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BUDGET & FINANCE COMMITTEE
OF THE
SUFFOLK COUNTY LEGISLATURE

A meeting of the Budget & Finance Committee of the Suffolk County Legislature was held in the Maxine S. Postal Legislative Auditorium at the Evans K. Griffing Building, 300 Center Drive, Riverhead, New York, on February 28, 2023 at 9:30 a.m.

MEMBERS PRESENT:

Leg. Steve Flotteron, Chairman
Leg. Leslie Kennedy, Vice Chair
Leg. Nicholas Caracappa
Leg. Samuel Gonzalez
Leg. Jason Richberg
Leg. Dominick Thorne

LEGISLATORS PRESENT:

Leg. Tom Donnelly, 17th Legislative District

ALSO IN ATTENDANCE:

William Duffy, Counsel to the Legislature
Frank Tassone, Clerk of the Legislature
Hope Clark, Clerk's Office
Lance Reinheimer, Director/Budget Review Office
Thomas Corcoran, Budget Review Office
Janet Heller-Smitelli, Counsel's Office
Ali Nazir, Aide to the Presiding Officer
Chris DeLuca, Aide to the Presiding Officer
Kevin Surdi, Aide to Legislator Flotteron
Robert Martinez, Aide to Legislator Caracappa
All other interested parties

MINUTES TAKEN BY:

Lucia Braaten, Court Stenographer

(**The Meeting was Called to Order at 9:48 p.m.**)

CHAIRMAN FLOTTERON:

Okay. If everybody could please sit down, come to the horseshoe. Okay. I'd like to call the meeting of the Budget and Finance Committee to order. If we'd, please, all stand for the Pledge of Allegiance, led by Legislator Thorne.

(**Pledge of Allegiance**)

Please remain standing for a moment of silence for our Military, and also our First Responders.

(**Moment of Silence**)

Please be seated. Clerk, you could do a roll call.

(**Roll Call by Frank Tassone, Clerk of the Legislature**)

D.P.O. FLOTTERON:

Here.

LEG. KENNEDY:

Here.

LEG. CARACAPPA:

Here.

LEG. GONZALEZ:

Here.

LEG. RICHBERG:

Present.

LEG. THORNE:

Present.

P.O. MC CAFFREY:

Here.

CLERK TASSONE:

Seven.

D.P.O. FLOTTERON:

Thank you. Okay. Any correspondence?

CLERK TASSONE:

All correspondence have been distributed accordingly, Mr. Chairman.

D.P.O. FLOTTERON:

It wasn't originally on the agenda of the -- no, I'm sorry. The public portion, is there any speakers? Yes? No? There's no speakers?

MR. DELUCA:

No speakers.

1
2 **D.P.O. FLOTTERON:**

3 Okay. Appointment resolutions, there's none. Presentations:
4 There's nothing on the agenda originally, but we did get the other
5 day from Budget Review about sales tax, and I just need to know.
6 If you could, please, maybe go over a little bit of that for us.
7

8 **DIRECTOR REINHEIMER:**

9 Sure, Mr. Chairman. Thank you very much for the opportunity to
10 review the sales tax memo that was sent out on February 24th. As
11 you know, Suffolk County received its last sales tax distribution
12 last week. We did analysis on that last check, and for 2022, the
13 County received a little over \$1.9 billion in sales tax. This
14 equates to a growth of just a little bit over 5% over 2021,
15 approximately \$94 million more than 2021.
16

17 As far as what this means to our budget, when we adopted the 2023
18 Operating Budget, we estimated sales tax to come in a little bit
19 higher for the year. So the impact of the sales tax, final sales
20 tax numbers is that the 2022 estimated budget sales tax is coming
21 in -- came in almost \$24 million over budget. We've been very
22 conservative in our estimates for sales tax. By "we", I mean the
23 County Executive and the Legislature, when you adopted budgets. As
24 we all know, during these times of economic uncertainty with the
25 pandemic, and supplies aside, shortages, and we know that these are
26 different times from the past, so we've been very conservative.
27 And I just want to congratulate the policy-makers for really being
28 very conservative in your budgeting, which helps Suffolk County.
29

30 This \$24 million surplus in sales tax will roll in through the 2023
31 Operating Budget, and actually has a positive impact on the 2024
32 Operating Budget. In addition to that, when we adopted the 2024 --
33 2023 budget, excuse me, we were very conservative, and we projected
34 sales tax to grow about 2% over our estimate. Well, sales tax
35 actually came in 5% over 2021, and we expect sales tax to grow at
36 5% during this budget year in 2023. So with the higher base from
37 last year, we're looking at sales tax to come in about \$82 million
38 higher than what we adopted in the 2023 budget. Taken together,
39 these two excess revenues to budget has an impact of about
40 \$107 million, which will roll into the 2024 Operating Budget.
41

42 In order for sales tax to come in as budgeted in 2023, we only have
43 to increase sales tax 1% over 2022. We're looking in -- that sales
44 tax will actually come in around 5% higher, which is where we got
45 the \$82 million surplus. Obviously, these projections are based on
46 current economic criteria that was provided by Moody Analytics.
47 Any unforeseen major changes in the economy or circumstances,
48 obviously, will alter this. We will be monitoring sales tax during
49 the year, and we'll update you as we get additional information
50 during 2023.
51

52 I'll be happy to answer any questions that you may have concerning
53 sales tax, this memo, an the impact on the budget.
54

55 **D.P.O. FLOTTERON:**

56 Thank you. So this first question I have is what -- is when is the

1 first time we get a little idea of how we're doing this year in
2 sales tax? When is that date, roughly about?

3
4 **DIRECTOR REINHEIMER:**

5 Yeah, the -- we'll receive the final distribution for the first
6 quarter in the middle of April.

7
8 **D.P.O. FLOTTERON:**

9 April, okay. And -- and, again this -- this extra money, it's not
09:53AM 10 pinpointed to anything? It doesn't go -- it just goes to surplus,
11 undesignated fund balance, as you call it, or --
12

13 **DIRECTOR REINHEIMER:**

14 Yeah. So what this does is obviously has a positive -- let's go
15 back to 2022. The approximately \$24 million in excess sales tax,
16 sales tax revenue, compared to the estimated budget, will -- that's
17 going to be a surplus, like you say. The adopted budget sets the
18 appropriation level. So even though we may have additional revenue
19 coming in from sales tax, we don't have the appropriations to spend
09:54AM 20 everything that comes in. Now this is just one component of the
21 County's budget. When you're looking at a \$3 billion budget, sales
22 tax, obviously, at 1.9 million is a major component, but there are
23 other factors that impact the budget.
24

25 We don't have a trial balance on where we actually ended 2022. We
26 would like to have something by June that will give us an idea.
27 The Comptroller usually comes out by the end of July on the actual
28 numbers and we'll be issuing that report. But I would think, all
29 things being equal, that it looks like, from an overview of 30,000
09:55AM 30 feet, that we should end 2022 with a surplus. We've been
31 conservative in our expenditures and we've been conservative in our
32 revenues, but I can't say for certain that we'll -- you know, what
33 that amount will be. And sales tax, obviously, in 2023 will have a
34 positive impact on the 2023 ending estimated fund balance, too. So
35 even though additional revenue comes in, you need appropriations to
36 spend it. So all things being equal, this will roll into the 2024
37 Operating Budget.
38

39 **D.P.O. FLOTTERON:**

09:55AM 40 Okay. So if I understood you correct, so we'll know more in the
41 summer what our real expenses were for the past year?
42

43 **DIRECTOR REINHEIMER:**

44 Yes, absolutely. And then shortly after that, the County Executive
45 issues -- he starts working -- that office starts working on the
46 2024 Operating Budget June and July and it helps them frame it. We
47 generally have better sales tax estimates in September and October,
48 because we have additional information that the County Executive
49 didn't have when he submits his budget. So by the time we go to
09:56AM 50 adopt the budget in early November, we should have pretty good
51 numbers on 2023.
52

53 From our perspective, the Suffolk County economy is pretty
54 resilient. We've changed over the years to more of a service
55 economy and leisure. Even though leisure may have lower paying
56 jobs, our economy is more resilient, because we're not based on

1 manufacturing and things, where other regions of the country are.
2 So it appears from the numbers that we're getting and from the
3 analytics that we get from Moody's that the economy here is still
4 pretty strong. I know people talk about inflation. Inflation
5 actually has a positive impact on sales tax growth.

6
7 And the other drag on the economy, and negative in terms of the
8 stock market, of course, is the labor market, low unemployment, and
9 creation of new jobs has an inflationary impact, but, again,
10 that's -- that's positive for sales tax.

11
12 Also, remember that the sales tax for 2022, for six months we had
13 waived a portion of sales tax on gasoline. So we, in our estimate
14 for 2024, kind of discounted that impact. In other words, we
15 didn't adjust for that impact, so that makes our number even more
16 conservative. We just took straight 2022 and projected using
17 today's matrix, rather than making adjustment, and adding another,
18 say, 13, \$14 million in lost sales tax, assuming that gasoline
19 stays at the level it's staying at today.

20
21 **D.P.O. FLOTTERON:**

22 Question. We're focusing today in one way saying the surplus of
23 being conservative on what we thought sales tax would be. I know
24 when I first got here, I always heard, in general terminology, we
25 were spending expense-wise about a 150 million more than we usually
26 budgeted. How have we done in the last like two years? Were we
27 more on target, or we came in under?

28
29 **DIRECTOR REINHEIMER:**

30 Yeah. What you're referring to is a budget structural --

31
32 **D.P.O. FLOTTERON:**

33 Structural, yeah.

34
35 **DIRECTOR REINHEIMER:**

36 -- shortfall. You know, a structure -- a budget that's not
37 structurally sound. I don't have exact numbers for you --

38
39 **D.P.O. FLOTTERON:**

40 Yes.

41
42 **DIRECTOR REINHEIMER:**

43 -- but our budget has no structural shortages. Those are created
44 when you start using what's called one-shots to close a budget gap.
45 A one-shot is something like, for instance, if you -- you know, the
46 lease sale back of the Dennison Building, \$70 million, that plugged
47 a budget hole. Well, the following year you have a structural
48 imbalance because that's not recurring revenue. So, for the most
49 part, our budgets today are based on recurring revenues, and
50 anticipates increases in expenditures, you know, natural increases
51 for insurance, and salaries, and benefits, and things like that.
52 So we don't have any structural --

53
54 **D.P.O. FLOTTERON:**

55 Structural. So this is more --

56

1 **DIRECTOR REINHEIMER:**

2 -- deficits.

3

4 **D.P.O. FLOTTERON:**

5 I'm saying, a true -- it could maybe be a true surplus in the long
6 run, yeah.

7

8 **DIRECTOR REINHEIMER:**

9 Yeah. All things being equal, it would roll through as a surplus.

10

11 **D.P.O. FLOTTERON:**

12 Thank you.

13

14 **DIRECTOR REINHEIMER:**

15 That's what I said before, I can't give you an exact number,
16 because we don't have that trial balance, but I'm confident that
17 we'll end 2022 with a surplus. How big that surplus is depends on,
18 obviously, a lot of other factors.

19

09:59AM

20 **D.P.O. FLOTTERON:**

21 Terrific. No. I want to get the bond ratings up. Okay.
22 Legislator McCaffrey, then Legislator --

23

24 **P.O. MC CAFFREY:**

25 Thank you, Mr. Chairman. Lance, I know we had a discussion about
26 this, you know, privately, but I just want to kind of talk about it
27 a little more on the record now.

28

10:00AM

29 So we -- not only did we not have any one-shots this year, we
30 actually used some monies we received, whether it be the excess
31 sales tax revenue that we received in the previous year, or the
32 government funds through ARPA, or etcetera, to actually pay back
33 some of those one-shot revenues, which were leasing out the
34 Dennison Building, buying -- getting money back and having to lease
35 it, also, the amortization of our pension funds, etcetera. Can you
36 just go into that about how the monies that we had through, whether
37 it be ARPA funds, the excess sales tax revenue that we received
38 that we did not anticipate, and how we use those monies to kind of
39 pay back some of those one-shots? I know you don't have all the
10:00AM 40 details, but I think we've talked about just in general terms about
41 what we've done with that, that money.

42

43 **DIRECTOR REINHEIMER:**

44 Yeah, and that's an excellent question, because not only do we have
45 no -- the budget is structurally sound and there are no one-shots
46 this year, we essentially eliminated and paid for all the past
47 one-shots that have a budget pressure, upward budget pressure. For
48 instance, you mentioned the amortization of retirement for the
49 police and for regular employees, the employment -- the employee
10:01AM 50 retirement system, we paid off all those amortizations. So what
51 that means is that our -- a cost going forward for retirement is
52 current expenses, and is not paying, say, 7 to \$10 million more,
53 because we postponed the payment of past retirement obligations, or
54 amortized, as you would say.

55

56 The lease buyback of the Dennison Building, that bond, I believe,

1 is callable this year, mid year. We have the -- we reserved the
2 \$70 million to pay that off. Again, you're paying, say, 3 or
3 \$4 million a year for that lease buyback, and we're eliminating
4 that \$3 million. So we are taking, like you say, excess sales tax,
5 we're paying down these obligations, so that the budget doesn't
6 have that upward pressure from past, past one-shots.

7
8 And I'd like to say, too, on the record that I understand why the
9 Legislature and County Executive did those one-shots. It's -- when
10 you have economic hardship, and you have to balance a budget, and
11 your back is against the wall, sometimes you don't have the choice.
12 You have to make a choice that on the outside is not good
13 long-term, but it's what you have to get through. I'd like to use
14 the parallel, it's like your home, you know, people take out home
15 equity loans to send their kids to school. Well, you know, it's
16 better if you don't do that, but, you know, short term, that's what
17 you have to do to get by. So these budget one-shots that were done
18 were done in the context of you really had your backs against the
19 wall financially. We're not in that position.

20
21 In addition to satisfying one-shots, we have about \$254 million in
22 tax stabilization reserves. We have funds in insurance reserves.
23 I can't remember the number, if it's somewhere around \$70 million
24 we have reserved. We have funds for even snow removal, we have a
25 \$10 million contingency for snow removal. Doesn't look like we're
26 using it this year, you know, we still have next December.

27
28 **LEG. GONZALEZ:**
29 Shh, shh, shh.

30
31 **DIRECTOR REINHEIMER:**

32 But at least we're not using a lot today, I hope. But the point is
33 that the County has budgeted contingencies and has planned for the
34 future with reserve funds, because we know that in the future, you
35 know, there's going to be hard economic times for the County or for
36 governments and we've planned for that. So I would say that the
37 County budget is something to be proud of. You really -- you've
38 done your work and put the County in a good place.

39
40 **P.O. MC CAFFREY:**

41 Well, I'd just congratulate you and yours -- congratulate you and
42 your staff, because you've been a partner with that, and you're
43 always that voice in the room saying, *"Whoa, not so fast. Let's
44 remember where we were, we don't want to go back there again."* And
45 we have continually underestimated our revenues and overestimated
46 our expenses, which is a good place to be in budgeting. It's
47 something we never had the opportunity to do before. So thank you
48 for -- for your work on that. And, you know, we now have a
49 rainy-day fund. And my new favorite line is to say that we never
50 even had a cloudy-day fund before.

51
52 And so we're in a better place than we are -- than we were before,
53 and we can -- we're going to continue to make sure that happens.
54 This is good news today that just, you know, validates the work
55 that we did in terms of how we approached our budgeting this year.
56 So thank you for your work, and we look forward to all working

1 together, make sure we stay in this place for a very long time.

2
3 **DIRECTOR REINHEIMER:**

4 Thank you.

5
6 **D.P.O. FLOTTERON:**

7 Okay. Legislator Richberg.

8
9 **LEG. RICHBERG:**

10 Thank you. And thank you, Lance, and your team for putting this
11 all together. So speaking to some folks in Finance, they are
12 saying that we should not be looking at '20 -- 2021 or 2020 --
13 well, '20 or 2021, and maybe 2022. We should be really comparing
14 our numbers present, let's say 2022, 2023, to '17, '18 and '19 in
15 terms of our, you know, revenue costs and all the projections,
16 because of all the other money that was put in by the Federal
17 Government, the stimulus, the credit, and folks staying home.
18 They're saying that that's probably a better way for us to look at
19 our finances overall. What are your thoughts on that? And can we
20 do an analysis of our -- you know, our funds today, as opposed to
21 those numbers?
22

23 **DIRECTOR REINHEIMER:**

24 Well, when we looked at our sales tax projection, we did exactly
25 what you said. You know, '20, '21, '22 were, I hope, anomalies
26 financially. So prior to then, if you took sales tax as it ended
27 2019, our last normal year, and projected that straight line, we
28 would be about where we are projecting 2023. It was about on
29 average around, if you were -- you know, it varied from year to
30 year, but on average, if you had an 8% growth, we'd end up where we
31 are now. So we looked at that.
32

33 As far as the stimulus funds and how that inflated our budget,
34 again, the stimulus funds are -- it's not unrestricted money.
35 Those funds are -- it's defined on what you could use those funds
36 for, at least the funds we have now. Infrastructure, water,
37 sewage, and internet, you know, there's specific uses for those.
38 Those funds are in a separate reserve fund. We're using a
39 tremendous amount for sewerage in Suffolk County, which is good,
40 obviously, all the way around, it's good for the economy. It helps
41 businesses grow, because then you are able to develop downtown
42 areas, it's good for the environment. So we're using those funds
43 for specific purposes, and not using them to say pay for the
44 lights, or pay for operating costs.
45

46 As far as the County right now, we have nine, 10 unions, those
47 contracts are all going through 2024. The way I see things
48 continuing on, I think 2023 budget, again, we can continue the good
49 work we're doing now, I don't think we need to use reserve funds.
50 So going into '25, '26, when the union agreements expire at the end
51 of '24, you know, there is going to be upward pressure due to past
52 inflation, and, you know, you might start in '25 and '26 to have
53 more challenging times as far as budgets go. But, you know, right
54 now, the near future, the next couple of years, I think we're still
55 going to be on sound financial footing. If we continue to project
56 sales tax conservatively, rather than in the past, when we have

1 been a little aggressive and have come up short with sales tax,
2 your budget should be in good shape. You know, steady growth, even
3 as I said, 5%, you know, on the surface may sound like large
4 growth, but we've looked at the analytics and we've looked at
5 projecting the past and counting for these anomalies for '21, '20
6 and '22, and we're pretty much ending up at the same place.

7
8 **LEG. RICHBERG:**

9 I guess. And what's interesting, I guess, in your numbers is that
10 we have a 5% growth, but there, even with all those -- even with
11 all that money that's coming in, there's some --

12
13 (**Cell Phone Interference**)

14
15 Somebody's heading Southwest.

16
17 (**Laughter**)

18
19 But there are some localities that still don't have positive
20 growth, even with all this funding.

21
22 **DIRECTOR REINHEIMER:**

23 Right.

24
25 **LEG. RICHBERG:**

26 So that also is important, you know, for us to take into account.

27
28 **DIRECTOR REINHEIMER:**

29 Right. The stimulus money took a long time to wind through the
30 economy, you know, for individuals, and that was a tremendous boost
31 to our economy. And that's why I was saying before, that the
32 Suffolk County economy is pretty resilient, where service, leisure,
33 tourism is -- you know, we're in better shape than other parts of
34 the country that are more manufacturing, and don't have the diverse
35 service, and being close to New York City, the financial market,
36 financial jobs. Suffolk County is -- appears right now to be doing
37 well with the economy, and I think it will continue in that way.

38
39 I think -- now, I'm going to get personal, so I don't -- from what
40 I see and read, if there is a recession, I think, for Suffolk
41 County, it won't be deep or long. I could be wrong, but I just
42 think that our economy is just more resilient than other areas.

43
44 **LEG. RICHBERG:**

45 It's because of --

46
47 **DIRECTOR REINHEIMER:**

48 And in the '90s it was the opposite, Suffolk County lagged behind
49 the country. But then we were -- had more emphasis on
50 manufacturing, less on service.

51
52 **LEG. RICHBERG:**

53 Right, and we -- and we lost a lot of industry. I mean, I think --

54
55 **DIRECTOR REINHEIMER:**

56 Yes, we did.

1
2 **LEG. RICHBERG:**

3 -- in the '90s we lost somewhere around 250 to 300,000 jobs
4 Long-Island-wide.

5
6 **DIRECTOR REINHEIMER:**

7 Absolutely. And Long Island is still experiencing job growth. As
8 I said, some of it is leisure, which is -- you know, is going to
9 be -- some of those jobs are lower paying than other jobs, but we
10 have low unemployment and we still have job creation. We're still
11 coming back from the pandemic and the loss of tourism, and I think
12 you'll see us continue to grow in those areas.

13
14 **LEG. RICHBERG:**

15 Thank you, Lance. Thank you, Mr. Chair.

16
17 **D.P.O. FLOTTERON:**

18 Thank you. Legislator Caracappa.

19
20 **LEG. CARACAPPA:**

21 Good morning, Lance. Thank you again for all your diligence and
22 hard work and spreading the good news. I was very, very happy to
23 receive this.

24
25 So Legislator Richberg sort of took some of my thunder out, what I
26 was going to say, but I appreciate his same way of thinking,
27 because I thought it would be fair to us up here and the public to
28 get a fair -- what could I say -- analysis based on what it was
29 prior to like what was said in 1920, '21. I don't want to go back
30 into everything, because that was kind of an anomaly. So I wanted
31 to see how we were doing in comparison to the way it was prior to
32 the ups and downs of COVID and the money that we received because
33 of that, and you've answered that, so pretty much.

34
35 So, in your opinion, Lance, when New York State takes a look at us,
36 Suffolk County as a whole, the way we do business, the way -- what
37 kind of fiscal shape we're in now, using any kind of index you'd
38 like, you see us moving up in that scale? Well, let me see, I
39 don't know if I want to say moving up. But instead of being 61,
40 can we send more better news to -- what district is Trotta? I'll
41 send it over to his office. I want to see where we're at relative
42 to -- do you anticipate better news?

43
44 **DIRECTOR REINHEIMER:**

45 Well, the news that we have is not bad right now, okay? And the
46 Comptroller issues a report on the structural integrity, I guess,
47 of -- financial integrity of municipalities, villages, towns,
48 counties, and at times has put counties, and villages, and towns on
49 watch where they feel that the budget is a little stretched. Right
50 now -- and Suffolk County is a unique county compared to a lot of
51 places in New York State, we go from urban to rural, we have a
52 large budget, we have a police force, we have a lot of employees,
53 we're dependent on sales tax. These are all things that can be
54 considered a negative as high overhead, dependency on sales tax,
55 which we all know. The rating agencies have mentioned that.
56 That's just -- you know, that's something that we can't reverse. I

1 mean, \$2 billion in sales tax on a 3 to \$4 billion budget is --
2 it's hard to reverse.

3
4 So where we are now -- and I've had conversation with several
5 Legislators on this and my staff. And this is a hard thing to
6 explain, so I'm trying to cook it down to something we can all
7 relate to. If we were all in school and everyone here was an A
8 student, let's say Legislator Flotteron is average 98, he's the top
9 of the class. I'm at the bottom of the --

10:14AM 10

11 **P.O. MC CAFFREY:**
12 What about me and you, Sammy?

13
14 **LEG. GONZALEZ:**
15 We're chopped liver.

16
17 **DIRECTOR REINHEIMER:**
18 Right.

10:14AM 20

19
20 (**Laughter**)

21
22 **LEG. CARACAPPA:**
23 Lance, you knew you were going to upset some people with that.

24
25 **DIRECTOR REINHEIMER:**
26 Exactly, I set 'em up.

27
28 (**Laughter**)

29
30 **LEG. CARACAPPA:**
31 You had to -- you had to put Steve up there.

32
33 **DIRECTOR REINHEIMER:**
34 Yeah. And then --

35
36 **LEG. CARACAPPA:**
37 Although you'd probably be accurate.

10:14AM 40

38
39 **DIRECTOR REINHEIMER:**
40 But I'm going to put myself at the bottom of the class, which was
41 usually where I am, and I have a 92. So we're all A students, but
42 I'm at the bottom of the class.

43
44 **LEG. CARACAPPA:**
45 Right.

10:15AM 50

46
47 **DIRECTOR REINHEIMER:**
48 Right now, if you go onto the Comptroller's site and you look at
49 his listings of counties, we're towards the bottom. But there's no
50 structural problems with any -- financial problems with any of
51 the -- those counties. Our score, I think, is 19. I think that's
52 what the score is. It just means we're an A student. But we're
53 still at the bottom of all the counties, but that's because of our
54 size, our expenses, dependent on sales tax. And in that report it
55 does state the parameters that they use, so those are things that
56 we can't overcome. So we're probably always going to be on the

1 bottom.

2
3 You take a county like Green County, you know, there's 1500 cows
4 and 2000 people. They don't have the structural problems or -- I
5 shouldn't say structural problems. They don't have the -- they
6 don't depend on sales tax the way we do, they don't have the
7 expenses we do, they don't have their own police force like we do.
8 So they're going to be higher in the scale, but that doesn't mean
9 they're better run. It just -- all the counties right now are
10 doing well, there's no county in trouble, compared financially,
11 according to the New York State Comptroller.

12
13 **LEG. GONZALEZ:**

14 So we're going to stay 61.

15
16 **LEG. CARACAPPA:**

17 Well, I want -- that's what I'm trying to get ahead of the game. I
18 want to order some new mugs for L.D. 13 and I want them to be
19 accurate. So -- but, Lance, all kidding aside.

20
21 **DIRECTOR REINHEIMER:**

22 Yeah.

23
24 **LEG. CARACAPPA:**

25 With our inflation rates predicted to increase, but, however, and
26 the interest rates percentages are predicted to start lowering
27 again. If it's a fluctuation in that area, that's going to be
28 pretty difficult to pinpoint. But, like you mentioned, we have a
29 lot of sewer projects going on and we're going to have a lot of
30 economic -- economic development and growth within Suffolk County.
31 So how does that all balance out? How do you -- how do you predict
32 that will factor that into what we're looking at?

33
34 **DIRECTOR REINHEIMER:**

35 Well, in time, you know, economic growth is good for the economy.
36 What's good for the economy is good for sales tax. So we're
37 forward-looking right now. We're looking -- we're looking to grow
38 the economy, we're looking to invest in the environment, which
39 helps the economy with the sewers, so that has a positive impact on
40 sales tax revenue.

41
42 So, you know, one of the things, you know, as interest rates do
43 tick up, you will see a slowdown in housing, purchase of new
44 housing, so you will see some tail-off in durable goods. I think
45 there is some pent-up demand for automobiles, because during supply
46 shortages, automobile -- used automobiles were quite expensive. I
47 think you'll see that start to moderate. Housing will start to
48 moderate within the County, I would hope, as inflate -- as mortgage
49 rates increase. To the extent that they do, I don't know, you
50 know, it's hard to say what that amount will be. But, you know, so
51 there are some challenges in the economy. That's all -- the Moody
52 Analytics looks at all that, you know, and they -- you know, our
53 projections have been very close, very close.

54
55 When you look at the estimated budget in 2022 of \$1.9 billion, and
56 we missed it by 24 million, you know, that's like being off one

1 degree on flying to the moon. You know, you didn't hit the moon,
2 but you came awfully close. So to me, that puts our projections at
3 A plus. You know, there -- so we've been pretty accurate in our
4 sales tax, and we look at the economy, and the matrix takes all
5 what you talk about and what Legislator Richberg talks about into
6 consideration. And we look at the numbers and the numbers take us
7 where they take us.

8
9 **LEG. CARACAPPA:**

10:19AM 10 And I get that, it's a numbers game. But Moody's, does Moody's
11 factor in the fact that there was an increase in our sales tax as
12 any part of doing business, or just something that was unpredicted?
13 And, you know, is that -- do we get credit somehow for having
14 increased sales taxes? Because when there's increased sales taxes,
15 that means, you know, people are working and people are shopping,
16 people are going out to dinner, and people are doing their thing.
17 So there has to be some kind of credit the way we are doing
18 business in Suffolk County.

19
20 **MR. CORCORAN:**

21 Right, and that's exactly what we consider in our modeling. We
22 take indicators from Moody's, such as where they project our GDP,
23 and where they expect employment to go, if people are getting jobs,
24 if those jobs are producing economic value. And then for us at
25 BRO, we take those numbers and we construct our own model based on
26 Suffolk County sales tax history. So that's how we take those
27 things into account, like you said, and we come up with our
28 projections based on that.

29
30 **LEG. CARACAPPA:**

31 That's great. But for my own edification, how does Moody's know
32 what Suffolk County is doing as far as creating this economic
33 development through our environmental awareness? How do they --
34 how are they aware of it?

35
36 **DIRECTOR REINHEIMER:**

37 Well, that aspect they might not know. They're looking at the
38 economy as it exists today, the matrix. You know, they're using
39 recent history to project the future. So, you know, when you talk
10:20AM 40 about economic development, increasing sewerage, things like that,
41 that's hard to put into a model, because there's so many variables
42 that impact the timing on that, so that's not factored in. So what
43 you're bringing up are issues that we know in time are going to
44 have a positive impact on the economy. When they're going to hit,
45 you know, it's speculative. You know, we -- you know, we can --
46 especially with capital projects. There's always delays, there's
47 always construction delays, environmental permits that are
48 required, unforeseen things that pop up that slow down a project.
49 So they're not figured into the model, I'm certain, because they're
10:21AM 50 looking at recent past history to go forward, and that is -- the
51 impact of what we're doing with the sewerage and economic
52 development hasn't started to wind its way into the economy yet.

53
54 **LEG. CARACAPPA:**

55 I get that. And for the sake of time, I'm going to defer back.
56 However, if you wouldn't mind, because I do have a multitude of

1 questions, probably not appropriate to ask here, for my own
2 edification. But I'll reach out to your office and maybe we can
3 get together and have a little powwow and you can educate me, all
4 right?

5
6 **DIRECTOR REINHEIMER:**

7 Absolutely. We're always open and you know where we live.
8

9 **LEG. CARACAPPA:**

10 Yes.
11

12 (**Laughter**)
13

14 And thank you very much again for the hard work you and your whole
15 crew do over there, all right? Thank you.
16

17 **D.P.O. FLOTTERON:**

18 Thank you. Legislator Gonzalez.
19

10:22AM 20 **LEG. GONZALEZ:**

21 Hey, Lance, how are you? You will -- you used a perfect analogy
22 with the students, the school grades. But can there be, based on
23 the consistency in our projections here as a county over the course
24 of the years going into the future, and what has happened, and how
25 we have been very conservative, could that sway us as a county in
26 our future ratings and positions?
27

28 **DIRECTOR REINHEIMER:**

10:22AM 29 Okay. So one, you know, you're impacting the bond rating. The
30 Comptroller does look at budget surpluses or deficits, so
31 conservative budgeting, where you have surpluses, and they look at
32 the recent years, too, and to see where the county or municipality
33 is going. So two things that impact, you know, positive impact on
34 the bond ratings, positive outlook, and then having consistent
35 surpluses in our budget helps on the Comptroller's side. That's
36 it's just one of the matrix, so that might bring us up a little bit
37 in that number, but we're still an A student.
38

39 **LEG. GONZALEZ:**

10:23AM 40 Yeah, I get the A student, but, you know, we're just going to creep
41 up a little.
42

43 **LEG. CARACAPPA:**

44 We got that.
45

46 **DIRECTOR REINHEIMER:**

47 We're not going to -- you're not going to see a radical change
48 where we're going to be No 4. It's a -- you know, gradual change
49 may happen on the Comptroller's list. And, you know, the --
50

10:23AM 51 **LEG. GONZALEZ:**

52 Right, because the work that you guys are doing, you know, and
53 maintaining, and what, as alleged, you know, being conservative and
54 being -- watching our spending and watching all of that, you know,
55 you would figure that that would -- year after year, after year,
56 after year, that they would see that this County is physically --

1 you know, fiscally in the positive direction.

2

3 **DIRECTOR REINHEIMER:**

4 Yeah, and that's -- that's evident with fund balances, and
5 continued fund balances do have a positive impact on the
6 Comptroller's assessment of the financial health of the
7 municipality.

8

9 **LEG. GONZALEZ:**

10:24AM 10 Thank you, Lance.

11

12 **D.P.O. FLOTTERON:**

13 Okay. Anything else? Well, I --

14

15 **LEG. DONNELLY:**

16 Right here.

17

18 **D.P.O. FLOTTERON:**

19 Okay, Legislator Donnelly.

10:24AM 20

21 **LEG. DONNELLY:**

22 Thank you, Steve. I'm not necessarily part of this committee, but
23 I did have a -- just a quick question budgetarily for you. When we
24 did the work in the omnibus last year, there was discussions and
25 then there were several items that were put in in terms of amending
26 salary classifications and staffing issues. Where would that put
27 the budget for 2024, if that stuff was to be able to move forward?
28 What's your analysis on that?

29

10:25AM 30

31 **DIRECTOR REINHEIMER:**

32 Well, probably, the discussions we've had on salaries and
33 positions -- salary schedules for various titles would have an
34 upward pressure on the budget. I think department after department
35 has come before the Legislature and the -- they all have the same
36 issue, hiring, finding qualified people, having people accept jobs
37 for the salaries that the County is offering, especially the
38 starting salaries. So if the County were to do a holistic overview
39 and look at the salary structure by title and career ladder, we're
40 not going to lower salaries, that's not the problem, we're not
41 paying too high. So that would -- that would have an upward
42 pressure on the budget, and saying with the looming budget -- union
43 contracts in 2024. You know, if you have sustained inflation for,
44 say, the next couple of years, that's going to have upward pressure
45 on the settlement of union agreements.

10:26AM 40

46 So those two things will have upward pressure on the budget,
47 absolutely. But you still have growth in the economy, growth in
48 sales tax, that as the economy grows, sales tax grows. We looked
49 at, you know, the past several years, 2017 through 2020, or 2019,
50 and sales tax was growing at 4% at that point in time. So, if
51 history is any indication, we'll continue to have sales tax growth
52 in the 4, 5, 6% range in the immediate near future.

10:26AM 50

53

54 **LEG. DONNELLY:**

55 Got it. Yeah, so it's -- there's little that -- from a
56 policy-making decision, it's difficult for the Legislative body to

1 really have an impact. It's between the labor units and the
2 Executive branch of government. But I think we, from -- at least
3 from my perspective, well, we still have to -- there's still a
4 concern, right? We got the most recent DSS caseworker report,
5 they're having difficulty. And this has been an ongoing discussion
6 for several years now, and we don't seem to have any resolution in
7 front of us.

8
9 So, just in the short term, I don't want to take too much time,
10 what would be some pro-actions that perhaps this body could look at
11 if that -- what we're talking about in terms of salary
12 classification changes could make to help -- to help that move
13 forward, without putting enormous undue pressure on the budget as a
14 whole?

15
16 **DIRECTOR REINHEIMER:**

17 Yeah, that's a tough question, and probably something, it's --
18 that's a policy decision what titles you're looking at, but you're
19 starting to do it piecemeal. And what happens is you have titles
20 that perhaps -- and grades that are on par with another title and
21 grade. So if you increase a particular title over here, the
22 corresponding title on the -- you know, in that grade, and you
23 leave that untouched, it's hard, that's piecemeal. I think it's
24 hard for the Legislature to look at things piecemeal and do a job
25 that's fair, and helps the County in its overall recruitment and
26 retention of employees.

27
28 And I think one of the committees I was at, there was discussion
29 as, you know, Human Resources should start to look and have
30 somebody come in to look at the County from 30,000 feet, and look
31 at the whole salary and classification plan, so that you're doing
32 it as a unit, not picking and choosing. And we know that
33 there's --

34
35 **LEG. DONNELLY:**

36 So in your analysis, a holistic strategic plan is better than this
37 piecemeal approach?

38
39 **DIRECTOR REINHEIMER:**

40 Yeah. Well, what always happens when you do things on a -- on a
41 small level like that is unintended consequences. You're helping,
42 you know, Social Services, the issues they have with their
43 caseworkers, which certainly is valid and a proper concern, an
44 important job, but then you have social welfare examiners over here
45 that are doing another function. Well, if you raise the
46 caseworkers and you leave the social welfare examiners alone, you
47 start to develop these imbalances and then you create other issues.

48
49 **LEG. DONNELLY:**

50 Yeah, no, and it's across the spectrum, it's not just at DSS.

51
52 **DIRECTOR REINHEIMER:**

53 Exactly.

54
55 **LEG. DONNELLY:**

56 It's, you know, a whole --

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10:29AM

10:30AM

10:30AM

10:30AM

DIRECTOR REINHEIMER:
Yeah.

LEG. DONNELLY:
A whole host of other labor units. Okay. I don't want to take up too much time.

DIRECTOR REINHEIMER:
Absolutely.

LEG. DONNELLY:
Thank you, Lance.

DIRECTOR REINHEIMER:
It's a -- it's a system-wide issues with most departments.

LEG. DONNELLY:
Got it.

DIRECTOR REINHEIMER:
They have titles they can't fill.

LEG. DONNELLY:
Thank you, Lance.

D.P.O. FLOTTERON:
Okay, thank you. Because we're running out of time, thank you so much for the updates.

We'll go into ***INTRODUCTORY RESOLUTIONS***. First resolution is ***I.R. 1072 - Amending the 2023 Adopted Operating Budget and transferring the funds to Islip Town Fire & EMS Museum Education Center. (Bergin)***

LEG. RICHBERG:
Motion.

D.P.O. FLOTTERON:
A motion by Legislator --

LEG. GONZALEZ:
Second.

LEG. THORNE:
Second.

D.P.O. FLOTTERON:
Second. Any discussion?

LEG. THORNE:
Cosponsor.

CLERK TASSONE:
Mr. Chair, who seconded that motion? Was it Legislator Thorne or --

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10:30AM

10:31AM

10:31AM

D.P.O. FLOTTERON:
Okay. I'm sorry?

CLERK TASSONE:
Can you repeat who seconded that motion?

D.P.O. FLOTTERON:
I --

LEG. KENNEDY:
Thorne.

D.P.O. FLOTTERON:
Thorne, okay.

LEG. KENNEDY:
Thorne.

D.P.O. FLOTTERON:
Okay. Any discussion? All in favor? Opposed? Abstain?

CLERK TASSONE:
Seven. (Vote: Approved 7-0-0-0)

D.P.O. FLOTTERON:
Okay. I.R. 1072 has passed. *I.R. 1095 - Amending the 2023 Adopted Operating Budget and transferring funds to Hope Floats Long Island, Inc., Lindenhurst St Patrick's Parade Inc., and Babylon Village St. Patrick's Parade Inc. (McCaffrey)* Do I have a motion?

LEG. RICHBERG:
Motion. Oh, sorry.

P.O. MC CAFFREY:
No, no, that's all right. He's part Irish as well, so --

LEG. RICHBERG:
I am. I am part Irish.

P.O. MC CAFFREY:
Him and DuWayne Gregory are.

(*Laughter*)

D.P.O. FLOTTERON:
Okay. Motion by Legislator Richberg.

P.O. MC CAFFREY:
And I'll second that, thank you.

D.P.O. FLOTTERON:
Second by Legislator McCaffrey.

P.O. MC CAFFREY:
You're invited to the parade now.

1
2 **LEG. RICHBERG:**
3 Findlay. I am, I am part Irish.

4
5 **D.P.O. FLOTTERON:**
6 Okay. All --

7
8 **LEG. CARACAPPA:**
9 All that green beer, man, it's going to be flowing, baby.

10:31AM 10
11 **D.P.O. FLOTTERON:**
12 Okay. All in favor? Opposed? Abstentions?

13
14 **CLERK TASSONE:**
15 *Seven. (Vote: Approved 7-0-0-0)*

16
17 **D.P.O. FLOTTERON:**
18 Kevin, you want to cosponsor that and --

19
10:31AM 20 **P.O. MC CAFFREY:**
21 I sponsored it, it is mine.

22
23 **D.P.O. FLOTTERON:**
24 Okay.

25
26 *(*Laughter*)*

27
28 So double. Okay. I.R. 1095 has passed. ***I.R. 1104 - Approving***
29 ***2023 funding for the contract agency (Smithtown Performing Arts***
30 ***Council, Inc.). (Kennedy)*** Do I have a motion?

31
32 **LEG. KENNEDY:**
33 Motion.

34
35 **D.P.O. FLOTTERON:**
36 By Legislator Kennedy, second by Legislator Richberg. All in
37 favor? Any discussion? All in favor? Opposed? Abstentions?

38
39 **CLERK TASSONE:**
10:31AM 40 *Seven. (Vote: Approved 7-0-0-0).*

41
42 **D.P.O. FLOTTERON:**
43 I.R. 1104 has passed. There's no other business in front of us. I
44 declare this meeting closed.

45
46 *(*The Meeting was Adjourned at 10:31 a.m.*)*