

WAYS & MEANS COMMITTEE
of the
SUFFOLK COUNTY LEGISLATURE

Minutes

A regular meeting of the Ways & Means Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York on June 17, 2009.

Members Present:

Legislator Lou D'Amaro, Chairman
Legislator Brian Beedenbender, Vice-Chair
Legislator Cameron Alden
Legislator Lynne C Nowick
Legislator Vivian Vilorio-Fisher

Also in Attendance:

George Nolan, Counsel to the Legislature
Justin Littell, Aide to Legislator D'Amaro
Marge Acevedo, Aide to Presiding Officer Lindsay
Michael Pitcher, Aide to Presiding Officer Lindsay
Paul Perillie, Aide to Majority Leader Cooper
Tom Ryan, Aide to Legislator Vilorio-Fisher
Ryan Attard, Aide to Legislator Beedenbender
Linda Bay, Aide to Minority Leader Losquadro
Barbara LoMoriello, Deputy Clerk of the Legislature
Lance Reinheimer, Assistant Director/Budget Review Office
Benny Pernice, Budget Review Office
Ben Zwirn, Assistant County Executive
Steve Tricarico, County Executive Assistant
Brendan Chamberlain, Aide to the County Executive
Lynne Bizzarro, Chief Deputy County Attorney
Basia Deren-Braddish, County Attorney's Office
Penny Wells-LaValle, Director of SC Real Property Tax Service Agency
Robert Kearon, District Attorney's Office/ Division Bureau Chief
Allen Kovesdy, Dir. of Mgmt & Research/County Executive's Budget Office
Pam Greene, Director/ Division of Real Property Acquisition and Management
Ron Holik, Division of Real Property Acquisition and Management
Sam Bail, Division of Real Property Acquisition and Management
Jerry Goehranger, Division of Real Property Acquisition and Management
Nick Anastasi, Division of Economic Development and Workforce Housing
Kathy Malloy, Association of Municipal Employees
Brian Lee, Newmark Knight Frank Global Real Estate Advisors
Tray Anderson, Newmark Knight Frank Global Real Estate Advisors
Jack O'Connor, Newmark Knight Frank Global Real Estate Advisors
Rick Brand, Newsday
All other interested parties

Minutes Taken By:

Alison Mahoney, Court Stenographer

Minutes Transcribed By:

Gabrielle Skolom, Court Stenographer

[*THE MEETING WAS CALLED TO ORDER AT 10:12 AM*]

CHAIRMAN D'AMARO:

Good morning. Welcome to the Ways & Means Committee. I'm asking everyone to please rise and join the Committee for the Pledge of Allegiance led by Legislator Brian Beedenbender.

Salutation

Okay. Once again, welcome. We're going to start with our agenda this morning. The Board has not received any correspondence, for the record. The public comment section is next. Has the Clerk received any cards?

MS. LOMORIELLO:

No cards.

CHAIRMAN D'AMARO:

Okay. No cards have been received requesting an opportunity to address the Committee this morning. Is there anyone in the audience who would like to address the Ways & Means Committee this morning? For the record, there is no response. We do have a presentation scheduled on the agenda, but before going to that, we have with us today Penny Wells-LaValle who is the Director of the Suffolk County Real Property Tax Service Agency, and Ms. LaValle is concerned about one of the bills on our agenda this morning. It's on the last page, page 4. It is bill number **1552 of 2009, Amending the 2009 Capital Budget and Program and appropriating funds in connection with the Integrated Land Information System (CP 1758). (Co. Exec.)** I would like to propose or offer a motion to take that resolution out of order, 1552 of 2009.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Second by Legislator Beedenbender. All in favor? Any opposed? Abstentions? Okay. **That motion carries, and that bill is now before the Committee. (VOTE: 5-0-0-0).**

Ms. LaValle, if you would like to come up for a moment. This is a bill entitled "Amending the 2009 Capital Budget and Program and appropriating funds in connection with the Integrated Land Information System (CP 1758)," and thank you for coming this morning. I suggest the best way to go would be if you were to give us just a two- or three-minute explanation of what the system is and then what the bill would do to help the system. If you could, turn that microphone on. Thank you.

MS. WELLS-LAVALLE:

Got it. Thank you, Mr. Chairman, and thank you, Legislators. Very briefly, you saw me on this project in 2005. We engaged in Phase I. This is Phase II. Phase I was to convert our tax maps to shape files to the different format in software that the rest of the County will be able to use freely, and Phase II is converting -- taking that new format and making it into a -- files that we can print our tax maps. So without this phase, we're not able to print our tax maps, meet our mandate and meet the revenue stream that we come in -- that we have coming in every year between \$3 and \$500,000. Actually, the project pays for itself. The first project has already paid for itself in revenues in our agency very simply. I can go into more details, if anyone has questions.

CHAIRMAN D'AMARO:

So you're in the next phase of an ongoing capital project for the system?

MS. WELLS-LAVALLE:

This is the last phase. The total project, you approved in 2005. We did Phase I, and now we're looking to engage in Phase II.

CHAIRMAN D'AMARO:

Right, and that was approved through our capital budget.

MS. WELLS-LAVALLE:

Correct.

CHAIRMAN D'AMARO:

And we're moving right along. We have already expended a substantial sum, I would assume, in Phase I.

MS. WELLS-LAVALLE:

Yes, we have.

CHAIRMAN D'AMARO:

How much, roughly?

MS. WELLS-LAVALLE:

\$500,000 on Phase I.

CHAIRMAN D'AMARO:

And this commitment for Phase II will be for the \$250,000 --

MS. WELLS-LAVALLE:

That's correct.

CHAIRMAN D'AMARO:

-- the remainder of the capital project?

MS. WELLS-LAVALLE:

That's it. Hopefully, you won't see me again for a long time.

CHAIRMAN D'AMARO:

Okay. I'm going to offer a motion to approve.

D.P.O. VILORIA-FISHER:

I'll second that.

CHAIRMAN D'AMARO:

Second by Legislator Vilorio-Fisher.

D.P.O. VILORIA-FISHER:

May I ask a question?

CHAIRMAN D'AMARO:

Yes. On the motion Legislator Vilorio-Fisher and then Legislator Alden.

D.P.O. VILORIA-FISHER:

Penny, this is the project that you came to our offices about?

MS. WELLS-LAVALLE:

Yes. I saw each one of you individually except for Brian.

D.P.O. VILORIA-FISHER:

Is there a way that you can service both your shop and -- does the Clerk's Office also have ability to access?

MS. WELLS-LAVALLE:

Yes, they do have access.

D.P.O. VILORIA-FISHER:

Because that was something we talked about earlier on.

MS. WELLS-LAVALLE:

Yes, they have also a lien subscription that this would also be tied into it.

D.P.O. VILORIA-FISHER:

Okay. So this is tied into that subscription issue?

MS. WELLS-LAVALLE:

Correct.

D.P.O. VILORIA-FISHER:

Okay. Thank you.

CHAIRMAN D'AMARO:

Legislator Alden?

LEG. ALDEN:

Sorry to have you repeat yourself, but we have received enhanced revenue because of the first phase of this, and by completing this, we're going to receive more enhanced revenue?

MS. WELLS-LAVALLE:

Well, I'm looking at sustaining the revenue right now. In this economy, we're doing very well from what -- from anyone's perspective, I believe, in this particular type of economy. Our office is still bringing in a net income to the County. In terms of our income and expenses, last year, we brought in about \$6 million, and our overall expenses are about \$2.1 million, so we're still bringing in a lot of revenues to the County.

Looking at -- and I want to bring it up, but I'm looking at reducing some of our fees in the future. We have a subscription fee where we do have people subscribing to access this information online when it's complete, but it's a tough economy, and we get a lot of inquiries everyday. You all have it in your offices. It's AREIS, and you can look at the current data. So I'm looking at -- this will improve AREIS as well as provide new services, web services for streamlining government and the rest of the County agencies.

LEG. ALDEN:

That's kind of a unique thought or position you just took as far as government reducing fees. In this day and age, I really haven't heard that on any level of a thought to even reduce fees. All right. Thank you.

MS. WELLS-LAVALLE:

Thank you.

CHAIRMAN D'AMARO:

Okay. Are there any other questions from the Committee? A motion has been made to approve. It has received a second. I'll call the vote. All in favor? Any opposed? Abstentions? Motion carries.

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

MS. WELLS-LAVALLE:

Thank you very much.

CHAIRMAN D'AMARO:

Okay. Going back to the said order on the agenda, we have a presentation this morning. Representatives from Newmark Knight Frank Global Real Estate Advisors are with us this morning to discuss their draft Real Estate Portfolio Evaluation. Okay, gentlemen, good morning, and welcome to the Ways & Means Committee. Just a point of information with those microphones, you need to hold the button down with your finger. It doesn't just stay on. Welcome to all of you. If you can all introduce yourself for the record, we'll go from there.

MR. LEE:

Good morning. I'm Brian Lee from Newmark Knight Frank. My associate on my right is Jack O'Connor, and on my left is Tray Anderson from Newmark Knight Frank Consulting. I want to thank you for having us here today and allowing us to present some of our findings that we have been working on for over the last year analyzing the Suffolk County Real Estate facilities and how those facilities are managed and operated.

This is the Phase II analysis, which basically was developed to develop several logical Real Estate and facility alternatives and compare these alternatives for the financial impact and the ability to implement those findings given the constraints that have been provided to us by the County. To achieve these goals, we have certain guiding principles which were to, one, generate immediate cash for the sale of excess properties and cost avoidance; minimize long-term operating expenses so that we can manage the real estate and the right levels of staffing in all of the buildings as opposed to layoffs; reduce the footprint of the portfolio and environmental impact, so we'd consolidate onto campuses; reduce the number of rooftops; conservation of energy and natural resources, thinking green. We want to minimize the impact to the service level so we can improve efficiencies and better utilize County assets and resources; provide a high level of service to the County population so when you do the consolidations, impacts were always taken by the constituents of Suffolk County where they live; time to get to facilities and building so that we can provide the -- optimize the level of service and minimize the number of facilities.

We had strategic recommendations across the fore guiding principles. We have developed over 30 scenarios and analyzed throughout all of the properties. During the evaluation, the strategic initiatives became apparent. Based on our detailed experience, we prevent -- like to present the following strategic recommendations: number one, to sell assets to generate immediate cash. Underutilized or excess space would be sold or disposed of, which would maximize value. As leases expire over the next 25 years, we believe that it's strategically advantageous to the County to consolidate into owned space as opposed to leased space; consolidate onto campus buildings where it's supported by cash and service levels and otherwise look for opportunistic buying opportunities. We believe that you can improve the utilization of existing owned buildings to reduce operating costs; reduce the number of rooftops; improve efficiency of resources and reduce environmental footprint. When we did some analysis on square feet per person, there are some buildings that the County has where they're double and triple the amount of square feet per person than what we find is a normal standard. So we believe by restacking and renovating existing spaces that you could probably double the number of people in some of the facilities that the County has.

We also believe that you should move to shorter term leases, less than 10 years where leasing is appropriate. Leases are used for tactical short-term flexibility where ownership cannot be implemented due to lack of space or ability to accurately forecast space requirements as well as market conditions. You don't want to purchase buildings at the top of the market. You want to purchase buildings at the bottom of the market where then it will be -- makes much more sense on an ownership basis than on a leased basis. Preservation of cash is a critical issue with any business in government entity today, so our recommendations look to save the most amount of capital and cash that the County has and minimize operating expenses.

One of the things we found were lacking in the County Real Estate management aspect was a

centralized property management department. If we create a centralized property management department, we can reduce annual operating costs -- total annual expenses of \$82 million -- which is your annual expenses for Real Estate for occupancy plus depreciation. And we can also recommend to outsource certain County-provided services that can be executed by third parties at lower costs. Just getting back to reducing the operating costs and the expenditures by making more efficient spaces and by cutting the number of rooftops and the size of your portfolio, it's a dramatic savings that the County can achieve on their annual cost which we'll get into. I'm going to turn this over now to Tray Anderson who spearheaded our consulting group and ran through the different scenarios with you so you can see specifically some of the recommendations. That was just a general overview of our recommendation.

CHAIRMAN D'AMARO:

Okay. Thank you, Mr. Lee. Mr. Anderson, welcome.

MR. ANDERSON:

One of the major discoveries that we encountered during our project was the decisions that were being made on reimbursement. And we basically found that while there are multiple departments within the County that receive reimbursements, only two departments receive reimbursements based off their real estate cost. Those departments are Health Services and Social Services. Health Services, our research discovered there was no difference in the Real Estate contribution for reimbursements whether a property is owned or leased, so the County will receive the same reimbursement value for owned or leased properties. Social Services, there is a difference between owned and leased. However, it breaks down such that if the properties are the same cost -- so if you have the same cost per square foot for an owned or leased property, it is true that you're better off leasing, but because the County has a lower cost of ownership, the majority of your properties, you are better off owning versus leasing.

Let's talk through a little bit of those details. Basically, for an owned building, the County is reimbursed at 75% of the fair market rent value. You do three independent appraisals, and they take the lowest of those three appraisals. That establishes your fair market value. Your leased properties are reimbursed at 80% of the leased value, so on the surface, there is a difference. However, because your cost of ownership tends to be lower than your cost of leasing and less the two values or within 80% of each other, you are better off owning. So this is a very important takeaway from our research, so we're not saying that you should always own; we're just saying that you shouldn't say you should always lease for these buildings. On a building by building case, whenever you move into a new building or decide to renew a lease, it needs to be evaluated. What is your best cost option?

CHAIRMAN D'AMARO:

Even though the reimbursement rate is slightly higher for leasing, if your operating costs are lower for owning, the net result is it's less expensive in some circumstances or the potential is there.

MR. ANDERSON:

Correct.

MR. LEE:

Let me just add one point. When you look at a lease, they typically escalate by a fixed rate of, let's say, 3%, 3.5% per annum. When you are doing a 20-year lease, every year, it's 3% increase in the base rent on a cumulative and compounding basis. When you own, it's flat because you are getting a 20-year bond that you are paying off over a 20-year period, so while it looks good in the first five or eight years, by the time you get to year 10, the cost of leasing is far greater than the cost of owning because of the escalated rents. The other factor, when we analyze this is the cost of borrowing for Suffolk County is far less than the cost of borrowing for a landlord. So if you're borrowing at approximately 4% today, a landlord is borrowing at about 8%, so in order for them to give you a lease price, they have to factor in their cost of borrowing, which can add a significant

number to the proposed rent.

CHAIRMAN D'AMARO:

Yeah. I want -- I don't want to hold up the balance of your presentation but just a point, you can really get into nuance on this because if you own the building, you may have more costs with respect to maintenance upkeep and, of course, the building, although you will end it at the end of the term, certainly is -- has the wear and tear associated with that as well. So there are a lot of tradeoffs, I would assume, in making the calculation as to whether or not it's less expensive to own than lease. Often under a lease, a landlord will agree to certain capital improvement or leasehold improvement as well as major items for repair.

MR. LEE:

We take into account when we analyze that the useful life of the equipment in the building so that it has to be replaced. You do reserve cost for capital improvements and the cost of analyzing a net lease, a gross lease versus purchasing. We try to take into account all of those components as well as a residual value on the building so at end of term, you have something of value you can sell, so we predict what that value would be using very conservative benchmarks.

D.P.O. VILORIA-FISHER:

May I ask a question, or do you want to wait until the end?

CHAIRMAN D'AMARO:

I'd say let them finish. I shouldn't have interrupted.

D.P.O. VILORIA-FISHER:

Okay.

CHAIRMAN D'AMARO:

Okay. Please go ahead.

MR. ANDERSON:

In our occupancy cost, we do include the cost for capital improvements, maintenance within those costs. That is accounted for in the owned cost. If we can turn to page six, we're going to go through a series of recommendations that are a result of this study, so the first recommendation is to take the property that's currently located in BOMARC, the former missile base that is currently being used for County property to sell that.

D.P.O. VILORIA-FISHER:

I'm sorry. I'm still having trouble hearing you.

MR. ANDERSON:

Okay. I'll speak up. We'll take the property that's currently located in BOMARC, the former missile base in Westhampton, sell that property in its entirety to generate cash and relocate the operations and buildings that are currently located on that property to other County properties. This would generate approximately \$23 to \$47 million in cash. It would also reduce your future occupancy costs, so this is your ongoing annual costs, by about a factor of \$1.5 million.

LEG. ALDEN:

Can I ask a question?

CHAIRMAN D'AMARO:

Why don't you go ahead and finish with your presentation, and then, Legislator Alden, we'll go to questions.

MR. ANDERSON:

Okay. Recommendation two are to sell portions of the North County Campus and consolidate to

Dennison. This would generate from \$11 to \$22 million depending on the price of the value of the land that it sells for while it would also cost between \$30 to \$60 million to build new structures on the Dennison property. This does account for the additional cost to drive pilings into the Dennison property since it is on a bog. The occupancy cost savings here is extremely significant. It's approximately \$4.5 million per year that we can save by reduced occupancy costs. This is an annual savings that the County would receive in addition to the annual cost of the new buildings and the cash that would be generated that would be used to fund the new assets. Part of this can also be mitigated by moving into some short term leases as well to have a multi-face strategy.

CHAIRMAN D'AMARO:

Okay.

MR. ANDERSON:

Our third recommendation would be to purchase the IRS building that's currently vacant in Holtsville. This is a 250,000-square-foot building. This is where you would see some synergies from -- instead of sub-optimizing, we're going to talk a little bit more in this presentation about property management. Currently, decisions are really made department by department, so you are suboptimizing your decisions by not making them as a total entity as a county. So what you could do is take departments that have similar needs, so this would be back office space, nonpublic facing, so you wouldn't move a clinic into this building, but you would move offices into this building. By doing that, we are going to be able to do a better job of stacking your space, utilizing your space; basically, reduce your required space by about 50%. This is what Brian was referring to earlier where we have some buildings that are around 400, 450 square feet a person, and we'd like to see that number closer to 230 square feet a person. So this scenario, basically, would generate a significant amount of cash from the sale of this property, reduce your operating costs. This is an example where this building is an opportunistic buying opportunity because of your current market conditions. You would be able to acquire this building at a cost much lower than it would cost for you to build this building. I'm going to turn it back over to Brian to summarize our next steps.

MR. LEE:

Our recommendations include creating a property management group within the County. Tray was just referring to the -- every group now works independently in the County. When you have a property management group that overlooks your entire portfolio, they can look at all of the properties that they have, and with the property database that we've created, they can look at whose leases come due when, what space is available because they'll have a head count and space utilization on every property and then be able to say, "We have space in this building, so why take new space elsewhere?" We can backfill people in different divisions in similar -- for similar uses in the same building and, therefore, more efficiently utilize the County properties. So this group would have a total portfolio perspective as opposed to an independent department perspective, which is now how it's currently utilized. And with a portfolio the size of Suffolk County, this would be, I think, a huge benefit to know -- having one centralized group accounting for all of the real estate that the County now uses where that's not the case.

We've created a whole database of all of the County properties, their leases, operating costs, everything in one centralized location. So now, when someone from the County calls us, we can immediately print out a report, e-mail it on any of the questions required. The way the system will work in the future would be people with the access would be able to access all that information online and pull up the reports themselves, and to do this, there would just be a license fee. You would actually own -- you know, have the license of the software, so it wouldn't be something you were tied to, Newmark or any other company. It would be just a license fee just like you would license Windows or some other operating system. This data would then allow us to calculate all the head counts utilization and know exactly what real estate and people were in each building. The tools to provide transparency and accuracy, the leased administration tool would abstract all leases, so as soon as the leases were signed, they would be put into the system, and everyone would have access to that.

Then we have the -- implement the integrated portfolio dashboard which we have developed, and it's licensed out with off-the-shelf software and that implements property management and all departments would have visibility to their occupancy costs and utilization metrics. This is in use -- this type of system is in use with many large corporations throughout the United States. So our next steps going forward would be to develop a go-forward strategy and execution plans to implement the scenarios that we have recommended, balance competing objectives, detailed cost estimates from the market, appraisals on the land that we would like to dispose of, change management and consensus building for this type of program and this type of space utilization and then commence rezoning on sites like BOMARC where it would be rezoned for different uses so that when it was sold, you could maximize your return on the sale of the asset. That concludes our presentation, and we're open for any questions.

CHAIRMAN D'AMARO:

Okay. Thank you, Mr. Lee and Mr. Anderson and Mr. O'Connor as well. Questions from the Committee?

D.P.O. VILORIA-FISHER:

There's so much, you don't know where to start.

CHAIRMAN D'AMARO:

Very true. Legislator Alden, would you like to go ahead?

LEG. ALDEN:

Did you look at all our land including open space and land that might be held in the Parks Department, things of that nature?

MR. ANDERSON:

The scope of this project was specifically looking at your properties. The parks, your community college and your existing land was excluded from the study, so this dealt with your owned assets in terms of structures.

LEG. ALDEN:

Okay. Because we own property -- like, for instance, the property that is adjacent to Suffolk Community College in Selden, it's not parkland, It's pretty much -- is that something you would have considered in your evaluation?

MR. ANDERSON:

It would be something we would consider in the execution phase as a possible -- for instance, a scenario we ran dealt with moving BOMARC into existing space, and a Phase III approach in terms of the execution plan would be examining, for instance, all of your available land and examining your best cost, best use opportunity for all of your available property.

LEG. ALDEN:

BOMARC is interesting because it employs a strategy that was used by the old junkyards where you take multiple acres of lands and just scatter cars and other trucks and things like that. We would actually have to -- or you did. You identified other areas where we could use that same technique or did you use modern-type techniques of storage of vehicles?

MR. ANDERSON:

One solution at the IRS building would be using more modern techniques with material handling equipment to better utilize space versus the current method where you are just taking 30-some-odd acres and spreading vehicles out across those acreage.

LEG. ALDEN:

In any analysis of BOMARC, did that include a cleanup, or would that be selling to someone that

would be required to clean up the property?

MR. ANDERSON:

In our research, we discovered the property radiated when it was turned over to the County. The firing range is remediated approximately every seven years as an ongoing operation.

LEG. ALDEN:

That's contained in your report --

MR. ANDERSON:

Yes --

LEG. ALDEN:

-- the remediation?

MR. ANDERSON:

Correct, and that's that cost estimate, and in terms of our range of costs that BOMARC could sell for.

LEG. ALDEN:

Because that's something -- we have been told we couldn't develop it, and there was limited use allowed on that space because it was contaminated and the cost to clean up.

MR. ANDERSON:

Correct, and that's similar to the reimbursements that was part of our value in terms of our research. It was really digging into these issues and questioning some established concepts.

LEG. ALDEN:

You also mentioned the North Complex. That's what we're sitting in now.

MR. ANDERSON:

Correct.

LEG. ALDEN:

What portions of this would you recommend selling other than this building?

[*LAUGHTER*]

MR. ANDERSON:

Well, for instance, you notice we didn't do anything with a new Legislature building so we weren't pandering to anybody. For instance, the buildings that are already past their useful life on the north side of this campus would be candidate buildings as well as -- we ran about 30 different scenarios. So for instance your Labor Department complex could be involved in one scenario as far as consolidating that and relocating that as well. For instance -- what we really looked at was your useful life in buildings that were extended past it -- so for instance, we would not do anything with your Medical Examiner's building because it has a significant useful life remaining.

LEG. ALDEN:

And I think there's plans to upgrade too. When you say stacked, would that include in your strategy over at Dennison multi-story buildings similar to what's at Dennison?

MR. LEE:

The Dennison Building has a far lower utilization than many other buildings. Our recommendation there would be to go on a floor by floor basis and move everyone off of a floor and renovate that floor so it's more of an open landscape, systems furniture with perimeter offices. The offices now are very large. The space utilization is very inefficient, and when we count the number of people there, there are huge pockets of available space that don't look like they're available, but when you

really look at it, they are. So we would renovate on a floor-by-floor basis where you would increase your utilization significantly, and that would open up a lot of space for other divisions or departments to move it into Dennison.

LEG. ALDEN:

There also seems, though, at Dennison certain department that were overly cramped with no storage space and very, very -- is that what you found?

MR. ANDERSON:

Yes. We found a very mixed use of that building, and so one of the concepts still apply: consistent standards throughout the building, and that would allow you to be having much higher utilization of your available space.

LEG. ALDEN:

We're going -- this is a draft, so when do you anticipate getting an actual report out to us?

MR. LEE:

Almost immediately.

MR. ANDERSON:

Really, almost immediately. We presented it to the County Executive, so this is the follow-up to that meeting.

LEG. ALDEN:

Your implementation phase, what's a guesstimate on -- if we followed your recommendations, what are we talking about; 5, 10, 15 years to implement this plan?

MR. LEE:

Well, it would be an ongoing plan. It would start immediately, and you'd start seeing the benefits within the first two years. I believe we could reduce significant overhead and start backfilling and leases would terminate. We could backfill them into owned facilities. We would look to purchase the 5000 Corporate Court building immediately and start backfilling groups into there as well as sell some land and North County BOMARC and some of the other sites. So overall, you have some very long-term leases that were signed, which were 20, 25 years, which have 15, 18 years left, so obviously, the plan would continue to evolve and move forward over time. You know, this type of plan is perpetual plan that you use these best -- your best in class operations, and you continue to follow these over time.

LEG. ALDEN:

What is the condition of the IRS building? Would we have to go in there and expend some significant amount of funds to --

MR. LEE:

That was one of the reasons why we recommended that building was because, one, the federal government builds to standards that no one else builds to. It has huge amount of lands with parking lots that are there so we would have no problem putting people in that building and having plenty of parking including excess parking that we could create some land for the vehicle storage that's now at out in BOMARC, and the third thing is the building is about 15 years old, and so it's in very, very good condition on raised floor, built with very high specifications, so the cost of your build-out and improvements to the building would be insignificant in comparison to many other buildings we have seen that were maybe under consideration for purchase.

LEG. ALDEN:

Did you give any consideration to communications? And I'm sure there's going to be a cost because telephone wouldn't be enough. You've got to run lines, so was there consideration given to it?

MR. ANDERSON:

Yes, that's easy actually in our cost estimates.

LEG. ALDEN:

Good. Thanks.

CHAIRMAN D'AMARO:

Thank you, Legislator Alden. Legislator Viloría-Fisher, you had some questions as well?

D.P.O. VILORIA-FISHER:

Yes.

CHAIRMAN D'AMARO:

Please go ahead.

D.P.O. VILORIA-FISHER:

Thank you, Mr. Chair. My first question came up earlier in the presentation regarding reimbursement for lease as opposed to ownership and the analysis was based on fair market value and you describe here that there would be three appraisals. Now, our reimbursement for many of our Social Service activities and Health Department activities come through the State, and I wonder whether the market value that established -- that is established here by appraisers that we might -- with who we might contract would be accepted by the State as the fair market value for reimbursement. I just know there are other areas where we fight with the State about what market value is here and level of reimbursement is in Suffolk County as opposed to what it might be in Monroe County or Orange County. Could you -- did you do an analysis of that and how that would be accepted?

MR. ANDERSON:

Definitely understand the issues in terms of cost of property here in Suffolk versus rural counties in New York. Our research showed that the policy is to take three estimates -- you know, appraisals of the property, take the lowest of the three, and that is the property that the owned property is then valued against for reimbursements. That doesn't preclude --

D.P.O. VILORIA-FISHER:

Now, if we take that appraised value and appraised cost per square foot, I guess it would be a commercial-property-type of appraisal?

MR. LEE:

It would be on a light-type property so they would do -- most of the appraisers do a rent study. When they do a rent study, they get lease comps from buildings and surrounding areas and use that as the basis for the fair market value rents. So there is data here on the Island of leases that were done in various buildings so you pick a comparable-type building and use that lease data to justify what fair market rents are.

D.P.O. VILORIA-FISHER:

Okay. Now, when we get those fair market values, how does it actually stack up against what our actual cost is in the acquisition of the property, paying off the bond, the indebtedness, the maintenance and operation of the property; in your analysis, did you look at that, because I would be concerned that there would be a market value set? But as we own the property and are engaged, capital improvements and, you know, paying the indebtedness, there may not be an equalization of those.

MR. ANDERSON:

It's actually the opposite. Our analysis found that the County's cost of ownership is significantly less than the County's cost of lease across the board, across property types. So this analysis included property types such as offices, clinics and so forth.

D.P.O. VILORIA-FISHER:

So with comps -- looking at comps, in other words, in the buildings that you looked at, you looked at comparable lease -- fair market value leases in those areas, and you compared that with what it would cost if we were to buy it and have the debt service and the maintenance and operation of that -- of those facilities.

MR. LEE:

We did that with the 5000 Corporate Center Drive building, and we did exactly that. We took the cost of death service, the cost of improvements to get into the building and the cost of operating that property and then compared that to general leases in the area. And the beauty of the market today is you can buy a building for probably 50% or less than replacement cost. You can buy this building for \$75 to \$100 a square foot, where if you were going to build that building today, it would cost you \$300 a square foot to build that building today, so that's why we -- one of our recommendations was to try to find these opportunistic scenarios.

MR. LEE:

This building would cost -- I think the number was about \$14 escalating up to about \$18 over the term of the lease or \$19. I think you would all agree, with your experience in Suffolk County, that you can rent a building for \$14 a foot -- that's like this building, which is probably a B plus or A minus building -- that's a hell of a deal.

D.P.O. VILORIA-FISHER:

Okay. I just have another question regarding the -- the creation of a property management group. Now, we do have in the County people whom I've seen as a property management group -- I'm looking at Nick and Basia in the back -- and they work together functionally, maybe not geographically. They're not housed in the same building, but I think that functionally, they work together. Whenever there's a lease issue, even in my looking for a district office, I received the help of Mr. Anastasi, and then we looked at the lease agreement, went through the County Attorney's office, and Ms. Braddish looked at it. So how would this differ? Would it be just centralizing people in locality or in function or both, or are you saying to privatize the whole function and have a management group come in? Because I see overhead in that as well.

MR. LEE:

What you're looking at, and the way it's operating now is on transaction basis so the real -- the way real estate is procured by the County now is on a space-needs report when an agency or department needs space, and then they look at that transaction and we're involved, Nick and Basia, Tom LaGuardia and the various groups get involved on a transaction basis, but it's not portfolio optimization. You don't have someone looking at the whole portfolio understanding -- -

D.P.O. VILORIA-FISHER:

You are saying it's reactive rather than proactive?

MR. LEE:

Yes. Tray can add to this.

MR. ANDERSON:

One of the major contributions of our study was taking all of the existing data. It did exist in different groups because the County is so driven by funding streams. For instance, Audit & Control held depreciation; Department of Public Works held the general ledger. So we took --

D.P.O. VILORIA-FISHER:

Held what? I couldn't hear what you said.

MR. ANDERSON:

Department of Public Works held a general ledger and Audit & Control held depreciation, so one of

the things we did we took all of that information and consolidated into a single source. There was no information in the County about headcount per department per building, so we didn't know -- we knew how many people from a budget perspective were in the County and how many were in a department, but we didn't know how many people a department had in a building. So we took and created that information that did not exist. Our study was able to take these factors and make decisions off these factors. They currently did not exist within the County, so by having that consolidated approach, having the data in front of you to make decisions, we were able to find where there was underutilized space and, in some cases, where there's overutilized space where leases were expiring and being able to make strategic decisions with the emphasis on long-term viability based on this information. So yes, there is a space management committee, but there is not a property management group that's looking at this on a daily basis; looking at upcoming expirations; looking at upcoming capital expenditures for ongoing maintenance of buildings; looking at useful life of buildings to make the best decisions in terms of cost and in long-term viability.

D.P.O. VILORIA-FISHER:

Thank you. I think Legislator Alden is probably the only other person who's been here long enough to remember that we had been pushing for, when I was on the Public Works Committee years ago, to have a clear inventory of our Real Estate holdings and have the information contained in what you just described: what do we own, what are we leasing, when is the lease up, and what are the terms of those leases; so that's really very important information.

MR. ANDERSON:

I can't emphasize enough that in total, the County has an \$82-million-a-year expenditure on real estate. This is a very significant number when you look at it in total, so we believe it's very realistic that a property management department could pull out 10% in cost a year. That is a very realistic estimate.

D.P.O. VILORIA-FISHER:

Thank you, Mr. Chair.

CHAIRMAN D'AMARO:

Thank you, Legislator Viloría-Fisher. I wanted to follow up on that, and then I'm going to defer to my colleague, Legislator Beedenbender. With the property management group, I assume it is more transactional driven. As a need arises, it originates from the department itself when there's a need for space or some kind of reorganization of space. You're proposing the creation of a property management group that would take a lot of the data that you've compiled, and on an ongoing basis, would do the analysis that you have done initially here. So it's kind of setting up a group that would continue with analyzing on a day by day and week by week basis for efficiencies and maximizing efficiency for us as well as delivery of the services to the public and the departments. So my question is, once you centralize that, I think it would be healthy and a good thing to look at this on an ongoing basis, but do you really need an entire bureaucracy to do that? Once you have the data -- I mean, what do you envision as property management group? You are really talking about maybe folding that function into the existing structure that we have. I believe DPW has primary responsibility for space, and I know as a member of the Space Steering Committee, there is an SAR, a request for space, that comes to that Committee, and DPW normally would be to do a search of existing County buildings and facilities and try and minimize cost balancing against the needs of the department. So my point is, can you be a little more descriptive on what you mean by a property management group? Is it a whole new bureaucracy or is it really just getting the license, to the software, to the data and a few experts that may be on staff that could analyze that data on an ongoing basis and work hand-in-hand with our search request for new space.

MR. ANDERSON:

First of all, the intent is not to create a bureaucracy whatsoever. We worked very closely with Tom LaGuardia and the Department of Public Works on this project, and they were extremely key to this project. The goal is, really, right now, it's being done on a transaction basis or, say, a request basis.

CHAIRMAN D'AMARO:

Right.

MR. ANDERSON:

The goal is to create a group, really not a department but a very small group that becomes very, very proactive in mining for opportunities and mining for savings versus waiting for a lease to expire or for a need to come for new space or maybe a new department's been created or there's been reorganization. This methodology is to go out and constantly look at the numbers, review the monthly PNL's, review your cost and understand what's your best course of action in terms of how to utilize your space because you do have a dynamic portfolio, and you have a very complex portfolio. You have a wide range of buildings within your portfolio. So it's going to be constantly changing as your leases expire. As your demographics and County change over the years, that's going to impact you as well. Specifically, no, it's not to create a new department. I mean, this is several people. This is not a 20-person group. This is, you know, 3 to 5 people.

CHAIRMAN D'AMARO:

Saying that the group would have would have a total portfolio focus, a global look-see, which I think is important when you are managing this dynamic real estate that we have in the County and our needs. You say independent of departments but not -- in other words, the departments are still going to take their own look because the departments are really are in the best position to know what they need, but this would add another layer in saying, "Well, here's the global look as well." Not just waiting for a request, but how can we do better? How can we maximize efficiencies going forward? So that seems to make sense to me. All right, Legislator Beedenbender, thank you for your patience. Please go ahead.

LEG. BEEDENBENDER:

I just had a couple of questions about the three recommendations you guys had in the report. I understand selling BOMARC. My question about that would be, though -- this land was given to us by the federal government. I guess in your research, there was no covenant or restriction about us selling it in the future?

MR. LEE:

Yes, we did -- there is no restriction on you selling it in the future. What was the code; 5 years or 10 years --

MR. ANDERSON:

It was 10 years since you have been in possession of it. Greater than 10 years, you are free to execute any changes to that property that you choose.

LEG. BEEDENBENDER:

Okay. My second question would be about the second and third recommendations, selling portions of North County and consolidating into the Dennison Building. Could you explain that a little more because it seems a little cross purpose in the sense we think the Dennison Building is really underutilized, and as somebody who used to work in that building, it is. So we can put more people in that building, but at the same time, we need to buy a new building so --

MR. ANDERSON:

Recommendation two and recommendation three can be done in combination. For the purpose of our analysis, they were done independently. So there is some cross functionality that's in both, but to evaluate the scenario in its own right, we did it independently. So these three you are seeing were part of approximately 30 scenarios that we evaluated, so the going forward strategy could possibly combine doing consolidation in the Dennison as well as the purchase of the IRS building in Holtsville.

LEG. BEEDENBENDER:

Focusing on Dennison for a moment, it seems like that's something -- one of my colleagues asked

about the time period, how long this would take. That's something that should be a relatively minor cost in a relatively short time. I mean, yes, to move people off the floor for a while and do construction, it's going to have a cost, but we're not talking about dramatic changes. We're talking about knocking down walls that aren't support walls, to be quite frank, and changing how people work in that building. I guess in this report, I know obviously there's probably a much larger document that you make specific recommendations of, I guess, departments and function that are in buildings that leases are either expiring or outdated that can move there, and are there cost estimates in that report as well for what it would cost for us to do that?

MR. ANDERSON:

Yes. It's approximately 150-page report, and it looks at each of these scenarios in detail, specific departments, where they sit today and where that would sit in the future state.

LEG. BEEDENBENDER:

And part of that -- I don't remember exactly where in the report that you just gave us in the presentation, but did you also make a recommendation that we should build more buildings at the Dennison Building complex or was that -- go ahead.

MR. ANDERSON:

Yes. Scenario two did include actually building new structures on the Dennison property as part of that scenario.

LEG. BEEDENBENDER:

Okay, and that would deal with some of the issues -- some of the space management that allow us move more people into that complex, so let's -- if they were done independently, let's flip to the third one now. Would that be -- so you were thinking about the IRS building for us. It's 250,000-square-foot building. That would be another opportunity for us to have basically another campus. Right now, we have Hauppauge, Yaphank and Riverhead is where the predominant -- most of our services are done. So would you -- is that what you would envision Holtsville being; another campus where we would have back office things?

MR. ANDERSON:

We would primarily focus on back office so you don't want highly public facing -- in truth, all of your departments have some public-facing functions, but it would be more back office function because there is, when you have a lot of commonality across departments, you have everybody whose dealing with payables, for instance; all those type of back office functions. That's where we get a high level of consolidation in terms of really optimizing your space and giving you a much smaller footprint than what you currently occupy.

LEG. BEEDENBENDER:

Okay. If we could just go back to the conversation about the leasing and owning, forgive us because we're just trying to understand a little better because for years, the reflexive thing that we have been told is that, well, leasing is better because we get more reimbursement, so could you go over it again, because I didn't quite understand it, about the 80% with the leased and the owned. I think it's on page 5 of your report. I'm just trying to get a better mental grasp on what you are suggesting.

MR. ANDERSON:

First of all, it is a complex issue, and there has been a significant amount of time dealing with this issue and significant number of interviews and followups just for this reason. This graph -- what this graph is explaining is that if we have a 50,000-square-foot building, and you are paying \$30 a square foot in lease, assume that \$30 per square feet is your market value. Otherwise, you would be overpaying for your lease. So your net of your cost of your building, net reimbursement is about \$300,000 a year for a leased building. An owned building, if you are paying \$30 a square foot for an owned building, you can see your cost would be \$600,000 a year, so you are better off leasing than owning because of the difference in your reimbursement. But once your own cost gets to \$24 a

square foot or less, you are better off owning because your net cost of ownership is going to be better than lower than your net cost of leasing even though your leased reimbursement is larger than your owned reimbursement.

What we found is in the County, and earlier we had quite a bit of discussion about owning buildings and moving into existing buildings, don't exclude moving into buildings that are currently within the County's ownership and that we could possibly have a better utilization of this building best use. That would also be part of the property management department. The functionality is, what's best use of this property? So let's take an existing owned property best use, your current cost of ownership there would be approximately \$15 a square feet to put it into numbers. So you can see at \$15 a square foot, it becomes very attractive. You are essentially making -- it becomes a profit center for you. You are making money off that reimbursement because your cost of ownership is so much less than your existing market value.

LEG. BEEDENBENDER:

Thank you.

MR. LEE:

One of the other factors is you were used to doing 20-, 25-year leases. Almost never does it make sense to lease when you're taking term that long. The escalated rent will almost certainly, by year 10 or 12, cost more money than it does to own the property because of the flat financing, and so if it's a short-term deal, 5 to 10 years, it usually pays to lease. When it's a long-term lease of over 10 years, it usually pays to own.

LEG. BEEDENBENDER:

Okay. You just reminded me of another thing that I wanted to ask. Right now, the County, specifically space management, but the County as a whole, we're looking at relocating two health centers -- one in Patchogue, one in Bay Shore -- that would be a regional center that we have been waiting for for quite some time, and right now before we heard this report was coming to us, we were doing the traditional -- where we lease the building. Have you guys made recommendations on those two particular situations?

MR. ANDERSON:

[Inaudible response.]

LEG. BEEDENBENDER:

You have?

MR. ANDERSON:

Yes, and the analysis shows that any time you are going to be in a building beyond 10 years, it is to your advantage to own that building.

LEG. BEEDENBENDER:

So in those two particular cases, you would recommend that, when we decide, it should be something that we own. Go ahead.

MR. LEE:

Part of the decision-making process in the long-term health center scenarios were the fact that when the County builds and undertakes ownership in a build for themselves, with the strict government guidelines for the bidding process and the execution of the construction, it's far more cumbersome than a developer going out who can just take whatever bids he wants and build the building because we have two to three years before these leases come due and the buildings have to be delivered. That's plenty of time for DPW Tom LaGuardia and his department to go through the cumbersome government procurement process to construct that building, so it's not a factor. When we need to get in a place in six months to buy and build becomes a whole different scenario, but when you have the lead time to do it in these type of facilities, that whole factor becomes a non-event.

LEG. BEEDENBENDER:

Just one last question. Is there a difference between owning, you know -- for example, these health centers, there's going to be suggestions to us, proposals sent to the County -- does the analysis change whether it's owning a building that we're building from the ground-up or owning a building that's already built. I mean, obviously, you are going to take into account the condition of the building, but, you know, there's got to be a tipping point at which owning something that somebody else built and the age also doesn't make it advisable. Is there some sort of gold post guidelines we could use to figure out when that is?

MR. LEE:

Each property is unique. Each property is built to a certain specification of that individual property, and each property has been maintained and upgraded in a different way. It's just like if you go buy a house, and so it's a case-by-case basis; there's no standardized method of being able to determine that. One of the factors for the 5000 Corporate Court building was the fact that it was in such great condition, and the government spent a tremendous of money on infrastructure and on building the building. There are other buildings, let's say it Hauppauge here, that you could buy for a similar number that would require far more capital improvements, if you will, to get that building ready for tenant occupancy. And again, this was something we recommend, but when the implementation process comes, maybe there are other alternatives that might work as well or better and be in a different location that might be more suitable. It's more of a strategy than just a specific --

LEG. BEEDENBENDER:

Thank you very much.

D.P.O. VILORIA-FISHER:

Mr. Chair, one more question?

CHAIRMAN D'AMARO:

Legislator Viloría-Fisher, go ahead.

D.P.O. VILORIA-FISHER:

Mr. Lee, you segued right into my question, which is -- I wanted to ask the Chair, if you are privy to this, what kind of timeline do we have for implementation? What are we looking at, because I would like to look at this much more closely before anything comes before for implementation of any of this; are you -- does anyone know what we're going to be looking at in the near future, far future?

CHAIRMAN D'AMARO:

I don't have any specific information with respect to implementation. It's a good question. I would want to know the answer myself, frankly, because it seems that -- of course, you need to look a lot deeper into what's being presented here today, but if it's a positive step that the County can take, especially given the difficult times we're in, you know, it would be in our best interest to move forward. Do you have any sense of that?

MR. LEE:

We look to try to move this process forward, you know, as soon as possible. Part of what we're doing with the Space Committee, for example, we have a lease coming due at 220 Rabro Drive, is to extend that lease for two years to be coterminous with the 225 Rabro building so that you can get blocks of space. But also in the leases that are coming due now, in hopes of consolidation, we're trying to get leases that we can terminate on six-months notice. So while you have them out for a specific period to give us some, I guess, maneuverability, keep them short and keep options to terminate where to get out of obligation so we can then implement this sooner rather than later.

D.P.O. VILORIA-FISHER:

But would implementation mean that we would -- we talked about software and tools in order to have the kind of information management that we need. Would we be getting a resolution in the

near future to look at the purchase of this software and these tools? Does -- would we have the time to question you again in depth about some of this once we have had time to digest some of this? Would we also have our IT Department come here to talk about whether this would be suitable to the systems that we now have? You have raised as many questions as you have given us information because this is very complex. We're talking about a very tight year, and although this is a money-savings plan, looking out, looking forward, it would require some expenditures upfront. So we --

I want to be prepared when we have those -- I don't want to be surprised, in other words. We want to have plenty of opportunity to look at all the sides of this so that when we get it, it's not before us with five minutes to make a decision.

CHAIRMAN D'AMARO:

We would need at least ten minutes.

[*LAUGHTER*]

D.P.O. VILORIA-FISHER:

Yeah, we're quick learners.

MR. ANDERSON:

We'll give you 15. The goal of Phase II was to create a strategic plan with concepts and understand the direction to move. The next step would actually be to create the actual implementation plans and the go-forward strategy. In terms of your software, there's nothing complex here that would require even IT involvement. These tools install on local machines just like Microsoft Excel or Microsoft Word. We're very sensitive to not having significant IT projects to help you accomplish these goals. Our purpose is to give you very powerful tools that are very easy to implement and maintain. One of the --

D.P.O. VILORIA-FISHER:

When you said our portfolio is \$82 million a year in real estate, and then you said something about 10% in the management, how did you come at that 10% number?

MR. ANDERSON:

In my area, our consulting practice, we do this for a living, and we find that when you have a suboptimized structure like we have here where you're making it within -- you have 25 departments, and so you are making decisions within those 25 departments. The Space Management Committee receives requests on a per-transaction basis. We find, very conservatively, when you move to a centralized management of that that 10% saving is very conservative savings because you're improving how you are managing your space, you're benchmarking, you are applying consistent standards across your portfolio, and you are managing how you make changes into the future.

D.P.O. VILORIA-FISHER:

Okay. You had said a 10% savings, and I thought you were said we were expending 10% just on managing that.

MR. ANDERSON:

No. This would be a money saver for you. Yes, doing this would put money in your pocket. That's the entire point as well as selling assets to generate cash for you as well.

D.P.O. VILORIA-FISHER:

Thank you. Thank you, Mr. Chairman.

CHAIRMAN D'AMARO:

Legislator Alden, do you have a last question?

LEG. ALDEN:

When you say 10%, you are talking about lease savings or are you talking about overall savings in energy also?

MR. ANDERSON:

Overall saving in energy. Say, for instance, as we are we reduce your square footage, I am directly reducing your utility costs, management costs, maintenance costs, reducing your cleaning costs and so forth because I'm giving you a smaller footprint that you now have to maintain.

LEG. ALDEN:

Thank you.

CHAIRMAN D'AMARO:

We hear a lot about consolidation today on many levels of government from federal right on down to your local school districts, this can be viewed as the County also taking a good, hard look at consolidating our space and functions as well to determine whether or not we can save some money. But we have had a lot of discussion here. I just want to wrap this up with a question. We have had a lot of discussion about the financial aspect -- the cost savings, the efficiencies -- and we need to have that discussion and those are very important factors, but there's a human element to this as well, and the human element, of course, is number one, the level of service we provide to the Suffolk County residents and the convenience to the residents and accessibility to the residents, and, second, would also be providing an acceptable working environment for our 10 or 11,000 County employees. How much of that is a factor in all of what we have been discussing here today, and how significant of a guiding principal has that truly been in this process?

MR. ANDERSON:

Permeated every decision that we made. For instance, on your service levels, we did very, very complex commutation studies where we took the population of Suffolk County and took the services that you provide and anytime we move a building, we know, to the minute, what -- how is that changing the driving time for your constituents, or how is that impacting your employees. And we have no recommendation whatsoever in any of this that we put forward that would have a negative impact to the point of, you know, even you know a 10% change. In terms of your employees, we're not recommending you go down to a 100 square foot a person, so 230 square feet a person, for instance, is a benchmark. That's still a very generous number in terms of the working environment. And what we're doing is we're also improving adjacency, so we have groups in your correct space. For instance, right now, you have a department here on the North County Campus on a building that's beyond its useful life and it's a former gymnasium. We have people in there, and if you have ever had to navigate that building, it's not a pleasant experience. Those changes alone are going to improve the quality of live for your 11,000 County associates.

MR. LEE:

Just one thing to add on the study of services. They did complex analysis, not just on drive time in a car but they took into account in many of your social services that the constituents that are coming to these buildings are coming via public transportation, so the analysis was also done by the bus routes, switching buses and how long it would take people from these areas to get there via public transportation, not just private vehicles.

CHAIRMAN D'AMARO:

Okay. Very good. I'm encouraged that that is a major consideration in making recommendations, and that is the most important aspect of what we do, so I appreciate that answer. Mr. Lee, Mr. Anderson and Mr. O'Connor, I want to thank the three of you for coming here today and sharing this information with you -- with us rather, but I do want to encourage you, as Legislator Vilorio-Fisher pointed out, to keep us in the loop and involved in the process. Many of the components of your recommendations will require Legislative approval, and the more informed we are and the more we're working together, I think we could achieve some very positive objectives. So again,

gentleman, on behalf of the Committee, I thank you all for being here today.

MR. LEE:

Thank you very much.

MR. ANDERSON:

Thank you.

LEG. ALDEN:

[Inaudible.]

MS. VILORIA-FISHER:

I was thinking that also, but I thought it would be crass to ask them how much did it cost us for you to do this work?

LEG. ALDEN:

Through the chair?

CHAIRMAN D'AMARO:

You can certainly ask the question. Yes, Legislator Alden?

LEG. ALDEN:

Where is where was the budget line item that paid for this study?

CHAIRMAN D'AMARO:

This is not the study. This is the summary.

LEG. ALDEN:

They did a study, though. It's been ongoing.

MR. REINHEIMER:

That's correct. We have a copy of the draft report. We'll have to find -- off the top of our heads, we don't know what line, but we can find out. You want to know the cost of this study?

LEG. ALDEN:

I want to know where it was authorized and when it was authorized.

MR. REINHEIMER:

Okay. We'll have to get back to you with that information.

LEG. ALDEN:

Thanks.

CHAIRMAN D'AMARO:

Okay. Next section of the agenda is tabled resolutions.

TABLED RESOLUTIONS

The first is **IR 1007-2009, Requiring Legislative approval to consider the sale of the John J. Foley Skilled Nursing Facility. (Kennedy)** I'll offer a motion to table.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

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

LEG. ALDEN:

I'm opposed.

CHAIRMAN D'AMARO:

One abstention, Legislator Alden. Note for the record.

LEG. ALDEN:

I'm opposed. I'm not abstained.

CHAIRMAN D'AMARO:

Please note his opposition. Thank you. **Tabled.**

(VOTE: 4-1-0-0 Opposed: Leg. Alden).

IR 1018-2009, Establishing legislative oversight of County funds expended for advertising and marketing. (Kennedy) I'll offer a motion to table.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedenbender. All in favor? Opposed?

LEG. ALDEN:

Opposed.

CHAIRMAN D'AMARO:

One in opposition, Legislator Alden. Abstentions? Motion carries. **Resolution is tabled. (VOTE:**

4-1-0-0 Opposed: Leg. Alden)

IR 1121-2009, Adopting Local Law No. -2009, A Charter Law to increase Legislative oversight of RFP process. (Romaine) I'll offer a motion to table.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedendender. All in favor? Opposed?

LEG. ALDEN:

Opposed.

CHAIRMAN D'AMARO:

One in opposition. Abstentions? Motion carries. **Resolution is tabled. (VOTE: 4-1-0-0**

Opposed: Leg. Alden).

IR 1310-2009, Establishing mandatory ethics training for Suffolk County Employees and Elected Officials. (Beedenbender)

LEG. BEEDENBENDER:

Motion to approve.

CHAIRMAN D'AMARO:

Motion by Legislator Beedenbender to approve. I'll second.

LEG. ALDEN:

On the motion?

CHAIRMAN D'AMARO:

Can you just give me an explanation of what we're doing here, how much it would cost and also how it would be implemented?

LEG. BEEDENBENDER:

Sure. The bill requires that -- there's a couple of different steps, so I'll just go through them. First, as of 2010, after the elections this year requires elected officials to take ethics training whenever they're beginning a new term of office or a refresher course after the first time. It requires that in the even-numbered years of the calendar, which would be when most of the elections occurred, that there'd be two trainings. In the odd-numbered years, there'd be one.

LEG. ALDEN:

Can I interrupt you?

LEG. BEEDENBENDER:

Go ahead.

LEG. ALDEN:

You know, lawyers, we're licensed, we have to take ongoing ethics training. Who would develop the ethics training course that would be given?

LEG. BEEDENBENDER:

The ethics course, it would be developed by the Ethics Commission that we have now and the director, which would be Judge Lama at this point but they would develop -- it would basically -- think of it as a review of all the rules we have now. They wouldn't be -- basically, the review of the codes that we have on the books at the moment. Go ahead.

LEG. ALDEN:

The codes that we have on the books, that's not ethic code. So basically, you would have to talk about developing a brand new code of ethics and responsibility, and that responsibility would go to our ethics board to actually develop that?

LEG. BEEDENBENDER:

Well, there is a substantial part of our charter, and correct me if I'm wrong, Counsel, but that does address appropriate conduct by elected officials.

MR. NOLAN:

Right. Article 30 of the administrative code is the County Code of Ethics. It outlines certain prohibited conflicts of interest, so, in fact, we do have a code of ethics.

LEG. BEEDENBENDER:

And so that's just the elected officials. The second part -- there's several parts of this. All of our employees, when they get hired right now, you go to orientation where they tell you about your health benefits, work responsible -- well, not work responsibilities, but expectations, and at that training right now, you receive a packet of information about the County's computer policy, and you sign off that you agree to all these things. So for those new employees, there would also be a packet of information about appropriate ethical conduct. This would be everybody from a department head down to a regular -- any civil service employee that would have to sign-off and say, "I have read this. I have seen this, and I sign-off on it." Now, the only thing different between the department head is as an appointee of an elected official, you would be required to take this ethics training as well whenever your appointing official has a new term. So if you're a department head, when the County Executive, whomever he or she may be, when they come into office, all the

department heads will be required, and as a new department head comes in, they would be required as well to take this training.

LEG. ALDEN:

Brian, do you envision this law taking precedent over election law? Because I just see it a little bit of -- I don't know if it's a conflict or a problem, but if you are elected by the people and then you come in here and you refuse to take the -- your ethics training course, are you barred from being sworn in as a Legislator because then you have a little problem with --

LEG. BEEDENBENDER:

No. In fact, it's after you are sworn in. There is no penalty. There is no -- it says there's a training course and that you should go to it. If you don't go, there's no penalty, and there's certainly no power of the this body to enact the law that would kick somebody out, and this law doesn't contemplate that, either.

LEG. NOWICK:

Allow?

LEG. ALDEN:

In the employee handbook portion of this, there's going to have to be some modification to the employment contract with the people that work for Suffolk County because right now, I don't think we have that included in the employee handbook, so does this contemplate or -- you had to have contemplated other types of actions that Suffolk County is going to do or going to have to take to implement this.

LEG. BEEDENBENDER:

I think there's conduct -- there's standards of conduct that's required of our employees, I certainly am not seeking to add something without going through collective bargaining process, but it would be -- there are standards of conflict that are required of our employees, and I just think the genesis of this bill or the reason I brought it forward is that I think that while we have lots of policies in place, we aren't doing enough to make sure everybody knows what they are.

LEG. ALDEN:

And that's commendable, and I happen to agree with you. I would actually like too see it extended to duties and responsibilities other than just ethical, but I can see a little bit of a problem. When you implement it when you make an employee do something other than what their contract calls for, you really have to anticipate that there's going to have to be another step or steps taken to implement part of this, at least.

LEG. BEEDENBENDER:

Well, I understand that. I'm not sure that -- without knowing the specific language of the collective bargaining agreement, I would imagine the County does have the power to -- for example, I don't think it was collectively bargained that the County requires its new employees to sign a computer-use policy saying, "This is how you can use a computer and these are the rules, and you've signed this and agree that you know what they are." I could be incorrect. So I view this, you know, in the same fashion: "These are the rules. You have read them you know what they are."

LEG. ALDEN:

Okay. And that's the extent of it; you've read the rules, and that's it for an employee, and they sign-off on that?

LEG. BEEDENBENDER:

I could be incorrect. You do bring up a good point. I don't believe it to be the case. I could be incorrect.

LEG. ALDEN:

I like the idea that you are educating the workforce and reminding them, basically, about certain ethical responsibilities. I don't want to see a big snag, you know, when we pass this because it is progressive. I think it's a good step forward, but I'm going to make the suggestion between now and the time that we vote on it on Tuesday that maybe you reach out to AME.

LEG. BEEDENBENDER:

Absolutely. I will do that. To be perfectly honest, the fact that there could be a collective bargaining issue, that wasn't something that we looked into yet, and I thank you for bringing it up.

CHAIRMAN D'AMARO:

I just want to note that I am a cosponsor of this bill as well. Legislator Alden, you hit it right on the head. You know this as an attorney that we have mandatory ethics training every few years. You know, when you go into county or government employment, you are facing some unique situations that you may not have come across in the private sector. What this will do is just get employees to think about those potential areas of conflict, raise some awareness and educate. It's certainly not any kind of finger-pointing legislation; it's about improving ourselves as a group and providing the educational tools necessary to avoid conflicts and ethical breaches. And that's why I decided to go ahead and cosponsor the bill as well. Legislator Nowick, you had a question?

LEG. NOWICK:

Yes. To the sponsor, I just wanted to ask a question. I don't have the bill in front of me. This mandates that all employees go for ethical training, but if they don't go for ethical training, there's no ramifications?

LEG. BEEDENBENDER:

There isn't a penalty outlined --

LEG. NOWICK:

Okay.

LEG. BEEDENBENDER:

Well, I was just going to say that it doesn't require all employees, new employees to go to the training seminar. It requires that they receive a booklet that is prepared by the Ethics Commission describing prohibitive conflicts of interest. The requirement to go to a training seminar only applies to electeds and their appointed employees.

LEG. NOWICK:

So the electeds have to -- new electeds or --

MR. NOLAN:

It would be elected after this coming election.

LEG. NOWICK:

In other words, there's a training session for the District Attorney, for everybody together?

LEG. BEEDENBENDER:

Yeah, and it's based on whenever they're elected.

LEG. NOWICK:

So the employees have to read a book but the electeds have to go to a training session?

LEG. BEEDENBENDER:

There was a lot of negotiations between the County Attorney's office and the Ethics Commission and myself trying to get this bill in a way that would be manageable because Legislator Alden also brought up before the cost and how you would implement it. At first, this -- my first cut at this was thinking that everybody should go to a training but that's just -- we have so many people. It would

create a large task, and there would be a significant cost associated. The suggestion came that we -- you know, at the orientation that we could address the civil service employees, the non-appointed and non-elected individuals that work for the County through that fashion, which would severely curtail the number of people. The number of people we're talking about is in about the 400 range, give or take a few. So it is manageable and once you have taken it -- for instance, we have some department heads that have been here for quite some time. Once you have taken it, they're all set. I'm not sure -- Counsel, do they get retraining? I'm sorry. I forget which iteration we were at at this point.

LEG. ALDEN:

The latest version -- and by the way, this is a perspective thing -- but they would only take it once. Electeds would have to take it every new term, but the determination was made again, I think, for practical reasons for the appointees -- the appointed employees. They would take it if after they're appointed, but that would be extent of their training.

LEG. NOWICK:

No, I just didn't understand why the electeds would have to take it every two years, but it's not going to matter much to me. I only have to run two more years. It's like a voluntary -- making a law for a voluntary training session is what it sounds like to me since there's no penalty.

LEG. BEEDENBENDER:

I wouldn't describe it as voluntary, Legislator Nowick, I understand --

LEG. NOWICK:

I'm just trying to understand why we're putting it into legislation if there isn't a penalty, and I agree with Legislator Alden. How can you place a penalty on some of the employees? But I understand it now, so I don't want to belabor it. Thank you.

CHAIRMAN D'AMARO:

Legislator Nowick, the bill is -- it is mandatory training and I would --

LEG. NOWICK:

That you don't have to do.

CHAIRMAN D'AMARO:

I would assume that at some point --

LEG. NOWICK:

That's what it sounds like.

CHAIRMAN D'AMARO:

If someone chose not to participate in mandatory training, somewhere along the chain of employment, someone would probably object to that, and I don't foresee -- for example, if you don't certify that you have completed a mandatory training, I don't know that you'd get paid ultimately.

LEG. NOWICK:

But it doesn't say that in the bill, does it?

CHAIRMAN D'AMARO:

No, it doesn't, but there are other elected officials that have responsibilities to make sure that the laws are followed. I'm just thinking out loud here, but I would assume -- just when you say there's no penalty --

LEG. NOWICK:

Legislator D'Amaro, I am not indicating that this would be something that I would say, "No, no, no. I'm not gonna go."

CHAIRMAN D'AMARO:

I'm not suggesting that.

LEG. NOWICK:

I'm just trying to understand the bill and what it does and what the ramifications are if someone says, "Well, that training day, I'm doing something else. I can't make it." That's kind of thing.

CHAIRMAN D'AMARO:

That's what I'm trying to explain. I think when we say there's no penalty, no expressed penalty in the bill, I think ultimately, if someone chose not to take mandatory training, there would be some repercussions

LEG. BEEDENBENDER:

My response -- I should have been more clear when I was responding to Legislator Alden's question. As an elected official, there is certainly no -- if you did not go -- you've not gone, it just won't happen. I think it would look particularly bad, but there's no -- you wouldn't be thrown out. However, with the appointed employees if you are appointed, you're appointed; you wouldn't be gone for any reason. I would imagine that the appointing authority through the chain of command, if you would refuse to go to ethics training, that would be something that the appointing authority would have to make a determination. Is that a reason to terminate somebody's employment?

CHAIRMAN D'AMARO:

Okay.

LEG. ALDEN:

But there's a distinction between --

D.P.O. VILORIA-FISHER:

You know, Brian, but then the difficulty begins. Let's say there is a Legislator who doesn't want to go, and his staff doesn't want to go. He is the appointing authority, so what happens then?

LEG. BEEDENBENDER:

If a Legislator chose not to go and chose not to have their staff go, I would see that as an unfortunate decision. That would be the Legislator's choice. I don't think there would be any way -- I wouldn't want to put a penalty in and tell a Legislator that for any reason they had to -- he or she had to terminate an employee. I mean, we have very specific rules. We can hire who we want and terminate them when we want. To put a penalty into that, I think it would be wrong, but to put a penalty into that, I think would make it even more of a cumbersome case.

D.P.O. VILORIA-FISHER:

I'm not asking you to put a penalty into it. It's just in response to when Legislator D'amaro just said; that if it's an appointed person, that person can be let go at any time, but if they're appointed by someone who doesn't want to participate -- in other words, I think our problem is with the word mandatory because it's not really mandatory and probably can't really be mandatory. Maybe it should be --

CHAIRMAN D'AMARO:

Can I just comment on that?

D.P.O. VILORIA-FISHER:

Okay.

CHAIRMAN D'AMARO:

Mandatory -- it is mandatory. Just because you don't have a penalty clause doesn't mean it's not mandatory. It is something you must do. It is mandatory.

D.P.O. VILORIA-FISHER:

But if you say you must do something then there are consequence if you don't do it. What are the consequences if one chooses not to do this? I think that's what Legislator Nowick was asking.

CHAIRMAN D'AMARO:

I agree, and I was trying to answer that. For example, I would never put myself in a position of speaking, for example, the Comptroller, who is an independently elected official, who would also, in order to pay you, knowing the violation in a sense -- that you didn't participate in something that's mandatory -- may be compelled not to issue your pay.

LEG. NOWICK:

Whoa.

CHAIRMAN D'AMARO:

I mean, I don't know.

LEG. NOWICK:

I would like to make a motion to table this one. I'm not so sure.

CHAIRMAN D'AMARO:

Well, it is mandatory.

MR. NOLAN:

Can I -- I would just say --

CHAIRMAN D'AMARO:

I would say rightfully so.

LEG. NOWICK:

It's easy to -- can you do it online?

LEG. BEEDENBENDER:

No, not yet.

MR. NOLAN:

I was just -- we have this conversation quite often here where our law says than that an official has to do something, and the question is, well, what happens if they don't do it? There's no penalty provision. It's quite common. Throughout all of our laws, I think there's a presumption that our elected officials are going to comply with the laws and policies that are established by this body. We are establishing a policy that if you are a Legislator and you get elected, you are going to go for the ethics training. It's not very onerous. I don't think there's anything wrong with establishing that policy. We presume that employees and electeds will comply with a policy that's established by this body.

LEG. NOWICK:

May I?

MR. NOLAN:

Of course.

LEG. NOWICK:

Maybe I can make a suggestion here. I can understand that if you are a Legislator or an employee and you do the ethics training, but then two years later, for a Legislator to do it again seems to be overkill. Maybe once -- if once is enough for the employees, maybe once for everybody. I think that if I went to ethics training -- and I would certainly go if that was the case; I think it would be

almost enjoyable to find out exactly what's in there -- but I think once would probably be enough rather than six times, assuming that a Legislator was elected for six terms. I think I would find that more palatable.

LEG. ALDEN:

Can I give you the other side? I happen to agree with the bill, and it should be every time you get elected because, just thinking back in my short 10 or 12 years, there's a number of Legislators that forgot what ethics were and what legality was.

[*LAUGHTER FROM PANEL*]

And I'm talking about both sides of the aisle. I think it's a good idea. Maybe every year, not just the two-year term.

CHAIRMAN D'AMARO:

I can't remember what I did yesterday let alone two years ago.

LEG. NOWICK:

You are too young for that. Come on.

[*LAUGHTER FROM PANEL*]

CHAIRMAN D'AMARO:

I agree with Legislator Alden. I think to have a reoccurring educational program for people in the position of authority is probably not such a bad thing.

LEG. NOWICK:

You're leaving. What do you care?

[*LAUGHTER FROM PANEL*]

LEG. ALDEN:

I might be back.

CHAIRMAN D'AMARO:

And the law of ethics is always evolving, and there are new things that need to be learned as you go forward. It makes an assumption that the law -- that ethics and conflicts are static, and they are just not. Legislator Fisher?

D.P.O. VILORIA-FISHER:

Well, I agree with something that Cameron Alden said earlier; that it would be good not just to have this, but to go beyond -- when I was elected, I said, "Isn't there any kind of orientation to help us understand what the job is?"

CHAIRMAN D'AMARO:

That was the driving force for me to cosponsor the bill because I truly believe having just come into this process three-and-a-half years ago that there are unique circumstances as a public official that you face that you don't face in the private sector. There are a lot of things to consider when we act day-to-day that you're not necessarily considering in the private sector, and I think that this type of training would give you the tools you need to make proper decisions in respect to ethics.

LEG. NOWICK:

I think Legislator Viloría-Fisher brought up an excellent point. When you are new here, that's important training, and that we don't get. The first day on the job --

LEG. ALDEN:

I'm available if you need it.

[*LAUGHTER FROM PANEL*]

LEG. NOWICK:

The first the day on the job, you are voting. I mean, judges go to judge school, attorney go to attorney school, but you're exactly right. That would be -- that would be important.

CHAIRMAN D'AMARO:

You could be practicing law for 30 years, and as long as you are still practicing, you are required to take mandatory ethics training every other year. It's an important topic and a dynamic topic.

LEG. BEEDENBENDER:

I agree with you, Legislator Nowick. I have said on several occasions I had the great fortune of working in this government --

LEG. NOWICK:

Absolutely.

LEG. BEEDENBENDER:

-- and working in this building before I was sitting over here, and had I not had that opportunity, I don't know how long it would have taken me to get up to speed to come here and say, well, not only, you know, where are the restrooms, but how do I pass a bill; who do I call; who do I talk to? So I agree that that is something that, you know, perhaps we should look at as well as trying to, when we have new members, making sure they know the way of the land and how they can do things, or if we have old members that return, as Legislator Alden has suggested, he wouldn't need that.

LEG. NOWICK:

When you think of all of our diverse backgrounds, from schoolteachers, a tax receiver voting on sewers -- I mean, it's just a whole different --

LEG. ALDEN:

[Inaudible.]

D.P.O. VILORIA-FISHER:

Experienced.

LEG. BEEDENBENDER:

Former members returning, I should say.

LEG. NOWICK:

That's the new title: consultant; a little government on the side.

[*LAUGHTER FROM PANEL*]

CHAIRMAN D'AMARO:

Okay. There is a motion to approve that has received a second. If there's no other discussion on the bill, I will call the vote. All in favor? Any opposed? Abstentions? Motion carries. **Resolution is approved. (VOTE: 5-0-0-0)**

IR 1317-2009, To improve and strengthen the consultant procurement process in Suffolk County. (Lindsay) The sponsor of this bill, Presiding Officer Lindsay, has requested that had this bill be tabled for another cycle. So I'll offer a motion to table. Is there a second?

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

CHAIRMAN D'AMARO:

Section six of the agenda is introductory resolutions.

IR 1472-2009, Approving payment to General Code Publishers for Administrative Code pages. (Pres. Off.)

I'll offer a motion to approve and place on the consent calendar.

LEG. BEEDENBENDER:

Seconded by Legislator Beedenbender. All in favor? Any opposed? Abstentions? Motion carries. **Approved and placed on consent calender. (VOTE: 5-0-0-0).**

IR 1475-2009, Authorizing certain technical correction to Adopted Resolution No. 125-2009. (Co. Exec.) I believe this clarifies an address. I'll offer a motion to approve and place on the consent calendar.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedendender. All in favor? Any opposed? Abstention? Motion carries. **Approved and placed on consent calender. (VOTE: 5-0-0-0).**

IR 1476-2009, Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Carl Ursum (SCTM No. 0200-983.40-05.00-003.002). (Co. Exec.)

This is a redemption as a matter of right. I'll offer a motion to approve and place on the consent calendar.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Received a second. All in favor? Opposed? Abstentions? Motion carries. **Approved and placed on consent calender. (VOTE: 5-0-0-0).**

IR 1477-2009, Sale of County-owned real estate pursuant to Local Law No. 13-1976 Masjid Darul Quran, a non-for-profit organization (SCTM No. 0500-245.00-03.00-036.002). (Co. Exec.) This is a parcel located in the Town of Islip sold to an adjoining owner for \$800. It's an irregular smaller parcel, 85 by 15 feet. I'll offer a motion to approve.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedendender. All in favor? Any opposed? Abstentions? Motion carries.
Approved (VOTE: 5-0-0-0).

IR 1480-2009, Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act John J. Harvey and Karen A. Harvey, his wife (SCTM No. 0800-141.00-06.00-033.000). (Co. Exec.) I'll offer a motion to approve and place on the consent calendar.

LEG. BEEDENBENDER:
Second.

CHAIRMAN D'AMARO:
Seconded by Legislator Beedendender. All in favor? Opposed? Abstentions? Motion carries.
Approved and placed on consent calendar. (VOTE: 5-0-0-0).

IR 1481-2009, Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Rose Brown a/k/a Rose Morrison a/k/a Rose Lucas (SCTM No. 0100-164.00-03.00-022.000). (Co. Exec.) This is a Local Law 16 as a matter of right. I'll offer a motion to approve and place on the consent calendar.

LEG. BEEDENBENDER:
Second.

CHAIRMAN D'AMARO:
Seconded by Legislator Beedenbender. All in favor? Opposed? Abstentions? Motion carries.
Approved and placed on consent calendar. (VOTE: 5-0-0-0).

LEG. ALDEN:
Mr. Chairman?

CHAIRMAN D'AMARO:
Legislator Alden.

LEG. ALDEN:
How much is that one for?

CHAIRMAN D'AMARO:
We'd have to take a look at the backup to 1481; \$92,704.31.

LEG. ALDEN:
And this is as of right? Because that's a substantial amount of money.

CHAIRMAN D'AMARO:
Yes, it is as of right.

LEG. ALDEN:
Okay. Thank you.

CHAIRMAN D'AMARO:
You're welcome.

IR 1482-2009, Authorizing the sale, pursuant to Local Law No. 16-1976, of real property acquired under Section 46 of the Suffolk County Tax Act Lesto McGowan (SCTM Nos. 0100-039.00-03.00-017.002 f/k/a P/O 017.001 f/k/a 116.000). (Co. Exec.) This again is a matter of right. Same motion, same second, same vote. **Approved and placed on consent calendar. (VOTE: 5-0-0-0).**

IR 1486-2009, Authorizing certain technical correction to Adopted Resolution No. 327-2009. (Co.Exec.) I'll offer a motion to approve and place on consent calendar.

LEG. BEEDENBENDER:
Second.

CHAIRMAN D'AMARO:
Seconded by Legislator Beedenbender. All in favor? Any opposed? Abstentions? Motion carries. **Approved and placed on consent calendar. (VOTE: 5-0-0-0).**

IR 1487-2009, Authorizing certain technical correction to Adopted Resolution No. 309-2009. I'll offer same motion, same second, same vote. **Approved and placed on consent calendar. (VOTE: 5-0-0-0).**

IR 1491-2009, Approval of auction rules for the disposition of surplus property acquired under the Suffolk County Tax Act. I just want to note for the record that the auction rules now include rules with respect to the bill that this Committee approved and the full Legislature approved with respect to the substandard parcels for workforce housing. I'm going to offer a motion to approve.

D.P.O. VILORIA-FISHER:
Second.

CHAIRMAN D'AMARO:
Seconded by Legislator Viloría-Fisher. On the motion, anyone?

LEG. ALDEN:
Can you just highlight -- there's got to be one or two highlights on the rule changes.

CHAIRMAN D'AMARO:
Yes.

MS. GREENE:
Good morning, Mr. Chairman, members of the Committee. You have before you the auction rules as proposed. The underlined sections are those to be added. We've added Legislator D'Amario's bill in its entirety and are referring to it on each parcel to be printed in the auction brochure.

CHAIRMAN D'AMARO:
Just for the record, what are one or two highlights of the changes?

MS. GREENE:
One of the highlights -- well, we are going to be offering a better definition for what constitutes a landlocked parcel, as there has been some confusion as to whether or not something located adjacent to a paper road is or is not landlocked.

CHAIRMAN D'AMARO:
I believe now you are making clear that if there is a paper street adjoining or providing access to the properties, it's not considered landlocked.

MS. GREENE:
We are also noting that it is adjacent to a paper so that there would be a dedication process required for anyone interested in purchasing that. I just did want to introduce to the Committee three gentlemen from the Division of Real Property. We have Ron Holik, who is counsel to the division who has been doing all of the closings on last year's auction, members of the auction committee, and we also have Jerry Goehranger and Sam Bail from the inventory division who can answer any questions on current properties being considered for placing on the auction this year. As some of

you know, I was not at the auction last year, so I may be deferring to them for any of your specific questions.

CHAIRMAN D'AMARO:

Okay. Thank you, Ms. Greene. Legislator Alden, did you have more questions?

LEG. ALDEN:

All three of those people are County employees?

MR. GREENE:

Correct.

LEG. ALDEN:

Pam, does this include any of the sales for adjacent homeowners or that would be a separate --

MR. GREENE:

No, that would be separate.

LEG. ALDEN:

Separate, thanks.

CHAIRMAN D'AMARO:

All right. There is a motion to approve.

LEG. VILORIA-FISHER:

May I?

CHAIRMAN D'AMARO:

Please go ahead.

D.P.O. VILORIA-FISHER:

I just wanted to point one more thing out in the rules because it was something I had queried, and it was regarding the restrictive covenant that the owner -- that it be owner-occupied and the length of time that it must be owner-occupied. I thought it was a resolution we had passed this year, and actually, it was in the rules last year. So I just wanted to put that on the record that it's now -- it must be owner-occupied for 10 years. It used to be 5 years. For anyone who has a question about that, because I certainly did, so I had to read this carefully for that. So the owner-occupied is 10 years because there are some districts where we have sold parcels at auction and then they, you know, created slumlord situations where they were flipped.

MS. GREENE:

Just to follow up --

D.P.O. VILORIA-FISHER:

Sorry about the question that I answered myself.

MR. GREENE:

Just to note, obviously, it's for parcels with improved structures on them.

D.P.O. VILORIA-FISHER:

Yes.

CHAIRMAN D'AMARO:

Okay. Any other questions? I'll call the vote. All in favor? Any opposed? Abstentions? And the motion carries. **Approved.**

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

IR 1513-2009, Authorizing the lease terms associated with the Federal Aviation Administration Operations on County land located in the Town of Babylon. (Co. Exec.) This is a lease to the FAA as part of the air traffic control system. The property is located in Copiague. It provides a location for navigational vector. Any questions on that?

D.P.O. VILORIA-FISHER:
Motion.

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

The next several resolutions deal with waiving interest and penalties. The first is **IR 1528-2009, Authorizing waiver of interest and penalties for property tax for Vernon and Theresa Sexton (SCTM No. 0500-141.00-01.00-038.005). (Montano)**

D.P.O. VILORIA-FISHER:
Motion.

CHAIRMAN D'AMARO:
There's a motion by Legislator Viloría-Fisher to approve. I'll second.

LEG. ALDEN:
On the motion.

CHAIRMAN D'AMARO:
On the motion, Legislator Alden?

D.P.O. VILORIA-FISHER:
There was a mistake by the town, Cameron.

LEG. ALDEN:
My question is to George.

D.P.O. VILORIA-FISHER:
I'm sorry.

LEG. ALDEN:
Have they established the proof necessary?

MR. NOLAN:
Well, under Section 30 of the tax act, we have limited authority to waive penalties and interests on taxes. One of the reasons we can do it is when the Town represents that the late payment was due to an error by the Town. In this particular case, the town has provided us with letters indicating that these people did not receive their tax bills because of a glitch in their mailing operation. That satisfies the statute and gives us the authority to waive the penalties and interest.

CHAIRMAN D'AMARO:
Just for the record, that letter is dated May 27, 2009 from the Town of Islip Office of the Assessor, and it was addressed to Legislator Montano in each case. There is a motion pending to approve. Has received a second. All in favor? Opposed? Abstentions? Motion carries. **Approved. (VOTE: 5-0-0-0)**

IR 1529-2009, Authorizing waiver of interest and penalties for property tax for Edward Nedwick and Carmen Betancourt (SCTM No. 0500-077.00-04.00-040.000). (Montano)

D.P.O. VILORIA-FISHER:

Same motion.

CHAIRMAN D'AMARO:

Same motion, same second, same vote. **Approved. (VOTE: 5-0-0-0).**

IR 1530-2009, Authorizing waiver of interest and penalties for property tax for Ulises and Sulma D. Juarez (SCTM No. 0500-188.00-02.00-028.000). (Montano)

D.P.O. VILORIA-FISHER:

Same motion.

CHAIRMAN D'AMARO:

Same motion, same second, same vote. **Approved. (VOTE: 5-0-0-0).**

IR 1531-2009, Authorizing waiver of interest and penalties for property tax for Richard and Isabella Parisi (SCTM No. 0500-079.00-03.00-071.000). (Montano) Same motion, same second, same vote. **Approved. (VOTE: 5-0-0-0)**

IR 1532-2009, Authorizing waiver of interest and penalties for property tax for James E. Leak (SCTM No. 0500-140.00-04.00-037.000). (Montano)

Same motion, same second, same vote. **Approved. (VOTE: 5-0-0-0).**

IR 1533-2009, Authorizing waiver of interest and penalties for property tax for Livia Romeo (SCTM No. 0500-055.01-01.00-033.000). (Montano)

Same motion, same second, same vote. **Approved. (VOTE: 5-0-0-0).**

IR 1542-2009, Authorizing the change of lease terms associated with the operations of the Suffolk County District Attorney's East End Bureau. (Co. Exec.) I'll offer a motion to approve.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedenbender. On the motion, Legislator Alden.

LEG. ALDEN:

How long is the term of this lease?

CHAIRMAN D'AMARO:

Is anyone here that could discuss the terms of the lease with the Committee this morning?

MR. REINHEIMER:

It doesn't change the terms of the lease. It changes the location of the office from Southampton to Hampton Bays. It continues the current lease agreement which expires at the end of October 2010.

LEG. ALDEN:

Good. Thank you.

CHAIRMAN D'AMARO:

So it's a floating operation, so to speak.

D.P.O. VILORIA-FISHER:

Basia is coming up.

MR. REINHEIMER:

The town, I think, is changing the services and where the services are located, so they're moving the office in conjunction with that.

MS. DEREN-BRADDISH:

Yes, that's correct. The Town actually moved a large of part of its operations to this new facility, and as part of it, they just took us along with them. We're getting more space for the same amount of money. We're going to continue under the existing terms of the lease. There's no increase for the additional space as it expires next October. We'll be renegotiating -- October 2010.

CHAIRMAN D'AMARO:

Any other questions? Going once. Okay. There is a motion pending to approve. Has received a second. All in favor? Any opposed? Abstentions? Motion carries. **Approved. (VOTE: 5-0-0-0).**

IR 1543-2009, Authorizing the extension of the lease of premises utilized by the Suffolk County District Attorney's Office. (Co. Exec.) This property is leased for investigative purposes. It expired on August 31st, 2008. The renewal would extend the lease through May 31 of 2014. I'll offer a motion to approve.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedenbender. On the motion? All in favor? Opposed? Abstentions? Motion carries. **Approved (VOTE: 5-0-0-0)**

IR 1545-2009, Adopting Local Law No. -2009, A Local Law requiring fairness in cooperative home ownership. (Co. Exec.) This requires a public hearing. I'll offer a motion to table.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedenbender. All in favor? Opposed? Abstentions? Motion carries. **Tabled (VOTE: 5-0-0-0).**

LEG. ALDEN:

Through the chair, I have a question when we're finished with the agenda.

LEG. VILORIA-FISHER:

Just when you thought you were getting away.

CHAIRMAN D'AMARO:

Ms. Braddish, if you could just hang out for a little while, we're going to finish up the agenda, and then Legislator Alden had a question.

MS. DEREN-BRADDISH:

Okay.

CHAIRMAN D'AMARO:

Thank you.

IR 1548-2009, Authorizing certain technical correction to Adopted Resolution No. 328-2009. (Co.Exec.) I'll offer a motion to approve and place on the consent calendar.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedenbender. All in favor? Opposed? Abstentions? Motion carries. **Approved and placed on consent calendar. (VOTE: 5-0-0-0).**

We already considered 1552-2009.

Skipping to **IR 1559-2009, Authorizing the County Executive to enter into a Memorandum of Understanding with the Town of Brookhaven to commence eminent domain proceedings for the Old Plaza Theater and land in East Patchogue. (Eddington)** I'll offer a motion to approve.

LEG. BEEDENBENDER:

Second.

CHAIRMAN D'AMARO:

Seconded by Legislator Beedenbender.

LEG. ALDEN:

On the motion.

CHAIRMAN D'AMARO:

On the motion, Legislator Alden?

LEG. ALDEN:

Can I get an explanation what we're doing here and approximately how much money this is going to cost?

CHAIRMAN D'AMARO:

Sure. Counsel, would you like to explain it? It seems to me that we're relying on the Town to bring the eminent domain proceedings, and this is the agreement for the Town and the County to do that.

MR. NOLAN:

That is basically correct. A couple of years ago, we approved a resolution to begin the process. A determination has been made that the Town is in better position to move the eminent domain proceeding, and in return, the County, is going to provide financial assistance. Admittedly, the resolution does not state what the parameters of that will be. There is no dollar figure provided in there, and I'm not certain what that figure will be.

LEG. ALDEN:

So what is the language that -- the MOU states that the County in cooperation with the -- what are we committing to?

MR. NOLAN:

Well, I think it authorizes the County Executive to enter an agreement with the Town whereby the Town agrees to bring the eminent domain proceeding rather than the County, and we are going to assist financially. I assume that means that when there is a dollar amount set by a court as to what the payment will be for the land, the County will pick that up. That's my understanding, but, of course, what's that's going to be at the end, we don't know yet.

LEG. ALDEN:

Actually, there's two requirements. When you do the eminent domain proceeding, you have to pay into court what your appraisal states. Then you start a war of appraisals which can last 5, 10 years. All right, so it's an open-ended financial responsibility. That pretty much answers my question on that. Thank you.

CHAIRMAN D'AMARO:

All right. You're welcome. Ms. Bizzarro, is there anything you would like for add on this bill? You are here from the Department of Law. I think Legislator Alden is making an interesting point that -- is it financial assistance with the legal proceeding or is it financial resistance with the ultimate result?

MS. BIZZARRO:

We don't know. This is sponsored by Legislator Eddington. I had those same thoughts yesterday when I reviewed the bill. I don't know who made this determination that the Town was going to act as lead agency. That's unknown to me. If we are going to be preparing an agreement, we probably need to know some of the financial terms or at least what that is talking about, and based on this resolution alone, we will not be able to do that. So there are some questions that I had as well.

CHAIRMAN D'AMARO:

The bill says in one of the whereas clauses, "The County will provide technical assistance and funding and support of this initiative." Again --

MS. BIZZARRO:

I don't know if that means we're going to help out with legal fees. I don't know what that encompass or just the amount of money that ultimately we'll be paying the owner of the property.

CHAIRMAN D'AMARO:

It seems to me what's happening here is that the County is really -- was initially going forward with this and something in one of the preceding whereas clauses says that, "The town will do it because the County is not a designated urban renewal agency."

MS. BIZZARRO:

Right.

CHAIRMAN D'AMARO:

I would assume that standing has some benefit.

MS. BIZZARRO:

That's -- yeah, I don't know that for sure, though. Right.

LEG. BEEDENBENDER:

If I may, Mr. Chair?

CHAIRMAN D'AMARO:

Sure.

LEG. BEEDENBENDER:

I guess the way I was looking at it is -- if you have any information that could correct this if I am wrong -- originally, the County had kind of played that we were going to take the property, tear down the building and do all the work ourselves. From my viewpoint, it seems like maybe we're sharing some of that cost now.

MS. BIZZARRO:

Right. That was another thought I had. I said, well, this could be good or more financially beneficial to the County because it's now shared. I just don't know what that shared responsibility is on the face of this resolution.

LEG. BEEDENBENDER:

Okay.

CHAIRMAN D'AMARO:

Timing can often be a factor in these proceedings. My preference would be to reach out -- I don't have a problem discharging this to the floor, but then, of course, reaching out to the sponsor and asking some of these questions probably would be in his best interest as well to get the bill passed on Tuesday. So what I would do is offer a motion to discharge without recommendation. Second, anybody?

LEG. BEEDENBENDER:

Sure.

CHAIRMAN D'AMARO:

Second by Legislator Beedenbender. All in favor? Any opposed? Abstentions?

LEG. ALDEN:

Opposed.

CHAIRMAN D'AMARO:

One in opposition. Motion carries. **The resolution is discharged without recommendation. (VOTE: 4-1-0-0 Opposed: Leg. Alden).**

That concludes the agenda for today --

MR. REINHEIMER:

Oh, wait.

CHAIRMAN D'AMARO:

Oh, I'm sorry. Go ahead, Legislator Alden.

LEG. ALDEN:

I just have two issues that I need some information on. The first would be where we are with the adjacent homeowners that come in above the \$20,000 evaluation if we're moving along with the resolutions to sell those. And then the second, if you can give me update on what's going on with the old Bay Shore Health Center, and are we still looking for property? Because the property that was identified is actually up in Bentwood for a regional health center.

MS. DEREN-BRADDISH:

As a result of the Newmark proposals, the RFP was temporarily suspended. It had gone out. It has, I believe -- is being reinitiated with a proposer's conference. I think there was something in the area of five potential sites that we got expression of interest in. It had been suspended in light of this purchase-lease discussion.

LEG. ALDEN:

What was the old -- because there was a resolution passed that had authorized reinstating or reinventing -- whatever you want to call it -- the Bay Shore Health Center in the Bay Shore area similar to where it was situated years ago. Have efforts been suspend to find an area along Union Boulevard in that area?

MS. DEREN-BRADDISH:

Well, the departmental needs reflected a regional center so based on the --

LEG. ALDEN:

I don't know where the department came up with any of those studies because the old studies showed that when Bay Shore closed down, approximately 70% of the people that had been serviced by the Bay Shore center ended up not going anywhere except for to Southside Hospital's emergency

room, which cost us probably about 10 times the amount of money it would cost to run a regional health center -- not regional but a specific local health center. So I'm a little perplexed as to why we even went to this or jumped ahead and said we're going to do regional health center when we didn't even explore the possibilities -- or fully explore the possibilities of replacing the Bay Shore Health Center.

MS. DEREN-BRADDISH:

Oh, no. We originally had done a search for the Bay Shore Health Center. Matter of fact --

LEG. ALDEN:

And every time I brought a piece of property, it would -- feet would drag until the person actually sold the property or leased it. Sometimes up to a year after I brought a piece of property that was available that met all the criteria, a year actually would pass, and then that's when we contacted them and found out, "Oh, I'm sorry. The property has been sold," so I'm 99 -- no, I'm a 100%, 1000% positive -- really convinced that we did not do due diligence in trying to relocate that center in a timely fashion. I'm really -- I'm totally -- I'm disappointed in the Health Department. I'm disappointed in our efforts to even try to relocate Bay Shore Health Center.

MS. DEREN-BRADDISH:

As to the departmental things, I can't make a comment. I can say we did follow up very-- a matter of fact, on the one specific site on the service road Sunrise Highway, we were in extensive negotiations with Bob Roberts for Lucille Roberts, the site there, and that ultimately fell through because the Town would not allow that --

LEG. ALDEN:

That wasn't a site that I brought. I brought five sites along Union Boulevard that were within, I'm going to say, one mile of the old center.

MS. DEREN-BRADDISH:

I can probably address most of them. One of them was an environmental site. I think it was on one of the side streets. The Amendola's Fence site was actually kept by them to expand their operation. A third site further east was next door to a powder -- aluminum powder coating site that the Health Department thought it was inadvisable to be next door to, and I know there was one more a little further east.

LEG. ALDEN:

No. Well, you actually have to come back west they built a whole complex. There's a laundromat and like five other types of stores built on that site. I'm very disappointed, and actually it's not you than I'm disappointed in but the efforts that were expended to replace that Bay Shore Health Center. And has anybody contacted Southside Hospital again, because their financial situation changed?

MS. DEREN-BRADDISH:

Right. That was one we spent probably another year negotiating with, and I think it was mutual that neither of us wanted each other.

LEG. ALDEN:

No. We ended up giving them a bill. They had to pay us over \$1 million, and that was a sticking point. They still would be open to a suggestion of a campus where we have a health center right next door to their newly refurbished emergency room because we would be taking the pressure off their emergency room, which should be taken off their emergency room.

MS. DEREN-BRADDISH:

Yes, there were major issues, though, because they wanted us to build a parking garage which was a major obstacle to proceeding.

LEG. ALDEN:

Right, but the whole thing changed. That whole thing changed. I think you've answered the question. Thanks. The other question is just how we're doing with adjacent homeowners valued at more than \$20,000.

MS. GREENE:

You had a question for the division, Legislator Alden. If I'm misinterpreting it, please let me know. As far as adjacent owners, any lots that meet that requirement that fall below that ceiling, which I believe has now been increased to 30,000, we are aggressively pursuing the adjacent owners against -- it's the interest of the division to have those parcels removed from the County tax rolls at this point and transferred to adjacent owners, and you just approved two today.

LEG. ALDEN:

Those were the 20 to 30 above 20?

MS. GREENE:

No they were below.

LEG. ALDEN:

No, those I didn't have a problem with, but the ones that we weren't really offering for sale, the ones above 20 but below 30.

MS. GREENE:

What the ceiling is now, any that are below that are offered to adjacent owners and any above are going into the auction.

LEG. ALDEN:

Okay. But the ones we approved today are not between 20 and 30. They're below 20.

MS. GREENE:

Correct.

LEG. ALDEN:

Okay. There's at least five that I am aware of that are valued over \$20,000. Those have been offered to the adjacent homeowners?

MS. GREENE:

Would you be able to get me their addresses or tax map numbers?

LEG. ALDEN:

Okay. Yes. Good. Thanks.

MS. GREENE:

Thank you.

LEG. ALDEN:

Thanks, Mr. Chairman.

CHAIRMAN D'AMARO:

You're welcome. Motion to adjourn. Second by Leg --

MR. REINHEIMER:

Wait -- one last -- I would like to respond to Legislator Alden's questions concerning the Real Estate Consultant. Funds were included in 2008 and 2009 operating budgets to retain a consultant. The Department of Public Works issued an RFP to retain the consultant.

LEG. ALDEN:

The amount of money we paid?

MR. REINHEIMER:

Approximately \$70,000 in 2008. To date, about a \$184,000 will be paid to them to work up to this date.

LEG. ALDEN:

Thanks, Lance. Thanks, Mr. Chairman.

CHAIRMAN D'AMARO:

Okay. I'll try again. Motion to adjourn.

LEG. BEEDENBENDER:

Seconded by Legislator Beedenbender. We are adjourned. Thank you.

[*THE MEETING WAS ADJOURNED AT 12:10 PM*]