

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 March 17, 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:

Legislator DuWayne Gregory – Presiding Officer
Jason Richberg – Chief Deputy Clerk of the Legislature
George Nolan - Counsel to the Legislature
Justin Littell - Aide to Legislator D'Amaro
Debbie Harris – Aide to Legislator Stern
Greg Moran - Aide to Legislator Trotta
Katie Horst - County Executive's Office
Lisa Santeramo – County Executive's Office
Robert Lipp - Director, Budget Review Office
John Kennedy - Comptroller
Rick Brand - Newsday
All Other Interested Parties

Minutes Taken and Transcribed By:

Gabrielle Severs - Court Stenographer

*(*The meeting was called to order at 9:03 a.m. *)*

CHAIRMAN D'AMARO:

Good morning, ladies and gentlemen. Welcome to the Budget and Finance Committee of the Suffolk County Legislature. Please rise and join the committee in the Pledge of Allegiance lead by Legislator Tom Cilmi.

*(*Salutation*)*

Thank you. A few presentations this morning. But first I just want to bring to the committee's attention, we've received two correspondence. The first is an e-mail dated February 24 from Joseph Pecorella of the comptroller's office. That e-mail is addressing the Sunshine Center Contract Agency. There is a bill pending in the committee -- it's IR 1042 -- that relates to that agency, so you can take a look at that. The second correspondence we've received is an e-mail dated March 4 from Dr. Robert Lipp, the head of our Budget Review Office, regarding the Suffolk County's pension liability for the years 2010 to 2016. Both of those items of correspondence will be included in our record.

Next is we have -- we're joined this morning by our comptroller, legislator -- sorry, Comptroller John Kennedy.

COMPTROLLER KENNEDY:

It's all right; just don't call me late for breakfast.

CHAIRMAN D'AMARO:

What I'd like to do -- why don't you come on up, Mr. Comptroller, please. What we're going to do is take, with the committee's position, take IR 1145 of 2015 out of order. The comptroller is here to speak to that this morning, so I'm going to call

1145-2014, Revenue Anticipation Note Resolution No. -2015, Resolution Delegating to the County Comptroller the power to authorize the issuance of not to exceed \$75,000,000 Revenue Anticipation Notes of the County of Suffolk, New York, in anticipation of the receipt of certain revenues for the fiscal year ending December 31, 2015, to prescribe the terms, form and contents of such notes, and to provide for the sale and credit enhancement thereof.

I'll offer a motion to take that IR out of order. Second by Legislator Stern. All in favor? Opposed? Abstentions? That motion carries, so 1145 of 2015 is now before the committee for its consideration, and I want to welcome our comptroller.

COMPTROLLER KENNEDY:

Good morning, Mr. Chairman, and thank you for the opportunity to be before you today and good morning to the members of the committee. I'm here today to go ahead and speak in support of IR 1145 and to give the committee a little bit of an explanation as to where we're at at this point. I'm joined with members of my executive staff as well as Richard Tortora and Anthony Nash from Capital Market Advisors.

If I can just take a moment, Mr. Chair, the last time I was before you, if you recall, I sought or we sought a CN to assist us with a refunding and at that time, as I had mentioned, to the committee, we wanted to obtain an opportunity to go out into the market in an open competitive fashion and in fact early on in January when Capital Markets looked at the savings opportunity, we might realize it looked like it might be a \$4.5 million savings, roughly 300- or 350,000 each year over the balance of the 20-year issue for the 2006 capital funding bonds. I'm here to report, and hopefully you've seen some of the news already, that we got excellent news in that the open-competitive methodology worked out quite well. You'll remember that there was a bit of a wrinkle in that we originally were going to have to go up to create a sinking fund and issue 84 million on 78 million worth of paper that

we were going to retire. I'm happy to report to the committee that there was such interest in the market, and Richard will speak to it a little bit, that, in fact, we were able to resize that issue down to 76 million. We realized \$600,000 savings in each year and approximately a \$6 million savings over the life of the issue. In fact, our issuance cost came below 200,000 -- came in -- it was a net of I believe 188,000, and in fact we even picked up an additional savings opportunity, thanks to Capital Markets, wherein they were able to acquire an existing portfolio of treasury bills rather than having to go purchase the slugs, so we realized -- what, about another 70- or 80,000 in savings, Richard? So I would -- is there anything else I should add to that one, or have we pretty much summarized it?

MR. TORTORA:

You summarized it nicely. Thank you.

COMPTROLLER KENNEDY:

Okay. So I think the message to the committee here is thank you for the opportunity, thank you for the confidence, thank you for realizing that that truly was a time-sensitive measure in seeking the CN but in doing so not only did we save money but we saved more money in a very positive fashion.

So here we are now and we're coming before you to talk about the resolution that will authorize us to issue up to 75 million in short-term debt. These are notes; actually, one which is the revenue anticipation note and then the other one which is a third version of a bond anticipation note associated with the corrections officers' arbitration settlement. The resolution speaks to authorization to go to 75 million. In actuality based on additional calculation that our staff's been able to do -- Beth and Brenda -- we will be issuing and have already begun to compile the paper to size it at 55 million. That is a positive trend; and, Brenda, why don't you talk to us a little bit about where we're at with that?

MS. SLOAN:

Last year, we issued a RAN of about \$85 million, and, as the comptroller said, this year we're going to be going out for only \$55 million. The cash flow for 2014 finished a lot better than what we had projected, so when we took a look at our 2015 projections, we were able to resize that RAN and we've been steadily decreasing the RAN, similar to in the early 1990s when we had to go out and issue RANS each year, we decreased. I think it went out about four or five years that we issued RANs, and we seem to be following that same trend and declining each year, so hopefully we'll be done with the RAN soon.

CHAIRMAN D'AMARO:

The 2014 cash flow picture turned out improved over the projections?

MS. SLOAN:

Yes.

CHAIRMAN D'AMARO:

So the conclusion from that is that we had to cover our bases and make sure that we had the cash so we had to do the note.

MS. SLOAN:

Uh-huh.

CHAIRMAN D'AMARO:

But nonetheless, managing the cash flow, the inter-fund transfers, whatever it took to do that, turned out to be less problematic than originally we were anticipating.

MS. SLOAN:

Yes. When we first --

CHAIRMAN D'AMARO:

Why is that?

MS. SLOAN:

Well, when we first estimated the \$75 million, we hasn't completed our 2014 yet.

CHAIRMAN D'AMARO:

Yeah, I know it was based on projections and it's better to err on the side of caution. Once you go out into the market and float that note, you don't want to fall short, either; I understand that. But that's good news that, in fact, we could have perhaps borrowed a little less, and now we're seeing that trend again, as the comptroller mentioned, going into 2015.

MS. SLOAN:

Yes, definitely.

CHAIRMAN D'AMARO:

So maybe you could speak to why that is, why are we seeing a decrease?

MS. SLOAN:

Well, in 2014 our federal and state aid receivables came in about \$11 million better than what we had projected and our sewer revenues came in about 8.5 million better than what we had projected. Overall, various expenditures came in about \$15 million lower than what we had projected in the cash flow. And when we do our projections, what we're doing, we start out -- in most cases, we start out with the adopted budget for the year and we do calculations based on previous years as to what percentage of the budget on the revenue side comes in in cash and on the expenditure side, how much we send out in cash.

So again, as you said, it's all projections going out, so in 2014 what happened was federal and state aide, in the past we probably had not received as much of the budget in cash as we had, you know, in 2014.

CHAIRMAN D'AMARO:

Is the improvement for 2014 impacting 2015?

MS. SLOAN:

It does. It impacts the beginning balance in 2015 so that's what, when we --

CHAIRMAN D'AMARO:

So in laymen terms, you have cash from the 2014 note that was not utilized?

MS. SLOAN:

Right, we had excess cash.

CHAIRMAN D'AMARO:

Okay. Good. All right. Please continue.

COMPTROLLER KENNEDY:

So the only other things, I guess, that I would add to that, Mr. Chair, is the message of the information we're realizing or receiving seems to be going in a positive direction with a BAN and, as we all know, we want to work to get to the point, I would assume, to get to the point where we

could extinguish that. The other thing that I will say is we do also have to take note of where sales tax is at, but certainly I'm not going to opine on that one way or the other. It's just, as all of us always do, we do have to be cognizant of what's going on with sales tax, and I will report to the committee that I continue to pursue that opportunity to recreate the comptroller's sales tax enforcement unit that, in fact, was joined by Nassau County Comptroller George Maragos in an joint letter to Dean Skelos requesting funding to reinstitute that.

We've had two back-to-back horrendous winters, as we all know, and as I sat with each one of you last year, we contemplated that consumer spending would be down because everybody was living like cave dwellers. Well, lo and behold, here we are with almost that identical set of circumstances again in the subsequent year and there may be some other things that we're looking at that, hopefully if we get the opportunity to institute the sales tax compliance unit, we'll begin to see: Do we have an expansion in the underground economy, people either under-reporting or not or reporting at all, or something for the legislature to consider and contemplate, as elected bodies are all over the country, the increase in internet sales, untaxed internet sales. It is ironic, the ease and the convenience. Anybody who's done it, you see that we can get product from anywhere in the country, actually anywhere in world, and the amount of sales tax being remitted oftentimes on those purchases is zero or hit or miss, so it may be a phenomena that we need to look at as well.

I'm just going to ask Richard if he wants to add anything to where we're at.

MR. TORTORA:

Good morning. Thank you. What I'd like to add, certainly, is the positive implications to your credit rating as a result of your ability to downsize your cash-flow borrowing, so whenever a jurisdiction has to be in the market for a cash-flow borrowing, it shows some underlying sensitivity or need to provide financing to fund operations. Since you were at 85 million last year and it appears that this year you'll be at 55 million, that's certainly going to be perceived as credit positive by the rating agencies, and that's particularly important because the rating agencies have been really focused on ongoing operations and fund balances the last couple of years as all of our clients are getting through this recession, which ended years ago, but we're still seeing the effects of it. We've seen as recently as last week some significant downgrades by the credit rating agencies of jurisdictions on Long Island. This certainly should stave that off for Suffolk County.

CHAIRMAN D'AMARO:

And although you're looking for authorization for 75 million, you're anticipating, I think you said, 55 million?

MR. TORTORA:

That's correct.

CHAIRMAN D'AMARO:

And that's sending a clear message to the marketplace and to the rating agencies that we're just in a more healthy financial situation than we were perhaps two or three years ago.

MR. TORTORA:

That's correct.

CHAIRMAN D'AMARO:

Even for managing cash flow, it's money that we're anticipating funds that will be repaid once the anticipated revenue comes in, but nonetheless, it sends a clear message or a clearer message that we're starting to move in the right direction as far as getting paid timely, I guess is really what that all comes down to, because we're not ever really borrowing more than what we're anticipating, so

it's really a function of timing. And I think the comptroller, I think you had pointed out that the state and federal aid is also coming in more timely, and that's helping the picture as well.

COMPTROLLER KENNEDY:

Yes.

CHAIRMAN D'AMARO:

On the historical perspective, what was the first year in recent times that we did the anticipation note, revenue anticipation note?

MR. TORTORA:

I think this is the third year that you're issuing RANs.

CHAIRMAN D'AMARO:

Is it only the third, or is it the fourth?

MR. TORTORA:

Actually, this will be the fourth year that you're issuing.

CHAIRMAN D'AMARO:

Fourth year. And what was the number that we had -- has is progressively been going downward or?

MR. TORTORA:

I believe it was as high as 100 million initially.

CHAIRMAN D'AMARO:

It was over.

MR. TORTORA:

115.

CHAIRMAN D'AMARO:

115 million so now we're down to, hopefully, 55.

MR. TORTORA:

We've cut it by half; certainly a good sign.

CHAIRMAN D'AMARO:

Excellent. All right. Rich, anything else you want to add?

MR. TORTORA:

No, that's all.

CHAIRMAN D'AMARO:

Are there questions from the committee?

LEG. CILMI:

Yeah.

CHAIRMAN D'AMARO:

Legislator Cilmi, go ahead, please.

LEG. CILMI:

Thank you, Mr. Chairman, and thank you, Mr. Comptroller and Rich, for your presentations. Could you, Mr. Comptroller, could you just define for us the various types of anticipation notes that we issue here in the county from time to time?

COMPTROLLER KENNEDY:

What I'm going to do, if I can, Tom, is I'm going to let Richard go through the definitions. I believe it's BANs, RANs, TANs, and DTANs; and as I've made up my index cards and put them up there on the mirror for the definitions, let's let him go through them to give the specifics.

MR. TORTORA:

Very good. Thank you. Bond Anticipation Notes, or BANs, are short-term debt instruments typically with a maturity of up to one year issued in anticipation of bonds and they fund capital needs. So if you're reconstructing a court facility, if you're buying police cars, you would issue BANs.

Tax Anticipation Notes, TANs, are issued in anticipation of your receipt of real property taxes and the County's practice for the last several decades has bid to issue TANs on two occasions. You issue in the fall of each year what you call your DTANs, or delinquent TANs, in anticipation of your receipt of prior years' tax revenues, real property tax revenues, and then in December or January, you issue a large TAN issue in anticipation of your receipt of the upcoming years' tax receipts, real property receipts.

RANs are Revenue Anticipation Notes, and you issue a RAN in anticipation of your receipt of revenues typically from the state or federal government.

RANs and TANs fund cash flow needs. BANs fund capital needs.

LEG. CILMI:

Well, let's just address the BAN definition for a moment. So when we're -- when we need to fund a capital project and we issue bonds in order to do that, so we're borrowing in order to fund the capital project, whatever that may be: build a bridge, fix a road, et cetera, the BAN is issued because we don't yet have the proceeds from the bond issue.

MR. TORTORA:

It could be a couple of reasons. Sometimes when you adopt a resolution authorizing a bond financing, inherent in that resolution is the authority to issue BANs in anticipation of the bonds. On some occasions, you'll stay in BANs. You'll stay in notes for the entire term. The local finance law assigns a period of probable usefulness to every capital purpose for which you can issue debt. You can only stay in BANs for up to five years generally. At the end of five years, you either pay them off or you take out the BANs with a bond issue. So the instance where the county would issue BANs, it might be a function of the market. We know that interest rates have been very low for a very long time, and the Federal Reserve Bank has been telling us over the last several years that they weren't going to raise interest rates, so it made good sense for the county to take advantage of short-term rates by issuing BANs, specifically with the corrections officers.

So very often you might issue BANs because of the extremely low interest rate that you can lock in when you issue a BAN; or you might issue a BAN where you're not quite certain what the total cost of the capital project is, so you might do BANs initially, say, during the construction period of a reconstruction or a new building, and then once you finish the project but now you know exactly what it costs, then maybe you'll bond that amount at that point, so it's just a financing tool that you use typically early on in the finance for a capital project.

LEG. CILMI:

So thank you for that. It's anticipated that the fiscal impact associated with this resolution, which now may be less, is essentially a million dollars or so in interest payments over the year that the 75 million proposed RAN would be issued. Now with the issuance being 55 million or so, I imagine that million-dollar fiscal impact will be somewhat less. Anybody can hazard a guess as to what that fiscal impact will be?

MR. TORTORA:

I would like to think it will be a lot less than that. It could be half that. We expect when we go in the market for this --

MS. GUERRIERO:

We projected the gross interest at 1.1. The net would be any premium received.

MR. TORTORA:

Correct. So it's very likely that the impact of this could be closer to a half million dollars, and that's just a function of the market, so we sell this debt competitively. In the past, when the county's credit rating was starting to slide, it was going down, we were of the opinion that it made more sense to negotiate these offerings and to have a banker take us into the market. But now that things have pretty much solidified -- we think your credit rating is on more stable footing, in part, as evidenced by the improved cash flow -- now we're going to take it into the market in a competitive sale so we'll have bankers compete for this, and we'd like to think that your cost of capital, probably around a half percentage point might be the actual interest rate that you pay on this note.

LEG. CILMI:

Is there any -- have we ever done a calculation or an analysis of the interest payments that we make on an annual basis over the last few years for all of the anticipation notes that we issue?

MR. TORTORA:

We could do that pretty simply, for sure. We could show you, for example, what the interest rate would be, say, for fiscal 2014 --

LEG. CILMI:

I'm not so much interested in the rates. I'm interested in the cost.

MR. TORTORA:

We could show you the cost on the RAN, the BAN for the pension, and then the two TANs. Certainly, we could do that.

COMPTROLLER KENNEDY:

With the permission of the Chair, Dr. Lipp has something to share on that as well.

LEG. CILMI:

Thank you.

MR. LIPP:

We have a file that tracks that stuff.

LEG. CILMI:

You do? So if you could forward, you know, that to me or to us, to the committee, that would be terrific.

MR. LIPP:

Not a problem.

LEG. CILMI:

Thank you. And, certainly, any information that you could provide, Rich, that would be great as well.

MR. TORTORA:

Sure.

LEG. CILMI:

So it sounds like it's a good news-bad news situation here. We continued to need to borrow to -- for our cash-flow purposes and yet the amount of borrowing is lower than we expected and lower than what it's been in the past couple years, which is good, but it's still \$55 million that we're borrowing and paying interest on because we're basically not managing out cash flow well. And, you know, we passed the budget here in November of last year for 2015. Shortly thereafter in the beginning of the year, I believe, the county executive issued a fiscal emergency and ordered departments to sort of withhold 10 percent on unallocated costs or something like that to further reduce the actual cost of the budget that we had already approved, and we've done that now for the past handful of years. So I'm concerned that we continue to have to borrow to this extent and to whatever extent that borrow is necessitated by -- or I guess it's a question. To what extent is that borrowing necessitated by the State's and/or the federal government's failure to pay their obligations to us in a timely way, or is it simply that they are paying us in a timely way but we just, you know, we just can't catch up; which is it?

COMPTROLLER KENNEDY:

Let me, if I can, I'll try to talk a little bit about what I have encountered so far in -- haven't hit 100 days yet, but it's been interesting. The need to fund the budget becomes a function of what our receipt of revenues are. We all know the Suffolk County Tax Act. We know that typically on the property tax side, we do not see an infusion of property tax revenues until sometime in early June. Sales tax, we've just spoken a little bit about. That's our other major revenue stream, and yet we have recurring predictable expenditures that are necessary in order to keep the doors open and the lights on and the ability to function; a payroll every fourteen days, which we've talked about, that payroll is approximately about 34 million; monthly utility bills that are pushing north of a million and a half.

So Brenda, actually, interestingly, for the ratings' agency calls does what is both a cash and an expenditure projection schedule and in actuality, she's called on for this financing to look forward into the first part of 2016. Now she's crafted it. We try to plug in what the increase in expenditures will be. The revenues, we try to predict on what our history has been. Ultimately, it's our job to basically go out and over the course of the year, we'll do probably about -- 600 million, I guess, altogether?

MR. TORTORA:

Including the capital borrowing, it's probably over seven.

COMPTROLLER KENNEDY:

Yeah, about 700 million, and that falls in these various iterations and categories that we've just spoken about. Much of it is a function of the calendar and our obligation to pay the bills, meet the bills, but ultimately in the end, it's the adopted budget that's the roadmap or the guideline that we simply have to bring the forces together to follow and to meet. So '16 is going to be a challenge in my opinion.

LEG. CILMI:

Have you looked into the future yet, and realizing you're not quite at 100 days, and I have to give you a lot of credit because you've already shown some great results as comptroller --

COMPTROLLER KENNEDY:

Thank you. We have good people.

LEG. CILMI:

-- and to me at least -- I understand and compliments to all of your staff. But have you looked past 2015, 2016 and been able to anticipate a year in which we don't have to issue revenue anticipation notes any longer, and is that something that you're discussing or need to discuss with the state?

COMPTROLLER KENNEDY:

So let me talk a little bit about that in broad perspective. A specific answer at this point yet, no. Is it part of what we are looking at, what we have to look at, vis a vie the credit agencies, the rating agencies and the ability to go ahead and get rating for these two notes? We are compelled to do some -- not speculation but we have to attempt to model what our financial picture is going to look like for the first half of '16 and we have done that. Going forward with that, Dr. Lipp and I have talked a little bit about that as far as expenses that are known and yet some things that are up in the air. We still have many collective bargaining agreements that have not been solidified or come to terms yet with the administration. So many of them are unknowns. It's difficult, you know, to put a number on what a bargaining unit is going to settle at in the cost.

LEG. CILMI:

We issue RANs once a year?

COMPTROLLER KENNEDY:

Yes.

LEG. CILMI:

Is that a hard limit that we can only issue them once a year or just it's what we've done?

COMPTROLLER KENNEDY:

I think again, Legislator Cilmi, it's a function of the calendar and the cycle with the budget, but, as I just mentioned to you, I would point to the Suffolk County Tax Act as much as anything for a reason that you'll see this type of an instrument in the spring acknowledging the \$100 million structural deficit, the financial emergency, some of the other things we've talked about. This is the period of time where all other entities in Suffolk County get made whole from the property tax collections and by definition we don't take until June.

LEG. CILMI:

Do you know how much of a RAN we issued last year, off the top of your head?

COMPTROLLER KENNEDY:

I believe it was 85 million.

LEG. CILMI:

And the year before.

COMPTROLLER KENNEDY:

115.

LEG. CILMI:

All right. Thank you.

CHAIRMAN D'AMARO:

Thank you, Legislator Cilmi. Mr. Comptroller, we have a few other legislators that have questions, but I just wanted to follow up on something Legislator Cilmi had said. We're seeing a decrease in the borrowing in anticipation of revenue or when you project or do a model that the revenue that we're anticipating is being paid more timely is one factor.

COMPTROLLER KENNEDY:

Yes.

CHAIRMAN D'AMARO:

But I think what his question was trying to get at, and I think it's an interesting question, is is the state or the federal government or wherever this revenue comes from, is it coming in timely and it's just that the county is caught in a position where we don't have sufficient cash reserves or other accounts to move the cash around as we have in the past, or is it really that as the other jurisdictions and other sources pay even more timely, we might be able to completely eliminate the borrowing, or is it a function of both?

COMPTROLLER KENNEDY:

I'm going to give you a stab at a general answer and then I think I'm going to turn it over to Brenda.

CHAIRMAN D'AMARO:

Let me say this.

COMPTROLLER KENNEDY:

Aid is coming more timely, and I'll go back to my time a couple of years ago when I was on the other side when Presiding Officer Lindsay and I sat in the office and literally begged the state to go ahead and pay on preschool handicapped aid that had been embargoed in Albany for upwards of eight to nine months. We at that point would have been very challenged to make payroll, and I didn't know it because I was here; ironically, I knew it because I was there, but yet that's what we were being told.

Fortunately, that aid is coming at a more frequent and timely fashion now. One of the entities I need to spend some more time with is -- well, two entities, ironically: the treasurer's office who is the actual recipient of the remittance from whatever state or federal agency but also our federal and state aid unit as well, which is essentially the unit charged with tracking what's been submitted, what's been received, what's the delta, is it coming regularly, is it erratic. Those two areas are kind of key to the balance of the financial model, if you will, and that I hope to be able to, you know, make some progress on as we go forward in the next couple of months.

CHAIRMAN D'AMARO:

In the past when we did not borrow for this purpose --

COMPTROLLER KENNEDY:

Yes.

CHAIRMAN D'AMARO:

-- was that because we had sufficient reserves on our own to shuffle around, if you will, in order to cover until the actual revenue came in as opposed to having to do the note? Put another way, if the county had sufficient reserves available right now, we wouldn't borrow at all.

COMPTROLLER KENNEDY:

What was it, through '08 or '09 --

CHAIRMAN D'AMARO:

Right.

COMPTROLLER KENNEDY:

-- if you recall, we sat there and we had a reserve fund that we tried to be very prudent with, but as we hit the wall in the --

CHAIRMAN D'AMARO:

So my question is in order get out of the woods on borrowing at all, is it a function of just the other jurisdictions paying more timely, or is it also that the county needs to continue to build up reserves and other accounts that we've utilized in the past, or is it a combination of both?

COMPTROLLER KENNEDY:

Well, look, reserves are always prudent to have; we all know that, and as a matter of act, we'd love to get to the point where we could have it. We engage in a fairly robust practice of interfund transfer right now predicated on the fact that it's always cheaper for us to borrow from us than it is to go out in the market with Richard, not that we, you know, don't want Richard to go ahead and be out there for us, but even there, we are hitting a point where we have some upper limit if you will and, as you know, finance -- is it finance law or -- county law compels us to make every one of those funds whole by the end of the year within a 365-day calendar year. But yes, of course, the simple answer is if we had sufficient reserves, we would be able to avoid this.

MR. TORTORA:

If I could add something, maybe for perspective.

COMPTROLLER KENNEDY:

Sure.

MR. TORTORA:

First of all, I would certainly agree with you that it's a combination of the two. If, indeed, there was more cash available on an ongoing basis, the need to borrow RANs would be greatly reduced or very likely eliminated, but I think it's probably important to note that cash flow borrowings are not in any way unique to Suffolk County. We represent a couple of hundred school districts across New York State including maybe 75 on Long Island. Virtually all of them on Long Island issue cash flow notes, tax anticipation notes, because of the timing differences, when they need to spend money every month, every two weeks, and when they receive money from real property taxes. So not only do most school districts on Long Island borrow, if we look statewide, even a county like Westchester County, when is a triple-A rated county, one of the premier credits in the state, they issue \$100 million plus in tax anticipation notes every year in large part because of the timing differences and, you know, you need go pay your bills every two weeks.

CHAIRMAN D'AMARO:

All right. So, in effect, what we have been doing in the past -- we always have a timing issue, but we had our own means available to cover.

MR. TORTORA:

Correct. So TANs are the norm and will remain the norm. Perhaps they would be downsized over time.

CHAIRMAN D'AMARO:

I'm talking about the RANs.

MR. TORTORA:

The RANs will eventually, if you continue at the trajectory you presently have, they should go away in a couple of years.

CHAIRMAN D'AMARO:

Very good. Legislator Stern, you had some questions.

LEG. STERN:

Thank you, Mr. Chairman. Welcome to everyone. Thank you for being here. So as to the issue of timing, there's been an improvement at both the federal level and the state level in receiving the revenues that we need to be able to pay our expenses. I'd be interested to know first what is the -- not necessarily the percentage but maybe the interplay between the federal level and the state level on what we receive and how timely or untimely they are. Does the federal level do a better job of getting us the revenue we need? Do they do a better job than the state does or vice versa? I'd be interested to know as to the timing issue which level does a better job; and which do we rely on more on a regular basis?

COMPTROLLER KENNEDY:

Brenda does our cash flow, so what I'm going to do, Legislator Stern, is let her speak to that.

MS. SLOAN:

I mean, really, we look at the federal and state aid together. On the cash flow, it is lumped into one line. I don't know that we've ever broken it out and said, you know, Is federal coming in? Is state aid not coming in? It's something we could look at, and I'll take a look and get back to you on that, but I don't know offhand.

LEG. STERN:

I would appreciate that. And the timing is better, but how would you characterize the timing at this point? Better is better but it's not still not necessarily good. How much better does it need to be? Timing, I presume, is always going to be an issue, and you've made that case here this morning that there's always going to be a timing issue. How much better do they need to be to get to the point that Legislator Cilmi brings up where we can ultimately get this number to zero?

MS. SLOAN:

I'm sorry. Beth just passed over this piece of paper to me. It's showing the federal and the state breakdown, so it appears that more revenue is coming from the state and at the point that we prepared this in January, definitely the state revenue was lower, so the federal government is, you know, processing their payments and sending them more timely to us than the state is.

But having said that, the state is much more timely on their payments than they had been in the past. When we first issued the RANs several years ago, we had huge receivables from the state and we don't have that situation at this point in time. At this time of year, though, we do carry large receivables. All of the fourth quarter claims are being processed and are being sent over to state, and I don't know whether it's a matter of the state's budget, but typically the receipts coming in in the early part of the year are lower from the state for the first couple of months, January and February and then March, it starts to pick up again, which causes another reason behind the cash flow borrowings.

In addition, the pension payment that we make, we have to make that in if beginning of February -- February 1, it's due -- and while the revenues that support that are budgeted in that same year, they are budgeted on an annual basis. So we're making a huge payment in the

beginning of the year and waiting for the revenues to come in to offset that through the rest of the year, so that's part of what causes these cash flow timing issues where we do have to make these borrowings.

LEG. STERN:

So so much of it depends on whether it's the state level of government, the federal level of government as to the timing. Do you -- it might be difficult to say, but would you anticipate the same rate of improvement for the next year? Is that something you can even anticipate based on what you do or don't know about the other levels of government?

COMPTROLLER KENNEDY:

Legislator Stern, I think what I would suggest to you there is after I have had some time to work with federal and state aid to see what that delta and that range is between what's been submitted and what's been, you know, received and whether or not -- are we simply closing the gap in time? Are we more frequently vouchering for services performed? Those, quite frankly, are some unknowns to me. I'm getting it as you're hearing in an aggregate fashion, but in an effort to drive down and measure the metrics and see if there's opportunities there, that's part of what we'll be doing this year.

LEG. STERN:

I would have to think that, at least in part, it's a revenue improvement issue, but I would also have to think that to some extent, it's a systems procedural issue and that perhaps is where there --

COMPTROLLER KENNEDY:

Let me speak to that for just a second. Not that I want to say that we're going to have a cure-all with technology, but I'll just divert for a second, and as I've always said, I've led a somewhat charmed municipal career in the fact that I was able to successfully avoid IFMS for 30 years. Ironically, I own it now and I call it "IFMESS(ph)." It is a piece of software that is unwieldy. It is outdated. It is a version 3.5 that today the vendor, CGI, is services 3.10. It is the foundation for all of the financial transactions including tracking of receipt of revenues and vouchering. The county executive's office and my chief dep, Lou Necroto, have collaborated now extensively about upgrading IFMS to the point where we can make it a more resilient and useful tool for all; and towards this end, we may have the ability simply through the financial software to start shaking out some more current and relevant information that will help us as we try to fine-tune it, and we will probably be -- I will be back over to you shortly for that.

LEG. STERN:

Thank you.

CHAIRMAN D'AMARO:

Okay. Thank you, Legislator Stern. Legislator Trotta, please go ahead.

LEG. TROTТА:

The DTANs, we took one out in October; is that right? That's for delinquent property tax?

MR. TORTORA:

The DTANs are issued while the regular TANs are issued in anticipation of the upcoming year's tax collections. The DTANs are issued against the prior five years' delinquent collections, which still come in, but they come in a lot more slowly.

LEG. TROTТА:

And how much -- to Dr. Lipp, how much did we borrow in October for the DTAN?

MR. LIPP:

A hundred.

LEG. TROTТА:

100 million. And what's the total tax revenue from all property taxes in this county?

MR. LIPP:

I think it's in the \$600-million range, but I'll get back to you with an actual.

LEG. TROTТА:

It's 49 million. So we borrowed --

MR. LIPP:

No, I'm talking about --

COMPTROLLER KENNEDY:

Special --

LEG. TROTТА:

-- from the General Fund.

MR. LIPP:

Yeah, no. It's 630 million. You're thinking of the General Fund.

LEG. TROTТА:

The General Fund, yeah.

MR. LIPP:

49 million.

LEG. TROTТА:

And the TAN we borrowed, the property tax, that's for property tax or sales tax.

MR. TORTORA:

Real property tax.

MR. LIPP:

It's also for delinquent. It's from prior years, and it's also the General Fund makes all jurisdictions in the county whole, so therefore the 49 isn't really relevant. The property tax for all jurisdictions is over, I believe, \$5.5 billion.

LEG. TROTТА:

But what about the DTAN -- excuse me, the TAN. Didn't we borrow 410 million at some time?

COMPTROLLER KENNEDY:

Yes.

LEG. TROTТА:

And that was for?

MR. LIPP:

For 2015.

LEG. TROTТА:

What types of tax anticipation?

MR. TORTORA:

The large TAN issue, the 400 million TAN issue that you borrowed closes in December and January is in anticipation of the upcoming years' real property tax collections.

LEG. TROTТА:

For the school districts, for everything?

MR. TORTORA:

Correct.

LEG. TROTТА:

So we borrow money to pay the school districts?

COMPTROLLER KENNEDY:

Ironically, Legislator Trotta, really, you're at something that many of us have spoken about, and it is basically the reason that most entities in Suffolk County can get that triple-A credit rating because every other entity: the 70 school districts, the towns, the villages are all being made whole first in their property collections, and by state law, we do not receive -- and as a matter of fact, we have the affirmative obligation to go ahead and make them whole in the event that we have delinquent collections.

LEG. TROTТА:

Not even delinquent, just the TAN. We're borrowing money to pay the school districts?

MR. TORTORA:

You're borrowing to make them whole on their tax collections. So the total warrant is the \$5.6 billion, so to the extent that the school districts in the county don't have the full warrant that they levy to their residents, your obligation is to make them whole, to give them what they need to make their collection 100 percent.

LEG. TROTТА:

So the money we're borrowing, some of it's going to the school district?

MR. TORTORA:

A portion of it, certainly.

LEG. TROTТА:

Okay. Someone's saying no and someone's saying yes.

MS. GUERRIERO:

I feel like we --

CHAIRMAN D'AMARO:

Well, can I just interrupt and clarify for a moment? There's a difference between the DTAN and the TAN. I think what Legislator Trotta is asking. The DTAN is where funds will be going over to the school districts or any other jurisdiction to make them whole.

COMPTROLLER KENNEDY:

Past years.

CHAIRMAN D'AMARO:

The tax anticipation note, TAN, however, is only anticipating taxes to the county, or is it anticipating taxes to all those jurist dictions as well?

MR. TORTORA:

For all the jurisdictions.

CHAIRMAN D'AMARO:

So his question is so if we float that note at the beginning of the year, right, and 400 million comes in, we actually pay some of that revenue to other taxing jurisdictions.

MR. TORTORA:

School districts whose own tax collection are less than 100 percent.

CHAIRMAN D'AMARO:

But isn't that covered by the DTAN?

MR. TORTORA:

No. The TAN is for the upcoming year's taxes. So when you borrow --

CHAIRMAN D'AMARO:

DTAN is for the prior five years.

MR. TORTORA:

Right. So we closed on a TAN issue the first week of January, let's say, of 2015 and those moneys were issued in anticipation --

CHAIRMAN D'AMARO:

Right, but we don't give a 100 percent of the tax collection to the other jurisdictions.

MR. TORTORA:

We make them whole, so let's say Sachem schools levies taxes and collects 97 percent of it; well, then they come to you and say, Make us whole on the three percent.

CHAIRMAN D'AMARO:

That would be in the TAN for the current year.

MR. TORTORA:

That's correct.

CHAIRMAN D'AMARO:

Right, not the past five years.

MR. TORTORA:

Correct. And then the DTAN are those taxes that still haven't come in, So even though they didn't come in in a timely manner, you're still waiting for them to come in.

CHAIRMAN D'AMARO:

Right. Ultimately, we hold the IOU.

MR. TORTORA:

Sure.

CHAIRMAN D'AMARO:

And what we get in return for that is we get to collect the interest and penalties.

MR. TORTORA:

With the penalty and interest, correct.

CHAIRMAN D'AMARO:

All right. Legislator Trotta, go ahead.

LEG. TROTTA:

What percentage of that 410 million did we keep that we borrowed, whenever that was, and what did we give out to the school district?

COMPTROLLER KENNEDY:

That is something that we'd have to do as far as a calculation, Legislator Trotta. There is some element -- do you have some of that, Beth? There is some element of that that we utilized in order to fulfill the interfund payments, I believe -- right? Yes. We'll get back to you on that.

LEG. TROTTA:

I'm leading down a path here to this \$50 million, or whatever it is, is that this is just one of many things we're borrowing because if this expires, it really doesn't mean much of anything if we're borrowing more at a different at a different time, so this is just -- you know, I'm leading down the path to sales tax. It's another mechanism to say, oh, you know, I could make some other acronym up down the road. And you don't make the bills, you pay them, so this is not directed at you in any way, shape, or form; it's just government getting out of control, and I want to understand and I want people to understand that this is -- if this goes away, it doesn't mean we didn't borrow 50 million somewhere else more, and I want to understand why that is. This money, is this strictly going to pay state and federal programs, or is this going into the General Fund?

COMPTROLLER KENNEDY:

It's taken into the General Fund for operating purposes, and it is reflective of what we've had for the 2015 cash flow and expenditure scheduled, and that's what it's sized on.

LEG. TROTTA:

So this money is just going to the General Fund.

COMPTROLLER KENNEDY:

Yes.

LEG. TROTTA:

It's just another way to borrow money. I mean, and if we find out that that \$410 million didn't -- and none of it -- we used it all for the county, then it's actually probably more than we borrowed last year, so we're in worse shape. I don't know. I'm making this up. But just because we say it's going down doesn't mean that we're not borrowing more money other places that's actually driving it up, and I want to be able to understand that, and I'm not seeing it.

My next question is you're telling us how low the interest rate is and we're doing these BANs and we're re-doing them every year. Why don't we lock in on a very low rate? Because in the next few months, the interest rate's going to be going up.

COMPTROLLER KENNEDY:

Again, I'll yield, but I believe the first answer is by definition a BAN is a 364-day issuance. It's a note.

LEG. TROTTA:

I'm not talking about -- he mentioned before that we're doing the BANs every year, then after five years, we don't do them anymore, the capital ones, whatever you said.

MR. TORTORA:

Correct. One of the reasons you stay in BANs is that each year when that note comes due, when you're in a BAN, you have a lot more flexibility in terms of how much you're going to pay off. So if the county suddenly has excess revenues, you could accelerate the repayment of that BAN, pay it off sooner. So rather than pay it off in five years, if you had excess revenues, you may might pay it off in four.

LEG. TROTTA:

Well, clearly, we don't have any excess --

MR. TORTORA:

Correct.

LEG. TROTTA:

So we haven't been doing that, so it wouldn't have been smart to be doing those every single year. We probably should've locked in.

MR. TORTORA:

No, not necessarily, because if we issued it -- so the alternative to issuing it as a BAN would be to issue it, say, as a five-year bond, but the interest rate that you'd borrow the bond at would be -- it wouldn't be the note rate. It would now be a bond rate. So, for example, if it was a five-year bond maturing serially in each of five years, the interest rate on the first maturity might be a half a percentage point, 50 basis points. The interest rate on the second maturity might be 75 basis points. The third maturity, the interest rate being paid to the investor might be one percent. It might go up to one and a quarter in year four, et cetera. The only way you can take advantage of the short-term rates is in 12-month increments. You can't lock in --

LEG. TROTTA:

So what can you borrow money for for 20 years or 15 years?

MR. TORTORA:

Sure. When we borrow money for 20 years, if you look at the -- and I believe you get a copy of the final official statement electronically once we sell an issue -- you'll notice that there's a different interest rate paid on each maturity of the debt so when we sell the debt in the competitive market, on the day we sell, we lock in all the interest rates, but the interest rate generally goes up with the term of the debt. So, again, the bonds maturing in one year out might pay half a percentage point to the investor; two years out, maybe they pay three quarters of a percent; three years out, one percent, et cetera. The bond maturing 20 years out might pay three percent to an investor.

LEG. TROTTA:

So but each year, you issue that BAN again -- I mean, there's a commission paid, there's some kind of fees paid?

MR. TORTORA:

Certainly. So again --

LEG. TROTTA:

So who does the analysis of if it's worth it to do that in the percent -- if you're paying \$200,000 as a commission, is there someone looking at that and saying, Oh, wait a minute, we should have done a five-year bond on this to save money?

MR. TORTORA:

Well, we do that analysis on a regular basis for the county. The savings by staying in notes, especially the last five, six, seven years have been extraordinary because note rates have been so low. Now going forward, there's an expectation -- the fed is now signalling that rates should rise probably third quarter of this year. So going forward, we're going to lock in rates again this year on the RAN's one-year rate. And again, you can't issue multiple-year RANs, you can't issue multiple-year TANs, but you could issue, in lieu of a BAN, for a capital project, you could issue a five-year bond. But you've been clearly way ahead of the game the last several years issuing notes short term at 50 basis points or 75 basis points than you would have been had you issued a five-year bond.

LEG. TROTTA:

But you can get jammed up like that because if you start to do it and the interest rates go up, now all of a sudden --

MR. TORTORA:

Of course. That's market risk, and we're well aware of that, certainly. That's something we look at on a regular basis. Similarly, when we look at the refunding opportunity, the one you just capitalized on, we're looking at the county's debt almost on a daily basis to look for the opportunities like that. And so in that case, because interest rates currently were lower than interest rates when the bonds were originally issued, we refinanced the debt at the lower rate the same way you might refinance a home mortgage.

But again, so your question is did the county err in not bonding, say, the correction officers and the -- clearly, the answer is no. The interest expense -- in our industry, what counts is the interest rate because you pay that forever; whereas, the fees, the cost of associated with financing are almost de minimus in light of --

LEG. TROTTA:

Yeah, but that's an easy calculation. I mean, you could -- it's a very simple calculation. It's like I'm looking at a home mortgage. I could tell how many points you need be lower in order to pay for the closing costs.

MR. TORTORA:

We can pencil that out for you, sure. That's not difficult for us to do.

LEG. TROTTA:

I know, but generally, in terms of running a government, you want to know what you're going to be like, and the fact that the rates have been so low, I got to tell you, my gut feeling is, you know, it's close. You know, you probably want to be bonding stuff right now for the long term because you're going to be in trouble.

MR. TORTORA:

There's a mix of what the county does. One of the reasons why you stay in notes is because over the last several years, your investment earnings have been almost nil because money that's sitting in the bank, county funds that are invested, you're probably getting 25 basis points on them, wherein the past, as recently as two, three years ago, you might've been getting two or three percent on your investment earnings. So one of the ways you offset what you're not making on invested funds is borrow funds short-term at very low interest rates, which you've been doing. So now as interest rates begin to rise and as investment yields begin to rise, you might now shift more of your money on the borrowing side to long-term, but that's happening -- that's kind of a dynamic process. That's happening as we speak. You will be reconsidering that as we go forward.

COMPTROLLER KENNEDY:

Let me also add to that. The other thing to be aware of, Legislator Trotta, is with the -- we are in the third year now, I believe, of the arbitration award, and by definition we are making an \$8.5 million principal payment so that what was originally a \$37 million issue will be down to 24 -- 27, which by definition will have to be down to 0 within a 24-month time period.

LEG. TROTТА:

You have to pay that off?

COMPTROLLER KENNEDY:

Absolutely.

LEG. TROTТА:

Based upon what?

COMPTROLLER KENNEDY:

Based upon --

MR. TORTORA:

The local finance law --

COMPTROLLER KENNEDY:

-- finance law.

MR. TORTORA:

-- only gives you five years for payment for that type of purpose, so it has to be paid off in five years.

LEG. TROTТА:

So are you guys prepared for 2017 when 300 cops go and it's \$100 million?

COMPTROLLER KENNEDY:

We just pay the bills, as you said. You're the ones who set up the budget.
(Laughter)

LEG. TROTТА:

What is your -- I mean, I don't know if you have anything to do with it, but it's sales tax revenue. I mean, we sat here with a budget and you and I voted no, that we thought it was going to go four percent and we were right. What is the outlook?

COMPTROLLER KENNEDY:

As I had said to the chairman before, you know, my sense so far at this point is it is something we have to be mindful of going forward. Each one of us is watching that number as it comes out like a hawk. I've actually contacted taxation and finance because there's an in-depth analysis that they do periodically on consumer activity in the particular areas and quarters. I want to see what that's looking like. I think absent that, I'll go to church today and pray for a hot summer.

LEG. TROTТА:

So is that why you asked for 75 million? Because we could be down \$20 million or \$10 million.

COMPTROLLER KENNEDY:

Well, no. The 75 million, the important thing to understand there is -- and again, this is part of just the general process, our resolution filing process. We started this dialogue literally within the first

10 days of when I was in office; and so at that point, looking at what past activity had been, having a general sense of where the revenue had come in from '14, it looked like we were possibly 10 million to the good. In actuality, as Brenda's worked through the receipt of all the revenue and the activity in the departments, we've been further able to identify that, with a strong degree of confidence to say, that in actuality we'll need 55 to be able to be operational; so we're plus 30, plus 30 whether it's more timely remittance of the federal and state aid, you know, and some of the other measures that have been taken, but quite frankly I think there's going to be more that have to go.

COMPTROLLER KENNEDY:

You will be compelled to take additional measures.

LEG. TROTTA:

Thanks.

CHAIRMAN D'AMARO:

All right. Thank you, Legislator Trotta. Legislator Stern.

LEG. STERN:

Thank you. The interest rate that you had quoted before on this round, the 1.1 percent, was that the starting number, or was that the net number?

MS. GUERRIERO:

1.1 million is -- it's the gross.

LEG. STERN:

No, the percentage, the rate.

MR. TORTORA:

The interest rate, the cost of capital on which borrowing are we talking about, the upcoming one?

LEG. STERN:

This one.

MR. TORTORA:

We think it might be about a half a percentage point; 50 basis points.

COMPTROLLER KENNEDY:

Net.

LEG. STERN:

I see. Got it. So that's a half --

MR. NASH:

It's going to be in the 60s, probably. The resolution called for gross coupon of two percent with a net interest of one percent, to be a conservative estimate.

LEG. STERN:

So that one percent, that's what I had down. The 1.1 that I had, that is a conservative estimate, but that's not necessarily the bottom line number. You're just putting in a placeholder number hoping that the number's going to be substantially below that.

MR. NASH:

We believe in (inaudible) conservative, and the actual number will come in lower.

LEG. STERN:

The actual number will come in lower.

MR. TORTORA:

We always err on the conservative side in case interest rates jump. We want to make sure there's enough money in the budget. So we think the rate, the actual cost of capital to you on this borrowing will be 60ish basis points. You budgeted for a larger number in the event that rates move, which we obviously can't impact.

LEG. STERN:

So the hope is that or the projection is that it's about the 60ish range. And I'll go to Dr. Lipp. How does that compare with the interest rate on this note last year?

MR. LIPP:

Right. So I get this information Beth, who's at the end over there, and Geri Olson, who's not here. So 1.5 percent was the gross and .619 percent was the net.

LEG. STERN:

Okay. So roughly, then, the projection is that it's going to be -- it's going to come in about the same.

MR. TORTORA:

Correct.

LEG. STERN:

Okay. Thank you.

CHAIRMAN D'AMARO:

All right. Thank you, Legislator Stern. This resolution is pending before the committee. It's 1145 of 2015. It would delegate to the comptroller the power to issue, not to exceed \$75 million in revenue anticipation notes. The comptroller has advised the committee this morning that you anticipate that figure to be more or closer to 55 million, which is good news, and I appreciate you sharing that information with us, and the bill is pending now. I'll call the vote. All in favor? Opposed? Abstentions? Two in opposition. Three in favor. The resolution passes and is adopted.

MR. RICHBERG:

Mr. Chairman, there was no motion and no second.

CHAIRMAN D'AMARO:

All right. I will offer a motion to approve 1145 of 2015. Legislator Stern has seconded the motion. All in favor? Opposed? Two in opposition noted for the record. Resolution passes. **Approved (VOTE: 3-2-0-0, Opposed: Trotta, Cilmi).**

Gentlemen, thank you, and ladies, thank you so much for your --

COMPTROLLER KENNEDY:

Thank you, Mr. Chairman, and thank you to the committee for the opportunity for us to be heard this morning.

CHAIRMAN D'AMARO:

Thank you.

Next up, I'm going to take another resolution out of order, It's **1122 of 2015, Amending the 2015 Operating Budget and transferring funds to provide funding for LIGALY(Long Island Gay and Lesbian Youth)(County Executive)**. I'll make that motion to take out of order. Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries. That bill is now before the committee. We are joined Mr. Kilmnick. Yes. Come on up, please.

David Kilmnick is the CEO of the Long Island GLBT Network and has offered, in support of this bill, to make a brief presentation. So welcome to the Budget and Finance Committee. Please go ahead.

MR. KILMNICK:

Thank you to all for having us here today to give the opportunity to present with this funding will provide, and this additional funding will enable us to provide a full range of services to the east end LGBT communities. Let me just give you a little bit of background, and then we have a video to show as to what really made us move the process forward a lot faster to have a facility out on the east end. Late in 2012, there was a suicide out on the east end from a 16-year-old young man who lived in East Hampton. At that particular time, when the suicide happened, obviously the east end community was in shock -- and when I say "the east end community," not just the LGBT community, just the entire community was in shock -- and no one was really reacting to it, and the kid was a young 18. So we worked with the school district to host a community forum to begin the process to let the community heal. And at that particular time, we heard what we already knew from providing services here in Suffolk County for 22 -- well, now it's 22 years -- that there was no way for young kids to get to Bay Shore, which was the closest center for them that we had and that they had no other services that were accessible to them.

So we had this community forum, and we found out all these needs, and what we did as an organization was go out and obtain a private grant to open up a center which is located in Sag Harbor in 2013, and that private grant is now expired. And so what I'd like to do -- and we also have two parents from the east end here today that will be able to share their stories as well -- but is to show the video in a second and we'll talk about, afterwards, what the services will provide, and thank you for this opportunity.

CHAIRMAN D'AMARO:

Thank you for coming in, and, I guess, roll.

(Video played)

Okay. Very moving video to watch. David, you're here today in support of this legislation that would transfer funds in support to your organization. I believe it's 100,000 through the county budget. Can you speak to that and tell us how you intend to utilize those funds, and maybe even tie it into the video if it's appropriate.

MR. KILMNICK:

Thank you. I get emotional every time I see that because I -- you know, unfortunately, I didn't know David but I feel like I do because there are so many kids that are like David that are out there, although I do know his mom and sister very well who participate in all of our programs now and they say as part of their healing process as well, and they wish the center was around before they came.

So what the resolution before you is for, actually an additional, for this particular project, an additional 75,000 and there's another one where it's going to be -- the resolution is to transfer money from the probation department, which was in the budget, to the police department. But what this money will be used for is to continue some of the programs we started by raising the money privately, and we're still raising more money privately, but we need to get to the kids and the

families on the North Fork as well.

As you heard in the video and I'm sure as you know that young people and their families are incredibly isolated out on the east end of Long Island. It's not easy to access services. There are no other services besides ours on the east end. In fact, there's no other services for the LGBT, period, in Suffolk County besides what we do. And so what these services will be used for is suicide prevention, anti-bullying work, to provide support at the center for young kids. When I say "support," there'll be support groups, there'll be youth leadership programs to build the leadership and the resiliency that many of our young people have as well, and there's specific outreach to immigrant communities on the east end as well as transgender communities. So it's services within the center itself, whether it's support, education, youth leadership or some mental health services, and then a lot of programs outside in the communities, working with the school districts, working with Hudson River Health Care, Southampton Hospital, and working with many of the other institutions out on the east end, and it's anticipated that this additional funding will allow us not to open up another center but to open up a place -- to have a space out on the North Fork to be able to make some of these services accessible whether it's in Riverhead or Southold.

CHAIRMAN D'AMARO:

Okay. Very good. Again, this is a budget amendment and money always translates into services, which is a good thing, and I want to thank you for all the efforts that you make and the organization makes. There's a big hole here that you're filling, and, certainly, the county would seriously consider supporting all of your efforts, as I know we've done throughout various budget processes.

But I wanted to ask if there's anyone here from the county executive's office that could speak to the actual budget aspect of this bill, and I was curious to know whether or not this has been considered during our working group meetings and when we first adopted the 2015 operating budget.

MS. HORST:

Good morning. My understanding was that it was in the county executive's budget for 500,000 when it came across the street, but when he got it back it was at 300,000, so this is just the county executive adding 100,000 back into it.

CHAIRMAN D'AMARO:

So the proposed budget by the county executive for 2015 was 500,000.

MS. HORST:

Correct.

CHAIRMAN D'AMARO:

And the legislature adopted 300.

MS. HORST:

That's my understanding, yes.

CHAIRMAN D'AMARO:

And this bill is now amending the budget and transferring an additional 150,000 into this line?

MS. HORST:

Yes. It's taking 100,000 from the county executive's budget and moving 50,000 that was put into probation and moving it into the PD.

CHAIRMAN D'AMARO:

Give me that again.

MS. DURST:

It's 100,000 from the county exec's budget, and then it's 50,000 that was already appropriated to probation, and we're just moving it to PD. It was mistakenly put into the Department of Probation.

CHAIRMAN D'AMARO:

It was mistakenly put there?

MS. HORST:

Yeah.

LEG. TROTТА:

And it's going where?

MS. HORST:

To the police department.

CHAIRMAN D'AMARO:

All right. So, Dr. Lipp, can you just confirm what was proposed, what was adopted?

MR. LIPP:

I have to call up the budget to do that, but, more or less, she's correct. We, the legislature, reduced the recommended budget, and what they're using here are the executive's fees-for-service line plus they're just moving the other one from probation to police. I'll get back to you.

CHAIRMAN D'AMARO:

All right. Any questions from the committee? The 50,000 that's going from probation to this line, the county executive's office says it was mistakenly put there I'm not quite sure -- what was it originally earmarked for, that 50,000, if you know?

MS. HORST:

I believe it was for this group.

CHAIRMAN D'AMARO:

Okay. So fine. So just in error.

MS. HORST:

Yes.

CHAIRMAN D'AMARO:

Those funds were put into a probation line as opposed to this contract agency.

MS. HORST:

Yes.

CHAIRMAN D'AMARO:

So that's an additional hundred?

MS. HORST:

Yes.

CHAIRMAN D'AMARO:

Can you confirm that, Robert?

MR. LIPP:

I'm looking now.

CHAIRMAN D'AMARO:

Not that I don't believe you. It's just we want to make sure we don't make yet another mistake.

All right. So while you're looking at that, who had questions? Legislator Cilmi, go ahead, please.

LEG. CILMI:

Yes, thank you. David, thank you for your presentation and for the good work that your organization does, and thank you both for being here in testament to that. While Robert's looking for the actual financial nuts and bolts here, if I could, through to Chair, ask Katie to come up and explain where this had been allocated -- where the 100,000 had been allocated in the county executive's budget.

MS. HORST:

I'm sorry. Could you say that one more time?

LEG. CILMI:

Yeah. The \$100,000 that's being transferred from the county executive's budget, where had that been allocated previously?

MS. HORST:

I believe that was going to be used for consultants, consultant fees.

LEG. CILMI:

Consultants for what?

MS. HORST:

That, I'm not sure.

LEG. CILMI:

Okay. Thank you, Katie. And the \$50,000 was allocated for LIGALY but through a different budget, Robert? And if that's what you're looking for now --

MR. LIPP:

One of the line items -- I don't have them all up yet -- one of the line items was the contract with probation, and that was recommended at 75,000 and we reduced it to 50,000.

LEG. CILMI:

Okay. So are we saying now that Probation is just no longer going to administer that contract any longer through -- to LIGALY or what?

MR. LIPP:

If I could remember, I believe it was a sink item for several things in Probation's budget. It wasn't clear what they wanted to do with the money, but I have to get back to you on that also.

LEG. CILMI:

Okay. Through the chair, I see Lisa Santeramo at the microphone.

MS. SANTERAMO:

Hi. So last year in the county executive's budget, there were multiple programs that we had wanted to do to assist the constituents in the LGBT community, and it was reflected in the budget in

multiple departments unfortunately. You know, there's some stuff in youth; and unfortunately, the program description for what was going to be P.D. services in terms of training police officers and assisting -- I think Dave can speak more into the details of that -- was put in the Probation budget. So when that got caught, the director of probation had come to us and said I'm not sure really sure -- you know, we weren't really sure exactly how that fit and then when we delved into it a little better, we realized that the money and the program and the contract were more appropriate to be out of P.D. because there's predominantly a P.D. program. There's still a piece of probation that will be part of it, but the program description matched coming out of P.D.'s budget and as part of a P.D. as opposed to Probation. That's why we're fixing that in this resolution. This resolution was originally just to restore the 100,000. We had mentioned this last year that we were planning on doing this this year when it was taken out by the legislature. We had always hoped to restore that fund because we thought it was important to assist the constituents on the east end with these programs.

LEG. CILMI:

Right. So this was presented in the budget. The budget working group removed it from the budget and now the county executive is again looking to put it back into the budget utilizing funds that were allocated for other purposes, basically.

MS. SANTERAMO:

Within his budget, correct.

LEG. CILMI:

Within his budget. David, can you share with us how much money the county gives to your organization to provide the services that you provide now on an annual basis? How much money is in the 2015 operating budget for LIGALY as it stands now?

MR. LIPP:

Okay. So I just e-mailed the legislators at the horseshoe here, except for Monica. I didn't notice you were there. I apologize. I'll have to resend it. So there are five contracts that were listed in the budget, and they total \$421,485.

LEG. CILMI:

421,000, you said?

MR. LIPP:

421,485 and that was in the adopted budget. There were five different contracts -- actually, four adopted. There was a fifth one that we took 50,000; "we," the legislature, amended the budget, took 50,000, which was recommended amount, made it zero for the Long Island Pride Arts and Cultural Festival, so that wasn't being funded.

LEG. CILMI:

But the adopted amount was \$421,000.

MR. LIPP:

Yes.

LEG. CILMI:

David, what is the -- can you just very briefly summarize the composition of your revenue annualized? How much do you get from the county, how much do you get from the state, how much do you get from the federal government, from private donations, et cetera?

MR. KILMNICK:

Sure. Government funding accounts for 58 percent of our budget, and we raise 42 percent privately. The county's funding now --

LEG. CILMI:

How much is that \$58 percent total, dollar-wise?

MR. KILMNICK:

Well, our budget is \$3 million, and so it's a little bit over a million and a half that we get. We get most of our government funding from the state through competitive grants, and then we just won our first federal grant. It's nearly impossible to bring federal dollars back to Long Island successfully, but we just did. We won our first grant from the United States Department of Justice Office of Violence Against Woman, and that's for us to lead a national technical assistance program to start domestic violence and intimate partner violence services at LGBT centers.

LEG. CILMI:

And how much was that for?

MR. KILMNICK:

That is for 200,000 a year, but we have it's a collaborative grant, so get a 100,000 of it. It's a national grant. We have partners in LA, Dallas, and a national organization that's part of that as well, but that's for a different purpose.

LEG. CILMI:

Okay, and you had opened this center in Sag Harbor in response to a need but with the help of funding that you received from a private grant. What was that private grant?

MR. KILMNICK:

The private grant was from a foundation -- two different foundations that we approached and talked with them about the immediate need to open up a center as evidenced by, you know, the suicides that were happening and the outpouring of requests for us to help folks, and so foundation grants generally are one-to-two-year grant and then they disappear, and so it was -- we opened up the center with those grants, and those grants have now gone away because it's the end of the lifecycle for them. 75,000 for the east end is not the entire east end budget too, so we do raise moneys for this. In fact, as you could see by our budget, we don't rely 100 percent on government funding. We do our responsibility to go out and raise money in the communities as well.

LEG. CILMI:

Do we have anybody here from either Youth Services, Mr. Chair, or anybody in the county who could speak to the variety of organizations that we have serving the whole of Suffolk County or regionally in Suffolk County that would provide the sorts of services that are being provided here at this center so that we could look at this funding request as part of an overall picture?

CHAIRMAN D'AMARO:

Well, two things: I don't know that someone is here with that familiarity to address that, unless Katie wants to come up and speak to that, but I think also, as David has pointed out many, many times, there really is not any other organization that targets the same population or provides the services to the same constituency that your organization does, and I think over the years that has been a driving force in your funding as well because it's a very legitimate question as to -- and we ask this about contract agencies in general -- we're not singling out -- but how many agencies are out there performing these services, what's the overlap, what's the funding?

LEG. CILMI:

And with due respect, almost every single one of them tells us that they're providing a unique

service that wouldn't be provided were it not for their service, so I just want to -- you know, we spend a lot of money on services throughout Suffolk County for a variety of reasons, and I think particularly given the financial situation that the county has been in for the past several years, we talked about borrowing \$400 million at the end of last year to sustain us for the beginning of this year, and now we just authorized -- or on Tuesday, we'll likely authorize another \$55 million of borrowing for cash flow purposes. It just seems that when we're allocating money, especially to an organization that already receives a significant amount of money from the county, that we should be allocating that money cognizant of the entire picture? How much money do we spend on services in general? How much money do we spend on a regionalized basis? Exactly what do we spend that money for, and who do we spend it with? And furthermore, how do we hold those agencies that we're providing funding to accountable for delivering results? So I think those are questions that really need to be asked in a forum where we have answers prior to us authorizing any additional funding for any agency.

CHAIRMAN D'AMARO:

Well, I would invite -- Mr. Kilmnick, if you would like to address some of those issues with respect to your organization, of course. What Legislator Cilmi is going to is how do we measure results? Are we getting the right bang for our buck? Those are all legitimate questions, and I will tell you in executive department, in the first instance, the agency that's responsible for administering the contract would be monitoring the contract and results, and I'm sure if there's a particular agency or area that we wanted to investigate further, we could ask the particular department to come down and speak to that, but why don't you address that with respect to your --

MR. KILMNICK:

So I'll address it and then I think it's important to hear from the families who are here who could speak more to also what's available to them in their own communities.

LEG. CILMI:

And by the way, David, sorry to interrupt, but I'm not questioning -- I think it's important that you know --

MR. KILMNICK:

Sure, sure.

LEG. CILMI:

-- as the director of a great agency, and as you both know as benefactors of their services that I'm not questioning the value of the services, but what I am questioning, we have to -- it's a balancing act here. We only have a certain amount of money. Our taxpayers only can afford to pay a certain amount of money in taxes, and we have a variety of priorities, so that's the nature of my questions.

MR. KILMNICK:

Sure. And I'll address each one of the points that you brought up. We are the only ones that are providing services to the LGBT community. When we provide services to the LGBT community, it's not only the community members themselves but it's also supporting all the other contract agencies that you have whether it's through -- we don't want to be the only ones doing this. So what we do is we try and help the other organizations and county departments, including the police department, including the health department, including every single department by trying to make them more culturally competent to serve LGBT people when they do come in. To your point --

LEG. CILMI:

If I could just react to that for a moment. Although your organization is specifically -- your mission is specifically designed to provide services for that community, I'm sure the other agencies that we fund wouldn't say that we exclude members of that community, and I'm sure if you spoke to

members of those other agencies that deal with suicide prevention and the substance abuse prevention, that they would say that their services are rendered towards members of the LGBT community.

MR. KILMNICK:

Of course.

LEG. CILMI:

Okay. I just want to be clear that this is not --

MR. KILMNICK:

Sure, sure. I mean we'd be more than happy to come back and do a training where we address some of this as well. You know, folks can go into an organization, can fill out an intake form, and they could be completely invisible. Now marriage is legal, but before marriage was legal, if I was to go fill out an intake form in a doctor's office or something, it would say, Are you single, married, or divorced? And when I'm with someone for 14 years, at that particular point, you don't exist. That's just one small example of what many LGBT face if they go to other organizations that have some services that we don't provide. We don't provide everything, and that's why we're trying to work with the other organizations to -- and we don't intend to provide everything, either. Part of our work is to make sure that the services that we don't provide are safe, are culturally-competent, not only competent, we believe in being proficient. Competency, you don't stop at competency, you need to be proficient in what you do, and so, you know, that's part of the work that we do with the other organizations.

In terms of accountability, I think Suffolk County was way behind on how we report what we do and measure impact and outcomes. We are very fortunate that we are ahead of the game, I guess, if you will because what Suffolk County is now catching up with, we had been doing with the state for a number of years in how we measure our programs, how we measure impact and how we set our goals and outcomes. And so when this was introduced last -- well, when we'd been talking about it with the different departments, we've offered to help share our -- what we do, what we have learned so that we could do that. So for our programs that we have, we have measurable impact, we have outcomes in a way that I think, you know, we're striving to see that happen here in Suffolk County as well.

LEG. CILMI:

Thanks, Mr. Chairman. I'm done.

MS. LEROY:

Can I speak, just quickly?

CHAIRMAN D'AMARO:

If you would like to tell us your name.

MS. LEROY:

Hi. My name is Bridget LEROY, and I have three children, a 26-year-old, a 19-year-old, and a 15-year-old, none of whom identify as 100 percent straight, I'm happy to say. My son Joel was the first kid that spoke in this who said he couldn't believe and how amazed he was that a center had opened on the east end. He -- and I want to speak as someone who also started a newspaper on the east end and has worked for the East Hampton Star and the East Hampton Independent for the past 30 years covering board meeting and so on. I can pretty much speak to the fact that there aren't other services that specifically provide -- specifically provide services for the LGBT youth community having had three kids on the east end who are going through this.

Now I also was the communications consultant for the East Hampton school district at the time that David committed suicide. It was the same week that my son Joel started testosterone shots to start his transition from being female to male, so I felt like I was in a very interesting position being kind of the P.R. person for the school in the midst of this kind of gay storm, for lack of a better word. I went to my doctor because I needed something to help during this very difficult time, and he said, Oh, wow, what's happening? This was a while ago, and I said, Well you know my daughter is turning into a dude, that's one thing, and he pulled away on his little roly (sic) stool and he went, Geez, I don't think I would accept that if any of my kids were gay. This is my doctor. He has five children on the east end.

LEG. CILMI:

Is or was your doctor?

MS. LEROY:

Was. Thank you. Was. Anyway, I can't stress enough the importance of having a place like. My son was, can I say, lucky because he had parents who were very, very supportive and other gay friends who were able to drive him the 60 miles each way to the Bay Shore LIGALY center, 60 miles there, 60 miles back. He'd go every Friday night, and it was able to stop him from being this cutting, miserable, in-therapy-since-he-was-eight-years-old girl to being a leader in the community, an advocate for gay/straight alliances and the LGBT community who received the scholarship last year for starting the only middle school gay/straight alliance on Long Island, and he wouldn't have been able to do that without the support of the East Hampton -- I mean the Hamptons LGBT center.

And I just want to add, before Betsy goes, that it also provides, and this, to me, is the most important thing, it provides parent support, parents who don't know what to do when they find out their kid is gay or trans, and it is extremely important because that is probably why, you know, 40 percent of the urban area's homeless teens identify as LGBT because they've been kicked out of the house or they're in a house that doesn't understand what they're going through.

So I can't stress enough. The east end seems like it's way out there and it's rich and it's progressive and they probably have all the -- not true. As someone who's lived out there, just not true, and the immigrant services are extraordinarily important for kids to gain acceptance and to go somewhere where they can feel safe and where everyone: parents, teachers, administrators, and specifically the kids can receive the sort of support that they need from LIGALY.

CHAIRMAN D'AMARO:

Okay. Thank you. I cannot agree with you more that there's little if no overlap in providing the services that may be unique to the LGBT community. We have other departments and other contract agencies that service the entire population, and I understand that, but there are, as we saw on this video, there is no specific organization other than your own which really would embrace the special attention that was needed to prevent a tragedy like we saw in that video and that's the service that you're providing, and that's what you're here seeking funding for here today.

On a budgetary level, Legislator Cilmi is, I believe, completely right in questioning, however, that during our budget process, we did consider the funding levels along with every single other request that we had and arrived at certain numbers. I understand that the contract that was originally put into Probation, or series of contracts, will now be moved over to the police department. I want to ask you if you're comfortable with that and what specific service you expect to receive from the P.D.

MR. KILMNICK:

Sure, and then I would really to give -- Betsy took this morning off from -- give her a chance to talk as well, which actually you received one of those services as part of the police department. But --

CHAIRMAN D'AMARO:

Just quickly, Dave.

MR. KILMNICK:

Sure, sure. Quickly, what the services are are multiple. We just completed another training for the Suffolk County Police Academy, actually designed a new curriculum when they called and asked us to do one specific for the trans community, but it's also in many communities, in many places, people have antagonistic relationships with the police department; we have a collaborative. Where someone feels that they are the victim of a bias or hate crime but they are afraid to go to the police, we have an advocate that works with them and the Suffolk County Police Department comes down to our center. Same thing with domestic violence services too, that we work collaboratively --

CHAIRMAN D'AMARO:

So you feel it is more appropriate to continue those efforts with the P.D. and this funding should be in the police department line?

MR. KILMNICK:

It should. It's more appropriate there.

CHAIRMAN D'AMARO:

Okay. Our presiding officer has joined us, has been here quite some time. Legislator Gregory, please go ahead.

LEG. GREGORY:

Certainly. Thank you, Mr. Chair, and thank you, David, for the wonderful program, the jobs that your organization does. Just this morning as I was getting ready, I was listening to -- every morning, I try to listen to Morning Joe, and they had -- Barney Frank was on. He wrote a book, and he's pitching his book. He talks about in the book, there was a gentleman -- I forget who -- was writing a story who was going to out him, and he went to Tip O'Neill, who was the speaker at the time -- this was the '70s -- and Tip said, Well, I'm sorry, it was nice to work with you, we had a really good relationship. It was presumed that, okay, you're outed, you're not going to be reelected, and that was -- you know, today we don't have the same challenges. It's more accepted, if I can use that word, but it's certainly not where it should be, and because of that, the LGBT community is still facing many challenges. They have unique challenges.

I have members of my family that have come out to me as young as 12, and I tell you, you hear stories, it could really rip a family apart. And, you know, my son came out to me at 12, and his brother was 16, and he didn't know how to handle it. I told him whatever makes you happy, I'll love you, your mother loves you, and it's been great but it's not -- there isn't a day that I don't worry that he may come across someone that thinks differently and he may be harmed in some way. My Goddaughter, she's gay as well. She came out as a very early age, and, like I said, they're unique challenges particularly to children who are trying to struggle with their identity and how they find their place when they know they're not fully accepted, and that's the void that your organization fills. I applaud the work that you guys do and certainly appreciate it, and I think for me it's a budget neutral. You know, this is the county executive's contract agency's funding and he's setting a priority with his pool of moneys that he wants to fund this, and I support that.

CHAIRMAN D'AMARO:

Legislator Trotta, did you have a question?

LEG. TROTTA:

If I could give you a million dollars, I would, but it's a tough time. I want to understand this \$100,000 to the police department. What is it going to do? Whatever it is, 50,000.

MR. KILMNICK:

All right. I do want to give -- I'll answer the question, but I do want to give Betsy a chance to talk because I think she'll be able to help from that perspective.

CHAIRMAN D'AMARO:

And I do want to give this its due time, but we are running very over time, so if we could just move it along.

MR. KILMNICK:

Sure. So I mean --

MS. VON HASSEL:

I think I can offer a lot of valuable information. As a county employee, I'm very well-aware of the fiscal challenges that we're facing, and as an employee who has attended an awful lot of these meetings, I recognize the difficulties that you have in meeting all the needs and appropriating a budget to all the different services that we require. So I respect Legislator Cilmi's question, what is the overlap of other agencies, and while this agency does target the LGBT community, I believe we have an overlap towards other parts of the community also.

I first learned about the agency 19 years ago while I was in the police department. I'm a deputy sheriff, and at that time, I learned that the LGBT youth were more at risk for suicide and other high-risk behaviors, and I said, Oh, isn't that horrible, never dreaming I would ever need any of the services provided by the center. So flash forward 15 years, my child came out to me as transgender. Well, I nearly had a nervous breakdown, but I had heard about LIGALY, so I knew where to go for help. So I went to a parents' support group and I found out how to better support my child so that she didn't end up at risk or suicide, drug abuse, alcohol, truancy, cutting behaviors, all of those things that cost this county a lot of money. We all know we have a huge heroin epidemic. The services that you would have to provide for these youths should they go to those high-risk behaviors would be far more expensive than the money you're going to be giving to the center.

I took advantage of education programs to launch my child in school so the administration, the staff, and the students got education on how to best support my child in a school environment, anti-bullying. My child also attends peer leadership programs, so her self esteem is through the roof in spite of having to deal with some minor bullying incidents. She is on the honor roll in school. She on the tennis team, the school play, and she is doing fantastic, and if you didn't have those services, these youth could face homelessness, drug abuse, and a lot of other problems that you would have to be paying for.

CHAIRMAN D'AMARO:

Thank you very much. I don't think anyone up here questions the need for the service or to fund the service, it's just the function of how much and how do we balance this all within the larger picture of our budget situation, so I appreciate that.

Legislator Cilmi.

LEG. TROTTA:

He never answered my question.

CHAIRMAN D'AMARO:

Okay.

MR. KILMNICK:

So the funding that was approved back in November that was placed in the probation department, part of the services are for domestic violence advocacy or intimate partner violence advocacy, and when I met with folks in the probation department after the budget was passed, we had an interesting conversation that the probation department folks did not know whether these domestic violence cases -- first of all, were there any -- well, this is why --

LEG. TROTТА:

What is the money for?

MR. KILMNICK:

Sure, sure. The money is for two different things. One is to address the hate crime bias crime advocacy and work collaboratively with the police department, and the other is also for education and advocacy for victims of domestic violence. What we found out was that the cases that were reported as domestic violence cases, same sex domestic violence cases were going to criminal court instead of family court; thus, leaving the victims of domestic violence with no protection whatsoever because in criminal court, there will be no protection of order. It's addressing domestic violence and hate crimes and bias crimes issues.

LEG. TROTТА:

Okay. That's the east end. Suffolk County Police Department doesn't cover the east end so --

MR. KILMNICK:

No, it's not the east end.

LEG. TROTТА:

Well, the Hamptons --

MR. KILMNICK:

Suffolk County. That's a different -- that's different. That's what was already passed in the budget. That wasn't taken out of the budget. That's what was already passed, and so that's for the entire county.

LEG. TROTТА:

The 50,000.

MR. KILMNICK:

To work with the police department, yes.

LEG. TROTТА:

So you're going to do what with the police department?

MR. KILMNICK:

Again, we're going to work with the police department through their police academy for training of police officers. We're also going to work collaboratively with them so that the hate crimes and bias crimes are reported properly and treated properly, and we'll have an advocate for those that are victims, and same thing for people who are victims of domestic violence.

LEG. TROTТА:

I don't understand how that costs money.

MR. KILMNICK:

The same way the same that it costs the Suffolk County Coalition Against Domestic Violence, the same way that it costs Retreat, the same way that it costs VIBS. The thing is is that those organizations, who we work with as well, do not primarily serve LGBT victims of domestic violence, and that's because the people who are LGBT who are victims of domestic violence come to us for assistance. Again, going back to the issue of cultural competency and cultural proficiency, there's a lot of work to do on that end. So, you know, when we talk about funding services for the LGBT community, there is no overlap. When you look at funding for other services in the county, there's a tremendous overlap amongst dozens of agencies, not that it's not needed, not that it's not needed, but when we're talking about the money that's being proposed for our organization, that is coming close to making us whole. It's not even making us whole as the only county provider.

LEG. TROTТА:

Are you hiring anybody new?

MR. KILMNICK:

Say that again.

LEG. TROTТА:

Are you hiring someone? What is the money being used for?

MR. KILMNICK:

Yes, we have to hire an advocate that will work on this particular project. There's goals, there's outcomes, there's --

LEG. TROTТА:

So you would be hiring someone for the east end?

MR. KILMNICK:

The east end is already operational, but it's also going to expand the programs to the north fork, which we cannot do right now.

LEG. TROTТА:

Do you get any town funding?

MR. KILMNICK:

We get \$10,000 from the Town of Islip Community Development Agency. That's it.

LEG. TROTТА:

Do you have fundraisers?

MR. KILMNICK:

We do, and the sponsorship deadline is this Friday for our May 7 gala if you want to be a sponsor. But we do have fundraising events. We raise 42 percent of the money -- 42 percent of our budget through fundraising, also through corporate and foundation relationships as well.

CHAIRMAN D'AMARO:

So about a million two through private fundraising efforts.

MR. KILMNICK:

Correct.

CHAIRMAN D'AMARO:

Yeah. That's good.

LEG. TROTTA:

So this money is already in the budget. We're not adding anything? For the county executive people over there.

MR. LIPP:

That's a yes.

MS. HORST:

Yes.

MR. LIPP:

It's being transferred. It's an offset.

CHAIRMAN D'AMARO:

Legislator Cilmi. Quickly, okay?

LEG. CILMI:

I'll try my best. I just want to be clear. Please forgive my confusion here. We're transferring ultimately here \$150,000. Fifty of it is coming from the probation line item; 100 of it is coming from the county executive's fees for services; correct, Robert?

MR. LIPP:

Correct.

LEG. CILMI:

Are you using that \$150,000 for one particular program, or are you using 50,000 for one program and 100,000 for another program.

MR. KILMNICK:

Two different programs.

LEG. CILMI:

Okay. Succinctly and quickly, explain that to me. What are the two different programs?

MR. KILMNICK:

Sure. The two different programs, the money in the police department is used for education, court advocacy, for people who are victims of hate crimes, bias crimes, and domestic violence and intimate partner violence.

LEG. CILMI:

That's the 50,000?

MR. KILMNICK:

Correct. The other money is used to -- for services for the entire east end communities, and that's suicide prevention, that's youth leadership development, that's parent support, that's more targeted service to east end immigrant LGBT communities, and that's what those services are going to be used for, and also to establish programming in a safe space on the North Fork as well, which does not exist right now.

LEG. CILMI:

Robert, why are these two -- you have \$50,000 that's being transferred from probation to the police department. That's for one program, and then you have \$100,000 that's being transferred from the

county executive's budget for a different program. Why are they both in the same resolution?

MR. LIPP:

Well, I think from a financial point of view as opposed to a service provision point of view, the legislature in the omnibus resolution reduced this agency -- it has five different line items in the budget -- by \$150,000 from the recommended budget, and what is going on here, at the risk of stating the obvious, is that the county executive wants to restore those funds and is using two other line items in the budget as offsets, one of them being the executive's own appropriation and the other being the probation line.

LEG. CILMI:

And the 100,000 that was in the executive's budget, what typically would that have been used for, Robert? Something more descriptive than just "consultant."

MR. LIPP:

It's a fees-for-service, so that's what it is. I can't give a more descriptive answer right now. Perhaps the executive staff could. There are over 6,000 lines in the budget, so I would have to research it and give back to you.

LEG. CILMI:

Well, I guess to the county executive's office, then: Help me here. I mean, we allocated \$100,000 in the budget for fees for services. What was it for, and what now has changed that you're able to allocate that money towards LIGALY?

MS. SANTERAMO:

We would have to talk to our budget office.

LEG. CILMI:

Well, how can we approve a resolution if we don't know where -- I mean, we don't have probation here to talk about the fact that we're taking \$50,000 from their budget; we don't have the police department here to talk about the fact that we've giving \$50,000 to them; and we don't have an answer as to what we're going to use the \$100,000 for to begin with. What do we really have? I'm really struggling to want to accept this, but you're making it very difficult.

MS. SANTERAMO:

I mean, we can make sure that they are there for the general meeting if this were to pass. We can make sure that those people are there and we can get you an answer in terms of what typically a fees-for-service line item would be used for. I mean, how much in our total fees-for-service budget? I'm assuming it's a bigger number than 100,000. It's not like we're taking the only amount of money in our fees for service and transferring it.

MR. LIPP:

I will look that up.

MR. KILMNICK:

Let me just add that the reason why the money is being transferred from the probation department to the police department was because of the contracting process that we went through --

LEG. CILMI:

And that's fine. I have no problem with that.

MR. KILMNICK:

-- and it made more sense for -- even though there is some crossover, but it made more sense

predominantly the program to be out of the police department.

CHAIRMAN D'AMARO:

Legislator Cilmi, we, in the budget, as you know, approved the 50,000, but according to the advocacy group, it's just better place in this police --

LEG. CILMI:

Which is fine.

CHAIRMAN D'AMARO:

But you're more questioning the 100,000.

LEG. CILMI:

Yeah. My sense is that if these were two separate resolutions, I probably wouldn't have any concerns at all, you know, or any significant concerns about the \$50,000. I assume that since the county executive's office is here, that they've worked with the police department and the department of probation and they're in agreement that that transfer should happen. It's more the \$100,000 that --

MR. LIPP:

So I could shed some light on that now. So the adopted budget as well as the recommended budget for the county executive's 456 line was -- is 225,000 so it would be reducing it by 100,000 to 225.

LEG. CILMI:

So roughly 40 percent reduction, if you will.

MR. LIPP:

44 percent.

LEG. CILMI:

Right, but it's not really a reduction per se if those funds could have been used or would have been used or were due to be used for this type of service. What I'm trying to get at here is, you know, we authorized \$200,000 plus; 44 percent of it, you're saying now, you don't need anymore for whatever it was that was intended to be used for. I'm trying to get at what was it intended to be used for, and why is it that you don't need it any longer?

MS. SANTERAMO:

We can talk to the budget office and get back to you. I don't have the exact answer to that now.

CHAIRMAN D'AMARO:

Thank you, Legislator Cilmi. All good questions. I just want to say that the legislature approved the 225,000 in this particular line item for the county executive, and as the Presiding Officer pointed out, the county executive found a need or a priority that the county executive chooses to set midyear or once we're into our budget season, and I think it really just comes down to whether or not you think it's an appropriate priority to set using these funds.

I don't think that those particular funds were necessarily earmarked for any particular purpose but rather for the purpose such as this where a need or a priority comes up during the year, there would be some funding available to meet a priority. So it's really just a question of whether or not you feel it's a sufficient priority to warrant using those funds at this time. But Legislator Stern had a question, I believe, and then the Presiding Officer.

LEG. GREGORY:

I certainly appreciate the questions, and just to piggyback off your words or piggybacking off mine, you know, the county executive has contract services line as well as the legislature and I don't think it's appropriate that we determine the who and what he should spend his contract agency funding for just like I wouldn't think it would be appropriate for him to say who we spend our contract agency funding for. I mean, he has the ability to establish his priorities, and this is obviously one of those priorities, as we have the right to establish our own.

CHAIRMAN D'AMARO:

Thank you, Mr. Presiding Officer. Legislator Stern.

LEG. STERN:

As to the program that's going to be run with the police department, so in essence the police department is contracting with the organization to provide the service.

MR. KILMNICK:

Correct.

LEG. STERN:

How many people provide that service?

MR. KILMNICK:

Just us.

LEG. STERN:

Is it going to be one advocate? Is it going to be two advocates? And the \$50,000, I'm assuming, is most, if not all, for a salary.

MR. KILMNICK:

We're going to have to raise -- we're going to raise additional money because when you add in benefits and the cost of living here in Suffolk County, you can't reasonable pay someone under that especially with the work they're going to do. So yeah, it will be used to hire someone.

LEG. STERN:

Okay. So it's one individual or at least that's the plan, anyway?

MR. KILMNICK:

Correct.

LEG. STERN:

As to the other services out on the east end, could you say approximately how many young people do you currently service now, and in the coming year, how many people do you anticipate servicing out on that location?

MR. KILMNICK:

Sure. So out on the east end, which is defined rather liberally, from the William Floyd Parkway out east and then you have the north fork, which is a whole 'nother ball game, we are currently are with no county funding, are serving on a weekly basis about a couple of dozen youth that come regularly to the center. With the funding, we expect that number to at least triple if not quadruple, I guess, with the number of youth that we're going to be able to reach directly at our center in Sag Harbor and also the additional space that we're going to be able to not operate full time but to run some programs in Southold and Riverhead.

LEG. STERN:

How do you define "young people"?

MR. KILMNICK:

That definition is changing all the time depending on who you talk to.

We define young people as up to the age of 21. Most organizations now in New York State are defining -- are stretching that all the way to 29, but we do 21.

LEG. STERN:

And how many employees are there now out on the east end, and with this additional funding, how many people do you anticipate employing to provide the services?

MR. KILMNICK:

Sure. We have a halftime equivalency out on the east end, and with this additional funding, we're going to have two full-time folks out on the east end.

LEG. STERN:

I did have a line of questioning about the declaration that we heard a couple of times because of the technical difficulties, but one of the declarations that we heard over and over again was how these services, specifically these services through organization saves lives. I did have a line -- I know the hour's late, Mr. Chairman, so I'm not going to go through my line of questioning as to how you quantify that, but I do find your personal story very compelling, and I thank you for sharing it today because I think that that story, your story and that type of story is what's most important about the organization and these services that you provide so thank you.

CHAIRMAN D'AMARO:

All right. We're going to now consider the bill right after Legislator Cilmi --

LEG. CILMI:

I just wanted to say I am not happy about not knowing what the money was originally conceptually approved for in the budget. Nevertheless, the county legislature adopted a budget that appropriated or that allocated \$200,000 plus in this fees-for-services consultant category. You know, whether or not -- I'm also not happy that we don't have an overall view from the leaders in the counties, you know, in this department of youth services and health services to say, you know, here's how we're spending all of our money. Nevertheless, I do think that organization does a good job, and I know that the services in terms of anti-bullying and suicide prevention and those sorts of services are critically important, and I recognize how they may a provision of those services to the LGBT community are somewhat different than, you know, provision of those services to other communities. So given that and given that the money's already been allocated in the budget, I'll support this today, but I have to tell you I really -- I'm disappointed that we don't have more information about where the money is coming from.

CHAIRMAN D'AMARO:

On that note, Legislator Cilmi, let me say that what we'll do going forward as a committee is when we have budget amendments that affect various departments, we will ask the county executive's office to provide, either the commissioner or someone with specific knowledge as to how the funds were targeted and why, how they're being utilized and why they're being transferred, and I think that's a valid point. With that, there are no other questions. 1122 of 2015 is pending before the committee. I will offer a motion to approve. Second by Legislator Martinez All in favor? Opposed? Abstentions? **Approved (VOTE: 6-0-0-0)**

Thank you. Good luck.

All right. Now we're going to turn to section five of the agenda. We'll go through -- quickly, hopefully -- tabled resolutions. I'll call the first.

The first is resolution **1042-2015, Approving 2015 funding for a contract agency (The Sunshine Center, Inc.) (Browning)**. At the request of the sponsor, I'm going to offer a motion to table. Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries.
Tabled (VOTE: 6-0-0-0)

1105-2015, Amending the 2015 Operating Budget to provide funds for a study of opioid addiction and abuse related costs in Suffolk County (Calarco). This bill would provide a study for -- in support of a potential action that the county or claim that the county may have. I'll offer a motion to approve. Is there a second?

LEG. CILMI:

I'll offer a motion to table.

CHAIRMAN D'AMARO:

Motion to table. Is there a second? Second on the motion to table. We're on 1105.

MR. NOLAN:

I guess at the last meeting, we approved a resolution that put together a group inside the county government to try come up with the information that's called for in this resolution. I would just point that out to the committee.

LEG. CILMI:

So the expense is sort of erroneous, is what you're saying, Counsel, if I'm not --

MR. NOLAN:

I'm not saying it's erroneous. I said there were two tracks. We've already approved a resolution that goes on one track where we ask people within the county government to come up with the information to support a potential lawsuit. This would hire a person outside the county government to do that at a cost of \$20,000. I just want -- I think the committee should have that information before proceeding on this resolution.

CHAIRMAN D'AMARO:

So this bill is actually transferring \$20,000 into this particular feasibility study, but I think what Counsel is saying is that we've superceded this. We're doing it in-house, George?

MR. NOLAN:

We're doing it in-house, yes.

CHAIRMAN D'AMARO:

Okay. Then I'll --

LEG. CILMI:

And certainly in the field of substance abuse, the money could be better spent actually providing services rather than doing a study.

CHAIRMAN D'AMARO:

Should we debate that?

(*Laughter*)

All right. So I'll withdraw, of course, my motion to approve. There has been a motion to table made somewhere. To the clerk, was there a motion to table? Legislator Cilmi.

MR. RICHBERG:

We have a motion, but we don't have a second.

CHAIRMAN D'AMARO:

Legislator Trotta seconded the motion. I'll call the vote. All in favor? Opposed? Abstentions? Motion carries. The resolution is **tabled. (VOTE: 6-0-0-0)**

Section six of the agenda is Introductory Resolutions.

Resolution number **1119-2015, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 991-2015) (County Executive)**. I'll offer a motion to approve and place on the consent calendar. Seconded by Legislator Cilmi. All in favor? Opposed? Abstentions? Motion carries. **Approved/Consent Calendar (VOTE: 6-0-0-0)**

CHAIRMAN D'AMARO:

Resolution 1120 of 2015, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature No. 424 (County Executive). Same motion, same second, and without objection, same vote. **Approved/Consent Calendar (VOTE: 6-0-0-0)**

Resolution 1121-2015, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 992-2015) (County Executive). Same motion, same second, same vote. **Approve and place on consent calendar (VOTE: 6-0-0-0)**

We've already addressed 1122.

We'll skip down to **1123-2015, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 993-2015)**. Same motion, same second, same vote. **Approve and place on consent calendar (VOTE: 6-0-0-0)**

Resolution 1130-2015, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer By: County Legislature (Control No. 425) (County Executive). Control number 425 same motion, same second, same vote. **Approve and place on consent calendar (VOTE: 6-0-0-0)**

1136-2015, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 994-2015) (County Executive). Same motion, same second, same vote. **Approve and place on consent calendar (VOTE: 6-0-0-0)**

1137-2015, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 995-2015) (County Executive). Same motion, same second, same vote. **Approve and place on consent calendar (VOTE: 6-0-0-0)**

Resolution 1145 of 2015 has previously been considered by the committee, so we'll go to 1148 of 2015.

1148-2015, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 996-2015) (County Executive). Same motion, same second, same vote. **Approve and place on consent calendar (VOTE: 6-0-0-0)**

1170-2015 To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 997-2015) (County Executive). Same motion, same second, same vote. **Approve and place on consent calendar (VOTE: 6-0-0-0)**

1173-2015, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 998-2015) (County Executive). Same motion, same second, same vote. **Approve and place on consent calendar (VOTE: 6-0-0-0)**

1180-2015, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 999-2015) (County Executive). Same motion, same second, same vote. **Approve and place on consent calendar (VOTE: 6-0-0-0)**

There is no further business before the committee. I thank everyone for their patience and attendance. We are adjourned.

*(*The meeting was adjourned at 11:15 a.m.*)*