

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 May 26, 2015.

Members Present:

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

Also In Attendance:

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

Minutes Taken and Transcribed By:

Gabrielle Severs - Court Stenographer

*(*The meeting was called to order at 10:03 a.m. *)*

CHAIRMAN D'AMARO:

Good morning. Welcome to the Budget and Finance Committee. Please rise and join the committee in the Pledge of Allegiance led by Legislator Trotta.

(*Salutation*)

For the record, the committee hasn't received any correspondence. Third section of the agenda is public comments. I have one card. Doctor Carol Carter, come on up. Good morning. You'll have three minutes to address the committee this morning, and please go ahead.

MS. CARTER:

Okay. First of all, my name is Carol Carter. I'm cofounder and CEO of Sunshine Prevention Center. A recent desk audit by the Suffolk County Audit and Control showed that Sunshine had exceeded the 20 percent administrative expense threshold for 2013, putting our funding for 2015 on hold. I'm going to be here today to explain the situation to you and ask for a waiver so that we can get our much-needed funding for 2015.

September 2013, Sunshine embarked on a new adventure as administrator for Probations Juvenile Day Reporting Center, the JDRC program. This program itself was very successful; however, there were some challenges, and as the program moved along, it became a financial burden for Sunshine to handle. Because of these challenges and the financial burden, our board of directors thought that it would be best to relinquish our responsibility as administrator at the end of 2014.

Sunshine's responsibility with JDRC program was primarily pre-administrative. We subcontracted with Eastern Suffolk BOCES for most of the programming. Sunshine has received funding from the Suffolk County Youth Bureau for about 15 years. In this time, Sunshine has always been in compliance of the 20 percent rule. Taking on this probation contract put us at an administrative rate of 40 percent for 2014; however, this was not the only cause for the increase.

Sunshine has been diligently working with our financial manager and our outside accountant to determine if we had been misclassifying any administrative or program expenses, and we made changes that you will see now brought us to 26.6 percent in 2014 without the JDRC program, which is reflected on our 2014 audited financial statements and our 990, which I have copies for each of you.

2014, we did experience growth in our program, and this is continuing for 2015, which allowed us to spread out our administrative expenses, unlike 2013 when we had a much smaller program and less revenue. For 2015, we have made some staffing changes and we are also relying on volunteers and Department of Labor staff for some of our office work, which helped in cutting administrative costs. Our programs have increased, which is increasing our revenue and since we are no longer administrator for the JDRC program, our administrative costs are lowered, so for 2015, we expect to be at the 20 percent or even lower.

We have all worked hard to get our financials done this early in the year so we could prove to you that Sunshine is doing all we can to comply with the county. I'm asking for this waiver, which will allow us to receive our much-needed youth bureau funding, which has been on hold since January, and also we will then be open for any possible funding from the county to support our substance abuse and violence prevention services.

I'll be passing out the packet for each of you so you can see our 2014 990s and also enclosed is the profit and loss statement that breaks down the Sunshine and JDRC program at administrative expenses. My financial team is here as well to answer any questions. Thank you.

CHAIRMAN D'AMARO:

Thank you.

MS. CARTER:

The packets, do you want them now?

CHAIRMAN D'AMARO:

Sure.

MS. CARTER:

Do you have any questions?

CHAIRMAN D'AMARO:

Yes, we do.

MS. CARTER:

So just give them to --

MR. RUSSO:

I'll hand them out.

CHAIRMAN D'AMARO:

All right. So this was initially flagged because the administrative expenses were exceeding 20 percent, and based on your testimony, you're saying the administration of this particular program is what really caused you to go beyond this particular threshold.

MS. CARTER:

Not just that.

CHAIRMAN D'AMARO:

Okay. So there was --

MS. CARTER:

We had said our revenue was low for 2013, which, you know -- and then we were misclassifying some things; and, again, I have the financial team to be able to answer a little more than I can.

CHAIRMAN D'AMARO:

All right. But in 2014, you --

MS. CARTER:

It was a mix of both. We were 40 percent with JDRC program and hire with them too, but it was not just that program that caused the increase.

CHAIRMAN D'AMARO:

In 2014, your percent went to 26.6, you said.

MS. CARTER:

Yes.

CHAIRMAN D'AMARO:

You were no longer administering the JDRC program.

MS. CARTER:

Right.

CHAIRMAN D'AMARO:

And in 2015, you expect that to go at or below 20 percent.

MS. CARTER:

Based on the work that you're doing now.

CHAIRMAN D'AMARO:

Anyone have any questions? Legislator Trotta.

LEG. TROTТА:

What exactly do you do? What do you do? How big is your budget?

MS. CARTER:

Well, the budget -- without the JDRC program, Sunshine has been a town and county youth agency for close to 20 years. We provide substance abuse and violence prevention education programs, so we provide support, peer support, educational programs for families going through problems with alcohol and drugs. We do outreach to the schools, but it is prevention. We have summer prevention programs. It's all trying to show and build positive skills for families.

LEG. TROTТА:

How much is your budget?

MS. CARTER:

It's been approximately \$300,000, except when we brought on the JDRC, which brought it way up to like 600.

LEG. TROTТА:

Don't speak with acronyms, because I don't know what they mean.

MS. CARTER:

JDRC was the program that I was talking about, the juvenile day reporting center.

LEG. TROTТА:

Where are you located?

MS. CARTER:

We're in Port Jeff Station.

LEG. TROTТА:

And you rent a building?

MS. CARTER:

We are in a town building.

LEG. TROTТА:

You are not-for-profit?

MS. CARTER:

Yes.

LEG. TROTТА:

You get funding from the town?

MS. CARTER:

We get about 18,000 from the town each year.

LEG. TROTТА:

And how much do we give you?

MS. CARTER:

Thirty.

LEG. TROTТА:

And where does the rest come from?

MS. CARTER:

The rest comes from grants. It's from fee-for-service, which, you know, we never turn a family away so that doesn't bring a whole lot in; personal donations, so we have to work hard to --

LEG. TROTТА:

How many paid employees do you have?

MS. CARTER:

About three full time and four part time and then during the summer, we have more employees, and we do rely on volunteers.

LEG. TROTТА:

Where specifically are you in Port Jeff?

MS. CARTER:

We're on Boyle Road in Port Jeff Station. It's a big house.

LEG. TROTТА:

Oh, it's a house?

MS. CARTER:

It's a house right next to Boyle Road Elementary School.

LEG. TROTТА:

Is it the school, or is the house next to the school?

MS. CARTER:

It's the house next to the school. It's not a school.

LEG. TROTТА:

And do people live in this house?

MS. CARTER:

No. It's a prevention program, which means we're trying to teach and provide skills to families so hopefully their children will make better choices as they get older.

LEG. TROTТА:

And how many kids do you treat?

MS. CARTER:

We reach about a couple hundred. I think our last stats were about 150 during our in-service programs during the school year and 400 to 500 outreach services. We go in the jail and do some programs in the jail. We go to schools and present prevention programs to the schools.

LEG. TROTТА:

And what age are these kids that you deal with?

MS. CARTER:

It starts with four and goes all the way through teens and then we also have an adult program.

LEG. TROTТА:

Four years old?

MS. CARTER:

Four years old. Many families going through divorce, families living in the local shelters, grandparents raising grandchildren, so that's kind of the population; although "prevention" means we're trying to reach all children, because if we can help teach them the skills and build their positive skills from a young age, hopefully they will see better decisions as they get older.

LEG. TROTТА:

Do you own the house or do you rent it?

MS. CARTER:

No, it's the town's.

LEG. TROTТА:

The town owns it? So it's like a residential-looking house.

MS. CARTER:

It is. It was a residence. The town had used it for many years prior to when we were -- you know, we moved in which was 1996, we moved there, and it was just going to be condemned, and we were responsible for fixing it up, and we're still there. It's almost 20 years.

LEG. TROTТА:

So that's like an office building next to it. Isn't there an office building?

MS. CARTER:

No, there's the equestrian center across the street. It's on 16 acres of land, so it's all woods, except for the Boyle Road Elementary School, which is just north, right down from Buttercup.

LEG. TROTТА:

I was a cop in that area. I'm just trying to think where the house was. There was a couple houses along Boyle Road. All right. And so you are at 40 percent.

MS. CARTER:

We're actually, with just Sunshine alone, taking out that program, we were administrator for the juvenile day recording center, which we received a contract from probation. We only did that for the year and a half because, like I said, it caused a lot of burden for us financially, and there was some other challenges to the relation --

LEG. TROTТА:

And what was that, that that program --

MS. CARTER:

That was an alternative education program for youth who instead of going away to a group home and instead of -- they would come to a day program that was on the Suffolk County Farm in a building, and we were administrator to that program.

LEG. TROTТА:

So the expense you incurred was hiring more people to go out there and o that?

MS. CARTER:

Yes.

LEG. TROTТА:

And you're not doing that anymore?

MS. CARTER:

No.

LEG. TROTТА:

Did you take that on yourself or --

MS. CARTER:

We won the grant or the proposal. Because of our experience in prevention, they wanted our experience and all, and we did win it. The program itself was really good, but again it was just -- we don't have the budget to be able to pay the expenses out ahead of time and wait for the vouchering to come back and, you know, we didn't know all of that when we embarked on the program.

LEG. TROTТА:

Do you have any statistics or anything that says, you know, what you're doing is working or is there any --

MS. CARTER:

I do, not on me. I can get that to you. I mean, prevention is a tough, most of you probably know, it's a hard thing to prove does it work, but, you know, if we -- I mean, I can show that people have

made better choices. Children are making better decisions in school. I have parent evaluations. I do have some stats that show the increase or decrease in substance use and abuse while they are in our programs and things like that, but it is a very hard --

LEG. TROTТА:

Your total budget is \$300,000 for the whole year.

MS. CARTER:

Yeah.

LEG. TROTТА:

And we're at 10 percent of the whole budget.

CHAIRMAN D'AMARO:

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

LEG. CILMI:

Good morning. How are you?

MS. CARTER:

Fine. Thank you.

LEG. CILMI:

I just want to make sure that I'm looking at this correctly, and I'm not sure that we're going to need your financial person, but on the last page of your P and L -- it's for January through December 2014 -- the bottom section has programs, so I'm assuming this is your total, and it says "Total Program," \$282,000 and change. So that's your whole agency, I guess, budget, correct?

MS. CARTER:

That, she's saying, was for just the juvenile day reporting center.

CHAIRMAN D'AMARO:

Why don't you come on up to the microphone? It'll just make it easier. Just state your name.

MS. CARTER:

Cindy Gale.

LEG. CILMI:

Oh, I see. Total program was 184 and then total program was 282. Where would I -- I'm looking for -- so if you say your total budget, I think you told Legislator Trotta, was, like, \$300,000 or something like that; was that correct?

MS. GALE:

Yes.

LEG. CILMI:

Well, but if your total JDRC was 282,499 and your total agency budget is like 300, you're talking about \$18,000 is the rest of your agency. That can't be.

MS. GALE:

Total expenses were almost \$600,000. If you look underneath "Total Program" on the third --

LEG. CILMI:

Got that?

MS. GALE:

Total expenses was 594,300, so if you take the two eight -- I'm sorry, the 416, the line above it is the total expenses for the juvenile day reporting center, if you take the difference from that, that was our total expenses for 2014.

LEG. CILMI:

Okay. So when we think about the total budget of an agency like yours, I guess we're really -- since your net income is not, and as a not-for-profit, it shouldn't be significant, so really we're talking about roughly a \$600,000 budget is what your agency has. It's what your agency basically spends.

MS. GALE:

Right, for 2014.

LEG. CILMI:

Including the JDRC program, which you're not currently doing any loner.

MS. GALE:

Not as of 2015.

LEG. CILMI:

Of that \$600,000 or so in expenses, what are salaries?

MS. GALE:

With the program?

LEG. CILMI:

Yes.

MS. GALE:

With the juvenile day reporting center.

LEG. CILMI:

And I understand that some of the salaries are allocated specifically towards program expenses as opposed to administrative salaries, but I'm just curious.

MS. CARTER:

And some of those salaries won't be in there for 2014.

LEG. CILMI:

Right.

MS. CARTER:

The total salaries were 374,000, including juvenile day reporting center.

LEG. CILMI:

And that covers how many employees? I think, roughly, it was about at that point probably 15 with the day reporting center.

LEG. CILMI:

Okay. Okay. And how many salaries are attributable to non-program expenses so strictly administrative? What kind of numbers are we looking at for strictly administrative salaries?

MS. GALE:

It is all broken down so it's hard to --

LEG. CILMI:

I missed your introduction when you first stepped to the podium. I came in late. I apologize.

MS. CARTER:

Carol Carter. I'm CEO and cofounder of Sunshine.

LEG. CILMI:

Okay. Thanks, Carol. Cindy is our financial manager. She's leaving in June. Richard's taking over, and he will be the financial manager.

LEG. CILMI:

Okay. And, Carol, as the CEO, I guess it's public information, or it's probably on one of these statements here that I can't decipher, what's your salary?

MS. CARTER:

I think 55 I think it was for 2014.

LEG. CILMI:

Okay. And I'm sure most not-for-profits, most relatively small not-for-profits, the chief administrator of the organization, which you are, I guess, you're involved in day-to-day operations as well.

MS. CARTER:

I do double that.

LEG. CILMI:

Right, I'm sure. I'm sure you do. You don't have to go nuts, guys.

MS. GALE:

I'm sorry. It was 240,000.

LEG. CILMI:

240,000 of --

MS. GALE:

Total salaries.

MR. BYLLOTT:

Management was -- \$76,000 for management.

LEG. CILMI:

76,000. So most of your salaries are going towards direct programmatic expenses, and I'm sure within the management category, some of that is also probably going to direct program expenses as well.

MS. GALE:

Yes, it's true for the most part.

MR. BYLLOTT:

We're not allocating any management salaries to any program expenses.

MS. GALE:

Some are specific, just administrative.

LEG. CILMI:

I probably misstated my point. My point is even though you're just administration, I'm sure you pick up some slack from some places when it comes to actually doing program-related work.

MS. GALE:

This is true, yes.

LEG. CILMI:

So I want to talk to you a little bit about the services that you provide, and this is more of a professional question I'm asking that's relative to the total need and scope of services throughout Suffolk County than it is specific to this resolution today. The geographic sort of scope of your services specifically, where do you provide your services? Is it strictly in the Port Jeff area, strictly in the Brookhaven town area, how far?

MS. GALE:

We are a town and a county agency. We are a little unique. We are a town and a county agency. We are the only prevention center in Suffolk County and I think in Long Island, so there's no specific prevention center anywhere else.

LEG. CILMI:

Let me just stop you there for a second. You're the only --

MS. GALE:

Community based, yep, prevention center.

LEG. CILMI:

Prevention in terms of what are we preventing?

MS. GALE:

Substance abuse and violence, although it does include a lot more than that; you know, all the challenges that face family.

LEG. CILMI:

Well, how -- we fund, like, you know --

MS. GALE:

Prevention center. You don't fund any prevention center. We're the only one in Suffolk County.

LEG. CILMI:

Well, we certainly fund prevention.

MS. GALE:

Yes, substance abuse and violence. You do domestic violence. You do fund domestic violence.

LEG. CILMI:

With a number of different agencies.

MS. GALE:

Yes, with a lot of different agencies.

LEG. CILMI:

Right, so the fact that you're the only prevention center, what does that exactly mean to me?

MS. GALE:

Well, our focus is primarily substance abuse and violence prevention. Families can come to us and get services at our facility.

LEG. CILMI:

Okay.

MS. GALE:

But we do also outreach and we work with the schools, families, and the communities, so I do work with a lot of those county agencies that you fund as well, so we're a resource for them.

LEG. CILMI:

I'm just listening to some conversation going on behind here, and it's -- I mean, we fund countless agencies that --

MS. GALE:

Yeah, I looked into all that. I didn't want to --

LEG. CILMI:

-- that would come to -- excuse me; that would come to the podium and basically say the same thing, that nobody else is providing the services that we provide, and yet there's got to be a dozen of them at least that provide the very same services that you're providing. And again, my question is not to diminish the need or question the effectiveness of your agency specifically, but oftentimes, I believe that we throw money at these things without having a real plan, and we do it, you know, this agency's in this legislator's district, we throw some money at them, and this agency's in another legislator's district, and we throw some money at them, and I think that holds true probably in the substance abuse field as well as in anti-bullying and a variety of other fields that you're working within. So how do you see yourselves, your agency in that broader scope, first of all; and second of all, do you agree with my assessment of the situation?

MS. GALE:

Yeah, I do. I want to clarify a little bit. Everybody's doing prevention in some way, so I'm not saying we're the only one doing prevention. Everyone's doing prevention. I've been in the prevention field. I was a CPP. I am a CPP, which is credentialed prevention professional through OASIS. I was grandfathered in, so I've been in prevention prior to there was any kind of even training for it and all, so I actually started the center because my family went through problems with alcohol and drugs, and I looked for so long for something for my children on the community level and couldn't find anything, so I started that.

There are -- you know, and prevention has grown a lot more, so I don't want to take away from the, you know -- I'm not saying -- these other agencies are doing all prevention too. We're just a center that is all focused on prevention, and it is, you know, it is hard to say that, you know, I've been trying to prove for 20-something years, and I have to believe and keep the hope in what I'm doing that it does make a difference because, you know, grants rely on these statistics and all, and I think there's not enough out there. There's not enough focus on it. The schools are working with us. The communities are working with us.

Ours is a family-focused prevention, so we include the parent in all the programs that we do, so there's always a parent component and a child's component. We have three basic programs. There's the family prevention services, which meets at nighttime, and there's support, kids going through bullying and teasing; children on the spectrum from ADHD to autism that have a hard time making friends. These are all kids that are at higher risk for problems with alcohol, drugs, suicide, and all -- abuse and all of that. Prevention falls into the whole, not just substance abuse and violence.

We do a summer prevention program, which is our largest running program. It's been running for 20-something years, and it has prevention as the theme, so it's not a typical summer camp. It's not a daycare facility or anything like that. It has a mission. People sign their children up because of what they're going to learn and the support. They're going to realize that, Oh, there's other families going through the same or similar things that we're going through; and then have outreach to the schools, and then we do our alternative program, which is alternative for kids that are on long-term suspension and things like that.

LEG. CILMI:

So you find yourself, I would imagine, competing with a lot of these different agencies, particularly in the schools for the ability to run programs in those schools, et cetera.

MS. GALE:

I don't believe that we're competing, and I try not to compete and take away funding that someone else needs. I try not to ever put ourselves in that position. I'm limited to the outreach that we do. We do a lot of John Glenn School District. We do suicide prevention. We just did a lot in Port Jeff School District. We do Longwood. But because I'm running the center, I, you know, I don't put a whole lot -- I pick where we're going to go and what school we're going to go into. We do a lot of bullying, teasing, substance abuse.

LEG. CILMI:

So most of your work is done in the general vicinity of where your center is located.

MS. GALE:

People come to us from all over. Yeah, they do. If they can drive to us, because like I said, there's not another facility like ours that people can sign their children up for this type of a thing, so they do come from, you know, western Suffolk and they will come from out east to just come to our program. There are other -- you know, each town has their own youth agency, which does do some prevention things but not so much -- you know, I invite you all to come see the center and see what we do so you understand what I mean. And again, I wasn't taking away from all the good work that everybody else is doing in the field of prevention.

LEG. CILMI:

Right.

MS. GALE:

And I know there's a few people here that have seen our program and know it so.

LEG. CILMI:

Thank you. The questions I have go a lot deeper --

MS. GALE:

So maybe we could meet --

LEG. CILMI:

-- but they're not specific --

MS. GALE:

-- another time --

LEG. CILMI:

-- to your agency --

MS. GALE:

-- that would be great.

LEG. CILMI:

-- to your agency, but maybe we can together and we can have a broader.

MS. GALE:

I will reach out to connect with you.

LEG. CILMI:

That would be great. Thank you.

MS. GALE:

Is there any other questions with regards to --

LEG. CILMI:

Not from me with respect to this resolution specifically, no.

MS. GALE:

I just wanted to know, like, when you make the decision and --

CHAIRMAN D'AMARO:

All right. Let's hold off. We have more questions for you.

MS. GALE:

Okay.

CHAIRMAN D'AMARO:

So Legislator Stern, please go ahead.

LEG. STERN:

Thank you, Mr. Chairman. Many of my questions were asked and answered by my colleagues, but I do have a couple more. I don't have it here, but maybe you can tell me maybe a little bit of history regarding funding that you received from the county. We're looking at a dollar amount for this

budget cycle, but in the past, what kind of dollars had you received.

MS. GALE:

We've received for about 15 years now from the Suffolk County Youth Bureau 30; you know, it pretty much stays about there. We have been reduced that at times when the funding has cut, and then there was, maybe, one or two times, we were a little bit higher than that, but the last few years has been basically about 30,000.

LEG. STERN:

Okay. And the JDRC program, which is now no longer being offered or provided by you going forward, but was there any kind of an increase that had accompanied that program along with it? In other words, when you agreed to take on the program, was there any additional county funding that you received? The budget numbers aren't going to change all that much. They didn't change when you took on the program, and they're not proposed to change now that you are no longer providing those services, correct?

MS. GALE:

We were excited to take the program on because to expand our alternative program, but and we also didn't realize, you know, it was a big financial burden on us, so there was no financial that we got out of it, no additional grants that we got out of it for doing the program, so it was you know a lot of responsibility for us.

LEG. STERN:

And so I get the idea that you're providing services not just to at-risk families or at-risk children in the immediate area, but you go beyond just the immediate so I appreciate that.

MS. GALE:

Yeah.

LEG. STERN:

And you provide services to, is it school districts themselves or to just particular children within other school districts?

MS. GALE:

We're a big resource for school districts, so when they can't provide services with anger management, social skill groups, and things like that, they refer their families to us. We get a lot referred from the summer programs because schools -- children that are classified sometimes are required to take more -- have social skill programs, take an anger management program and all, and the schools don't do it, so they refer them to us.

LEG. STERN:

So you're getting referrals from the school districts. They are for specific individuals. Are you providing any type of services for classes or grades in general, or is it only based on specific children that are referred to you?

MS. CARTER:

We do a high school, an alternative program for kids on long-term suspension or kids coming out of incarceration that can't go back to their regular schools, so that focus is just on high school youth. But then with the other districts, we do go into the schools -- you know, I take puppets into the programs and do a bullying and teasing thing for younger kids so it really is all ages.

LEG. STERN:

So that'll be -- those kinds of programs will be provided for an entire grade.

MS. CARTER:

Yes, it is an entire grade. There is, you know -- today I believe all kids are at risk because you could have a perfect family home, but then they go into the community, or they're influenced by the media and things like that, so all kids are at risk. But then we have other populations that are higher risk because they're in a home where their parents are in jail or they're going through a divorce or their parents are using drugs and alcohol or they're living with their grandparents, so we do target specific populations as well. I do programs for adults that have lost their kids from CPS, Child Protective Services, and have to take classes in parenting and anger management in order to get their children back, so they're the higher risk populations but all children, you know, can benefit from our services.

LEG. STERN:

And when you say you target those individuals or those families, is it your outreach efforts that have them discover you and come to you or is it solely based on referral from these various agencies that they have to deal with because of the challenges that they're facing?

MS. GALE:

It is a little bit of both. Because we have such a small staff, you know, it is word of mouth that gets people to understand, but it is the courts that understand what we do, courts, social services, probation, will give them a list and Sunshine's on the list and they might reach out to us. Districts have us on the list of what our services are, and then they can give that to the parents, and the parent chooses where they want to go and what they want to do.

LEG. STERN:

Now I understand to take another look at the numbers you've been working with the comptroller's office --

MS. GALE:

Yes.

LEG. STERN:

-- to take a look at costs and perhaps how they are classified and how they need to be reclassified. Can you give me an example or two of expenses that you believe had been either inappropriately or -- I don't use that term intentionally, but inappropriately classified as an overhead expense that had an impact on these numbers and now how it's going to be reported differently.

MS. CARTER:

Yeah. I'll start from my knowledge, but I might have to go to them. From one of the things, we hired Cindy for the JDRC program and we hired her at \$35 an hour for that program at 35 hours a week. Since she was let go after we relinquished the responsibility, I brought her -- you know, I made the commitment until she could find something else, so that was very high. It's higher than I could pay. So she's leaving as of June 12 or June 18, but she's moving to another state with her son; and we brought on Rich who has been willing to come in at \$20 an hour. He has built up his own business, and now he's giving back to the community, and he's going to be doing 20 hours a week.

I also have changed the office staff, and I have someone there now from the Department of Labor that's going to do a full -- you know, that's paid through the Department of Labor so we were able to

move that around, and she -- so I don't have to pay any office staff right now, full daytime office staff, some part time. I still have part-time nighttime staff that has to be there to do some administrative. So those were some of the changes in the actual staffing. And anything else?

MR. BYLLOTT:

Just to reiterate, not to take up more of your time, but the JDRC program was heavily administrative, and as we've said, backing that out, it does have the program now 26.6 percent for 2014, okay, so we working really diligently in grasping these numbers, making the proper allocations, so on a go-forward basis, we want to meet that 20 percent. And based on what Dr. Carter just mention about some of the reduction staff and me coming over and volunteering some work, we should certainly meet that 20 percent.

And also the programs are growing, you know, so there's more kids coming on a summer basis and during the year which can allocate additional expenses. When you have a small program sometimes you can't allocate those expenses, but now that the programs are growing and the word is out there, as Cindy mentioned, as Dr. Carter mentioned, services are coming from both areas, not only from outreach but from name recognition of the Sunshine Prevention Center.

LEG. STERN:

Are you suggesting, then, that with more children being served that that's going to, in effect, change the allocation formula that you're utilizing? I mean, the numbers aren't changing, but is it the allocation that changes?

MR. BYLLOTT:

Well, what happens is that what's going to be changing is the cost of those programs, you know, so administratively, our administrative costs will probably remain the same or go down a little bit, but when compared to the programs, the program costs will be increasing. So administratively the costs will be remaining the same or drop a little bit, but when you're having more services in the programs, the program cost goes up, so when comparing the administrative cost to the program cost and the program cost is higher, it will lower the administrative expenses.

LEG. STERN:

Well, you're saying, then, that -- what I'm hearing is that with more services being provided, that's going to give you the ability to take numbers from the administrative side of the ledger and put them over to the programmatic.

MR. RICHBERG:

No. What I'm saying is administrative expenses as they are, 26 percent, that will be staying -- that allocation will remain the same, but the 26 percent will be going down because of lowering administrative expenses with staff, and as the programs grow, the actual programs itself, as they're growing, those costs are going to become up higher, so you're going to be comparing regular administrative cost to now a higher program cost.

MS. CARTER:

And also, if I could just add, 2013, it was a smaller program so that was where some of our problems were because the money -- the revenue was not coming in for the programs, and which, you know, made -- we were still paying our staff and all, but the revenue wasn't coming in for the program, so that's another reason, like I said. It was not just the JDRC program why we were higher in 2013.

LEG. STERN:

But going back to the point, then, with more children coming in and being served and those costs increasing, as you stated, the revenue to meet that need is coming from where?

MR. BYLLOTT:

Well, for -- the program expenses are roughly about -- taking out the JDRC, the program expenses are approximately 140,000 for program. The admin expenses are 37,000. So what I'm trying to explain is that 37,000, let's just say it increases to 40,000, which will be high. The program expenses will probably increase because of the more children that we get in, so you're going to be comparing a base of, say, \$40,000 right now to something that could be 150- or 160,000, so that's how we're going to try to get -- stay at that 20 percent or below.

LEG. STERN:

All right. So my question, then, is if the services are going to be increased and the revenue is going to be increased because of the increased services, using your numbers, if that 140 is going to 150 or 160, the additional revenue to serve those children is coming from where? Are you just taking it from the administrative side and putting it over to the services side, or is it additional revenue that's going to be coming in?

MR. BYLLOTT:

Well, the revenue, as mentioned before, a nonprofit, you don't want too much to hit the bottom line, but for 2014, it showed 40,000. So we get about 90,000 a year from contributions from corporations and individuals, so that's a big bulk of revenue raising, not only the grants and the fees from services but also knocking on doors and going to corporations.

MS. CARTER:

As they grow, you know, what she's saying too is there's more income coming in from more people --

LEG. STERN:

Here's my question on that: To use your numbers, if programmatic is 140,000 and it's going to be increasing to a 150- or \$160,000, that difference in revenue, because of an increase in services, has to be coming from someplace, so is it limited, then, to charitable contributions and corporate underwriting, or is it from additional grants and --

MS. CARTER:

It would be additional fees for services, additional grants.

LEG. STERN:

So it's across the board, but including more government funding from whatever level.

MS. CARTER:

Hopefully. That's the plan. We have reached out. We have Long Island Community Foundation that's looking to fund us again for this year, and, you know, they don't usually do two years in a row, so that is our goal: that we will get more grant funding too.

LEG. STERN:

And so going forward, it seems clear from the conversation, then, that the change on the administrative side is due to several of these structural changes. It's not necessarily just as re-characterization but based on the difference in staffing, that's where the big change is coming from.

MS. CARTER:

Yeah. We learned a lot. Again, we took on this commitment thinking more positive, thinking this was going to reach more of the population and do what we wanted, but in reality, it was really tough for us and we learned a lot from that. You know, I've had to meet with the audit and control many times. We've never been in this situation in all the years, you know, so I've had to look at everything and bring them on more to change things around; and, again, our accountant, we worked real hard to get the 990 done and the audit and financials done because we want to show you guys that, you know, we really are trying to do the right thing. It was a mistake. You know, it was a lot of things that came together that caused the problem, and I'm concentrating just on our little Sunshine in Port Jeff and not taking on any other commitments because that kind of put us in a big bind, something we can't handle as being such a small agency.

LEG. STERN:

Thank you.

CHAIRMAN D'AMARO:

All right. Legislator Trotta, did you have another follow-up?

LEG. TROTТА:

A couple of quick questions. What hours are you open?

MS. CARTER:

We're there 8:30 to 4:00 Monday through Friday and from 4:00 to 9:00 on Tuesday and Wednesday nights.

LEG. TROTТА:

So how are kids going there from 8:30 to 4:00? Shouldn't they be in school?

MS. CARTER:

8:30 to 4:30, we do our administrative. I have the alternative program that we run for kids on long-term suspension. I see the adults. We go into the schools during that time. I have the adult programs and the parent programs that come in at that time, so there's -- we have a food pantry that's open for families, so there's a lot of services that we do during those hours.

LEG. TROTТА:

How many kids are in there right now?

MS. CARTER:

In there right now? Well, in the center, you mean?

LEG. TROTТА:

Yeah.

MS. CARTER:

Right this second?

LEG. TROTТА:

Right this second.

MS. CARTER:

Eight kids are in the facility right now with an alternative program.

LEG. TROTTA:

There's eight kids there right now.

MS. CARTER:

Eight kids right now. There's probably some parents there that come in.

LEG. TROTTA:

And describe to me these eight kids.

MS. CARTER:

Eight kids are referred from the judge as an alternative to incarceration.

LEG. TROTTA:

They don't go to school --

MS. CARTER:

They were acting out in their school, not going to school. They were in trouble for maybe substances or getting into a fight in school and they're not allowed in their regular school.

LEG. TROTTA:

Is there an agency that checks on you? I'm just asking. I don't know anything about this.

MS. CARTER:

What do you mean "checks?"

LEG. TROTTA:

Does the Health Department come in?

MS. CARTER:

Yeah. We are overseen by the health department, comes in and sees the building. We are a town building, a town agency. We are a county agency. I am overseen by OASIS for my prevention credential and everything that I do.

LEG. TROTTA:

All right. Thanks.

CHAIRMAN D'AMARO:

Okay. Thank you, Legislator Trotta. Legislator Martinez, you had a comment.

LEG. MARTINEZ:

Yeah. Good morning. Thank you for coming today. No one's denying that you're doing great work. I do have additional questions that you are not able to answer because you don't have information in front of you, so I would definitely like to sit down with you. But in terms of getting additional grants, I would also suggest you reach out to the towns. If you are a count- and town-based agency, I mean we are providing you about 30,000 and the town is providing you 18,000. I think there should be some sort of --

MS. CARTER:

The town provides us the building so we don't pay for the building.

LEG. MARTINEZ:

But still, I think you should look into getting additional funds from the town as well.

MS. CARTER:

Okay. Yeah, I would love to do that. I just don't want to -- again, they gave us the building and they give us the 18, so I don't think they think they should give us anything else right now.

LEG. MARTINEZ:

How much would the rent be monthly?

MS. CARTER:

We figured monthly, anywhere from 1,000 to 3,000 a month, but our responsibility, we do all the upkeep to the building and anything that breaks down, that's our responsibility, so that was kind of -- we're providing the services, and I mean we got to building a long time ago when Councilwoman Strebel and Felix Grucci was the supervisor, and those were the agreements we made at that time. You know, they're looking to maybe change that, and we may have to pay rent soon, but we're still trying to, you know, fight for that right now.

LEG. MARTINEZ:

Okay. Thank you.

MS. CARTER:

Thank you.

CHAIRMAN D'AMARO:

Thank you. Question for you: The funding you're trying to get released from the county at this time is for 2015; is that correct?

MS. CARTER:

Yes.

CHAIRMAN D'AMARO:

And the figures that are being used by the comptroller's office are from 2013?

MS. CARTER:

Fourteen.

CHAIRMAN D'AMARO:

Fourteen?

MS. CARTER:

We met with the comptroller's office. They asked us to wait until we got our 2014 numbers, which we did, and we sent to Frank and the audit and control and now we have to look at 2014.

CHAIRMAN D'AMARO:

So based on 2014, you're landing at 26.6 percent; is that correct?

MS. CARTER:

Yes.

CHAIRMAN D'AMARO:

And, again, you had stated earlier that you expect that to go down for 2015, which it needs to because I would assume you'll receive further funding from the county, and at that time we'll take a look at it.

MS. CARTER:

Yes. We were -- there is probation grant that we had been awarded for one of our programs, and we also were contacted by the New York State Attorney General to do something with the re-entry for adults and do our peer support and all, and that's in a grant that will be for not until the end of this year into next year, so I didn't want to jeopardize possible other funding for things like that, and we need the 30,000.

CHAIRMAN D'AMARO:

Okay. Are there any other questions? Is there any comments you would like to make in closing?

MS. CARTER:

No. Just thank you for this opportunity, and I apologize for even having to be here and taking your time.

All right. I'm going to offer a motion to approve.

LEG. CILMI:

Can I just --

CHAIRMAN D'AMARO:

Quickly.

LEG. CILMI:

Before we let these folks go, I saw Frank Bayer from the comptroller's office came to the desk, and I wondered what, if anything, he had to this.

MR. BAYER:

Yes. I just wanted to clarify based on the 990 that was submitted for 2014, which includes this -- all program expenses for both programs, their rate is at 40.6 percent. When they're referring to the 26 percent number, they are backing out the other program, which we cannot do at this point because we're using the 990 for the 2014 fiscal year, so their 2014 raise is 40.6. It's a big improvement from '13. In '13, they were at 64.8 percent.

LEG. CILMI:

Okay. So they were at 64.8 based on what they had submitted at that point. Why did we not -- did we go through this whole thing last year, then, for this agency?

MS. CARTER:

No, it didn't come to their recognition. I guess we didn't realize it. The funding for 2013 didn't come until -- I don't know. It was kind of confusing with this other program, so when they finally realized it, when things had come -- we had tried to address it right away.

LEG. CILMI:

Okay. So it was 64-something in 2013; 40 for 2014; but when you removed the JDRC program, it's 26 point whatever, but did you offer the JDRC program in 2014?

MS. CARTER:

We did 'til the of 2014 and then we relinquished our responsibility of that. We were supposed to continue with that until 2016 but because of all the --

LEG. CILMI:

Okay. So basically what you're saying is that in 2014, your percent was 40 percent, but now that you've eliminated the JDRC program from your repertoire of services if you will, from your scope of services, you expect that at the very worst, the percentage will be 26-whatever percent --

MS. CARTER:

We weren't taking out the JDRC program. We were just showing you if we had not had that, you know --

LEG. CILMI:

If you had, right.

MS. CARTER:

So we weren't in any way taking that out, just showing you. And we expect without that, and by making all these changes, we should be at the 20 percent or even lower than that, not 26 even. We're expecting to be at 20 percent.

LEG. CILMI:

Are we in concurrence here, then, based on --

MR. BAYER:

Yes, we're in concurrence. I haven't reviewed how they calculated 26 percent. I don't have that financial statement. But, you know, the 40 percent --

MS. CARTER:

I can e-mail it to you.

MR. BYLLOTT:

I have a copy if you need it.

CHAIRMAN D'AMARO:

All right. I'm going offer a motion to approve. Second by Legislator Martinez.

LEG. STERN:

Just quickly on the motion.

CHAIRMAN D'AMARO:

Legislator Stern.

LEG. STERN:

Yeah. Understanding how the conversation has gone, and, Frank, thank you for being with us today. It's always very helpful when you're here. That currently objectively it's at 26 percent per the comptroller's office, I mean, you can make the number shift from 26 and you represent that perhaps it can go below 20, so I might be skeptical of that; however, your representation here is that again, it's not just a re-characterization of numbers from one side of the ledger to the other, but you're representing that they're real structural changes here in terms of reduced salaries, reduce staff, and to me that seems meaningful, not just a promise that we're going to take another look at

the numbers and re-characterize, but with that kind of dramatic change in staff comes, I would believe, a corresponding change in overhead and administrative expenses that come along with that, so I'll support it.

CHAIRMAN D'AMARO:

Okay. There is a motion that has received a second. I'll call the vote. All in favor? Opposed? Abstentions? Motion carries. **Approved (VOTE: 5-0-0-0).**

Okay. Come back in at 20 percent or less next year.

MS. CARTER:

We will. Thank you so much.

CHAIRMAN D'AMARO:

Okay. You'll save us an hour.

Okay. The next resolution is **1105 of 2015, Amending the 2015 Operating Budget to provide funds for a study of opioid addiction and abuse related costs in Suffolk County (Calarco)**. At the sponsor's request, I'll offer a motion to table. Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries. **Tabled (VOTE: 5-0-0-0).**

Resolution 1265 of 2015, Approving County funding for a contract agency (Gerald Ryan Outreach)(P.O. Gregory). Motion to table. Second by Legislator Martinez. All in favor? Opposed? Abstentions? Motion carries. **Tabled (VOTE: 5-0-0-0).**

Resolution 1347 of 2015, Amending the 2015 Operating Budget to provide funding for membership in the Interstate Chemicals Clearinghouse (Hahn). I'll offer a motion to table. Second by Legislator Cilmi. All in favor? Opposed? Abstentions? Motion carries. **Tabled (VOTE: 5-0-0-0).**

Resolution 1372 of 2015, Amending the 2015 Operating Budget to provide funding for the Suffolk County Coalition Against Domestic Violence (Hahn). This had been considered by the committee earlier, and I believe there was an issue with respect to the offset. Dr. Lipp.

MR. LIPP:

Yes. The Budget Office, after the resolution was initially put together, embargoed or froze over 729,000 of the motor fuels line item in the budget.

CHAIRMAN D'AMARO:

And there's been no change, as far as you know?

MR. LIPP:

Correct.

CHAIRMAN D'AMARO:

All right. I'll offer a motion -- no, go right ahead, Legislator Cilmi.

LEG. CILMI:

Well, I'll wait for your motion and then --

CHAIRMAN D'AMARO:

Motion to table. Is there a second? Second by Legislator Martinez. Go ahead.

LEG. CILMI:

Thank you. Has the sponsor reached out to you at all to try and find another offset for this?

MR. LIPP:

No, at least not that I'm aware of.

LEG. CILMI:

Okay. I think -- I don't want to speak for anybody else on the committee, but I at least would seriously consider doing this if we agreed that the offset was available, shall we say. I mean, I think the work that this agency does is remarkable and critically important, and they have seen reductions in their funding over time. So I think it's important and I would join the sponsor in looking for an appropriate offset, but as the offset is currently unavailable, I don't think we have a choice.

CHAIRMAN D'AMARO:

Okay. There is a motion to table. It has received a second. I'll call the vote. All in favor? Opposed? Abstentions? Resolution is tabled. **Tabled (VOTE: 5-0-0-0).**

Introductory Resolutions.

The first is **1420 of 2015, Amending the 2015 Operating Budget and appropriating funds in connection with bonding for a settlement for a liability case against the County (County Executive)**. This bill approves the appropriation of \$197,500 in funds for a negligence action against the county arising out of a bus accident, and this settlement has been approved by the Ways and Means Committee in executive session. I'll offer a motion to approve. Second by Legislator Stern. On the motion.

LEG. TROTТА:

(Inaudible).

CHAIRMAN D'AMARO:

I don't have that information, but the chair of the Ways and Means Committee is here. Legislator Stern. Oh, is Gail here? Gail, I'm sorry. I didn't see you there. Good morning.

MS. LOLIS:

Good morning.

CHAIRMAN D'AMARO:

Legislator Trotta wanted to know what the vote was.

LEG. TROTТА:

There was one or two that I voted against. I just wanted to make sure.

MS. LOLIS:

I don't remember on this one. I think you voted for it, but I'm not a hundred percent.

LEG. TROTТА:

Can you whisper and tell me what it was?

MS. LOLIS:

What this one's about?

LEG. TROTТА:

Yeah.

MS. LOLIS:

May I approach?

CHAIRMAN D'AMARO:

Well, we'd have to -- do you want to recess into executive session?

LEG. TROTТА:

No.

CHAIRMAN D'AMARO:

Are you sure?

LEG. TROTТА:

Yeah.

CHAIRMAN D'AMARO:

Okay. Legislator Cilmi, did you have a question?

LEG. CILMI:

Yes. So you can't even -- without going into the details of what happened -- you know, maybe if we could go into executive session I don't think it'll take very long. I wanted to go over this one because we have a second resolution immediately following, which is substantially more money, which I think is worth the committee, you know, having a chat with Gail about. The next one's, like, \$3 million.

CHAIRMAN D'AMARO:

All right. Why don't we do that? I'll offer a motion to go into executive. Second by Legislator Stern. All in favor? Opposed? Abstentions?

MR. BRAND:

For what reason?

CHAIRMAN D'AMARO:

I'm sorry? Would you like to come to the podium and state your name if you have a question? I'm just kidding. We're discussing litigation, the next two resolutions.

MR. BRAND:

No, we're discussing a bond resolution bonding resolution --

CHAIRMAN D'AMARO:

Well, the bonding issue, yeah, okay, but tied to litigation, right.

MR. BRAND:

And you're financing it.

CHAIRMAN D'AMARO:

That's correct.

MR. BRAND:

So it's open.

LEG. CILMI:

All right. I mean, speaking personally --

CHAIRMAN D'AMARO:

We're going to -- hold on. Hold on. Hold on. We're going to adjourn into executive session to discuss the merits of the case in connection with determining whether or not we want to agree to the settlement and bond the settlement.

MR. BRAND:

But that's already been done.

CHAIRMAN D'AMARO:

No, we haven't bonded this yet.

MR. BRAND:

No, the bonding is a public issue. They did it in executive session. You have to deal with this bond issue in open session.

LEG. CILMI:

I'm not a member of Ways and Means and I want to hear the merits of the case before I approve 3 million plus in bonding.

(*The committee met in executive session from 10:58 a.m. until 11:06 a.m.*)

Okay. We are back from executive session and just for the record, the committee has decided that it is not going to discuss the merits of the case and is going to continue on the record to debate the issue and the bill pending for us and that is the bonding of the settlement. Did we have a motion, to the clerk?

MR. RICHBERG:

Yes, we do.

CHAIRMAN D'AMARO:

Has it received a second?

MR. RICHBERG:

You have a motion and a second to approve.

CHAIRMAN D'AMARO:

All right. Now, on the motion, anyone?

LEG. CILMI:

Sure. By the way, nor did we discuss in executive session anything relative to the bonding. All we discussed was the merits of going into executive session.

CHAIRMAN D'AMARO:

We decided that we were not going into executive session.

LEG. CILMI:

Right. Just want to make that clear. So with respect to the bonding here, we're talking about bonding 100 and -- almost \$200,000 in this case and in the subsequent resolution, I believe it's -- is it \$4.5 million?

CHAIRMAN D'AMARO:

Well, let's -- Gail, come on up. What's the bond amount on the second resolution?

MS. LOLIS:

On the second resolution, the bond amount is 3 million.

LEG. CILMI:

Okay.

MS. LOLIS:

Self-insured retention.

LEG. CILMI:

And what is the -- 4.5 is in my notes here for some reason; what does that --

MS. LOLIS:

The excess carrier, the county's excess carrier is paying 1.5 million over our 3 million.

LEG. CILMI:

Explain that to me.

MS. LOLIS:

The excess carrier, our excess carrier is paying 1.5 --

LEG. CILMI:

I understood that point.

MS. LOLIS:

-- over the 3 for a total settlement of 4.5 million.

LEG. CILMI:

Right. So explain, though, what an excess carrier -- what does that mean?

MS. LOLIS:

We have insurance with -- I think this was AIG over our 3 million self-insured retention so that first layer of excess is \$5 million. The excess carrier is settling within their \$5 million excess.

LEG. CILMI:

Okay. So is there a threshold that we have in the county, then, in terms of the amount of money that we're, sort of, liable for that we would have to bond for or?

MS. LOLIS:

Yes. That's what we call the "self-insured retention." That, for this particular year, was \$3 million. It's now higher.

LEG. CILMI:

Okay. And what is it now?

MS. LOLIS:

We have excess insurance in various layers above that.

LEG. CILMI:

Okay.

MS. LOLIS:

Right now, it's either four or five. I'm not exactly sure.

LEG. CILMI:

So we pay an insurance company to insure the county, and we pay them, I guess, out of operating funds, right, to insure the county for each year for a cap of liability on any lawsuits -- for liability lawsuits.

MS. LOLIS:

For liability for amounts in excess of \$3 million.

LEG. CILMI:

The year that this happened, it was \$3 million. This year, it's different. Next year, it'll be different.

MS. LOLIS:

Yes.

LEG. CILMI:

What do we pay?

MS. LOLIS:

And, again, there are various layers.

LEG. CILMI:

What do we pay for that insurance this year? Well, what are we paying this year, or what did we pay last year or whenever --

MS. LOLIS:

Don't have those numbers. I can get them for you, I just don't have them with me.

LEG. CILMI:

Okay. So then the next question would be if we could in some way lower the threshold, it would seem to me to be in our benefit to do so, I mean, depending on how the numbers work out, obviously.

MS. LOLIS:

When you say, "lower the threshold," you're talking about the self-insured retention?

LEG. CILMI:

Yes, I think that's what I'm talking about.

MS. LOLIS:

The premiums go up quite substantially, which is why the self-insured retention is actually --

LEG. CILMI:

Right, but that's exactly what I would want to look at, Gail, because if let's say we pay -- I'm just pulling numbers out of thin air here -- but let's say we pay a half a million dollars for an annual insurance policy to insure us in the event of settlements in excess of \$3 million, and let's say that you came to us and said, Look, we can be insured for a -- what do you call it? Self-insured retention of a million dollars or greater if we paid a million dollars a year, and we look at the history of the settlements that we've bonded over the past couple of years, and we look at what we paid in debt service on those settlements, it seems to me to be a very -- it would be a very good discussion to have as to whether or not we're making the right decisions as to that self-insured retention value.

MS. LOLIS:

And that is something that risk management analyzes.

LEG. CILMI:

Okay. So at some point very soon, I'd like to have that conversation with somebody. You are not the right person to have it with, but I know we have people from the county executive's office here, but maybe we can have that conversation at our next Budget and Finance Committee meeting, if that's okay with you, Mr. Chair.

CHAIRMAN D'AMARO:

Yeah, why don't we go ahead and schedule that for a presentation if Risk Management wants to come in and explain the self-insurance aspects of what we do and the cost benefit analysis.

MS. LOLIS:

Okay.

CHAIRMAN D'AMARO:

All right. And if the county executive's office could accommodate that for us, we'd appreciate it. Thank you.

LEG. CILMI:

Now that being said, I don't suspect that our policy -- well, this was from last year, this case?

MS. LOLIS:

2007.

LEG. CILMI:

2007. All right. Well, we certainly can't turn back the hands of time on what we paid for in 2007, and the county doesn't have any -- again, I'm not sure that you know the answer to this question, Gail, but the county doesn't have any operating funds set aside for settlements such as this, do we?

MS. LOLIS:

We do. Every year, the budget appropriates a certain amount, you know, in the various funds for settlements. It's just that when you get to the level of the settlements that you're getting, the budget is not -- would never cover the three million. It's much less than that. I don't remember what it was -- what it is for this year, for this particular fund but --

LEG. CILMI:

If I could ask through the chair, if I could ask Budget Review to respond. How much is in our

budget in 2015 for settlements?

MR. LIPP:

Okay. So the data that I have up, it's based on the recommended budget. I believe it was adopted that way. We have in terms of bond proceeds we always adopt zero and then as it comes in, we do it during the year by resolution, so that's always going to be an issue that has to be dealt with resolution by resolution. That being said, I believe -- I'll call it "pay-go money" for settlements is \$1.5 million that we have in the budget.

LEG. CILMI:

Any idea where we are in utilizing that \$1.5 million at this point?

MR. LIPP:

I'd have to research it. I might be able to get back to you in a few minutes, but I will say that the last couple years was considerably higher than the 1.5.

LEG. CILMI:

Okay.

MS. LOLIS:

I could get you those numbers by the next session, if you want.

LEG. CILMI:

So this resolution that we're debating right now is for 197,500, and you said we had a million five in our budget this year?

MR. LIPP:

For pay-go money. That would be Object 8505, yeah.

LEG. CILMI:

Right. If either we could -- it's operating funds.

CHAIRMAN D'AMARO:

Can I just clarify that?

LEG. CILMI:

Yes, sure.

CHAIRMAN D'AMARO:

Pay-go in the sense of there's a line specifically for a cash settlement?

MR. LIPP:

Yes. So we always recognize that we're going to have some settlement so we put some cash in there but to supplement that --

CHAIRMAN D'AMARO:

But you don't know how much of that may be encumbered as of right now?

MR. LIPP:

Correct, but I could look to see if I could get that number.

LEG. CILMI:

Yeah, if you could do that, that would be great, Robert. Gail, could you tell me how it is that the -- that either your office or the budget office or who decides when to utilize operating funds to pay settlements versus bond for the settlements, and if there was a specific decision made in this case to bond because of some set of circumstances?

MS. LOLIS:

Risk Management makes the determination. Again, Risk Management is under the Department of Law now. The county attorney meets with them probably every other week and goes over all of the lines, and then they make the determination what's getting bonded. Basically, when you get into a settlement that's over \$100,000, if you don't bond it, then you will run out of cash very early in the year so you won't be able to settle the smaller matters, the property damages cases that may only be, you know, a couple hundred, a few thousand, the smaller personal injury cases. That's why the decision is made, when you see the six-figure settlements that they get bonded, or it will deplete the funds before the end of the year, and that's happened. Probably -- we watch it very closely now, and the county attorney watches it very closely now, because I think last year, we may have exhausted all funds by September, August, and then you have to delay settlements, you have to try to delay trials, you can pay outside counsel if you have outside counsel on the case; so we watch it very closely.

LEG. CILMI:

Okay. Thank you. As soon as Budget Review has the answer, if you could just jump back on.

MR. LIPP:

I'm ready.

LEG. CILMI:

You're ready? Okay. Sorry, Mr. Chair.

MR. LIPP:

Okay. So they actually increased the budget. The adopted budget, they moved more money in, 3.475 million.

LEG. CILMI:

Increased from proposed or increased from last year?

MR. LIPP:

The 2015 budget was adopted at 1.5 million. What the executive's office does from time to time is there allowed within a certain amount to move money across lines, and it's showing that the current budget now is 3,475,000 of which 2.3 million has already been spent.

LEG. CILMI:

Well, wait a minute. How is the county executive's office allowed to move that kind of money, and between what lines? Did we have any say in that?

MR. LIPP:

No.

LEG. CILMI:

How does that happen?

MR. LIPP:

So you only have -- and I'd have to check to see what the details are -- but there's -- within 10 percent of remaining balances, the executive could move money around just administratively in order to just manage the budget. That being said, if you're talking about larger amounts, then they would have to come to the legislature.

LEG. CILMI:

Well, but it was \$2 million. That's significant.

MR. LIPP:

I don't know if it meets the letter of the law. I would have to assume it does. I'd have to research that part, though.

LEG. CILMI:

Right. If you could look at where that came from.

CHAIRMAN D'AMARO:

Well, it could have come from more than one line.

MR. LIPP:

Correct.

LEG. CILMI:

Well, sure. If you could just look at where it came from, I'd like to know, not necessarily for this meeting, but it seems to me if this legislature adopted a budget of \$1.5 million for that line in the budget, and now all of a sudden they have how much? Or it was indicated in the budget as how much?

MR. LIPP:

Okay. So it was adopted at 1.5. They modified the budget. Basically, the current budget is 3,475,000.

LEG. CILMI:

So they increased it by more than 100 percent.

MR. LIPP:

Of which they spent 2,315,660. That being said, what you're looking at is specific objects across different appropriations is what I'm giving you. I'm giving you all of the sub-objects and the law where the 10 percent is across all appropriations within a unit, like, for instance, the legislature. Your appropriation, if you wanted to move from supplies to salaries or something, there's some flexibility. I'm only looking at, let's say, the supply line. I'm not looking at the entire legislature' budget.

LEG. CILMI:

Let me just see if I can break this down so I can understand it. So let's say, for example, that to budget for light bulbs in the county was a million dollars. The county executive could unilaterally, without our authorization, could take up to 10 percent of that allocation and move it anywhere he wants?

MR. LIPP:

Well, let's do a different example, too. Let's say that light bulbs are \$100 out of a \$5 million budget

for one appropriation but light bulbs are one sub-object under it. They can move more money within the entire appropriation to light bulbs, so it looks like you're increasing it be a gazillion percent, but that's not the case. How this actually came about, what line items they tapped, that I can't tell unless we drilled down a lot more.

LEG. CILMI:

All right. If you could just provide me with that information.

MR. LIPP:

Understood.

LEG. CILMI:

I'd appreciate it. So with that said, you said they've spent out of that line --

MR. LIPP:

2.3 million, a little over.

LEG. CILMI:

2.3 million.

MR. LIPP:

I mean, it's -- if you were projecting a likely scenario given groups of years and 1.5 wasn't going to make it, so they moved money in from lines, I guess, that had excess.

LEG. CILMI:

It is a fascinating system that we have here in Suffolk County, that we could budget for 1.5 million and end up with 3.5 million in that same budget line.

MR. LIPP:

Well, there are lots of housekeeping resolutions, for instance, at the end of the year that move money around because at the end of the day, even if your budget was spot-on aggregate, you're always going to have line items that are higher or low.

LEG. CILMI:

I mean, we're not even halfway into the year at this point. Thank you.

MR. LIPP:

In terms of the liability (indiscernible), we have the expert there.

CHAIRMAN D'AMARO:

Okay. Legislator Stern, did you have a question?

LEG. STERN:

I have a question, but since, Mr. Chairman, you've asked for a follow-up meeting with Risk Management, I will hold my questions until then. Thank you.

CHAIRMAN D'AMARO:

All right. Thank you.

Dr. Lipp, when you have that information with respect to how the budget line forecast settlement was increased, can you e-mail that to everyone on the committee, please?

MR. LIPP:

Gladly. Sure.

CHAIRMAN D'AMARO:

Thank you. All right. And, Gail, Risk Management is under the county attorney's office. If you could ask the county attorney to accommodate us for the next session, I'd appreciate that.

MS. LOLIS:

Absolutely.

CHAIRMAN D'AMARO:

Thank you. All right. And to the clerk, is there a motion pending?

MR. RICHBERG:

You have a motion and a second to approve.

CHAIRMAN D'AMARO:

Thank you. At this time, I'll call the vote. All in favor? Opposed? Abstentions? One in opposition and one abstention. Resolution carries. **Approved (VOTE: 3-1-1-0, Opposed: Trotta, Abstain: Cilmi)**

MR. LIPP:

I could add some additional information now. I have people in the back listening in.

CHAIRMAN D'AMARO:

Okay. Sure. Go ahead.

MR. LIPP:

So apparently, the additional balances were available from an offset with bond proceeds and then you move it into that, so the bond proceeds are revenue and then they move it into the expenditure line I'm talking about.

CHAIRMAN D'AMARO:

Oh, well, that's interesting. So "bond proceeds" meaning it's already bonded funds.

MR. LIPP:

Right.

CHAIRMAN D'AMARO:

So it's just a mechanism to spend bonded money.

MR. LIPP:

Correct.

LEG. CILMI:

May I, Mr. Chairman?

CHAIRMAN D'AMARO:

Yes, go ahead. Sure.

LEG. CILMI:

But we don't know what they were bond proceeds from. In other words, we could've bonded -- let's say we bonded \$5 million for police cars and it only cost us \$4 million. They could've moved the bonds proceeds, the extra million dollars, and then used them for this.

MR. LIPP:

No.

LEG. CILMI:

I'm not sure I follow.

MR. LIPP:

Bond proceeds work differently than normal -- I'll call them "normal capital projects." So if you're doing a specific capital project and we go out to borrow, which could be a couple years down the road after you've passed the legislation, then that goes right to the capital fund, and that's not part of the operating budget other than down the road if they finish doing the purchases, and they're only going to do, in your example, four million and they decide they're not going to do five million, they could close out the capital project -- and that would be capital -- close out revenue in the next year's operating budget, just revenue --

LEG. CILMI:

Right, but explain to me, then, where we find the \$2 million. You said "bond proceeds" but that doesn't really --

MR. LIPP:

Well, each bond issue that we've done of late includes a couple of line items or projects specifically for settlements. So you could have a bond -- so we're going out very shortly -- "we," the county comptroller, Mr. Kennedy is going out shortly for a serial bond issue that I believe is in the neighborhood of 55 million. That covers, maybe I'll say, guesstimate 120 different projects. A couple of them happen to be bond settlements and you should be able to -- or we would be able to backtrack to see what resolution it was related to.

LEG. CILMI:

Okay. I understand that so far. What I don't get is where the extra money comes from.

MR. LIPP:

From the bond proceeds. So in other words, we're increasing the budget by going out and recognizing the revenue from the bond proceeds and the dual equalizing factor --

CHAIRMAN D'AMARO:

I think the issue is when that bond was issued, the proceeds that wound up in this account when the bond was issued were -- those proceeds were targeted at the time of bonding for settlements; is that correct?

MR. LIPP:

Yes.

CHAIRMAN D'AMARO:

Okay. Right. So we're just bonding in advance, if you will, to bump up the cash account, settlements.

MR. LIPP:

I believe so, and I'll have to research it a little more to fully make sure that I'm telling you exactly all of the correct information, if there's any difference. I'll get back to you. We'll research it.

LEG. CILMI:

Okay. Because what it sounds like you're saying is this is really just a bookkeeping thing.

MR. LIPP:

Yeah, you could say that, definitely. So we were saying I guess the bigger picture is long-run, it's a weighing of how much you want to borrow for this stuff or to actually pay through the operating budget cash adopting --

CHAIRMAN D'AMARO:

Right, but it's not look we go out and float a bond for a capital project to build a bridge and have an extra million dollars that we never spent. We can't just -- by the terms of the bond, we cannot take these proceeds and put them anywhere we want.

MR. LIPP:

Exactly. Correct.

CHAIRMAN D'AMARO:

It doesn't happen.

MR. LIPP:

Correct.

CHAIRMAN D'AMARO:

What we can do, though, is do an anticipatory bond, if you will, and a portion of that bond can be specifically earmarked for settlements, and then when the bond is floated and the funds come in, we put that cash into that line.

MR. LIPP:

Right. And the way it works is Audit and Control will get in touch with all the departments to see what their needs are over the next six months, and I'll just have to assume here that they're speaking with the law department for the settlement part.

LEG. CILMI:

Okay. Thank you.

CHAIRMAN D'AMARO:

Okay. All right. The next resolution is resolution **1421 of 2015, Amending the 2015 Operating Budget and appropriating funds in connection with bonding for a settlement for a liability case against the County (County Executive)**. This approves approximately -- or an appropriation of \$3 million for a negligence action against the County of Suffolk arising out of a bus accident, and, again, this settlement was previously approved by the Ways and Means committee in executive session. I'll offer a motion to approve. Second by Legislator Stern. All in favor? Opposed? Abstentions? One abstention. Motion carries. One in opposition. Motion carries. **Approved (VOTE: 3-1-1-0, Opposed: Trotta, Abstain: Cilmi)**

Resolution 1424 of 2015, To readjust, compromise, and grant refunds and charge-backs on real property correction of errors by: County Legislature (Control No. 1008-2015). I'll

offer a motion to approve and place on the consent calendar. Second by Legislator Stern. All in favor? Opposed? Abstentions? Motion carries. **Approved/Consent Calendar (VOTE: 5-0-0-0).**

Resolution 1426 of 2015, To readjust, compromise, and grant refunds and chargebacks on correction or errors/County Treasurer by: County Legislature (Control No. 429)(County Executive). Same motion, same second, same vote. **Approved/Consent Calendar (VOTE: 5-0-0-0).**

There is no further business before the committee. We are adjourned. Thank you.

*(*The meeting was adjourned at 11:28 a.m. *)*