

WAYS AND MEANS

COMMITTEE

of the

SUFFOLK COUNTY LEGISLATURE

Minutes

A regular meeting of the Ways and Means 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 Wednesday, April 16th, 2008.

MEMBERS PRESENT:

Legislator Lou D'Amaro - Chairman
Legislator Brian Beedenbender - Vice-Chairman
Legislator Cameron Alden
Legislator Lynne Nowick
Legislator Vivian Viloria-Fisher

ALSO IN ATTENDANCE:

George Nolan - Counsel to the Legislature
Gail Vizzini - Director, Budget Review Office
Renee Ortiz - Chief Deputy Clerk of the Legislature
Ben Zwirn - Deputy County Executive
Gail Lolis - County Attorney
Debra Alloncius - AME
All other interested parties

MINUTES TAKEN BY:

Lucia Braaten - Court Stenographer

MINUTES TRANSCRIBED BY:

Donna Catalano - Court Stenographer

(*THE MEETING WAS CALLED TO ORDER AT 10:11 A.M.*)

CHAIRMAN D'AMARO:

Good morning, Ladies and Gentlemen. Welcome to the Ways and Means Committee of the Suffolk County Legislature. I'd ask everyone to please rise and join the committee in the Pledge of Allegiance led by Legislator Beedenbender.

SALUTATION

CHAIRMAN D'AMARO:

Once again, welcome. Just a note for committee members, after we have the public portion of our meeting, we will be recessing into Executive Session for a couple of settlements to discuss with the County Attorney's Office. Looking to our agenda this morning, we don't have any correspondence. Is there anyone here other than the presenters from OTB, Mr. Casale, who would like to address the committee this morning? Do we have any cards?

MR. LITTELL:

No, no cards.

CHAIRMAN D'AMARO:

Nothing. Okay. Then we're going to move right into the presentation section of our agenda this morning. We're fortunate to have with us this morning, Jeff Casale, Jeffrey Casale, along with his staff, who is the president -- okay -- who is President of the Off Track Betting Corporation here in Suffolk County. And Mr. Casale was gracious enough to accept our invitation to come in to address the committee this morning. This committee is charged, of course, with the oversight responsibility of day to day operations of Suffolk County Government as well as the OTB Corporation.

And I'm going to invite Mr. Casale to tell us a little about how it's going over at OTB, and then, of course, we can talk a little bit more then about OTB as a revenue source for us here in Suffolk County. We are just getting through a budget process where it's become apparent that we're going to have to make adjustments in our own Operating Budget for next year, given the softening economy. And, you know, we turn to every revenue source that we possibly can, one of which is OTB. So it is very important to us as we consider our taxpayers here in Suffolk County. But, Mr. Casale, before we get to you, we do have one card that's been handed in by someone who would like to address the committee, John. John, if you'd be kind enough to state your full name on the record. Please, go ahead. You have three minutes.

MR. ROGERS:

My name is John Rogers, I'm a resident of Bellport. And I am here to express my support for Resolution 1032-2008, a Local Law in relation to disposition of auction properties sponsored by Kate Browning. We are currently in the middle of a revitalization effort in Bellport. One of the issues that we're dealing with is absentee landlords, and it would be very helpful to us if the auction properties remain, or when they're sold off, that we have this requirement that people remain in the houses for the ten year period that's specified in the resolution.

CHAIRMAN D'AMARO:

Okay. Sir, thank you. And Legislator Alden had a question for you.

MR. ROGERS:

Sure.

LEG. ALDEN:

So you have found that the five year period doesn't work? Because right now there's a restriction of five years.

MR. ROGERS:

Well, I think ten years would be preferable. I mean, with the five year period, I mean, we -- ten years would be preferable to five from the standpoint of we don't want people coming in and flipping the properties.

LEG. ALDEN:

Okay. With the requirement they live in it for five years, that's -- you know, that was thought all throughout New York State that that would stabilize neighborhoods. But I'm just asking if you have any specific instances where it didn't work.

MR. ROGERS:

I can't recall off the top of my head.

LEG. ALDEN:

Okay.

MR. ROGERS:

Thank you.

CHAIRMAN D'AMARO:

Thank you, sir. All right. Is there any one else present this morning who would like to address the committee? If not, once again, I'm going to now turn our proceedings over to Mr. Casale. Please, go ahead. And thank you for coming.

MR. CASALE:

Mr. Chairman, members of the committee -- is this on? Okay. Thank you. Thank you for the opportunity to make this presentation this morning. Joining me at the table is our Vice-President, Marieta Seaman and our Comptroller Celine Gazes. There are other members of our management team in the audience today and always available to answer any questions you might have later.

All of you should have received a letter and accompanying information from me last week in preparation for today's presentation. Our purpose today is to solicit the support of the County Legislature and effecting changes in State legislation that would enhance Suffolk's OTB's ability in raising nontax revenue for the taxpayers of Suffolk County.

Before getting into the specifics of these changes, I want to highlight two very important points; first, Suffolk OTB, as with all OTB regions generates its own operating revenue at no cost to the taxpayers. That means very simply that nowhere on the expense side of the County budget will you find Suffolk OTB. However, you will find that Suffolk OTB appears on the revenue side of the budget, currently generating two and a half million dollars a year for a total of close to \$200 million in nontax revenue since OTB was established. Second, we want you to know that Suffolk OTB has been doing its part to become more efficient, reduce expenses, and maintain and increase its revenue stream to the taxpayers of Suffolk County.

Let me say a few significant examples of our efforts over the past two years. We have eliminated personal use of corporate vehicles for administrative staff and reduced the size of our fleet by 31%, reducing overall mileage, maintenance and repair costs, all of which resulted in a \$162,000 savings over a two year period. We have effectively monitored and managed our liability insurance coverage with the assistance of our professional brokers resulting in a reduction of \$224,000 in premium payments since 2005.

Through attrition and other management decisions, we have cut the administrative staff count by 12 full-time and seasonal employees, representing a 13.5% reduction in administrative staff. Administrative staff salaries remained frozen for a total of four years, and total annual salaries and benefits for appointed personnel today are \$355,000 less than in 2005. We've restructured our equipment leases, eliminated underutilized services for a total annual savings of \$125,000. We eliminated pagers and unnecessary cell phones and aggressively monitored all corporate telephone

use, which has resulted in a \$47,000.

Perhaps most importantly, we have just completed the implementation of a new accounting administration system allowing us to bring payroll processing inhouse for an estimated annual savings of \$60,000. This new accounting system has enabled us to establish, for the first time in our history, a line by line operating budget and an effective means of monitoring all expenses and revenue within the budget in a timely fashion.

There are even more reforms we have implemented to ensure that Suffolk OTB is doing its part to maximize revenue to Suffolk County, and there is more we intend to do. But the current distribution formulas imposed upon all off track betting corporations in New York State are making our cost saving efforts seem almost futile. Nothing demonstrates this problem more than the situation that New York City Off Track Betting Corporation is facing at this moment. The incredibly high cost of doing business in the City of New York combined with outdated and dysfunctional revenue distribution formulas have accelerated the problem for New York City OTB.

Unless the State Legislature acts, New York City OTB will close its doors within the next month and a half, putting almost 2000 people out of work and having a devastating impact on the entire racing industry in the State of New York. All OTB regions in the state will feel the impact if New York City OTB closes and if the State Legislature does not make changes to the revenue distribution formulas. All OTB regions in the state may suffer the same consequences as New York City OTB in the not too distant future.

We believe there is an answer. And as many of you know, Suffolk OTB has progressively been promoting a plan that we believe will go a long way in solving the problems faced by OTBs across the State, and more importantly, a plan that will help us in Suffolk County increase the nontax revenue stream to Suffolk County Government. Our plan has been gaining support from other OTB regions, and we have been visiting one on one with representatives of the Governor's Office and members of Suffolk delegation to the State Assembly and State Senate. We have recently held positive discussions with the New York Racing Association to review our plan and to determine ways in which we can work together to cut costs and increase business.

In recent days, there has been some talk in Albany that the Legislature will act only to address the New York City OTB issues and address the concerns of all other OTB regions at some later date. This is not acceptable, and we need your help in convincing our representatives in Albany to ensure that Suffolk County is included in whatever solutions are arrived at for New York City OTB. Albany must understand that the time to change the disfunction of the OTB revenue distribution is now and that government, local government, needs to be the beneficiary of this change, as is the mission of off track betting corporations in New York.

In fact, the constitution of our state requires that parimutuel wagering benefits local government. Suffolk's plan includes statutory changes to OTB as well as a new business model for all six regions in the State. There is a detailed description of our plan in the packet of information we sent to you last week. I just want to give you some highlights of the plan now and ask you all consider endorsing this plan and communicating your support to our State Legislators and the Executive Branch.

We ask that the amount of money OTBs retained from each bet be increased for certain types of wagers. The amount was lowered about four years ago against our wishes believing that it would increase wagering levels and, therefore, increase overall handle. The results have been dismal and, in fact, the opposite result was achieved. We also want to require out-of-state internet wagering entities to be licensed in the State of New York and to be subject to the same regulatory fees as in-state entities. We recommend the reduction or elimination of subsidy payments made by OTBs to privately-held race tracks in New York State, which now have video lottery terminals and have a significant source of revenue that they did not have when OTBs were initially required to make payments to these tracks. We want to allow OTBs to retain all or a portion of unclaimed winning

tickets instead of turning these amounts over to the State.

In addition, we have proposed that all six OTBs be required to develop a shared services and marketing strategy in order to reduce costs and increase handle. This would include phasing in of a shared tote system, the computerized system utilized by all OTBs and tracks to take wages and determine payouts. This could realize significant savings for all OTB regions. We believe in developing a shared internet wagering platform as a means of increasing business and reducing the cost for OTBs to offer such a service to our customers. We want to share an insurance coverage and purchasing of commonly used supplies.

We want to work with NYRA, the New York Race Association, and other tracks, develop a state-wide branding and marketing campaign for horse racing in New York. And we believe in developing a regional approach Upstate, downstate for telephone wagering accounts to reduce costs associated with provide that service. And by the way, Suffolk County OTB already provides that very effectively for the County of Nassau OTB.

I would like now briefly to recap for you some of the points we've tried to make. We have a quick Power Point presentation, and Celine is going to control that. And we'll just very rapidly go through some of these. They're pretty brief. Let's go to the first one. This is something I always like to show people, because it's showing you over the years from the 1970's when we were formed to the present that we've managed to provide the taxpayers of Suffolk County \$195 million, close to 200 million. And if you look on the right, not one cent has been raised at the expense of the taxpayers. It costs nothing to have Suffolk OTB. We generate our own operating revenue. I think there's a lot of misconceptions out there, I think publicly, you know, that we are a taxpayer-funded organization. We are not. We're a public benefit corporation. Yes, we can do more, and as I think you've seen, to reduce our expenses. But, clearly, we have managed to raise \$195 million. And just think for a moment, you know, where you'd be today without that \$195 million. And again, at no cost to County taxpayers.

Let's move to the next one. Celine, do you want to address this one? What we're trying to show -- go ahead, Celine. She's our Comptroller, she's better with the numbers than I am.

MS. GAZES:

Yeah. We're just trying to show that basically despite the fact that there are certain things that are mandated and out of our control, such as rates for employee health insurance and whatnot that we have done everything that is in our control to reduce expenses as much as possible. And this chart just shows our total expenses for 2005-6 and 7. As you can see, we've actually brought the costs down despite the fact that, again, certain costs that are out of our control have increased.

This illustrates a little bit better, because what we did is we compared our increases or decreases in expenses to the consumer price index, otherwise known as the rate of inflation. As you can see, during 2005 and 2006, our expenses rose 0.8%. CPI rose 3.2%. It's even more dramatic for 2006-7. We've managed to reduce our expenses by 2.8% despite an increase in CPI of 2.8%. And as you all know, gas prices have gone up and they've affected prices of everything. So the fact that we've managed to do this, I think is huge.

These are just some charts illustrating the examples that Jeff gave you of the specific items that we worked on to reduced expenses. This one shows the reduction in our liability insurance costs over the past three years, pretty dramatic. This one is the reduction in the vehicles, this is just repairs and maintenance. It doesn't even include the gasoline savings, because the price per gallon basically offsets the fact that we're using less gas. So you can't really see it as illustrated as well as you can here with the repairs and maintenance on the vehicles, because of the fact that we've reduced our fleet.

MR. CASALE:

Let me jump in on this. This is one of my favorite beginnings here. If you'll look -- I want you to

you keep your eye on the right-hand side of the screen where it discusses racing industry. There's a title up there, 23%. This was in 1975, when OTB was formed and began operation. As we run through these, and we're going to run through them relatively quickly, I want you to keep your eye on that dark -- darker blueish color right there, and then look at the amount we turned over to Suffolk County, which was 53% of our revenue at that point.

Let's just keep flipping. We'll move ahead now to 1980. You'll noticed the blue gets a little bigger as we keep going, we're up to 1990, 2000. And that's all due to statutory requirements. And over the years, what has happened is that the distribution formulas have been heavily weighted towards the racing industry and away from local government. Quite frankly, it was as if the cash cow was discovered outside of this county and the amounts just kept going more and more to various industry sources as opposed to local government. You'll notice that the amount to New York State remains relatively constant over the years as the percentage, but something happened, and this is not just Suffolk County. If you were to look at this across the State, this is what you would see happening to every OTB region in the State.

I think more than anything I can say, highlights the problem with the distribution formulas. And one of my personal serious concerns here is that this may have been fine at the beginning, you know, early on. Yes, we certainly want to support the racing industry, we should, that's our product, that's what we sell. But over the years, and especially the last five years, privately held tracks in this State, not public entities, private industries, meaning a lot of the harness tracks in this State and one privately owned thoroughbred track, all have had access to these video lottery terminals, which, in effect, are slot machines, and they pretty much look like one. If any of you visited any of the race tracks, Yonkers being the most recent, and there's one up in Canandaigua, New York, all over the State, Monticello, a little place called Tioga Downs, they all now have revenue being generated from video lottery terminals.

What are we, and I don't mean just Suffolk, but all six regions in this State, continuing to send money to these tracks? I'll use my favorite example, which is Finger Lakes Race Track, I visit it often, I vacation up there, I love it there, Finger Lakes, you know, great part of the State. I go to the thoroughbred track there, they have put in a racino, which is what they like to call them. Suffolk County sent, what, a million dollars, a little over a million dollars last year, to this place whose parking lot is packed with visitors playing the LTs.

Now, a lot of the tracks will tell you, oh, well, we're not making as much money as we expected, we're losing money on these tracks, that's just not quite the whole story. Part of the problem is they projected -- and some of you might remember the presentation we made sometime back where we were kind of hoping Suffolk County would get an option to have these things -- but they may have projected they'd make \$250 a machine. Well, now they're making 150 a machine. So they cry the blues, we're not making what we thought we were going to make. But I believe Finger Lakes, \$35 million last year on their VLTs. Why do they need Suffolk County's \$1 million? Quite frankly, I'd much rather give it to you so that the taxpayers get some relief. But you look at that blue, that color up there, that tells the whole story.

Now, we would not be asking, obviously, for your help if we weren't doing our part. And I think one of the reasons I'm here, you as our oversight, certainly I want to you know we're doing our part. And we have a very dedicated staff here today, all of whom, when I asked them two years ago to renew and kind of bring a new fervor to our mission of providing revenue, all have committed to that. And we're working at it, and we're going to do a lot more. But if we can't change it, it's not going to matter what we do.

This is just a different demonstration of what's been happening with the numbers. Again, look at the dark blue. It's staggering, you know. And it's just been happening, every year, it just keeps getting more and more. When does it stop? And that's our biggest concern. And we do think we can help change that, but we need everyone's help to do that. Was there another -- one more slide, I think? I think that was it. Pretty much, that's in a nutshell where we are. But I think it's important,

certainly for the County to understand that this is the issue. And we kind of all need to stick together here, and move ahead and try to make some of the changes that we think will not hurt the State of New York, but will certainly help the taxpayers of Suffolk County.

CHAIRMAN D'AMARO:

Okay. Thank you, Mr. Casale. Very informative, very concise, as usual. So let me understand this, you come in to manage OTB. We're in difficult economic times right now. You say, okay, I'm going to try to do the right thing here. And we all know what that means, trying to save costs while operating more efficiently.

MR. CASALE:

Yes.

CHAIRMAN D'AMARO:

So in your tenure, you enact several reforms, you went through them; you know, \$224,000 less in liability insurance premiums. Right there is a substantial savings. You do some other things. You make OTB, in your mind and in our minds, more efficient saving money. And every dollar you save in operating, freeze up that dollar to then come in to Suffolk County.

MR. CASALE:

That's correct.

CHAIRMAN D'AMARO:

Okay. You do all of that, but then you face this changing State formula that says no matter how much you're becoming more efficient in freeing up funds, it's just, for lack of a better term, getting sucked up through the Albany process.

MR. CASALE:

That's a pretty --

CHAIRMAN D'AMARO:

Is that accurate?

MR. CASALE:

-- description. Yeah.

CHAIRMAN D'AMARO:

And I find it interesting, because I've been working on something similar for my entire tenure here with our school districts, where I had a commission that recently issued a report with 25 recommendations to become more efficient, hopefully, you know, not impacting education or anything like that, but freeing up or trying to lower the school tax base by becoming more efficient and saving money. But if you do all of that, it doesn't really make a difference if Long Island and Suffolk County is not getting its fair share out of Albany. And that's what I'm seeing.

MR. CASALE:

I think you're right, Mr. Chairman. And I also think that Suffolk, at least from the OTB perspective, is suffering even more than some of the other regions. One of the things that happens in the OTB formulas is that we have to pay host communities. And what that means is anybody that has a track. So, for instance, we pay the County of Ontario, granted it's a small amount of money, but about 44, \$4500 a year, something along those lines, goes to the County of Ontario or to Saratoga County, because of the Saratoga Race Track. We also send -- help me here -- 350,000 or was it 600,000? I think it was 600, \$600,000 leaves Suffolk County OTB to go to the County of Nassau. Now, you might have all been reading recently about Elmont community needs, you know, economic development. I think all of Long Island needs economic development. One of the concerns I have about that is we send -- we, and that's just Suffolk -- \$600,000 to the County of Nassau.

CHAIRMAN D'AMARO:

To the county itself?

MR. CASALE:

We send it to OTB.

CHAIRMAN D'AMARO:

To OTB.

MR. CASALE:

Nassau OTB. They're a pass-through agency, and then that goes off to the coffers of Nassau County, because they have a track in their county.

CHAIRMAN D'AMARO:

Let me ask you a question. Just so we're clear, the revenue generated in the OTB sites in Suffolk County is all generated in the County, is that a fair statement?

MR. CASALE:

Yes. Absolutely.

MS. GAZES:

It's all derived from wages that are placed in the County.

CHAIRMAN D'AMARO:

So we're only -- your revenue base is only from wages that are placed here in Suffolk County?

MR. CASALE:

Yes.

CHAIRMAN D'AMARO:

Yet when you send it up into the formula, that's where it gets dispersed down, and it doesn't rain as heavily back here in Suffolk County. In fact --

MR. CASALE:

It doesn't rain at all in Suffolk County.

MS. GAZES:

What happens is they keep increasing these mandated payments that we have to make, and the County gets whatever is left over is basically how it works.

CHAIRMAN D'AMARO:

Right. And I'm going to get to everyone who has questions in just one more minute.

MS. SEAMAN:

I just would like to add Suffolk is the only region that does not have a track. So all of the money that we take in, we get nothing back because we don't have a track. We're the only region.

CHAIRMAN D'AMARO:

What would be the income to Suffolk County had the percentage remained constant?

MR. CASALE:

Wow. Tom has charts. Do you have it with you?

CHAIRMAN D'AMARO:

Then I'm going to defer to my colleagues.

MR. KILMARTIN:

The total was over 300 million. The formula hasn't changed since 1980.

MR. CASALE:

What Tom is saying -- Tom is one of our budget people at OTB. If the formulas had not changed, let's say they had stayed constant, that 200 million that we're touting that we sent to the county probably would have been 300 million.

CHAIRMAN D'AMARO:

It's substantial.

MR. CASALE:

It's substantial.

CHAIRMAN D'AMARO:

And just very quickly, those funds are being sent to the -- what you call in your graphs -- the racing industry?

MR. CASALE:

Yeah. And racing industry would be mean the tracks, the horsemen, you know, various sources.

CHAIRMAN D'AMARO:

But part of that are the tracks that are now increasing and handling revenues through these LTS.

MR. CASALE:

Yes.

CHAIRMAN D'AMARO:

Which we don't have in Suffolk County.

MR. CASALE:

That's correct.

CHAIRMAN D'AMARO:

So we can legitimately question the need for that revenues at these other sites.

MR. CASALE:

Yes.

CHAIRMAN D'AMARO:

And all of this, just to come full circle, what we're really talking about is how we provide relief to county taxpayers through our revenue source of OTB.

MR. CASALE:

Yes. I don't want to really belabor all the finer points, but if you look at the package that I sent you, I think a lot of that information is in there about -- because it's not just about the tracks. There are elements of that racing industry that we have remit to.

CHAIRMAN D'AMARO:

Okay. Some of my colleagues, members of the committee, have questions. We'll start with Legislator Vilorio-Fisher.

LEG. VILORIA-FISHER:

Thank you, Mr. Chair. And thank you to all of you for being here. Very informative. Although we receive things at the office, somehow having them presented here and having the Power Point charts before us makes everything much more clear. My question goes to what the Chair was just eluding

to. If we were to implement both the statutory changes and the new business model that your proposing, you're saying that rather than having what I saw in the charts as the difference between the 1990s and the new -- this millennium being a negative difference of about \$13 million. You're saying that in real dollars, the annualized increase in revenue to Suffolk County would be in the vicinity of an increase of \$100 million.

MR. CASALE:

No. That would have been since the inception. In other words, if we had applied the formulas -- left the formulas the way --

LEG. VILORIA-FISHER:

Cumulative.

MR. CASALE:

Correct.

LEG. VILORIA-FISHER:

What then do you -- would you anticipate in real -- and I'm asking you to project and maybe look into a crystal ball, but you probably thought of this yourselves -- if we were to implement the statute and business model changes, what kind of increase would we be able to realize in real dollars annualized to Suffolk County?

MR. CASALE:

Our base estimates, and they are estimates right now -- but we do have some economists.

MS. SEAMAN:

Over two.

MR. CASALE:

It was over two. Currently, we're sending about 2.5 now, which is low. And we would think if we were to be successful, that in the first year, we might see an initial increase of about 350 to \$500,000 just in the first year. Over the long haul, and I wouldn't mean that long, it really depends on how much business we do, but we think we can increase that. You know, ideally, I think we can get back up to that \$6 million dollars a year that we used to -- we used to be able to provide the County. I think we can make some significant leaps and bounds. I don't want to overpromise, because with the economy being the way it is, we're not generating as much handle as we used to. We're entertainment, and we're disposable income, less people betting. But we can certainly make some significant increase.

LEG. VILORIA-FISHER:

But we could get it, your anticipating, from 2.5 to 3 million.

MR. CASALE:

I think we can get back up to that. Yeah, 3 million to five, all the way up to five or 6 million.

MS. SEAMAN:

Again, it all depends on what portions of the formula get changed by the State Legislature. It could go, you know, as high as an additional two to \$3 million depending on what statutory requirements are changed.

LEG. VILORIA-FISHER:

And in addressing those statutory requirements, how many different formula are there? I know it's complex, but --

MS. SEAMAN:

It's very complex.

LEG. VILORIA-FISHER:

But when we're attacking this, we're asking Legislators to put -- would they be free-standing pieces of legislation or would they be addressed as part of the budget process? How would they be addressed and -- because we want to know what to aim for here.

MR. CASALE:

I'm smiling because if any of us could figure out how Albany works -- because you're asking a really good question.

CHAIRMAN D'AMARO:

Them we could reform it.

MR. CASALE:

A lot of legislation over the years with racing, because it is so complicated, have occurred at the 11th hour, you know, of the budget session, and they just slap things together and never look at really the impact it's having on local communities. And then they'll do an, "uh-oh" after they've already, you know, passed the legislation.

So I really don't know in what form it will take. I suspect this year, though, they are -- because of the New York City issue, our trying to address the OTB question, our concern is that they're only going to address it in the light of the New York City situation and not apply it to all six regions. It needs to be applied to all six regions. We have spoken in our proposals in somewhat broad strokes, but we do have the detail, obviously, and it -- you're absolutely right, it's very tedious, it's very complicated.

There are people certainly in the State Senate and State Assembly who understand it and work with it, and we are speaking to them. I want to point out -- I don't mean to beat up on Albany so much --

LEG. VILORIA-FISHER:

It's okay.

MR. CASALE:

-- because we have some excellent representatives here in Suffolk County who have been enormously helpful to us and have lent a sympathetic ear; Assemblyman Sweeney and Assemblyman Alessi. And from the other side of the aisle, we certainly have heard from Assemblyman Boyle, Assemblyman Conte, people who are now starting to understand the plight that we have. So I guess it was a long winded way of saying to you it is complicated, but we do have a way to wade through all that and get -- and break it down to its essential elements. The devil is always in the details, though.

MS. GAZES:

Just to cite one of the examples, though, one of the things that Jeff eluded to earlier was increasing what we call take out. What we take out is the portion of the wager that doesn't go back into the pool as winnings, in other words, the commission on the wager. Those rates are set by statute. The example that I want to cite is that a 1% increase in the take out for NYRA tracks, which are Belmont, Saratoga and Aqueduct, would mean an \$800,000 increase in revenue to Suffolk OTB alone. That's just one example of how a small change in a law could have a huge impact.

The only other thing I wanted to mention was there is one new rule that we're required to comply with now, it's called GASBY 45, you've probably heard of it, because the County also has to comply with it. The difference is that we are -- because we are a public benefit corporation, we are required to use full accrual accounting, meaning that we have fund that liability unless they give us a special rule to report that liability, but carve it out of the amount that we have to turn over to the County at

the end of the year. So that's another Legislative relief that we'd be looking for as well, is to be able -- have the ability to report, but not necessarily take that number off the bottom line when we're calculating the profit that gets turned over to the County.

MR. CASALE:

Just quickly, really to get back to your question, there are six sections of the New York State Racing and Wagering Law that would have to be amended and adjusted, if you were to follow through on what we have proposed.

LEG. VILORIA-FISHER:

And just very quickly -- and we may have to have a private conversation about this, because I'm so confused about the New York City impact.

MR. CASALE:

You should be.

LEG. VILORIA-FISHER:

Which is the decisions that we made regarding the racetracks seem to favor New York City and not Nassau, so I'm very confused about that. That may be a whole other conversation.

MR. CASALE:

Yeah. That is a lengthy separate discussion, really, regarding --

LEG. VILORIA-FISHER:

The New York racing --

MR. CASALE:

The franchise, yes. And there are other issues regarding VLTs.

LEG. VILORIA-FISHER:

And that's a whole different set of statutes and rules --

MR. CASALE:

Correct.

LEG. VILORIA-FISHER:

-- separate from the OTB.

MR. CASALE:

Yeah. It's connected, but it's a separate -- separate concern.

LEG. VILORIA-FISHER:

Thank you.

MR. CASALE:

Certainly, I'll sit with you and go over that with you.

LEG. VILORIA-FISHER:

Yeah, because you really confused me more on that, because it seemed to be New York City was getting the benefit of that and not Nassau County, because of --

MR. CASALE:

It might appear that way, but that is not necessarily true. And the local -- the VLT revenue does not necessarily accrue to the local community. It would accrue to the track. So I never quite understood why there was such a push to VLTs at Belmont Racetrack in addition to Aqueduct, but I'm not privy to the discussions that were taking place. I think it's very confusing.

LEG. VILORIA-FISHER:

Okay. Thank you.

CHAIRMAN D'AMARO:

Thank you, Legislator Vilorio-Fisher. I'm going to turn to our Vice-Chair, Legislator Beedenbender, in one moment. Mr. Casale, I have a quick question. You mentioned as part of your plan that some of the things you mentioned were shared services between the six OTB, shared internet wagering platform, sharing insurance, purchasing power, things like that, again, very similar to what I was talking about with school districts --

MR. CASALE:

Absolutely.

CHAIRMAN D'AMARO:

-- as well. Would those changes also require State Legislation?

MR. CASALE:

It wouldn't necessarily require it. I have taken the position, perhaps a little more aggressively than my colleagues, that if you're not going to do it voluntarily, I think we need to be legislated into doing it. That's how strongly I feel about it. I have presented this to the other OTB Presidents two-and-a-half years ago at a President's Meeting. It was not warmly embraced initially, but I have been a little bit unrelenting, as have my staff, and we've -- some of them are coming around. They're starting to understand.

CHAIRMAN D'AMARO:

But in the first instance, you prefer to have that done --

MR. CASALE:

I would prefer that we do it voluntarily by creating an association of OTBs to share in these services. If we need State approval to do that, obviously we would seek it. But short of not doing it voluntarily, I think it's so important that we should be legislated in doing it. And I have absolutely no problem in supporting that.

CHAIRMAN D'AMARO:

Once again, it's important that we all continue to talk about this, because we need to be heard in Albany whether we're talking about OTB becoming more efficiently, pooling services, increasing bargaining power, whether we're talking about school districts, governments. I even know County Executive Suozzi in our neighboring county is on this. And the more we talk about and the more we apply the pressure, I think it has a chance of being heard.

MR. CASALE:

I'm sure you have run into the same -- I mean, I certainly agree with everything you've attempted to do with the school districts, I think that is the way to go. And I'm sure you've run into the same resistance on some levels where people say, well, we're going to lose local control if we do that, and that's it just not true. You don't have to give up local control, and that's what I have explained to my colleagues with OTB.

We need to be sensitive to local concerns, and there needs to be local control, for instance, oversight, placement of a branch or any of the -- we know our communities better, we know what we need to do, but where we can share and cut costs, we need to do that. And we have to be legislated into doing it, so it be.

CHAIRMAN D'AMARO:

And if you ask taxpayers about local control or their bottom line taxes, I can tell you which they'd rather see addressed quickly. Not that we should give up local control, but you're right, we're not

talking about that, we're talking about something different.

MR. CASALE:

Absolutely.

CHAIRMAN D'AMARO:

Okay. Well, I thank you for that. I'm going to turn it over to our Vice-Chair, Legislator Beedenbender.

LEG. BEEDENBENDER:

Hey, Jeff, how are you?

MR. CASALE:

Good.

LEG. BEEDENBENDER:

I want to talk quickly -- you were talking -- you said a couple of times, "no cost to the taxpayer," and I'm trying to understand it a little more, because when you said a lot of people have the misconception, you can list me as one them. So I guess I'm asking, when you say no cost, it's not just that your producing more and you're not at a deficit, is that you pay for everything in your organization.

MR. CASALE:

Yes. We generate our own revenue. Obviously, in the formulas, and we're even regulated as to how much we can retain for our own operations. But whatever we spend on our salaries, on our vehicles, on our maintenance, on putting up a building, that is -- comes out of our revenue that we -- our operating revenue. And, of course, if we cut that, as we have been, that accrues to the benefit of the County. So it is in our interest to reduce our costs, because it is in your interest, obviously, to increase the revenue we give you. And that's what we have been attempting to do.

When I say no cost to the taxpayer, the reason I make that distinction, I have literally been confronted by citizens who say, well, they're just eating up, you know, my money. Well, no, we're giving you money. It costs you nothing to have us here, I mean, other than whatever criticisms you might have had in the past. But we are giving the County two and a half million dollars a year. I would like it to be

6 million a year, I'd like it to be 10 million a year. As I side, we're doing our best to do that, but we generate our own revenue -- as a public benefit corporation, we generate our own revenue. It comes out of you all the wagers, and when we divvy everything up, that's what's left over to the County, which is why we're trying to cut our expenses, so that there will be more available to the County.

LEG. BEEDENBENDER:

But OTB employees are Suffolk County Employees.

MR. CASALE:

No, they are not.

LEG. BEEDENBENDER:

They are not?

MR. CASALE:

They are Suffolk County Off Track Betting Corporation employees. We're a public benefit corporation separate and distinct from the County.

LEG. BEEDENBENDER:

Okay. Well, then I just two other, I think -- well, one simple question. How many branches?

MR. CASALE:

Suffolk has 14 branches. Obviously, it's a big county, so we're spread out all the way from Southampton to East Farmingdale. We also have the telephone room, what we call the telephone room, in -- which, in effect, is a 15th branch. That's located in Hauppauge. And that -- we take all the phone calls, phone wagering, which is a significant amount of activity not just for Suffolk County OTB, we provide that service to Nassau County OTB. And we have nine Qwik Bet locations, which is a remote station at some of our local pubs and what have you.

LEG. BEEDENBENDER:

Okay. And the last thing I wanted to talk about was VLTs. I know -- correct me if I'm wrong, but the State Law gave that to the private tracks.

MR. CASALE:

Yes. And also they've awarded it to NYRA Aqueduct Racetrack.

LEG. BEEDENBENDER:

At the time, there was a push for local OTBs to have the same service.

MR. CASALE:

Yes.

LEG. BEEDENBENDER:

And obviously -- is that dead?

MR. CASALE:

I don't believe that issue is dead yet. I think we need to first solve the issues that we presented today, but I also think that Suffolk has a particular claim for VLT revenue, and the reason I say that is because we don't have a track in our midst right now. The only way you can have as access to VLT revenue is if you have a racetrack in your community. We don't have that. I think -- and we have suggested on several occasions that Suffolk should at least be given the opportunity, whether it's 500 machines, 1000 machines, that we should be able to have that, and we should be able to work with it, and even if it's an experimental basis, to see what kind of revenue we can generate.

We all know no one wants to raise taxes anymore. And people are leaving this County everyday to go to New Jersey and Connecticut and now Yonkers, and pretty soon Aqueduct. They're leaving Suffolk County. That money is being spent elsewhere, and other counties are getting the benefit of that revenue. We don't have a track, we will not have that opportunity to have VLTs, unless they change the law and allow Suffolk special exception to have those VLT revenues.

LEG. BEEDENBENDER:

You said most tracks are making -- I think you said \$150 a machine.

MR. CASALE:

There's all kinds of estimates. Some are doing better than others.

LEG. BEEDENBENDER:

Over what period of time?

MR. CASALE:

That would be in a year.

MS. SEAMAN:

Per day.

MR. CASALE:

Per day, I'm sorry. One hundred and fifty dollars per machine per day. Now, some are lower, some are higher. You know, Saratoga Harness I think is one of the most successful, up in Canandaigua is also successful. They're doing quite well.

LEG. BEEDENBENDER:

Okay.

MR. CASALE:

I was just reminded, Saratoga Harness, which is not part of NYRA, has 1100 machines. Think about that.

LEG. BEEDENBENDER:

Now, I don't know if it's possible to even estimate this, Jeff, but of that \$150, they would be make how much -- under a system -- like, let's pretend that Albany gave us the -- how much would we get?

MR. CASALE:

If you look at that package I sent to you, I think it's in my study.

LEG. BEEDENBENDER:

I forgot my assignment today.

MR. CASALE:

Take a look at it and I'll gladly talk with you individually about it. But in that packet that I sent to you are some projections. And we did three scenarios, whether it would be a low, middle, high, it's in there. And certainly I'll sit with you and we'll go over it. But there's some interesting facts in there.

MS. SEAMAN:

The bulk of the Video Lottery Terminal money goes back to the Lottery Commission. So the money would go to lower, really, taxes and education.

MR. CASALE:

Right. It's a double -- it's a double --

LEG. BEEDENBENDER:

Theoretically.

MR. CASALE:

It's a double benefit, because the State would be generating more lottery revenue --

LEG. BEEDENBENDER:

And we'd get some of it.

MR. CASALE:

And we would get some local revenue. So, you know, it's really a win-win.

LEG. BEEDENBENDER:

Well, I'm on board. Unfortunately, I'm not a State elected official.

MR. CASALE:

We can talk to them.

MS. SEAMAN:

Our Counsel just advised me that 50% goes to the State, 25% for administration, I believe he said, and rest then would be to the local government, Suffolk County.

CHAIRMAN D'AMARO:

Which is a different --

MS. SEAMAN:

It's a big chunk of change.

CHAIRMAN D'AMARO:

Which is a different formula, though, than the outdated revenue distribution formula for wagering.

MR. CASALE:

Yes. The formula for VLTs is the New York State Lottery.

CHAIRMAN D'AMARO:

Right.

MR. CASALE:

The formula for OTBs is through the parimutuel racing and wagering laws, and that's the problem.

MS. SEAMAN:

I think that where we see the door opened today, is we've showed you where we've lowered our operating costs. On an average since 1990, our operating costs have only increased by 2%. So we are cutting our costs, but because of the crisis of New York City, we know and we feel anyway that the New York State Legislature is going to address the formula. We want them to address the formula for the six regions, not only the City. So that door is definitely open.

LEG. BEEDENBENDER:

Okay. Thank you.

CHAIRMAN D'AMARO:

All right. Thank you, Legislator Beedenbender. I will now turn to Legislator Cameron Alden. I'm sorry. Legislator Nowick, please go ahead.

LEG. NOWICK:

Thank you for that presentation. I just -- I can't believe how the State tells us, "We're changing the formula, we're taking more money, and that's going to help more people come out and bet." I don't get that, but be that as it may, you know, I just wanted to address one thing Legislator Beedenbender had said when you were asking questions. Not only, and I'm thinking -- not only are you giving Suffolk County money and you're not -- it's not costing us anything, but there's an important factor here. Every morning I watch Channel 24, which is the business station. And every time the numbers come out about jobs, they go down, down, down. And every time those numbers come down, down, down, the Dow comes down, down, down. What you're doing also for our people in Suffolk County, there's jobs there, people are having dinner put on their tables. I mean I hate to say it, but this is a tough economy. You are supplying jobs for people and families, benefits, you are delivering a service to Suffolk County in terms of millions of dollars.

And I can't help thinking, do you have a PR person? Because I am sick of hearing OTB, OTB, job factories, blah, blah, blah and nothing. What you're telling us today is we're making money, we're not spending money, and we're providing jobs. That's not so bad. You need to get that message out. I think people need to know about that. I think the media needs to do something with that. That's very important in this day and age.

MR. CASALE:

Legislator Nowick, you're making an excellent point. But part of the problem, and I've been critical of all the OTB situations across the State, is that for years, you know, the OTB people, if you will, have all kind of things, you know, they didn't want to be seen. I think we do some very good

things. And I think you're making an excellent point with regard to the role that Suffolk OTB plays in the economy of Long Island. The jobs that you're talking about are largely -- I believe there's about 100, let's 150 to 200 jobs, non political appointment jobs that are available to citizens of Suffolk County. They are represented by Labor, two labor unions to be exact. We are able to provide part-time, lots of part-time work for college students who, as you know, cannot afford tuition. And we are able, because of our part-time arrangements, able to help those students get through school. It's a great job for them, it works with their schedule. And they're represented by Labor, so you know they're getting fair wages.

We have all kinds of people returning to the workforce. We have seniors who can't pay their taxes and they work. We have a woman who works for us who's 87 years old, does a phenomenal job and takes bets. We have young people, we have retirees, you know, and they do an outstanding job. And I appreciate your recognition that we do things. But we have been our own worst enemy on occasion, but this group that you see here today is very dedicated to making us more efficient, doing things better than we used to do it before.

LEG. NOWICK:

Well, you've obviously done your job.

MR. CASALE:

We have a lot more to do.

LEG. NOWICK:

The message should get out. So you have a senior rookie -- a senior bookie and a rookie bookie.

MR. CASALE:

She's 87. I think she's 87.

LEG. NOWICK:

All of the above. Just my second question to you is we as a committee, how can he help? I know -- I would imagine it's supporting you with our State Legislators. And as a member of the committee, I think it's important, because I like the idea that we can get more for Suffolk County, especially --

MR. CASALE:

Yep.

LEG. NOWICK:

-- for the years to come. Maybe as a committee we can help. I don't know. Maybe you can guide us.

MR. CASALE:

I think we know that the Legislature doesn't do the Sense Resolutions anymore.

CHAIRMAN D'AMARO:

We have eliminated that recently.

MR. CASALE:

There are letters that certainly can be sent. We will help prepare that letter for you. And I think you, as elected officials who represent obviously the people of Suffolk, should -- you all have relationships with our State Legislators, and I think the more you personally involve yourselves and inject yourselves into this discussion, not to support OTB, you know, but to support the revenue stream to the County. And, you know, you have relationships with -- with a lot of these Legislators from the State. And if they don't hear from you, they're going to think you're not concerned.

CHAIRMAN D'AMARO:

And, Legislator Nowick, the packet that Mr. Casale provided has the legislation that is pending.

MR. CASALE:

We have some examples, and we'll have more.

CHAIRMAN D'AMARO:

Right.

MR. CASALE:

We are working on something right now. In fact, I need to provide to the County Executive and his Deputies so that they have the information. And, you know, certainly I have any member of my staff would be willing to help construct a letter that would, you know, be short and to the point.

LEG. NOWICK:

And, Legislator D'Amaro, I don't mean to usurp you, you're the Chairman here, but, you know, whatever way you want to go, you're the Chairman. But I certainly think we can be supportive.

CHAIRMAN D'AMARO:

I agree with you wholeheartedly. The purpose of our oversight function, really, is to come in and say, okay, you know, that's a separate corporation operating out there, but it is generating revenue for Suffolk County. So, number one, is it operating efficiently? And I think we've heard that testimony here today, that it is operating more and more efficiently. But second, how can we provide some taxpayer relief? And that's something I don't think anyone in this room wouldn't want this committee to stand behind, and I'd be happy to do so.

LEG. NOWICK:

I'd be happy too.

MR. CASALE:

I want to assure the committee, I would not be sitting here today -- I think most of you know me well enough. I wouldn't be sitting here today asking for any support if I did not feel that we were doing what we were supposed to be doing. I know we have more to do. We're not done. But I wouldn't be asking for your support and your help unless we were doing our part to make sure, you know, that you could be proud of the job we're doing.

CHAIRMAN D'AMARO:

Something we could consider on the committee, of course, is doing a joint letter from the Ways and Means Committee, but I don't want to go there until we give Legislator Alden an opportunity to ask his questions. Legislator Nowick, if your finished for now --

LEG. NOWICK:

Yes.

CHAIRMAN D'AMARO:

We'll turn to Legislator Alden.

LEG. ALDEN:

Thank you, Mr. Chair. Thanks for coming down. Suffolk County OTB, is that part of a bigger public benefits corporation or that's a separate public --

MR. CASALE:

It's separate. When the OTBs were established in the '70s, each -- the State Legislation that created the OTBs, actually created regions, and we were, because of population and what have you, allowed to have a region in Suffolk, a region in Nassau, etcetera, etcetera, etcetera. But we're all individual public benefit corporations. But we, obviously, serve the same purpose.

LEG. ALDEN:

So your operating corporations, but you have to operate within the confines of whatever New York State Law created you.

MR. CASALE:

Yes. Very strictly, yes.

LEG. ALDEN:

Now here's a history question. Was there a time when New York State subsidized the racing industry and now has passed off that burden to OTB?

MR. CASALE:

I don't really know the answer to that. I don't -- honestly, I don't if they subsidized it directly. There may have been. When OTBs were first established, however, back in the '70s, there was a lot of fear that tracks would die and suffer. And, in fact, I think we've kept the tracks alive in this State through the OTB system. This is a big state. But I don't know what the State's role was at the time. I imagine there was some help provided at some point, not to the degree that OTBs are providing that help.

LEG. ALDEN:

Is there is any way that -- where would you suggest looking for that information then?

MR. CASALE:

Maybe one of my colleagues knows that. Do we have any history on that?

LEG. ALDEN:

I don't need the answer today, but --

MR. CASALE:

We'll find out.

MR. CASALE:

Neil is making a very good point. Maybe some of that support for the racing industry is still going on today. If you read the NYRA agreement, there's plenty of money coming from the State to help the New York Racing Association, and -- to the tune of millions.

LEG. ALDEN:

This is controversial, but there's been a number of statements that, "no cost," but one could argue -- and that was the argument that was made back in 1970 -- that there's a huge morale cost.

MR. CASALE:

Sure.

LEG. ALDEN:

And then that would translate into tax dollars going to people that lose their family -- not their family, but their family residence when they gamble. So that whole morale argument about what it costs society when people go out there and gamble. This is a form of legalized gambling that New York State has decided to do a long time ago. And I was trying to remember what the -- like, the origins of this were. Was it by mandate of the people, or was this just --

MR. CASALE:

The racing industry in New York State has a very long history going back to the 1800s. Very -- as you know, the Third Leg of the Triple Crown Series, Belmont, one of the biggest races of the year. New York also -- again, you're looking at it historically, New York State really has been at the forefront in racing and arguably has the best racing, if you will, one of the most professional racing anywhere in the country. And people flock to the events up in Saratoga every year, it's an event,

very social, very strong for the Saratoga Springs Community. So I think the history of horse racing in New York is sort of why it was so tolerated over the years. New York has a somewhat, if you'll pardon my editorializing, provincial attitude towards gambling, where the only types of wagering allowed in this state are parimutuel wagering, and that's in the New York State Constitution, actually, as well as lottery, which is a form of gambling and has similar morale concerns that you've expressed. And bingo and, you know, that kind of thing, there's not a lot of wagering.

LEG. ALDEN:

New York State Constitution or an amendment in the original Constitution of New York State?

MR. CASALE:

The current Constitution in the State of New York, and I believe even prior to that, the only types of wagering allowed in the State were parimutuel wagering. It's actually a provision in the State Constitution.

MS. SEAMAN:

I think back in the early '70s, there was a commission by the Suffolk County Government because of illegal bookmaking that was going on and the police costs that were involved with that and the oversight of, you know, how it was running rampant. The State -- then this County Commission, I believe, made a recommendation to the State in order to reign in illegal bookmaking, but also to provide a stream of revenue to the locality, it allowed parimutuel wagering.

LEG. ALDEN:

And just one other question, and again, I don't know if you have the answer or not, is there any studies or current studies, are there any current studies that would show, like, basically the morale cost, or the cost to society?

MR. CASALE:

There are several. I mean, they're all over the country, to be honest with you. I mean, you at with the advent of Atlantic City's growth and even Las Vegas --

LEG. ALDEN:

Because the ones that I ended up, you know, reading unfortunately -- well, not unfortunately, but they came to my church, so they're not -- they're not positive about any affects that --

MR. CASALE:

Look we're not insensitive to the issue, to be honest with you. We are very responsible. We believe, at OTB, we have self-exclusion programs. We have, in fact, on several occasions, exercised our right to bar certain customers who we think may be in trouble or abusive. So we've no incentive. And I think your -- you know, your concern is similar to many other people's. But I think Vice-President Seaman is making a good point also in that it's a balance -- a bit of a balancing act. Those of us who are old enough to remember know about all the bookies that were all over New York City, certainly, and Long Island in the local pubs and the cigar store and taking bets. There was a lot of illegal gambling in New York State at that point on horse racing, much of which was left unchecked for years. The OTBs have pretty much eliminated that. So I think it is a balancing act. We know that there could be difficulties, obviously, with any addictive personality.

LEG. ALDEN:

I don't want to drag it out, but -- so maybe if you or the vice president could get in touch with me and show me --

MR. CASALE:

Absolutely.

LEG. ALDEN:

Or just point me in the right direction --

MR. CASALE:

Absolutely.

LEG. ALDEN:

-- to some of the other studies.

MR. CASALE:

We'll be happy to do that.

CHAIRMAN D'AMARO:

Well, it's the ageless argument over any, quote, unquote, vice, whether it's tobacco, cigarettes; do you ban it and drive it underground possibly? And there are costs and social costs to that. Or do you permit it, regulate it, tax it and then hopefully provide programs if people need help?

MR. CASALE:

Yes.

LEG. ALDEN:

Like marijuana, tax that in New York City.

CHAIRMAN D'AMARO:

It's a debate that -- really, it's a generic debate that applies to many different activities that we face on a daily basis. But we're really here today talking more about the fact that it is here, it has been here since the '70s. And I think Legislator Alden makes some very valid points; we have for consider societal costs. But as long as it is here, why not get our fair share of revenue here to Suffolk County taxpayers? And you've done a very good job this morning of highlighting that for us. Are there other questions from any of my colleagues? Okay. Then I'm going to conclude just by thanking Mr. Casale, thank you very much, very informative.

I think I speak for all of us on the committee, we appreciate what you and your management staff have done at OTB. I especially appreciate your mindset of going in to run this corporation with the taxpayers of Suffolk County always at the forefront of your mind. We appreciate that very, very much. And I thank you for coming this morning.

MR. CASALE:

Thank you for your comments, and thank you for the opportunity. We'll be in touch again.

CHAIRMAN D'AMARO:

Thanks. Okay. Back to the agenda. Next item -- next section is Tabled Resolutions, and I'll start by calling the first, which is **Resolution Number 1032 of 2008, adopting a Local Law in relation to the disposition of auctioned properties (BROWNING)**.

This is a resolution that would require -- this was a resolution that we had discussed previously at this committee that would now require that there be a ten year provision added. I think the discussion -- and I welcome you, Mr. Kent, again, to the committee this morning. I think there was a discussion last time about making the requirement run with the land. And the legislation has been amended. And have you had an opportunity to take a look at that?

MR. KENT:

Yes. And I've discussed it with the Counsel to the Legislature.

CHAIRMAN D'AMARO:

Okay. And what it did was it now provides it as part of a deed research, I believe, the ten year requirement.

MR. KENT:

Yes. It's going to be language in the deed that will require that the owner -- it be owner-occupied for a ten year period. And a violation of that covenant or deed restriction could create a reverter interest in the County. So I think the title companies and the financial -- the lending institutions will be notified with this language that they should check. So they're going to probably -- what it will create will be -- the practical outcome would be that they would police our program for us.

CHAIRMAN D'AMARO:

Right. As Legislator Alden had that discussion with you at the last committee. The changes are now made, and so on that, I will offer a motion to approve Resolution 1032 of 2008, seconded by Vice-Chair Beedenbender. I'll call the vote. All in favor? Opposed? Abstentions? Resolution is passed. **APPROVED (VOTE: 5-0-0-0).**

The next Tabled Resolution is Number **1033-2008, adopting a Local Law to establish a prompt contracting policy for not-for-profit organizations (MONTANO)**, laying out some specific time frames for the contracting process.

LEG. BEEDENBENDER:

I'm going to make a motion to table subject to call.

CHAIRMAN D'AMARO:

Okay. There is a motion by Legislator Beedenbender to table subject to call. I'll second the motion.

LEG. ALDEN:

On the motion.

CHAIRMAN D'AMARO:

On the motion, Legislator Alden.

LEG. ALDEN:

What are we going to do about this thing? We have some people that provide much needed services to the County, and they're coming before us and testifying on, you know, like, a fairly regular basis that they're not being paid, not within 30 days, 60 days, or 90 days. Sometimes they actually have to go out and take loans out, which they cannot then include for reimbursement, because the County policy bars them from that, to carry their organizations. And if we're dealing with it GM or General Electric, that's one thing. You expect them to be on a very sound financial footing. But some of these are small not-for-profits, some of them are large not-for-profits. But still, if we're looking providing a service for people, and our own policies are increasing their costs where they can't even get reimbursed for it, we're diminishing the services that are being provided. So what other way is there to fix this?

LEG. BEEDENBENDER:

Well, Legislator Alden, I agree that there is probably some work that needs to be done in this area, because I, too, hear from those not-for-profit agencies. But the function of this bill and the way it's set up, it's not really practical. I mean, to execute a contract within 90 days of the final adoption of the budget, well, the budget gets adopted in November. You can't execute a contract in '07 for money that's in '08. So, right off the bat, that 90 days is even less than 90 days, because you're cutting out all of those days from the adoption of the budget, probably 45 days. Now we're talking about doing an entire contract in 45 days, that's not possible.

As far as I understand -- and I'd ask Counsel to correct me if I'm wrong -- there's not really a provision in here that if there's delays -- because I've been dealing with contract agencies in my office and they don't get back to me. I'm not sure if 45 days, which is the practical implication of this, is really realistic to get this done. Counsel, was I incorrect?

MR. NOLAN:

The law does provide that if the administering department cannot meet the deadlines that are set forth in the law, then they can advise us of the circumstances of why they're not able to execute the contract timely.

LEG. ALDEN:

Legislator Beedenbender, would you suffer a quick interruption? I'm not opposed to tabling it if we're going to do something positive to give relief to the people, but when we table something subject to call, it's almost like, "I don't want that in front of me anymore, I'm going to ignore it now." And that's where I think that if we're going to make an effort somewhere else, then all right, let's kill it completely. But if we're not going to make an effort, then this really should really be before us so at least we have some point to start with and then work towards some type of solution.

LEG. BEEDENBENDER:

Well, there has been, I think, an attempt to amend this and to work on it, but I'm not sure -- I won't put words in the sponsor's mouth, but I'm not sure there's been any willingness to amend this. And I'm not willing to support this bill. And it keeps coming before us, so that's why I made a motion to table subject to call, but I'm not indifferent to the issue.

CHAIRMAN D'AMARO:

I want to just -- Legislator Viloría-Fisher, I'll get to you in just one moment. I seconded the motion, and the reason why I did that is that we have been considering this bill for a couple of cycles now. And, Legislator Alden, I agree with you, and that's why I supported the Prompt Payment Bill that we had recently that when we contract out and we have an obligation, it should be done timely and then paid timely. I have no problem with that, as a government, that's how we should be operating. The problem that I have with the bill is in Section C.

Well, first of all, I think the deadline dates, setting an artificial date is unrealistic. I think you need to work a lot more flexibility into this. You know, just saying, look, a contract has to be in place by March 1 -- and it's not -- it gets you into Section C, and this is where I have a real problem with the bill. It requires that written explanations be drafted by different departments where it's, quote, "beyond the control of the Department for the delay." And once again, I view this as making work for County departments and employees.

You know, there's a give and take in a contract negotiation, there's a give and take in this process. You know, March 1 hits, on March 2nd, instead of trying to get the contract completed, you're writing a memo. And we have limited resources in this County. I personally believe that if we pass a budget in November, these contracts should be in place by January 1.

LEG. ALDEN:

Yeah.

CHAIRMAN D'AMARO:

Not March 1.

LEG. ALDEN:

I agree with you.

CHAIRMAN D'AMARO:

And I think we need to find ways to encourage this administration and subsequent administrations to do, hopefully, a better job and meet even a January 1 deadline. In fact, I've spoken to some groups and organizations about this bill in my District Office, they've come to visit me, and they don't support the bill, because they say, you know what, March 1, April 1, you're not helping us, we want January 1.

So my point is that, you know, we're setting artificial deadlines, we're making work for County

Departments that are already probably working at close to maximum capacity as it is. Then, beyond that, in order to write the memo, the County employee has to say, "Because it's beyond our control," and now you get into a finger pointing session, who's right, who's wrong. So now the contracting agency, instead of negotiating, is going to get upset with the County Department, and now you're going to have memos flying back and forth and the blame game begins.

I just -- I agree with the concept that we should have contracts in place in a timely manner and that agencies should be paid in a timely manner, but I don't think setting artificial deadlines and writing memos back and forth to blame one another is necessarily the solution. That's why I seconded the motion. I have a list, so I'm going to go to Legislator Viloría-Fisher.

LEG. VILORIA-FISHER:

Thank you, Mr. Chair. I agree with Legislator Alden that we should certainly not table this subject to call. And the reasons are that, as you have said in your arguments against it, a contract agency should be able to anticipate having an executed contract. Since we vote on the budget in November, that contract agency knows that they will be receiving the support. They should be able to anticipate a contract early in the year. There are some contract agencies that have come to my office whose contracts have not been executed until July. This is a tremendous hardship.

As far as Section 3, Paragraph C, I think that that's a very logical paragraph in which if there is -- if there are extenuating circumstances which prevent a department from going forth with a contract, that can be clearly delineated. And I don't think that's adding extra work, because I believe that in its negotiations and its relationship with the contract agency, the department should be giving them a reason why they can't execute the contract. And so they would simply be copying us in that kind of correspondence.

I also believe that a positive consequence of this law is that we should be working diligently in streamlining our contract processes. To have a contract agency, for example, a large agency such as the Family Service League, have to duplicate many of the onerous forms that they have to provide for to the County over and over and over again for all of the different contracts that they have, I think is a bureaucratic nightmare. Perhaps, if we pass this law, we can streamline the process, so that you might have the Living Wage Law, for example, the living wage component could be done once, the proof of insurance for that particular agency to be done once, the 501(C)3 status to be done once. And so the County could have a tracking where a particular -- where a particular contracting agency does not have to perform these -- jump through these hoops each time it's negotiating a separate contract. It would certainly save us time on our end.

We're using a lot of taxpayer money to go through these processes over and over, pushing paper. I believe that this particular piece of legislation would address many of those situations. In fact, I've asked the Clerk to set me as a cosponsor on this. I may just still have the original here. But I believe this is a very important piece of legislation. I certainly do not want to see it subject -- tabled subject to call. I'm ready to approve it out of committee because I believe we should be moving forward with it.

CHAIRMAN D'AMARO:

All right.

LEG. VILORIA-FISHER:

In fact, I'll make that motion.

CHAIRMAN D'AMARO:

Okay. There's a motion to approve. Is there a second?

LEG. NOWICK:

I'll second it.

CHAIRMAN D'AMARO:

All right. Seconded by Legislator Nowick. Just to very briefly respond. I agree with you, Legislator Viloría-Fisher, also about many of your points. My only point is that the deadlines of March 1, April 1, in the contract process -- I think the County executes thousands of contracts every single year, and a vast majority of that are executed timely and we never hear about. But I do agree with you the duplicative requirements. You know, there needs to be a streamlining, but this bill doesn't address that in any way. You know, that's something that frankly should be done, I think, administratively, if it's not being done already. So that would be a step in the right direction.

Again, I don't want to reiterate my arguments. I think you make some valid arguments as well. I don't think we disagree on everything. But I just don't think we need to have an artificial date where instead of finishing up a contract or getting a contract finished, we're writing memos and explanations back and forth. Yes, Legislator Alden.

LEG. ALDEN:

I don't know if I support passing it in this current form, because I do believe the Chairman made a few valid points. And I would like to see the dates moved up, and I like the idea of getting the contracts out by January 1st also. And maybe there's a few places here that need to be cleaned up. And maybe working with the County Executive's Office, we can come up a few changes to this, and maybe they can institute some kind of policies, and we can all work towards, you know, actually accomplishing a goal.

So I'm not going to support a table subject to call. I would support for another cycle tabling with the idea that we can actually accomplish something within that cycle.

CHAIRMAN D'AMARO:

Okay. Legislator Beedenbender.

LEG. BEEDENBENDER:

Well, I'll withdraw my motion to table subject to call and just offer a motion to table. But the one other thing I wanted to point out that is a concern in addition to the concerns that have been expressed with the bill, I think at least any sort of solution should involve understanding that there's a difference in the nonprofit agencies that we contract with. And what I mean is, you know, if we look at an organization like the Family Service League, they get a large amount of money from the County for services that they provide on a daily basis, but yet, when I think in my district of a Little League, it's also a not-for-profit organization, they get money that's not considered as part of their base every year, but is, you know, an addition each year that they don't factor in their budget. But the Family Service League provides service for Social Services every year, and we know they're going to do, they contract every year.

So I guess in my mind there's a distinction between the two, in that the Family Service League, you know, I don't want them to have to go out and take a loan in order to provide services that we know we use from them every year. So I'd like to see the distinction between those size, whether it's monetary or the frequency of the contract, and a Little League that gets about five or \$10,000 a year, because I think that is where a bulk of them are. But if we can focus on those large organizations that provide health and social services and even, I guess, some day-cares as well, I think that's a better approach rather than to treat everybody -- every organization with the same -- to give everybody the same treatment.

CHAIRMAN D'AMARO:

And I'm going to make a suggestion and then, Legislator Viloría-Fisher, I'll get right to you. You know, as we just heard from OTB, you know, we have an oversight function here. And in the context of this bill, I'm going to invite Mr. Zwirn, of course, to give any comments he would like to at this time. But maybe what we need to do is explore this a little bit more in depth through this committee and talk about some of these distinctions that Legislator Beedenbender is bringing up.

I'd be happy to do that through a presentation or something like that we can put together so we can talk about that. But, Legislator Viloría-Fisher, go ahead.

LEG. VILORIA-FISHER:

Yes, I have two comments. Mr. Chair, you had mentioned this legislation doesn't go to the administrative day to day operation, and I think that's a good thing, because I don't believe we should be micromanaging the administration. And so this gives a broad -- a broad set of circumstances and a framework within which the administration has the freedom to act as a separate branch of government. And so I wouldn't want to micromanage through our legislation. I don't believe that that's the function Legislature, rather we should be setting the policies.

With regards to your comment and then followed up by Legislator Alden of pushing it up to January 1st, I don't think that's at all a compromise, I think that would be much more of a push back against putting -- setting a date of January 1st. I know that that's what the contract agencies would like. And I don't see this as an artificial date. I see it as a date where we're saying if we have a contract agency, which has come before this Legislature with a program and in good faith believes that they are going to get a certain amount of money in a fiscal year, in a calendar year, we certainly should not go beyond the first quarter of the year before we execute that contract. Because once we sign that contract, once we execute that contract, then there is a delay in receiving the money of another couple of months.

So that contract agency -- if we have a date of April 1st of execution of the contract, which is what this finally gives, then that contract agency is not receiving that money for another two months. And so half of the year has gone by before they see cent number one. So they have been using bridge loans. Cornell Cooperative can tell you the tens of thousands of dollars that they incurred in interest payments in order to meet their payroll, in order to continue the programs, which in good faith they have contracted with us.

And so I really do wish that we could approve this, get it out of the committee, have it come before the full Legislature and leave the day to day operations to the administration. I don't believe that we should be including that in our policy resolutions.

CHAIRMAN D'AMARO:

Okay. Is there anyone else who would like to be heard on the resolution? Mr. Zwirn, would you like to offer any comments?

MR. ZWIRN:

Thank you, Mr. Chairman. The County Exec's Office deals with thousands and thousands of contracts. There's no nefarious plot to try to slow down the process and not process these contracts as quickly as possible. The County Attorney's Office and Christine Malafi has done a lot to boiler plate a lot of the language to try to move this along. If you pass this legislation today, you will feel good that you have done something that you think is remarkable. It doesn't mean it's going to happen. You can pass a bill saying the sun's going to come up in the west and set in the east, and maybe that would be good for somebody, but it doesn't mean -- they just physically have not been able to process this as quickly as everyone would like. And passing legislation mandating it doesn't necessarily mean it's going to happen.

We may wind up with a form letter saying we just haven't been able to finish yet, we're still waiting for information. There'll be form letters that will be going out, and we'd be no better off than we were before. I think the Chairman's suggestion that perhaps we have someone from the County Attorney's Office who's working on the contracts explain to you what the process is -- I know Legislator Viloría-Fisher mentions Cornell Cooperative. We have had a great deal of problems going through their bookkeeping on these -- on these contracts. This is taxpayer money that we're using to pay for these services. If everything is not dotted and every T is not crossed, we are responsible. Our fiduciary obligation to the taxpayers has to be met, and sometimes that delays the contract. Sometimes it's sheer volume, and sometimes it's a system that archaic and has to be adapted to the

modern age.

And I think the County Attorney's Office is working on that and has done that. You've added an extra attorney to help push contracts through. So there has been an effort to try to do that, and I think we have made progress. I'm not aware that the Family Service League is having a problem, but if that's -- if that's true --

LEG. VILORIA-FISHER:

Just an example.

LEG. BEEDENBENDER:

It was just an example. I just picked an organization.

MR. ZWIRN:

I'm just saying, because if they are -- if there is an organization that is in dire critical need in cardiac arrest, we try to expedite that as quickly as we can. I mean, that's one of the functions of the Legislature. Your constituents call you, and then you call the appropriate people in the County Exec's Office or the County Attorney's Office, and we try to move things along, happens all the time.

The process, we would all love it to be better, we would all love to see every organization paid in 30 days or sooner. It is an imperfect system. We are short staffed across the County, and we know it. We're trying to save positions, we're trying to save the taxpayers money, everybody's working a little extra harder. We're not adversarial on this, but we're just trying to be realistic. And I think the Chairman's suggestion that maybe the County Attorney can come in and tell you the things that she has done to try to expedite the process, you'll understand the volume that we're dealing with. And maybe with the oversight that this committee has, you may have some suggestions that they haven't thought of that might be helpful to move the process along.

But I think this is premature. As I say if you pass it, it doesn't mean anything is going to happen except you may feel a little bit for a little while, instead of trying to find a real solution. And maybe that would be a presentation that we could make at the next committee meeting.

CHAIRMAN D'AMARO:

All right. Well, you know, my understanding of any contract process, having done a few in my day, is there is a give and take. There's often requests for information, those requests should be streamlined, but then again, they also have to be complied with even if they're streamlined. In fairness to the agencies, often they don't have the staffing to comply quickly as well. So the only point I'm making is that for every delay, there's a case by case analysis of why the delay is occurring, and that's why I'm not really comfortable setting any deadlines, whether it's March 1, April 1, January 1, without having a fuller picture and understanding of what tools -- rather than set a deadline, I'd rather know what tools can we give you, or what can we do to speed the process along. I think that would be an effective remedy as opposed to just setting a date that's going to prompt a memo on March 2nd or April 2nd saying you haven't complied with A, B, C and D, you know, something like that. So that's my point.

LEG. VILORIA-FISHER:

Mr. Chair.

CHAIRMAN D'AMARO:

Yes.

LEG. VILORIA-FISHER:

I will agree to go along with the tabling for one cycle, because I would like to have some of the groups that have -- some of the groups that have been put together, you know, Erica Chase's group of contract agencies that have been it addressing this, I would like to invite them to come before this committee next month.

CHAIRMAN D'AMARO:

Sure.

LEG. VILORIA-FISHER:

So they could testify as to -- that group has grown to, I believe, 80 contract agencies. And their issues are -- and, you know, Pederson Krag came before us during our budget deliberations with testimony as to delays in contracts and what it's cost them. Certainly, I know that responses of Suffolk County -- you know, there's always a call for volunteers in our memos, our All Employee Memorandums, and yet, their contract wasn't signed until July. So it was ironic that I had received a call from them and receiving an All Employees Memo looking for volunteers the same day. So there's a critical need out there. There's a critical need. And I would be willing to table for one cycle and invite the groups to come here for the next meeting through the Chair.

LEG. ALDEN:

Mr. Chair.

CHAIRMAN D'AMARO:

One second. If you would just indulge me. The contract that wasn't signed in July -- you know, I always here about -- and I'm not incentive to it -- but I always hear about the delay, but I never hear the why.

LEG. VILORIA-FISHER:

And when I called, there was no why other than the volume.

CHAIRMAN D'AMARO:

But my point is that if you really want to know the why, I think in fairness and equity, you would have to ask both sides why.

LEG. VILORIA-FISHER:

Absolutely.

CHAIRMAN D'AMARO:

So that's my point.

LEG. VILORIA-FISHER:

So that meeting should involve both sides.

CHAIRMAN D'AMARO:

That's my only point. Legislator Alden, go ahead.

LEG. ALDEN:

Through the Chair to Legislator Viloría-Fisher, can you make it clear to them that this wouldn't be, like, a lobbying type of effort, that it's a fact finding -- so a concise summary of actual facts and things like that would be more beneficial than, you know, just one after another, 85 or 100 groups coming up and, you know, lobbying us, because --

LEG. VILORIA-FISHER:

Well, that's why I mentioned Erica Chase.

LEG. ALDEN:

Good.

LEG. VILORIA-FISHER:

Because they've done -- they've been charting latenesses and how much it's cost them. So perhaps,

Mr. Chair, if -- I'm not the Chair of the Committee, so I don't feel at liberty to invite them. But if you would like to invite Erica Chase to come and express -- we don't want to be here for six hours listening to sob stories.

LEG. ALDEN:

Just to use a phrase from Jack Webb, you know, "Just the facts, ma'am."

CHAIRMAN D'AMARO:

Right.

MR. ZWIRN:

Mr. Chairman, if I might add, I think that's an excellent suggestion. And if it's possible that if some of the groups that are having problems, we could know in advance, so the County Executive's Office can see what the problem is. It may just be volume, that they haven't gotten to it, or there might have been a specific reason why the contract had not been processed sooner, so we would know -- so we could bring the appropriate information in response so we could have a constructive dialog.

CHAIRMAN D'AMARO:

Well, Mr. Zwirn, you kind of read my mind there. Again, it's only in the interest of full disclosure and having not just the facts, but all the facts. You know, I've sat through this Ad Hoc Budget Committee that we had -- or Contract Agency Committee last year, and it was informative, and it was a process we needed to go through. I think it served a great purpose of honing in on, you know, what we do with contract agencies. But it was just one side that we heard consistently. And I'm not saying it's not accurate, but everyone in this room, I think, would agree that there are two sides to every case by case analysis when there's a problem.

MR. ZWIRN:

Well, Cornell is a good example.

CHAIRMAN D'AMARO:

And I don't want to sit through another hearing hearing just the one side. If it turns out that in some area of this process the ball is being dropped, whether it's on the agency side or the County Executive's side, the only way we're going to solve that is if we have all of those facts and we can kind of talk about it at the same time. That's my point, and I think you would agree with that.

So what I'd like to do is if we're going to bring some agencies here to talk about specific problems they are having, I would like to give the administration a heads-up. And I would really encourage you to bring down the people that are involved from start to finish in that contracting process, so we can finally ask those questions.

MR. ZWIRN:

I'll make that commitment.

CHAIRMAN D'AMARO:

Okay. Very good.

LEG. VILORIA-FISHER:

Mr. Chair, I had suggested that because you said that you had wanted to have the contract people here, and so I thought in fairness, we should have those people who are representing the contract agencies so we have a balanced presentation.

CHAIRMAN D'AMARO:

All right. So Legislator Beedenbender has withdrawn his motion to table subject to call.

LEG. BEEDENBENDER:

I made a motion to table.

CHAIRMAN D'AMARO:

And made a motion to table -- offered a motion to table, I will second that motion. And I'll call the vote. All in favor? Any opposed? Abstentions? Motion carries. **TABLED (VOTE: 5-0-0-0).**

Next on Tabled Resolutions is **1054-2008, adopting a Local Law to strengthen competitive procurement procedures and maximize savings for taxpayers (EDDINGTON).**

Requires a public hearing, I'll offer a motion to table.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by our Vice-Chair, Legislator Beedenbender. All in favor? Any opposed? Abstentions? Motion carries. **TABLED (VOTE: 5-0-0-0).**

1062-2008, amending Resolution Number 728-2007, authorizing the sale of Brownfield property tax liens from public auction (HORSLEY).

This would, in fact, remove one of the properties from the list for public auction. And we've been tabling this for quite sometime.

Mr. Kent, do we have the down payment, I think, we're looking for?

MR. KENT:

No. Although Déjà Vu has entered into the voluntary cleanup plan with the DEC, we are still awaiting a commitment on the part of Déjà Vu to come up with the balance of the down payment so that we can enter into the agreement. And I believe that this should remain on the list until we enter the agreement, and I don't think we should enter the agreement unless they have the down payment.

CHAIRMAN D'AMARO:

What is the delay with the down payment?

MR. KENT:

They are putting their money into the cleanup, and they really don't have the money right now to give the County the down payment. We're asking for 20%, which is consistent with what we've demanded of others, and they don't have the 20%.

CHAIRMAN D'AMARO:

How much in dollars are we talking about?

MR. KENT:

Seventy-two thousand would be 20%, and they're offering 10,000 down payment.

CHAIRMAN D'AMARO:

So they're negotiating the standard down payment.

MR. KENT:

Down. Downward.

CHAIRMAN D'AMARO:

Downward.

MR. KENT:

They are asking for a downward --

CHAIRMAN D'AMARO:

But the theory is that they're putting the money into the -- are they the owner of the property?

MR. KENT:

No, they're the mortgagee.

CHAIRMAN D'AMARO:

The mortgagee. And wasn't there an issue here about contesting the taxes as well through the town, I thought?

MR. KENT:

No, that was the other --

CHAIRMAN D'AMARO:

No.

MR. KENT:

That was the other part. That's the Levy one, not this one.

CHAIRMAN D'AMARO:

Okay. So here we have the mortgagee initiating foreclosure proceedings, or what happened?

MR. KENT:

I believe they've -- no, I don't think they have. They're doing a redemption. That's why they want to --

CHAIRMAN D'AMARO:

A redemption, right. Okay. So we have a tax deed for the property now. We have a tax deed. We took a deed to this property.

MR. KENT:

No, we did not. This is a tax lien.

CHAIRMAN D'AMARO:

Oh, it's a brownfield. Okay. So they're remediating the property without being in contract?

MR. KENT:

Well, they have an interest, because their security on their mortgage is the property. So they do have an interest to clean it up so that they -- so that they can realize value -- so that their collateral has some value. Contaminated collateral is not worth as much as clean collateral.

CHAIRMAN D'AMARO:

So they may never really -- well, they can acquire title to the property by foreclosure.

MR. KENT:

I mean, if time goes by -- if time goes by and they just satisfy the lien, it will come off also. So we're in the process still of getting these rules together that will have to be presented to the Legislature. So we're probably not going to have a brownfield tax auction for a few months yet, you know, maybe July or August.

CHAIRMAN D'AMARO:

Are they ever going to give more than the 10,000?

MR. KENT:

They said that by the end of May when they refinance -- they're looking to refinance -- they might take title to the property and refinance it at that time -- then they'll have the money to pay the full \$72,000 down. And I've been dealing with Counsel, they're represented by an attorney, Charlotte Biblow, who's pretty well known in the brownfield legal practice. She's got a brownfield practice, that's her area of expertise.

CHAIRMAN D'AMARO:

Sale of the tax lien or auction of the tax lien would not affect their interest, it would just be a new holder of the tax lien.

MR. KENT:

That's correct. Their interest would be affected at the point that a tax deed was taken, though, because the person buying the lien is being put into the same position as the County. And the County, when it takes a tax deed, it wipes -- it wipes out the mortgage.

LEG. ALDEN:

If you give them notice.

MR. KENT:

Right, which we would. If we gave -- they'll have to give them notice, because we're not going to take the deed, unless you redeem the property. And then on a redemption, the mortgage is not -- the mortgage is not --

CHAIRMAN D'AMARO:

Is there a need to have this resolution pending on our agenda?

MR. KENT:

It's not our resolution. I mean, it's that's -- it's Legislator Horsley's resolution.

CHAIRMAN D'AMARO:

I understand, but --

MR. KENT:

I'm not going to comment. I don't think it's appropriate for me to comment on that, whether you decide whether there's a need for you to have it there or not.

CHAIRMAN D'AMARO:

Well, I'm asking you in the context of does it somehow enhance the County's position in dealing with this mortgagee to have this resolution pending? I think that you should probably answer that question.

MR. KENT:

I don't think it does. I think the benefit is having it on the list of properties subject to the next tax lien auction. That is what gives us the strength to negotiate the settlement, not to have this pending.

LEG. VILORIA-FISHER:

Mr. Chair.

CHAIRMAN D'AMARO:

Yes.

LEG. VILORIA-FISHER:

What about a motion to table subject to call until such time that Real Estate comes back to us with new information or different information?

LEG. NOWICK:

That's where subject to call really works.

LEG. VILORIA-FISHER:

Yeah.

CHAIRMAN D'AMARO:

Well, that's my point, only to get it off the agenda. I mean, we can recall it as a committee if something changes. It's just a matter of having this discussion every single time we meet.

LEG. VILORIA-FISHER:

Right.

MR. KENT:

I think there'll come a point where they will put up the down payment.

CHAIRMAN D'AMARO:

See, I have no short-term memory, so I'm not going to remember any of this next time.

LEG. VILORIA-FISHER:

So I'm going to make a motion to table subject to call. And at such time that Real Estate has new information, then we can recall it.

MR. KENT:

This has been here so long, that this will be long-term memory, though.

LEG. VILORIA-FISHER:

It's just like déjà vu.

CHAIRMAN D'AMARO:

Déjà vu, good point. I'm going to second that motion. And is there anybody who would like to be heard on the motion before I call the vote? Okay. Then I'll call the vote. All in favor? Opposed? Any abstentions? Motion carries. **TABLED SUBJECT TO CALL (VOTE: 5-0-0-0).**

1158-2008. Naming the Supreme Court Building in Riverhead the "Thomas Stark Supreme Court Building" (ROMAINE).

This resolution as a prerequisite would require approving by what we call our Naming Committee, and I will defer to the Chair who is with us today. Legislator Nowick.

LEG. NOWICK:

I'm going to make a motion to table. We did meet -- the Naming Committee did meet. We tabled it at that meeting. So it has to be tabled.

LEG. VILORIA-FISHER:

Second.

CHAIRMAN D'AMARO:

Okay. Motion by Legislator Nowick, seconded by Legislator Viloría-Fisher. All in favor? Opposed? Abstentions? Motion carries.

TABLED (VOTE: 5-0-0-0).

The last resolution on our Tabled section of our agenda is **1230-2008, adopting a Local Law to formalize the vacancy procedure relating to board, commissions and agencies (PRESIDING OFFICER).**

In effect, requires notification by boards of the fact that there is a vacancy. I think that's a step in the right direction. And I'll offer a motion to approve.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedenbender. All in favor? Any opposed? Abstentions? Motion carries.

APPROVED (VOTE: 5-0-0-0).

Introductory Resolutions. **1235-2008, review of auction rules for the disposition of surplus property acquired under the Suffolk County Tax Act (COUNTY EXEC).**

This is standard. We adopt these rules periodically.

MR. KENT:

Mr. Chairman, if I could approach, I have -- the attachment to the resolution is incorrect, and I have the corrected version of the proposed rules here. So I'd like to distribute them.

CHAIRMAN D'AMARO:

Please do. Thank you. You can hand them off to Justin.

LEG. BEEDENBENDER:

That's the Exhibit A, Chris.

LEG. VILORIA-FISHER:

Mr. Kent, Exhibit A is incorrect?

MR. KENT:

Yes.

LEG. BEEDENBENDER:

Have you officially filed that with the Clerk?

LEG. KENNEDY:

No. I was just made aware that the attachment was incorrect today. I had someone bring me over the correct attachment. I have enough copies, I think, to leave one with each of you and Counsel to the Legislature, and I can give one to the Clerk right now also.

CHAIRMAN D'AMARO:

Mr. Kent, we're meeting again in two weeks. I think we're inclined to table this since we're not filed yet with these and we're just being handed the new copy.

MR. KENT:

The only real omission was the inclusion of the new SLAP Program, which adds for additional auction fees to be collected to fund the Sheriff's Labor Assistance Program. And that now has been added under auction fees. Again, I don't know how the incorrect copy got attached, but.

CHAIRMAN D'AMARO:

Speaking to the members of the committee, I'm speaking with Counsel about perhaps discharging this without recommendation, so that the IR could be amended and the rules could be filed, and then we could still vote on it at the next Legislative meeting.

MR. KENT:

If I could just comment to tell you know what you received. The notice is in the beginning of the

brochure, and that's kind of like a letter from me. It puts the potential bidders on notice of new changes that they should be made aware of, and then the terms and conditions, which is attached has the rules -- definitions and rules. And the only change from the 2000 -- 2007, we had a large change -- many changes in the rules.

For 2008, the only new addition really is on -- what's shown on here is page 66. That's going to be brochure page 66. We're already starting to put the brochure together. And that comes under A, B and C, which is the new breakdown of new auction fees that are going to be imposed upon successful bidders.

CHAIRMAN D'AMARO:

The exhibit that we just received, the terms and conditions of sale, this is a complete set now of the auction rules?

MR. KENT:

That's correct.

CHAIRMAN D'AMARO:

Okay. So this is in place of what we had received previously?

MR. KENT:

That's correct.

CHAIRMAN D'AMARO:

Okay.

LEG. ALDEN:

And you gave it to the Clerk?

MS. LOMORIELLO:

I have it.

MR. KENT:

Yes.

CHAIRMAN D'AMARO:

Are we having an auction within the next two weeks?

MR. KENT:

No.

CHAIRMAN D'AMARO:

Do you need the rules in the next two weeks?

MR. KENT:

October 22nd. We have confirmed the date.

CHAIRMAN D'AMARO:

All right. I want to give our Counsel an opportunity to review it. It was just handed to us today.

MR. KENT:

That's fine.

CHAIRMAN D'AMARO:

I appreciate your testimony, but, you know, as long as we're not having an auction, why not? I'm going to offer a motion to table the resolution, seconded by Legislator Beedenbender. All in favor?

Any opposed? Abstention? Motion carries. **TABLED (VOTE: 5-0-0-0).**

1236-2008. Sale of County-owned real estate pursuant to Local Law 13-1976 Michael J. O'Donnell and Holly R. O'Donnell, his wife (COUNTY EXEC).

This is a small parcel, 15 by 184 feet, auctioned to the adjoining owner for 2000 successfully; is that correct?

MR. KENT:

That's correct. It was appraised at a thousand dollars, and the offer at our mini auction was 2000.

CHAIRMAN D'AMARO:

Very good. I'll offer a motion to approve.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedenbender. All in favor? Any opposed? Abstentions? Motion carries.

APPROVED (VOTE: 5-0-0-0).

Next is IR **1240-2008, authorizing the sale, pursuant to Local Law 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Deutsche Bank National Trust Company, as Trustee of Ameriquest Mortgage Securities Inc., Asset Backed Pass-Through Certificates, Series 2003-11 under the pooling and Servicing Agreement dated as of November 1, 2003, without recourse (COUNTY EXEC).**

I'll offer a motion to approve and place on the Consent Calendar, seconded by Legislator Beedenbender. All in favor? Go ahead, Legislator Alden.

LEG. ALDEN:

What happened here?

CHAIRMAN D'AMARO:

This is a Local Law 16, as a matter of right, a redemption as a matter of right, Mr. Kent?

MR. KENT:

Yes, it is.

CHAIRMAN D'AMARO:

Did you have a question, Legislator Alden.

LEG. ALDEN:

It just sounds a little bit strange as far as this bank. What kind of an asset was this to the bank? They sold the certificate or?

MR. KENT:

I believe they're the mortgagee.

LEG. ALDEN:

But these are asset back pass-through certificates, which means that it's not the direct mortgage, it's some kind of market type of instrument.

MR. KENT:

It must have been assigned or transferred. I don't have all the information about that.

LEG. ALDEN:

And they're operating within the time frames and everything else?

MR. KENT:

Yes, the application was received timely.

LEG. ALDEN:

Okay. No big deal. Okay. Thanks, Mr. Chairman.

CHAIRMAN D'AMARO:

Okay. I'll call the vote. All in favor? Any opposed? Abstentions? Motion carries and the resolution is placed on the Consent Calendar. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0)**.

1241-2008. Sale of County-owned real estate pursuant to Section 72-h of the General Municipal - Central Islip Fire District (COUNTY EXEC).

This is a 40 by 100 parcel in the Town of Islip proposed to be conveyed to the fire district for parking purposes, I believe. Mr. Kent, anything you'd like add on that?

MR. KENT:

No. They're going to -- they are offering to pay our County investment.

LEG. ALDEN:

Oh, they are?

CHAIRMAN D'AMARO:

Seventy-four hundred, roughly?

MR. KENT:

Yes.

CHAIRMAN D'AMARO:

I'll offer a motion to approve.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedenbender. All in favor? Any opposed? Abstention? Motion carries. **APPROVED (VOTE: 5-0-0-0)**.

Resolution **1243-2008. Sale of County-owned real estate pursuant to Section 72-h of the General Municipal - Town of Brookhaven (COUNTY EXEC)**.

And, again, this is a 72-h to Brookhaven Town for open space purposes. I believe it's more than one parcel for 11,000 roughly.

MR. KENT:

Yes. They're paying our County investment, and it's going to be for open space purposes.

LEG. VILORIA-FISHER:

Motion.

CHAIRMAN D'AMARO:

Motion by Legislator Vilorio-Fisher, I'll second. All in favor? Any opposed? Abstentions? Motion carries. **APPROVED (VOTE: 5-0-0-0).**

1244-2008. Authorizing certain technical corrections to the 2008 Adopted Operating Budget for the contracted agency Islip Union Free School District (ALDEN).

Legislator Alden?

LEG. ALDEN:

Motion to approve.

CHAIRMAN D'AMARO:

Motion to approve and place on the Consent Calendar, I'll second. All in favor? Any opposed? Abstentions? Motion carries. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0).**

1245-2008. Authorizing certain technical corrections to adopted Resolution Number 1414-2007 (COUNTY EXEC).

It changes the funding source from 01 to 016, I believe. I'll offer a motion to approve and place on the Consent Calendar. Is there is a second? Seconded by Legislator Alden? All in favor? Any opposed? Abstentions? Motion carries? **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0).**

1256-2008. Authorizing certain technical corrections to adopted Resolution Number 1415-2007 (COUNTY EXEC).

This is changing the capital project as a technical correction.

LEG. BEEDENBENDER:

Motion.

CHAIRMAN D'AMARO:

Motion by Legislator Beedenbender to approve and place on the Consent Calendar, I'll second. All in favor? Any opposed? Abstentions? Motion carries. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0).**

1248-2008. Approving payment to General Code Publishers for Administrative Code Pages (PRESIDING OFFICER).

LEG. BEEDENBENDER:

Motion.

CHAIRMAN D'AMARO:

Motion by Legislator Beedenbender and place on the Consent Calendar, I'll second.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

No, I seconded.

LEG. BEEDENBENDER:

Place on the Consent Calendar. No? Can we put this on the Consent Calendar?

CHAIRMAN D'AMARO:

I think so.

LEG. BEEDENBENDER:

Okay. Well, then let's do it.

CHAIRMAN D'AMARO:

All in favor? Any opposed? Abstentions? Motion carries. **APPROVED** and placed on the **CONSENT CALENDAR (VOTE:5-0-0-0)**.

1275-2008. Amending the rulings of the Legislature (MONTANO).

LEG. BEEDENBENDER:

I'm going to make a motion to table subject to call.

CHAIRMAN D'AMARO:

Motion by Legislator Beedenbender to table subject to call, I'll second.

LEG. ALDEN:

On the motion.

CHAIRMAN D'AMARO:

On the motion, Legislator Alden.

LEG. ALDEN:

This is through the Chair to Legislative Counsel, does this proposed rule change help us or tie our hands? Just give us an explanation of what it tries to accomplish? And this is just -- this was just introduced, right? This introductory.

MR. NOLAN:

That was laid on the table at our last meeting. It would change our rules in terms of how bills are assigned to committee. Presently, the rules just state that the Presiding Officer will assign bills to committee. This sets up a new procedure where initially the bills would come to me if they're laid on the table, and I would assign them to a committee. Thereafter, the Presiding Officer could seek to move the bill to a different committee from what designated, but he'd have to get the consent of the Committee Chairman from the committee where the bill is being moved from, and then if the Committee Chair does not consent to move the bill, then the Presiding Officer could still move the bill to a different committee, but would have to file a written explanation for why he's doing so.

LEG. ALDEN:

I would -- I would support tabling, but not table subject to call. This was just introduced. I would give the Legislator, you know the -- defer to him and give him the opportunity to come down and/or speak to any of us about it, because he hasn't -- he hasn't spoken to me about it. I would be interested in hearing what his theory is for doing this.

CHAIRMAN D'AMARO:

Is that a motion to table?

LEG. ALDEN:

I will make a motion to table, yeah.

LEG. NOWICK:

I'll second.

CHAIRMAN D'AMARO:

And a second by Legislator Nowick. You know, if something's not broke, don't fix it is my theory on this bill. I don't see any problem with the Presiding Officer having the discretion to assign bills. I

think it's a discretionary decision that's made. And I note, with all due respect to our counsel, I'm not sure it should be made in the first instance by Counsel. The second problem I have with the bill --

LEG. ALDEN:

I could question that part too.

CHAIRMAN D'AMARO:

It's not a reflection of his ability to assign bills, it's just where the authority should lie. The other thing, if you take a look at the bill, the last sentence, you know, "any attempt to influence the assignment or reassignment of legislation for political purposes or to secure a more favorable disposition of any legislation shall be subject to the provisions of Rule 13." Well, first of all, you know, who makes that claim, how is that made, all of that. You know, there's a lot of issues there. You know, we are, after all, part of a political process, and I'm not so sure that, you know, we want to start bringing censure proceedings in this Legislature.

If you take a look at Rule 13, it is a -- "no action shall be taken on a motion to censure, admonish or reprimand a Legislator until the Legislator who is subject to the allegations of the complaint is personally served with a written copy," and it goes through this whole procedure.

LEG. ALDEN:

Vivian and I have been for a little bit.

CHAIRMAN D'AMARO:

Okay. So I'm not as familiar with it as you may be.

LEG. ALDEN:

Olden time in modern history as far as that goes.

CHAIRMAN D'AMARO:

Well, anyway, just to get back. You have the ability to make -- if you want to make a complaint about someone violating a standard of official conduct, you have Rule 13 if you want to use it, it's there. There's a procedure set forth for doing it. You know, to start putting it into legislation where the Presiding Officer is assigning bills to committee, I think, is just inappropriate. I don't think it belongs there.

LEG. NOWICK:

Mr. Chair.

CHAIRMAN D'AMARO:

Yes, Legislator Nowick.

LEG. NOWICK:

You know, I seconded the tabling motion, and it's not because I'm entirely in favor of this. I just think with due respect to our colleague since this is new, maybe he could just explain to us in his words why --

LEG. ALDEN:

Now it's becoming clear.

LEG. NOWICK:

You know, I would like to get -- it is an Introductory Resolution. I'd hate to just take it off the table right away. Maybe if he chooses, he can come in here to committee, explain it to us. And if he doesn't, that means -- maybe then we'll table subject to call.

CHAIRMAN D'AMARO:

I'm never adverse to hearing all sides. I have no problem with that at all.

LEG. NOWICK:

I'm not saying I support it.

CHAIRMAN D'AMARO:

So if you'd like to invite the sponsor to our next committee meeting, I would be more than happy to support the tabling motion, or I could do it. I would be happy to do so.

LEG. NOWICK:

I don't want to usurp your authority.

CHAIRMAN D'AMARO:

Really?

LEG. NOWICK:

Okay, a little bit.

CHAIRMAN D'AMARO:

Okay.

LEG. BEEDENBENDER:

I'll withdraw the motion to table subject to call.

CHAIRMAN D'AMARO:

Okay. And there's a motion pending by Legislator Alden to table, seconded by Legislator Nowick. I'll call the vote. All in favor? Any opposed? Abstentions? And the motion carries.

TABLED (VOTE: 5-0-0-0).

All right. The next IR, **1277-2008, sale of County-owned real estate pursuant to Section 72-h of the General Municipal Law COUNTY EXEC).**

Once again, this is a conveyance to the Town of Islip for some parcels located along Sunrise Highway. I'm not sure of the purpose, 31,000, roughly. Mr. Kent, what was the stated purpose for the transfer.

MR. KENT:

I'm not quite sure either, but it's the south -- it's on the south side of the South Service Road of Sunrise Highway east of Carleton Avenue. There are restrictions, as you see in the resolution, that it has to stay in Islip Town ownership, has to be used for General Municipal purposes, and if they attempted to dispose of the property, it reverts back to County ownership.

CHAIRMAN D'AMARO:

I'm going to offer a motion to approve, is there a second?

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedenbender. All in favor? Opposed? Abstentions?

LEG. ALDEN:

I'll abstain on that.

CHAIRMAN D'AMARO:

Excuse me?

LEG. ALDEN:
I'll abstain.

CHAIRMAN D'AMARO:
You're abstaining?

LEG. ALDEN:
I'm not sure it's a good idea, but I'll look into that. **APPROVED (VOTE: 4-0-1-0 - Abstention - Legis. Alden).**

1298-2008. Establishing owner occupancy requirements for North Bellport properties (BROWNING).

At the request of the sponsor, I'll offer a motion to table.

LEG. BEEDENBENDER:
Second.

CHAIRMAN D'AMARO:
Seconded by Legislator Beedenbender. All in favor? Any opposed? Abstentions? Motion carries. **TABLED (VOTE: 5-0-0-0).**

1299-2008. Authorizing the transfer of property to Suffolk County Department of Parks, Recreation and Conservation (LINDSAY).

LEG. BEEDENBENDER:
Motion.

CHAIRMAN D'AMARO:
Motion by Legislator Beedenbender to approve, I'll second. All in favor? Any opposed? Abstentions? Motion carries. **APPROVED (VOTE: 5-0-0-0).**

That concludes that portion of our agenda. I'll offer a motion to go into Executive Session, seconded by Legislator Beedenbender. And that motion carries. We'll be right back.

(*EXECUTIVE SESSION WAS HELD FROM 12:06 P.M. UNTIL 12:28 P.M.*)

CHAIRMAN D'AMARO:
I'll offer a motion to adjourn, seconded by our vice-chair Legislator Beedenbender. All in favor? Opposed? Abstentions? We're adjourned.

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

{ } DENOTES BEING SPELLED PHONETICALLY