. The majority of the agencies that install these products perform no testing. The previous Commissioner, upon passing of this resolution, gave me a directive, and if I can use his words, make sure the manufacturers are not going to by giving us a bag of golf balls, putting them in our catch basins and claiming that they remove pollutants. And to be quite honest, that is exactly what many of the manufacturers do. They have no -- they claim certain removal rates, and upon our testing and upon EPA's testing, they do not achieve them.

P.O. LINDSAY:

I had the liberty today of talking to someone from the Village of Freeport that has them throughout their village. They claim they're very pleased with them. And they have been testing the results of the filtration systems. And see the other thing, Mr. Hillman, is that in the report, you guys say that these might be adequate for certain situations, like, you know, yards where there's oil and gas spillage or golf places. So if they're effective there, why wouldn't they be effective out on our roads?

MR. HILLMAN:

Again, it gets to flow rate.

P.O. LINDSAY:

Okay. But you are saying that it's a bunch of golf balls. I mean, a bunch of golf balls wouldn't work in a vehicle storage yard or golf course.

MR. ANDERSON:

I think what we're saying is that this is one of the many tools that, you know, are available to us. The idea that -- and even the DEC says it is effective in certain conditions. For every condition as a stand alone, no.

P.O. LINDSAY:

But I don't think anybody has ever maintained that this was a stand alone remediation for -- to clean-up some of the stormwater runoff into our bays. It would be part of an overall program that, you know, that originally goes back to us shipping some of the people from the Labor Department to Public Works for environmental remediation along our shores, street sweeping, filtration systems. I mean, all of these are part of components to clean up the pollutants running into our bays.

MR. ANDERSON:

Again, from our -- there were two factors here in our decision and not proceeding. One was the result from the testing, which came back -- I don't want to say negative -- but didn't reinforce what our specifications called for. Again, it's one thing to install these at key locations; near outfalls to the harbor, things like that. But to use them as a stand-alone throughout the County --

P.O. LINDSAY:

Nobody has ever said they were stand alones. Nobody ever said they were stand alones by themselves.

MR. ANDERSON:

Well, then that might very well be my misunderstanding.

P.O. LINDSAY:

It was part of all over remediation. And the point of the matter is if you cut down the amount of pollutants into our bay by 50%, by 30%, by 70%, it would certainly clean up our waterways tremendously, tremendously.

You know, you mentioned DEC, I was able to track down -- DEC put out a booklet, "Municipal Pollution Prevention and Good Housekeeping Program Assistance," and specifically refers to basin inserts. And they say controlling pollutants at their source and preventing their wider release is more efficient and cost effective than removing them from stormwater runoff or other water

treatment.

MR. HILLMAN:

And what they're referring to is removing them at their source, at their hot spot. So if you had a --

P.O. LINDSAY:

But isn't that what these inserts do?

MR. HILLMAN:

At a hot spot, yes, they do. You are absolutely right. And I think there's a misunderstanding -- first of all, there's a misunderstanding with the original legislation. The original legislation directed DPW to -- not to install inserts, it directed us to research technology for Best Management Practice, a BMP. New York State DEC specifically says that an insert is not a BMP. And the EPA reinforces that fact.

P.O. LINDSAY:

But that isn't what -- my research says DEC says that this could be part, part.

MR. HILLMAN:

You are correct.

P.O. LINDSAY:

Nobody ever said it was a stand-alone. Nobody ever said it. And I have the resolution right here. It doesn't require a stand-alone treatment either.

MR. HILLMAN:

But installing 2000 inserts is a major, major undertaking. And it could be conceived as part, but it's much more than just part. And in addition, I think our memo outlines the recurring costs that would occur.

P.O. LINDSAY:

Well, let's get to that, okay?

MR. HILLMAN:

Okay.

P.O. LINDSAY:

Because this -- you know, there was at one point, I believe, the department put out a bid for 670 of these units.

MR. HILLMAN:

Correct.

P.O. LINDSAY:

And the cost came in at \$1744 each. And that included, you know, a year's worth of the filters.

MR. HILLMAN:

No. That's not correct. That was the original purchase price, and the replacement was an additional \$1700.

P.O. LINDSAY:

How could just the filter material cost the same as the whole insert?

MR. HILLMAN:

It depends which manufacturer you take a look at.

P.O. LINDSAY:

Okay. I'm just talking to the local manufacturer. The local manufacturer just replaces the insert, those are -- the filtration material, not the whole insert.

MR. HILLMAN:

Correct. But the local manufacturer does not come anywhere close to meeting the specification occasion that the department has developed. The other manufacturer was much closer.

P.O. LINDSAY:

Well, the point goes back to if we allocated three million dollars, why didn't we buy three million dollars worth of filtration inserts, and install them in as many places as we could? I mean, nobody suggested that we -- you know, if the three million dollars didn't provide enough money to replace every -- or to put them in every stormwater drain that runs into the bay, then why didn't we do them in places that where our greatest amount of pollutants are running our bays?

MR. ANDERSON:

Again, I would say that we -- where we ran into a problem is we developed a specification based on Best Management Practices. Those specifications couldn't be met by the manufacturers or the contractors who bid on the contract. So we had to reject that bid. We can't put in something that doesn't meet the specifications.

When we went into the second time after some changes, we found that, again, the literature that was provided by the manufacturer did not meet our requirements, which basically go along with Best Management Practices. I mean, I understand -- and again, in the back of the memo, we are proceeding with installation -- or a contract to do installation at the hot spots, at locations where these are most appropriate.

P.O. LINDSAY:

And we're almost three years later.

MR. ANDERSON:

I understand that.

P.O. LINDSAY:

Almost three years later.

MR. ANDERSON:

Understood.

P.O. LINDSAY:

The fish are disappearing from our bays, we're spending a huge amount of money to reseed the Great South Bay, to reseed the Peconic, and we're still pouring pollutants into our waterways, when the technology is available, when it's been installed all over the United States where different municipalities are using it on Long Island, where we have used the same technology -- what is it Champlians Creek or what's the one there where we had an oil spill?

MR. ANDERSON:

That's correct.

P.O. LINDSAY:

It seems to be working very well there, when last year we transferred people from the Department of Labor to Public Works specifically to maintain this system. And it's being paid for out of 477 money, and we still don't have the system.

MR. ANDERSON:

I would argue on that statement regarding the personnel who were transferred. They are used on a daily basis for stormwater -- you know, they're out there cleaning catch basins, doing things that could be -- are attributed towards pollution clean up.

P.O. LINDSAY:

I remember at that debate very clearly, because I was the sponsor of that bill.

MR. ANDERSON:

I understand.

P.O. LINDSAY:

And the understanding was they would be used for this program. And it just baffles me why we're not going forward with this program. And I will be truthful with us guys, I don't buy this report that you sent to me it. I just don't buy it. It doesn't add up. Your cost factors are off. If the local manufacturer is in the product, there's other manufacturers out there.

Three years later, we still can't find a supplier for this. I think vital program, vital program if we're going to maintain our economy here on Long Island, because our waterways are an integral part of our tourist attraction, our fishing industry, our marine life.

MR. HILLMAN:

Legislator Foley (sic) can I just add --

P.O. LINDSAY:

I'm not Foley.

MR. HILLMAN:

I'm sorry.

P.O. LINDSAY:

Foley left.

MR. HILLMAN:

Yes, he did. I apologize for that huge mistake. First of all, I'm a boater, I grew up on the Great South Bay, I've been boating since -- I was almost born on a boat when my mother was pregnant. I have a tremendous respect for the waters, the estuaries, I can truthfully tell you that after he -- and I've been the lead -- one of the lead people on all this research. I can truthfully tell you these numbers are not manufactured. They are the result of an intensive study. And the cost provided in this documentation is the actual result of bids that we've received. This is the actual information that we have put together, and it's in no way slanted. And I wish that these products could function properly, would function the way they were intended.

P.O. LINDSAY:

Where did you pull the million from. That doesn't resemble reality. It doesn't resemble reality.

MR. HILLMAN:

I'd love to be able to go over the numbers with you if you have an opportunity.

CHAIRMAN SCHNEIDERMAN:

Bill, can I ask you, because we all want to protect the harbors. There's no question about that. You've gone through this, you've studied this. You know, I had looked when I was Supervisor at these types of inserts. And they were pretty labor intensive, they weren't -- they weren't the only approach to deal with it. What do you think? What is the best approach here? Because we ought to be doing something here. And when we have some money that we've set aside from the 477 Fund that ought to get spent. How would you maximize it if it isn't through this approach? What would you do to clean up the harbors and control some of this road runoff?

MR. ANDERSON:

Well, this -- again, this is one of many tools. And we have a number of projects ongoing right now, you know, for stormwater remediation projects where we use various tools; leaching pools, swirl separators, you know, there's a number of different approaches that we're taking. And where appropriate we are implementing these under, you know, DPW projects. So it's not one tool. I mean, there are various tools out there. There are sedimentation basins. You know, what they call swirl separators, which are another mechanical device. They have these filters out there now, I don't know the exact name, where they insert like a pretreatment to removal oils and things like that.

In fact, we just received word today of another local manufacturer who has a stormwater device that we're going to look at next month and -- you know, as another tool. It's not just -- there's not just like one-approach or one-item fix, there's number of ways to do it at appropriate different location. You know, I'm not going to argue that there was three million dollars set aside and we have not moved as we should have, you know, but we have -- we have incurred difficulties, you know, in trying to -- in trying to resolve issues between what's specified and what's -- by the Department of Environment Control -- I'm sorry -- Environmental Conservation and the EPA, both of them have, you know, certain recommendations. And these filters as a stand-alone are not --

P.O. LINDSAY:

Never intended them to be a stand-alone. I have the resolution right in front of me. Never said anything about a stand-alone. Commissioner Anderson, if we have toxicity going into our bay, and if we can cut it down by 30%, is that worth while doing?

MR. HILLMAN:

If I may.

P.O. LINDSAY:

And that's just a hypothetical number. I think probably the inserts do a better job than that.

MR. HILLMAN:

Well -- and the Health Department concurs with DPW on this. The majority of pollutants adhere themselves to solids in the stormwater stream. So by removing the solids, you do the most for removing the pollutant, because they adhere themselves to that. The fine -- and that's essentially how these products come to --

P.O. LINDSAY:

So are our people that we have assigned the Public Works for environmental remediation, are they cleaning out the storm drains more often to remove some of the solids you refer to?

MR. HILLMAN:

Yes. Now that we have -- last year, resolutions were passed by this Legislature to provide three stormwater vacs, and the Labor people will be utilized for that equipment. So, yes, they will be doing a conjunction of that work and the present work that they're doing.

P.O. LINDSAY:

And if that was done in coordination with the inserts, wouldn't that do a pretty good job?

MR. HILLMAN:

Well, again, when you --

P.O. LINDSAY:

Not almost stand-alones. They're all part of an overall remediation plan.

MR. HILLMAN:

My point is that when you have -- there's much more effective ways to remove solids from the stormwater stream. And we propose to utilize those methods and then treat specific locations for phosphorus and for other things. These stormwater inserts, they claim to remove all sorts of different contaminants, but they don't -- you can't have one product that does it all, and they claim to do it all.

P.O. LINDSAY:

Yeah, but doesn't the inserts -- I mean, you can change the filters for different purposes.

MR. HILLMAN:

Correct. But what we're saying is by doing the -- by removing the solids, there will be many locations that don't need any inserts --

P.O. LINDSAY:

Okay.

MR. HILLMAN:

-- if you remove the solids another method.

P.O. LINDSAY:

Okay. Okay.

MR. HILLMAN:

So what we're proposing is --

P.O. LINDSAY:

This resolution passed 5/11/04, it will be three years this May. You have three million dollars, and we haven't installed one of these yet.

CHAIRMAN SCHNEIDERMAN:

Mr. Hillman you were about to say you had a proposal, can I hear what, how you propose to handle the situation? Is it a combination of inserts and other mechanisms, does it involve inserts at all?

MR. HILLMAN:

Exactly. We believe that the most effective way to handle this is utilizing other techniques to remove the solids in the stormwater flow. That will remove the pollutants. At that point -- and this is a monumental task, and that's why a broad-brush solution I'm installing the inserts, we don't feel is appropriate, because once you removal the solids and all the -- 80% of the pollutants adhere themselves to the solids. You remove most of the pollutants. At that point you need specific testing at almost every location to determine what's the problem. And now if you determine phosphorus is a problem over here, you treat the phosphorus. You if you determine hydrocarbons are a problem over here, you know treat for hydrocarbons. But the one insert is not going to really be effective for both phosphorus and hydrocarbons.

CHAIRMAN SCHNEIDERMAN:

Right. So part of the plan -- it hasn't been developed, but part of an overall strategy for cleaning up the bay would be employing some of these inserts in certain location where -- and these are particularly good hydrocarbons, I understand right, is that how they're --

P.O. LINDSAY:

It could be good for anything depending on the filtration material.

MR. HILLMAN:

That's correct, yes.

CHAIRMAN SCHNEIDERMAN:

But then you'd have to keep track of where had no inserts, where you had inserts, and what you had in the inserts and set up some kind of maintenance schedule so that -- with your resources you could kind of develop those -- do the testing and develop a plan where these type of inserts that the Presiding Officer is advocating for would make the most sense, and then maybe we can move forward in getting those inserts in place?

MR. ANDERSON:

That's what we're doing currently. Right now, we are meeting with the Health Department to locate what I would call the hot spots. We hope to have a contract out shortly, what, the next month, out to bid and take bids in probably a month after that.

CHAIRMAN SCHNEIDERMAN:

Now, we have three million dollars allocated for the inserts, and I guess the filter medium for a year, if that's right, then obviously, we're going to need -- you're going to need the staffing and the resources and the additional filter medium next year, so we're going to have to create -- put that into the budget --

P.O. LINDSAY:

No. They have the staffing already. We've already transferred the people.

CHAIRMAN SCHNEIDERMAN:

Okay. Then they still will need the filter medium, so we'll have to make sure they have adequate budgeting for the filter medium into the future. But do we have the money for those other technologies that you said were necessary as part of the overall plan?

MR. ANDERSON:

In most cases, those are being included in Capital Projects as we go through different areas, you know, adjacent to outfalls and locations where they would be appropriate. So there's not a specific fund set aside to my knowledge, but, again, you know, there are many projects that -- at parks adjacent to where we road projects where we are installing them, you know --

CHAIRMAN SCHNEIDERMAN:

Is there a comprehensive stormwater management plan that would show where these filters should go and where these other technologies should go with a budget attached to it so we can make sure that we are plugging in the money through the years to make sure we're not just handling one component of the road runoff and not another?

MR. HILLMAN:

At the moment, we do not have that. What you just mentioned in a very eloquent and brief sentence is a tremendous amount of work. And that's why we advocate not just installing mass inserts, because you need the research behind it to prove -- to identify where they're necessary and how to hand other -- other issues.

CHAIRMAN SCHNEIDERMAN:

But you do have a sense internally within the department as to where the highest priority inserts would go already? You have the data, the testing that would direct you as to where they should go.

MR. ANDERSON:

In the documentation provided by the DEC and the EPA, they give you essentially locations, recommended locations like --

CHAIRMAN SCHNEIDERMAN:

Have we priced it out in terms of our three million dollar budget?

MR. ANDERSON:

Well, what we're doing now is we're putting a spec together to go out to bid to do those installations based on that. We don't have a cost. I mean, once we have the physical number located, you know, we'll be able to provide that.

P.O. LINDSAY:

Why wouldn't we work backwards. I mean, we know that we have to close Lake Ronkonkoma every summer for probably most of the summer because the water is not suitable to swim in. We know that certain parts of our bays on both the North Shore and the South Shore are polluted. Why not start with most polluted waterways and start doing some remediation in the storm drains that enter into those waterways?

MR. HILLMAN:

I don't know want to call it a knee-jerk reaction, but you first need to understand what the pollutants are before you can address them. By throwing and insert at the problem doesn't necessarily mean it's going to solve it. For example, you brought Lake Ronkonkoma. My understanding of that issue is that the geese and the duck runoff is the cause of the closure, not the stormwater runoff. In fact, Lake Ronkonkoma, we have eliminated all our discharges into the lake, the County has.

I believe the state -- I don't know about the state, but the town probably still has some discharges. But again, that's what DPW is trying to avoid is saying well, we have a pollutant problem there, let's throw inserts at it and it's going to solve it, when, in fact, it's the duck waste that's causing the problem.

So we believe firmly that you need to identify what the problem is first at a golf course, you know, Indian Head, down by Bergen Point. You can be for sure that there's going to be phosphorus runoff. Those are the hot spots that we're identifying that we believe that these products are useful for.

P.O. LINDSAY:

How many more years before we identify and how many more years before we install some remediation systems?

MR. ANDERSON:

Again, we are in the process of installing remediation systems. Specific to the filters, we intend in proceeding with this contract and getting -- you know, providing everything goes as it should, we should be in construction within four months, six months on the outside.

P.O. LINDSAY:

To do what?

MR. ANDERSON:

To install filters at the hot spots, you know, these catch basin filters.

P.O. LINDSAY:

How many?

MR. ANDERSON:

At that point, I don't know, but I will as soon as we sit down with the Health Department and verify and confirm the locations, we can then identify how many.

P.O. LINDSAY:

I would just -- I would like to be updated on this, because, you know, if we find out that those people that we're paying for out of 477 money are not doing environmental remediation, we are going to rethink that, because we've all been made to look like a fool.

MR. HILLMAN:

I can assure you that they are working on projects for 477 and water remediation -- stormwater remediation. When that resolution was passed, previous Commissioner Bartha made it very, very clear to me that that is the only thing that they work on. And I've made that very clear to my Director of Highways who oversees that program, the Water Quality Program. They only work on that, those 477 projects and stormwater related projects for environmental purposes.

CHAIRMAN SCHNEIDERMAN:

Any other questions before we start the agenda?

P.O. LINDSAY:

No. I don't know what else to ask.

CHAIRMAN SCHNEIDERMAN:

Okay. Beginning with Tabled Resolutions.

1973, Authorization of alteration of rates for Fire Island Ferries, Incorporated. (Pres. Off.)

We have to table this. There's motion by Legislator Montano to table, seconded by Legislator Stern. All in favor? Opposed? Abstentions? 1973 is **TABLED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

1977, To conduct pilot program for S92 Bus Route. (Romaine)

Commissioner, and I suspect we're going to table this today, again, the South Fork, I don't think we need -- though it wouldn't be bad to have a Sunday bus program all year, we certainly need it in the summertime, North Fork probably needs it as well. The ridership is absolutely there. There's no question in my mind about it. And I just urge you to try to develop with Mr. Shinnick a plan, see if the funding is available to get at least some limited runs in the morning to get people to work and in the afternoon to get people home from work, maybe something during the day, something within the County's budget. I just ask you to really focus in see what you can do on that. Is there a motion to table?

LEG. STERN:

Motion.

CHAIRMAN SCHNEIDERMAN:

Motion by Legislator Stern, seconded by Legislator Montano. All in favor? Opposed? Abstentions? 1977 is **TABLED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

1984, To transfer portion of CR 63 (Peconic Avenue) to the Town of Riverhead. (Romaine)

I'll make a motion to table, second by Legislator Montano. All in favor? Opposed? Abstentions? So that's **TABLED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

2095, Directing the Department of Public Works to conduct a feasibility study for the construction of a pedestrian bridge over William Floyd Parkway in Shirley. (Browning)

That's been withdrawn.

2139, To dedicate corner of Pulaski Road and New York Avenue in Huntington as the "Carmen Ramos Calixto-Laas Corner". (Cooper)

CHAIRMAN SCHNEIDERMAN:

I don't know if this has been through the Naming Committee yet, if they have an answer. It has not. There's motion to table by Legislator Montano, seconded by Legislator Stern. All in favor? Opposed? Abstentions? 2139 is **TABLED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

2171, Adopting Local Law No -2006, A Local Law to establish a Safe and Sustainable Procurement Policy. (Romaine)

Legislator Stern.

LEG. STERN:

Yeah. Continuing to work with my colleagues and the County Executive's Office, I'll make a motion to table.

CHAIRMAN SCHNEIDERMAN:

There's a motion to table, seconded by Legislator Montano. All in favor? Opposed? Abstentions? **TABLED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

2299, Adopting Local Law No. -2006, A Local Law strengthening the policy for connections by premises outside of sewer districts. (Alden)

CHAIRMAN SCHNEIDERMAN:

Is there a motion to approve? Is there a motion to approve?

LEG. STERN:

Motion to table.

CHAIRMAN SCHNEIDERMAN:

There's a motion to table by Legislator Stern.

LEG. MONTANO:

I'm going to second the motion. If I may, on the motion.

CHAIRMAN SCHNEIDERMAN:

There's a second by Legislator Montano. On the motion.

LEG. MONTANO:

Legislator Alden was here earlier. I don't think that we really have the time to get into it now. I don't see any harm in tabling it for today's meeting.

CHAIRMAN SCHNEIDERMAN:

Okay. There's a motion to table and a second. All in favor? Opposed? Abstentions? 2299 is **TABLED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

2431, Adopting Local Law No. -2006, A Local Law to reduce the emission of pollutants from diesel-fueled motor vehicles operated by or on behalf of Suffolk County. (Cooper)

The public hearing was recessed so this has to be tabled. Motion to tabled by Legislator Stern, seconded by Legislator Montano. All in favor? Opposed? Abstentions? 2431 is **TABLED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

2508, Appropriating funds in connection with safety improvements at various locations

(CP 3301). (Co. Exec.)

Mr. Commissioner.

MR. ANDERSON:

Yeah. We would like -- this is an appropriation, you know, we agree with, and we hope that, you know, you will pass. It is needed to essentially continue the project.

CHAIRMAN SCHNEIDERMAN:

I'll make a motion to approve -- I'll change my motion to discharge without recommendation. We have some technical questions about this being '06 money, which we then couldn't appropriate.

LEG. MONTANO:

My understanding --

MS. VIZZINI:

This resolution basically is moot. It refers to the 2006 Adopted Capital Program monies.

CHAIRMAN SCHNEIDERMAN:

So we'll need a new resolution then.

LEG. MONTANO:

Table subject to call.

MR. PERILLI:

The County Executive's people said that they were withdraw this motion if they haven't already.

CHAIRMAN SCHNEIDERMAN:

Well, I don't have it as withdrawn, so it fails for a lack of a second. **FAILED.**

2525, Amending the 2006 Capital Budget and Program and appropriating funds in connection with safety improvements at various intersections (CP 3301). (Browning)

This has been withdrawn.

2580, Reappointing member to the Suffolk County Traffic Safety Board (Andrea R. Neubauer). (Pres. Off.)

This was reassigned to this committee. Is she present? I don't blame her. She's already serving. So I'll make a motion to approve, seconded by Legislator Stern. All in favor? Opposed? Abstentions? 25780 is **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

2581, Reappointing member to the Suffolk County Traffic Safety Board (Steve Kamvakis). (Pres. Off.)

Same motion, same second, same vote. **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

2582, Reappointing member to the Suffolk County Traffic Safety Board (John J. McGarvey). (Pres. Off.)

Same board. Same motion, same second. All those in favor? Opposed? 2582 is **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

2584, Authorizing the execution of an agreement between the County and the New York State Department of Transportation for 80% Federal Aid for Suffolk County Transit Bus Route S92 service enhancements. (Co. Exec.)

LEG. STERN:

Motion to approve.

CHAIRMAN SCHNEIDERMAN:

There's a motion to approve, I will second. Commissioner, what are those enhancements? Do you know? That's okay. All those in favor? Opposed? Abstentions? 2584 is **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

2585, Authorizing the execution of an agreement by the Administrative Head of Suffolk County Sewer District No. 3 - Southwest with Somerset Woods, LLC.

Is there a motion? Any questions? I'll make a motion. Is there a second?

P.O. LINDSAY:

Second.

CHAIRMAN SCHNEIDERMAN:

We have a several seconds. Seconded by Legislator Stern. Any questions? These have all been through committee, right, Commissioner?

MR. ANDERSON:

Yes.

CHAIRMAN SCHNEIDERMAN:

Everyone of these have been approved by the committee?

MR. ANDERSON:

Yes.

CHAIRMAN SCHNEIDERMAN:

All in favor? Opposed? Abstentions? **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

2586. Authorizing the execution of an agreement by the Administrative Head of Suffolk County Sewer District No. 3 - Southwest with the Providence Project.

Same motion, same second. All those in favor? Opposed? Abstentions? **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

2587. Authorizing the execution of an agreement by the Administrative Head of Suffolk County Sewer District No. 1 - Port Jefferson with Liberty Meadows, LLC.

Same motion, same second. All in favor? Opposed? **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa)**.

2588. Authorizing the execution of an agreement by the Administrative Head of Suffolk County Sewer District No. 3 - Southwest with Estee Lauder, Inc.

CHAIRMAN SCHNEIDERMAN:

I'll make a motion, seconded by Legislator Stern. On the motion, Legislator Stern.

LEG. STERN:

Yes. Thank you, Mr. Chair. On the motion, I'm not going to go through each an every one with the -- with the hook-ups with the Southwest Sewer District, but I'm wondering, Commissioner, if you or anybody else in the department know that after -- if all of these requested sewer hook-ups in the Southwest Sewer District are approved what the remaining capacity will be?

CHAIRMAN SCHNEIDERMAN:

Mr. Wright is also moving forward.

MR. ANDERSON:

I'll defer to Ben to tell you the actual amount.

CHAIRMAN SCHNEIDERMAN:

And also, are these at the new rates or the old rates.

MR. ZWIRN:

Fifteen dollar rate, the old rate. There are approximately 140,000 gallons that are with these projects going to Southwest, and we have 1.3 million. So there's still 1.1 something left.

LEG. STERN:

Thank you.

CHAIRMAN SCHNEIDERMAN:

We had questioned you in the past in terms of capacity. And the numbers you provided last time accounted for these hook-ups as well, right?

MR. WRIGHT:

At that time they were conceptual certification, so they were in the overall number.

CHAIRMAN SCHNEIDERMAN:

All right. So that was Estee Lauder. All in favor? Opposed? Abstentions. 2588 is passed.

APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).

2589, Authorizing the execution of an agreement by the Administrative Head of Suffolk County Sewer District No. 3 - Southwest with the HUB Properties.

Same motion, same second, same vote. All in favor? Opposed? Abstentions? **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

2590. Authorizing the execution of an agreement by the Administrative Head of Suffolk County Sewer District No. 3 - Southwest with 245 Old Country Road Building.

CHAIRMAN SCHNEIDERMAN:

Same motion, same second, same vote. All in favor? Opposed? Abstentions? **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

2591. Authorizing the execution of an agreement by the Administrative Head of Suffolk County Sewer District No. 11 - Selden with 34 Myrtle Lane.

CHAIRMAN SCHNEIDERMAN:

Same motion, same second, same vote. All in favor? Opposed? Abstentions? **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

2594, Directing the Department of Public Works to conduct a traffic study of County Road 111 from the Long Island Expressway to Sunrise Highway.

CHAIRMAN SCHNEIDERMAN:

Commissioner, are you prepared to conduct a study?

MR. ANDERSON:

Actually there is an ongoing study currently. When -- the current study, which extends on County Road 111 from the Long Island Expressway down to Chapman Boulevard was established, we did an accident study along the whole corridor from the LIE down to Sunrise. From that accident study, that was where we determined the extent of the current study, which is being done, we have a consultant on board, and they've begun the actual project itself, you know, the development of the study. So that's ongoing right now. And, you know, again, it was there through normal --

P.O. LINDSAY:

Motion to table.

LEG. STERN:

Second.

CHAIRMAN SCHNEIDERMAN:

There's a motion to table by the Presiding Officer, seconded by Legislator Stern. On the motion, I know that there's been some fatalities in this stretch, or at least one that I'm aware and maybe more, if you could speak with the sponsor and make sure whatever his concerns are are being incorporated in the study that's currently happening. If they're not, perhaps that should be -- that study be expanded or maybe we should look at directing you to do a different portion of the study. So at this point, I'll concur with the tabling, but I would ask you to have some kind of dialog with Mr. Romaine. All in favor? Opposed? Abstentions? 2594 is **TABLED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

2604, Reappointing member to the Suffolk County Traffic Safety Board (Robert Pearce).

Motion by Legislator Lindsay, seconded by Legislator Montano. All in favor? Opposed? Abstentions? **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

2605, Reappointing member to the Suffolk County Traffic Safety Board (Karl W. Klug).

CHAIRMAN SCHNEIDERMAN:

Motion by Legislator Lindsay, second by Legislator Montano. All in favor? Opposed? Abstentions? **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

2606, Reappointing member to the Suffolk County Traffic Safety Board (Marc H. Auerbach).

CHAIRMAN SCHNEIDERMAN:

Same motion, same second, same vote. All in favor? Opposed? Abstentions? **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

1006, Appropriating planning and design funds for the new replacement facility at Yaphank Correctional Facility.

This has been withdrawn.

1007, Confirming appointment of Commissioner of Public Works (Gilbert A. Anderson).

For discussion, I'll make the motion and seconded by Legislator Stern. On the motion, where do we begin. Any questions? You have an enormous task in front of you, as you know, one of biggest ever Capital Projects the County has ever embarked upon with the correctional facility in Yaphank, a County with aging infrastructure everywhere we seem to look, limited funds. How are you going to manage in the role as Commissioner of Public Works. Just give us a little bit about how you are going to approach this job and why we should support your taking on the role of a very important position in the County.

MR. ANDERSON:

First off, I'd like to commend and say I could not do the job or would even accept this position if not for the staff I have. Their dedication, their effort, you know, has impressed me enough that, you know, I accepted the position when offered.

Yeah, we have a big -- yes we have a big task in front of us. You know, the infrastructure is aged, it's well maintained, but, you know, it does have to be rehabilitated. Currently, I'm meeting with my department heads to get a sense of where we are with everything in the Capital process that we are doing right now to see, you know, where we take everything. And, yes, the jail is a big project, but I feel confident in that that we're going to move ahead with that. The JFA awarded the contract last week. We are, you know, meeting with the COC in a couple of weeks to discuss the project, and I feel confident that, you know, we're going to keep this projects moving. And I feel confident with the help of the department, I'll be able to do the job.

CHAIRMAN SCHNEIDERMAN:

As we approach these huge jobs, I also think about the smaller jobs. I've got a sidewalk I'd love to see go in Bridgehampton that you guys have been looking at, a mile or so, minority community, old broken up asphalt strip that's in there now. I've got you guys looking at County Road 39 Friday nights in the summertime, maybe opening up a lane to give some of the second homeowners and the seasonal visitors a break.

I just want to make sure some of the other things don't go off schedule or don't get pushed aside or we don't find reasons why things shouldn't happen, but instead we search for ways to try to make these things happen. The Presiding Officer brought up some really important work regarding groundwater quality or surface water qualities in our harbors. Obviously, I want to make sure that the jail moves forward and we come in -- the project doesn't get delayed, it comes in on budget hopefully.

You do have a wonderful staff. I know you have the credentials to step into position, but I do realize it's an enormous workload. And I'm just looking for a Commissioner who, I guess, can do it all, who will not forget the smaller things and keep everything moving. I guess that requires a lot of efficiency and a lot of leadership on your part. I know you are up for the task it's a big one.

MR. ANDERSON:

Thank you. You know, I do look forward to the corporation in working with the Legislature in the future.

CHAIRMAN SCHNEIDERMAN:

Other questions? Okay? So we had a motion to approve and a second. All in favor? Opposed? Abstentions? **APPROVED (VOTE:4-0-0-2 - Presiding Officer Lindsay voted as an Ex-Officio Member - Not Present - Legis. Eddington and Caracappa).**

CHAIRMAN SCHNEIDERMAN:

Congratulations.

MR. ANDERSON:

Thank you very much.

CHAIRMAN SCHNEIDERMAN:

Typically when we put people on committees, we don't ask them to come back to the Legislature. My recommendation is you do come back at the Legislative meeting because of the importance of this position in case Legislators do have questions.

LEG. STERN:

I would also say it's particularly important given the fact that we have members of this committee who also didn't have the opportunity to question. I'm sure that they would want that opportunity as well.

MR. ANDERSON:

I was planning on attending.

CHAIRMAN SCHNEIDERMAN:

I know those are long meetings. The Presiding Officer will try to --

P.O. LINDSAY:

The only thing too is that, you know, the resolution that I was so wound up on before was passed by a whole bunch of Legislators not -- you know, I was a cosponsor, I wasn't the prime sponsor. There were a lot of Legislators interested in this project. And certainly, they might have an interest in your reply of December 29th, because we haven't met since then.

MR. ANDERSON:

Absolutely. I have no problem answering questions.

CHAIRMAN SCHNEIDERMAN:

All right. I'd like to have a meeting with you when you can to just go over your priorities in this committee so we make sure that this committee is in sync with the work that your department is doing. Okay?

MR. ANDERSON:

Very good.

CHAIRMAN SCHNEIDERMAN:

Okay. So 1007 was approved. That concludes our agenda. Thank you.

(*THE MEETING WAS ADJOURNED*)

{ } DENOTES BEING SPELLED PHONETICALLY