

**GOVERNMENT OPERATIONS, PERSONNEL, HOUSING & CONSUMER PROTECTION
COMMITTEE**

OF THE

SUFFOLK COUNTY LEGISLATURE

MINUTES

A meeting of the Government Operations, Personnel, Housing & Consumer Protection 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 April 22, 2015.

MEMBERS PRESENT:

Leg. Robert Calarco, Chairperson
Leg. William J. Lindsay, III, Vice Chair
Leg. Jay Schneiderman, Deputy Presiding Officer
Leg. Thomas Cilmi
Leg. Kevin J. McCaffrey
Leg. DuWayne Gregory, Presiding Officer

ALSO IN ATTENDANCE:

George M. Nolan, Counsel to the Legislature
Sarah Simpson, Assistant Counsel to the Legislature
Tim Laube, Clerk/Suffolk County Legislature
Benny Pernice, Budget Review Office
Frank Nardelli, Commissioner/Department of Labor & Consumer Affairs
Katie Horst, County Executive's Office
Jill Rosen-Nikoloff, Director/Real Estate
Jennifer McNamara, Director/Labor Relations
John M. Kennedy, Jr., Comptroller/Suffolk County
Lou Necroto, Deputy Comptroller/Suffolk County
Brenda Sloan, Director/Accounting Services
Rick Brand, Newsday
William Madigan, Chief of Detectives/DA's Office
James Chalifoux, Deputy Bureau Chief/DA's Office
Captain Al Crawford, Commanding Officer/Legal Bureau
Detective-Sergeant Sumwalt/Commanding Officer/Property Recovery Section
Detective-Sergeant John Capute
Lt. John Rowen, Commanding Officer/Burlary & Larceny Task Force
Kym Laube, drug prevention advocate
Charles Gardner, Chair/Government Relations Committee/Kings Park Chamber of Commerce
William Shilling, Aide to Leg. Calarco
Brian Sapp, Aide to Leg. Lindsay
Chris DeLuca, Aide to Leg. Cilmi
Jason Hann, Aide to Leg. Schneiderman
And all other interested parties

MINUTES TAKEN BY:

Diana Flesher, Court Stenographer

THE MEETING WAS CALLED TO ORDER AT 10:05 AM

CHAIRPERSON CALARCO:

Good morning and welcome to the Government Operations, Personnel, Housing and Consumer Protection Committee. Thank you all for being here this morning. If we can all please rise for the Pledge of Allegiance led by Legislator McCaffrey.

SALUTATION

Okay, thank you very much. Welcome to Committee this morning. We have quite an agenda ahead of us so we're going to get into things pretty quickly here. I do not have any correspondence, so we're going into the Public Portion. I do not have any cards. Is there anybody in the audience who'd like to address the Committee this morning? Seeing none, we're going to move on.

I do have a few items that I'd like to address before we get into our first presentation. We have Director of Real Estate Jill Rosen-Nikoloff Thompson here. Jill had something she wanted to mention to us regarding a bond coming up on Tuesday. And that way we could get Jill out of here; she could go back to work.

DIRECTOR ROSEN-NIKOLOFF:

Thank you. Good morning everyone. So I just wanted to let you know for informational purposes that we're going to be submitting a bond resolution to the Leg on Tuesday, which will be seeking to allow the County to issue bonds to fund \$250,000 in infrastructure improvements for the Woolworth Building Affordable Housing Project, which this Legislature previously approved in 2013.

It's completed, occupied. It's a beautiful redevelopment. So now we're ready to close. But originally back in 2005 when the appropriating resolution was passed by the Legislature, an attendant bonding resolution was not done. So every time we want to utilize funds from that Capital Program, we have to seek an individual bonding resolution. And my understanding is that those bonding resolutions go directly to the Legislature, not through committee, so I wanted to just give you a heads-up on that.

CHAIRPERSON CALARCO:

Okay, I appreciate it. Thank you very much. Does anybody have any questions for Jill? Legislator Cilmi has a quick question.

LEG. CILMI:

Good morning, Jill.

DIRECTOR ROSEN-NIKOLOFF:

Good morning.

LEG. CILMI:

So what was the -- I'm sorry. What was the bill number in 2013 that authorized this?

DIRECTOR ROSEN-NIKOLOFF:

Resolution 1217-2013.

LEG. CILMI:

And why was there no bonding resolution at the time put forth? Or did it just not pass or what happened?

DIRECTOR ROSEN-NIKOLOFF:

No, it just -- it just wasn't done for whatever reason. The original appropriating resolution was done in 2005. And I don't know why it wasn't submitted at that time. It should have been. And we

always do that subsequent to that. But I don't know why it wasn't done in 2005.

LEG. CILMI:

So if the original appropriating resolution was done in 2005, why did we need to do it again in 2013? Or was it something different?

DIRECTOR ROSEN-NIKOLOFF:

The Legislature appropriated the five million in 2005, but it did not pass an accompanying bond resolution at the time. So in order to issue bonds to cover the cost, the Legislature has to pass a resolution authorizing the issuance.

LEG. CILMI:

I understand that. But it's curious to me that in 2005 when this originally came to the Legislature, before many of us were here, there was no bond resolution associated with it. And then you're saying to me that in 2013, it came before the Legislature again and there was no bond resolution attached to it. I'm wondering how in the world twice a resolution to appropriate some money came to us that didn't have a bond resolution attached to it. Why -- were there any red flags raised? Why were there no red flags raised if there weren't? And if they were, what were the answers? It's confusing to me.

DIRECTOR ROSEN-NIKOLOFF:

I'm sorry, Legislator Cilmi, but I don't have an answer for that. I'm just trying to address the issue at hand presently.

LEG. CILMI:

Okay, but you're -- you're asking us -- and we appreciate -- I appreciate you being here to discuss this but -- and I imagine somebody will be here again on Tuesday, or in Riverhead on Tuesday to discuss it, but -- I mean the question that I have is why twice has there been no bond resolution associated with this bill? How did -- because the bill is basically moot without the bond resolution, I would imagine, right? And then why -- if we passed it in 2013, why has it taken until now April 2015 to ask for the bond resolution?

DIRECTOR ROSEN-NIKOLOFF:

That I can answer. Because now we're ready to close and so I'm processing all the documentation for closing as well as getting budget authorizations and approvals. And while it went through that process, I got the call that said there's no bonding resolution for this. So we have to go back to the Legislature. That's what I'm doing.

LEG. CILMI:

Okay, so let's just briefly talk about the project itself, then. So we're going to borrow how much money?

DIRECTOR ROSEN-NIKOLOFF:

Two hundred fifty thousand.

LEG. CILMI:

And the purpose of the money is to redevelop or what exactly?

DIRECTOR ROSEN-NIKOLOFF:

It is to offset infrastructure costs in connection with the redevelopment of the old Woolworth building in Riverhead, which consists of 19 affordable units on the second floor and some commercial retail on the first floor.

LEG. CILMI:

So you said offset infrastructure costs. So where we -- what are we doing with the money exactly?

I mean are we -- are we -- is the County paying for infrastructure improvements in and around the area of that building? Are we paying for anything related to the building itself? Are we giving some of the money to the Town of Riverhead? What are we doing with it exactly?

DIRECTOR ROSEN-NIKOLOFF:

The funds go, in this case, directly to the developer. And they are directly related to the infrastructure costs for the building. Doesn't go to the Town.

LEG. CILMI:

So we're writing the developer a check for \$250,000.

DIRECTOR ROSEN-NIKOLOFF:

Yes.

LEG. CILMI:

And do we -- are there specific instructions attached to it that describe what the developer may or may not do with that money?

DIRECTOR ROSEN-NIKOLOFF:

Yes. And he will convey back to the County a note, a mortgage. And covenants and restrictions are filed against the premises to ensure the affordability, which is essentially what the County is paying for; the the continued affordability.

LEG. CILMI:

So this is not a loan, though. They're not paying us back the \$250,000.

DIRECTOR ROSEN-NIKOLOFF:

No. But, of course, if they were to breach the covenants and restrictions, we would seek to recover the funds back.

LEG. CILMI:

And substantively the covenants and restrictions relate to the affordable housing component of the development?

DIRECTOR ROSEN-NIKOLOFF:

Correct.

LEG. CILMI:

Okay. If you could -- I appreciate that you don't know the answers now, but if you could find out what happened in 2005 and again in 2013, that the bond was absent unless our Counsel has an answer.

MR. NOLAN:

I can just say I was looking at the 2005 resolution. And I think they just appropriated the \$5 million to preserve it. And the resolution states that the monies will be bonded and expended later for individual projects as they are approved. So I think as individual projects have been approved by the department, resolutions have come before us to expend the money from the five million that was appropriated back in 2005. As to why they didn't have a bond in 2013 I really -- I don't know the answer to that. But I -- back in 2005 they had \$5 million in the Capital Budget. And to keep it in place to be used by the County, they appropriate it.

LEG. CILMI:

And so that resolution in 2005 was general in nature.

MR. NOLAN:

Right.

LEG. CILMI:

It wasn't specific to this project.

MR. NOLAN:

Exactly.

CHAIRPERSON CALARCO:

If I'm not mistaken, I think we've done that in the past as well with land acquisition-type monies.

LEG. CILMI:

So we approved \$5 million back then in 2005? I shouldn't say we, but the Legislature did.

MR. NOLAN:

Five million, yeah.

LEG. CILMI:

Five million dollars. And then -- so how much of that \$5 million has been subsequently bonded, do we know? Do we know -- Jill, do you know the answer to that question?

MR. NOLAN:n

I don't know.

DIRECTOR ROSEN-NIKOLOFF:

I can tell you that for that particular Capital Project, there's approximately \$1,400,000 left.

LEG. CILMI:

Okay.

DIRECTOR ROSEN-NIKOLOFF:

So everything else including this one, assuming it passes --

LEG. CILMI:

Right.

DIRECTOR ROSEN-NIKOLOFF:

-- will be bonded.

LEG. CILMI:

Okay. All right. Thank you.

CHAIRPERSON CALARCO:

Okay. Thank you. Any other questions for Jill? Jill, thank you very much for coming today to explain that. We appreciate it.

PUBLIC PORTION

I'm going to go back to the Public Portion because I did just receive a card. And I want to make sure we provide an opportunity to speak. I have Kym Laube. Kym?

MS. LAUBE:

Good morning, thanks for the opportunity to come up and share a little insight from the field that I represent. My name is Kym Laube. I'm the Executive Director of a program called Hugs and the

President of the Quality Consortium of Suffolk County, as well as a board member of FIST, which is Families In Support Of Treatment. There's a lot of hats that I wear in this battle against substance abuse and we'd like to continue our support of all areas that we can to begin to change the needle. And that's exactly what we need to do when it comes to substance abuse in Suffolk County. We know we're facing an epidemic. Some will call it a pandemic. And young people are dying. And that's gotta stop being acceptable to us.

So we stand here today to talk about the cost-savings of prevention and strategies we can do. I know we spent some time with a lot of you guys last week talking about this. But for every dollar we invest in prevention, we save 10 to 22 on the treatment side of the world. And we give an opportunity for change to happen in our community.

The challenge with substance abuse is that it's not just going to be one answer and one simple thing that we do. It's going to take multiple strategies across multiple domains and multiple sectors of the community. Change must happen at the level of the individual, at the level of schools, at the level of families and importantly the community.

This particular legislation and support for the pawnshops speaks directly to community and simple changes that we can make. We need to begin to change this needle. And the only way we're going to change the needle is by making sure we put some good smart steps in the way.

The opportunity for somebody who is addicted who's chasing after their substance, who's in the throes of it, to have an opportunity, a moment of clarity, a moment of awakening, and a moment of possible change can simply happen when there is something that gets between them and their substance of choice.

Now, I'm all about prevention and that's the language that I speak, but I work with my colleagues in the treatment side of the world and they share with me time and time again as well as parents who are looking at their young people who are finally finding recovery, there was this one definitive moment where they chose to get help. And sometimes that one definitive moment comes in very simple ways and sometimes it comes in very elaborate ways. But just the opportunity to think about somebody who's chasing after a substance and who's in the throes of their addiction, it's something they get caught in just some small way. That moment of intervention, that moment, that obstacle that is there can be the exact deciding moment that they choose to get help and find a different way of being. So although this is not going to make huge changes in the needle, it will make one change in the needle. And we need to begin to continue this conversation about all the different ways we can begin to put in strategies on all different areas. Again, at the area of the individual, the community, the parents and the schools.

And I thank you for my opportunity to be here today to share a little bit of that insight and know that the entire field of substance abuse prevention, treatment and recovery, all my colleagues from the furthest end out east to the furthest end out west are in support of any strategies we can put in place. Because we're fighting the fight on the ground and we know the ramifications if we don't have support. And we know the incredible, incredible power of partnership with law enforcement in working to make change in this. So thank you very much.

CHAIRPERSON CALARCO:

Thank you, Kym. Does anybody have any questions for Kym? Thank you very much for coming down today and speaking to this important issue.

Okay. I will check again. I have no other cards. Is there anybody else in the audience who would like to address this Committee? Anybody else? Anybody else?

INTRODUCTORY RESOLUTIONS

Seeing none, we're going to move on. I'm going to take a privilege here. We're going to take resolution 1255 out of order. I'll make the motion; second by Legislator Lindsay. It's **Amending the Resolution No. 955-2014, to expand the membership of the 401(A) Terminal Pay Plan Board (Co. Exec.)** We have our Director of Labor Relations here with us this morning, Jen McNamara, to answer any questions anybody might have. And I want to get her in and out so she can get back to work. So I have a motion to take it out of order; a second by Legislator Cilmi. All those in favor? Opposed? Abstentions? IR 1255 is taken out of order. We now have it before us. I'll make a motion to approve.

LEG. LINDSAY:

Second.

CHAIRPERSON CALARCO:

Second by Legislator Lindsay. Quickly, Jen, maybe you can tell us what this does so we can --

MS. McNAMARA:

Sure. Thank you very much. Good morning, everyone. What this resolution does is it amends the previous resolution 1943-2014, which was passed in November. And what it does is it adds representatives to the 401 (A) Board. So for each union that signs an MOA, it gives them a representative and a voice on the board. And in addition for every union representative, it gives a management representative as well. Pretty simple.

CHAIRPERSON CALARCO:

It sounds pretty simple. Any questions? None. Okay.

LEG. CILMI:

I have a question.

CHAIRPERSON CALARCO:

Oh, a question by Legislator Cilmi.

LEG. CILMI:

Good morning.

MS. McNAMARA:

Good morning.

LEG. CILMI:

So, Jen, the 401 (A) is the municipal equivalent, I understand, of a 401 (K) in the private sector. Is that pretty much correct?

MS. McNAMARA:

Yes, that's my understanding of 457, 401, yes. It's a savings plan. And what it does is it allows for a SCAT pay to go in, either all or a portion of the SCAT pay for the law enforcement unions.

LEG. CILMI:

Okay. So it's not specifically or broadly defined as a defined contribution pension plan that any of our employees may opt into; is that correct?

MS. McNAMARA:

Correct.

LEG. CILMI:

It's not that.

MS. McNAMARA:

It's not that.

LEG. CILMI:

Okay.

MS. McNAMARA:

Is my understanding.

LEG. CILMI:

Okay, okay.

MS. McNAMARA:

It's a little different.

LEG. CILMI:

Alright, thank you.

CHAIRPERSON CALARCO:

Legislator Schneiderman.

D.P.O. SCHNEIDERMAN:

So just to clarify, the board's already existing. This is adding members to it. This is specifying the unions that are now participating; is that what it does?

MS. McNAMARA:

What it does is it doesn't specify the unions who are participating, but what it does say is that for each -- for each union that -- by its collective bargaining agreement executes an MOA with the County, they will then have a representative on the board. So as each contract is negotiated, they will be able to come on the board instead of having to come back to this body each time.

D.P.O. SCHNEIDERMAN:

So what does the current law state?

MS. McNAMARA:

I'm sorry?

D.P.O. SCHNEIDERMAN:

The current law. We are amending it to specifically state each union has a person.

MS. McNAMARA:

U-huh. Currently what it does is there are only really three members on the board. There's the Plan Administrator; there is a representative of the PBA; and there is the County Exec and his or her designee. With this resolution, should it pass, it will be adding those who at this point have executed MOAs with the County which would be the DIPBA, the SOA and the SDA.

D.P.O. SCHNEIDERMAN:

It also adds a County Executive rep for each union member.

MS. McNAMARA:

Correct.

D.P.O. SCHNEIDERMAN:

So how many people are going to end up on the Board?

MS. McNAMARA:

I think that we're only going to end up with -- so we'll have these three. And then maybe there would be -- well, these three -- these six, right, because it's a Noah's Ark. And then we might have one other afterwards. It depends on who decides they're going to opt in and want to execute the MOAs.

D.P.O. SCHNEIDERMAN:

So the total membership will be about six or seven, something like -- there's a Plan Administrator.

MS. McNAMARA:

Eight. More like eight.

D.P.O. SCHNEIDERMAN:

Alright. So still it's a manageable board size.

MS. McNAMARA:

It is a very small board, yes.

D.P.O. SCHNEIDERMAN:

Okay. Alright. Thank you.

CHAIRPERSON CALARCO:

Okay. Any other questions? I have a motion and a second. All those in favor? Opposed? Abstentions? **IR 1255 is approved. (VOTE: 6-0-0. PO GREGORY INCLUDED IN VOTE)**
Thank you, Jen, for coming today.

MS. McNAMARA:

Thank you very much.

PRESENTATION

CHAIRPERSON CALARCO:

Okay, we have with us this morning our Comptroller, John Kennedy. John, I know you came to speak to Resolution 1124. Would you like to go now or would you like to wait until after our Police Officers make their presentation? We'll be kind to your schedule.

COMPTROLLER KENNEDY:

Mr. Chair, it's up to you. I mean we do have a lot going on. I would like to bring my staff up for you to meet. Gentlemen, you don't mind, do you? Thank you.

CHAIRPERSON CALARCO:

Come on up, John.

COMPTROLLER KENNEDY:

Good morning, Mr. Chairman, how are you today?

CHAIRPERSON CALARCO:

I'm very good. How are you?

COMPTROLLER KENNEDY:

I'm well today. Thank you. And good morning, Mr. Presiding Officer, and members of this Committee. Thank you for the opportunity to go ahead and be before you today to speak on --

actually with the indulgence of the Chair, two matters. One is to make very clear this office's support for the merger referendum that's before you, which in fact would wind up accelerating what the commencement date is. As everybody around this horseshoe is aware, the referendum passed on the ballot last November making January 1st of 2018 the commencement date for merger of the Treasurer and the Comptroller's Office.

Subsequent to that election, as you know, Treasurer Carpenter has now become Supervisor Carpenter. We no longer have the issue associated with abridging an incumbent's four-year term. Secondly -- and we do have Mr. Paul there now who has been appointed by the County Executive. He exercised his mandate under the Charter, under the County Charter and County law, but I would offer to you today from my vision, and I'm going to ask my Chief Dep, Lou Necroto, who's here from an operational perspective and Brenda Sloan, from the -- Director of accounting, from the accounting service, not only the savings opportunities that you will have, that you could realize by supporting the merger and hopefully having the electorate adopted, but equally, if not -- or more importantly, the operational benefits that we will realize by combining the two offices while still holding to a absolute brick wall separation between the cash side of operations and the accounting and audit side that we do under the Comptroller's Office.

Let me just take a moment to talk to you a little bit about what's gone on so far. I am now in my probably 110th, 120th day. To date we have done four refinancings. I've spoken to you already. And as a matter of fact, you supported with a CN the refunding that we did of the 2006 construction bonds. Ultimately, and, Legislator Schneiderman, you'll recall we talked at length about creating a sinking fund. And once again a bit of a conundrum for me as I campaigned on shrinking pipeline debt.

Well, the good news is there was such demand on the street for that issue, that, in fact, that issue was resized and came in at 76 million rather than the original 84 million we had anticipated. The mathematics are simple. The market was so interested in our paper, that Bank of America put in eight-and-a-half million dollar premium on the table that allowed us to resize. And so we bought down the rate. And what the initial savings of 350,000 per year for a 4.5 million savings in total over the balance of the issue would have been, in fact, is a \$600,000 annual savings for a total of six million in savings against debt interest over the balance of the issue.

Since that time, we have also done the BAN for 24 million and the RAN. We were in front of you. The RAN, which came in properly sized at 55 million, both went out at basically about point five four as far as the interest rate went. The rating agencies held with us. We are in okay ground. Not great, but not bad. And they're mindful of what you and the County Executive are continuing to work through with our 2015 budget and where we had been back in '14. By the way, our '14 -- our CAFR, our Certified Annual Financial Report, will be out and available probably what, last week in May, first week in June, Brenda? How's it looking?

MS. SLOAN:

June.

COMPTROLLER KENNEDY:

About the end of June. They are plowing through mightily collecting all the information from the departments. We are going through the single audit process. In doing the single audit process, we are encountering not difficulties, but it is a challenge sometimes to go ahead and get accurate, timely and tied information out of the departments. One of the reasons for that is because we are working with the Integrated Financial Management System. We all know it. We refer to it as IFMS. Now that I own it, I call it IFMESS. We invited CGI in to go ahead and do an overview for us. The presentation they come back to us with in order to make the tool work right is not acceptable.

By the end of this week, we are going out for an RFEI to solicit evaluations from other software vendors, because the tool that we have at this point is no tool at all. It's like asking somebody to

build a rocket ship with a four-headed screwdriver. It is abysmal, quite frankly, but I digress as usual.

So I am here to talk to you today about the merger and why we will -- I would encourage the Committee to go ahead and embrace it and support it as soon as possible. Savings: Savings will be about \$750,000 at the least. Out of that will come the elimination of the elected office, which you know; the Chief Dep and the Dep; and in addition, and I've already had conversation with some folks in IT, we have three IT positions in that budget. Quite frankly in my opinion IT positions do not belong in that budget. IT positions belong with IT where those personnel can utilize their skill set for the full range of departments that may have need out there in the Riverhead County Center. And I'll dialogue with Mr. Mezzanotte about that in order to go ahead and maximize and effectuate the savings and the skill set that we have with our onboard County personnel.

In addition, I will move to terminate the contract that we have with the outside proprietary vendor hosting Munis. I've been assured that we have inside capability to go ahead and host that tax -- delinquency tax history. That will result in about a \$200,000 savings. That contract is up in June. We now pay \$400,000 a year for an outside proprietary vendor to host it in the Cloud. I don't know what that means, but I know that we can do it cheaper in-house and we'll do that cheaper in-house.

Let me turn, I guess, to Lou and to Brenda to just speak a little bit about the operational stuff. And then, Mr. Chair, there's just one other thing that I'd like to do. And, Mr. Presiding Officer, if I can, I forwarded you the recommendations about Hotel/Motel as well.

P.O. GREGORY:

Yes.

COMPTROLLER KENNEDY:

You've had a chance to see them. And I'd like to speak briefly about that as well, which is yet another function in the Treasurer's Office at this point that unfortunately is not being done. Not because there's an unwillingness to do it, but because you are looking at an entity that is starved for resources. At some point you have to say let's implement what the will of the electorate has very loudly kind of communicated to us already.

Having said that, I know many of you realize I campaigned vehemently against this last year. And, Legislator Lindsay, to your point, I will say to you perspective is where you sit and what you get to see. And what I see today, and what my staff has to work with, and does an outstanding job, is not an optimal situation. We need to move swiftly. You had sobering news yesterday, a \$176 million shortfall. I'm bringing to you today something that pushes the ball the other way. All right, let me -- let me yield to Lou.

MR. NECROTO:

Good morning. Lou Necroto, Chief Deputy Comptroller. I promise not to take much time. I've been here a little less than three months. And the introduction to County government, it's been rather interesting to me.

The little bit I understand about the operations in the Treasurer's Office, I can see that there's -- there is quite a bit of overlap. At least from three particular categories, one is certainly the accounting. There are accountants over there that are managing -- or helping to manage with cash. And I can't say with any other -- with certainty what else it is that they do. I know that they prepare sales tax returns and some other things we became aware of. But I'm certain that that's something that could be consolidated rather -- rather simply. There's -- clearly there would be some additional overlap in clerical and some of the administrative functions that we think could also be absorbed, but we'd like to get further information on that and continue to explore that.

From where I sit, again, my short tenure here, I think the cash management plan requires a lot of

attention. We get notifications via e-mail about borrowings from -- from reserve funds. And we have difficulty understanding the methodology at arriving at that, those types of things and understanding the short notice.

The -- obviously not to repeat what Comptroller Kennedy has already iterated was the imperative to maintain segregation of duties, particularly in this case. We have custody function and we have authorization. Authorization belongs to the Comptroller currently; custody belongs to the Treasurer. I would offer that there would be -- with the right planning no -- no peril coming to those -- to that segregation of those functions with the elimination of the two departments, so to speak, but maintaining particular individuals and specific functions that would make certain that custody functions are maintained separate from authorization. So in one case you would have somebody reconciling bank accounts who's not going to be the same person as the person authorizing disbursements from an accounts payable standpoint. That's rather simple to make sure we maintain. Plus, we make certain that our external and our internal auditors are monitoring that as well and reporting that to all levels of government.

Ultimately we think that beside -- beside the obvious savings in reduced or more effective staffing, we also think with a more comprehensive cash management plan, we may actually be able to reduce our overall -- the short term borrowings and also hopefully get us back on track with the pension, so to speak. I say back on track, I mean we currently pay on time. I'd like to see us paying -- or prepaying for a number of reasons. One, we get a discount. And second because it comes in -- we pay it toward the end of the year. And instead of us having to go out and find cash in the beginning of the year, which we do currently, we would have cash toward the end of the fiscal year, which would preclude us from having to borrow that money.

So those are, again, some thoughts that come to mind. Again, I'm sure more things will develop as we continue to explore. Thank you.

CHAIRPERSON CALARCO:

Thank you, Lou.

COMPTROLLER KENNEDY:

If we can, Brenda Sloan, please, our Director of Accounting Service.

MS. SLOAN:

Thank you. Brenda Sloan, Executive Director of Accounting Services. I just wanted to talk a little bit about some of the functions in the accounting department and how -- how it would be affected if we were merged together and all of the accounting was handled under one roof, so to speak. Currently the -- all of the revenue functions are handled by the Treasurer's Office; and the Comptroller's Office handles the expenditure functions with the exception of debt service, which is handled by the Treasurer's Office.

Now, the function of reporting is under the Treasurer's -- I'm sorry, under the Comptroller's Office as far as preparing variances and analysis of the accounts. That's all under the responsibility of the Comptroller's Office; however we often run into issues when we're doing those analysis because we don't have any prior knowledge of any of the revenue side of it. It's handled by the Treasurer's Office and we really don't see any of those transactions come across our desk until -- until we notice a variance. And now we're trying to look into and find out what the problem is. As you know, obviously, it's a lot easier if we have, you know, notice in advance. If we've actually seen the transactions come through, we know what's involved in the details of it. It would definitely streamline the process of looking for variances.

In addition, it would also assist us in eliminating some of the variances because we'd be aware of it ahead of time. And, like I said, we would be correcting issues as they came up rather than looking into them afterwards and then going ahead and trying to, you know, find the solution for it.

In addition, we do have some overlap of staff in the accounting area. We -- as you know, this Treasurer's Office handles the cert payments -- the certiorari payments. And as part of the County Charter, the Comptroller's Office is responsible for approving all payments. So the Treasurer's Office has staff over there that's doing a pre-audit of all of the certs that come through. And my understanding is it's very extensive pre-audit that they're doing with several levels of approval. And then it's coming over to the Comptroller's Office and we're doing another pre-audit of everything that they've given to us; like I said, as required by the County Charter. If we were all one department that person that's now doing the approval could be repurposed as someone who's actually reviewing the certs; and then the certs could be approved by the Treasurer's staff, which would, you know, all be one department.

That's just a few, you know, issues that, you know, that I mention to you so you can see that there are some immediate results as far as the performance in the accounting area that would be improved.

COMPTROLLER KENNEDY:

And if I can just stay on that one particular point, if we can, about the tax certioraris, and Legislator Lindsay, I know that you invested a substantial amount of time in looking at this, all of us are very sensitive to it. But I'll share with you -- not that I'm better positioned to go ahead and to be able to wrestle with it, but just, you know, life takes you in different places and you begin to understand processes in County government.

For nine years as the official examiner of title, I was there when Suffolk County was selected as a pilot; and now actually has all bulk small claims assessments begin their life as electronic filings in the County Clerk's Office.

Subsequently when it moves over to Suffolk Supreme, where we have Administrative Law Judges, in the past when I had a chance to practice, I did that work. So I've actually sat there on behalf of homeowners, worked with ALJs and would like to be able to engage Judge Hinrichs to confirm that the hearing component of the process has the opportunity to be done electronically as well. Assuming the Administrative Law Judges would then do their notation calculations and have confirmation there, then the file should electronically be able to migrate to Riverhead rather than having the mountains full of paper that sit out there now with three very able and competent staff, one who used to work for me down in the County Clerk's Office attempting to plow through them now and doing the manual confirmation. There is no doubt in my mind that there are -- we can cut down the timeframe by utilizing the technology that's out there that is somewhat disjoint in my opinion. And I would offer to you it's yet another opportunity that we could pick up on.

Mr. Chair, do you want me to talk about Hotel/Motel or do you want me to stop and wait?

CHAIRPERSON CALARCO:

Let's stop here and go into the -- any questions that people may have for you.

COMPTROLLER KENNEDY:

Absolutely, sure.

CHAIRPERSON CALARCO:

We'll start with Legislator Lindsay.

LEG. LINDSAY:

Good morning, Mr. Comptroller. Thank you for coming in this morning. And I just want to start by saying I'm glad to see your perspective on the other side of the table now. And I feel like you stole my notes from Paul and are going through each point one by one. But I wanted to start with, have you discussed with the interim Treasurer the possibility of expediting the merger and gotten his opinion on it? I know he's only been there for a few weeks now.

COMPTROLLER KENNEDY:

You know why I have not? We have seen each other incidentally in the Dennison Building and have chatted about a couple of specific items that both he and I know we could improve upon, one of them being the manual cutting of the checks from DSS. That is yet another process that unfortunately is stuck back in the dark ages and would probably require either pilot project status or some approval on the part of State DSS to allow us to begin -- to begin to issue the checks electronically. Of course, that's provided that we can get the less than adequate tool we have in place now IFMS to be able to actually do that; or we build that into whatever the enhancements would be with the replacement. Other than that, no, we've had no conversation.

LEG. LINDSAY:

It seems like in, you know, your short time in office now and obviously he's only been there for two weeks or three weeks at this point, you've already identified some low-hanging fruit in terms of savings. You know, my -- I'm very much in favor of expediting this and moving it up. I just would want to see more of a plan in place rather than just theorize, you know, we think we can do it; I'd rather see it more concrete and saying that this is how we're going to do it rather than this is -- and why we should do it at this point. I'd also -- would like to see on the tax issue if there's -- if we could have a workout plan as to a timeline when all of those will be -- you know, will be off the books so that that backlog -- last I checked, and I don't know how accurate it is today, there was about 15,000 homeowners waiting to get those refunds issued. And even though we don't pay the penalty on that, the Towns do; so ultimately the taxpayers end up picking up the cost of it.

COMPTROLLER KENNEDY:

No doubt about it. And as a matter of fact, when I was on the other side, we worked actually to -- or attempted to put some additional personnel in there to go ahead and move with the manual. I will reach out to Mr. Paul today and I would offer to you, and, again, of course it's up to the Committee as you choose to act, recall that your next General is out in Riverhead. And if it was the Committee's will to even do a discharge without recommendation, I will be out there anyhow. As you know, there's a new Legislator who's going to be sworn at that point. I will be with her. And so -- but, of course, it's whatever the Committee's prerogative is.

What I will say to you is that as we've looked at the merger process, timing has always been something that most of us have been sensitive to as far as the steps we need to take. Well, let me give you a concrete step. Departments have to submit their recommended budgets to the Budget Office by the last week in May. That means that I am now preparing what my 2016 is going to look like and what my needs are. Obviously if we are going to have the merger, I need to be doing additional suggested steps for the Budget Office for what gets put before you in September; in the third Tuesday in September.

So it is -- I don't want to give you a sense of urgency, but I'm giving you a sense of urgency. I need some directive as to how we're going to lay out just from the operational side and deployment of staff. And certainly to your request as far as concretely identifying what the benefits of enhancements will be, we can set that data in writing for you as well. Brenda's articulated already, each time we do a rating agency call, my office is called on to project for the rating agencies what our cash flow will look like not only through the end of '15, but in the case of the RAN and the BAN, we had to project out to June of '16. We have to have a solid information and contemporaneous information on the revenue side. We have the expenditures, but we absolutely need to have on the revenue side and especially activity with the interfunds.

LEG. LINDSAY:

And I appreciate all that. And I, you know, appreciate the -- you know, the sooner you have that information, the easier it makes for you to complete that. With that in mind, do you -- looking at your 2015 expenditures, how are they looking compared to what was originally budgeted for the 2015 expenditures?

COMPTROLLER KENNEDY:

Well, you got the presentation from the joint committee yesterday, Legislator Lindsay. When we prepare the cash projection, we are doing so a little bit close but a little bit differently. And I'm going -- I'm going to defer to Brenda to speak a little bit to that. Can you talk a little bit about that, Brenda?

MS. SLOAN:

Yes. As far as the cash flow goes and our projections, we are -- with the exception of our sales tax, which is down in the beginning of the year, we are pretty much on projections at this point. And, again, like Mr. Kennedy is saying, we do handle the cash flow a little bit differently. We project off of the 2015 budget, but it's not -- it's not handled the exact same way as the budget. We do calculations to come up with what the cash piece of the budget would be. And as far as those projections are concerned, yes, we are on target.

LEG. LINDSAY:

What about just the expenditures for your office; for the Comptroller's Office as a whole, is that on target at this point?

COMPTROLLER KENNEDY:

Well, again, remember I took office for a budget that had been prepared prior to me. I had no input in it. Yes, as a matter of fact, we are moving along in a good -- in conformance with what the budget is. And towards that point, let me speak specifically. We had a couple of vacancies for auditors. The County Executive was very good. It was very good when we made the case that notwithstanding the fiscal emergency declared on January 2nd that restricted hiring countywide, he saw the wisdom in allowing us to fill two new auditor positions.

With that we repurposed two other auditors in the office who had been doing non-audit functions. So we now have four new auditors that we have brought to bear. We had the opportunity to fill two other auditor positions. That list has expired. There is an auditor trainee list that is actually becoming ripe and will be available to work off of by the third week, I think it is, in May. And those are grades 17s. They actually come in at 38,500. It's our intention to ask the County Executive to allow us to fill into those as well. That will be six new audit personnel added to an existing staff of 13 line auditors. We will have increased our audit capability by 50% with the addition of this personnel. We are involved in an additional homeless housing providing -- auditor provided. We are underway with the department. And as a matter of fact, we have personnel. And I'll talk a little bit about that with the Hotel/Motel as well.

So at this point we are able to operate within the confines of our budget. There may be some other opportunities we'll come to you shortly with, but I still have to work that out with a few folks. So, I can't really discuss that one yet.

LEG. LINDSAY:

Just doing my math here, so at this point you have six -- you're up six personnel.

COMPTROLLER KENNEDY:

Well, we will be when we get those other two filled. We're up four now.

LEG. LINDSAY:

Do you have any plans for any additional staff or request for additional staff?

COMPTROLLER KENNEDY:

Well, as I laid out to you the audit trainee. Beyond that, again, there is some dialogue I'm having with other electeds here in the County, but that's still kind of premature.

As to additional staff, you'll -- I think I shared with all of you, I've been to Albany twice now to lobby for reinstating our sales tax compliance unit. You'll recall that through 2003 we received \$350,000

each year from State Taxation and Finance to go out and do what's called preaudit work. That funded -- I think that funded two auditors and half of supervisory personnel as well. I would offer to you that with two quarters of flat sales tax, we need to reinstitute that effort more than ever; not only to go ahead and ascertain who's not remitting, but also to do a little bit of ground work and education.

We've just been in contact with the Fire Island Civic Association. We're going to be doing some work with them. I've been out to a number of civics already, especially where we have some of the seasonal work on the East End. My sense is sometimes some entities may not even be aware that they have to remit. So I want to take the education approach, carrot and stick, if you will. That may require some additional hiring as well depending on how that works out with the State.

LEG. LINDSAY:

And I appreciate that. And obviously we want to make sure everyone is doing their remittance correctly and fairly for all businesses out there. With the merger, if the merger were to go through by year's end, if we expedited it, would you have to add any additional staff after that merger happened?

COMPTROLLER KENNEDY:

You know, that's something that I have to look at, Legislator Lindsay. And, again, I have already given a lot of thought to that. Absolutely I will need somebody that will be a key operational individual. They will work under the Chief Deputy. It remains to be seen. I'm not wedded to the supervisory structure that's there now. My objective is to go ahead and supervise under function, but, yes, I will need -- I'm going to need at least somebody who's going to have an oversight role as I go back and forth between the two locations here in Hauppauge and Riverhead.

LEG. LINDSAY:

Have you factored that into your projected savings of 750,000?

COMPTROLLER KENNEDY:

I have in that I believe that we will be able to work in the confines of what we have with the existing salary structure there with some of the supervisory positions. I'm not convinced -- I know that we've had a number of vacancies that have occurred out there. The Administrative Assistant to the Treasurer left in the end of January. I know that there is an Executive Secretary that's separated as well. And I know that we had another person working in HR. You know, I took a look at the 2015 yesterday. I saw it was funded at 44. I did not get a chance to go downstairs to my payroll folks to see how many we have filled and what the balance are funded unfilled. But I think we'll be able to work -- certainly I can say this to you: That between the 5.5 mill from my office and I believe it's 2.8 or 2.9 with the Treasurer's Office, the combined entity would be under what those two budgetary figures are at this point.

LEG. LINDSAY:

By the 750,000?

COMPTROLLER KENNEDY:

Probably with, you know, those elements that I spoke to you about with offloading Munis and with shifting the three IT personnel from Treasurer over to IT and with undertaking a couple of the other items that I talked about as well.

LEG. LINDSAY:

The preaudit that is being worked on right now, do we have a timeline as to when that will be completed?

COMPTROLLER KENNEDY:

I'm not sure -- preaudits as to what?

LEG. LINDSAY:

I thought Brenda in her presentation -- you had said you're doing a preaudit right now of the Treasurer's Department.

MS. SLOAN:

No, I'm sorry. The preaudit I was talking about is of expenditures that go through the certioraris. There's always a preaudit. Preaudits constantly going on.

LEG. LINDSAY:

Okay.

MS. SLOAN:

Any time a payment goes out, we're doing a preaudit.

LEG. LINDSAY:

My misunderstanding. Have you put together any kind of, for lack of a better term, corporate structure of what it would look like after the merger were to happen?

COMPTROLLER KENNEDY:

Why, I figured I'd wait to see what the Committee's going to do. (Laughter) I have attempted very hard to embrace the concept that I'm on the ministerial side now and not the policy maker. But as you know I'll always be candid with you when I see opportunities for savings.

LEG. LINDSAY:

I think we all have no doubt about that. You know, for me I think it's broad brushed right now. And there's a lot of opportunity in there. I would just want to see more of a concrete plan, you know, no offense but not to just take it --

COMPTROLLER KENNEDY:

Sure.

LEG. LINDSAY:

-- faith here that, you know, what you're saying is correct. Would it be possible for you to put together that corporate structure, meet with the interim Treasurer, formulate a plan and spread sheet it out for us so we can see it in dollars and cents in terms of how many people are moving around and where they're going, what the -- what the end result is going to look like once it's completed?

COMPTROLLER KENNEDY:

Yes, I have something that my Chief Dep has just shared with me. We talked in terms with Ernst & Young. I'd like the opportunity to confer with them, but assuming that we -- this looks like it's going to address all of the functions, I'll have this to you and the rest of the Committee by the end of the day.

LEG. LINDSAY:

Okay. I know it's, you know, you're trying get things lined up so that you could start formulating a budget by the end of May. For me, we have obviously some time to put this together before the referendum would have to go through. You might -- my sense is I would rather table it for one cycle just to allow you to meet with the Treasurer, allow you to put that information together, come back to us. Maybe you can come back to us with the interim Treasurer together so we can hear it as a combined effort. Because obviously we want to make sure that the two of you are working together at this point. And just take a more educated approach to it rather than just pushing it out of Committee today and not having all these -- this information in writing and in concrete terms. I think for your benefit as well that you are not just -- the last thing we want to do is hand over a mess that you're going to be responsible for going forward. And I don't think it would be fair, you

know, to your staff either. So, you know, I think it -- just to table it for a cycle and take a more educated approach to it I think would be the better way to go.

COMPTROLLER KENNEDY:

Well, I appreciate the sense of what this is -- would involve. It is a brand new venture for us. We have given it a lot of thought. As I said to you, I will reach out to Mr. Paul, ask to sit with him. And I am always happy to abide by the will of the Committee and the Legislature. I will say that actually with the permission of the Chair, I would ask Counsel, what kind of timeframe are we working with as far as the referendum language, George?

MR. NOLAN:

Well, referendum language is in the proposed law. We would have to act, I'd say probably to be safe, at our July meeting. If we did it at our July meeting as an end date, we'd have plenty of time to get it on this year's ballot. So we do have time to act.

COMPTROLLER KENNEDY:

Okay. So from the legal perspective, that's fine. I've sensitized you to some of the actual operational requirements. I will speak with Mr. Paul as well because I very much would like to engage Judge Hinrichs as far as whether or not we have an opportunity from the electronic side for streamlining on the SCARs. And certainly as we talked about with the cash management and some of the operational aspects, the sooner we get at that, the better.

LEG. LINDSAY:

Mr. Comptroller, the last -- the last issue I'll point out, I just wanted to make was on the software system. We're looking at it from a countywide perspective right now that we're so, as you know probably better than most of us, we're so fractionalized in how one department does it, and none of the systems integrate together, we would -- I would prefer to start moving towards a global approach where all these departments can interact and their systems can interact together making a free flow of information a lot more automated than the paper flow that we see today.

So as you're going through that process, I'd like you to, if you could, keep that in mind. And at some point here we would like to put out more marching orders that are predetermining that, that there is -- you know, there are systems that work together and that they have to all integrate at some point because we want try to -- at some point get to the -- a position within the County where we're more automated than we are today; and that we're more transparent with more information available online, more accessibility for the public just to pull information up that -- that they would need to request. The current system that we have in place where we have constituents calling our office, calling different departments, having to go pull files, looking information up, it's just so antiquated and it's so inefficient that, you know, there's so many opportunities there, but it needs to be done in a manner that is working together. It needs to be a concerted effort.

COMPTROLLER KENNEDY:

We are of the same mind with that, Legislator Lindsay. And as a matter of fact, Mr. Necroto has sat through probably about three weeks of mind-numbing meetings, operational meetings with our current vendor for IFMS CGI. He took up that directive literally within the first week of coming on and joining my team. He has done a excellent job. My sense is CGI is a reluctant, at best, partner. I will not sugarcoat it. IFMS is an unworkable impediment that is an obstacle to any normal conduct of business.

So to your point as far as taking on the merger and it being something that's uncertain, I stepped into what I would characterize as a challenge at best. You and I know we can buy anything throughout the world off this iPhone. Yet vendors doing business with Suffolk County go through a paper process times 225,000. It is abysmal the tool that we have at this point. And we will either fix this one or put in one that works mindful of having the global approach so that we can integrate all and make it accessible.

LEG. LINDSAY:

Thank you, Mr. Comptroller, I appreciate that. And I look forward to seeing this succeed. I mean obviously this was one of the first initiatives I jumped on when I was elected and I know we all have a vested interest in seeing this succeed so I look forward to working with you on it. Thank you.

COMPTROLLER KENNEDY:

Let me just add one other point, Legislator Lindsay, and we will be back in front of you because the Budget Office in the County Executive's office have been very gracious in acknowledging that in order to go ahead and actually effectuate a better system, the recommendation is going to be in the Capital Budget that responsibility moves from IT over to our office. So I will be in front of you to talk about the steps that we've done there. And as a matter of fact I think I'm set to meet with BRO about that tomorrow.

CHAIRPERSON CALARCO:

Okay. Legislator McCaffrey.

LEG. McCAFFREY:

Thank you, Comptroller Kennedy. Thank you. If I misspoke --

COMPTROLLER KENNEDY:

Hey, call me whatever you want.

LEG. McCAFFREY:

Give me a couple of months, it'll be rolling right off my tongue.

COMPTROLLER KENNEDY:

(Laughter) There you go.

LEG. McCAFFREY:

But I thank you for coming, but I also wanted to just clarify things -- some things. First is that even in the short time that you've looked at it, we're looking at some sort of savings north of half a million dollars.

COMPTROLLER KENNEDY:

Absolutely.

LEG. McCAFFREY:

I'd probably say we could put that in the bank.

COMPTROLLER KENNEDY:

Absolutely.

LEG. McCAFFREY:

And probably almost importantly as is -- Brenda has pointed out, there is some overlap in the County. We're doing double work. We're doing it on -- on the Treasurer's office and then the Comptroller's Office is basically doing the same thing. I mean, and this is just a first glance without getting into this thing. So I just want to -- so we have definitive savings on the money side. We have definitive savings in terms of efficiencies in the personnel and things like that. And you don't see a substantial -- and you believe at the end of the day that the total budget for both of these departments would be less than what they were --

COMPTROLLER KENNEDY:

Absolutely.

LEG. McCAFFREY:

-- combined.

COMPTROLLER KENNEDY:

Absolutely. As a matter of fact, and as we attempted to point it out to the Committee, I will never minimize or underestimate what the savings or relief to the budget is. And as a matter of fact will continue to be vigilant as we do our bond offerings, which I just signed a \$56 million environmental facilities corporation borrowing for Southwest Sewer District as a matter of fact, half of which was zero interest money and the other half will be at about point-and-a-half. And in doing so, each time we go out, I am making certain that the offerings are open competitive, thereby saving anywhere in the neighborhood of 150 to \$200,000 per issue; unlike what the past practice has been with directed borrowings.

But I will again reiterate the need to have seamless and contemporaneous information feed from the revenue side so that the accounting side and expenditure can constantly have a true snapshot of where we are. Cannot be underestimated or minimized. That is as critical if not more so.

LEG. McCAFFREY:

It's always a more potential savings just in terms of effective borrowing is what you're saying, right?

COMPTROLLER KENNEDY:

Absolutely.

LEG. McCAFFREY:

Okay, right. And, George, if I may through the Chair, then you feel confident that the timeframe for this would not be compromised if we took the time to look at this with both parties present.

MR. NOLAN:

Right. There's no time issue at this point.

LEG. McCAFFREY:

Okay. Thank you.

CHAIRPERSON CALARCO:

Okay. Legislator Schneiderman.

D.P.O. SCHNEIDERMAN:

I'm not sure what to call you either. Comptroller, John. If I can call you John for now?

COMPTROLLER KENNEDY:

Not a problem. Just don't call me late for dinner.

D.P.O. SCHNEIDERMAN:

And first of all, John, it sounds like you hit the ground running.

COMPTROLLER KENNEDY:

Thank you.

D.P.O. SCHNEIDERMAN:

You've had a hundred plus days to get your feet wet there. It's a big department. It's an important department, the Comptroller's Office. You and I may have disagreed in the past about this merger. I certainly felt it should have gone to a vote which it did.

COMPTROLLER KENNEDY:

Yes.

D.P.O. SCHNEIDERMAN:

And the public certainly supported it by strong numbers.

COMPTROLLER KENNEDY:

I'm a big fan of the voters.

D.P.O. SCHNEIDERMAN:

We can debate -- now let's set aside for a second Legislator McCaffrey's bill to move it up to January 1st of next year. I think it's fair to say that we don't need two-and-a-half years to do this merger. If we think it's a good idea putting it -- you know, letting it happen in 2018 where the public said -- I think that's more time than is needed. It ought to move up. But let's just look at it from a mechanistic standpoint, a logistical standpoint. When can this -- what's the earliest time that this can be smoothly done? Now, your department -- you're new. We had a Comptroller there for 12 years. And it may take some time for you to ramp up to the level of expertise that Comptroller Sawicki had.

COMPTROLLER KENNEDY:

Right.

D.P.O. SCHNEIDERMAN:

You've already said -- you've already said that this IFMS system is a disaster.

COMPTROLLER KENNEDY:

Absolutely.

D.P.O. SCHNEIDERMAN:

So you've got internal problems with the tools that you have in terms of being able to run just the Comptroller's function.

COMPTROLLER KENNEDY:

Like trying to build a rocket ship with a four-headed screwdriver.

D.P.O. SCHNEIDERMAN:

Yes, you said that. I'm not sure what a four-headed screwdriver is but I imagine it'd be hard to build a rocket ship with one, so. So you've got -- you got -- I know in the past even when Joe was there, you know, and I requested audits from time to time, there was a long wait period. There was backlogs. I'm assuming you're going to have similar staffing levels. You still have some backlogs within the department. Is that fair to say?

COMPTROLLER KENNEDY:

No, I would not call it backlogs, Legislator Schneiderman. What I would say is that, again, thanks to my Chief Dep and myself, we have engaged our executive level of the audit staff and indicated to them that of the -- what is it, about 18 or 19 that we have open at this point, some of them have -- go back to a time period or a snapshot that is unacceptable for me. Now that's not got to do necessarily with a lack of staff. In some cases it is simply the process that you work through with contract entities. We are engaged with Southside Hospital, all the services for the Brentwood Health Clinic. We are engaged with -- well, you saw NANA's House. NANA's House hit the paper huge. They came into us. They wanted to discuss negotiating the amount that was identified.

I was able to bring to their attention that there was even more because at my direction, my staff ramped up through the next year. And that, in fact, we were talking about a larger number that the vendor had an obligation to remit back to us. And the discussion is the remittance schedule, not the amount. The amount, unless they bring credible alternative evidence as to why they were authorized, the only thing to discuss is the timeframe to remit. So we are moving vigilantly through that schedule and, in fact, have added one, two -- probably three -- three more since we been in.

D.P.O. SCHNEIDERMAN:

So between all the compliance issues, the audit issues, the refinancings, the RANs, it's fair to say it's a fairly busy department currently, right?

COMPTROLLER KENNEDY:

Oh, yeah.

D.P.O. SCHNEIDERMAN:

Okay, so -- and we -- there's no argument that we want as much savings. We understand the County needs every dollar it can. But we also have to understand that the Treasurer's function is a critical function. Small mistakes there could have massive consequences.

COMPTROLLER KENNEDY:

Absolutely.

D.P.O. SCHNEIDERMAN:

So we want to do it right. There's no question about that. So setting aside, again, Legislator McCaffrey's January 1st merger date --

COMPTROLLER KENNEDY:

Yes.

D.P.O. SCHNEIDERMAN:

We have -- right now we have no plan that I'm aware of for the actual merger transition, nothing's been formally developed. We don't know exactly which positions are being abolished; correct? We don't know exactly how the records will all be moved.

COMPTROLLER KENNEDY:

Well, if I can just go back for the one statement, Legislator Schneiderman, actually we do know the positions that are being abolished. The referendum that was adopted was very clear. It was the elected; there was a Chief Dep; and there was a Dep. Balance of staff would stay. What I've already articulated to you is for my initial drill down, areas of opportunity with the existing staff that in my opinion some should be properly moved to where they rightly belong from a functionality perspective, others we will look at as far as best use.

D.P.O. SCHNEIDERMAN:

Right. So that piece, which is really reflected in Legislator McCaffrey's bill, which talks about potential positions being -- you know, being abolished, as the case may be, with appropriate resolution, etcetera, so we don't really know the details per say on that. There's work to be done. So putting all politics aside --

COMPTROLLER KENNEDY:

A-huh.

D.P.O. SCHNEIDERMAN:

-- if you just had to say what is the earliest date, maybe it could be January 1st. That's complicated because you have a November -- early November election.

COMPTROLLER KENNEDY:

Sure.

D.P.O. SCHNEIDERMAN:

Before you even know if it's going to happen. And then let's say it happens, the voters agree, you have less than two months to actually do the merger, to move all the records, to abolish the positions, to combine.

COMPTROLLER KENNEDY:

A-huh.

D.P.O. SCHNEIDERMAN:

That sounds awful quick to me. I think two-and-a-half years is too long. But what -- what would be the time needed to assure a smooth and expeditious transition? I don't want to hurt anybody's feelings. You know, pride of authorship, whatever, with this legislation. But really what is the right amount of time? Should we merge mid-2016, the end of 2016, January 1st, 2016?

COMPTROLLER KENNEDY:

I'd merge it right now. As a matter of fact I have no trepidation or qualms with Legislator McCaffrey's bill to adjure and, yes, the big question mark here is will the -- assuming -- and I should assume nothing. If it's the will of the Committee to pass the resolution, and that it is the will of the body to go ahead and pass the resolution, and then the will of the Exec to sign that, assuming, and I should not assume here, too, but let's look at the past. Legislator Lindsay's referendum passed overwhelmingly. Got better percentage than I did, but we still passed.

There's no doubt in my mind that put before the electorate, the electorate is screaming for savings and efficiency out of government. They're going to beat a drumbeat and march a path to supporting the referendum. I'm talking to you about -- -

D.P.O. SCHNEIDERMAN:

-- administrative question. It really -- yeah, in an ideal world merge yesterday. Fine. But it can't be done. It can't be done. You're not going to convince me that you could merge tomorrow and have uninterrupted functions within that Treasurer's department. And small mistakes could have monumental consequences.

COMPTROLLER KENNEDY:

We know that already, Legislator Schneiderman.

D.P.O. SCHNEIDERMAN:

What I need to know from an administrative perspective --

COMPTROLLER KENNEDY:

Yes.

D.P.O. SCHNEIDERMAN:

-- not a political perspective, I understand the public wants this to merge.

COMPTROLLER KENNEDY:

Yes.

D.P.O. SCHNEIDERMAN:

What is the quickest time it can be done ensuring a smooth transition? If it's January 1st, so be it. But I -- I am not convinced right now that you can pull off this merger by January 1st.

COMPTROLLER KENNEDY:

Okay.

D.P.O. SCHNEIDERMAN:

You're going to have to show me that report.

COMPTROLLER KENNEDY:

I will --

D.P.O. SCHNEIDERMAN:

Which I haven't seen.

COMPTROLLER KENNEDY:

I will. As I said to you, you will have a recommended aug chart once we have a chance to take a look at it by the end of the day today. As to the substantive functional operations -- what do you figure, about a week or so? Two weeks? You'll have it certainly by the next cycle. You'll have it by the next cycle. And as I said to you, I will pick up the phone to Mr. Paul. I've not heard from him yet. I'll invite him to have the opportunity to sit down and talk with me about his observations, but this is not an unknown function to me. I dealt with the Treasurer's Office going all the way back to County Executive Gaffney.

D.P.O. SCHNEIDERMAN:

I'm aware of that. But I would need some kind of transition memo, some transition report. For instance, you're the Comptroller. You're going to now be overseeing what was the Treasure's Office. Their functions are in Riverhead. Your functions are here in Hauppauge.

COMPTROLLER KENNEDY:

Yes.

D.P.O. SCHNEIDERMAN:

Are you moving your office out to Riverhead? Or are you staying in Hauppauge? If so, who is going to be the on-site person overseeing all those functions administratively out in the Riverhead office?

COMPTROLLER KENNEDY:

I will identify an on-site administrator in Riverhead. And I will go to both places. I traveled to Riverhead for nine years.

D.P.O. SCHNEIDERMAN:

Okay. So there will be --

COMPTROLLER KENNEDY:

Not adverse to travel.

D.P.O. SCHNEIDERMAN:

So somebody internally from the Treasurer's department will become, then, the administrative head? Or somebody from the Comptroller's Office, do you know?

COMPTROLLER KENNEDY:

Well, they'll all be Comptroller staff.

D.P.O. SCHNEIDERMAN:

Okay.

COMPTROLLER KENNEDY:

So it would be one of my staff that I identify who will be located in Riverhead primarily.

D.P.O. SCHNEIDERMAN:

Okay. And you will also have an office in Riverhead?

COMPTROLLER KENNEDY:

Absolutely.

D.P.O. SCHNEIDERMAN:

Okay. And you will split your time between the two locations?

COMPTROLLER KENNEDY:

Absolutely. I don't spend, you know, a whole lot of time in the office. I've been all over the place.

D.P.O. SCHNEIDERMAN:

Okay. Well, these are -- I think these are important details to know that there's going to be somebody on-site with management capabilities at that Riverhead office. Unless you're planning on moving everything to Hauppauge or moving the Comptroller --

COMPTROLLER KENNEDY:

Absolutely not. As a matter of fact I'm very mindful of the fact that Riverhead is the County seat. And I have always been a strong believer that we need a robust presence of county government in Riverhead.

D.P.O. SCHNEIDERMAN:

Have you considered --

COMPTROLLER KENNEDY:

So under no circumstances would I move operations out of Riverhead.

D.P.O. SCHNEIDERMAN:

Have you considered moving the Hauppauge operations to Riverhead?

COMPTROLLER KENNEDY:

You know, what I find, Legislator Schneiderman, is that the physical location of the office is less significant than the work that the staff does which covers all of the County from 110 to Montauk. So physically we go all over the place. The audit, we've been in New York City. We travel all over. As the need is for operations, we will go ahead and make those recommendations.

D.P.O. SCHNEIDERMAN:

Wouldn't that make sense, though, to be in one facility? And Riverhead has, I believe, the room. You could -- I don't know how many square feet you take up here. I've been up to those offices.

COMPTROLLER KENNEDY:

Two floors up in the Dennison Building.

D.P.O. SCHNEIDERMAN:

Two full floors.

COMPTROLLER KENNEDY:

Yeah. No, we do not have physical location or physical floor space in Riverhead to accommodate 64 or -- about 64 staff now.

D.P.O. SCHNEIDERMAN:

Okay.

COMPTROLLER KENNEDY:

No, that's not there.

D.P.O. SCHNEIDERMAN:

Okay. So that -- I think that ought to be in that transition report, that merger report that we can look at.

COMPTROLLER KENNEDY:

Okay.

D.P.O. SCHNEIDERMAN:

George, I just -- just technically, George, you said we can pass this up until July?

MR. NOLAN:

I think even -- I think even later. I think it's either 45 or 60 days prior to the general election would be timely. But, you know, we don't have a meeting 'til -- I forget when in September, mid-September. So I think it'd be advisable if we were going to do it, we'd try to get it done at the latest at our July meeting.

D.P.O. SCHNEIDERMAN:

Is there -- I recall this from the past, there's not only an end date for putting something on a -- on a ballot, but there's also a beginning date of that window. You can't do it before a certain time and you can't do after; am I incorrect there?

MR. NOLAN:

I think you're incorrect.

D.P.O. SCHNEIDERMAN:

Okay. Would you just double check that?

MR. NOLAN:

Sure.

D.P.O. SCHNEIDERMAN:

Lastly, we will still have the position, the vacancy, the special election for a Treasurer regardless. There'll still be a name or several names on the ballot running for Treasurer that --

MR. NOLAN:

Yeah, we have to hold an election for Treasurer.

D.P.O. SCHNEIDERMAN:

So somebody will win. And if this passes, they won't be able to serve?

MR. NOLAN:

They will serve pretty much in that interim period between the election when they're -- because it's a special election. So when they're certified, they'll serve for probably six weeks if the referendum to accelerate the consolidation is approved.

D.P.O. SCHNEIDERMAN:

Okay.

CHAIRPERSON CALARCO:

Are you done?

D.P.O. SCHNEIDERMAN:

Alright. That's an unusual situation, but, okay, thank you.

CHAIRPERSON CALARCO:

Okay. Right. Legislator Cilmi.

LEG. CILMI:

Thanks, Mr. Chairman. I just wanted to sort of articulate my feelings about this, make it clear that I don't believe there are going to be savings. I still continue to believe that there won't be savings. And that's not that I don't believe Legislator Lindsay. It's not that I don't believe Comptroller Kennedy. I'm just very cynical about government's ability to do this. And I'm cynical for a number

of reasons.

In addition to that, I know that this Legislature every year adopts a budget. And that budget may or may not consist of savings in these two departments. We know that when our Department of Labor was separate from our Department of Consumer Affairs, the cost was, in fact, less than what the combined departments are today -- or is today. And that's not a criticism. That's simply because the Legislature determined and maybe the County, I don't recall, but maybe the County Executive agreed that there needed to be more staff in certain areas because it benefited the County to do so. And so we -- that's what we adopted. So the Legislature at any point in time when we adopt the budget or when we amend the budget could change the budget such that those savings that we anticipate would disappear.

Secondly, the Comptroller identified potential savings -- part of the potential savings may be to move employees from the Treasurer's Office into the Department of Information Technology. So to the extent that may be characterized as savings, it's not really savings. So -- and that may happen in other areas as well.

In addition to that, in the presentation, John, that you made, you talked -- you said two things specifically. You talked about a \$750,000 of annual savings. And then you said that the department is starved for resources.

COMPTROLLER KENNEDY:

A-huh.

LEG. CILMI:

So there seems to me to be an inherent contradiction there. And certainly you may find some efficiencies, you know, by utilizing employees that are currently assigned to the Treasurer's Department and the functionality that may be at the Comptroller's side or visa versa. There may be some, but the reality of it is, is that for years we've seen audits coming out of the Comptroller's Office that have been for programs that are two, three, more years previous to the audit. And the reason that we've been -- we had been given was that there's short staff or short resources.

I don't expect that to happen under your leadership. And certainly that's not in any way your fault at this point. We know from the Treasurer's Office that there's this huge backlog of tax certs that have to be processed. And certainly, you know, you may or may not need more bodies to do that. So, again, not for any lack of trust in you personally or the employees in the departments, not for any disbelief of Legislator Lindsay, I guess you could call me -- I have great faith in some things, but I guess in this respect you could call me a Doubting Thomas. I'll believe it when I see it. And it's my hope -- and I join Legislator Lindsay and the rest of those on this Legislature who believe there will be savings, and I join you in hoping that there will be savings. But I need to see it before I believe it.

With respect to whether or not we should do the merger now or later or what have you, maybe you can comment on this. I think we should do it now. And the reason I think we should do it now is because we were told that there would be savings associated with this merger. And we continue to be told that there will be savings. And if, in fact, there will be savings, and the voters clearly believe there would be savings, otherwise they would not have supported this referendum, then I believe that the voters should see those savings immediately if they're there to be had. Now, when you merge the two departments, correct me if I'm wrong, but we already -- we continue to have a working Treasurer's Department in the County. And we have a working Comptroller's Department in the County.

COMPTROLLER KENNEDY:

Absolutely.

LEG. CILMI:

By merging the two offices, you're not necessarily upsetting the applecart when it comes to the operations of either of those two departments. All you're doing really is giving one individual the effective oversight of both departments. As opposed to right now, obviously, we have you in the Comptroller's Department and we have Barry Paul in the Treasurer's seat. So I don't really see the need to stall merging these departments absent a plan on how you're going to figure out how to do it. I think by the time January rolls around, if in fact the referendum passes, I believe that will be sufficient time for yourself to kind of figure out the -- the, you know, how you're going to manage your time in terms of the oversight of both areas. And, you know, what employees you're going to require, what your -- who you're not going to require. In fact, you're going to present to us a budget request --

COMPTROLLER KENNEDY:

Yes.

LEG. CILMI:

-- which we'll have to debate and vote on in November of this year. So part of that planning would be -- would be included in that budget request.

COMPTROLLER KENNEDY:

Absolutely.

LEG. CILMI:

So -- so I think we should pass this today. I don't see any reason to wait from a practical point of view. I don't see the benefit in waiting. Can you react to any of that at all?

COMPTROLLER KENNEDY:

Well, I wouldn't call you a Doubting Thomas (laughter). The notion that you can actually combine two County offices and have the resulting new entity operate better and more efficiently than what the two separate disparate entities were is doable and is my objective and my commitment to this Committee. I've articulated areas where there are absolutely measurable savings that can occur. And I brought to this Committee already savings and relief to this 2015 budget that has a whole lot of daylight in it as you heard yesterday.

As to the IT folks, I offer that to you from my observation of what the personnel are in the Treasurer's Office. Obviously I would need to consult with Mr. Mezzanote, but I will tell you that my office has no IT personnel, had some personnel that were doing IT. And within the first five days of me being in office, I had the Acting Director of IT, Doug Miller, at my office where we reviewed our IT needs and very quickly had IT do the support to a department that is not IT. That freed up personnel who had been working. It's almost like Stockholm Syndrome. You know, where you have no resource and you have a function that has to be met, people rise to meet that function. But that doesn't mean that it's the optimal way for the unit to meet its mission. Our mission is audit. Our mission is audit and accounting. And to constantly have a clear contemporaneous snapshot of where County finances are.

In addition, my office sits with the rating agencies to assure them that we are fiscally sound and operating properly to support the issuance of debt that bond investors are going to purchase. That piece is critical to what I'm laying out to you now and will absolutely be enhanced with this merger.

I agree with you. We should be merging now. I will set down some of what of my objective and goals would be here. I'll do it in concert with Mr. Paul, but I don't see that as an impediment to the action of the Committee. And as a matter of fact, I just -- I think it's kind of like, you know, we should have -- we should have done this yesterday. The opportunity's here.

LEG. CILMI:

Thank you. And, again, the -- in talking about the transfer of IT employees as an example from the

Treasurer's Department to -- back to IT --

COMPTROLLER KENNEDY:

Yes.

LEG. CILMI:

-- from a budgetary standpoint --

COMPTROLLER KENNEDY:

Yeah.

LEG. CILMI:

-- I wouldn't criticize at all. I use that as an example of how, you know, money can sort of --

COMPTROLLER KENNEDY:

Yes. Yes, a -- -

LEG. CILMI:

-- go from one place to another place --

COMPTROLLER KENNEDY:

Right.

LEG. CILMI:

-- and give the appearance of their being actual savings when there may not, in fact, be actual savings.

COMPTROLLER KENNEDY:

Well, savings to the departmental budget, but, yes, still kept within the external parameters of a \$2.9 billion budget. But, again, for other departments that may have IT needs that are not being serviced now by virtue of the fact that you have three within a department. IT is a function that should span, just as our IT staff services all 18 legislative offices, this building, it gets done the right way here. That's a function that spans many different County operations and, therefore, those personnel should be available to service all of those customers, whether it's real property or health or Federal and State aid or all of the other offices out there in the Riverhead complex.

LEG. CILMI:

Thank you.

COMPTROLLER KENNEDY:

Welcome.

LEG. CILMI:

Thanks, Mr. Chair.

CHAIRPERSON CALARCO:

Okay. Thank you. Legislator Gregory, Presiding Officer.

P.O. GREGORY:

Okay, thank you, Mr. Chair. And, John, you're a sure example of your perspective is where you sit. And, you know, IFMS aside, I thought I would never hear the words County Executive, I think, you said wisdom in one sentence and graciousness. So, I'm sure he appreciates --

COMPTROLLER KENNEDY:

We all got to play together in the sandbox, you know. We're all hopefully at a common end to

deliver service on behalf of the citizens.

P.O. GREGORY:

Absolutely. And I'm glad to hear that you guys are working well together.

COMPTROLLER KENNEDY:

Yes. Yep.

P.O. GREGORY:

That's a great thing. I, too, have some concerns. One of the concerns that I've always had from the beginning since the introduction of this is -- and I think Lou spoke it a little bit -- Lou, right? I'm sorry, I didn't catch your last name.

COMPTROLLER KENNEDY:

Lou Necroto. Lou Necroto, my Chief Dep.

P.O. GREGORY:

Lou Necroto. Is the, you know, the firewall between the revenue side and expense side, you know, I know there is talks about internal auditing.

COMPTROLLER KENNEDY:

Yes.

P.O. GREGORY:

But obviously that's not sufficient enough. We have to have external auditors to come in and look at that process. Too many instances where we see those functions being compromised. To me that's always been the biggest concern. So I would like to see more of that, what the plan is for that.

COMPTROLLER KENNEDY:

We'll be happy to share with you what that bright line separation would be between the cash function and what goes on on our side with the accounting and the audit. Both of my executive staff have spoken about that. There certainly is a method that we can build that separation. Again, the analogy I'll give you is in law, where we talk about construction of the Chinese wall, where you may have a firm and you have individual attorneys working on various matters where there could be some potential conflict with other clients that the firm serves, you're familiar with that fact that there's outright absolute segregation, no exchange, no sharing, nothing associated with the two disparate functions. And yet the service is delivered and all requirements are met.

We, by the way, would have to go ahead and meet with whatever gap standards are. And we would do so in the context of general municipal practice. You want to speak a little bit to that, Lou?

MR. NECROTO:

That might be one of the reasons to keep two separate offices. That would help with that segregation. You would have some -- certain functions that would need to limit communications on certain matters. As far as internal audit, external audit, those are regular functions that are performed. We would just have to continue testing for those. We do have a staff plan that was developed before my arrival, but it was given to the external auditors for them to review and they have approved it, that it would maintain that segregation of duties, which would be required for our financial statement audit, for them to provide us with certain assurances and single audit. But in general for us to have our assurances that there is little chance of there being a compromise between the custody and approval functions, which everybody wants in any business.

P.O. GREGORY:

No, that's great. Yeah, obviously the physical limitations or the physical set up now helps in that. But I think as we look at, you know -- you know, reforming the way we're structured now overall in

the County, I think you can't ignore the opportunity to -- to merge both functions in one central location. We've had a plan, I don't know how much we've moved on it, restacking the Dennison Building. So obviously if you guys moved to Riverhead, that would help facilitate, possibly moving other people in there. I think we had budgeted maybe 10 to \$15 million for restacking. I'm not sure how far we are with that. Certainly this -- that can be brought into that plan to help facilitate further savings.

COMPTROLLER KENNEDY:

We're not adverse to looking at, you know, the best way to go ahead and utilize space and maximize where our personnel is situated. As a matter of fact very recently we had some personnel that were stationed out there in Riverhead who we brought up here to Hauppauge because they were kind of critical to the IFMS function and we needed them in there.

Likewise, we had an auditor stationed in Riverhead full-time associated with the SCARs but, in fact, her time was really only necessary between two and three days.

Towards meeting the objective with stacking, again, what I'll suggest to you is we have 64 employees stationed between two floors. Our 9th floor is fairly well populated with personnel. We're doing some renovations work as a matter of fact with our conference room and an instruction area. The 8th floor might have some opportunity if we were to consolidate some of the function that goes on there, but the geography, if you will, is identifying the areas out in Riverhead. There is a County Comptroller's East End Office not heavily utilized now, but it is not a space that would be adequate for 30 or 40 personnel. We would have to go through Space Committee and get a look at what their thoughts are with the Riverhead location. And, you know, the other thing that we know is, there are other demands for space that we see out there in the County Center as well. But I'm not adverse to being able to try to help facilitate whatever the restacking process is at all.

P.O. GREGORY:

Okay. And, John, you're a friend and I have great confidence in you, that you're going to do a fantastic job.

COMPTROLLER KENNEDY:

Thank you.

P.O. GREGORY:

But I, too, would like to see a more fleshed out plan from you and Mr. Paul on how we're going to do this. At the earliest, you know, any change or at least savings, if you will, would be effective would be January of next year.

COMPTROLLER KENNEDY:

Yes.

P.O. GREGORY:

So we do have a little bit of time. I think we should -- I think -- I don't think we're harmed in using the time that we have to flesh out a plan albeit given the considerations of having to put forward a budget --

COMPTROLLER KENNEDY:

Yes.

P.O. GREGORY:

You know, and planning for that certainly.

COMPTROLLER KENNEDY:

Yes.

P.O. GREGORY:

And plus there are things that I haven't spoken to you yet about that I want to include you in on. And, you know, I'm working with my counterpart in Nassau County. And we've been having conversations with Nassau County.

COMPTROLLER KENNEDY:

Norma? Norma Gonsalves?

P.O. GREGORY:

Yeah. To do collaborations between Nassau and Suffolk to find efficiencies, which I think you and your office would perfectly be suitable for because you have integral understanding of department functions. And Bill Lindsay's going to be heading that effort up for us. He's going to be the co-chair of that committee.

COMPTROLLER KENNEDY:

Likewise, I have an option that I'll bring to you very shortly about Brookhaven Town. They are seeking to do an IMA with us to go ahead and avail their area of some of the high level internal audit expertise that we have basically on a fee for service basis.

All of us are very mindful of the Governor's next step associated with realizing and identifying the 1% savings that are necessary so that our residents and citizens get the benefit of the continued property tax reduction. And it's incumbent on all of us to do so. And, again, this merger would play right into that to demonstrate Suffolk County's compliance with that 1% reduction.

P.O. GREGORY:

Okay. And that's all I have, Mr. Chair. Alright, thank you.

CHAIRPERSON CALARCO:

Okay, thank you.

COMPTROLLER KENNEDY:

Thank you, Mr. Presiding Officer.

CHAIRPERSON CALARCO:

Legislator McCaffrey had a follow-up question.

LEG. McCAFFREY:

I think it really isn't a question for the Comptroller, but I just want to point something out. And that is -- and I think unless we have a deadline, unless we move, I don't think this is going to move in the direction that we need it to. I think he's testified to the fact that there are savings. I think we all believe that there are savings. And I just want to remind this Legislature, which I was not a part of in 2013 that approved a resolution that would have consolidated the Treasurer's Office by referendum in November to take effect in January. Had it not been for a legal challenge, that would have happened. But no one seemed to be concerned about the -- you know, the need to do a study or savings or the efficiencies in there. So they were going to give a six-week timeframe to make a consolidation had it not been for that legal challenge.

I think we need to move forward with this today, vote it out of committee. They can meet. They can get together. And unless we have something hanging over people's heads, I don't think the things that we need to get done are going to get done, so.

CHAIRPERSON CALARCO:

Okay. Legislator Lindsay.

LEG. LINDSAY:

John, just a quick followup.

COMPTROLLER KENNEDY:

Sure.

LEG. LINDSAY:

I don't know if it got lost in the shuffle there, but it seemed, you know, Legislator Cilmi's question, the moving of the three IT staff, that's not where you're coming up with the savings from. The savings is coming up from eliminating the Treasurer, the Deputy, the Chief Deputy.

COMPTROLLER KENNEDY:

That is part of the savings. I'll identify taking IT staff that are in the Treasurer's Office and having them move over. So internally with the combined entities, it would be relief to our internal operating budget, yes, we would still have those personnel as far as the broader adopted '16, if you will, and what their costs are. They're midlevel individuals. They're Office Systems Analyst III and OSA II and I believe a data entry operator.

But as to the bigger picture, to the savings that I've spoken to, yes, the elimination of the three elected positions, the opportunity to offload from the proprietary with Munis to bring that and have our IT host it; and then what we would look at as far as wherever we would get with better use between our collected personnel.

LEG. LINDSAY:

Okay.

COMPTROLLER KENNEDY:

And I do think also that by increasing the reduction or -- I'm sorry -- shaving the back load and setting an 18-month to 24-month timeframe to get current with the SCARs will relieve the interest payment that winds up as a re-levy back out onto the towns for the time that those adopted approved SCARs sit. You'll recall that's a significant amount of money that's spread between the ten town re-levies.

LEG. LINDSAY:

Last check it was in excess of a million dollars.

COMPTROLLER KENNEDY:

That's right.

LEG. LINDSAY:

So ultimately it's -- the taxpayers are picking up that bill. It's just a matter of which envelope the bill's coming in.

COMPTROLLER KENNEDY:

Absolutely.

LEG. LINDSAY:

From the County. And -- you know, I agree with Legislator Cilmi, I don't think, you know, the savings of just moving people from one part to another might be a savings to your department but ultimately not to the County. And I'm of the belief that after spending so much time on this, if it's done correctly, that the savings estimates that are in place now are probably conservative, that there's going -- you're going to identify a lot more opportunities --

COMPTROLLER KENNEDY:

Oh, no doubt, no doubt.

LEG. LINDSAY:

And I'm confident that you will, so --

COMPTROLLER KENNEDY:

Thank you.

LEG. LINDSAY:

I'll yield for now.

COMPTROLLER KENNEDY:

Mr. Chair, I know we've taken a lot of time on this discussion. And I would just ask you if you can indulge me for five minutes more on the Hotel/Motel.

CHAIRPERSON CALARCO:

Well, let's do this, John: Because I've been reserving my comments for the end.

COMPTROLLER KENNEDY:

Oh, okay.

CHAIRPERSON CALARCO:

I want to take the Chair's prerogative here. But I think at the same time I think it's -- it's -- we ought to take this out of order, get the resolution before us and get it disposed with since I think we've all made our comments and have made our positions felt. So to start, I'd just like to make a motion to **IR 1124** out of order, **(Adopting Local Law No. -2015) A Charter Law to expedite the consolidation of financial management functions in the County Department of Audit and Control. (McCaffrey)**; second by Legislator Lindsay. All those opposed -- in favor? Opposed? Abstentions? **IR 1124 is before us.** I have a motion to table by Legislator Lindsay and I'll second that motion. Any other motions?

LEG. McCAFFREY:

Motion to approve.

CHAIRPERSON CALARCO:

Motion to approve by Legislator McCaffrey; second by Legislator Cilmi. And I guess my comments are just a couple quick ones here and I think some of them were already said. And I appreciate, John, that you have had a change of heart to -- if I was John Stewart, I think I could run a whole reel of quotes from you from previous meetings disputing half of what you said, but that's okay. The time has changed and that's good. No, I appreciate it, John. I know that -- I knew you would get in there and do some good work and I think you're doing that now and I do appreciate that very much.

COMPTROLLER KENNEDY:

Thank you.

CHAIRPERSON CALARCO:

I think that we have a couple of differences between two years ago and now. Two years ago when we first passed a version of this bill, we were kind of rushing it a little bit. But part of that was to avoid an issue of having somebody take an office as the Treasurer and then having to be bumped out of office. I think that was something that John, you lead that charge on as minority leader at the time, that it was not fair to do that kind of a thing to somebody, which is what resulted in the version of the resolution that we approved.

And I did hear something in the testimony here today that I think does need to be addressed. And that's the fact that whoever -- we are by State law required to have an election for a Treasurer. Whoever wins that election for Treasurer, even if this resolution was to be put on the ballot as a referendum and it was approved by the voters, that person's going to take office for at least six

weeks. So then we get into an issue of whether that person is getting -- losing their duly elected position even if it's a short term two-year cycle and whether we're violating that person's term of office and whether we're getting into the issues of law. And I think that issue should be resolved in this referendum before we put it on the ballot. Perhaps language could be changed that says that the person doesn't take the seat and instead the Acting Treasurer stays 'til the end of the year, whatever the case may be. I think that needs to be addressed. Because otherwise I think we open ourselves up to potential situation.

Irregardless of whatever those two Treasurer candidates may say on the campaign trail, the person gets into office and says, "you know what? I kind of like it here. I don't want to just get \$25,000 for six weeks' worth of work, which is what it would about equate to, but I'd like to stay here for the next two years." So I think that needs to be addressed in this resolution just so that we're not dealing with that.

And the other thing is we do have some time. We have a couple months' time before a resolution needs to be approved so that the referendum could go on the ballot. I think that's plenty of time to allow yourself and the new Treasurer to sit down and talk to each other because the reality is, is if we do fast track this, the two of you are going to need to work pretty well together in order to facilitate it in an effective manner. And I think to put this off for two weeks to give the two of you time to sit down and chat and come back to this committee and say, "you know what, this is how we would facilitate this plan. And we think this would work." And quite honestly the person who's in the Treasurer's Office now does believe in the merger, worked on it, has experience in doing mergers in the private sector. And I think he brings a wealth of knowledge that could be helpful to the situation.

So that's why I'm supporting the tabling motion for this -- at least for this one cycle. If I had drafted the e-mail, I would invite yourself and Treasurer Paul to come to Committee in two weeks' time or three weeks' time, whenever it is we're back here, to kind of give us a joint presentation on how the two of you feel you would be able to accomplish this, if we were to fast track it. And I would encourage the sponsor to address that issue, the person's term of office, because I think we are opening ourselves up to an issue that quite honestly was argued was going to be a problem, which was the reason we have the merger and the form that we have the merger in right now. Having said all that, is there anybody else who'd like to speak on the issue? Legislator Lindsay.

LEG. LINDSAY:

Just to support the tabling motion, I'm in favor of the legislation. I'm happy to see that, you know, that my counterparts have changed their mind in terms of the concept for the merger and that it would work. I just don't see the harm in waiting a few weeks 'til we have the information in writing. I think it gives us the opportunity to make a more educated and informed decision rather than just -- no offense to the Comptroller -- but taking his word for it and having more of a solidified plan in place as to what it would like, how it would run and the timeline that would be in place in order to make that happen, so.

But to get back to my point that I do agree with the opportunity to expedite it. And once we have that information, if the information looks favorable, I would even want to cosponsor the bill to expedite it. But I think at this point there's really no harm in waiting a few weeks just to get some additional information back so we can make an educated decision.

CHAIRPERSON CALARCO:

Okay. Anybody else? We have a tabling motion and a second. A tabling goes first. All those in favor? Opposed?

LEG. CILMI:

Opposed.

LEG. McCAFFREY:

Opposed.

CHAIRPERSON CALARCO:

Abstentions? Okay, **IR 1124 is tabled. (VOTE: 4-2-0-0. LEGISLATORS CILMI and McCAFFREY OPPOSED. PO GREGORY INCLUDED IN VOTE)**

And, Mr. Kennedy, as I said, you are being invited to come in two weeks' time and sit down and hopefully you and Mr. Paul are able to communicate a little bit in between.

COMPTROLLER KENNEDY:

We will be there, Mr. Chair. And as I said, I'll be in touch with Mr. Paul this afternoon. As a matter of fact, we'll set up something so we have an opportunity to sit down, talk about what the nuts and bolts of it would be, lay out a plan of action for you and have that to the Committee by next week.

Very briefly, if I can, I'm just going to ask to bring to your attention the memorandum that I did to Presiding Officer Gregory yesterday and to all 18 Legislators about opportunities that I believe that are before you with the Hotel/Motel tax. As all know, the State authorization is set to expire on December 31st of this year. Assuming that the Legislature would like to see that lodging tax revenue stream continue, there is going to have to be some communication.

A letter of support -- why am I drawing a blank -- what is it that we have to do? Home rule message, home rule message. What I would encourage you to do is to focus on some of the clear deficiencies in the law that we have been able to identify with an ongoing audit of the function of the collection and the remittance. There is a -- again, I don't want to go back and be critical of the Treasurer's Office, but there is minimal effort at this point out of the Treasurer's Office directed to registration. And for all intent and purposes, no audit.

So in essence what we have is, as close to a voluntary program as we can find. And quite frankly, that's an untenable situation. There are absolutely opportunities that we can gain by a) going out and doing informational types of operations. We've already been contacted by the Fire Island Property Owner's Association. We're going to be meeting with them to go ahead and share what the responsibilities are on concerns engaged in the lodging. And we'll try to take the carrot and stick approach. Let's go from the assumption that folks just didn't know. And then once they've been advised, if they fail to remit, we'll be visiting them. But in that visit we need some teeth as far as the consequences for not remitting. Quite frankly, the authorizing legislation is ineffective and there is very little consequence at this point for not remitting other than to underfund all of the worthy programs that this Legislature designates through Hotel/Motel.

In addition, I would ask you to consider a small amount for the administrative function that will involve an auditor and a clerical person on our part to establish the registry and to improve. Towards Legislator Lindsay and my discussion, we have no ability at this point to take electronic remittance. It is mind-numbing. Every entity in Suffolk County that pays sales tax does so electronically. We are still saddled with having to cut a check on a somewhat random schedule for those that remit lodging tax.

So I would urge you to just take a look at this, consider it with what you embrace for the home rule message and the reauthorizing legislation, whatever it should be.

CHAIRPERSON CALARCO:

Great. Thank you, John. And just a quick question and then Legislator Lindsay has a question as well.

COMPTROLLER KENNEDY:

Sure.

CHAIRPERSON CALARCO:

When you were talking about those locations on Fire Island, I certainly have a couple Fire Island communities in my district. I would say I probably got 3 to 400 homes in Davis Park. And 95% of them are not inhabited by the owner of that property during the peak summer months. And obviously those are week rentals at a clip. And I'm sure that's a common occurrence out on the East End as well. Those are the people you're looking at, at going after --

COMPTROLLER KENNEDY:

Right.

CHAIRPERSON CALARCO:

-- in terms of -- those are rentals that have been going on for a longtime that should be paying into this.

COMPTROLLER KENNEDY:

The language is somewhat ambiguous in the legislation now. I don't know that there's clear authority for us to go after the rental market, the house share market. Anybody that is engaged in letting lodging for stays under 30 days is supposed to be subject. I would think that there would have to be a little bit work done there. But all you have to do is get on the internet, look at Airbnb, even some of the websites for East End homes on the South Fork and the North Fork. There is a robust rental economy that's going on seasonally.

CHAIRPERSON CALARCO:

Houses for Davis Park go for a week at a clip.

COMPTROLLER KENNEDY:

Yeah. And there is nothing being remitted there at all at this point. So, again, that's a policy determination, kind of out of my wheelhouse, folks, but nevertheless I bring it to your attention to go ahead and to consider what the additional revenue streams might be with that.

CHAIRPERSON CALARCO:

Okay. Legislator Lindsay has a question and I'm going to ask my colleagues to try to keep theirs short. This topic is not exactly right for this Committee and I do have Chief Madigan who's been waiting very, very patiently for his turn at the mike.

LEG. LINDSAY:

John, just to talk through just real briefly, the -- so your plan would be to go after the homes or apartments, or whatever -- what have you, that are being rented on sites like Airbnb for more than 30 days?

COMPTROLLER KENNEDY:

Well, I think that it is something that should be clarified within the enabling legislation. Right now there appears to be some ambiguity as to whether these entities are subject to that or not. It is a policy determination, so. But in that ambiguity there is not really the authority for me to go out or for us to engage in a robust audit in those areas. Look, rental shares and home shares are the subject of all kinds of discussion, whether it's from Town Code Enforcement, whether it's from Village policing. There's so many different entities that come into play.

But I felt it was important to bring to you that that is a robust rental area of our economy that at this point is not remitting at all to the best of our knowledge. And, again, that registry kept in the Treasurer's Office, but very much should be brought to us, even if we are uncertain as to where we go with the broader merger. This function can be brought on very quickly.

LEG. LINDSAY:

And I know other municipalities are looking at this. New York City for one is fighting to try to

capture some of those unpaid taxes. So I'd be interested in and find out more information exploring for --

COMPTROLLER KENNEDY:

Okay. I'll be happy.

CHAIRPERSON CALARCO:

Okay. Anybody have any other questions for the Comptroller before we let him get back to his job? I guess he's -- John, thank you very much for coming. I know you are much -- much more on the scene than the previous Comptroller and we appreciate that.

COMPTROLLER KENNEDY:

Well, I always welcome being here in the Leg. Thank you very much. Have a great day, folks.

CHAIRPERSON CALARCO:

Thank you.

Okay, we're going to move on. Chief Madigan, please come on up. We apologize for the delay. You picked the wrong day to come to my Committee. Usually I'm out of here in 15 minutes. That's why we save so much time with the Comptroller across the street instead of this (?) Nowadays.
(Laughter)

CHIEF MADIGAN:

Good morning, Ladies and Gentlemen. Can you hear me okay?

CHAIRPERSON CALARCO:

Sure. Go ahead.

CHIEF MADIGAN:

By way of introduction, my name is Bill Madigan. I'm the Chief of Detectives for the Suffolk County Police Department. With me today is Dep -- actually, Major Crime from the Suffolk County District Attorney's Office, he is the Dep -- it's Jim Chalifoux. He is the Deputy Bureau Chief of the Major Crime Bureau out of the DA's Office; I have Captain Al Crawford here with me today who is the Commanding Officer of our Legal Bureau; and Detective-Sergeant Sumwalt who works in my office in Yaphank.

The reason we're here today is to continue a discussion that was begun about a month ago on March 24th. It was at a public forum where I was able to speak and I think -- I wasn't -- you know, that night I didn't have enough time, basically, to get out all the points that we had regarding this legislation and the importance of it as far as it goes to law enforcement within the County of Suffolk. I did say that night that we -- we actually were the ones who asked for it. We are the ones who want it, to just correct and maybe strengthen some of the loopholes in the prior legislation. This is really just tightening up legislation that actually already exists. So with that being said, I'll move into a little bit of the presentation here today.

The main points of this legislation, as it pertains to us and law enforcement, is -- and I think it's a major portion of our job in public safety, is to recover and return stolen property to the rightful owners. That's what we do. That's what our Property Recovery Section -- I apologize, I didn't introduce two other people that are here with me today. Detective Sergeant John Capute is back in the corner. He's the Commanding Officer of our Property Recovery Section; and also, I have Lieutenant John Rowen, who is the Commanding Officer and actually the functional head of a Burglary and Larceny Task Force that we have operating currently in the County of Suffolk. He works directly with ADA Chalifoux and one of his sub-ADA's on this particular initiative, which has been obviously very highly successfully.

I felt it was important to be here to get the point across to the whole Legislature, and particularly this committee, of how important this legislation is in helping the second point, really, which is public safety and to stop funding the heroin epidemic in the County. Many of the heroin addicts in this County are going to pawnshops, legitimate pawnshops and illegitimate pawnshops. And they are basically, whether overtly or inadvertently, funding the ongoing heroin epidemic that we see here in the County. It's clear, and I have numerous examples that I can point to to support my position on this. And I'd be more than willing to do that when --when and if you have any questions. If you have any questions, please stop me as we go through it and I'll try to address it to the best I can. Some of the questions may actually be answered that you might have later in the presentation, too.

The overall goal of the legislation is to recover property that is stolen during the commission of burglaries or larcenies and return it to the rightful owner. I think I said that already. Our Property Recovery Section is tasked with that mission. I began to tell you that night that that is six Detectives and a Sergeant, that basically their full-time function is to educate the pawnshop owners as to what the requirements are of the prior legislation. And they will be then tasked with the educational function to the pawnshop owners of this new legislation when and if it is passed.

There's a three-month window that is built into the legislation that will allow those Detectives 90 days to actually instruct them on what the changes are in this legislation and how to best -- we realize, and I think everybody would realize, when new legislation comes out, there's going to be bumps in the road. We will address those bumps in the road and we'll correct them as they go. That is not a problem. That's their task right now.

Their main task, obviously, is that recovery of stolen property and getting it back to the people. I can't tell you the number of people, some of you may have actually been victimized yourselves and have had property found in a pawnshop that was later -- you know, you were able to identify it and it was returned to you. You know, it's a good -- it's a good feeling for the Police Department, it should be a good feeling by everybody, it's good public policy to return stolen items to the rightful owner.

Right now, the shortcomings of the current legislation, as you can see, there is no photo ID requirement or a copy thereof. I believe at this point now, we initially had been asking for a photograph of the actual person pawning the item at the store. We believe it is sufficient for us to take a photo copy of identification that is presented. And I believe, Legislator Cilmi, you might have asked me at the March 24th hearing, how does that affect the potential illegal immigrant who may not have a government-issued, photographic ID.

LEG. CILMI:

Uh-huh.

CHIEF MADIGAN:

Even in the old legislation -- I did the research on this, I wanted to be able to answer your question before you asked it again. In doing the research, they still, in the old legislation, have to offer some type of identification. So what that will now give us is, okay, it's in the legislation. We'll take a picture of that person this time, coupled with the government identification that they do have. And at least it gives us, the Police Department, a lead as to tracking who that person was, should they have stolen -- should they have sold stolen property at the pawnshop. That's a good thing.

Secondly, inaccurate property descriptions. I began to talk about that, and I'll cover that a little bit further in the next slide, but that's a recurring problem daily in the Police Department.

All the pawnshops, for those who may not be familiar, are tasked with the mission of providing the Police Department daily the things that they take in at their pawn shop. Many of them do it late in the day, you know, they do it before they close business, and they send it via computer now to us. With this legislation, it'll be just basically adding the picture of the property and the picture of the

identification or the person to that computerized entry and sending it to us. And then we have it. That will help us in numerous ways.

The third thing is there's a failure to add items on the computerized list. We discussed this at length in preparation for this. Some of that is a computer glitch. However, with a picture, if an item is not completely described or an item gets left off, we still have the picture as a backup. And that'll be a problem that the Property Recovery Detectives can then go back to that pawnshop owner, or any pawnshop owner, and correct with the owner himself as to why that problem occurred and that, you know, they didn't hit, you know, the enter button. I mean, how many of us have done that? You go through a whole order on-line and you forgot to put one piece down on that entry and you gotta go back to the beginning again. And that does happen. That happens every day.

Right now, another issue is the failure to capture gift card transactions. We don't -- the pawnshops, under the prior legislation, are not required to capture gift cards that are sold at the pawnshops. The destruction of data on electronic devices, that's not mandated in the prior legislation either. What that gives us, by having it in the new legislation, is the ability to enforce with the pawnshops that they don't destroy data that's on phones, iPhones. That's a big part for us in getting it back to the rightful owner; having that information on there; a picture of somebody's kids or a picture of their house, and then it's at that pawn shop. It's 21 days before they can do anything with it legally anyway. Why shouldn't that data still be maintained on that phone or on that iPad? It just -- it pretty much makes sense.

Photographic identification, as I said that night and I think it's a -- key key phrase, a picture's worth a thousand words. We have, you know -- it applies to both the property and the person, but that just -- as it relates to the person, it helps give us leads as to who is selling stolen property, if they did sell stolen property. It's not that invasive on a person to provide their identification. They're asked for that now anyway. So now it's just a matter of taking that identification and making a copy of it. The issue, as it comes up, is if they don't have a photographic ID, they still need some form of ID and then the pawnshop owner will be tasked with taking that photograph and downloading it to us.

The written descriptions are notoriously disparate. I said that that night, I think it's a very, very strong point in the legislation. You can see right there on the screen, a ten -- this is a description of one item and it's -- all three descriptions are the same item. A 10-k yellow gold ring with a red stone; men's yellow metal ring where there's no mention of the stone; or a Patchogue-Medford High School Class of '89 ring. I could tell you which one of those helps us the best, and it's the third one. You know, but the other two are seen daily, every day we get entries in the system, in our computerized system, any one of those three could appear or worse. That's not bad. Miscellaneous jewelry has come in on some of those. I mean, we could never find the owner of somebody's property. You couldn't find the owner of the Patchogue-Medford High School Class ring with miscellaneous property, miscellaneous jewelry. That would be some of the ways it's been listed.

There could be no mistake with a picture. I mean, that's clear. At least we see what was pawned. And then if we have questions or can tie it into a burglary or a larceny, we can then go back to that pawnshop and address it with the proper or appropriate person. Continuing with the recovery and the return of stolen property is the photographic identification of a person. There's human error that occurs right now in the identification procedures that go on. It happens, the same thing, every day. If you came in, for example, and said -- or I went into the store and had to pawn something, I could go in and sometimes it gets entered as *William Madigan*, that's my name. Another time, if I offered photographic ID, my license might say *William F. Madigan*. There'll now be a record under *William F. Madigan* which is different from *William Madigan*. If I went in with my full middle name spelled out, *William Francis Madigan*, there could be a third entry for the same person. That, again, does not allow us to, you know, competently track the person that sold that property. So if false ID is used, we have an invalid record of the seller if they do that.

Another point that was brought up, I believe it was Legislator Krupski that night, if a person used -- it might have been Legislator Barraga. If a person used false identification, we still have the picture. It is still an onus on the person taking the property in that they saw that person there. So they actually took that, okay. There can be no mistake with a picture.

This is staggering. This is the amount of stolen property that was taken in by our Property Recovery Section in the last two years, in 2013 and 2014. Some of the reasons for the significant jump in '14 I'll talk about later when we start talking about the task force and some of the operations that they conducted, but as you can see, as the heroin epidemic has increased, so has our recovery of property. It's been described to me by some of the members of the Property Recovery Section, with the current state of the legislation, they're standing under Niagara Falls with a teacup to catch the stuff that's being pawned at these places. That's legitimately what's going on right now.

Public safety: So now just changing gears from the actual property recovery portion of the demonstration here, the experience has proven that the weakness of the current law has fueled the heroin epidemic in Suffolk County. It was so bad that in October of 2014, due to a significant increase in burglaries and larcenies in our 5th, 6th and 7th Precinct, in collaboration with the District Attorney's Office, ADA Chalifoux, we met and we established a task force to address these crimes. Not only did we have to address the crimes, we had to address the prosecution of these crimes. We had to join league with the District Attorney's Office, as they have joined league here today with us as far as being in collaboration on the necessity of this bill and this legislation, we needed to get together to strengthen and stop the burglary/larceny epidemic. We were actually in positive numbers as of September 28th, 2014, in the amount of burglaries and larcenies in those three affected precincts.

The purpose of the task force was to analyze the crime trend, identify the causes and work towards a solution. The success stories for that task force are a conversation for another day. I could go on and on for a half hour or an hour about success stories from that particular task force. I'll just point to some of them as they pertain to pawnshops as we move along.

As it relates to the legislation, the task force clearly identified two major causes of the trend: Heroin was fueling the increase in burglaries and larcenies, that's clear. There can be no mistake about it. I cannot tell you the amount. It's over 350 arrests that the task force members have made where they have spoken to and debriefed the prisoners and the significant 95% cause is heroin addiction. They have to fuel their habit.

The second point that they discovered was that the selling of the stolen property at licensed, and I repeat that, licensed by Suffolk County establishments is helping to fuel the heroin epidemic. That I also know clearly and can point to numerous examples of that during many investigations.

The task force solution -- and this is very simple, it makes common sense -- targeting suspects that sell stolen items at these licensed establishments and benefit from the weaknesses in the current legislation. Almost every licensed establishment in Suffolk County has been victimized by purchasing property later determined to be stolen. The reality to the situation is that the new legislation helps to protect all licensed establishments.

A couple of things I would like to talk about just briefly with the legislation is the fact that gift cards; gift cards right now are an ongoing problem. The prior legislation did not include the fact that a pawnshop owner must document the purchase of gift cards. What we see happen all the time during the task force, a couple of individuals, either working together -- or generally working together, one person will steal items from a store, let's say a large chain store such as Home Depot or Target. They steal an item worth a hundred, \$200. They leave the store. Their friend or their compatriot brings that piece of property back in. Many of the stores, as we probably all know -- and for convenience purposes, we've discussed this with those large chain stores, many of the stores

don't require a receipt to return the property. You go back and say, *I lost the receipt*, you bring this -- it was stolen 20 minutes ago. They bring it in, they pawn it, they get \$100, they can buy a bundle of heroin with \$100, they get ten bags, they're fixed for the day. If it's two people, they shoot for \$200, or whatever their particular habit needs to be supported. So that's just an example on the gift cards and the gift card portion that we added to the legislation.

When you talk about every licensed establishment, I'll give you an example of that. We had burglaries being done in a over-55 community in East Moriches. We had a person who ended up being a subject who worked at the over-55 community. He committed 21 burglaries because he had the keys to these elderly people's apartments. You may know relatives or have relatives, because I know, actually, people who had relatives that were living there and were victims of this person. That person victimized, and I'll call them victims. These are inadvertent purchasers by pawnshop owners, seven; seven different pawnshops in Suffolk County, went in, gave his ID and pawned the stolen property. One, a historically reputable pawnshop bought \$1,300 worth of what was stolen property from that particular person, that particular suspect. We arrested him. That's going through the system right now through the District Attorney's Office.

And we have numerous victims from that kid. We are the ones who discovered it, we saw it. Through this system is how we found that suspect by seeing his use numerous pawns. We saw him pawning day after day, week after week. We're like, *What's up with that?* We got into him, we followed him, we figured it out. When we arrested him, we only had one or two burglaries that he had committed. We were the ones who retrieved -- he told us, "*I was selling property all over the County.*" Seven different pawnshops, many of which were legitimate -- seasoned, legitimate pawn shops that were just taken in by this guy. It's -- you know, they didn't do anything wrong. The pawnshops didn't do anything wrong. They had all the documentation. They made the case for us, for the District Attorney's Office.

The next point, task force members have conducted numerous investigations of property transactions throughout the County and have continuously observed heroin addicts sell what is later determined to be proceeds of crimes to these licensed establishments. An example for that, we have actually had bad pawnshops in Suffolk County. They were licensed by the County, they were operating, putting stuff, for lack of a better word, taking it in under the table. Those pawnshops we targeted through. The best part about heroin addiction for the Police Department is heroin addicts talk to us. They tell us what they do, how they get their money, they do do that. They want help, too. I'm sure anybody -- you know, an addiction expert would come and say that. Once they have them to that realization that they're addicted, there's only two ways to go: Totally bad or *I need help*. And they do, when they're under arrest, a lot of times that realization comes to them and they tell us, "*Yeah, we're pawning it at Joe's,*" you know, for example.

We then, using informants or whatever means we can do, we then target those pawnshops that we now have been told are taking things in wrongly. We don't target shops that are doing the right thing in this County. We target the shops that are doing the wrong thing. And what we did then, in doing search warrants, five of which we've conducted in the last four months, through the efforts of the task force -- we were at a location conducting a search warrant, we had officers there providing security outside the search warrant location. And a person pulls up who appears to be a clearly heroin-addicted person. In that person's pocket, guess what? A pocketful full of jewelry from a burglary from Aunt May's house. So we then tied it back to Aunt May. It's an unreported crime. Aunt May didn't even know it was missing yet. We went back to Aunt May's house, got the report done. We're doing a search warrant at a location and that person is coming, trying to go in to pawn stolen jewelry to get more money to go fuel their own personal heroin addiction.

The last point on this page is investigations have definitively established that these addict utilize this money to purchase heroin. I'll give another sobering example of this. Just last week we were sitting, our Detectives and officers were doing a surveillance on one of the suspected, illegitimate pawnshops. We followed two subjects, saw them approach, saw them go in, saw them conduct a transaction at the store, saw them leave the store, drive a short distance away and meet with what

was later discovered to be a prior violent felony offender. They did a drug sale, drug connection between the two of them, heroin. The two suspects and the prior violent felony offender were stopped legally, both -- all three of them were arrested. In possession of the prior violent felony offender was a defaced nine millimeter handgun loaded. Okay? So that's what's going on. That's a picture of what's going on in this County right now. That's every these guys are doing that work and that's what they're doing, and that's what this legislation, if it's passed, will help. It will help us.

Some of the people had pointed out previously about pushing it underground. We have remedies for getting people when it's underground. That's easier for us. We need -- we can't prove -- right now the way it's so loosely worded that a collusive merchant is hard to tell from a merchant that's actually doing the job the right way. There'll be -- with this clarity in the law, there will be no more -- we'll know their intent. If they're putting it under the table, they're putting it under the table, that's okay, we have a remedy for that. If they take it to the street, we have a remedy for that, too. And it's actually easier because they're no longer licensed to be buying these things. So that makes all of our lives in law enforcement a little bit easier.

We all know, I mean, I'm not telling you anything here that anybody doesn't know, you have a heroin user, they use heroin, they commit burglaries or larcenies. Generally speaking, as I said that night, they start off by stealing from their own family. They'll take money out of Mom and Dad's wallet, their brothers, their sisters. They start off with that. As the addiction gets worse and they need more money, that's when they move into committing burglaries and larcenies. They sell the stolen items at some of these -- many of these pawnshops. And I just told you a story, they go right -- it wasn't even five minutes. They leave one, go to two, buy their heroin, get high, they're fixed for the day, and it goes back to their use of heroin and it just continues to circle right like that.

You can see the numbers. These are some of the numbers as it relates to the Burglary/Larceny Task Force and the effectiveness that they have had. This is through 4/18, just this past Saturday, and this is basically this year's statistics, having that task force in place, as compared -- I believe the blue line is 2014, the red line is '15. So we have driven burglaries down; this is just specifically to burglaries, in the 5th, 6th and 7th Precincts by a significant amount.

As you can see across the board, what the task force option gives us is the ability to go and attack any precinct that's having a rise. If we see a plus number in the right-hand column, we then can move the task force personnel to -- or focus them into that precinct. So it started out just being 5th, 6th and 7th. The results were staggering as far as a crime reduction. We were in positive numbers in October, in late September. We ended the year in negative numbers in both burglaries and larcenies. And that -- you know, the overall numbers for the East End affected the whole County. That's the effect it had. You know, that's the effect of all of the larcenies and burglaries in two or three precincts can have on an impact to the whole County.

Right now, as you can see, we're not happy that the 7th Precinct is only down 3%. We're shooting to get that even higher. As you know, that's the Mastic/Shirley/Ridge area. It goes from north to south. Larcenies in the task force precincts are down 5% as compared to 2014. That's a direct correlation to the task force being operational. It dated back, we were able to bring the '14 numbers into a negative number for the year. And of course you start the new year in January 1st and now we're dealing with numbers for the new year as it relates to '14. You know, apples to apples, January to April 18 of '14, January to April 18th of '15. So larceny in just those three precincts are down 5.1. Across the whole police district they're down point 3.6% as of Saturday.

Okay that, really concludes the presentation. I just wanted to get those points across to you. I just feel, you know, the importance -- it needed to come from from us. It needed to come from a representative from the District Attorney's Office, a representative from the Police Department to stress the importance of passing this legislation.

CHAIRPERSON CALARCO:

Okay. All right. Thank you, Chief. It was a very informative presentation. And you guys are doing

some great work over there in the department. There are a few questions, I think, on this side. We'll start with Legislator Lindsay.

LEG. LINDSAY:

Good morning to you. Good afternoon at this point. Thanks for coming in and making that presentation.

CHIEF MADIGAN:

Thanks for having me.

LEG. LINDSAY:

My -- I agree with the need and the legislation. I definitely plan to vote in favor of it. My only question is how do we combat this going to the digital world where it goes from pawnshops to websites like e-Bay and moves onto there?

CHIEF MADIGAN:

We have a Computer Crimes Unit right now that investigates crimes that are committed by the internet. If that -- we don't know what -- what push one, pull something else. We don't know yet. That potentially one way it could -- the reaction could occur. The problem with that and the reason I don't think it'll go that way, just my own --

LEG. LINDSAY:

You mean the quick fix.

CHIEF MADIGAN:

Quick fix.

LEG. LINDSAY:

But even -- I mean I think everybody would agree that it's probably going on now already.

CHIEF MADIGAN:

A-huh.

LEG. LINDSAY:

On sites like e-Bay. What jurisdiction do you have if it's stolen from here but it's being sold in Pennsylvania?

CHIEF MADIGAN:

We have -- we do have jurisdiction if it's on e-Bay and they actually stole it here and are selling it on e-Bay from here.

LEG. LINDSAY:

Okay.

CHIEF MADIGAN:

Obviously if somebody from Pennsylvania came and stole it -- it would still -- if the theft occurs here, it does give us jurisdiction.

LEG. LINDSAY:

Okay. And I would think it probably makes it a little bit easier even on e-Bay because now there is a photo that they're putting up of the item as part of the sale. So you have -- you already have that evidence that -- what you're looking for in this legislation. You have the photo.

CHIEF MADIGAN:

That's exactly right, exactly right.

LEG. LINDSAY:

Okay. Thank you.

CHAIRPERSON CALARCO:

Okay. Anybody else? Chief, I just had a couple quick questions for you. So I have a couple of reputable shops in my district and I have a couple of not so reputable shops in my district. So I have a couple of questions for you. One's about how this would function for them. So the shops are going to be asked to take photos of the items being sold and a photocopy of the person's ID. And I think they're all in agreement, they're actually kind of puzzled because most of the legitimate guys are already taking copies of photo IDs. So they're kind of -- they're kind of surprised that's not part of the regulation now.

When they take that photo of the item, they're going to have to upload it into your system so our system's going to be amended so that there's a functionality for that similar to, say, you know, uploading photos in an e-mail.

CHIEF MADIGAN:

Yes, that's correct. And at no cost. We had lengthy meetings about that, there'll be no -- the only cost associated with the program will be the initial cost to the pawnshop where they have to either buy a camera -- they're computerized now. They have to send it to us --

CHAIRPERSON CALARCO:

Yeah, sure.

CHIEF MADIGAN:

-- from their computer. So they have a computer. So it's a matter of transference of a photo from a -- an iPhone or from a camera to the computer, send.

CHAIRPERSON CALARCO:

Okay. So the -- in doing that, there -- a question is also to the point of the description. So currently -- and this is what I think takes them a lot of time, especially if they buy a number of items, is writing out those descriptions. And I think that leads to things, like you get the miscellaneous jewelry list because they just get a handful of gold chains and, you know, what are they going to do? So they just say miscellaneous jewelry, it's a bunch of gold chains and move on with their life. And it saves them time on their end in terms of how much they have to take them.

So if we're going to require them to put the photos on, you know, upload photos which, you know, having been a victim of a property theft, I could appreciate the -- that there are unique items that you can definitely ID from a photo that is -- a description you're not going to get the same thing from.

Would they still be required to fill out that whole description category? Or would the photo be sufficient provided there isn't something that's unique that the photo doesn't get? Say, there's, like, you know, inside the wedding band, there's an inscription of the date of the, you know, the person's anniversary date, something along those lines. They'd still have to put that in the descriptor, but they wouldn't have to say, you know, a, you know, *14-carat gold men's wedding ring* and then take a picture of the wedding ring if it's just, you know, a standard ring.

CHIEF MADIGAN:

I think it's a combination of both, Legislator Calarco. We would still require a written description now. And the reason for that is, that's the initial lead, you know, you would need something that you read just to say "oh, I gotta look at that picture," you know, and click on the picture so that we can then associate it with, you know, Bill Madigan's burglary.

CHAIRPERSON CALARCO:

Okay.

CHIEF MADIGAN:

So it could be something that we, like, whoa, key you in that particular items, you know, that were pawned.

CHAIRPERSON CALARCO:

Would you be able to work with the shops? Because I think that that's one of their concerns is that you're going to -- you know, you say the initial cost is just the cost of buying the camera, but it's not, because it's also the labor that's involved with doing the item; right? So if they're just taking a picture of the item and putting -- uploading that into the system and not doing the description anymore, they're actually probably -- you might even be saving a little bit of time. They might be shaving some time off their employees. Because the one shop I know the guy literally brings somebody in every night to do this, to fill out his report. He pays a woman to do this every night.

CHIEF MADIGAN:

I think I agree with you. I think you would be saving some time.

CHAIRPERSON CALARCO:

Well, if it was just the photo. But if they're doing a full descriptor, as well as the photo, they're not saving time. Because now they've got an added step in the process; right? So they're going to have to have more time for labor to do that, that process. Would there be ability to work with them so that there is a little bit more leniency in that descriptor that they don't have to fill out? Because obviously with the miscellaneous -- take the miscellaneous jewelry item, right. And you get a handful of gold chains. What you guys would prefer to get listed there is, you know, a 10-inch chain or a 12-inch chain, you know what kind of links it is so that you have a little bit more information on each one of those chains. But that's certainly taking time up of their employees that they'd have to do in order to do that, which would ultimately lead, if you get a successful case of them losing money. Because any time you confiscate from them, they lose money, because they laid out cash they're not getting back, which makes the system in some way is designed to encourage them not to play by the rules.

So if there was an ability to work with them to find a way to make this not more labor intensive but actually less labor intensive for them on their end, I think participation by the pawnshops would be much more appreciated and much more -- you know, I think it would work better that way. And I think they'd be more in favor of wanting to do it as opposed to feeling this is just another thing being put onto their industry; where some of them, not all of them, some of them try to play by the rules and be good operators.

CHIEF MADIGAN:

Absolutely. And I think as I said before, too, there is not one pawnshop in Suffolk County that hasn't been victimized.

CHAIRPERSON CALARCO:

Oh, no. Obviously you're putting up a number saying that you confiscated \$1.9 million worth of items last year. That's \$1.9 million that pawnshops, operators lost out of their pocket, for good or for bad. You know, some of them, it's probably good that they lost it out of pocket and some of them it's not.

And getting to that point, what have we accomplished in terms of taking out the bad operators? Because quite honestly, as I said, I can pinpoint the two establishments in my Town that have been around for a longtime. You guys know them. You actually have a very good relationship with them. They're more than willing to try to help wherever they can and they're more than willing to turn people away when they think the person is not legitimate. But that person then walks not even half

a block down the road to go to the next guy who's more likely than not, who's just a gold buyer and not a pawnshop. And they're just going to take that -- that gold item and they're going to throw it in the melt bucket and they're never going to list it.

So how many of those kind of shops have we've knocked out of operation today? How many of those have we actually gone after to try to deal with those individuals in the first instance up to this point in time? Because I don't see them playing ball here, right? They're not playing ball now so they're not going to play ball in the future. They're going to continue to take that piece of gold and they're going to throw it in the melt pot and they're going to take to wherever it is they take it to dispose of, which is a much more complicated case to go after them on a -- on a, you know, going through the IRS and going through some sort of method that way. So how many of those people have we been able to go after lately?

CHIEF MADIGAN:

Last four months what I had said earlier was five.

CHAIRPERSON CALARCO:

Five.

CHIEF MADIGAN:

There are others that we haven't -- we are still working upon now. But really to just answer that question, that's because of the loopholes right know. As I was saying before, it's very hard for us, law enforcement to prove the intent or the state of mind of the pawnshop owner when they take in this property, you know, the way the law is written right now. With this legislation, it tightens that up and helps.

CHAIRPERSON CALARCO:

Well, yeah. I think the point is when you're going after those people -- these are people who aren't playing by the rules, right? These are people who they don't care who they're buying it from. In fact, they're more likely than not going to say, okay, this guy, he's probably, you know, not -- it's probably not his. *So I'm going to just dispose -- I'm going to put this in the melt pile today. I'm not listing this in the Police Department's protocol because I don't want to give you a lead because I know that lead's going to lead back to the guy that I just bought from, it's going to cost me money.* So that's what that person's thought process is. I think you would agree, right?

CHIEF MADIGAN:

Absolutely.

CHAIRPERSON CALARCO:

So to say to that person you have to now take a photo of the item as well, it's probably not going to change that person's mentality; they're probably going to continue to take that item that they take from the sketchy person, they're just going to throw it in the melt pot. So those are the people we have to go after at the same time so that we are really cutting down on that avenue. Because they're still licensed by the County. The problem is that they're operating and they're just not -- they're acting without any care what the law really is.

CHIEF MADIGAN:

Our solution to that problem is basically the heroin addicts themselves. They tell us that. They do.

CHAIRPERSON CALARCO:

Sure. I'm sure that they --

CHIEF MADIGAN:

They go to, you know, Mr. Madigan's pawnshop and get rid of the stuff because --

CHAIRPERSON CALARCO:

-- yeah, when you --

CHIEF MADIGAN:

-- he never enters --

CHAIRPERSON CALARCO:

-- catch the guy --

CHIEF MADIGAN:

He tell -- no, here's how --

CHAIRPERSON CALARCO:

When you catch the addict -- when you catch the addict afterwards. But you're asking, looking for this this is partly to help give you leads to catch the addicts. So it's kind of like --

CHIEF MADIGAN:

Exactly, exactly, absolutely. We use the information that we garner whether we send undercover detectives in with jewelry --

CHAIRPERSON CALARCO:

Sure.

CHIEF MADIGAN:

-- to sell. And when it's not entered, when it doesn't appear the next day in the sheet --

CHAIRPERSON CALARCO:

I just want to make sure we're focussing on shutting those guys down as much as, you know, trying to get the leads off of the legitimate guys who -- quite honestly some of them are really trying hard not to buy that item because they don't want to take that loss. And they don't want to be a contributor to the crime problem. Okay.

CHIEF MADIGAN:

You can be assured that we are targeting those people who are doing that. Those are the easy targets for us.

CHAIRPERSON CALARCO:

Yeah. No, knock those people out. And, in fact, I passed a law a couple years ago to allow us to not only when our Consumer Affairs pulls those licenses from those people, to actually apply that to the location itself so that you're making those people -- they can't just bring in mom or their girlfriend or whoever and reapply for a new license at the same location. It's similar to the way the State after a while goes after an establishment that has a problem with liquor sales. And they're continually, you know, having fights and selling to minors and those things that they'll ban the location from having a liquor license, that we can ban a location from having a license to sell -- to purchase gold. Because that's what's happening in some of these shops. They're just -- they lose their license, they bring somebody else in and they continue to operate.

CHIEF MADIGAN:

No, you're right. And we do that and our Property Recovery Section works with the County Legislature -- the County licensing agency.

CHAIRPERSON CALARCO:

Sure. Good. Good. Any other questions? We have none. All right. Thank you very much, Chief.

CHIEF MADIGAN:

Thank you very much for having me today.

TABLED RESOLUTIONS

CHAIRPERSON CALARCO:

All right. We're going to get back into the regular portion of the agenda. We are on Tabled Resolutions. **IR 1053 (Adopting Local Law No. -2015) A Local Law to clarify licensing requirements for the sellers of home furnishings. (Trotta)** I'll make a motion to approve.

LEG. CILMI:

Second.

CHAIRPERSON CALARCO:

Second by Legislator Cilmi. All those in favor? Opposed? Abstentions? **IR 1053 is approved. (VOTE: 6-0-0-0. PO GREGORY INCLUDED IN VOTE)**

IR 1106, (Adopting Local Law No. -2015) A Local Law to amend Chapter 563-49 of Article V of the Suffolk County Code Commonly known as "Dealers in Secondhand Articles". (Co. Exec.) Is there a motion? Motion by the Presiding Officer.

LEG. McCAFFREY:

Second.

CHAIRPERSON CALARCO:

Second by Legislator McCaffrey. All those in favor? Opposed? Abstentions? **IR 1106 is approved. (VOTE: 6-0-0-0. PO GREGORY INCLUDED IN VOTE)**

IR 1107, (Adopting Local Law No. -2015) A Local Law to amend Chapter 563 Article IV of the Suffolk County Code Commonly known as "Precious Metal and Gem Exchanges". (Co. Exec.) Same motion. Motion by Legislator Lindsay; second by Presiding Officer Gregory. All those in favor? Opposed? Abstentions? **IR 1107 is approved. (VOTE: 6-0-0-0. PO GREGORY INCLUDED IN VOTE)**

IR 1108 (Adopting Local Law No. -2015) A Local Law to amend Chapter 563-52 Article V of the Suffolk County Code commonly known as "Dealers in Secondhand Articles". (Co. Exec.) Same motion, same second. All those in favor? Opposed? Abstentions? **IR 1108 is approved. (VOTE: 6-0-0-0. PO GREGORY INCLUDED IN VOTE)**

IR 1118 (Adopting Local Law No. -2015) A Local Law amending Chapter 563 of the Suffolk County Code to modify the laws relating to home furnishings and dealers in secondhand articles. (Co. Exec.) I'm going to make a motion to table. It is my understanding the Executive's office is working on this. Second by Legislator Cilmi. All those in favor? Opposed? Abstentions? **IR 1118 is tabled. (VOTE: 6-0-0-0. PO GREGORY INCLUDED IN VOTE)**

We already handled 1124 and into Introductory Resolutions. We handled 1125 (sic) -- 55 earlier as well.

So we are on 1160 (sic) **(Adopting Local Law No. -2014) A Local Law to regulate "board up" businesses in Suffolk County. (Browning)** Oh, **1260**, excuse me. That needs to be tabled for a public hearing. I'll make the motion; second by Legislator Lindsay. All those in favor? Opposed? Abstentions? **IR 1260 is tabled. (VOTE: 6-0-0-0. PO GREGORY INCLUDED IN VOTE)**

I have no other items before us today. So, seeing none make a -- no.

(SIDEBAR)

1053. And I'd like to cosponsor that as well. Okay, no other items before us, we are adjourned. Thank you everyone.

**THE MEETING CONCLUDED AT 12:37 PM
{ } DENOTES SPELLED PHONETICALLY**