

SUFFOLK COUNTY LEGISLATURE

SPECIAL MEETING

FIFTEENTH DAY

OCTOBER 15, 2010

Special Meeting held in the Rose Y. Caracappa Legislative Auditorium

Of the William H. Rogers Legislature Building

725 Veterans Memorial Highway, Smithtown, New York

Verbatim Minutes Taken By:

Alison Mahoney - Court Reporter

*(*The meeting was called to order at 11:50 A.M. *)*

P.O. LINDSAY:

Mr. Clerk, will you call the roll, please.

*(*Roll Called by Mr. Laube - Clerk*)*

LEG. ROMAINE:

Present.

LEG. SCHNEIDERMAN:

Here.

LEG. BROWNING:

(Not Present).

LEG. MURATORE:

Here.

LEG. EDDINGTON:

Here.

LEG. LOSQUADRO:

Present.

LEG. EDDINGTON:

Here.

LEG. MONTANO:

Here.

LEG. CILMI:

Here.

LEG. BARRAGA:

Here.

LEG. KENNEDY:

Here.

LEG. NOWICK:

(Not present).

LEG. HORSLEY:

Here.

LEG. GREGORY:

Here.

LEG. STERN:

Here.

LEG. D'AMARO:

Here.

LEG. COOPER:

Here.

D.P.O. VILORIA-FISHER:

(Not Present).

P.O. LINDSAY:

Here.

LEG. BROWNING:

Tim.

D.P.O. VILORIA-FISHER:

Here, Tim.

MR. LAUBE:

Seventeen (Not Present: Legislator Nowick).

P.O. LINDSAY:

Okay, would everybody rise for a salute to the flag, please.

Salutation

Would everybody remain standing for a moment of silence for our men and women that are in harm's way as we speak.

Moment of Silence Observed

Okay, everybody can be seated. Welcome, everybody, to a Special Meeting of the Suffolk County Legislature. Mr. Clerk, has the notices been properly posted?

MR. LAUBE:

Yes, it has.

P.O. LINDSAY:

Okay. Under the meeting notice, there's a one-hour public portion, and I have some cards. First up is Eric Naughton. There's a three minute time limit.

DIRECTOR NAUGHTON:

Good morning. I just want to state that in the 2011 recommended budget, we have completely funded our pension obligation. Therefore, we feel that it is not necessary to move additional funds from the Tax Stabilization Reserve Fund to the Pension Reserve Fund.

The 2011 bill is estimated to be \$136 million, this is an increase of \$42 million. The State is allowing us to amortize \$19 million of that increase which is what we have proposed in the recommended budget. The State has set the interest rate for this amortization at roughly a 5% interest; we will pay that back over ten years in each subsequent pension bill.

In addition, to help transition to this high cost, we have already included the use of \$30 million from the Pension Reserve and we feel that that is the best level to stay at. Thank you.

P.O. LINDSAY:

Thank you. Connie Corso.

MS. CORSO:

I just wanted to give you an update. Last Thursday we had our rating calls with Standard & Poors and Moody's & Fitch and we did disclose the 30 million transfer from the Tax Stabilization -- from the Tax Stabilization Reserve Fund to the Retirement Stabilization Reserve Fund, and I'm happy to report that Moody's & Fitch have affirmed our rating the way it is. So we have fully disclosed it, they have approved it, we're waiting for Standard & Poors.

One thing I also want to say is we really didn't want to use the whole \$30 million in 2011, we wanted to kind of split it, but we knew that if we kept -- if we didn't put the 30 in, that it wouldn't be preserved. That if we split it, somehow it would go back into the General Fund, so the idea was to use the 30 over several years. So I know you don't seem to have a concern, but I do -- I think we should be very proud of our bond rating and we should try to preserve it.

P.O. LINDSAY:

Ken Crannell.

MR. CRANNELL:

Good afternoon, Legislators. This past Tuesday, County Comptroller Sawicki hand delivered to my office a draft resolution and a request for a Certificate of Necessity to authorize him to issue short-term Tax Anticipation Notes of up to \$390 million. According to his requests, these bonds were intended to cover the County's cash flow needs for the first half of the fiscal year until the real property tax revenues are turned over to the County Treasurer by our ten towns.

According to the fiscal impact statement, the estimated gross interest cost for these maturing notes is over \$4.7 million. While the Comptroller's request was for the County Executive to expedite approval of this resolution with a CN for the November 3rd meeting, we decided to lay the resolution on the table today. It helps address our concern with IR 1972 and give you a real-world example of implications of your vote today. Today's vote has the potential of undermining the County's long-term fiscal stability and could result in an even further burden on the residents of this County.

In a couple of weeks, the rating agencies will weigh in on this new debt issuance. If you adopt the 20 million in additional Tax Stabilization transfer contemplated today, it will negatively impact the cost of borrowing to Suffolk County taxpayers. According to an analysis completed by Capital Markets Advisors, which is the County's independent financial expert, if the County's short-term and long-term rating received a full downgrade, the additional costs would be approximately two million a year at the present low interest rate market. If interest rates go up, as they surely will, the impact will be even greater. Just using the example of this proposed 390 million short-term borrowing introduced today, that downgrade could increase the cost of this County's borrowing by an additional \$400,000.

We ask for you to do the right thing for the people in this room, for the people listening and vote no on this resolution. Thank you.

P.O. LINDSAY:

Ben Zwirn.

MR. ZWIRN:

Good morning, Mr. Presiding Officer and members of the Legislature. The County Executive believes he has crafted the 2011 budget, including the funding of the increased pension costs, in a fiscally responsible manner. We have heard the criticisms of the 2011 budget, but the criticisms are nothing new. We have heard them for the last six years. And what's the record? The record, no tax increases for the last six years and the highest bond rating in the County's history; not a bad record. We endure the criticism, the record speaks for itself.

One of the criticisms we've heard this year is that revenues are speculative, including the property at Yaphank, the industrial portion. In the Legacy Village contract, it is permitted to cut out this one particular piece. There is not local opposition, it's put in the budget at \$12 million, it will need Legislative approval. But if we were to go in to increase fees in the Parks Department and we put that in the budget, we would also need Legislative approval. So the fact that this needs Legislative approval doesn't mean we don't put it in the budget. If you didn't put it in the budget and you intended to try to sell this property and get that revenue, that would be disingenuous.

With respect to the increased pension costs. The County Executive has met this challenge, with your cooperation, by transferring \$30 million into that fund and then borrowing the permitted amount so that we can keep as much --

LEG. LOSQUADRO:

Your mike is off.

MR. ZWIRN:

So that we can keep as much of the Tax Stabilization Fund in tact. When we discussed -- and Ms. Corso has alluded to it. When the rating agencies were briefed recently, the transfer of that \$30 million was laid on the table before them and they said okay and they affirmed our bond rating. To go with the additional money puts that bond rating in jeopardy, and as previous speakers have mentioned, that's nothing to take lightly, because they review our budget, they review our finances. And despite all the criticism, when they say that they affirm the highest bond rating, that speaks volumes.

There is an honest disagreement moving forward with respect to the nursing home. The County Executive has tried to sell it, or in the alternative to close it, because the private sector provides the same services at no taxpayer expense. That's where the disagreement lies. To take this money to transfer it into the tax -- from the Tax Stabilization Fund into the Pension Fund, for that purpose alone that would be one debate. But from all the conversations, all the rhetoric and all the press releases, the intent is to take that money and back it out to cover the costs of the nursing home going forward, and that's not the purpose of transferring that into the Pension Fund, the Pension Reserve Fund. I think Legislator Losquadro and others, like Legislator D'Amaro, have spoken to that, Legislator Barraga. That's critical, because all this is is a back-door effort to work to keep the nursing home open as opposed to attacking it, we think, in an honest way, whether it be cutting expenses, raising revenue in another way, if you have to, you have to raise taxes; if that's what your decision is to keep it open, that's the way it should go.

And that's really how I'll close. Be honest about what this is going in for. If you're going to use it just to offset pension costs, then say so and restrict the money for that purpose. But if it's going to be used for another purpose, then let's be honest with the taxpayers of this County and let them know up front. We don't want to see that \$12 million from the Yaphank sale that the County Executive has in wind up in the Omnibus at a higher number to pay for additional things the County needs or doesn't need, to be very honest in this exercise. Thank you very much, Mr. Presiding Officer.

P.O. LINDSAY:

Thank you, Mr. Zwirn. Stephen Flanagan.

MR. FLANAGAN:

How are you today? I want to thank you for listening to what I have to say. My name is Steve Flanagan from the Conservative Society for Action. We represent 5,000 taxpayers in Nassau and Suffolk County.

One of the things that we've been watching and one of the reasons we formed our organization was to have smaller government, lower taxes, fiscal responsibility. We hear some of these conversations going on about raiding our Tax Stabilization Fund, 20 million here, 30 million here, 50 million altogether, on top of that funding raided last year as well. What it all comes down to is whether we believe that it's appropriate, appropriate for this government, to privatize funds that can be handled equally well in the private sector. It all comes down to the sale of the Foley Nursing Home. We've been talking about it for a long time. Why hasn't any action come on it?

We're talking about a net \$65 million gain to the County. From the information that we've been able to see and from the negotiations that we understand, the people who are willing to take over that home can deliver those services equally or better than the County. Also we understand that the people who are working in that nursing home are going to be guaranteed a place, either at the new owner or somewhere else in the County. It seems to me that it's a net gain for the County and for the taxpayers that we take this type of action. Smaller government, lower taxes, fiscal responsibility; not stealing Peter to pay Paul, not taking 20 million over here, saying it's for this and then using it for something else. We've read comments in the papers here that make it very, very suspicious, where this money is actually going to end up. So I just want everyone to know that we're watching, the taxpayers are watching, and we're going to be looking at each of the Legislators here today to see that they do the right thing for the taxpayer.

Now, I understand that there are other issues and I understand that we have to provide services and things like that. But I don't see where in this entire discussion that these service are not going to be delivered. The people in those nursing home beds are going to be provided with those beds, they're going to be provided with the services. I know one of the people that's being considered to take over that nursing home runs dozens of other facilities around the State. It's a highly regulated industry, and I just don't see where anybody is going to be hurt. All I see is that the taxpayer has a chance to reduce the tax levy by about \$65 million in the next five years, about 20 million up-front.

So I just want to let everybody know today that the Conservative Society for Action is in favor of the sale of the nursing home.

Let's get that over with; the sooner we do it, we've been talking about it for months, the better. And whether we realize that money in 2011 or 2012, it really doesn't matter, it's the right thing to do. I just want to make that comment today. Thank you very much.

P.O. LINDSAY:

Gene McGowan.

MR. McGOWAN:

Okay, good morning, everybody.

LEG. LOSQUADRO:

You have to hold down the button, sir.

MR. McGOWAN:

Good morning, everybody. My name is Gene McGowan. I, too, am with the Conservative Society for Action. Steve has mentioned most of what I wanted to say, I'll just add a couple of more things.

In regards to the Foley Nursing Home and Civil Service titles. I am a Civil Service employee and when I signed my contract with the City of New York, nothing guaranteed me a job for life. I actually worked with men and women who were laid off. And if that's a concern of this body, that's the wrong way to look at it; no one is guaranteed a job for life. As a matter of fact, Governor Patterson is starting the process to lay off 2,000 State workers. Nobody wants to see anybody get laid off, but the taxpayers must come first. That is how we grow a good society, not by government making jobs. Suffolk County also is a microcosm of the Federal government, and nowhere in the

history of government can government outperform private enterprise in the delivery of goods and services. And therefore, the Foley Nursing Home should be, in my opinion, sold to a private entity.

I've also heard talk here about borrowing. I'm sure most of you are not aware of this, but the debt market today has downgraded, has stripped the U.S. of AAA rating, that's a debt market. That's not Fitch, that's not Standard & Poors, but they almost surely follow. And if that happens and we take on more debt, it's going to cost us, the taxpayers, a tremendous amount of money.

Lastly, the taxpayers of the County must come first, not the employees. And I urge you to vote no on this resolution. Thank you.

P.O. LINDSAY:

Cheryl Felice.

MS. FELICE:

Thank you, Presiding Officer Lindsay. My name is Cheryl Felice, I'm President of the Suffolk County workers, the Association of Municipal Employees. I'd like to thank you for inviting us to speak here today.

I came to speak on the resolution to transfer the additional \$20 million to cover the pension costs for the workers, but I have to comment first about some of the issues on taxes and the property taxes over the last six years. Every other jurisdiction in Suffolk County has raised their taxes over the last six years, for a total of 38% increase in property taxes which is well over the inflation rate. The only taxing jurisdiction which has not been raised is the General Fund, and everyone in this room knows that's the smallest portion of the property tax bill and means very little to the total tax warrant, absolutely very little. The symbolic fact of not raising the Tax Levy has little impact on the total Tax Warrant, but has a negative effect on the services.

First -- second of all, we would like to say that AME was in support of the creating the Retirement Contribution Reserve Fund six years ago. We are happy that there was some initiative to creating for a rainy day fund to recognize that employees are one of the most important assets in County government, and when that fund was created it was to prepare for that rainy day. The Tax Stabilization Fund was to prepare for that rainy day, another rainy day, and you have seen over the last several years that it has been raining in Suffolk County. Well, how was that Tax Stabilization Fund created in the first place? It was because the vacancy rates were so high, turnover savings were so high and property owners were being taxed for positions that did not exist, and that's what created the Stabilization Fund. So when we created -- when we supported creating the Retirement Contribution Reserve Fund, it was to plan long-term, and that's what we believe this body is doing today with this resolution, planning for long-term.

We applaud the Presiding Officer for the resolution, we believe it's a sound concept, it's a responsible concept, and again, it is long-term planning. We know that this government is not going to do anything that is going to jeopardize next year's budget, this body, but we also have to look at the co equal branches of government and make sure those coequal branches of government are working in the confines of the County Charter.

You heard in the earlier committee meeting that this budget is an illegal budget with respect to the Mary Hibberd Law, and this body is responsible for alleviating the mistakes of the County Executive Branch. So leaving no other choice, it seems at this particular point in time is the most sound choice that has to be made to keep government whole. Because ultimately, smart government begins with the recognition that the greatest asset in government are the employees. Thank you very much.

P.O. LINDSAY:

Thank you, Cheryl. Michael Chapman.

MR. CHAPMAN:

Good morning. Thank you. I'm Michael Chapman, I'm a Masters candidate in the Public Policy Program at Stony Brook University.

Ladies and gentlemen of the Legislature, these are indeed harsh and uncertain economic times. No one wants to cut jobs, cut or eliminate services. However, we are faced with difficult decisions. Whether to buy that new pair of shoes for work, or do I buy the half gallon of milk or the full gallon. These are small choices to be sure, but choices that we might not have thought twice about just a couple of years ago. As our elected officials, you are tasked with making similar decisions but on a greater scale. We the people entrust you to make hopefully informed decisions after taking everything into consideration so that you can make the best choice. Sometimes these choices must be difficult, but they must be made nonetheless.

I am here to tell you that this resolution, if enacted, would be a grievous mistake on your part. By taking the funds out of the Taxpayer Stabilization Fund, not only does this Legislature risk damaging our high bond rating, but also leaves the County with less money in the event of unforeseen challenges that may be ahead in these uncertain times. It is my fear that if approved these funds would then be used to fund the annual operating losses associated with the County nursing facility and thus delaying any future sale that would finally help alleviate this albatross from the neck of the taxpayers.

The Skilled Nursing Facility, we are told, is supposed to be an enterprise fund; by definition, this means that the Skilled Nursing Facility ought to be paying for itself. However, we are forced to pay for its losses year after year, creating a structural imbalance in our budget. If this was a private business, it would have been out of business long ago. We fain anger at the bailouts of the banks and the auto industry, and yet we bail out the nursing home year after year and somehow this is different. We are told, however, that this is not the reason for the transfer of funds. We are told by Presiding Officer Lindsay that the premise for this is to help, and I quote, *"offset the loss of real estate related revenues and mitigate the rising pension costs."* Well, you already tapped into this fund in 2009, largely because of the miscalculation in sales tax revenue.

Furthermore, pension costs are forecast to rise significantly over the next few years, and any attempts to mitigate this will be futile. The solution is not in a one-shot but in further examination on how to solve long-term problems of rising costs. This requires a long, hard and honest look and may even require negotiation, renegotiation, as some states and localities have already begun to deal with in regard to this issue.

The Taxpayer Reserve Fund must not be tapped because we may need it with the uncertainty that we face. Your own Budget Review process uses a regression model that accounts for factors such as unemployment and consumer spending. I have the most recent statistics that you use and they have not changed much since last year. What this means is that looking forward, using the same statistics that you use, we cannot afford to tap this valuable asset at this time to pay for a one-shot fix at best.

P.O. LINDSAY:

Mr. Chapman, could you wrap up? You're out of time, Mr. Chapman, if you can wrap up.

MR. CHAPMAN:

I urge you to not vote for this resolution. Thank you.

P.O. LINDSAY:

Thank you, Mr. Chapman. Is there anyone else in the audience that would like to address us? Seeing none, I'll make a motion to close the public portion.

LEG. EDDINGTON:

Second.

P.O. LINDSAY:

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

MR. LAUBE:

Seventeen (Not Present: Legislator Nowick).

P.O. LINDSAY:

The main purpose of today's meeting is IR 1972, it is before us.

1972-10 - Authorizing transfer of funds from the Tax Stabilization Reserve Fund to the Retirement Contribution Reserve Fund (Presiding Officer Lindsay). I am going to make a motion to approve.

D.P.O. VILORIA-FISHER:

Second.

LEG. COOPER:

Second.

P.O. LINDSAY:

Seconded by Legislator Cooper.

LEG. MURATORE:

Question. A few questions, Mr. P.O.

P.O. LINDSAY:

Okay.

LEG. MURATORE:

First of all, I guess for Budget Review. Using the \$20 million, is that considered a one-shot?

MS. VIZZINI:

It's a one-time transfer from Tax Stabilization Reserve, so theoretically you could categorize it as that.

LEG. MURATORE:

So what would be the financial impact, then, of this one-shot?

MS. VIZZINI:

We have relied on several one-shots over the past several years. Hopefully we would -- over time, if not sooner -- replace and replenish the funds, either putting them in the retirement reserve or in Tax Stabilization Reserve, but those are policy decisions that need to be made.

LEG. MURATORE:

Also, just to refresh my memory, have we spoken -- we have a Bond Counselor, Counsel; have we spoken with him, Mr. P.O., this year?

P.O. LINDSAY:

If your question is to me, he did testify at the public hearing last week.

LEG. D'AMARO:

He was at Budget.

LEG. MURATORE:

And can you refresh what he said?

P.O. LINDSAY:

Yeah, what he said is that -- at that time he said that our bond rating could be downgraded as a result of the 30 million, it was more likely that it would be downgraded if we took 50 million, and that most likely at any case it would go down one notch.

LEG. MURATORE:

Have we spoken to the Comptroller and the Treasurer about this also, or can we speak to them; is it possible to bring them before us and ask them some questions?

P.O. LINDSAY:

Well, I don't see them here today, but I have had discussions with both of them about it.

LEG. MURATORE:

And their comments?

P.O. LINDSAY:

Well, I don't think that anybody looks at this as a thing that is a good thing to do. It's just that the choices that we're faced with, mostly because of mandated costs, are horrible and worse. And I mean, we have before us a budget that, you know, a lot of us feel is structurally imbalanced. The County Executive is transferring \$20 million from the General Fund for pension costs. In the budget presentation is probably more than \$30 million in -- I don't know how to categorize it, but the revenue is questionable. And why it's questionable, because for us to sell the 95-acres of industrial property that's part of the Legacy Village has to take a super majority of this Legislature. To sell the nursing home building and property would take a super majority vote of this Legislature, and we haven't done that yet and until we do that the, it can't be done, the revenue can't be realized. And, you know, the sale of it has been before us for a long time and there doesn't seem enough votes to pass it.

So this is an option. This option is to move another \$20 million into the Pension Reserve Fund. Your -- Legislator Muratore, you're on the Budget Working Group, you know that we're a long ways from putting together a package or a proposed budget. If we don't come up with a budget, I mean, the portrayal that, you know, this is going to go directly to the nursing home; we're not anywheres near that yet. You know, we have many, many, many more meetings and hard, hard decisions to make. This just gives you an option. It parks another \$20 million in the Pension Reserve Fund. The true measure of what we do with that will be in the budget presentation, if we do come up with an Omnibus budget.

LEG. MURATORE:

I thought we were going to do this in the Omnibus; why are we doing it now?

P.O. LINDSAY:

You can't do it in the Omnibus, you have to move the money now. This has to be done by separate resolution, by law, by a public hearing; and correct me if I'm wrong, Counsel.

MR. NOLAN:

Right, this is subject to General Municipal Law. We had to hold a public hearing, which we did at our last meeting, and such a transfer has to be approved by a resolution of the Legislature.

LEG. MURATORE:

Just one last question. Have you or Budget Review spoken to the bonding agencies? Are you allowed to do that, speak with them and get some feedback from them as to if we do this, what's going to happen?

P.O. LINDSAY:

Well, I haven't spoken to them, I don't know about Budget Review. But the Bond Counsel that we pay for is the guy that usually deals with the bonding agencies, and testified before us last week about the different things that he thought could happen.

LEG. MURATORE:

So his testimony is on the record, we could research that and see what he said, if we -- you know, we can do that, okay. And has BRO spoken to the bonding agency?

MR. LIPP:

We've had conversations with Capital Market Advisors which is our financial consultant. And Rich Tortora, who is the head of that group, came and spoke to Budget & Finance I believe it was last week, so we have an understanding of what the impacts are.

Like we said earlier at the committee meeting, there are several factors that go into bond ratings. Clearly, this is not a positive effect on bond ratings, it's a negative effect, but it's hard to determine exactly what triggers downgrades. And this, on it's own, at most, would result in a one-step downgrade, it seems to be the consensus, which wouldn't have a major impact on our interest rates but it would have a negative impact, other things being equal, so it's not something good. And to understand the process here, this is required to move the money from -- this vote is required to move the money from Tax Stabilization to Retirement Reserve Fund. It doesn't -- this alone would just park the money in Retirement Reserve, we'd still have the money in Reserve, it would be then another resolution, in particular in all likelihood the Omnibus working resolution, that would make the determination to use that money.

LEG. D'AMARO:

Bill?

P.O. LINDSAY:

Legislator Losquadro. Oh, are you done, Legislator Muratore?

LEG. MURATORE:

Well, just what I'd like to do is I'm really not comfortable with what I hear here and I'm not comfortable with what I know about this, so I would like to make a motion to table this.

LEG. LOSQUADRO:

I'll second that motion.

P.O. LINDSAY:

Okay, we have a motion to table and a second. Legislator Losquadro.

LEG. LOSQUADRO:

Thank you. I've heard a couple of different numbers from what we discussed during the special meeting of the committee. I heard the budget number go up slightly for the increase to the pension contribution this year. The Executive's Budget Office, you had -- Gail, had said 38, they had said

42, within a range there. And again, for 2012, seeing that increase in about another 40 million on top of that for a total, then that puts it in a range of 78 to 82 million. And by the State Comptroller's own estimation, from 2012 to 2013, going from a 16% to a 30% local contribution rate, maybe another 80 million on top of that for a total of 118 to 120 million additional on -- above what our contribution rate is this year. So maybe I'm a little too much a student of history, my history major is coming out, but, you know, this seems to me like Louis the XVth, you know, "*apres moi, le deluge*," after me the deluge.

This is crazy that we are thinking about reducing a fund that we know without a doubt we are going to need. Taking any more than what we are thinking about doing with this 30 million to me seems obviously completely ill-advised.

You know, we talk about this being a one-shot? I actually don't see it that way. I mean, there have been very clear indications that we're talking about here saying, well, we're refusing to deal with the reality of the situation of a closure or a sale of the nursing home, so this \$20 million essentially becomes a means to fund a recurring cost. That's not a one-shot, that's a recurring cost that this body refuses to deal with. So that's \$20 million that we're plugging in out of a stabilization fund that is supposed to be used for unanticipated costs for a cost we know very well is going to continue in place.

And I really can't believe this cavalier attitude towards the reduction of our bond rating. You're right, bond ratings are historically low right now, but I feel they're artificially low because the Federal Government has just been pouring trillions of dollars into this economy, but at some point they're going to stop printing money because they can't afford it any more. You know, we already heard some testimony today, the Federal Government is going to be in deep, deep trouble with their continued borrowing and it's going to start costing them a lot more money to do it and they're going to have to increase rates to make up for that, and we know it's coming. To sit here and pretend like these artificially low rates are going to continue is, again, just burying our head in the sand and refusing to deal with the reality of the situation.

We know next year we're going to have a larger structural imbalance. We know this is cost shifting. This is a back-door way to fund the nursing home because we refuse to deal with the situation, either closure or sale. We are being disingenuous. You know, again, I thought I stated it very clearly in the committee meeting, but I will say it again. There is no other way to characterize this, we are increasing the budget by \$20 million and I will not be a part of it.

Applause

P.O. LINDSAY:

Legislator Kennedy.

LEG. KENNEDY:

Thank you, Mr. Chair. I heard much of the dialogue at the committee meeting. I start this process from the premise that unfortunately the 2011 budget is an out-of-balance budget as it was presented to us by the County Executive's Office.

We've had great debate about the nursing home and whether we're looking at the sale, closure or what have you. As many of you know, I've been a long supporter of the operation of the nursing home and I disagree vehemently with the premise that the patients that are cared for there will be absorbed in the industry. And I say that from having worked with many of the private nursing home operators and knowing full well the caliber of the client that they elect to choose, not that they actually do go and choose. I also know very certainly that the age projections that we see, going over just the next ten years alone in our County, point towards a market increase in the need for beds to furnish the type of specialized care that goes on at John J. Foley.

But much more importantly, Mr. Chair, I think I need to point to, two years ago when the County Executive elected to go ahead and close John J. Foley, I asked our Counsel to opine about the legality, and I'm going to ask that we have his opinion introduced in the record. Because at that time, he clearly pointed to the fact that the closure within the budget was blatantly illegal and the same set of facts still stand today. When I got elected, I took an oath to uphold the laws of the Constitution of the State of New York and the County. So I cannot go ahead and vote for the budget the way it was presented to us by the County Executive absent the funding necessary to operate John J. Foley, and I will not.

More importantly, I think we have come to a time where everybody realizes we can no longer engage in cost-to-continue budgeting. And quite frankly, that's what we were presented with from the County Executive's Office. We need to reexamine from a zero-based perspective each and everything that we do, mindful of what our primary responsibility is for the health, safety and well being of the electorate. We do not discuss the cost in value and operations of our four golf courses, our County golf courses. Although this morning, while drinking a cup of coffee, I looked at the back page of Newsday today and noted that a daily round to play at Indian Island is 27 bucks a day. The cheapest I found was Swan Lake that wanted 35, and other golf courses have thousands of dollars a year of subscription fees. But we elected to do that, because we consider that to be our services.

We spend millions of dollars on seed clams and scallops and eel grass, while we contemplate taking individuals and dumping them in the street. I think we're at the time where we need to revisit each and every step that we do to be mindful of the taxpayers that come to us and scream at us not to raise taxes. And I agree with them, because I say the time is here now that we start from each act that we take and decide is it necessary, will it affect somebody's health and well-being or can it be put to the side. And that is how we will talk about the cost next year of herculean pension costs and other things that lay down upon us. I don't see us as being ignoring of future expenses, I see us at a time here now where we have to go ahead and make hard choices. Today I will vote to support this and I will do it because it is the only choice I'm faced with based on what was given to us that was fundamentally out of balance and our responsibility, my responsibility to put a budget in place for 2011 that actually is workable. Thank you.

P.O. LINDSAY:

Doctor -- Doctor; DuWayne Gregory. Legislator Gregory.

LEG. GREGORY:

The doctor speaks.

*(*Laughter*)*

D.P.O. VILORIA-FISHER:

It was my handwriting. Sorry, DuWayne.

LEG. GREGORY:

Hey, if I can get the pay check with the doctor, I'm okay.

LEG. HORSLEY:

It doesn't make any difference.

LEG. GREGORY:

I just -- you know, as the Chair of Budget & Finance, to address some of Legislator Muratore's questions about the Bond Counsel, we asked him -- you know, we went through a significant amount of testimony. Mr. Tortora had mentioned that the bond rating agencies had concerns as to the County Executive's plan to tap the Tax Stabilization Fund for \$30 million. It was certainly I don't think him stretching his words when there was concerns as to even downgrading our status due to

that \$30 million. It was significant lobbying, if I can use that word, and that's, you know, from the testimony that was presented by the County Executive to the bond rating agencies to maintain our status.

As a body, we don't have privy to those meetings. I have never, I don't believe the Presiding Officer has ever gotten reports or any documentation from those rating agencies. So it's pretty much their word, we have to take it for face value; I don't know what that word is worth. But I think, you know, yourself and me and some others, we haven't been here as long as most of the people here and I think we should, you know, take some of the credit, which is rightfully so, that our bond rating is what it is and the fiscal policies that have been implemented are not solely because of the County Executive. He can, by his position, implement certain cost saving measures, but any significant fiscal constraints or measures has to be approved by both bodies; we work in cooperation, I think we've done a fantastic job at doing that. So to say this we are callous or -- excuse me, a cavalier attitude about our bond rating I think is a little disingenuous, because I think we've done a great job.

We're facing many obstacles. Last year we said it was a tsunami, this year we feel there's a tsunami, next year we're projecting even a bigger tsunami. No one knows where the economy is going to go, you know, where revenues are going to start increasing. We have to look at the present but with an eye of the future.

There's been some mention of the Foley Nursing Home and the sale of it. You know, the County Executive has stated publicly that he has the votes to do it, but yet he submitted the closure of the facility in the budget, and some of us I say at least have question about that. I think that is a mean-spirited way to go. If he has the votes for the sale, sell the facility. I'm not in support of the sale, but sell it, but he'd rather put it in the budget and layoff hundreds of people.

So I think, you know, we have to look at the attitude, we have to look at what's been said and what hasn't been said. You know, because there is some politics involved, there's some gainsmanship here. And as Legislator Kennedy presented and I've said myself, you know, to put revenue in a budget that even in the best case scenario wouldn't be realized this year or next year, you know, is a little -- you know, is an imbalanced budget. But we, the responsible branch, have always taken the onus to do the responsible thing. And yes, we have to look at this measure. It's not preferable, I don't think anyone would say it's preferable, but it's certainly something that we have to consider and I urge my colleagues to support it so we can have some flexibility moving forward as the working group puts a package together that all of us can support November 3rd. Thank you.

P.O. LINDSAY:

Legislator D'Amaro.

LEG. D'AMARO:

Thank you. I want to go back to a few points also that Legislator Muratore had raised, the first with respect to getting the Treasurer's take on this. It's my understanding that the Treasurer, from time to time, does short-term borrow from the Tax Stabilization Reserve Fund. And I'd like to ask BRO if this transfer of 50 as opposed to 30 million would impede our ability for that short-term borrowing to -- which of course goes to the cash flow situation of the County, the ability to pay our bills as they become due.

MS. VIZZINI:

The Treasurer does everything they possibly can to minimize the cost of outside borrowing by borrowing internally from Assessment Stabilization Reserve, Water Quality, to feed the expenses incurred by the General Fund. The cash flow situation has been very challenging over the past several years and is particularly challenging this year. I believe recently she had as much as \$181 million borrowed internally from these different funds. Fortunately, we just got the

proceeds -- she's sitting on -- according to her daily cash reports, she has available to her over \$138 million, a combination of things. But significant payroll expenditures are coming up, so this continued balancing of interfund borrowing will go on, and there is pressure at the end of the year to pay these funds back with interest as required by law. And that for one -- for that reason, we have advanced our \$370 million TAN borrowing; we used to do it in January and now we're doing it in December.

So we are working cooperatively to address the Treasurer's concerns. It's a difficult problem as it exists. The transfer itself from one reserve to another still leaves the money available to -- you know, for internal borrowing, it's when we spend the money that it will not help the situation. This 370 proposed borrowing is probably the largest we've done, it is the largest we've done, and part of that is to address the cash concerns.

LEG. D'AMARO:

Well, if we weren't going to spend the money and leave it in either Tax Stabilization or the -- what's the other fund.

D.P.O. VILORIA-FISHER:

Pension.

LEG. D'AMARO:

The pension, thank you, the Pension Reserve Fund, it would be available for the management of cash flow, and that's a good thing. If we weren't going to spend the money, couldn't we just do the transfer next year when the pension bill becomes due again; is that an option?

MS. VIZZINI:

Well, the pension bill is due in February, 2011. So these policy decisions are based on --

LEG. D'AMARO:

No, no, I'm sorry. But that bill is being addressed with 30 million and then 19 authorized amortizing or borrowing, right?

MS. VIZZINI:

You still need a resolution to transfer the 30.

LEG. D'AMARO:

I understand that. But my point, if I understand this right, is in 2011 we're getting another pension bill that's going to be nearly double of what we're paying this year. And what I'm asking is if that 20 million stayed in the Reserve Fund, preserved our bond rating and then we needed it for the pension bill which is going to almost double next year, couldn't we do that transfer next year?

MS. VIZZINI:

That would be a policy decision.

LEG. D'AMARO:

Okay, so the answer is yes, we could.

MS. VIZZINI:

You could, yeah.

LEG. D'AMARO:

All right. Okay, that's my point. So my point is that if we're going to use that money for pension costs, then we'll transfer it when we get the bill. So, you know, as far as it creating options for us, the only option it's creating is to spend the money this year for 2011.

Also, with respect to the Bond Counsel, I was at that meeting, I listened to Bond Counsel and he told us that there is a possibility of a downgrade, even with the 30 million. However, we heard today from the Budget Office that that's been addressed and that two out of the three rating agencies have told us that there is no downgrading with the \$30 million transfer; that's good news. What we do know is if we transfer 50, we are going to be downgraded. So I think there's some certainty in that concept as well.

LEG. SCHNEIDERMAN:

That's not what they said.

LEG. D'AMARO:

Most of my points I made during the committee, I'm not going to take up a lot of time in reiterating them. However, I do want to address one other point. President Felice, Cheryl Felice made the point during her comments that the greatest asset in County government is its government employees; I wholeheartedly agree with that. We don't function without our great work force. Taking the 20 million this year puts that work force at risk, more risk next year. This goes back to what I talked about in the committee, planning for the future. How do we, with a straight face, say to our greatest asset, our government employees, our work force, that we're going to spend that \$20 million this year and you're the ones that are going to face layoffs next year? That's exactly what we're doing. That is something I will not support. Because I agree with the President of AME, that's it's more important to deliver our services. We have an opportunity to do sound budgeting, plan for next year and keep that work force intact. That's what we should be doing and that's the direction the County budget should be going.

P.O. LINDSAY:

Legislator Barraga.

LEG. BARRAGA:

Thank you. Certainly I would concur with my colleague, Mr. Muratore, when he asked the question is this a one-shot. This basically is a one-shot. And I have to commend the individual or individuals who put this scenario together; they are certainly qualified to run for the State Legislature and go to Albany.

*(*Laughter*)*

Because I've seen this over and over again. It sort of reminds me of the time that Mario Cuomo, because he needed extra operating funds, sold Attica Prison to a public authority. This is a convoluted one-shot and it's not going to work.

What really concerns me is not only the bond rating in terms of it's effect there, but in reality, we as Legislators risk nothing here. Most of the people here risk nothing. Who are the individuals that are at greatest risk? And I'll tell you, because in the end what's going to happen is there's going to be a bailout of a nursing home, a home that loses millions of dollars every year, that has all sorts of debt, that should, frankly, be sold and has no future. But the greatest people that are really at risk, the ones that will be most affected, were the employees of that home.

I find it interesting, as we went through the process over the last couple of years and we heard testimony, that every effort has been made I think by the Executive Branch and even the Legislature to come up with a program that's fair and equitable for those employees. We had a five point program, we took a lot of time, it was \$2.3 million to safeguard those employees at least up to a year so that there would be, even though a differential in salary, they would get paid what they were getting paid with the County for 12 months, and a whole host of other entities which were very positive for those employees. But the position was rejection.

Even the early retirement program, where I got word that roughly 40 or 50 employees would be qualified to participate in the Early Retirement Program offered by the State and adopted by the County, and the condition was let's get to a sale and you can participate. Well, that is not the case any longer. Now, just think of that. If you were an employees of the Foley Nursing Home and you could retire and the home was sold, you would be getting a pension plus almost a 100% surety you would be working for the new owner; pension, plus salary. Like a windfall, not a bad deal, a good deal; no longer available.

I mean, even at this stage, it's not too late to do what is right here. None of us want to close the home. The County Executive doesn't want to close the home, they want to sell the home. You've got a buyer for \$36 million. There's still time for those employees, and I don't -- I'm not sure at this juncture, and I say this in all fairness, who's really representing them. We've had one or two individuals over the years constantly come up, they're employees, they seem to be the leaders of that particular group. It is not too late for them to take a second look at the entire proposal being offered, it's still basically on the table.

Even with regard to the early retirement system. That system, as I understand it, when it was passed by the State Legislature and signed off by the Governor, municipalities who opted in could give up to a 90-day period for people, employees to participate or to put their paperwork in. Well, in the case of Suffolk County, if I recall correctly, it was only 30-days and the nursing home employees were not included. What prevents us, if some sort of agreement on the sale can be reached, or good negotiations take place between the employees and anyone with this body, from petitioning the State Retirement System and asking that they reopen that option for those employees for 60 days? The first 30 days it was open to everyone, but the next 60, because it was a total of a 90-day period, would the County be allowed? Could they get permission from the State Retirement System to open it up for another 60 days if there's an agreement on the sale so those 40 or 50 employees at the nursing home can get their early retirement, they don't get screwed over.

Now, I offer this. I say this, you know, in all fairness. If there, are employees out there who want to come in and see me. Now, don't come in to convince me to keep it open, but if there are employees out there, anyone who says, "You know, let's take a second look at this thing," because what is our future here? What's going to happen in 2012, in 2013, in 2014? We've got a pretty-- let's take a second look at this proposal and let's see if something can be worked out. Anyone who comes to my office, and I want to make sure people understand this -- it's like going to confessional; anything that's said in my office stays in my office until somebody says to me, "*You can go public with it.*" If we have a meeting and a session and there's progress, we can bring other people in. Anyone is -- I'm willing to have any individual, especially the employees, come in, because they're the key. If the employees take a second look and there can be some sort of an agreement, I have a feeling this Legislature wouldn't be so -- wouldn't feel the way they do, as long as the employees feel comfortable with the sale and there was assurance that the patients basically would stay where they are. The key here is not to do this but to basically deal with the real issue, that nursing home, and see if we can come to some sort of reasonable agreement.

Again, I open it up to any employees or any leaders who represent them, please call my office. I'm willing to sit down and have a discussion. We have time on this. And you know something? The early retirement isn't necessarily shut down. I think there are people in Albany, they don't want -- let's face it, they don't want us in the nursing home business anyway. There are people in Albany that might say, "You know, let's open it up for another 30 days. If they can come to an agreement, these 40 or 50 employees, they get their pension and they get a new job with the new employee, new employer." But going this route, it's inappropriate. It hurts us fiscally, all right? But we're still not dealing with the real issue and that's the Foley Nursing Home and that's the employees that are in that home. This is a fair deal from my perspective. Nothing in the private sector would ever be offered to employees. You would get your two weeks pay, your two weeks severance and, "Good luck, have a great life."

This proposal ensures for at least a 12-month period they get the same salary as the County's paying them, and they get an option within that 12 months, they can stay or they can leave or they can go to a different department. It is not a bad deal when they sit down and have to take a look at what the future really holds. There is no future there for them, there just isn't.

P.O. LINDSAY:
Legislator Cilmi.

LEG. CILMI:

Thank you very much, Mr. Presiding Officer. And Legislator Barraga sort of leads me into my comments very nicely in talking about the future, as Legislator D'Amaro did, because I think that's what we really need to look at. I want to speak briefly in general terms.

I think there's a tendency on the part of elected officials -- not anybody in particular on this body, but elected officials in general -- to deal with things on a year-to-year basis. Now, our economy here in New York State and on Long Island is dying a slow and painful death, in my opinion, because we have not honestly planned for the future. And there seems to be a level of almost willful ignorance about the gravity of the challenges that we face.

In 2002, we contributed in this County roughly \$13 million to the New York State Pension Fund. Next year we're budgeting more than \$130 million. Our long-term debt in this County is nearly half our operating budget and it's been increasing as a percentage of our operating budget year after year. If you add the Federal debt, the State debt and the County debt, excluding other taxing jurisdictions like school districts, like towns, like special taxing jurisdictions, you add that altogether, it amounts to \$50,000 for every single resident in Suffolk County.

Heroin is a huge problem in this County. We've seen shootings increase all over the County. Our infrastructure is sorely in need of attention and we're hemorrhaging millions of dollars in a variety of areas, including the nursing home, maybe, as Legislator Kennedy suggested, including our golf courses. I agree with Legislator Kennedy that we need to look at everything we do. In many ways, we have become, in my opinion, a Jack of all trades but a master at none. And my point is this; we had better wake up and get back to basics in government, because we are, in my opinion, riding a growing snowball right off the cliff in this State. That's all I have to say.

P.O. LINDSAY:
Legislator Browning.

LEG. BROWNING:

Okay. You know, last year I remember -- I hope my voice can hold out. I remember last year the Tax Stabilization Reserve Fund, there was members here that said let's take half of it, and I remember Gail said, I don't want to say, "We can't shoot the whole wad", right?

MS. VIZZINI:
I did.

LEG. BROWNING:

We didn't do that because she advised us not to do that, and that we should take it slow and that we may need more this year. We do need more this year.

You know, the John J. Foley, you know, this -- why we're here today has nothing to do with John J. Foley. However, I have to respond to that. Some people said that Mr. Rozenberg will do just as good a job. We sat here and listened to Mr. Rozenberg; Mr. Rozenberg did not guarantee every employee would keep a job, he did not say that. He did not guarantee that every resident would keep their bed. So we can take him at his word.

There was also a proposal to sell it for \$36 million by the County Executive. Not too long ago, just recently, he bought a nursing home in the city, the same size as John J. Foley on a smaller piece of property without the adult day-care, for 60 million. So why is the County Executive pushing to sell a building for 34, 36 million when we know he just bought one for 60? We're not getting our money's worth if we do sell it. The cost to the taxpayer right now for John J. Foley per household; 31 cents, that's what it's costing you. So that's the real numbers.

We talk about phantom revenues. We have phantom revenues again this year, we had them last year. We get a budget from the County Executive and we always say he puts phantom revenues in to make the taxpayers think that he's done a wonderful job and he didn't increase your taxes. The Legislature takes that budget after the County Executive, we reconstruct his budget and we give you that no tax increase; he did not. We did that, and we also took out the marinas that he was going to privatize and he used that as a phantom revenue source in the budget last year. So that's why when it comes to us -- and you see you got no tax increase? That's because of this Legislature and this working group and what we did.

I'd also like to talk about contract agencies. Maybe you need to ask him why he put \$500,000 in the budget for a contract agency that currently owes us \$778,000. Why are they back in the budget again this year? And this is an agency with a \$7 million surplus; I question that. Why is he continuing to do that? And I know the working group has been discussing that.

Now, when it comes to the Mary Hibberd Law, also I'd like to ask Gail. You know, the rating agencies, what do they want us to do in order to maintain a bond rating? When they talk about maintaining the bond rating that we have, it's not just about the Tax Stabilization Reserve, but it's also about property taxes. And there are things they want us to do and maybe, Gail, you can respond.

MS. VIZZINI:

I think I'd have to paraphrase Mr. Tortora's response to that. Structurally, the County is fragile, these are my words. Fund balance, which the rating agencies view as revenue because we -- our laws require us to use it to offset property taxes; in 2007 it was \$154 million. In this budget before you, the General Fund, we're estimating that it's \$18 million; the rating agencies frown on that. The rating agencies also look at how our revenues have scaled downward in terms of sales tax. Granted, when we adopt something one year, by the time we're preparing the next budget we do estimates that change our forecast and update it. But 2009, with the impact of the recession, if you look at the adopted versus the actual revenue, the shortfall was huge; in actuality, after the estimates it was \$27 million.

The rating agencies would like us to, in general terms, restore our financial flexibility by building -- you know, ween our dependence on one-shots, restore these revenue streams. They would like us to look toward recurring revenue. And in Mr. Tortora's words, they would like you to do things such as increase taxes, things that you don't necessarily have a good comfort level with, cut expenditures. Our problem is that we have been doing nothing but cutting expenditures for several years. So the short of it is it boils down to cutting expenditures, increasing revenue to restore some financial flexibility.

LEG. BROWNING:

Thank you. One last thing. In light of the Mary Hibberd Law -- George, maybe you can answer this -- we call this a phantom revenue, the sale of John J. Foley. Can you respond to the legalities of us of the County Executive actually putting that in the budget?

MR. NOLAN:

Well, we went through this once a couple of years ago where the County Executive proposed closing Foley and put the savings from that in the budget, and I issued an opinion at that time that I

thought that was illegal, that it was not in compliance with the Mary Hibberd Law which basically lays out a whole process when you're going to privatize a health care function like the nursing home. The public hearings, the reports, and then ultimately a vote of the Legislature approving a privatization. And if you don't do all those steps, the law also states you cannot include in the operating budget the savings that haven't been approved yet by the Legislature. So this budget not only includes not paying the employees for the whole year, but also includes revenue from the sale of the facility and the license.

I think the County Executive takes the position that's not privatization; I disagree with that. Selling the facility, selling the license, selling the equipment, what's going to happen is County employees are not going to be providing the service, the private vendor will be. So including the money in the budget as he did I continue to believe was improper, that's my position.

LEG. BROWNING:

And last but not least, I do hear -- you know, he's got these nice little punch words about bailouts, which sounds good these days; MTA-like boards like John J. Foley. Maybe we need to be revisiting the FQHC, because that's to me another MTA-like board. The County Executive has been proposing creating -- doing the FQHC with our clinics and that means creating a board. So isn't that the same thing? So maybe if he doesn't like these MTA-like boards, maybe we should be revisiting FQHC.

P.O. LINDSAY:

Okay, Legislator Romaine.

LEG. ROMAINE:

Well, a lot has been said that I would have said, but I will just make a few brief comments.

Number one, there's a question of, in fact, whether the recommended budget is lawful and whether it complies with the Mary Hibberd Law. What I'd ask Counsel to do, not to address this situation but all the future situations, is to draft a Charter Law with my name on it to say that the Comptroller of this County must certify that the County Executive's recommended budget is, in fact, in balance.

Likewise, I would ask the Charter Law that the Comptroller of this County certify that whatever adopted budget this Legislature and Executive, through the veto process, etcetera, adopts is that the adopted budget is in balance. We cannot deal with budgets that are not in balance and do not comply with legal existing laws. We need someone to certify and I cannot think of a better person than our County Comptroller.

Secondly, I've heard a great deal about the rating agencies. And I'll ask the same question I asked at the budget meeting; where is the outrage? These are the same rating agencies that credit the false swaps at triple A and sent this economy into the biggest spiral that we have ever seen and deprived investors of billions of dollars of their hard-earned money that they invested based on those credit ratings. In my eyes, these credit rating agencies have lost any credibility to rate anything and have, in essence, destroyed this economy and are, in large part, responsible for the great recession that we now face.

We talk about borrowing, yet every year our County Executive has presented to us a resolution to borrow from these funds, from these reserve funds, and the Treasurer has borrowed each and every year and continues to borrow from these reserve funds to assist with cash flow. That's something that maybe we should take a look at. And maybe those who are so concerned about our borrowing should say no more borrowing from our reserve funds, even for cash flow.

And lastly, I would say today we're not doing anything for John J. Foley. We're not doing, spending any money. We're taking a sum of money and moving it from one reserve account to another reserve account. There will come a day, unquestionably, that we will have to spend from the

Pension Reserve Fund. But Legislator Cilmi said it best, several years ago we got a bill from the State for \$13 million for pension costs, now we're getting a bill of \$130 million? That's a thousand percent increase in a short period of time.

We are moving money to a Pension Reserve Fund because if we don't we will have to raise taxes to cover that pension. We are and we have cut expenses. We are, and I agree and I think the majority of this board agrees, we'll probably sell some of that land in Yaphank, maybe the industrial park for another 95 acres; that should bring additional money in. We are and we should do what Legislator Kennedy recommended, look at every expenditure that this County makes, go back to zero-based budgeting. Look at our parks, should we run golf courses, should we run marinas, should we run all of these things? And we should be doing that.

I'll leave it at that. I don't want to go on, my colleagues have made many wise remarks and I'm certainly going to consider all of them. Thank you very much.

P.O. LINDSAY:

Legislator Viloría-Fisher.

D.P.O. VILORIA-FISHER:

Thank you, Mr. Chair. Robert, I have a very quick question for you. When you refer to the rating agencies and a one point drop, can you tell me how that jives with the comment made by Mr. Crannell that the Capital Markets spoke of a full downgrade equaling a cost of two million. Now, is a full downgrade the same thing as a one point drop

MR. LIPP:

No, actually, really it's one step. Okay, typically when you're either downgraded or upgraded, it's rare that they would move you more than one step at a time. You know, it could be continually, you know, over time they would maybe move you down or up one step each time you came in for a rating. That being said, the initial action would probably be a one-step change. A full downgrade would be a three-step change. So in other words, you --

D.P.O. VILORIA-FISHER:

Okay, so it was probably overstated.

MR. LIPP:

Yes, that would be --

D.P.O. VILORIA-FISHER:

That would be very unusual to have a three-step --

MR. LIPP:

Right, it's being overstated. The bottom line is there would be a high probability that we could have a one-step downgrade due to an action like this, but it would be oversaid to say more. That being said, clearly a downgrade is not a good financial situation.

D.P.O. VILORIA-FISHER:

No and nobody wants a downgrade. But what would be the approximate cost of a one-step downgrade, just ball park?

MR. LIPP:

Probably maybe a few hundred thousand dollars a year, but it would go up to three-quarters of a million to a million in the long-term. Like if you accumulate that it would be up to like maybe as much as a million after say 20 years because you would layer bonds every year on top of that.

D.P.O. VILORIA-FISHER:

Right, okay. Thank you. We've talked a great deal about looking at the budget very, very carefully. Legislator Kennedy I believe mentioned golf courses. You might recall that we had an increase in the fees in our parks; these are recreational expenditures, these are recreational fees. The County Executive, with the vote of the Legislature, sunsetted those fees, so that there have been no increases in parks fees for over eight years now. Some of those fees are camping fees where there are people who are using the utilities in our parks, using air-conditioning in there large campers, the dumping fees, using the spaces, golf fees where senior citizens, and everybody wants to help out senior citizens, but they're paying for a much -- they're paying a much lower rate than they would at private golf courses, so we're competing with the private sector.

Now, the sunseting of those fees resulted in a loss of \$800,000 a year in revenue; \$800,000 a year. That was not a one-shot. That's a continuing loss of revenues, which was touted in a big press conference by the Suffolk County Executive. Now, let's look at what we're talking about here. We're saying let's get back to bases -- basics, and yet I see the mission of government to be the health and safety of our citizens. And we have had many, many people who have come and testified before this body saying to us, "If J.J. Foley were not here, I would have no place to put my son who suffered loss of oxygen to his brain as a result of a heart attack and is still in England because we can't bring him back to this country to be around his family because we just have no place that will take him. We finally went to J.J. Foley and he can be placed there." People who have AIDS, people who have long-term illnesses or need psychotropic drugs, because those are not big on the bottom line of private nursing home providers. And yet we sunset park fees that bring \$800,000 in revenues. And what happens is we tag on to other places, licenses fees, recording fees, so that we provide revenue in hidden sources. So don't be fooled by people who say, "I'm watching out for your pocket." Well, instead of pulling it out of one pocket, they pull it out of another.

LEG. EDDINGTON:

Really?

D.P.O. VILORIA-FISHER:

But we don't consider those who have no place to go as a basic need for the citizens of Suffolk County, for the residents of Suffolk County.

The sale of J.J. Foley or the closure is a one-shot. It is a one-shot. Because the recurring costs can be managed, we've looked at better management, we looked at ways to reduce the recurring costs. And it's not an albatross, it's not a loss, it's the cost of doing what government can do best and that is providing that every citizen who needs or every resident who needs the services, who has nowhere else to go, will have a place to go. However, that's a distraction to what we're talking about today. We need to have the monies in place for the cost of running government. We need to provide the revenue or the funds to pay the pension costs that have risen, because putting a revenue or a lack of expenditure in the budget which is not legal makes the budget structurally unbalanced. It's not a true budget. Thank you, Mr. Chair.

P.O. LINDSAY:

Legislator Losquadro.

LEG. LOSQUADRO:

Thank you. And I want to agree with something there which is this is a distraction. We've been changing the subject all over the place losing site of the fact that we're increasing the budget, and I'll say it again. I don't know how anyone can say this isn't about the nursing home; it's all we've been talking about is the nursing home. Because we clearly do have an alternative, it's a sale or closure. We don't need to increase the budget. That is a willful action of this body. The sponsor obviously as a different intent than what is being discussed, because once again, he

even said in the press today, that he wouldn't rule out using the money for this. We're talking about continuing to bond the 19 million, or increasing the budget.

Just to address one or two points. I mean, this body authorized an additional appraisal for the Foley Nursing Facility, it came back slightly less than what the purchase price that was being offered to us was. You know, I quipped, "Maybe we should give them a discount," because we went out and got that appraisal. We were warned last year not to use more of the reserve fund because we faced more challenges this year. We're going to face even larger challenges again next year, we should be being cautioned even more firmly this year not to use this much money.

And I will just say I have no doubt in my mind that casting a vote for this today is a vote to subsidize the continuing cost for the Foley Nursing Facility, I don't see any way around it. We talk about a one-shot? As I said, these are continuing costs. Yes, we will realize some revenue from the sale or the closure of that facility, but there are ongoing operational costs that we are losing money as well. This is a subsidy, pure and simple.

P.O. LINDSAY:

Legislator Kennedy.

LEG. KENNEDY:

Thank you, Mr. Chair. And we've had a robust debate, as we usually do when we come to any issue, especially ones with the budget. And I'll also just reference the fact that we, as a member of the Budget Working Group right now, we are engaged in what I find to be an extremely difficult process as we are going through much of the contract agencies as they've been proposed for next year and in making despicable choices, truly, actually, heinous choices in attempting to assess the value of youth athletic programs, senior recreational facilities and all the other gamut of services that the County of Suffolk engages the not-for-profit and contract agency sector to go ahead and fulfill our missions and implement. But nevertheless, there we are, and we will finish that process and perhaps have effectuated some savings, a couple of million maybe, and who knows where it's going to go.

My point is is that I'll go back to a revisiting of a fundamental decision regarding each and every service that we provide.

Madam Vice-Presiding Officer pointed out very well that, in effect, there was a conscious decision here to provide a recreational service for our constituents and our citizens. I am not a golfer, I hear it's a wonderful sport, some day, who knows, maybe I'll take it up, although I have a sense that I'll play like Happy Gilmore does. However, I think it brings us back again to a touchstone or an origin or a question that we need to now look at each and every time we do something.

And I'll credit my colleague to the right, Legislator Barraga, who I know absolutely deep-seededly and firmly believes in what he does and detests borrowing, because I see him here almost every session outright reject borrowing that comes before us on a whole multitude of things. He has voted for some, but there are many, many times where he's said no. And it may be that's what the consequence is of what may happen with the rating agencies that seem to drive so much of what we do and obviate who our real constituents and citizens are. Maybe we just need to stop borrowing.

I'm also going to credit my colleague Legislator Muratore for a call to have a pause so that we can gather more information. But I'm also going to point out the Suffolk County Tax Act, under which we operate, compels us to provide warrants to our ten town Tax Receivers by December 1st, and a quick look at the calendar here tells me we have less than 30 working days left till the time that event has to occur.

I don't think we can actually go beyond today with some action on this if we are to actually be able to include it in our budget.

George -- let me turn to Counsel. George, where are we at in the cycle of what's got to be done with the budget process?

MR. NOLAN:

Well, obviously we're going to have to act on the budget in early November. We're required to do that by the Charter and that's why we'll meet here I guess on November 3rd and do the amendments and make the changes and then adopt the budget, and then it goes back to the County Executive. This is a piece of the puzzle. I think there's a desire to clarify what is going to happen with this piece before November 3rd.

LEG. KENNEDY:

So if that's the case, then there really is a need for us to take a definitive action today?

MR. NOLAN:

Well, I think it would be very tough to take a definitive action on November 3rd with adopting a budget, not knowing where this is at.

LEG. KENNEDY:

Okay. All right, thank you.

P.O. LINDSAY:

Okay. I think everybody's talked but me.

LEG. MONTANO:

And me.

P.O. LINDSAY:

Oh, you don't want to say anything, okay. Just a little levity in this very serious conversation; if Legislator Kennedy takes up golf I'm going to quit, because I would not want to play behind him because he talks too much.

*(*Laughter*)*

LEG. KENNEDY:

You can play through, Bill Lindsay.

P.O. LINDSAY:

Oh, good. I don't want anybody to lose site of what this resolution does; this resolution simply moves another \$20 million to the Retirement Reserve Fund. That action alone will not trigger any kind of activity, I don't think, in terms of our bond markets.

What we do with the budget will have an effect possibly on our bond rating, just to look at everything honestly. And, you know, the number 12 keeps coming up with that. The County Executive has proposed for a long time to sell the nursing home. Much of this debate has been about the nursing home, and this resolution isn't specifically about the nursing home, it's just to give us another option to move money to the Retirement Reserve Fund.

The County Executive needs 12 votes to either sell the nursing home or sell the building or to sell the property or to sell the 95 acres, which hasn't done yet, hasn't gotten yet. If we should come up with a budget that doesn't use that one-shot revenue from selling the building and the property, and the County Executive vetoes that budget, we need 12 votes to overturn that. The worst dilemma

we could have is to come up with a budget and not be able to sustain the veto because then we've got -- and not take a vote on selling these resources, because then we have a budget that's really out of balance. And the \$20 million in that retirement reserve will help to make us fiscally responsible moving forward, which would be a worst disaster for our bond rating if we have a budget that isn't legal.

It's been pointed out a number of times today that this is one-shot revenue; and there's no doubt about it, it's one-shot revenue just like the Executive moving 30 million this year was one-shot revenue, just like him moving -- I forget, what did we move last year from the Pension -- from the Tax Stabilization?

MS. VIZZINI:

Thirty.

P.O. LINDSAY:

Thirty, that was one-shot revenue. The 36 million that we got in employee give-backs was one-shot revenue; the year before that the tobacco stabilization where we raided, that was future revenue, we sold bonds on that, that was one-shot revenue; the year before that it was the HMO that was owned by the County, we sold that to private industry, that was one-shot revenue. You can't retrieve them, you can't retrieve them, that revenue is gone. No doubt about it, we take the money out of the reserve funds, one-shot revenue. If we sell the nursing home, it's one-shot revenue. So no matter what you're going to do here, you're treading water. You're going to have to use some kind of retire -- one-shot revenue, whether we adopt the County Executive's program or if the Legislature comes up with a program, because we're in dire, dire times.

And I'll finish this debate with what I said initially. We have to get some kind of pension reform. The pension bill can't continue to go up the way it is, because it's going to bankrupt every local government, every State government, everybody that's involved in that. And I'm the last guy, I don't want to reduce anybody's pension or whatever, but somebody has to come up with a plan that -- you know, this is so market driven. It's so stupid in that when times are really good and the stock market is going crazy, our costs to the pension fund is negligible. When things are really bad, when we don't have any money, the cost to the pension fund goes through the roof. It's just counter-intuitive and it has to be at a minimum a new formula to fund it, if not to change the benefit structure.

With that, we have a motion to table, which goes first; roll call.

*(*Roll Called by Mr. Laube - Clerk*)*

LEG. MURATORE:

Yes.

LEG. LOSQUADRO:

Yes.

LEG. COOPER:

No.

LEG. D'AMARO:

Yes.

LEG. STERN:

Yes.

LEG. GREGORY:
No to table.

LEG. HORSLEY:
No.

LEG. NOWICK:
(Not Present).

LEG. KENNEDY:
No.

LEG. BARRAGA:
Yes.

LEG. CILMI:
Yes.

LEG. MONTANO:
No.

LEG. EDDINGTON:
No.

LEG. BROWNING:
No.

LEG. SCHNEIDERMAN:
No.

LEG. ROMAINE:
No.

D.P.O. VILORIA-FISHER:
No.

P.O. LINDSAY:
No.

Okay, motion to approve.

MR. LAUBE:
That was six.

*(*Roll Called by Mr. Laube - Clerk*)*

P.O. LINDSAY:
Yes.

LEG. COOPER:
Yes.

LEG. D'AMARO:
No.

LEG. STERN:

No.

LEG. GREGORY:

Yes.

LEG. HORSLEY:

Yes.

LEG. NOWICK:

(Not present).

LEG. KENNEDY:

Yes.

LEG. BARRAGA:

No.

LEG. CILMI:

No.

LEG. MONTANO:

Yes.

LEG. EDDINGTON:

Yes.

LEG. LOSQUADRO:

No.

LEG. MURATORE:

Abstain.

LEG. BROWNING:

Yes.

LEG. SCHNEIDERMAN:

Yes.

LEG. ROMAINE:

Yes.

D.P.O. VILORIA-FISHER:

Yes.

MR. LAUBE:

Eleven.

P.O. LINDSAY:

Okay, that concludes our business for -- oh, no, we have some Late Starters to lay on the table. I'll make a motion to waive the rules and lay on the table the following Late Starters: 2039 to Ways & Means; 2040 to Budget & Finance; 2041 to Public Works; 2042 to Public Works -- Public Safety, excuse me.

D.P.O. VILORIA-FISHER:

Second.

P.O. LINDSAY:

I have a second to that motion. All in favor? Opposed? Abstentions?

MR. LAUBE:

Eighteen.

P.O. LINDSAY:

And I'll entertain a motion to adjourn.

LEG. EDDINGTON:

So moved.

MR. LAUBE:

Seventeen (Not Present: Legislator Nowick).

P.O. LINDSAY:

Legislator Eddington, seconded by Legislator Viloría-Fisher. All in favor? Opposed? Abstentions?
We stand adjourned.

*(*The meeting was adjourned at 1:25 P.M. *)*