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NASSAU COUNTY LEGISLATURE

NORMA GONSALVES,
Presiding Officer

FINANCE COMMITTEE

RICHARD NICOLELLO, Chairman

1550 Franklin Avenue
Mineola, New York

Monday, May 6, 2013
2:12 P.M

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2 A P P E A R A N C E S :

3

4 RICHARD NICOLELLO, (Substituted by
Chairman Dennis Dunne)5 VINCENT MUSCARELLA,
Vice Chairman

6

ROSE MARIE WALKER

7

MICHAEL VENDITTO

8

9 DAVID DENENBERG,
Ranking

10 JUDI BOSWORTH

11 DELIA DeRIGGI-WHITTON

12 WILLIAM J. MULLER, III
Clerk of the Legislature

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LIST OF SPEAKERS

DAN VALENTINO, Deputy County Attorney,
Nassau County Department of Assessment....5

MAURICE CHALMERS, Nassau County,
Office of Legislative Budget Review.....12

MARYELLEN LORRAINE, Nassau County
Department of Health.....16

ROSEANNE D'ALLEVA, Nassau County,
Office of Management and Budget.....18

TIM SULLIVAN, Deputy County
Executive of Finance.....24

1 Finance Committee/5-6-13

2 VICE-CHAIRMAN MUSCARELLA:

3 Calling the Finance Committee to order. The
4 chairman, Richard Nicoletto, is not here
5 today. Sitting in for chairman is Dennis
6 Dunne. I am here as vice chairman.
7 Rosemarie Walker is here. Michael Venditto
8 is here. Ranking Member Dave Denenberg is
9 here.

10 LEGISLATOR DENENBERG: We don't
11 like that trade for Dunne for Nicoletto. If
12 it was baseball cards you'd get like three
13 for one on that.

14 VICE-CHAIRMAN MUSCARELLA: I'll
15 let Rich know. Judi Bosworth?

16 LEGISLATOR BOSWORTH: Here.

17 VICE-CHAIRMAN MUSCARELLA: She's
18 here and Delia Deriggi-Whitton is here. We
19 have a quorum. We have a number of items on
20 today. With everyone's permission, I will
21 call some of them together.

22 We have a number of items dealing
23 with assessments. I will call them
24 together. Item 172 is a resolution to
25 correct erroneous assessments in the Town of

1 Finance Committee/5-6-13
2 Hempstead. 173 of 2013 is a resolution to
3 exempt from real property taxation certain
4 property in the town of Hempstead. 174 is a
5 resolution to partially exempt certain
6 property in the town of Hempstead. 175 is a
7 resolution to partially exempt some real
8 property in the town of North Hempstead, and
9 176 is a resolution to exempt real property
10 taxation, certain property in the city of
11 Long Beach. Motion, please.

12 LEGISLATOR DUNNE: So moved.

13 LEGISLATOR WALKER: Second.

14 VICE-CHAIRMAN MUSCARELLA: Motion
15 by Dennis Dunne, seconded by Ms. Walker.
16 Mr. May.

17 MR. MAY: We have Mr. Dan
18 Valentino to answer any questions on this
19 item. Motion, please.

20 VICE-CHAIRMAN MUSCARELLA: Mr.
21 Valentino, can you come forward?

22 MR. VALENTINO: Good afternoon.
23 Dan Valentino, Deputy County Attorney
24 assigned to the Nassau County Department of
25 Assessment. I guess the first item we'll

1 Finance Committee/5-6-13
2 start with is 172-13, there was a
3 transitional that was incorrectly calculated
4 under 1805 of the Real Property Tax Law
5 there is an increase from one year to the
6 next. That value has to be transitionalized
7 over a five year period. There was an error
8 in the calculation here. Any questions?

9 VICE-CHAIRMAN MUSCARELLA: Any
10 questions on 172?

11 LEGISLATOR DENENBERG: Quick
12 question. So if there's an error, does that
13 mean we collected too much and we have to
14 return the money?

15 MR. VALENTINO: That's correct.

16 LEGISLATOR DENENBERG: What
17 happens with the schools and every one else
18 under?

19 MR. VALENTINO: We would have to
20 refund the money.

21 LEGISLATOR DENENBERG: Are we
22 refunding or are we asking the schools to?

23 MR. VALENTINO: We are refunding
24 it on the first instance.

25 LEGISLATOR DENENBERG: Okay. Let

1 Finance Committee/5-6-13
2 me then say, what does that mean, the first
3 instance?

4 MR. VALENTINO: Technically,
5 under the correction of error, these errors
6 are supposed to be charged back to each
7 affected municipality and taxing
8 jurisdiction which would include the town
9 and school districts.

10 LEGISLATOR DENENBERG: So are we
11 going to charge the towns and school
12 districts back?

13 MR. VALENTINO: We should be.

14 LEGISLATOR DENENBERG: But they
15 only collected what they -- they would have
16 only collected what they budgeted for. If
17 the total assessed value was incorrect, then
18 the tax rate infinitesimally, I would guess,
19 for this one item, would have been just
20 slightly I guess off, higher than -- lower
21 than it should be.

22 So now that the assessed value
23 needs to go down, the tax rate would have
24 been higher if we got it right to begin
25 with. But the schools or the towns only got

1 Finance Committee/5-6-13

2 what they budgeted.

3 MR. VALENTINO: That's correct.
4 That's what is in place, 559 of the Real
5 Property Tax Law, we're just following state
6 law.

7 LEGISLATOR DENENBERG: And
8 despite the county guaranty, we are still
9 going to look back to the schools for the
10 money?

11 MR. VALENTINO: There is an
12 appellate division decision in 2010 that
13 said it was the town of North Hempstead
14 versus the Board of Assessors said that the
15 county guaranty is superceded by 559. It's
16 a state wide act. Cases have been
17 litigated, fully decided, and determined.

18 LEGISLATOR DENENBERG: What
19 caused the mistake here?

20 MR. VALENTINO: It was a
21 transitional calculation.

22 LEGISLATOR DENENBERG: I
23 understand.

24 MR. VALENTINO: Sometimes when
25 you enter it into the system the ADAPT

1 Finance Committee/5-6-13
2 system commits errors when it tries to
3 calculate to transitional value.

4 LEGISLATOR DENENBERG: So it
5 should have been transitioned over a five
6 year period?

7 MR. VALENTINO: Correct.

8 LEGISLATOR DENENBERG: When you
9 say the ADAPT system, you mean the county
10 system put it all in one year?

11 MR. VALENTINO: Well, it didn't
12 put it all in one year, it just incorrectly
13 calculated it for the first year. We fixed
14 it going forward. When you have 400,000
15 properties and 80,000 of them are
16 commercial, there are going to be errors
17 that are going to be committed.

18 LEGISLATOR DENENBERG: Okay.
19 When there's errors -- well, I made my
20 point. I don't think the schools or anyone
21 else got more than they had budgeted.

22 Thank you.

23 VICE-CHAIRMAN MUSCARELLA: We
24 need explanations on all of them? Do we
25 have any other questions with respect to any

1 Finance Committee/5-6-13

2 of these?

3 LEGISLATOR DENENBERG: Well,
4 they're all going to be -- Mr. Valentino, is
5 it?

6 MR. VALENTINO: That's correct.

7 LEGISLATOR DENENBERG: Is it
8 going to be similar errors that need to be
9 retroactively or not retroactively corrected
10 after the fact, after the tax bills already
11 went out?

12 MR. VALENTINO: That's correct.

13 LEGISLATOR DENENBERG: So it's
14 money that we are going to refund as you
15 call it in the first instance?

16 MR. VALENTINO: That's correct.

17 LEGISLATOR DENENBERG: Then we
18 are going to seek the money back from the
19 towns and schools?

20 MR. VALENTINO: Under state law
21 we should be.

22 LEGISLATOR DENENBERG: Are we
23 going to do it?

24 MR. VALENTINO: I can't speak to
25 that issue.

1 Finance Committee/5-6-13

2 LEGISLATOR DENENBERG: That's my
3 concern. Thank you.

4 VICE-CHAIRMAN MUSCARELLA: Any
5 other questions?

6 (No verbal response.)

7 Hearing none, all those in favor
8 of moving these items signify by saying aye.

9 (Aye.)

10 Any opposed?

11 LEGISLATOR DENENBERG: I'm
12 opposed.

13 VICE-CHAIRMAN MUSCARELLA: There
14 are two nays, Ms. DeRiggi Whitton and Mr.
15 Denenberg. The item is carried.

16 Next up is 183 of 2013 which is a
17 resolution providing for the issuance of a
18 warrant directing the treasurer of the
19 county of Nassau to pay to the supervisors
20 of the several towns and to the treasurers
21 of the several villages and cities within
22 the county of Nassau the sums as apportioned
23 by the Nassau County Legislature based on a
24 report filed with the County Treasurer and
25 the county clerk showing deposits from the

1 Finance Committee/5-6-13
2 mortgage taxes for the quarter beginning
3 January 1st, 2013, through March 31st, 2013,
4 pursuant to the County Government Law of
5 Nassau County and the Nassau County
6 Administrative Code. Motion, please.

7 LEGISLATOR DENENBERG: So moved.

8 LEGISLATOR WALKER: Second.

9 VICE-CHAIRMAN MUSCARELLA: Moved
10 by Mr. Denenberg, seconded by Ms. Walker.

11 LEGISLATOR DENENBERG: Just for
12 the record, I made a motion -- I'll make a
13 motion.

14 VICE-CHAIRMAN MUSCARELLA: I
15 guess it was the DD. Mr. May, do we have
16 someone coming forward?

17 MR. MAY: This item is submitted
18 by the legislature. It's a standard item.

19 VICE-CHAIRMAN MUSCARELLA: Please
20 come forward.

21 MR. CHALMERS: This is simply to
22 pay to the town and villages the portion of
23 the mortgage recording tax for the quarter
24 from January 1st to March 31st.

25 VICE-CHAIRMAN MUSCARELLA: Thank

1 Finance Committee/5-6-13

2 you. Do we have any questions?

3 LEGISLATOR DENENBERG: Is it
4 okay?

5 VICE-CHAIRMAN MUSCARELLA:
6 Certainly.

7 LEGISLATOR DENENBERG: Is our
8 mortgage tax proceeds down, up from the
9 first quarter?

10 MR. CHALMERS: No. Actually we
11 are looking pretty good. It's up -- I will
12 get you an exact percent.

13 LEGISLATOR DENENBERG: Given this
14 would be the first full quarter post Sandy,
15 it would be good to know whether our
16 mortgage tax proceeds are up or down from
17 last --

18 MR. CHALMERS: They are up year
19 to year. I will get you the exact percent
20 number.

21 LEGISLATOR DENENBERG: Thank you.

22 VICE-CHAIRMAN MUSCARELLA: Any
23 other questions?

24 (No verbal response.)

25 Hearing none, all those in favor

1 Finance Committee/5-6-13

2 signify by saying aye.

3 (Aye.)

4 Any opposed?

5 (No verbal response.)

6 The item carries unanimously. I
7 will call the next few items together.
8 That's item 187 of 2013, these are all
9 supplemental appropriations for various
10 departments. 187 of 2013 is for the
11 Department of Health; 188 of 2013 is in
12 connection with Department of Social
13 Services; 189 of 2013 is in connection with
14 the Department of Health; 190 of 2013 in
15 connection with the police department; 191
16 is in connection with the police department;
17 192 is in connection with the Office of
18 Emergency Management, the Police Department,
19 the Fire Commission, the Correctional
20 Center, the Medical Examiner and the health
21 departments; 193 of 2013 is in connection
22 with the Office of Emergency Management, the
23 Police Department, the Department of Public
24 Works, and the Correctional Center.

25 I will also call Item 200 of 2013

1 Finance Committee/5-6-13
2 which is in connection with the Correctional
3 Center. Motion, please.

4 LEGISLATOR VENDITTO: So moved.

5 LEGISLATOR DUNNE: Second.

6 VICE-CHAIRMAN MUSCARELLA: Motion
7 by Mr. Venditto, seconded by Mr. Dunne.

8 MR. MAY: A motion by Mr. Venditto
9 seconded by Mr. Dunne. These have all been
10 heard in other committees. Do we any
11 questions with respect to these? Ms.
12 Bosworth.

13 LEGISLATOR BOSWORTH: This may
14 seem like a pretty basic question, but I'm
15 not sure that I know what the difference
16 between 192-13 and 193-13, there seems to be
17 a lot of the same categories.

18 MR. MAY: They're two separate
19 grants. Tom Delaney is here and he can
20 answer more specific questions, but they're
21 two separate grants that I requested be bulk
22 -- there are different departments --
23 instead of doing like 10 or 12, we just
24 categorized them between the grant.

25 LEGISLATOR BOSWORTH: Thank you.

1 Finance Committee/5-6-13

2 VICE-CHAIRMAN MUSCARELLA: Any
3 other questions?

4 (No verbal response.)

5 Hearing none, all those in favor
6 signify by saying aye.

7 (Aye.)

8 Any opposed?

9 (No verbal response.)

10 Those items are carried. Next up
11 is 194 of 2013, a resolution to authorize
12 the transfer of appropriations heretofore
13 made within the budget for the year 2013.
14 Motion, please.

15 LEGISLATOR WALKER: So moved.

16 LEGISLATOR VENDITTO: Second.

17 VICE-CHAIRMAN MUSCARELLA: Motion
18 by Ms. Walker, seconded by Mr. Venditto.

19 MR. MAY: We have Ms. MaryEllen
20 Lorraine from the health department.

21 MS. LORRAINE: Yes. 194 is a
22 board transfer in the amount of \$3,170 and
23 this is for the HIV partner notification
24 program. This is to maximize grant
25 reimbursement when moving monies from salary

1 Finance Committee/5-6-13

2 to fringe.

3 VICE-CHAIRMAN MUSCARELLA: Any
4 questions?

5 (No verbal response.)

6 Hearing none, all those in favor
7 signify by saying aye.

8 (Aye.)

9 Any opposed?

10 (No verbal response.)

11 That item carries. Next up I'll
12 call 196 just out of order a second. 196 of
13 2013 to authorize a transfer of
14 appropriations heretofore made within the
15 budget for the year 2013. Motion, please.

16 LEGISLATOR VENDITTO: So moved.

17 LEGISLATOR WALKER: Second.

18 VICE-CHAIRMAN MUSCARELLA: Motion
19 by Mr. Venditto, seconded by Ms. Walker.

20 Do we have any questions on this
21 matter?

22 (No verbal response.)

23 Hearing none, all those in favor
24 signify by saying aye.

25 (Aye.)

1 Finance Committee/5-6-13

2 Any opposed?

3 (No verbal response.)

4 That item is carried. The last
5 order of business is Item 195 of 2013, a
6 resolution to authorize the transfer of
7 appropriations heretofore made within the
8 budget for the year 2012. Motion, please.

9 LEGISLATOR WALKER: So moved.

10 LEGISLATOR DUNNE: Second.

11 VICE-CHAIRMAN MUSCARELLA: Motion
12 by Ms. Walker, seconded by Mr. Dunne. Mr.
13 May, who do we have with us?

14 MR. MAY: We have Ms. Roseanne
15 D'Alleva from the Office of Management and
16 Budget.

17 VICE-CHAIRMAN MUSCARELLA: Good
18 afternoon.

19 MS. D'ALLEVA: This is a budget
20 transfer initiated by the comptroller's
21 office to facilitate the year end close for
22 2012.

23 VICE-CHAIRMAN MUSCARELLA: Any
24 questions? Mr. Denenberg.

25 LEGISLATOR DENENBERG: The

1 Finance Committee/5-6-13
2 totality of this transfer is, am I reading
3 this right, it's \$81 million? Or
4 \$80,289,000, or is that --

5 MS. D'ALLEVA: That's within the
6 general fund.

7 LEGISLATOR DENENBERG: What is
8 the total amount of this item?

9 MS. D'ALLEVA: Probably about \$84
10 million, around there.

11 VICE-CHAIRMAN MUSCARELLA: Is it
12 82,250,08.39?

13 LEGISLATOR DENENBERG: That
14 didn't sound right.

15 MS. D'ALLEVA: Sounds about
16 right.

17 LEGISLATOR DENENBERG: So it's
18 \$82,880,000; is that what you said?

19 VICE-CHAIRMAN MUSCARELLA: I
20 believe so.

21 LEGISLATOR DENENBERG: So most of
22 it, \$80.3 million is within the general
23 fund, correct?

24 MS. D'ALLEVA: That's correct.

25 LEGISLATOR DENENBERG: And most

1 Finance Committee/5-6-13
2 of the transfer in the general fund is for,
3 unless I'm reading this wrong, is for
4 salaries, correct?

5 MS. D'ALLEVA: Yes, that's
6 correct.

7 LEGISLATOR DENENBERG: So, I see
8 salaries, district attorney, 2.6, salaries
9 OMB, 2.1, salaries the lion's share is a 72
10 million dollar salary line. That must
11 include police, correct?

12 VICE-CHAIRMAN MUSCARELLA: I
13 don't believe it does.

14 MS. D'ALLEVA: I don't believe so
15 because the PDD and PDH are separately
16 listed here.

17 LEGISLATOR DENENBERG: So without
18 even including police overtime, which was I
19 believe from a December report from OMB,
20 pre-Sandy, or not including Sandy, police
21 overtime was at \$54 million, correct?

22 MS. D'ALLEVA: Police overtime I
23 believe ended the year at 49 net of Sandy.

24 LEGISLATOR DENENBERG: 49 net of
25 Sandy and was budgeted for 24?

1 Finance Committee/5-6-13

2 MS. D'ALLEVA: We had reserved
3 balances and I believe it was budgeted at
4 48.

5 LEGISLATOR DENENBERG: It was
6 budgeted at 48?

7 MS. D'ALLEVA: Well, we had
8 contingencies for overtime at that point.

9 LEGISLATOR DENENBERG: Well, what
10 was overtime actually budgeted for for
11 police, I thought it was 22.

12 MS. D'ALLEVA: It may have been
13 22 on the overtime line but we had budgeted
14 contingencies for overtime which we've
15 testified to at various times up until 48.

16 LEGISLATOR DENENBERG: I'm
17 looking from the OMB report. It was \$22
18 million overtime.

19 MS. D'ALLEVA: Specifically in
20 the overtime line, yes, but we had budgeted
21 contingencies in PDD and PDH to fund
22 overtime to about \$48 million in totality.

23 LEGISLATOR DENENBERG: And now
24 this is 80 million. Where was this
25 budgeted?

1 Finance Committee/5-6-13

2 MS. D'ALLEVA: We had initially
3 opened the year with, if you recall, \$150
4 million target for labor initiative, so,
5 therefore, we had budgeted the bulk of the
6 negative, I believe it was in the \$70
7 million range in the BU department.

8 LEGISLATOR DENENBERG: What is
9 the BU department?

10 MS. D'ALLEVA: Budget, in a
11 specific control center.

12 LEGISLATOR DENENBERG: So
13 we're taking the 72 million from OMB to
14 transfer to cover most of this 80 million?

15 MS. D'ALLEVA: That's correct.
16 We're taking it from --

17 LEGISLATOR DENENBERG: Well, this
18 80 million is mostly for salaries, correct?

19 MS. D'ALLEVA: That's correct.

20 LEGISLATOR DENENBERG: So that
21 would be salary that's over budget?

22 MS. D'ALLEVA: Yes.

23 LEGISLATOR DENENBERG: And if and
24 if it doesn't include police overtime, what
25 does it include?

1 Finance Committee/5-6-13

2 MS. D'ALLEVA: We had a negative
3 labor target at the beginning of the year.

4 LEGISLATOR DENENBERG: Meaning we
5 projected savings?

6 MS. D'ALLEVA: That's correct.

7 LEGISLATOR DENENBERG: That did
8 not materialize?

9 MS. D'ALLEVA: Well, it
10 materialized on an annualized basis but on
11 an actual basis we did not achieve the \$150
12 million in savings but we did achieve, in
13 totality, about \$140 million in different
14 areas of the budget, some of which was
15 salaries and other areas such as health,
16 worker's comp, DE contracts, and other
17 aspects, also sales tax.

18 LEGISLATOR DENENBERG: So we
19 achieved savings by sales tax coming in
20 higher than budget?

21 MS. D'ALLEVA: Well, it offset,
22 it basically offset --

23 LEGISLATOR DENENBERG: Wouldn't
24 that be an enhanced revenue?

25 MS. D'ALLEVA: Yes, but it offset

1 Finance Committee/5-6-13
2 the saving's initiatives that we needed to
3 achieve.

4 VICE-CHAIRMAN MUSCARELLA: If I
5 might, Mr. Sullivan, would you like to add
6 anything?

7 MR. SULLIVAN: Just one point on
8 the police overtime, I wanted to speak to
9 that issue. As Ms. D'Allewa stated, we
10 funded about half of the overtime in the
11 contingency budget, the specific reason for
12 that was that we wanted to keep the
13 department tight reins on them, and we
14 wanted any additional overtime to come back
15 to this legislature where we would have to
16 transfer the funding to cover it.

17 So it's a check for us to shorten
18 their overtime and force them to come before
19 you and speak about any overages like that.
20 But obviously overtime was trending at 48
21 million as Roseanne testified to, it came in
22 at \$49 million net of Sandy. So it mirrored
23 our budget projections all year long.

24 LEGISLATOR DENENBERG: \$49
25 million in overtime and budgeted 22. So

1 Finance Committee/5-6-13

2 you're saying all along the reserve was
3 anticipated to be used for overtime?

4 MR. SULLIVAN: When we set the
5 budget up, we specifically stated that that
6 money was put into the contingency reserve
7 and, the reason for that, occasionally we do
8 that, I think it was actually in
9 communication with this body here, we want
10 to make the department come and speak to
11 this body if there is any explanation
12 required.

13 LEGISLATOR DENENBERG: I hate to
14 disagree but I'm looking back now from
15 questioning of me to you at the budget
16 hearings in October 2011 which --

17 MR. SULLIVAN: One second, sir.
18 That was before the change was made. The
19 change was made in the adoption. The
20 legislature made that change.

21 LEGISLATOR DENENBERG: The
22 legislature made which change? I said we're
23 only budgeting 22 for overtime and --

24 MR. SULLIVAN: That is correct.

25 LEGISLATOR DENENBERG: Let me

1 Finance Committee/5-6-13
2 finish. We were closing 2011 at nearly \$50
3 million. I said, are we actually going to
4 cut it by \$27 million and you said, that's
5 the plan. I said, are we -- is it our goal
6 to use another fund line that I'm not aware
7 of, and you said no.

8 MR. SULLIVAN: Let me be quite
9 clear and explain it. When we put the
10 budget together in the executive budget, if
11 you recall, there was not \$150 million
12 reduction target. There were specific labor
13 actions that were taken.

14 It was the 25 percent
15 contribution on health insurance for all
16 employees, it was the elimination of the
17 minimum manning, there were certain things
18 that were put into the executive budget.
19 When that budget came here, it was changed
20 to a \$150 million reduction target on
21 salaries.

22 At that point a contingency was
23 set up in the reserve to fund the overtime
24 at that rate of \$48 million.

25 LEGISLATOR DENENBERG: Mr.

1 Finance Committee/5-6-13

2 Sullivan, you are --

3 MR. SULLIVAN: You are not asking
4 about the adopted budget, you're picking out
5 the proposed budget, the proposed budget,
6 which you would be discussing in October of
7 '11. You could not be discussing the
8 adopted budget in October of '11 because it
9 was not yet adopted. That change was made
10 during the adoption.

11 What you're referring to here
12 when Ms. D'Alleva is talking about the money
13 being set up in the reserve, that was set up
14 by this legislature here.

15 LEGISLATOR DENENBERG: I'm
16 talking about the day the budget was
17 adopted.

18 MR. SULLIVAN: You quoted October
19 11th.

20 LEGISLATOR DENENBERG: The budget
21 has to be adopted before the end of October.

22 MR. SULLIVAN: Yes. But you just
23 quoted October 11th. The budget was not --
24 you just quoted October.

25 LEGISLATOR DENENBERG: I didn't

1 Finance Committee/5-6-13

2 say October 11th. You just said October
3 11th.

4 MR. SULLIVAN: What's the date
5 you're quoting from?

6 LEGISLATOR DENENBERG: October
7 30th.

8 MR. SULLIVAN: I don't believe
9 that's the statement at that point.

10 LEGISLATOR DENENBERG: Well, the
11 only thing that went in the budget that was
12 adopted as overtime was \$22 million. And I
13 had asked you throughout the time because I
14 was concerned that overtime in '11 --

15 MR. SULLIVAN: We can show your
16 office --

17 LEGISLATOR DENENBERG: So I
18 thought that it would be at least the same
19 in '12 because of the scheduled
20 consolidation at the time.

21 MR. SULLIVAN: So did we.

22 LEGISLATOR DENENBERG: But only
23 22 was in the budget.

24 MR. SULLIVAN: That's not true,
25 sir.

1 Finance Committee/5-6-13

2 LEGISLATOR DENENBERG: You're
3 saying that police reserve was always
4 anticipated to be used, correct?

5 MR. SULLIVAN: Sir --

6 LEGISLATOR DENENBERG: When I
7 asked the question, you didn't say that.

8 MR. SULLIVAN: You know, sir,
9 this is part of the art. If you are trying
10 to control costs, you don't want to tell the
11 department that there's money put in reserve
12 to spend. That would not be wise.

13 LEGISLATOR DENENBERG: But if I
14 ask the question, and I'm asking the exact
15 question, and you don't tell me that you are
16 planning to use the reserves, I guess you
17 don't want to tell us because you want to
18 keep it as a negotiating standpoint with the
19 police.

20 But, now, after the fact, you
21 want to say that the reserve is for
22 overtime. I guess you can have it both ways
23 but then my questions at some point aren't
24 being answered forthrightly.

25 MR. SULLIVAN: I disagree, sir.

1 Finance Committee/5-6-13

2 LEGISLATOR DENENBERG: Well, I'm
3 reading off a transcript.

4 MR. SULLIVAN: That's what a
5 reserve is for.

6 LEGISLATOR DENENBERG: It was the
7 final day the budget was adopted. If I
8 scroll down, that was the day the budget was
9 adopted. But, either way, this is about \$80
10 million that Ms. D'Alleva said is not police
11 overtime, correct?

12 MR. SULLIVAN: That's correct.

13 LEGISLATOR DENENBERG: So we are
14 over about \$80 million roughly in salaries
15 throughout the budget, aside from police and
16 public safety is 80 million?

17 MR. SULLIVAN: If there is a \$150
18 million reduction target and certain of the
19 lines have circles on them, sir, then this
20 is just an allocation of the appropriations
21 that have surpluses on them to cover. At
22 the year end, we're projecting that there
23 will be a surplus year end, the comptroller
24 has projected that. Therefore, I do not see
25 a deficit situation.

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2 VICE-CHAIRMAN MUSCARELLA: Mr.
3 Sullivan, if I may just jump in. So what
4 you're telling us is, in the budget that was
5 adopted there was sufficient funds to cover
6 these expenses?

7 MR. SULLIVAN: Yes.

8 LEGISLATOR DENENBERG: Okay. Let
9 me ask you this, the \$80 million for
10 salaries that needs to be covered, I can see
11 it's coming from various lines in the
12 budget, it's coming in part from the sales
13 tax coming in over budget, but where does --
14 most of this \$80 million is because of the
15 projected labor savings that did not come to
16 fruition, is that true?

17 MR. SULLIVAN: I believe that
18 with NIFA they agreed that the \$150 million
19 labor target over \$120 million was achieved
20 through labor and then there was various
21 surpluses in the areas of debt service
22 because we borrowed a little less and sales
23 tax was favorable to budget as well, sir.

24 LEGISLATOR DENENBERG: So why is
25 it \$80.2 million in salaries here that needs

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2 to be covered? I'm trying to add --

3 MR. SULLIVAN: Well, there's
4 going to be a salary that doesn't need to be
5 covered if it has a surplus, so it's not a
6 net.

7 LEGISLATOR DENENBERG: Then what
8 didn't have enough money that we need to
9 cover?

10 MR. SULLIVAN: The lines that
11 you're seeing there.

12 LEGISLATOR DENENBERG: Which are?
13 It look like mostly salary lines.

14 MR. SULLIVAN: That is correct.
15 But it would be a mistake to say that
16 salaries was over budget by the number, that
17 wouldn't be inaccurate.

18 LEGISLATOR DENENBERG: Then we
19 don't need to do anything, right, we don't
20 need to transfer --

21 MR. SULLIVAN: I think by
22 charter, I think it's the law, you have to
23 transfer.

24 MS. D'ALLEVA: The charter
25 requires.

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2 MR. SULLIVAN: The charter
3 requires that all appropriations --

4 LEGISLATOR DENENBERG: How do I
5 do the math then?

6 VICE-CHAIRMAN MUSCARELLA: Could
7 you just restate what you just said?

8 MS. D'ALLEVA: The charter
9 requires that all object codes do not end in
10 a negative balance. So, therefore, at the
11 end of the year, the comptroller puts
12 together this budget transfer so that all
13 object code lines do not end in a negative.
14 So any object code that ends in a negative,
15 there is an appropriation transfer to
16 satisfy that negative.

17 LEGISLATOR DENENBERG: So explain
18 to me, I thought that's what you said,
19 explain to me -- I can see what this is
20 coming from, treasurer's office, 76.8,
21 health department, early intervention, we
22 are transferring out 3.5, and it's going to
23 the lion's share, office of management and
24 budget salary line.

25 So if we were going to have a

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2 negative \$72.1 million in a salary line, how
3 doesn't that mean that salaries were over
4 budget?

5 MR. SULLIVAN: Sir, you're
6 familiar with the office of management and
7 budget which is probably about 15 to 20
8 employees. The total salary is not \$72
9 million, or else -- I probably wouldn't be
10 standing here at this point.

11 LEGISLATOR DENENBERG: But it's a
12 county wide salary line that just --

13 MR. SULLIVAN: No, that's a
14 county wide cut line. That was a reduction
15 line that was put in there because we were
16 doing layoffs during the year and attritions
17 and we wanted to centrally put the reduction
18 in.

19 LEGISLATOR DENENBERG: So you put
20 the reduction centrally in OMB salary?

21 MR. SULLIVAN: That's correct.

22 LEGISLATOR DENENBERG: And that
23 reduction is \$72.1 million less than what
24 was projected, is that why we have a
25 shortfall?

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2 MR. SULLIVAN: This is the
3 transfer of that. We are covering that
4 negative appropriation.

5 LEGISLATOR DENENBERG: How much
6 was in the salaries OMB? How much of a
7 reduction was in there?

8 MR. SULLIVAN: It would be
9 hundreds of thousands for anything for the
10 real lines.

11 LEGISLATOR DENENBERG: No. But
12 it must have been \$72.1 million that we
13 projected to be cut that wasn't for us to
14 now need to transfer money to make that line
15 instead of negative -- to use Roseanne
16 D'Alleva's term, the comptroller needs this
17 transfer because we can't end the year with
18 any line being a negative. So for the OMB
19 salary line to need 72.1, it must be coming
20 in at negative 72.1.

21 So if I take your explanation
22 that it wasn't that much -- that it was a
23 savings that was just salary savings that
24 was just budgeted in OMB as a county wide
25 salary savings, then the salary savings we

1 Finance Committee/5-6-13
2 anticipated had to come in 72.1 below what
3 we anticipated.

4 MR. SULLIVAN: That's not
5 accurate.

6 LEGISLATOR DENENBERG: Then we
7 don't need to do this transfer.

8 MR. SULLIVAN: No, sir. You're
9 not picking out the positives. If there is
10 another department --

11 LEGISLATOR DENENBERG: What's the
12 positive. I'm transferring money, I want to
13 know why.

14 MR. SULLIVAN: If there is
15 another appropriation it is positive on the
16 salary line, we wouldn't show it here
17 because our purpose is to cover the
18 negatives.

19 So every department that had a
20 positive, you don't see in this transfer
21 because the purpose of the transfer, as
22 stated by Ms. D'Alleva is to cover those
23 appropriations that are currently in
24 deficit.

25 LEGISLATOR DENENBERG: Okay. And

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2 I'm not asking about what I don't see. I'm
3 not that good. I can't ask about what I
4 don't see.

5 I'm asking about what I do see
6 which is OMB and a negative of \$72.1 million
7 and my question is, we're transferring now
8 to zero out that negative of \$72.1 million,
9 correct?

10 MR. SULLIVAN: That is correct.

11 LEGISLATOR DENENBERG: And the
12 reason why that negative was 72.1 million
13 isn't because of overtime, per se, it was
14 because a salary savings from I guess labor
15 that we projected didn't totally
16 materialize?

17 MR. SULLIVAN: We're not showing
18 the positives in the various appropriations
19 on salary lines that did occur. Our mission
20 here is to cover appropriations that are in
21 the deficit situation.

22 LEGISLATOR DENENBERG: But you
23 are showing the positives. You absolutely
24 are. That's where the money is coming from.

25 MR. SULLIVAN: That's correct,

1 Finance Committee/5-6-13

2 but we didn't --

3 LEGISLATOR DENENBERG: So you did
4 show the positives.

5 MS. D'ALLEVA: Not here.

6 LEGISLATOR DENENBERG: There's
7 treasurer's office, other suits, damages.

8 MR. SULLIVAN: If the comptroller
9 put out a forecast for year end, you are
10 going to be receiving a caffer [sic] that is
11 going to show I believe a positive situation
12 for 2012. There are pluses and minuses
13 throughout the budget, there are tens of
14 thousands of lines. By code, by charter,
15 the lines that are currently in deficit
16 situation, as has been the case with this
17 county for the last 40 years, every year --
18 this time of year, come with a budget
19 modification to cover those lines that are
20 showing deficit and there's the
21 comptroller's office that establishes this
22 and cleans up these appropriations.

23 LEGISLATOR DENENBERG: Did you
24 finish?

25 MR. SULLIVAN: Yes.

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2 LEGISLATOR DENENBERG: One
3 second, sorry.

4 VICE-CHAIRMAN MUSCARELLA: Let me
5 just jump in. Would it be correct to say
6 that in 2004 that amount was \$100 million
7 approximately?

8 MR. SULLIVAN: Most likely could
9 be.

10 VICE-CHAIRMAN MUSCARELLA: And in
11 2005 that number was 111 million.

12 MR. SULLIVAN: I have no reason
13 to not believe that.

14 LEGISLATOR DENENBERG: You're
15 asking him about a number, 2004.

16 VICE-CHAIRMAN MUSCARELLA: I'm
17 just telling you -- I understand the
18 questioning, and all I am pointing out is,
19 this amount is substantially less than what
20 it has been in many years in the past

21 MR. SULLIVAN: And in those years
22 you pointed out, both years it ended in
23 positive situations, but there is still a
24 need --

25 VICE-CHAIRMAN MUSCARELLA: So the

1 Finance Committee/5-6-13
2 fact that there is an appropriation does not
3 necessarily mean we're running a deficit.
4 It doesn't mean there's fiscal
5 mismanagement. What it means is, according
6 to the various lines, the county charter
7 requires this to be done in order to -- we
8 don't end a negative in any line.

9 MR. SULLIVAN: I'm sure there are
10 tens of thousands of object codes in the
11 budget. If they were all positive, we would
12 be collecting billions over budget.

13 LEGISLATOR DENENBERG: Aren't we
14 taking, if I can say, the 80 million has to
15 be coming from lines that were positive,
16 correct?

17 MR. SULLIVAN: That is correct.

18 LEGISLATOR DENENBERG: And you
19 listed them altogether in treasurer's
20 office, other suits, and damages, 76.8, and
21 then health department, early intervention,
22 3.4?

23 MR. SULLIVAN: Those were two
24 lines with -- there are more lines than
25 those, obviously.

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2 LEGISLATOR DENENBERG: I'm sure
3 eventually there are going to be more lines
4 that are negative as well.

5 MR. SULLIVAN: No, sir. This has
6 to cover it for year end 2012. This will be
7 the last modification.

8 LEGISLATOR DENENBERG: Does this
9 include -- I'm sorry. The breakdown of
10 these salaries then, again, for office of
11 management and budget for salaries, just so
12 I'm clear, that's not particular
13 departments, that's just an overall savings
14 that was projected and it came in negative
15 72.1?

16 MR. SULLIVAN: It didn't come in.
17 We appropriated a negative. When you start
18 the year --

19 LEGISLATOR DENENBERG: It wasn't
20 realized so it became a negative?

21 MR. SULLIVAN: It was a negative
22 to start with. We budgeted a negative.
23 That was a cut. Usually you budget
24 appropriations positive and you can deduct
25 from hundreds of places. For ease of use,

1 Finance Committee/5-6-13
2 we decided to budget it in OMB because the
3 cut was so large. We're not sure.
4 Obviously during the year we did VSIPs,
5 there were layoffs, there were --

6 LEGISLATOR DENENBERG: You didn't
7 want to show exactly where it was coming
8 from bargaining position so you just put it
9 in the OMB line?

10 MR. SULLIVAN: Yes.

11 LEGISLATOR DENENBERG: So when
12 I'm asking questions next time, I have to
13 ask, when I ask about police overtime, I
14 said we are only budgeting 22 and you say
15 that we're coming in there and I say, are we
16 budgeting it anyplace else, and you say no,
17 I should ask about reserves, or I should ask
18 if --

19 MR. SULLIVAN: You could ask. I
20 would prefer if you didn't.

21 LEGISLATOR DENENBERG: One
22 second. I might be done.

23 VICE-CHAIRMAN MUSCARELLA: Mr.
24 Sullivan, does this mean that we spent \$80
25 million more than we collected last year?

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2 MR. SULLIVAN: Absolutely not,
3 sir.

4 VICE-CHAIRMAN MUSCARELLA: Thank
5 you.

6 LEGISLATOR DENENBERG: Could we
7 have made up this shortfall, this negative
8 because you didn't like the word shortfall,
9 but could we have made up these negative
10 numbers strictly by taking positive numbers
11 from other salary lines?

12 MR. SULLIVAN: I believe we
13 would have got very close and then there
14 would have been some probably from other
15 than personal services and contract lines.
16 By definition, if we're projecting a surplus
17 for 2012, the positives would outweigh the
18 negatives.

19 LEGISLATOR DENENBERG: So since
20 you said that we can't see -- you said
21 you're showing all the negatives, correct?

22 MR. SULLIVAN: Yes.

23 LEGISLATOR DENENBERG: But you
24 didn't show all the positives?

25 MR. SULLIVAN: No.

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2 LEGISLATOR DENENBERG: Can I get
3 a detail of all the positives?

4 MR. SULLIVAN: Sure. That would
5 be comptroller when they finish closing the
6 books and caffers [sic] which is probably
7 due out in five weeks.

8 LEGISLATOR DENENBERG: So you
9 can't give me the positives?

10 MR. SULLIVAN: I could.

11 LEGISLATOR DENENBERG: I'm asking
12 for it from the comptroller. Can I get it
13 from OMB?

14 MR. SULLIVAN: Yes. It would be
15 unaudited at this point in time and we could
16 convey that. Ms. Catchatorian (phonetic)
17 can run it as well. We will give it to
18 them.

19 LEGISLATOR DENENBERG: When could
20 I expect that?

21 MR. SULLIVAN: A day or two.

22 LEGISLATOR DENENBERG: Thank you.

23 VICE-CHAIRMAN MUSCARELLA:

24 Legislator Bosworth.

25 MR. SULLIVAN: So we have

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2 hearings and we ask questions and we get
3 answers. The questions are really not
4 arbitrary. They're being asked because we
5 want to get the information so we can make
6 decisions based on the information that
7 we're getting.

8 So I find it so very troubling
9 that we're told that there's \$22 million
10 allocated for police overtime that really
11 you knew it was going to be more but you
12 didn't want them to know, but this is of
13 course within the context of discussing
14 police consolidation and asking about the
15 overtime projections that would result, or
16 possibly result in police consolidation and
17 we're told, no, no, that won't happen, and
18 it's only going to be this.

19 It just strikes me that it
20 doesn't really matter what questions we ask
21 or what answers we're given, because they're
22 really not based in reality. I find that
23 very troubling.

24 MR. SULLIVAN: First of all, let
25 me just clarify again, and this is for the

1 Finance Committee/5-6-13
2 record, I need to be very clear here, the
3 last vote on October 30th is when you moved
4 money. Prior to that, the reserve didn't
5 exist. The reserve was created when you
6 banged the gavel at five to 12:00 and voted
7 for the budget. That's when the reserve was
8 created. Prior to that, it was not created.

9 LEGISLATOR BOSWORTH: All right.
10 But many decisions were made about something
11 that was based on what we thought were
12 budget projections and, in fact, your budget
13 is really a black and white statement, a
14 policy statement, of what the county is
15 going to be doing because the things that
16 you deem important are placed in the budget.
17 The things that you don't value as much are
18 taken out of your budget.

19 So as we're having these
20 deliberations about the effectiveness of
21 police consolidations, we're dealing with
22 statements that are arbitrary because you
23 really have some other --

24 MR. SULLIVAN: No. No. That
25 would be incorrect. It wasn't my reserve.

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2 I didn't set it up. It was set up by this
3 body. It was a legislative change. That's
4 clear.

5 LEGISLATOR BOSWORTH: What was a
6 legislative change?

7 MR. SULLIVAN: The creation of
8 the reserve.

9 LEGISLATOR BOSWORTH: I'm asking
10 about the overtime numbers.

11 MR. SULLIVAN: But I'm saying
12 that the proposed budget to the adopted
13 budget, the adopted budget was where that 20
14 plus million in reserve was funded. It was
15 during the adoption budget. It was created
16 by the legislature.

17 LEGISLATOR BOSWORTH: So then
18 really what we're saying is that there was
19 no plan for police consolidation to result
20 in a reduction in overtime because that's
21 what we were told again and again.

22 MR. SULLIVAN: I think there was.
23 I think police overtime came in -- again,
24 our projection, I don't think there was any
25 variance from the prior year at all. And

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2 that's with the head count going
3 significantly down, I believe 150 or so
4 below the budget.

5 LEGISLATOR BOSWORTH: Again, and
6 I don't mean to get into a discussion about
7 the positives and negatives about police
8 consolidation, but, nevertheless, that was
9 one of the big selling points. It was going
10 to result in less -- certainly fewer men,
11 which we've seen that, and it's going to
12 result in less overtime. I don't know that
13 we've actually gotten a report on what the
14 overtime numbers are.

15 But I just find it troubling that
16 when we're asking questions, the responses
17 that we're getting don't necessarily reflect
18 what the ultimate plan is.

19 MR. SULLIVAN: But, again, that
20 was change that was put in by the
21 legislature. It would have been
22 inappropriate of me to comment on something
23 that was not yet put into place.

24 LEGISLATOR BOSWORTH: I'm not
25 going to -- you understand what I'm saying?

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2 MR. SULLIVAN: That's just -- I
3 didn't set it up that way. That's how it
4 ultimately wound up, and understood.

5 LEGISLATOR BOSWORTH: So this is
6 not a criticism directed to you, it's merely
7 a statement that I'm making saying that it's
8 hard to ask questions, get answers, that
9 really then don't reflect what the ultimate
10 thinking is.

11 MR. SULLIVAN: I think if I
12 recall, the way that would go down, and then
13 at the end you would see legislative
14 amendments put forward, and at that point
15 that's when this reserve was created and
16 that would have been voted on and discussed
17 at that time. Prior to that it wasn't --

18 LEGISLATOR BOSWORTH: Perhaps it
19 wasn't made clear that those reserves were
20 going to be used for this --

21 MR. SULLIVAN: Well, they weren't
22 there when I was testifying. Again, that's
23 something to be clear about. It was set up
24 with the legislative amendments.

25 LEGISLATOR BOSWORTH: Thank you.

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2 VICE-CHAIRMAN MUSCARELLA:

3 Mr. Denenberg has one follow-up question.

4 LEGISLATOR DENENBERG: So my
5 question started with the fact that we were
6 budgeting 22 in overtime. We were going to
7 come in at 49. And you said, yeah, but
8 that's all within the budget because you
9 were planning on using the reserve, but if
10 the reserve was set up by a legislative
11 amendment, then you weren't planning on
12 using the reserve, and it wasn't your
13 reserve to use.

14 MR. SULLIVAN: Well, it's
15 obviously not my reserve to appropriate,
16 which is why this body has to move the money
17 to cover the overtime expense.

18 I think the contemplation was,
19 and initially when we set up the budget
20 again, there were stringent labor reductions
21 put in. I think it was deliberately during
22 the budget hearings that year. I think it
23 was 25 percent mandatory contribution in
24 health insurance. There was some concern by
25 this body that we be able to impose that.

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2 If that had come in, I would have had \$68
3 million in health insurance contribution.
4 So I think when this body, I think wisely,
5 to its credit, said that would be a risk,
6 and let's not go that direction, let's look
7 for \$150 million in cuts and then head to
8 the overtime with the reserves, which I
9 thought was a good move.

10 LEGISLATOR DENENBERG: You know
11 what, Mr. Sullivan, and Ms. D'Allewa, my
12 question on police overtime at 49, I said
13 only 22 was budgeted. Then you both said,
14 no, no, no, the reserves were budgeted too
15 and that was always the plan, you just
16 didn't want to tell us.

17 The fact of the matter was, the
18 reserve wasn't even an administrative
19 initiative, it was put in by the
20 legislature.

21 MR. SULLIVAN: It was shifted
22 away from the mandatory labor items that I
23 think this body felt we were not perhaps
24 able to maintain through just mandated, it
25 would have to be negotiated, and, in lieu of

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2 that, there was \$150 million reduction put
3 in.

4 VICE-CHAIRMAN MUSCARELLA: Ms.
5 DeRiggi-Whitton.

6 LEGISLATOR DERIGGI-WHITTON: Mr.
7 Sullivan, just real quick, when NIFA came to
8 you and said they wanted to see a \$150
9 million cut, and this was going to be in
10 salaries, did they ever say, oh, it's okay
11 to use the increase in sales tax, or did
12 they say that that will also satisfy what
13 they requested of you?

14 MR. SULLIVAN: I don't recall.
15 That would be -- the \$150 million was
16 contemplated to be in salaries. I believe
17 we said we got 120, 125 million out of
18 salaries, which was quite painful, and I
19 think we are at 7337 now which is I think
20 the lowest head count in Nassau County's
21 history.

22 So there are other things that
23 came in favorable to budget such as debt
24 service because we financed less than we
25 thought and sales tax was favorable at the

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2 end of the year.

3 LEGISLATOR DERIGGI-WHITTON: But
4 that's separate. That's really almost a
5 revenue.

6 MR. SULLIVAN: It is a revenue.

7 LEGISLATOR DERIGGI-WHITTON: So I
8 don't know if NIFA was really anticipating
9 us using the revenues to make up for
10 something they specifically wanted to be as
11 a cut.

12 And I'm just trying to clarify,
13 has NIFA had any comment on whether or not
14 this will be acceptable to them?

15 MR. SULLIVAN: Well, the budget,
16 I think the caffer [sic] will be the numbers
17 and that will be official financial
18 statements of the county. I think at this
19 point it sort of is what it is.

20 LEGISLATOR DERIGGI-WHITTON: But
21 there's no way we can tell we saved \$150
22 million on salaries because we haven't.

23 MR. SULLIVAN: I think it's 125
24 which I think --

25 LEGISLATOR DERIGGI-WHITTON: 125,

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2 so why are we transferring \$80 million?

3 MR. SULLIVAN: Because there was
4 a negative appropriation put into OMB that
5 was extremely large with no heads put in
6 there.

7 LEGISLATOR DERIGGI-WHITTON: So
8 if saved, what did you say, 120, we should
9 really clearly only be transferring 30 for
10 this.

11 MR. SULLIVAN: But, again, the
12 appropriations, where there are salary
13 surpluses, you did not see.

14 LEGISLATOR DERIGGI-WHITTON: I
15 understand that.

16 MR. SULLIVAN: You will see it
17 when I give a document to --

18 LEGISLATOR DERIGGI-WHITTON: But
19 that's separate.

20 MR. SULLIVAN: No, it's the same
21 thing.

22 LEGISLATOR DERIGGI-WHITTON: We
23 are talking about \$150 million that we're
24 claiming to have made, I've seen it
25 everywhere.

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2 MR. SULLIVAN: There was a cut.
3 I've never claimed I don't think before this
4 body that we achieved that. I think we said
5 if we achieved 125, and we have a very
6 strong argument that we're going to wind up
7 with a surplus this year even with possible
8 expenses with FEMA.

9 LEGISLATOR DERIGGI-WHITTON: Yes.
10 Because taxes are up high. All right. The
11 sales tax is higher, but you're really
12 taking revenue and making up for what was
13 supposed to be cut.

14 VICE-CHAIRMAN MUSCARELLA: If I
15 might. Were we not to do this, this is
16 something that, after years, we just lay off
17 more people --

18 LEGISLATOR DERIGGI-WHITTON: I'm
19 just getting the numbers as to how much.
20 I've been hearing that we've been saving
21 \$150 million just in salaries, but I'm just
22 trying to clarify exactly how much we're
23 saving where. It's not a judgement as to
24 whether or not we should be saving more. I
25 just want to know the exact amount.

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2 Can I ask you one other thing,
3 Mr. Sullivan? When you first came up here
4 you said that some of the savings on
5 salaries might not have been quite what we
6 anticipated in the beginning of the year.

7 MR. SULLIVAN: I think it would
8 have been annual versus when you -- if you
9 fire someone on day one, you saved a four
10 year salary. If I take VSIPs or are treated
11 during the year you get partials.

12 LEGISLATOR DERIGGI-WHITTON: The
13 question I have, I heard you mention it, a
14 couple of things, that didn't go through,
15 and one of them I heard was minimum manning.

16 MR. SULLIVAN: That is correct.

17 LEGISLATOR DERIGGI-WHITTON: Can
18 you explain what you're talking? Are you
19 talking about reducing minimum manning?

20 MR. SULLIVAN: I believe when the
21 budget was proposed last year, it
22 contemplated the elimination of minimum
23 manning. I think that that became -- it is
24 contractually given to the police department
25 now, that is part of their labor contract,

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2 and I think that's why this body objected to
3 that and subsequently went for \$150 million
4 in labor cuts as opposed to that action.

5 LEGISLATOR DERIGGI-WHITTON:
6 You're saying that the administration
7 considered changing minimum manning?

8 MR. SULLIVAN: We obviously have
9 been in negotiations with labor and
10 obviously that was something that was
11 testified to last year.

12 LEGISLATOR DERIGGI-WHITTON: That
13 was absolutely not testified -- they were
14 basically insuring that minimum manning
15 would not be affected, especially by the --

16 MR. SULLIVAN: Not during the
17 adoption, last year during budget hearings
18 you will see that discussed.

19 LEGISLATOR DERIGGI-WHITTON: So
20 you are talking about the minimum manning
21 being --

22 MR. SULLIVAN: No. I'm not
23 talking about it now. That issue is over.

24 LEGISLATOR DERIGGI-WHITTON: But
25 that was an issue that you had contemplated

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2 for this budget?

3 MR. SULLIVAN: Sure.

4 LEGISLATOR DERIGGI-WHITTON: That
5 we're going to be reducing minimum manning?

6 MR. SULLIVAN: Yes.

7 LEGISLATOR DERIGGI-WHITTON:
8 That's interesting.

9 I just have one other quick
10 question.

11 MR. SULLIVAN: I think it was the
12 minimum manning by precinct and we had lots
13 of discussion on that because I think it's
14 the only police department in the country
15 that mandates minimum manning by precinct.

16 LEGISLATOR DERIGGI-WHITTON: I
17 know. And that's one of the things that I
18 was concerned about, consolidation of the
19 police departments, and over and over and
20 over again all we kept hearing is that
21 minimum manning will not be affected by us
22 closing the police precincts, but now you're
23 saying that that was the plan all along?

24 VICE-CHAIRMAN MUSCARELLA: And it
25 will not be affected because that issue was

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2 settled.

3 MS. D'ALLEVA: Still part of the
4 contract.

5 VICE-CHAIRMAN MUSCARELLA: It was
6 settled. There is no change in minimum
7 manning. At the time of the budget
8 discussion, there was some talk about it but
9 it didn't come to fruition. It's
10 contractual. It's not going to be --

11 LEGISLATOR DERIGGI-WHITTON: This
12 is the second time in just this one little
13 meeting that we have been told the
14 completely opposite thing. One is that
15 overtime is going to be 22, and one is that
16 minimum manning would never be affected.
17 That was talked about before I was elected.
18 That was stated that that would never be
19 affected with the closing of the police
20 precincts, because that was my main concern
21 with the closing of the police precincts.

22 VICE-CHAIRMAN MUSCARELLA: And
23 it's not with the closing of the precincts.

24 LEGISLATOR DERIGGI-WHITTON:
25 Well, yes, that is what determines it, is

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2 how many precincts we have.

3 VICE-CHAIRMAN MUSCARELLA: No,
4 it's not.

5 MR. SULLIVAN: He just said it
6 himself. The number of minimum manning is
7 determined by the number of precincts.

8 Just one other quick question.
9 Contingency budgets, what is the definition
10 of a contingency budget?

11 MR. SULLIVAN: It's to fund
12 expenses that are otherwise budgeted on
13 specific lines.

14 LEGISLATOR DERIGGI-WHITTON: Are
15 they allocated?

16 MR. SULLIVAN: It's allocated in
17 the contingency.

18 LEGISLATOR DERIGGI-WHITTON: But
19 is there any budget -- is there any other
20 item allocated in a contingency budget when
21 you make a budget?

22 MR. SULLIVAN: No. It's a line
23 in the budget.

24 LEGISLATOR DERIGGI-WHITTON:
25 Correct. But do you ever allocate that

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2 money when you make a budget?

3 MR. SULLIVAN: No. The fact that
4 you are putting that in there, that is the
5 allocation.

6 LEGISLATOR DERIGGI-WHITTON: So
7 you really never allocated that money for
8 police overtime when you put it in the
9 contingency budget, is that what you're
10 saying?

11 MR. SULLIVAN: It was budgeted as
12 a contingency.

13 LEGISLATOR DERIGGI-WHITTON: But
14 in your mind you knew it was going to go to
15 police overtime even though it was under the
16 contingency --

17 MR. SULLIVAN: It was a hedge and
18 I think, again, it wasn't something that I
19 created, as I explained before, it was
20 something that was done by this body.

21 LEGISLATOR DERIGGI-WHITTON: By
22 "this body" do you mean like the Finance
23 Committee?

24 MR. SULLIVAN: No. The Full Leg.

25 LEGISLATOR DERIGGI-WHITTON: Who

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2 is this body?

3 MR. SULLIVAN: The legislature.

4 LEGISLATOR DERIGGI-WHITTON: So
5 you told us that we were going to put extra
6 money in for the police overtime into the
7 contingency budget that was --

8 MR. SULLIVAN: No. The reserve
9 budget was an amendment to the proposed
10 budget.

11 VICE-CHAIRMAN MUSCARELLA: It was
12 a legislative amendment to the proposed
13 budget.

14 LEGISLATOR DERIGGI-WHITTON: It
15 was never indicated to us that it was going
16 to be for police overtime. It's just
17 clarification. There's nothing wrong if
18 that's what he needed it for, but to have an
19 idea of what contingency is going to be
20 prior to entering into the year really goes
21 against what contingency is supposed to be
22 -- and I've done a number of budgets on the
23 city of Glen Cove, and here, we never
24 allocated the contingency budget for any
25 specific line. It almost goes against --

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2 MR. SULLIVAN: I came from the
3 City of New York. New York City used to
4 have about \$800 million in contingencies,
5 which is miscellaneous judgments and
6 settlements.

7 LEGISLATOR DERIGGI-WHITTON: I
8 understand having a contingency budget, I
9 have no problem with that, I think that's
10 smart, but we've never known ahead of time,
11 oh, we're going to put it in a contingency,
12 but we're really going to use it for XYZ.

13 MR. SULLIVAN: The contemplation
14 at that point was, I think, and wisely so,
15 if you looked at historical -- if you went
16 back to that era that Legislator Muscarella
17 spoke about, 2004-2005, when there were
18 2,700 police officers, overtime was \$52
19 million. Now you're looking 6, 7 years
20 later, with about 350 less officers and
21 overtime is 3, \$4 million less.

22 LEGISLATOR DERIGGI-WHITTON: I'm
23 not questioning the overtime. I'm
24 questioning when you come up here and you
25 testify to us, we have trust in you that you

1 Finance Committee/5-6-13
2 are going to tell us the truth to the best
3 of your ability. It's an open forum. If
4 you're going to --

5 MR. SULLIVAN: I cannot comment
6 on a reserve that has not been set up.

7 LEGISLATOR DERIGGI-WHITTON: But
8 you're saying that we had it in the
9 contingency budget knowing we're going to
10 need it for overtime and, in my opinion,
11 that's completely, number one, against what
12 a contingency line is supposed to be used
13 for.

14 And, number two, when we ask you
15 what a specific number is, when we vote for
16 that budget, we're going on your word.

17 MR. SULLIVAN: Again, Ms.
18 Deriggi-Whitton, how can I comment on
19 something that was not there? It was put
20 in, as Legislator Muscarella said, as a
21 legislative amendment that's usually the
22 last vote of the night. They vote on the
23 legislative amendments and then it's in the
24 budget. You're not talking about that, and
25 you're making decisions, the legislative

1 Finance Committee/5-6-13
2 body, the 19 members up here are voting on
3 the budget and they are the ones making the
4 amendments.

5 LEGISLATOR DERIGGI-WHITTON: I
6 understand.

7 MR. SULLIVAN: Those are
8 legislative changes. So how could I
9 comment on it?

10 VICE-CHAIRMAN MUSCARELLA: Let's
11 not go back and forth anymore. You are
12 free, Ms. DeRiggi-Whitton, to believe that
13 Mr. Sullivan has not been forthcoming with
14 you.

15 I have found Mr. Sullivan to be
16 completely honest and forthcoming, but I
17 can't make you believe otherwise. There has
18 been nothing here that was said that there
19 was an allocation, an allocation of monies
20 in the contingency to certain items.

21 That contingency was set up by
22 the legislature and, you can always kind of
23 anticipate where things might go bad and
24 where things might go good, why you may need
25 something in the future, why you may not.

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2 LEGISLATOR DERIGGI-WHITTON: I
3 understand.

4 VICE-CHAIRMAN MUSCARELLA: And I
5 think that in the budgeting process, when
6 there was so much, there was contingencies
7 with respect to whether we were going to be
8 able to see certain contractual budgetary
9 items met, that this legislature then
10 created a contingency with the idea that we
11 may have certain problems --

12 LEGISLATOR DERIGGI-WHITTON: I
13 have no problem with that. But I have a
14 problem with Mr. Sullivan's testimony here
15 this afternoon.

16 VICE-CHAIRMAN MUSCARELLA: And
17 you have every right.

18 LEGISLATOR DERIGGI-WHITTON: And
19 the only reason why I'm saying it is because
20 when he first started out, when Legislator
21 Denenberg asked him, he said, we have \$22
22 million but I knew in the back of my mind
23 that we were probably going to need more but
24 we didn't want the police to know about it
25 so added a contingency program line. That's

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2 sends a bad message to all of us.

3 VICE-CHAIRMAN MUSCARELLA: That's
4 exactly what every administration has done
5 over the last 40 years.

6 MR. SULLIVAN: Can I just clarify
7 one thing?

8 LEGISLATOR DENENBERG: There was
9 no contingency fund at that time. The
10 legislature created it.

11 LEGISLATOR DERIGGI-WHITTON: You
12 know what, maybe that's true, but I don't
13 like it because I think all of us, and I'm
14 sure you guys might even feel this way also,
15 it's if we ask a question and we get an
16 answer, we're not going to have to ask four
17 other questions to make sure that it's not
18 in some other line other than the one that
19 we're asking.

20 Again, I understand a
21 contingency. I think a contingency is very
22 smart. I've always had a contingency in any
23 budget I voted on. However, the whole idea
24 of a contingency is that we don't know what
25 the money is going to be need for. It's

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2 that kind of a safety net for something
3 usually unpredictable, not something
4 predictable like police overtime.

5 I'm really also, more than
6 anything, I'm totally amazed that the
7 discussion of minimum manning was brought up
8 and, it was never brought up with me, so I'm
9 not happy to hear that either. But thank
10 you.

11 MR. SULLIVAN: Just one
12 clarification for the record. When we were
13 talking, Legislator Denenberg raised the day
14 in October 2011. I just wanted to say that
15 obviously at that point the reserve wasn't
16 set up, but since that time I have testified
17 before this body numerous times and we have
18 been down this path at least five or six
19 times and it's always the same discussion,
20 what about the police overtime?

21 So obviously I'm aware that a
22 reserve was set up on October 30th, and
23 that's in -- coming to you to say that I
24 could speak about it last October, before
25 there was a reserve set up, would just be

1 Finance Committee/5-6-13

2 impossible.

3 LEGISLATOR DENENBERG: Then that
4 belies my point that when we budgeted \$22
5 million and police overtime coming in at 49
6 million, it was more than 100 percent over
7 budget. To say, no, no, not if you include
8 the reserves, you never intended to include
9 the reserves because the legislature put in
10 the reserve, the administration didn't. So
11 it was an unrealistic number and we didn't
12 even come close.

13 MR. SULLIVAN: To that point, to
14 Legislator Muscarella's point, if they did
15 \$100 million cleanup in 2004, I don't think
16 they'd wind up with \$100 million deficit. I
17 think it was actually a very large surplus
18 year.

19 LEGISLATOR DENENBERG: You can
20 live in 2004. Here in 2013, I asked a
21 question. I got an answer --

22 VICE-CHAIRMAN MUSCARELLA: Mr.
23 Denenberg, you haven't come through the
24 chair in your last outburst. I would ask
25 you to do that. I believe we've debated

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2 this as much as we can. It's my
3 understanding that the minority would like
4 five minutes to discuss this matter. We
5 will take a five-minute recess.

6 (Whereupon, the Finance Committee
7 recessed at 3:07 p.m. and reconvened at 3:16
8 p.m.)

9 VICE-CHAIRMAN MUSCARELLA: The
10 Finance Committee is back in session.

11 LEGISLATOR DENENBERG: To the
12 chair?

13 VICE-CHAIRMAN MUSCARELLA:
14 Certainly.

15 LEGISLATOR DENENBERG: Thank you,
16 Legislator Muscarella.

17 On behalf of the minority, as
18 ranking member, we don't have any further
19 questions.

20 My only statement would be that
21 both, whether it was back in October 2011,
22 if questions didn't want to be answered
23 because it might affect negotiations or the
24 county's position in negotiations, that's
25 what executive session is for. Back in 2011

1 Finance Committee/5-6-13

2 that could have been requested.

3 But we are not comfortable with
4 the answers to the questions that we have or
5 the reasons for this appropriation and the
6 magnitude of the appropriation. Also not
7 comfortable with the statement that \$150
8 million in budgeted savings was realized to
9 the extent of \$125 million if their transfer
10 here is \$80 million.

11 So there's a lot of questions we
12 still have, and we're not sure why this
13 appropriation is of the magnitude that it
14 is. So hopefully between now and Full we
15 will see the breakdown but, as of now,
16 that's my statement.

17 VICE-CHAIRMAN MUSCARELLA: My
18 statement is that I think Mr. Sullivan has
19 been completely forthright in his answers
20 today, and I would call the question.

21 All those in favor signify by
22 saying aye.

23 (Aye.)

24 Any opposed?

25 (Nay.)

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2 The item passes four in favor and
3 the minority against.

4 Just before we adjourn, two
5 little things. There is no change in
6 minimum manning in the county police
7 department. That's number one. And I did
8 speak to Mr. Chalmers who did indicate to me
9 that he's putting something together on the
10 receipts on the mortgage tax and it appears
11 to be up about 18 percent which is good
12 news.

13 LEGISLATOR DENENBERG: Thank you.
14 That was a question.

15 VICE-CHAIRMAN MUSCARELLA: He is
16 going to put something together for us.
17 It's about 18 percent.

18 LEGISLATOR DENENBERG: Again, on
19 this item, to the extent that the
20 expenditures and where the revenues were
21 coming from, and where the expenditures are
22 going, can be broken out. That's what we
23 would like to see.

24 VICE-CHAIRMAN MUSCARELLA: Motion
25 to adjourn.

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LEGISLATOR DUNNE: So moved.

LEGISLATOR WALKER: Second.

CHAIRMAN MUSCARELLA: Motion by
Mr. Dunne to adjourn, seconded by Ms.
Walker. All those in favor of adjourning
signify by saying aye.

(Aye.)

We are adjourned.

(Whereupon, the Finance Committee
adjourned at 3:19 p.m.)

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C E R T I F I C A T E

I, FRANK GRAY, a Shorthand Reporter and Notary Public in and for the State of New York, do hereby stated:

THAT I attended at the time and place above mentioned and took stenographic record of the proceedings in the above-entitled matter;

THAT the foregoing transcript is a true and accurate transcript of the same and the whole thereof, according to the best of my ability and belief.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____, 2013.

FRANK GRAY