

BUDGET AND FINANCE COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE
MINUTES

A meeting of the Budget and Finance 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 9, 2015.

Members Present:

Legislator Lou D'Amaro - Chairman
Legislator Monica Martinez - Vice-Chair
Legislator Tom Cilmi
Legislator Steven Stern
Legislator Robert Trotta

Also In Attendance:

George Nolan - Counsel to the Legislature
Justin Littell - Aide to Legislator D'Amaro
Greg Moran - Aide to Legislator Trotta
Tom Vaughn - County Executive's Office
Robert Lipp - Director, Budget Review Office
Laura Halloran - Budget Review Office
Rick Brand - Newsday
All Other Interested Parties

Minutes Taken and Transcribed By:

Gabrielle Severs - Court Stenographer

*(*The meeting was called to order at 11:00 a.m. *)*

CHAIRMAN D'AMARO:

Good morning. Thank you for everyone's patience this morning. We had a wonderful ceremony to attend -- that's why we're starting late today -- dedicating the North County Complex to our former presiding officer, Bill Lindsay.

But welcome to the committee this morning. Please join us in the Pledge of Allegiance led by Legislator Steve Stern.

(*Salutation*)

Thank you. The committee, or at least I, did receive some e-mail correspondence this week from our budget review office. I believe it was from Dr. Lipp that delineated the bonding settlements over the last -- or since 2010; is that accurate, Dr. Lipp?

MR. LIPP:

Correct.

CHAIRMAN D'AMARO:

Okay. So we'll include a copy of that in our record. What I'd like to do today is do the public comments first. Are there any cards, to the clerk?

MR. RICHBERG:

We have no cards, Mr. Chair.

CHAIRMAN D'AMARO:

All right. Thank you. Is there anyone present who would like to address the committee in the public portion? For the record, there's no response. Before we get to our presentation, our county attorney has joined us today at our request to talk about insurance and risk management division. I'd just like to take one bill out of order because there are representatives from the Town of Babylon here who probably want to get out of here and go back to work.

So with the committee's indulgence, I will offer a motion to take resolution **1508 of 2015, Authorizing the reappropriation of sewer grant funds (County Executive)**. Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries.

That bill is now before the committee, and joining us this morning is Rich Groh as well as a few other individuals who are with him. Mr. Groh, if you could come up and please tell us about the bill and what's happening here. Thank you, and just put the microphone on.

MR. GROH:

Okay. Helps if I turn it on, right? We're very pleased to be here on behalf of Supervisor Schaffer. The project that we're looking for funding at this time, originally we were looking for funding for the Wyandanch Sewer Project. We have completed that project, and we are looking to fund the Geiger low pressure sewer line with this funding. We would run a line from Geiger Park, and that would connect to the already-constructed Wyandanch sewer infrastructure. The project's very important to the town. The location is right in the Carlls River Watershed. It's a direct contributing area. Nitrogen is a great concern there. This project's going to reduce nitrogen by about 700 pounds a year, so it's got great environmental benefits. Geiger Lake park is going to have botanical gardens, a spray waterpark has been constructed. It's going to be a destination as part of the Wyandanch

redevelopment, so it's very important to the town. That puts it in a nutshell.

CHAIRMAN D'AMARO:

So this is not additional funding. This is funding that was in place for one project, the Wyandanch Rising Project, which is now complete. It was the sewer infrastructure and you want to now move that over to another needed area within the town.

MR. GROH:

Correct.

CHAIRMAN D'AMARO:

The Geiger project, that's off Grand Boulevard, right, where the Geiger (inaudible) --

MR. GROH:

Yes, it's bounded by Grand Boulevard on the south and Long Island Avenue on the north.

CHAIRMAN D'AMARO:

Right. The towns made great strides in rehabilitating that park. It looks pretty good these days.

MR. GROH:

Yes, there's been a great amount of work. We've got also got green innovation grant money there. We got a \$900,000 grant from the state, and there's been wetland restoration done, and we are currently constructing a stormwater treatment wetland to treat runoff from the Deer Park area, so there's a lot of great environmental stuff that's going on there.

CHAIRMAN D'AMARO:

That's good. It's an area that for many years, at least when I was growing up in Deer Park, had been neglected for quite some time --

MR. GROH:

Yes.

CHAIRMAN D'AMARO:

-- so it's coming a long way, and it's nice to see especially how it impacts our environment. This particular grant, I know you're looking for legislative approval, but really this had gone through the sewer infrastructure committee, not only the initial grant when it was part of Wyandanch Rising but also now to move it, and has the committee acted on this now?

MR. GROH:

Yes. It went through the committee because it was -- to be re-appropriated for Geiger and it was unanimously approved, and I had attended that meeting.

CHAIRMAN D'AMARO:

Okay. Very good. I appreciate that. Are there any questions from the committee? Legislator Trotta.

LEG. TROTТА:

Is this for design? First of all, how much money is this?

MR. GROH:

It's \$1 million, and this would be primarily for the construction, the actual construction of the low pressure line.

LEG. TROTТА:

Has the design been done for it?

MR. GROH:

The design is complete, yes.

LEG. TROTТА:

Who paid for that?

MR. GROH:

The bid is in, and the bid, it's about 950,000 for the construction.

LEG. TROTТА:

And how long is this line?

MR. GROH:

It is probably a mile and a half, I would estimate.

LEG. TROTТА:

It's a high pressure line?

MR. GROH:

It's a low pressure sewer line. It's not like a conventional gravity line. There's a series of pumps and then the wastewater is carried through a smaller line. It's constructed under the road. That's the low pressure line, so it's less costly than putting in a larger gravity line.

LEG. TROTТА:

And now this is going to -- this doesn't include do any hookup to businesses or anything?

MR. GROH:

No, no. That's all been provided by the Wyandanch Sewer Project, and that project actually has almost doubled the capacity for additional hookups in the future, so we looked ahead in terms of that construction, in terms of expanding that system as needed.

LEG. TROTТА:

So you're running a line, but who's going to look into this line?

MR. GROH:

Well, we're going to hook into a manhole at Lake Street, and that's there. That was constructed specifically to connect from Geiger, so the line will go from Geiger Park down Grand Boulevard and then up Deer Street, and then it will connect to that manhole.

LEG. TROTТА:

So is there any houses or businesses going to hook up to this line?

MR. GROH:

No, this is just going to be dedicated for the park. This is specifically for the park.

LEG. TROTТА:

So where is this park again? I'm sort of --

MR. GROH:

It's on the border of Deer Park and Wyandanch. It's just south of the railroad, Long Island Rail Road, and it's right on Carlls River, a very sensitive environmental area.

LEG. TROTТА:

So it's just going to be used for the bathrooms for the park?

MR. GROH:

Well, there is restaurant. There's restaurant uses at the park. There was a massive cesspool system that was there. We removed that. We do have a temporary system in place, but it is -- the creek is, like, literally 150 feet away. It's a very sensitive area. It's not a good place to have cesspools.

LEG. TROTТА:

So this is just for one restaurant and for one park?

MR. GROH:

It's for a park that has a pretty good amount of use. You know, there's a spray waterpark. There is botanical gardens that are being constructed, and we anticipate, you know, students visiting that park. It will be expanded eventually, so we're looking to the future too for the site. We want to provide adequate wastewater. We don't want to be on site.

LEG. TROTТА:

What did you say -- I mean, I'm looking at it here. The reason I'm asking these question is I have a sewer treatment plant in Kings Park. I have a pipe running across Main Street. I have a plant that's at half capacity, and they're telling me it's going to cost \$20 million to do a mile, and you're telling me it's going to cost \$1 million to do a mile.

CHAIRMAN D'AMARO:

Legislator Trotta, Mr. Groh is from the Town of Babylon Environmental Division. I don't know that he's really in a position -- he doesn't have any knowledge, I don't think, of the Smithtown sewer system.

LEG. TROTТА:

No, no, that's not my question.

CHAIRMAN D'AMARO:

I really want to try and just stay focused on the bill.

LEG. TROTТА:

I am. I'm trying to figure out why we're spending a million dollars on this that's going to create one restaurant and a park when the downtown of Kings Park could be benefitting from this.

MR. GROH:

Yeah. Well, it's a 29-acre park. It's a pretty significant park, and it's not just -- there's going to be botanical gardens there. The spray waterpark is there. There may be other facilities in the future,

so it's not just the small pocket park or anything. This is a pretty significant park.

LEG. TROTТА:

What street is it on again?

MR. GROH:

It's on the north side of Grand Boulevard, south side of Long Island Avenue, and on west side at 23 Street.

LEG. TROTТА:

It's got a little pond. I know that park.

MR. GROH:

Belmont Lake State Park is just to the south. We actually have trout habitat.

CHAIRMAN D'AMARO:

So in the past, there had been the septic system which came out 50 feet from the creek, so this will help to keep the human waste out of the groundwater.

MR. GROH:

Yes. This is right along with a lot of the --

CHAIRMAN D'AMARO:

I mean, we really don't want the human waste to seep into the stream which feeds ultimately down to the Great South Bay, I would imagine.

MR. GROH:

Yes, and Carlls River --

CHAIRMAN D'AMARO:

You know how we have all the problems with nitrogen levels and things like that and brown ties and algal blooms, so this would really help and add to the help -- the remedying, the nitrogen problem and keeping human waste out of wellwater and groundwater.

MR. GROH:

Yes, most definitely.

CHAIRMAN D'AMARO:

Okay. That seems to make sense.

MR. GROH:

It's a regional significance to Carlls River, and nitrogen, it's the third highest contributor to the Great South Bay estuary system, and as you know, we're getting a lot of problems with harmful algae blooms, loss of eel grass beds, so this is definitely a very beneficial -- that's not just important to the Town of Babylon but to the region. We have the state park. We have trout habitat in Carlls River where people from all over the state actually go there to trout fish, so this is a real good thing to -- you know, this upgrade.

CHAIRMAN D'AMARO:

Director Lansdale, did you want to add to the record?

MS. LANSDALE:

Yes. The county has identified four specific river corridors that contribute primarily to the nitrogen problem in the Great South Bay that you've discussed, specifically the Carlls River, the Connetquot River, the Patchogue River, the Forge River, and this is -- this project is at the headwaters of the Carlls River, so you've correctly pointed out that assisting and bringing -- decommissioning the cesspool, the old block cesspool at this park, and providing sewers in this park is a great first step.

LEG. CILMI:

Thank you, Mr. Chairman. I'm not sure that Director Lansdale can answer this; certainly not appropriate for the gentleman from Babylon. But in terms of the usage of the sewer line, not necessarily the usage of the park, I assume since it's a fairly large park that the usage of the park is fairly significant, but what about the capacity that the sewer line will provide, and what percentage of that capacity do you expect would be utilized now given the current utilization of the park?

MS. LANSDALE:

I don't have an answer to that question.

MR. GROH:

The flow is based on the current needs of the park, but that system could be increased as needed as time goes along.

LEG. CILMI:

Uh-huh.

MR. GROH:

But it's a different animal than the Wyandanch Sewer Project where we put in large gravity lines at great cost. That was a \$20 million dollar project versus --

LEG. CILMI:

And this is obviously much smaller.

MR. GROH:

Smaller project, and you really need different strategies in terms of wastewater management. I don't think we can sewer, you know, entire areas. We have to use different strategies. Some areas --

LEG. CILMI:

Sure:

MR. GROH:

-- gravity lines. Some areas, we may want to move wastewater by a force main.

LEG. CILMI:

I just want to make sure that we're not spending a million dollars on providing so much excess capacity or overkill in terms of what we're doing based on the parks use. In other words, if we could invest half a million dollars, for example, on really advanced septic system -- you know, we're testing new septic systems in the county right now. If we could invest half a million dollars in maybe a couple of advanced septic systems for the park and save a half million dollars, you know, that might be a better solution. That's sort of what I'm trying to get at. Are we providing more than what's necessary? It might be nice, but are we providing more than what's necessary at this location? I don't know if either you or Director Lansdale could speak to that.

MS. LANSDALE:

On the sewer infrastructure committee, both the Department of Health services and the Department of Public Works are represented, and both departments have reviewed this particular proposal and have approved it.

LEG. CILMI:

Well, that may be, but, you know, what happens typically is that they look at the proposals that come to them, so I wonder whether or not if, you know, there are septic systems that are adequate or more than adequate to handle the use at this park that might be a lot less expensive.

MS. LANSDALE:

The challenge with the septic systems is that this park, as I understand it is seasonal use, where there's a peak demand in the summer and then perhaps in the winter it goes down, and for these innovative alternative septic systems that we're piloting right now, we're looking at year-round flows that are more consistent.

MR. GROH:

Just one other thing to mention: There's a very high water table there, which is not conducive to on-site systems, so in this case we have the sewers available in close proximity, so the best method to handle wastewater at this particular location would be to run that sewer line.

LEG. CILMI:

Right. So you said the estimated project cost here is, like, \$950,000 here or something like that?

MR. GROH:

Yeah. Well, all the design work was done, and it went out to bid, and that's the actual bid price. It's 964,000.

LEG. CILMI:

Was that the lowest bid?

MR. GROH:

That was the lowest bid, yes.

LEG. CILMI:

And what happens -- I mean, we're providing this money to you, so we're writing you a check for a million bucks, or how does that work, Sarah, in terms of money transfer here?

MS. LANSDALE:

So we would enter into pending legislative approval, enter into a contract with the Town of Babylon and the Department of Public Works would oversee, review the documents, review progress, and pay in progress payments during the construction.

LEG. CILMI:

Okay. So we would pay out to the contractor?

MS. LANSDALE:

No. We would pay to the Town of Babylon, who would then in turn pay the contractor.

LEG. CILMI:

Is there a mechanism by which we sort of review the town's submissions so that we know that we're not overpaying?

MS. LANSDALE:

Yes, project oversight will be provided by the Department of Public Works.

LEG. CILMI:

Has the county reviewed the bids that the town received to do this work?

MR. GROH:

We sent it over. We sent over the information, yes.

LEG. CILMI:

I'm guessing, based on your responses, that that's not something the bids aren't something you've seen, Sarah.

MS. LANSDALE:

No, that's something the Department of Public Works has looked at.

LEG. CILMI:

Okay. I'm willing to support this today in committee, but I'd like to have the Department of Public Works present at our general meeting to ask about these -- about the capacity questions and whether or not there are other less expensive alternative to accomplish the same result. We all certainly appreciate the challenges that we face in terms of our water quality, and certainly anything that we can do to improve that water quality or mitigate those challenges, we should do, but at the same time we had a conversation recently with respect to bells and whistles and sharpening our pencils, and I think that's a conversation that needs to be ongoing, so I look forward to some of those answers. Thank you.

CHAIRMAN D'AMARO:

Thank you, Legislator Cilmi. Legislator Trotta.

LEG. TROTТА:

Is that neighborhood sewerred? Like 24 Street and those numbered streets and Brook Avenue, are there sewers there?

MR. GROH:

No, it's not sewerred at that location.

CHAIRMAN D'AMARO:

In fact, that's part of my -- I believe that's covered by the bill that I passed a few years back where we're now pretty much shovel-ready with looking at Wyandanch, West Islip, Deer Park, West Babylon, some other residential areas. First time in a long time trying to bring some sewers into residential areas.

LEG. TROTТА:

Is that -- spending a million dollars to bring this to a park and then there's, you know, hundreds of houses bordering this creek that don't have sewers.

CHAIRMAN D'AMARO:

Well, we're working on that too. That's why I passed the bill four years ago. It takes time.

LEG. TROTТА:

Okay.

CHAIRMAN D'AMARO:

Sarah, Director Lansdale, you're head of the committee, the sewer infrastructure committee?

MS. LANSDALE:

That's right.

CHAIRMAN D'AMARO:

What was the total amount of funding available through grants, roughly?

MS. LANSDALE:

Roughly, it was about 30 -- \$20- to \$30 million.

CHAIRMAN D'AMARO:

20 to 30 million, and so this committee looked at all the requests --

MS. LANSDALE:

That's right.

CHAIRMAN D'AMARO:

-- put the word out, got the requests in, said funding is available. Was that funding approved by the legislature?

MS. LANSDALE:

It was.

CHAIRMAN D'AMARO:

Okay.

MS. LANSDALE:

And this particular funding was previously approved by the legislature.

CHAIRMAN D'AMARO:

Right, for the Wyandanch Project. So \$20- to \$30 million was available, approved by the legislature for infrastructure to protect groundwater and help with sewer infrastructure.

MS. LANSDALE:

That's right.

CHAIRMAN D'AMARO:

We then put a committee in place in order to look more closely at the applications and, you know, you get into the technical expertise that is needed and the environmental considerations, which we obviously don't have the capacity to do in depth like you would. And that committee then came up with some decisions. Now, was Wyandanch the only area that received the funding?

MS. LANSDALE:

No.

CHAIRMAN D'AMARO:

Oh, really? Who else got the funding?

MS. LANSDALE:

There were four projects that were funded.

CHAIRMAN D'AMARO:

The Town of Riverhead.

MS. LANSDALE:

The Town of Riverhead received funding for the wastewater treatment --

CHAIRMAN D'AMARO:

How much went to the Town of Riverhead? Just curious.

MR. LIPP:

I have those numbers, if you'd like.

CHAIRMAN D'AMARO:

Sure. Go ahead.

MR. LIPP:

Okay. So that was based on resolution 866 of 2013. It's broken up into grants and loans.

CHAIRMAN D'AMARO:

So the specifics grants were approved also by the legislature?

MR. LIPP:

Correct.

CHAIRMAN D'AMARO:

Go ahead, please.

MR. LIPP:

So Town of Riverhead, 8.1 million; Town of Babylon, 1 million. This is the grants. Village of Patchogue, 578,000; Village of Northport, 3.2 million; and then there were two sewer loans: one to the Town of Riverhead, almost 4.1 million; and one to village of Northport for just over 3 million.

CHAIRMAN D'AMARO:

Right. So, Director Lansdale, I want to thank you for taking the time to really analyze the environmental needs and coupling that with some funding that became available and to prioritize those projects. The problem here is that this particular grant to Babylon was provided to the Wyandanch project, which is just moving right along. I mean, when you drive by there, it's just great to see what's happening there. However, I would assume that the committee, when the grant was not needed for Wyandanch took another look at this, and, in effect, the committee received back the funding and then said the request of the town to move it over to the Geiger project was sufficient or high enough priority to do so.

MS. LANSDALE:

That's right. We re-analyzed the project. We requested a new application -- or an amended application as well as additional information from the Town of Babylon. We received it and --

CHAIRMAN D'AMARO:

Was the Department of Public Works part of that deliberation?

MS. LANSDALE:

That's right, yes.

CHAIRMAN D'AMARO:

It was. And does the Department of Public Works, when they're looking at that, look at the actual project such as issues of capacity: is it too big, is it too small, is it the right fit?

MS. LANSDALE:

They do.

CHAIRMAN D'AMARO:

They do, really?

MS. LANSDALE:

Yes.

CHAIRMAN D'AMARO:

Interesting. So there, the experts at the table, you might bring more to environmental side of the issue.

MS. LANSDALE:

That's right.

CHAIRMAN D'AMARO:

They might bring more to the infrastructure side of the issue.

MS. LANSDALE:

That's right, as well as the Department of Health Services.

CHAIRMAN D'AMARO:

Oh, really, Department of Health too?

MS. LANSDALE:

Wastewater management.

CHAIRMAN D'AMARO:

Right, right, right. So I guess collectively the Department of Health and Public Works and your department all came to the conclusion that this was a high enough priority to receive the funding that Wyandanch didn't need anymore?

MS. LANSDALE:

That's right, and then we brought that back to the members of the sewer infrastructure committee. They considered it, deliberated it, and affirmatively advanced it.

CHAIRMAN D'AMARO:

Okay. Could you do me a favor? Legislator Cilmi has requested, I guess, Gil Anderson, Commissioner Anderson, to be at the leg. meeting. Could you just pass on that request for me?

MS. LANSDALE:

Will do.

CHAIRMAN D'AMARO:

And be prepared to answer the questions that Legislator Cilmi had.

LEG. CILMI:

Or we can just, if you would, just ask him to give me a call in my office, that's fine.

CHAIRMAN D'AMARO:

All right. That's fine. Thank you. Thank you, Legislator. Legislator Stern.

LEG. STERN:

Asked and answered.

CHAIRMAN D'AMARO:

All right. Are there any other questions from the committee? Is there anyone else who would like to speak on this issue? By the way, Rich, your comment about the water table, I appreciate, because I remember for years working in the Town of Babylon myself and chairing the zoning board, whenever we had applications there, you couldn't put a basement in that area.

MR. GROH:

Yes, very challenging in those areas for many, many years.

CHAIRMAN D'AMARO:

The water table, it's been a problem. It's always been a problem. So I appreciate that. Okay. To the clerk, is there a motion on this resolution?

MR. RICHBERG:

We have a motion and a second.

CHAIRMAN D'AMARO:

All right. There has been a motion. It has received a second. I will call the vote. All in favor? Opposed? Abstentions? Motion carries. **Approved (VOTE: 5-0-0-0)**

Thank you for coming down today. I appreciate it.

MR. GROH:

Thank you very much.

CHAIRMAN D'AMARO:

Okay. Next, we have a presentation at the request of the committee and some members of the committee from representatives from the insurance and risk management division of the law department to give us an overview of the county's self-insurance and excess insurance carrier systems and to answer any questions that we may have.

Mr. Brown, good morning. Welcome.

MR. BROWN:

Good morning. Thank you.

CHAIRMAN D'AMARO:

We appreciate you coming down in response to our request to talk a little bit about insurance and risk management. I know we'll probably get into some questions as well. I know particularly

Legislator Cilmi had some questions, so why don't you just give us an overview, if you don't mind, and we'll go from there.

MR. BROWN:

Sure. As you know, the county is self-insured, so that would include bodily injury and property damage as well. The self-insured retention currently with the county is \$5 million, and there are several layers of excess insurance. The first layer is \$5 million; the second layer is \$25 million; the third layer is \$20 million; and the fourth layer is \$10 million.

LEG. CILMI:

I'm sorry, Mr. Chairman. Could you just repeat that?

MR. BROWN:

Yes, I can. So we have a self-insured program, as you know. The first layer is \$5 million, and the second layer is \$25 million; the third layer is \$20 million; and the fourth layer is \$10 million, and that would be on casualty insurance.

LEG. CILMI:

Could you just explain what that means, the different layers, like how do they apply?

MR. BROWN:

Sure, yes. So in terms of the self-insured program, it's not unlike your own auto insurance policy or your own homeowner's insurance policy that has a deductible. We happen to have a very large deductible. It's referred to as a "self-insured retention," and that is certainly \$5 million. So on the first \$5 million involving a casualty loss, the county would pay that, and I think also, as you know, at least with respect to bodily injury cases and personal injury cases, those are the types of cases that come up most often and come before Ways and Means in this committee, if it's in excess of \$100,000, we would seek bonding on that.

But if we have a case and the case exceeds a self-insured retention limit, then we would tap into the layers of excess and, depending on the exposure on a particular case, that will determine what layer of excess that we tap into. So since we have a \$5 million self-insured retention, tapping into an excess layer in -- for a liability case in excess of \$5 million, that would be a little bit unusual. It would have to be a very serious case.

In the past, over the years, we've had lower self-insured retentions of \$3 million and \$4 million most recently and, again, those are significantly high values of self-insured retentions, but still to have a liability case that breaches that, that might be a little bit more common than \$5 million. And to tell you the truth, in my experience, I can't really recall a case breaching the \$5 million threshold. So basically we're almost in every case fully insured with respect to a casualty loss.

LEG. CILMI:

Fully self-insured?

MR. BROWN:

Yes. Yes. The premium -- and with self-insured, largely because of the high cost or even the ability to obtain insurance either from dollar one or at a lower excess -- lower self-insured retention number.

LEG. CILMI:

And the way the layers work is such that if a case were to exceed the \$5 million retention, I guess

the first layer kicks in first so that it goes, then, up to 10 -- you know, it would be for a \$9 million case, let's say, and then the second layer kicks in for the next \$25 million, so if we had a \$35 million case or something.

MS. BAFFA:

Right. Each layer is a different company took that part of the risk.

LEG. CILMI:

I see. So we pay a premium, then, for each layer.

MS. BAFFA:

Correct. Nobody really wants to take the whole 60 million. We're basically insured for the catastrophic loss, which will be coming at some point.

LEG. CILMI:

I see. Okay. So we pay, basically, four different companies for each layer because no one company wants to assume that risk. So the layers don't really relate necessarily to -- individually to the level of injury but rather just additional insurance that we as a county have in the event the liability exceeds those amounts.

MS. BAFFA:

Correct.

MR. BROWN:

That's correct.

LEG. CILMI:

Okay. So insurance company A, then, would pay, if there was a \$6 million case, insurance A would pay a million dollars of it. If there were a \$12 million case, what happens in that case?

MS. BAFFA:

We pay the \$5 million SIR, then company A pays their 5 million, their limit, and then the two --

LEG. CILMI:

And then company B pays the two million.

MS. BAFFA:

Correct.

LEG. CILMI:

Okay. I understand now. Thank you. Continue, Dennis.

LEG. TROTТА:

Company 2 would pay up to \$25 million.

MR. BROWN:

Well, on \$12 million loss, we would pay the first five.

LEG. TROTТА:

They would pay seven.

MR. BROWN:

The first insurance company, actually, would pay \$5 million, and the third insurance company would \$2 million. So the exposure on the first company is \$5 million, equivalent to our SIR; the exposure to the second company is \$25 million. The exposure to the third company is \$20 million and the exposure to the fourth company is \$10 million. That's the maximum exposure. So on a \$50 million case, we would pay five. The next company would pay \$5 million; that's 10. We would have 40 left. The next company would pay \$25.

LEG. TROTТА:

You said it was 5, twenty-five, twenty-ten.

MR. BROWN:

Five, twenty-five, twenty-ten, correct.

LEG. TROTТА:

So let's just do the \$12 million. Five million would be paid by the county. Wouldn't 7 million be used of the 25 million from number two?

MR. BROWN:

No, because there are four, as Leslie stated, there are four separate insurance companies. Each assume a limited risk.

LEG. TROTТА:

And what is that?

MR. BROWN:

The county assumes the risk of \$5 million, first \$5 million. The second company assumes a risk of \$5 million.

LEG. CILMI:

It's like, if I may, it's like having a primary insured, a secondary insurance company, a tertiary insurance company, et cetera. The primary is the county in this case. We pay five million.

MR. BROWN:

Correct.

LEG. CILMI:

The secondary then goes to company A; they pay five million; and then company B would pay whatever excess up to an additional 25 million.

LEG. TROTТА:

Two million.

LEG. CILMI:

Two million, in this case.

LEG. TROTТА:

Okay. I got ya.

MR. BROWN:

So in any event, so we try and keep our premiums at around \$2 million per year. They've been

hovering at that level for the past three or four years, would you say?

LEG. TROTТА:

Total premiums?

MR. BROWN:

Yes, total premiums of around \$2 million. So what we have experienced over the past couple years is increases in the premiums, so what we do is we go to the market; really what Leslie does and what the division does is go to the market around September of each year, because our premiums coincide with the fiscal year, and so when it looks like the premiums will exceed the level that we've been -- that our goals have been at, then the division will go to the market through the broker and start to solicit quotes for insurance.

MS. BAFFA:

The premiums are actually in the discretionary budget that you all approve, so we work within that budget and also any company that's going to look at us upon renewal just looks at us as a total risk, just like they would of you as your auto or your homeowner, whatever, so they want to know how many employees, how many police, how many jails, how many cars that we have; and then they also look at your loss history, what we all paid out and what potentially we would pay out because that's what they are -- what are they going to get hit for, and then they try to give us a proper number.

LEG. CILMI:

And just to reiterate, Dennis, something that you said a little bit earlier in your presentation, you don't recall a case exceeding \$5 million in liability.

MR. BROWN:

I do not, no.

MS. BAFFA:

I do.

LEG. CILMI:

Leslie does. One, Leslie, more than one?

MS. BAFFA:

One.

LEG. CILMI:

One? How long ago?

MS. BAFFA:

Legislator D'Amaro was on Ways and Means then. I want to say it was 2006.

LEG. CILMI:

Okay.

MS. BAFFA:

It was an individual that went off the road and became a tetraplegic. Do you remember that?

CHAIRMAN D'AMARO:

I don't remember what I did yesterday.

(*Laughter*)

MS. BAFFA:

I'm not the only one.

LEG. CILMI:

And what was the total settlement then, Leslie?

MS. BAFFA:

Six.

LEG. CILMI:

Six million. Okay. Thank you.

MR. BROWN:

That's really about it. Our current premium on our first excess layer is just over a million dollars, and the premiums, they total approximately \$2 million, but they gradually go down, as you can imagine, with respect to the exposure.

MS. BAFFA:

For instance, the last 10 million is \$50,000.

LEG. CILMI:

Right. Right, right, right, because the likelihood of having that exposure at that point is very slim.

MS. BAFFA:

Absolutely.

LEG. CILMI:

So let me ask, then, a question or two, if I may. I'm not sure which one of you can answer.

MS. BAFFA:

We're interchangeable.

LEG. CILMI:

So our total premiums are roughly \$2 million. Half of that is for the first layer of -- what did you call it, "residual?" What did you call those layers?

LEG. CILMI:

You have, well, they're excess layers.

LEG. CILMI:

Excess. Excess coverage. So what if we were to spend -- what if we set up a policy that we wanted to be insured for anything above a million dollars of liability? What would -- do we know what a premium would be in that case?

MS. BAFFA:

Well, we asked to go -- if we went back down to our \$3 million, and our broker indicated that it would more than double the premium for that first five million, so from one million to over two, and

that's if it is available. I'm not sure we could get a reputable company to come down and take us at one million to self-insured retention because of our profile.

LEG. CILMI:

Interesting. Okay. So in terms of the cases that you've seen over time, could you, sort of, statistically describe to us where the bulk of the liability cases fall in terms of the amount of liability, or is there no real --

MS. BAFFA:

Our three main settlement lines are auto liability, general liability, and bus liability. I know you just bonded something for a rather big bus settlement recently.

LEG. CILMI:

Right.

MS. BAFFA:

It's pretty much even, you know, because you could have a really bad auto accident. General liability, possibly a little more because that could be certain death cases, or -- I'm not sure how much I'm supposed to talk about.

LEG. CILMI:

Right. I mean, we could all imagine where the higher cases are, where the lower cases are, and you remember one case in excess of \$5 million from 2006, so roughly 9, 10 years ago. You know, the potential certainly exists to have a higher liability, so it probably, intuitively, it probably makes sense to spend the extra million dollars just in case, especially when that last 10 million is only costing us 50,000, and if we were to go down to a \$3 million deductible, if you will, or retention, if we can get the coverage, if there's a market for the coverage, then it would probably double our annual premium, is what you've indicated.

MS. BAFFA:

Exactly.

LEG. CILMI:

So to get even below that \$3 million, then it would probably -- if the coverage was available -- would possibly even triple, depending on what you wanted to go down to.

MS. BAFFA:

Exactly.

LEG. CILMI:

And you're confident that -- and you've been doing this for a long time, I know. You're confident that we -- no, I know. But how long have you been with the county in this capacity, Leslie?

MS. BAFFA:

In this capacity, since 1998 as a lower-level person.

LEG. CILMI:

Right, so I would consider you to be very experienced with this stuff. In your experience, we're sort of -- we've turned over every rock in looking for the best possible coverage to see what we can -- you know, where we can cover our liabilities.

MS. BAFFA:

Yes, and I think, as we all know, that society is very litigious and you can see bigger awards coming out of the city and even Nassau, when there was that Newsday article about the settlements. You saw, what, 10 million pops and whatnot.

LEG. CILMI:

Right, right.

MS. BAFFA:

Yes, I think that this is the program for us. I mean, there is the option of going totally self-insured and not buying any insurance. I don't recommend that. I think the program that we have is good and it really serves the county.

LEG. CILMI:

You indicated, and I forget what they were, but there were three basic categories of liability. One was bus liability. What were the other two?

MS. BAFFA:

Auto liability for any car accidents with police vehicles or perhaps your vehicle.

LEG. CILMI:

Right.

MS. BAFFA:

And general liability, which is, you know, your false arrest, I was mishandled by the police, you know, died incarcerated, those kinds of cases.

LEG. CILMI:

Right, right, right. So in terms of our exposure, in terms of our risk assessment by the insurance companies, is there anything more we can do in terms of lowering our risk, improving our rating? If, for example, we had fewer cars our assigned to employees, would that appreciably reduce our premium? I mean, I would assume if we -- and I know we can't do this, but if we were to eliminate busses, for example, that would lower our premium, probably?

MS. BAFFA:

Yes.

LEG. CILMI:

Well, are there any other examples you can share with us things that, maybe things that we're not doing now because of policy decisions but that we could be doing to appreciably lower our premium?

MS. BAFFA:

Well, I believe they just had a new fleet policy coming out where everybody should be taking defensive driving classes. I think that's imperative. The police should continue doing their training when they do EVOC. I mean, we're getting out of the medical business, which is going to help.

LEG. CILMI:

Okay. Have you had any indication from our carrier what that's going to do in terms of reducing our premium based, or will it be a future reduction based on a new experience?

MS. BAFFA:

Actually, medical is not included in excess liability. That's a risk we don't touch.

LEG. CILMI:

Gotcha. Okay.

MS. BAFFA:

I think as we continue to try these cases that are out there currently, and I have no doubt that our attorneys can defend us successfully, but it's still the insurance company is looking to make money, and they're going to look at the potential of what could be.

LEG. CILMI:

And why is it that with respect to our bus system, why is it -- and I know that we own the busses, but why is it that we don't transfer liability to -- or why is it -- I should ask this question a different way. Why is it we indemnify the operator of our bus system for liability cases when we don't really have any governance over, you know, the qualifications of their employees or what have you?

MS. BAFFA:

I know that Suffolk Bus Company does, you know, vet their employees.

LEG. CILMI:

Yeah, they do a great job. I'm not questioning but --

MS. BAFFA:

I'm not exactly sure when that policy happened, the fact that we own the busses, but I believe we'd have to pay for it one way or the other, because even if we told Suffolk bus to insure themselves, they would pass this premium costs onto us, just like any contractor does --

LEG. CILMI:

Right, but if your premium is -- if our premium is developed based on an overall liability, let's say, and the bus company's premium would be purely based on their operations as a bus company, so their premium might, in fact, be less than what your premium would be because the risk associated is more limited than our risk.

MR. BROWN:

Yeah, I understand where you're going and I don't think the risk is that easily transferred, and since we are the owner of the bus, as you point out, under New York State law as the owner of the bus, the owner is ultimately liable for the actions of its driver, so that's going to be a county risk irrespective of whether or not we were able to pass insurance premiums onto the bus line's carriers. And notwithstanding that I think that Leslie is correct that ultimately the county is going to bear the cost of that.

LEG. CILMI:

Sure. Okay. I'm not sure that I have any other questions at this point. Thank you for a very thorough presentation.

MS. BAFFA:

You're welcome. Did you have any questions about bonding? Or I think Dr. Lipp answered everything. I'm not sure that really applies to either of you. I mean, that's a decision that we have to make within budgetary discussions basically.

MR. BROWN:

Yeah. The only thing I do want, as long as Leslie raised it and since you raised it, and I'm not sure if it was mentioned earlier, I think in the auto line, we do have 500,000 and the general liability and the bus, 400,000 is appropriated. So we try and make sure that money is stretched out over the course of the year, and so if the settlements are over a certain amount of money, we seek bonding on them. If they're not, we try and settle them as a reserve fund.

LEG. CILMI:

Can you, either Dennis or Leslie, can you give us sort of a snapshot of last year's -- and I know it's difficult because your settling cases in some cases that are years old -- but can you give us a snapshot of how many cases there were and what categories they were in?

MS. BAFFA:

I can give you in 2014 what we paid out, and that doesn't necessarily mean it happened in 2015, but in 2014, we paid 3.975 million in general liability, 145,000 in auto liability, 113,000 in bus liability, and 500,000 in medical malpractice.

LEG. CILMI:

And that was the total number. Now, do we know what the total number of settlements was in either of those -- in any of those categories?

MS. BAFFA:

I have the backup report, but not the totals. I can get that to you.

LEG. CILMI:

Yeah, if you could. Was it one medical case or was it a dozen medical cases? Was it in the general liability category, which is the highest? Was it mostly one case, or was it a dozen cases? So if you could provide that detail to me, that would be great.

CHAIRMAN D'AMARO:

Legislator Cilmi, can I just jump in there and ask a follow-up question to that point?

LEG. CILMI:

The first category was general liability. It was 3.7 --

LEG. CILMI:

3.975.

CHAIRMAN D'AMARO:

Thank you; 3.975. The county paid, but what was the total settlement amount? What I'm getting at is how much do the excess carriers pay in addition to what the county paid; do you know that?

MS. BAFFA:

I don't think the excess carrier paid anything.

MR. BROWN:

Probably most of it would be the county.

CHAIRMAN D'AMARO:

The county, okay, so we never even got into the excess carrier.

MR. BROWN:

The only case that I could think of where we tapped into the excess carrier recently was the case that was settled for \$4.5 million.

CHAIRMAN D'AMARO:

Okay. All right. Good.

MR. BROWN:

Because that was a case, the original loss was in 2005, and our self-insured retention at that time was \$3 million.

CHAIRMAN D'AMARO:

I mean, certainly the county's been sued for a lot more than what we settle for.

MR. BROWN:

Sure. Pick a number and just add zeros.

CHAIRMAN D'AMARO:

Right. So with the fine work of the county attorney's office, we keep that as low as possible.

LEG. CILMI:

So when we're paying out on a liability case, then, the payout is based on what the self-insured retention was at the time of the incident?

MR. BROWN:

At the time of the loss, correct.

LEG. CILMI:

At the time of the loss. Okay.

CHAIRMAN D'AMARO:

All right. Thank you, Legislator Cilmi. Legislator Trotta, please go ahead.

LEG. TROTТА:

A couple of questions. The \$5 million, how long has that been in effect that we cover the first 5 million?

MS. BAFFA:

Since January 1, 2014.

LEG. TROTТА:

Oh. Before that, it was three million?

MR. BROWN:

Four.

MS. BAFFA:

Four million just for the year of 2013 and three million for the 10 years before that.

LEG. TROTТА:

So we had a big reduction in our premiums because we raised our deductible.

MS. BAFFA:

Actually, when we went from three million to four million, we stayed flat because of the loss of the risk profile.

LEG. TROTТА:

I'm just doing the math. I based it on five years, since the last time that you paid out, you dipped into it. We spent \$18 million of which only 1 million was dipped into, so we had a net loss of \$17 million.

MR. BROWN:

I wouldn't characterize it that way. You may carry excess insurance on your own car, and you may never tap into that, and you pay that premium of \$500,000 or \$1,000 a year, whatever it might be, but you wouldn't necessarily drop that just because you haven't tapped into it; or you wouldn't carry only \$25,000 in insurance just because you've never been into an accident, so the purpose of this insurance is to protect the interest and the assets that you have. I don't think that you can -- and, of course, as you know is to spread the risk amongst all insurance policyholders, I don't think that you can -- it's certainly a policy decision on the part of the county not to carry excess insurance. The question is do you want to make that decision.

LEG. TROTТА:

Well, I mean, as a businessperson, if you're self-insured and you spend \$17 million that you didn't have to, okay, and you just said you have not jumped into that. You know, what's the history in other cases in other counties?

MR. BROWN:

Really, it's a policy decision, a budgetary decision of the county, and if the county wanted to reserve instead of \$1.4 million per year to settle cases, it could reserve \$17 million to settle cases. It could reserve \$2 million.

LEG. TROTТА:

That's not the point I'm bringing out. The point I'm bringing out is that we've had this -- and I believe in insurance, but we've had this insurance and you can only remember one time that we've ever dipped into it, so the reality is this \$17 million that we spent could have been doing away with the bonding and that bonding on \$17 million all those years. Now, listen, if you tell me Nassau County had one that was a hundred million dollars and they had to go into it, then you've got an argument, I mean, are the rest of the counties around the country, has anybody ever done this before? This is the kind of research that has to be looked into because, you know, if your maximum here in 20 years is \$6 million and you're spending \$2 million a year to cover, that's bad business. Sorry. No matter how you look at, we would have had \$17 million in the bank to pay off whatever's coming up.

MR. BROWN:

But really what you're doing is you're questioning the purpose of insurance.

LEG. TROTТА:

No. I'm questioning the efficiency of being self-insured. I'm looking into it intelligently, properly, and from a business standpoint that we just blew \$17 million. If you tell me Nassau County got hit with a \$100 million thing and they had to go into it, that's an argument, but I'm not hearing that.

MR. BROWN:

But I have to respectfully disagree with you, Legislator Trotta. The purpose of insurance is to

allocate risk and manage risk over a large pool of payers. It may very well be that you can go your entire life and never experience a risk, but you still have insurance to manage that risk and protect your assets. You do that in your personal life, businesses do that, and the county does it.

LEG. TROTTA:

But you don't do it to the extent that it's financially wrong, that you're wasting money. You look at the history of what happened and you make decisions based upon history.

MR. BROWN:

Then it would be a policy decision of the legislature as to whether or not it wanted to appropriate money for insurance.

LEG. TROTTA:

Has there been another county that got hit heavy, you know, like for a hundred million dollars or? I mean, this is the something the Association of Counties probably has figures on and that you should look into that and say, I mean, think about it: \$17 million we could've had in the bank to pay something off if we got a \$10 million bill.

MR. BROWN:

But let's assume you're correct. Let's assume that the majority of the counties throughout New York State have \$5 million self-insured retentions and the first layer of excess insurance of \$5 million and for the past five years, that first layer of excess insurance has never been tapped into to cover liability case. DO you, as a policymakers, want to make the decision not to have excess insurance, even if you assume that statistic? And if the answer to that question is yes, then you don't appropriate the money for it; but if the answer to the question is No, I don't want to be in a position of not having insurance because there is that potential of the loss, then you appropriate the money for it.

LEG. TROTTA:

That's a great point. Does the Association of Counties -- if that is in fact the truth, we should have some kind of self-insurance among the association of the counties where everyone kicks in an extra million so if it does only happen once every two years, we can go to that.

MR. BROWN:

That, I can't address that issue.

LEG. TROTTA:

It just seems to me that we just talked about, you know, we're bonding, that \$17 million in the bonding payments, we'd probably be in a much better spot right now.

LEG. CILMI:

Mr. Chairman, if I may jump in, I think Legislator Trotta's point is well-taken in that if we continue to experience the same, and the reason you have insurance is because you don't know that you're going to continue to experience what you have experienced in the past, but if we continue the same experience in the future as we've experienced in the past 15 or 20 years or whatever it's been, and if we took -- I assume we're paying for the insurance premiums out of operating expenses -- if we took that premium and put it into our self-insurance fund, then as time goes by, theoretically at least, you'd have sort of a reserve built up in the event, in the very unlikely event that you had to tap into that amount of money.

And let me just finish. At the same time, I suppose, you could actually increase our retention to, let's say, \$10 million and pay a less premium. I don't know what that premium would be if you increased your retention to \$10 million, pay a smaller premium in the event that while you're building up this sort of reserve, you got hit with a significant liability case that was in excess of \$10 million, let's say, and you needed to pay out.

MR. BROWN:

Yeah, Legislator Cilmi, all things being equal as they stand today, if our self-insured retention was \$10 million instead of \$5 million, we would pay -- you could appropriate an extra million dollars for liability and you can allocate it across those lines: general liability, auto, and bus, and we could purchase excess liability, and it would cost us about a million dollars.

LEG. CILMI:

So let me just make sure --

MR. BROWN:

And since Bob is sitting here shaking his head, I'm glad that my math was accurate.

LEG. CILMI:

Let me just make sure I understand what you just said. If we made the policy decision to increase our retention to \$10 million, it would save us a million dollars of premium, and then we could make that decision to put that million dollars into a reserve to pay for settlements out of operating expenses as opposed to bonding for those settlements.

MR. BROWN:

If we had an extra million dollars, we wouldn't be here as often on bonding, that's correct.

MS. BAFFA:

Bonding only really became a norm in 2004 when the budget office decided to cut the liability cases and bond anything -- the rule of thumb was over 100,000. Prior to that, and maybe Dr. Lipp can, you know, verify this for me, but I can remember those settlement accounts being a lot more flush --

LEG. CILMI:

Right.

MS. BAFFA:

And we didn't have -- you have two bills before you today. One is over a million. You have to bond that. But the other one, we could've paid out of operating expenses, so that's something we can look at this budget season. It's just, of course, finding the money.

LEG. CILMI:

Right, but you know what Legislator Trotta sort of started to get at here is that it sounds like it's a smart business decision based on our history of liability, it sounds like it's a smart business decision to increase the retention to \$10 million, pay less money, therefore, in premium, allocate that money to our own reserve that we could use to pay for whatever it is. We could pay -- you know, we could change the policy to say, Okay, well anything over \$500,000, we have to bond, you know, and pay more than out of that million dollars. And theoretically that million dollars accumulates, then, over time, and in the event you have a -- some sort of a catastrophic settlement, you'd have some money in there to pay for it. Just a thought, and it's probably a conversation that we should have during budget time.

MR. BROWN:

The only thing that I would like to add to what you're saying as far as building up a reserve fund, that would still be something that's subject to legislative decision on an annual basis when the budget is adopted because you could have, you know, a fund balance of a million dollars in the auto-liability line, but that doesn't mean it's going to be carried over into the following year.

LEG. CILMI:

Right, so is there a separate fund for each category of liability.

MR. BROWN:

For example, in 2014, the numbers that I have -- so we have -- and the numbers really haven't changed in terms of the adopted amount, but what I have in 2014 was that in terms of general liability, so we would have an adopted amount of \$500,000, but our total settlements were 552. This was cash not including bonding. But in bus, for example, we have \$400,000, and our settlements, not including bonded, was 113,000. But we didn't have, you know -- so in 2015, we didn't get 400,000 plus the difference of between 400,000 and 113,000, we didn't get \$500,000 in auto liability--- in bus liability appropriation for a settlement as reserve.

LEG. CILMI:

Why is it that we segregate the different categories of reserve? I mean, I understand why it's important to look at the different categories, but why do we consider them as separate lines?

MR. LIPP:

It's more full disclosure, a paper trail, so you could see what it is. If you roll them all up, then you can't see that one's a lot more expensive or less expensive. It makes sense.

LEG. CILMI:

Clearly, it makes sense to see, you know, which category we're experiencing the most losses in, et cetera, but when you're looking at where we put the funding in the budget, why wouldn't we just have one pool of money available and then pay whatever wherever -- because one year, you might have more general liability; one year, you might have more bus liability. You know, why wouldn't we just put it all in one account, if you will, and utilize it as need be?

MR. LIPP:

You could, but also the executive has the authority to move some money around from one account to the other, so --

LEG. CILMI:

Right.

MR. LIPP:

-- there's flexibility enough to, A, have the paper trail to really seek full disclosure and, B, be able to move money around.

LEG. CILMI:

Okay. I was just curious. All right. Thank you.

MR. LIPP:

So there's also, like, I think what you're talking about here which is something that I assume that they will bring back to their shop is whether or not it makes sense to continue that first level of insurance liability because that's about half the cost so you could save if their analysis would be

done first. And the second thing is we used to also insure for workers' comp. I'm not sure why we don't anymore. I assume it's prohibitive, and that's like the bigger number.

LEG. CILMI:

Well, what do you mean "it's the bigger number?"

MR. LIPP:

I think workers' comp.

MR. BROWN:

Yeah, the adopted 2015 in the overall line, \$I have 33,156,500.

LEG. CILMI:

And that's for workers' comp liability?

MR. BROWN:

That's for workers' compensation payments. It would be medical as well as liability.

LEG. CILMI:

And, again, we're self-insured in that respect?

MR. BROWN:

Yes. That \$33 million --

LEG. CILMI:

So we budgeted for \$33 million plus of payments for workers' comp claims in 2015.

MS. BAFFA:

Yes.

MR. BROWN:

Yes, that's the adopted number, yes.

LEG. CILMI:

Is that mandated in any way that we budget for a certain amount based on the number of employees that we have or?

MS. BAFFA:

No, it's usually just expenditures from prior year.

LEG. CILMI:

Okay. So we look at the prior years' expenditures and budget accordingly?

MS. BAFFA:

-- any rules from the board. They raise the workers' compensation rate every year. It's doubled since 2007, so there are some things that are certainly out of our control.

LEG. CILMI:

Right. I mean, that may be something, Mr. Chairman, we've already gotten a great deal of information on the other liability categories, and we could probably talk for another half an hour about workers' comp liability cases and what the county's doing to limit our exposure to those cases,

et cetera, et cetera. Maybe it's a subject for a different say but an interesting one nonetheless, especially when you consider that that's costing us \$33 million a year. That's a big number.

MR. BROWN:

Our claims are going down.

LEG. CILMI:

Well, that good.

MR. BROWN:

The cost hasn't, as Leslie points out, but the claims are.

LEG. CILMI:

The number of claims is going down, but the cost of the claims overall is going up.

MR. BROWN:

You have medical expenses.

MS. BAFFA:

Indemnity expense.

LEG. CILMI:

That could lead me off on a whole other tangent. But \$33 million; when we're writing that \$33 million check, and I know it's not one check, but when we're writing that check, who are we writing the check too: the claimant or some other fund or what?

MS. BAFFA:

Medical providers. The injured employee can go to any workers' compensation doctor that they want, to outside counsel. We get to pay for their counsel. They get certain awards that they'll go to the workers' compensation board for and a law judge will award them.

LEG. CILMI:

Is there a short list of three departments or even one department that most of the workers' comp cases?

MS. BAFFA:

Seventy percent of our cases are law enforcement.

LEG. CILMI:

Seventy percent of the 33 million is law enforcement cases. Interesting.

MS. BAFFA:

They have different jobs than you and I.

LEG. CILMI:

Right. Sure. Sure. No, I know. Okay. Thanks.

CHAIRMAN D'AMARO:

Thank you, Legislator Cilmi and Legislator Trotta. Leslie, what's your position with the county?

MS. BAFFA:

My title is risk management administrator.

CHAIRMAN D'AMARO:

From the budget committee perspective, I guess one of the things on my mind is no one wants to bond if we don't have to, so would you recommend that we forego the first layer of coverage and have a million dollars available for cash settlement and double the risk, in effect, to a \$10 million self-retention?

MS. BAFFA:

Well, I'd like to look at the renewal proposal before I say that, and I really don't know what the --

CHAIRMAN D'AMARO:

Well, let me ask you in another way. Was that considered before you went into the present scenario that we have?

MS. BAFFA:

Yes.

CHAIRMAN D'AMARO:

It was? Okay.

MS. BAFFA:

It's really a budget decision what numbers end up in fund 38, so I could ask for 800,000 in general liability instead of 500 but --

CHAIRMAN D'AMARO:

Well, let me ask this: So it's a budget decision ultimately from a dollars and cents point of view, but it's also a cost-risk analysis. Have you looked at that cost risk analysis, and do you support the present breakdown that we have now with five million self-retention?

MS. BAFFA:

I do support the present breakdown.

CHAIRMAN D'AMARO:

You do?

MS. BAFFA:

But I do believe that we should fund the settlement account even just a little bit more because, you know, bonding something for 120 that we'd rather pay cash --

CHAIRMAN D'AMARO:

Right, but not necessarily by not paying the million-dollar premium and doubling our exposure for self-insured.

MS. BAFFA:

Correct.

CHAIRMAN D'AMARO:

I mean, you're just saying, as I think any department head would say, you know, "I need more money," and I appreciate that, and I think we all feel that way too, that we'd rather pay cash. We

don't want to bond if we don't have to.

MS. BAFFA:

But I would certainly -- I'll work with that with the broker and, come renewal season, we'll definitely look at that going up to 10.

CHAIRMAN D'AMARO:

Right, but that's what you do every year, isn't it?

MS. BAFFA:

Yes.

CHAIRMAN D'AMARO:

And so I'd be curious to see next year if you would recommend that we increase our self retention to 10 million so we could have a million dollars available, roughly, in cash and if you think that the cost-risk analysis would warrant that.

MS. BAFFA:

Actually, if we went up to 10, we'd have -- currently, under the current prices, we'd have two million.

CHAIRMAN D'AMARO:

Two million, right. Okay. So I'd be curious to know that. And then we -- I'll say novenas at night and hope we don't get hit with a \$30 million judgement.

MS. BAFFA:

Exactly.

CHAIRMAN D'AMARO:

Well, that's your job. You know, you -- everyone up here has the benefit of knowing what's happened in the past, but as we all know, that is certainly not an indication of what's going to happen in the future, and that's precisely why there are people available who weigh those costs and weigh those liability risks, and then you have to find the balance between that, so I appreciate that's you've done it in the past. Let's see where you land next year.

Okay. Any other questions or comments at this point? Okay. Well, I want to thank both of you for coming in today. It's been very informative, and we'll see you next time.

MR. BROWN:

Thank you both, and a special thanks to Leslie and the staff of risk management.

MS. BAFFA:

Thank you all.

CHAIRMAN D'AMARO:

Okay. We'll go to section five of the agenda, Tabled Resolutions, and I'll call the first.

1105 of 2015, Amending the 2015 Operating Budget to provide funds for a study of opioid addiction and abuse related costs in Suffolk County (Calarco). At the sponsor's request, I'll offer a motion to table.

LEG. STERN:

Sign second.

CHAIRMAN D'AMARO:

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

Resolution 1265 of 2015, Approving County funding for a contract agency (Gerald Ryan Outreach)(P.O. Gregory). At the request of the sponsor, I'll again offer a motion to table. Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. **Tabled (VOTE: 5-0-0-0)**

Resolution 1347 of 2015, Amending the 2015 Operating Budget to provide funding for membership in the Interstate Chemicals Clearinghouse.

I will offer a motion to table. Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion -- sure. **Tabled (VOTE: 5-0-0-0).**

LEG. CILMI:

On that motion, I thought I saw an amendment to this resolution. Did that involve the offset, or is that the next one?

MR. LIPP:

This is 1347.

LEG. CILMI:

1347.

MR. LIPP:

That one wasn't amended.

LEG. CILMI:

It's the next one that was amended. Okay. Thanks.

CHAIRMAN D'AMARO:

Okay. Next is **1372 of 2015, Amending the 2015 Operating Budget to provide funding for the Suffolk County Coalition Against Domestic Violence (Hahn).** This bill would transfer \$79,000 to fund the Domestic Violence Outreach Precinct Project, which provides advocate services in seven county police precincts. This is -- there's a new offset, I believe, for this bill. I think it tapped into permanent salaries in the probation department.

MR. LIPP:

Correct.

CHAIRMAN D'AMARO:

Legislator Cilmi, did you have a question on that? Go ahead, please. To Budget Review, through the chair, the line that it tapped into, is Probation okay with using that line for this purpose?

MR. LIPP:

As far as I know, yes. We had our analyst speak to Pat, who's in charge of that.

LEG. CILMI:

Okay. And from a legal perspective, are we okay to approve this out of committee today given that change and then vote on it on Tuesday?

MR. NOLAN:

Yes, it was timely amended, yes.

LEG. CILMI:

It was timely? Okay. Great. Thank you.

CHAIRMAN D'AMARO:

Okay. So that solution is 1372 of 2015, and I will call the vote. All in favor? Oh, is there a motion?

MR. RICHBERG:

There was no motion or second.

CHAIRMAN D'AMARO:

All right. I'll offer a motion approve.

LEG. CILMI:

I'll second.

CHAIRMAN D'AMARO:

Second by Legislator Cilmi. Thank you. All in favor? Opposed? Abstentions? Motion carries.

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

Next is section six of the agenda, Introductory Resolutions.

The first is **1487 of 2015, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature (Control No. 430) (County Executive)**. I'll offer a motion to approve and place on the consent calendar. Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries. **Approved/Consent Calendar (VOTE: 5-0-0-0)**

Resolution 1490 of 2015, Amending the 2015 Operating Budget and appropriating funds in connection with bonding for a settlement for a liability case against the County (County Executive). This bill approves the appropriation of \$150,000 of a negligence action against the county. It arises out of a vehicular accident, and this particular settlement has been approved by the Ways and Means Committee. I'll offer a motion to approve. Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. **Approved (VOTE: 5-0-0-0)**.

Next is **Resolution 1491 of 2015, Amending the 2015 Operating Budget and appropriating funds in connection with bonding for a settlement for a liability case against the County (County Executive)**. This bill approves the appropriation of \$1,350,000 for settlement of a negligence action against the county, and once again, this settlement was approved by the Ways and Means Committee. I'll offer a motion to approve. Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. **Approved (VOTE: 5-0-0-0)**.

Next is 1508, we've already considered.

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And finally is Resolution **1509 of 2015, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 1009-2015)(County Executive)**. I'll offer a motion to approve and place on the consent calendar. Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries.
Approved/Consent Calendar (VOTE: 5-0-0-0).

That completes the agenda. There is no further business before the committee this morning. We are adjourned. Thank you.

(*The committee meeting was adourned at 12:12 P.M.*)