

1. Public Notice 8-4-2022

Documents:

[8-4-22 BUDGET REVIEW COMMITTEE PUBLIC NOTICE.PDF](#)

2. Budget Review Agenda

Documents:

[8-4-22 BUDGET REVIEW AGENDA.PDF](#)

3. Meeting Minutes

Documents:

[BUDGET REVIEW COMMITTEE, 8-4-2022.PDF](#)



PUBLIC NOTICE

PLEASE TAKE NOTICE THAT

**THE NASSAU COUNTY LEGISLATURE WILL HOLD A
MEETING OF THE BUDGET REVIEW COMMITTEE**

ON

THURSDAY, AUGUST 4, 2022 AT 2:00 PM

IN

**THE PETER J. SCHMITT MEMORIAL LEGISLATIVE CHAMBER
THEODORE ROOSEVELT EXECUTIVE AND LEGISLATIVE BUILDING
1550 FRANKLIN AVENUE, MINEOLA, NEW YORK 11501**

As per the Nassau County Fire Marshal's Office, the Peter J. Schmitt Memorial Legislative Chamber has a maximum occupancy of 200 people. Attendees will be given an opportunity to sign in to address the Legislature. On Committee Meeting days, Public comment will be limited to Agenda items. Public comment on any item may also be emailed to the Clerk of the Legislature at LegPublicComment@nassaucountyny.gov and will be made part of the formal record of this Legislative meeting.

The Nassau County Legislature is committed to making its public meetings accessible to individuals with disabilities and every reasonable accommodation will be made so that they can participate. Please contact the Office of the Clerk of the Legislature at 571-4252, or the Nassau County Office for the Physically Challenged at 227-7101 or TDD Telephone No. 227-8989 if any assistance is needed. Every Legislative meeting is streamed live on <http://www.nassaucountyny.gov/agencies/Legis/index.html>

MICHAEL C. PULTZER
Clerk of the Legislature
Nassau County, New York

DATED: July 28, 2022
Mineola, NY



NASSAU COUNTY LEGISLATURE
THEODORE ROOSEVELT EXECUTIVE AND LEGISLATIVE OFFICE BUILDING
1550 FRANKLIN AVENUE, MINEOLA, NEW YORK 11501

Budget Review Committee Hearing

August 4, 2022

2:00 PM

AGENDA

1. Office of Nassau County Comptroller

Hon. Elaine Phillips, Comptroller
Office of the Nassau County Comptroller

- Presenting on the 2021 Official Year-End Close and on the 2022 Mid-Year Review
- Questions from members of the Committee

2. Office of Management and Budget

Andrew Persich, Director of the Office of Management and Budget

- Presenting on the close of fiscal year 2021 and 2022 mid-year update
- Questions from members of the Committee

3. Office of Legislative Budget Review

Maurice Chalmers, Director

- Available for inquiries from members of the Committee

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NASSAU COUNTY LEGISLATURE

RICHARD NICOLELLO
PRESIDING OFFICER

BUDGET REVIEW COMMITTEE

LEGISLATOR JOHN FERRETTI
CHAIR

Theodore Roosevelt Building
1550 Franklin Avenue
Mineola, New York

August 4, 2022
2:08 P.M.

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

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4 LEGISLATOR JOHN FERRETTI

5 Chair

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7 LEGISLATOR RICHARD NICOLELLO

8 Vice Chair

9

10 LEGISLATOR HOWARD KOPEL

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12 LEGISLATOR DELIA DERIGGI-WHITTON

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14 LEGISLATOR ARNOLD DRUCKER

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1 8-4-2022

2 LEGISLATOR FERRETTI: Please rise
3 for the Pledge of Allegiance as our Presiding
4 Officer Rich Nicoletto leads us in the Pledge
5 of Allegiance.

6 Mr. Pulitzer, if you would please
7 call the roll call for the Budget Review
8 Committee.

9 MR. PULITZER: Thank you
10 Chairman. Budget Review Committee roll call.
11 Legislator Arnold Drucker.

12 LEGISLATOR DRUCKER: Here.

13 MR. PULITZER: Ranking member
14 Kevan Abrahams.

15 LEGISLATOR DERIGGI-WHITTON: I
16 will be substituting for him.

17 MR. PULITZER: Thank you ma'am.
18 That is a Delia DeRiggi-Whitton.

19 Legislator Howard Kopel.

20 LEGISLATOR KOPEL: Here.

21 MR. PULITZER: Vice Chairman
22 Richard Nicoletto.

23 LEGISLATOR NICOLELLO: Here.

24 MR. PULITZER: Chairman John
25 Ferretti.

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LEGISLATOR FERRETTI: Here.

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MR. PULITZER: We have a quorum
sir.

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LEGISLATOR FERRETTI: Thank you
Mr. Pulitzer. We are going to start off today
with public comment. We have one speaker, Mr.
Kevin McKenna.

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MR. MCKENNA: Kevin McKenna, Edna
Drive, Syosset, New York. I would have
thought that public session at a budget
meeting would be after you talk about the
budget so that we can hear what it is that is
taking place so that then we can comment on
it. Can we do it that way?

16

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LEGISLATOR FERRETTI: No, sir, we
are having public comment to start the
session.

19

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MR. MCKENNA: So what's the
public comment about?

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LEGISLATOR FERRETTI: You tell me
whatever you would like to speak about the
budget.

24

25

MR. MCKENNA: Well, I haven't
heard about the budget to speak about. You're

1
2 kind of doing things backwards with all due
3 respect. I'm sure that if you were on this
4 side of the fence you'd probably agree with
5 me. We are being broadcast live to all Nassau
6 County residents right now.

7 Also, to my surprise, I checked
8 last week to see when the next Nassau County
9 leg meeting was and this budget meeting was
10 not announced on the Nassau County website
11 last week. Today I happen to notice it. It
12 popped up there all of a sudden and it's a
13 shame that Nassau County residents are not
14 given notice of such an important budget
15 meeting by Nassau County.

16 It's also a shame that the Nassau
17 County legislators who continually put up
18 posts on their Facebook pages self-promoting
19 themselves at events, especially Legislator
20 Drucker, who continually self-promotes himself
21 at events, I don't understand why the
22 legislators would not post on their Facebook
23 page and alert their constituents to such an
24 important event like a budget meeting. This
25 is a really, really important meeting that

1
2 99.999 of the Nassau County residents do not
3 know about.

4 Do you agree Ms. Phillips? Do you
5 agree that residents don't know about this?

6 LEGISLATOR FERRETTI: Mr.
7 McKenna, your comments are to this body right
8 here, not to the comptroller. So please
9 direct your comments to the legislature.

10 MR. MCKENNA: Is the Nassau
11 County Board of Elections under the budget of
12 the budget that you're hear to talk about?

13 LEGISLATOR FERRETTI: Yes. It's
14 part of the 2022 Nassau County budget.

15 MR. MCKENNA: I sent in an email
16 to all legislators, as well as the Nassau
17 County executive, suggesting and recommending
18 an audit of the Nassau County Board of
19 Elections because I have proof, documented
20 proof, that there are individuals that have
21 low-show jobs in the Nassau County Board of
22 Elections. And you owe it to the taxpayers to
23 perform an audit of the board of elections
24 because there are people working inside the
25 board of elections that are not working for

1
2 the operations of the board of elections.
3 They're working for the party leaders. And if
4 you guys are concerned about the budget you
5 can really, really save the taxpayers money by
6 trimming down that board of elections.

7 LEGISLATOR FERRETTI: Thank you
8 for your comments Mr. McKenna.

9 MR. MCKENNA: How much time is
10 allocated to public comment for this meeting
11 since I'm only the one speaker?

12 MR. PULITZER: Mr. McKenna three
13 minutes sir.

14 MR. MCKENNA: How much time is
15 allocated to the meeting for public comment?

16 LEGISLATOR FERRETTI: Sir, we
17 would see how many speakers are here and then
18 allocate time. Thank you sir.

19 To the comptroller.

20 MR. MCKENNA: You know what's
21 unbelievable? What's unbelievable is that you
22 are showing the public right now that you do
23 not want to hear from us. You're showing the
24 public that you have no interest in hearing
25 from the public. You should all resign, every

1

2 one of you. Thank you very much.

3

LEGISLATOR FERRETTI: Okay.

4

We're going to move to the comptroller,

5

Ms. Elaine Phillips. I know you have a

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presentation.

7

By the way, thank you everyone for

8

being here today. Thank you to the

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comptroller's office. I know Mr. Persich is

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here as well. Thank you. So, comptroller,

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take it away.

12

LEGISLATOR PILIP: Thank you very

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much. Thank you to the entire legislature

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that is not here today but specifically the

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Budget Review Committee. I would like to

16

thank you Chairman Legislator Ferretti, Vice

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Chairman Presiding Officer Nicoletto,

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Legislator Kopel, Legislator Drucker,

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Legislator DeRiggi-Whitton, who is my county

20

legislator, and Legislator John Giuffre for

21

having us here today.

22

I'd also like to give Kevin, Frank

23

and Chris and the whole team a shout-out and

24

Mr. Pulitzer up there for making the

25

technology side of this so easy.

1
2 One doesn't present our findings
3 without the people that really do the hard
4 work. So, I'd like to take a minute and thank
5 my staff. First and foremost, my deputy
6 comptroller Betsy Hill, who leads our
7 accounting division. And the director of
8 accounting Lisa Tsikouras. And it's Lisa and
9 her team, really your team, that made our
10 midyear report, made all the published reports
11 for year end of 2021 happen. Without them
12 today would not happen.

13 I'm also blessed to have the whole
14 front row here. I have my director of
15 communications Wendy Goldstein. I have my
16 summer intern Kevin Judge, who was really
17 instrumental in getting this report together
18 here today. I have my deputy comptroller in
19 charge of overseeing audit Jeff Schoen.
20 Deputy comptroller Beaumont Jefferson, who is
21 in charge of claims, benefits and payroll
22 here. We have my chief counsel Charlie
23 Cassalero. Melissa Marciano and Nicki
24 Benoit. So thank you guys. They have my
25 back.

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We're going to take a few minutes of your time today and go through a summary of our midyear report for 2022. We're going to take a step back for a second and if we can go to our first slide and just give you a quick overview of the results of 2021.

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As mentioned, on June 30th we published our annual comprehensive financial report. These are the audited finances for Nassau County according to GAAP, under GASBY statement 54. I'm not going to go into a tremendous amount of detail because you have an expert here in the audience and that's Andy Persich. So, we felt it was a better use of your time to let Andy really make the highlights there, and particularly I wasn't in the administration at the time.

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I think though the key point that I would like to highlight is that in that highlighted bar that in 2021 Nassau County ended with a surplus of \$479.5 million. So I want to say to you congratulations. Good job. Really good job.

I'd also like you to look back,

1
2 because I think it's important, that you also
3 ended 2020 with a surplus of \$15.9 million and
4 in 2019 \$150.8 million. We're talking about
5 three consecutive years, three interesting
6 consecutive years when it comes to both
7 national and global events and you ended with
8 a surplus. So let me say once again
9 congratulations.

10 Let's go on to the 2022 budget.
11 For the next page -- oh, let me tell you, I
12 apologize. You have a folder in front of
13 you. On the left side is the presentation.
14 On the right side is the midyear report. You
15 probably are not going to need the midyear
16 report for today but I wanted you to have it
17 both in hard copy we sent it to you
18 electronically, but you can follow through on
19 the presentation on the left side.

20 Go to page three in the
21 presentation, and please, I'm going to
22 apologize, the numbers are small but let me
23 assure you that we are going to go through the
24 highlights, the drivers of what we believe
25 that the actual budget will come in for in

1
2 2022 versus what the adopted budget. And the
3 bottom line is, on the very bottom right, is
4 we believe that Nassau County will continue a
5 surplus and based on our analysis it will be
6 \$38.2 million.

7 Let us talk a little bit about the
8 difference the way we report versus other
9 reports.

10 MS. TSIKOURAS: This schedule on
11 this page that has all the risks and
12 opportunities against the '22 adopted budget
13 is -- it mimics the GAAP reporting. So, for
14 our financial statements we report our general
15 fund in accordance with governmental
16 accounting standards board statement 54 which
17 was issued in 2011. And in that we have to
18 consolidate certain funds that from a
19 budgetary perspective and from a reporting and
20 management perspective are reported
21 separately. The general fund that's reported
22 in here consists of approximately ten separate
23 funds.

24 We also look at obviously the
25 police district fund, which is one of the five

1
2 major funds that's also from a management
3 perspective. And we also look at the sewer
4 fund as well as an operating fund of the
5 county. So, our basis here mimics what we
6 report in our financial statements.

7 MS. PHILLIPS: Thank you Lisa.
8 If there are any questions concerning that
9 please either bring them up now or save them
10 for later. But I think it's safe to say it's
11 a more comprehensive way of looking at the
12 county. And I am going to put a plug in right
13 now because you gave me a mic. This is why it
14 is so critical that Nassau County gets a new
15 financial system. The one we have is not
16 GAAP. Doesn't report on a GAAP basis. And
17 the fact is is GAAP is the way to report.
18 It's the way we can evaluate ourselves versus
19 other counties throughout New York State. So,
20 it is crucial that we make the step. And
21 thanks to you, we have funding to go that
22 going. So, we're going to ask for a little
23 more funding eventually too.

24 I'm going to ask you to turn to
25 page four. And we were joined by Legislator

1
2 Denise Ford. Thank you for coming. We
3 Denise, Legislator Ford, I'm sorry, open up
4 your packet on the left side is the
5 presentation and we were just starting with
6 page four.

7 So, what page four does is really,
8 because you can't read all those tiny numbers,
9 so what page four does it really just
10 highlights the positive opportunities that are
11 driving our projections and also goes into
12 what could be some of the drivers on the risk
13 side. So, I am going to go through each and
14 every one of them. So, I'm going to start out
15 with sales tax.

16 Sales tax, we are forecasting that
17 sales tax will come in \$85.8 million higher
18 than what was budgeted. So, trust me for a
19 second and let's turn the page to page five.
20 How did we get there?

21 First we look at historicals,
22 right? So what this chart gives you it gives
23 you your adopted budget for sales tax revenues
24 from 2012 to 2022. Those are the orange
25 bars. On top of that we give you the blue

1

2 line and it shows you what the actuals were.

3

4 So, one of the comments that I'm
5 sure that you deal with and I know we deal
6 with is the comment that we hear that sales
7 tax revenue can be very unreliable. I think
8 what this chart demonstrates or one of the
9 things that this chart demonstrates is in fact
10 Nassau County's sales tax revenue has been
11 pretty reliable dating all the way back to
12 2012. I'm going to let Betsy tell a little
13 story about that in a second.

14

15 But I think what's important here
16 is the reliability that we look at that in
17 saying even back in 2012 we had sales tax
18 revenue that was well over a billion dollars.
19 We also know what happened in 2019 is the New
20 York State legislature -- that Nassau County
21 was able to start receiving sales tax from
22 internet sales. How did that impact? It's
23 hard to tell because of COVID. But you have a
24 pretty consistent revenue source here, and I'm
25 going to let Deputy Comptroller Hill just
comment on 2012-13 because it's relevant.

26

MS. HILL: I was in the bond

1
2 industry for 40 years, and I shouldn't admit
3 that, but I remember being concerned about
4 Nassau County when the sales tax dropped from
5 2013 to 2014. And I lived here about that
6 time. I was concerned about the drop in sales
7 tax from 2013 to 2014 never looking back and
8 realizing until now if you draw the line
9 directly from 2012 to 2014 pretty straight.
10 What really happened was there was an increase
11 in sales tax only in 2013 and that was likely
12 due to things that had to be purchased after
13 Sandy. Housing, construction work, cars,
14 major appliances, house goods. So that really
15 explains why there was not really a drop so
16 much as a temporary increase in sales tax.

17 MS. PHILLIPS: So we looked at
18 historicals. What's happened with sales tax
19 revenues? Then we looked at today's economy.
20 If you turn to page six it's just a simple,
21 brief snapshot of what's going on today. We
22 know GDP has been negative for two quarters in
23 2022. Is it a recession? Is it not? We also
24 know unemployment is at historical lows.
25 They're really countering each other. Really

1
2 countering each other. Then we know, in going
3 down to the last chart, inflation is still at
4 historical high levels.

5 But then I'm going to send you over
6 to the personal income, retail sales and
7 consumer spending. So what drives sales tax
8 revenue? It's you and I. It's us. Are we
9 spending money? All I can say is that, at
10 least as of this data, the consumer continues
11 to spend.

12 I've read things in the Wall Street
13 Journal that says Mastercard is forecasting
14 back-to-school sales. Spending up seven and a
15 half percent from July to September over the
16 2021 numbers. I'm also hearing maybe we're
17 not buying the high end Bic pens for our
18 children. We might be buying the generic pens
19 for our children. But we are still buying.

20 So, despite the negative GDP
21 numbers, positive unemployment numbers, we get
22 an unemployment number again tomorrow, the
23 fact is up to this point the consumer
24 continues to spend. I'm going to give you
25 some actual numbers on Nassau County here

1
2 also.

3 Let's go to the next page. We
4 looked at historicals. We looked at the
5 economy. Then we looked at actuals and said
6 what has actually happened to date in 2022
7 versus 2021? So, I'm going to take you up
8 into the first chart. I'm going to take you
9 into the box of 2022. Then we can go into the
10 white lines.

11 You can see February through April,
12 May through July, but let's just go to the
13 total. Total in 2022 through April we have
14 received \$673.4 million worth of tax revenue
15 versus -- keep going over to the right -- in
16 2021 at this same time we had received \$617.8
17 million. That difference is a nine percent
18 increase. By chance, good news is -- well,
19 let's go down.

20 Then we said okay, how does it all
21 trend also? We see actuals and I'm going to
22 point you to the yellow line. That's 2022.
23 Then I'm going to point you to 2021 which is
24 the year where we have received the highest
25 level of sales tax revenue. And the fact is

1
2 you see that nine percent difference. But we
3 also see a pretty steep decline in month
4 seven.

5 But if you look at all those other
6 colors, the fact is it all goes down. So, it
7 really is a cyclical decline that happens
8 probably after Mother's Day. We believe the
9 spike is Mother's Day. Then you get that lull
10 in June, July. Then you start seeing a spike
11 back up, maybe back to school, and then you
12 see your holiday sales at the end.

13 So, I think there was a lot of talk
14 about the sky is falling because those numbers
15 were beginning to drop. They dropped in
16 July. The answer is they drop every year, at
17 least going back to 2018, in July also.

18 We also received a check today for
19 predominantly June and July, get a little bit
20 of June some of the tail end stuff, but all of
21 July and that check is an increase of over
22 2021 of 11 percent. So, we're still staying
23 above 2021 numbers.

24 The reason I emphasize that is I'm
25 going to take you to the next page, page 8, it

1
2 gets into what we're forecasting, that \$85.8
3 million that I mentioned a few slides ago, and
4 why we got there.

5 So, 2021 actual total sales tax
6 revenue was \$1.409 billion. You budgeted
7 \$1.375 billion. To date as of June, we had
8 \$670 million. We are forecasting \$1.46
9 billion. The variance is \$85.8 million.
10 That's 6.2 percent over budget and a 3.7
11 percent over actuals in 2021.

12 But I wouldn't be a good analyst if
13 I didn't tell you what if. What if we're
14 wrong? We don't have a crystal ball. We
15 don't profess to have a crystal ball. That's
16 why the next chart is so important for you,
17 for OMB, for the county administration.
18 Right? So let me walk you through this
19 chart.

20 This chart, as it's titled, is
21 possible sales tax scenarios. So, the top
22 line are the scenarios which would be actuals
23 that we have with the exception of the check
24 that we received today and minus ten percent
25 over 2021 actuals. Down ten percent. Actuals

1
2 minus five percent, actuals minus two
3 percent. The middle one is our forecast,
4 which is actuals to date and then flat 2021.
5 Even though we know it's coming in around nine
6 percent higher. Okay? But being a little
7 conservative.

8 Then actuals up two and a half
9 percent over 2021. Actuals up five percent
10 over '21. Actuals over ten percent.

11 So let's go down the middle.
12 Actuals flat. We know we budgeted \$1.375
13 billion for 2022. Our forecast is it's
14 actually going to come in closer to \$1.46
15 billion. That difference is the \$85.8
16 million. That difference is the 6.2 percent.

17 But let's say our crystal ball
18 doesn't work. Let's go over to the right.
19 Let's go over two to the right and say actuals
20 plus five percent over 2021. Same budgeted
21 number of \$1.375 billion. But now the
22 projected, our projection goes up from \$1.46
23 billion to \$1.497. That's 122 or \$123 million
24 rounded over budgeted and that's a 8.9 percent
25 increase versus budget. No good analyst is

1

2 not going to show you the downside also.

3

4 Let's go all the way over to the
5 red, the dark red. Actual to date, because
6 those are real numbers, they're down ten
7 percent from 2021 starting in July through the
8 end of the year. August. Thank you. August
9 through the end of the year actually fall
10 below the 2021 numbers by ten percent. I'm
11 going to repeat myself. We know it's up nine
12 percent but what if? The fact is, we have our
13 same budgeted number. Our sales tax forecast
14 will then only go to \$1.386 billion. That's
15 still \$11.6 million over what we budgeted for
16 a percentage difference of .8 percent.

16

17 So, the bottom line is Nassau
18 County sales tax revenue can afford to drop
19 below 2021 for the rest of the year by at
20 least ten percent and we will still make
21 budget. That's a really important piece of
22 information. Let's move on.

22

23 We're going to go back to those
24 positives and those risks and I'm going to ask
25 Lisa and Betsy please jump in.

25

So, we've talked about sales tax.

1
2 Other positive opportunities that we see in
3 our forecast is state aid. \$26 million in
4 reimbursements. Some various reimbursements.
5 Payroll and fringe savings of \$30 million.
6 I'm going to take you to the next page on that
7 one because it's important. It's what's
8 really happening here.

9 So, if you go to Exhibit-A, which
10 is on page ten, how did we come up with that
11 \$30.2 million and there's a little variance
12 here. It's not a big deal. We looked at
13 salaries. The fact is the cost of salaries
14 will be lower. Lisa, why don't I let you
15 explain this.

16 MS. TSIKOURAS: Our projections,
17 our methodology for projecting the salaries is
18 we use the on-boards as of June 30th and then
19 project out. So, we show savings primarily
20 due to vacant positions, the budgeted
21 collective bargaining agreement amount that
22 OMB has in their 2022 budget. Then offsetting
23 some of that are like higher costs that we
24 have for overtime and obviously the longevity
25 payment that just went out. Like the net

1
2 effect of all of those for just salaries alone
3 is a positive 2.3 to the budget.

4 For fringes we are projecting a
5 positive 24.9. It's a little off on there.
6 Sorry, 27.9. What's driving that is we have a
7 lower pension. We're projecting a lower
8 pension expense. We've included the pension
9 repayment that was done in 2022. So those
10 somewhat offset each other.

11 We're showing higher or more
12 opportunity in health insurance for active and
13 retiree. And offsetting that as well is in
14 the budget there's a positive related to the
15 collective bargaining agreements that are open
16 that we are not projecting. That whole total
17 net comes out to 27.9.

18 MS. PHILLIPS: Social services.
19 We see an opportunity there. That's one of
20 our positive variances on our forecast. And
21 it really comes down to \$6 million that we are
22 going to receive probably above and beyond
23 what the state and federal government gives us
24 for early childhood preschool. It doesn't
25 mean they're actually the expenses for early

1
2 childhood preschool is actually going up.
3 It's a negative to the budget. But we're
4 showing the reimbursement walls will go up
5 with that.

6 Medicaid, 21.6 million. Debt
7 service. Basically savings due to the delay
8 in the issuance of new bonds in 2022. Then
9 the other which is the opioid litigation
10 settlement.

11 On the risk factors, the negative
12 88.6 million. Let me say, rest assured,
13 because we look at the budget on a GAAP basis,
14 on an actual basis, we know, you know that you
15 are going to use the reserves that you so
16 smartly put aside for property tax refunds.
17 But we don't reflect that in the actual GAAP
18 budgeting basis. So, it is, until you do it,
19 until it's paid, once it's paid we'll reflect
20 it but until that point. So, I don't want to
21 minimize that negative 88.6 million but I am
22 confident that that \$88.6 million, as long as
23 you use the reserves to pay for that tax
24 refund, we're in good shape.

25 Let's go to departmental revenues

1
2 and I'm going to take you to Exhibit-B.
3 Departmental revenues really have to do with
4 the GIS tax map verification. Your mortgage
5 and deed recordings. We actually just got a
6 report from the clerk's office. We have July
7 numbers now. They were once again down 22
8 percent for the total number of transactions.
9 That's not in dollar amounts.

10 Why is it? Because mortgage rates
11 are higher. I will say the Wall Street
12 Journal reported today that mortgage rates are
13 the lowest they've been since April and they
14 drop below five percent. So, that's a
15 positive news for us when it comes to mortgage
16 and deed recording fees.

17 The supply, housing supply is way
18 down here in Nassau County and needless to
19 say, the cost of homes have skyrocketed.

20 So, the good news is when you did
21 your 2022 budget if you look at actuals on
22 mortgage deeds and recording fees for 2021
23 they actually came in at \$60.6 million. You
24 dropped it. You were more conservative in
25 budget assumptions of 48.9, which is a 12

1
2 percent drop. It's a pretty significant
3 drop. We still, based on what's happening,
4 think there is some risk and we're risking it
5 \$3.5 million.

6 Bus fares, the fare box fees, are
7 down. People didn't take the bus as much.
8 The revenue from income and expense line there
9 was \$5 million for that in the budget. We
10 just eliminated it because there's a lawsuit
11 pending to see if you can charge those fees or
12 not.

13 Examination fees. This is
14 something near and dear to my heart. There
15 are no civil service tests. Let me repeat
16 that. We cannot hire employees because one,
17 there are no tests for certain grades, certain
18 positions.

19 Two, the tests that were the
20 results aren't coming back even though we just
21 got one this week. Thank you civil service.

22 And three, some of the grade
23 levels, the starting salaries are way too
24 low. So, examination fees and we're risking
25 that at \$2.8 million.

1

2 Ambulance fees are down. Other
3 fees just scattered throughout the
4 department -- correct Lisa? -- are down. So
5 we are forecasting that we could see
6 interdepartmental revenue a net negative to
7 the budget, less revenues of \$32.8 million.

8 Fines and forfeitures are the next
9 risk. So, I'm just going to take you right to
10 Exhibit-C. Boot and tow fees. I guess we
11 need an executive order to lift that. Could
12 start in September.

13 School bus stop camera fees. That
14 has not been implemented. That's something
15 that I know I personally worked on when I was
16 up in the New York State Senate.

17 Public safety fees we think could
18 be a little downward. Red light camera
19 administrative fees down a little bit based on
20 what we've seen in two thousand --

21 Then other fines and forfeitures.
22 I know there's an acronym, TPVA, Traffic and
23 Parking Violations. Thank you. It's really
24 based on trends there.

25 So, those are really the drivers of

1
2 where we get to our forecast. I'm going to
3 repeat. We believe Nassau County will end
4 2022 in a surplus based on GAAP reporting of
5 \$38.2 million. Please, questions.

6 LEGISLATOR FERRETTI: That's
7 great. Thank you so much all of you for that
8 comprehensive presentation. I think it was
9 very informative, and I'm sure my colleagues
10 up here join me in thanking you for that.

11 I do have some questions, and I
12 want to start with asking about the \$38.2
13 million surplus in the context of the
14 computation that is made to determine whether
15 we are in a control period by NIFA.

16 So, does NIFA calculate --
17 actually, let me ask it a different way. Does
18 a possible surplus get calculated for the
19 purposes of a control period the same way that
20 you just calculated the surplus in 2022?

21 MS. PHILLIPS: The answer is no.

22 LEGISLATOR FERRETTI: What is the
23 formula that's used to determine whether
24 there's a deficit or a surplus for 2022 for
25 control period purposes?

1
2 MS. HILL: We started off talking
3 about the three primary funds and the fact
4 that we have a general fund definition for
5 GAAP that's based on the GASBY 54 statement
6 that was executed -- which was required as of
7 2011. At that time when NIFA formatted and
8 agreed upon their calculation they were still
9 using the old version of the general fund,
10 which is less comprehensive than the one
11 that's in the three primary funds that we
12 use. That GAAP uses.

13 As a result, many more funds are
14 involved in this calculation. Which you get a
15 \$32.8 million surplus. But if you go to what
16 they call the five major funds, our surplus
17 would be \$160 million. Therefore -- this is
18 on page 34 of the longer report -- therefore,
19 when you do the calculation, adding in or
20 subtracting adjustments, it comes down to \$178
21 million surplus. Which is well over the one
22 percent that would put you into a control
23 period.

24 LEGISLATOR FERRETTI: Just so I
25 make sure I understand what you're saying. If

1
2 you use the formula to be used to determine
3 whether Nassau should be in a control period
4 we would actually have a surplus approximately
5 five and a half times the size of the surplus
6 that your more accurate projection states; is
7 that correct?

8 MS. PHILLIPS: More
9 comprehensive.

10 LEGISLATOR FERRETTI: More
11 comprehensive calculation. Going backwards
12 from 2022 to 2021 but using the formula that's
13 used for NIFA control period purposes would
14 there have been a surplus in 2021?

15 MS. HILL: Yes. I've looked at
16 this over time. It's generally been that
17 where there's a surplus under their
18 calculation there was a surplus under the
19 three primary funds. It's a matter of degree.

20 LEGISLATOR FERRETTI: What would
21 the surplus have been under that computation
22 in 2021?

23 MS. HILL: 27.2 million.

24 LEGISLATOR FERRETTI: How about
25 2020?

1

2 MS. PHILLIPS: I have the numbers
3 right here. 90.6 million. And in 2019 it was
4 \$76.8 million.

5 LEGISLATOR FERRETTI: So under
6 that control period computation it would be
7 four straight years of a surplus?

8 MS. PHILLIPS: Correct. If our
9 forecast is correct in 2022, yes.

10 LEGISLATOR FERRETTI: We're
11 talking about the formula that's used I assume
12 by NIFA to determine whether a control period
13 is statutorily permitted, right?

14 MS. PHILLIPS: Right.

15 LEGISLATOR FERRETTI: I guess my
16 question is, why does NIFA still have a
17 control period on Nassau County?

18 MS. PHILLIPS: Let me make a
19 comment here. And if you go to the act for
20 which is that big, thick published report, we
21 have a section -- if I hadn't scribbled over
22 it I could tell you what page it was -- page
23 eight. I can send it to you. Don't worry.
24 You don't have it in front of you.

25 So, NIFA may declare a control

1
2 period upon making one of five statutory
3 findings. I'm not going to read all five of
4 them but they're right there on the page.
5 Probably the three, because two -- the three
6 are ones you just asked us, Legislator
7 Ferretti, for each of the fiscal years 2019,
8 2020 and 2021 the county did not incur a
9 deficit. Therefore, satisfied the
10 requirements under event two.

11 Event one is if we don't pay our
12 principal and interest payments. That
13 obviously has not occurred.

14 The second bullet point says the
15 county satisfied event number five. According
16 to NIFA's resolution dated December 7, 2021,
17 which approved the final multiyear plan for
18 fiscal years 2022 through 2025, that included
19 the 2022 budget. So NIFA approved the
20 multiyear plan. Let me repeat that. NIFA
21 approved the plan.

22 One can always guess what might
23 happen because what might happen in our homes,
24 in our own budgets, what might happen in
25 Nassau County, what might happen in

1
2 Westchester County or what might happen in
3 Albany County are unknowns. But they set the
4 goalpost there. In my opinion they're now
5 moving the goalpost. At some point it will be
6 up to you, it will be up to the county
7 administration to make sure that we continue
8 to have fiscally sound budgets.

9 But you're elected. I'm elected.
10 The county executive is elected. We represent
11 the people of Nassau County. NIFA is not
12 elected. So, to move those goalposts and to
13 say what ifs in the future of Nassau County I
14 can only ask that they are applying those same
15 variables to every county in New York State
16 not just Nassau County. There will be
17 continued oversight by NIFA because we have
18 debt outstanding until 2035. I am talking
19 about the difference between not oversight but
20 between control.

21 LEGISLATOR FERRETTI: Thank you.
22 It sounds like NIFA, if I'm reading you right,
23 is making the case that the control period
24 must continue because of future years; is that
25 correct?

1

2 MS. PHILLIPS: It's what I've
3 read.

4 LEGISLATOR FERRETTI: Are they
5 basing that on their projections?

6 MS. PHILLIPS: You'll have to ask
7 them sir.

8 LEGISLATOR FERRETTI: I take your
9 point, I agree with it, we're an elected body,
10 you're an elected official. And I would just
11 note that NIFA made some projections about the
12 2022 and 2021 sales tax. So did we. And I
13 would challenge NIFA as to who was more
14 accurate on their projections, the elected
15 officials or the appointed NIFA body when it
16 came to sales tax. So, I agree with you.

17 It seems like if they're going with
18 the idea that well, in the future we could
19 have a problem. Maybe at that point, if that
20 happens, okay, they might need a control
21 period. But certainly today it doesn't seem
22 that we do. Would you agree with that?

23 MS. PHILLIPS: Yes. I would
24 absolutely agree with that.

25 LEGISLATOR FERRETTI: Speaking of

1
2 NIFA, maybe you have some information about
3 this because we can't get it, they have denied
4 us this, do you have any idea as to the work
5 performed by their law firm Dellaverson?

6 MS. PHILLIPS: No.

7 LEGISLATOR FERRETTI: My
8 understanding is that they get \$25,000 a month
9 fee. They have not provided you any type of
10 documentation supporting the work being done
11 by that law firm?

12 MS. PHILLIPS: No.

13 LEGISLATOR FERRETTI: We were
14 talking about sales tax and I think it's a
15 very detailed report the projections of the
16 remaining four or five months of the year in
17 terms of sales tax. Obviously gas prices have
18 increased dramatically and I'm sure that that
19 has had an impact on people spending.

20 I want to talk about home heating
21 oil because the vast majority of residents
22 that own homes in Nassau County heat their
23 homes with home heating oil. Most people
24 probably, I would think, at least I was, under
25 contract from last year through the winter

1
2 portion of 2022 and so you're still paying the
3 2021 price through the middle of 2022.

4 I don't think there's a lot of
5 Nassau residents that realize when that first
6 fill up comes in October, number one, the home
7 heating prices are not following the gas
8 prices. Gas seems to have decreased
9 approximately 80 cents to a dollar. Home
10 heating fuel has not. So, if this doesn't
11 decline drastically over the next month or two
12 there's going to be a heck of a lot of Nassau
13 residents that get a 275 gallon fill up at \$5
14 a gallon not expecting that.

15 Was that considered at all in
16 projections? And can you kind of just maybe
17 tell us how you think that might impact sales
18 tax at all?

19 MS. PHILLIPS: I don't know if we
20 went into that specific. Is was more, I mean,
21 gas tax, the relief that you passed to give
22 the residents of Nassau County obviously was
23 factored in. The home heating oil, just FYI,
24 oil is down significantly again today. It's
25 under \$90 a barrel. That's good news. Will

1
2 the companies that provide home heating oil
3 reflect that? I don't know.

4 You know, the fact is energy is
5 probably one of the largest geopolitical risks
6 that the United States has right now. And we
7 can only hope that our elected officials do
8 the right thing when it comes to balance for
9 energy needs.

10 I keep quoting the Wall Street
11 Journal. Tells you what I read every day.
12 But there was a wonderful, on the weekend, an
13 article in the Wall Street Journal that talked
14 about inflation and talked about gas prices
15 and it went into like the taco truck and the
16 impact of that and another -- various
17 examples. Like real life examples. Farmers.
18 They used a farm example. It was a great
19 article because decisions that are made and,
20 look, you know, could we have prevented Russia
21 from invading the Ukraine? Probably not.
22 Could we have prevented COVID? Who knows?

23 But the fact is the trickle down
24 effect like you're referencing is tremendous
25 because it's not just, if you own a taco

1
2 truck, it's not just the cost of beef but it's
3 taking those tractors out to drop off the
4 bales of hay for the steer that you're going
5 to slaughter to bop, bop, bop, bop, bop and it
6 keeps going down.

7 So, to answer your question,
8 specifically did we take that into account the
9 answer is no because we did more of a scenario
10 analysis what if versus getting into that much
11 detail. But the answer is you're correct.
12 And the home heating oil companies may have
13 bought futures a while ago which is why
14 they're not lowering that.

15 LEGISLATOR FERRETTI: Good
16 point. And it's just something I remind
17 people when I speak to them because there's
18 things you can do about the gas prices. You
19 can get an electric car. You can get a
20 hybrid. You can drive less. You got to heat
21 your house.

22 MS. PHILLIPS: Got to heat your
23 schools. Got to heat our buildings.

24 LEGISLATOR FERRETTI: Thank you
25 for that answer. I have a question about I

1
2 saw in your report that there is a reduction
3 in federal aid for the State Criminal Alien
4 Assistance program. So question one is, maybe
5 this isn't a question for you but if you do
6 know, can you describe what that program is?

7 MS. TSIKOURAS: So, the SCAAP
8 program is something that the county has been
9 participating in for many years. There's a
10 formula, there is an amount that is
11 appropriated at the federal level every year
12 that is shared among multiple, like
13 nationwide, like the municipalities who house
14 illegal aliens in their jails. And the
15 formula is based on, I don't know the exact
16 details at this point, but they take actual
17 costs for like correctional center officer
18 salaries and there's like a prorated amount
19 and then we get a piece.

20 We don't know how much we're going
21 to get because there's a pie and everybody has
22 to share in that pie but it's allocated.

23 So over the last few years we've
24 noticed that they've only been reporting about
25 half a million dollars and it's budgeted at a

1
2 million and a half. So we took it down as a
3 potential risk.

4 LEGISLATOR FERRETTI: Do we know
5 why we're getting less money? Do we know for
6 sure.

7 MS. TSIKOURAS: We don't know for
8 sure.

9 LEGISLATOR FERRETTI: Is it
10 possible it's due to the reduction in
11 population in our correctional facility?

12 MS. TSIKOURAS: It could be. It
13 could also very well be that's there's not as
14 much money appropriated at the federal level
15 to share. So, again, we get only an
16 allocation of that. We're not guaranteed
17 anything out of that.

18 LEGISLATOR FERRETTI: I think
19 it's something for budgeting purposes going
20 forward we should probably kind of look into
21 because something tells me it's not a
22 coincident that since we've a decrease in
23 population in our correctional facility due to
24 some of the laws coming from Albany that we're
25 getting less funding. It seems to line up

1
2 with when that went into effect. So it's
3 possible that it was maybe a reduction in
4 overall federal funding like you had said or
5 maybe it's based on population at the
6 correctional facility. Just something to look
7 into.

8 MS. TSIKOURAS: There's typically
9 a lag in when we submit the reimbursement
10 request and then when we get the funding. I
11 know that we haven't received anything in at
12 least a year or two. I thought I had that
13 information with me but I don't think I do.

14 LEGISLATOR FERRETTI: My last
15 line of questioning before I hand it off.
16 Maybe this is something you might ask Andy
17 when he comes up. That's okay.

18 MS. PHILLIPS: Andy is the
19 expert. Andy the expert.

20 LEGISLATOR FERRETTI: I want to
21 understand the diversion for AIM funding. Is
22 that something that I can ask you ladies
23 about?

24 MS. PHILLIPS: Diversion for AIM
25 funding.

1
2 LEGISLATOR FERRETTI: Yes? So,
3 my understanding is that two years ago the
4 state reduced the funding they provide to
5 local municipalities and began diverting a
6 portion of the county sales tax to a state
7 fund which they would then turn to the local
8 municipalities to make up the gap in the
9 reduction that they were funding to the local
10 municipalities. Is that fair? Is that what
11 happened?

12 MS. TSIKOURAS: Yes. AIM, for
13 the last two years, had been taken out of,
14 withheld from our sales tax collections.
15 Since the county does not pay that AIM
16 directly it was never a gross revenue to the
17 county. We did not report it as revenue
18 correctly because we didn't have an
19 expenditure to offset that. So if we received
20 \$100 from the state and AIM was \$2 we reported
21 \$8 in revenue.

22 LEGISLATOR FERRETTI: So we never
23 even put that into our formula here?

24 MS. TSIKOURAS: Correct.

25 LEGISLATOR FERRETTI: So this

1
2 began two years ago, right?

3 MS. TSIKOURAS: Yes.

4 LEGISLATOR FERRETTI: Before that
5 they didn't do this?

6 MS. TSIKOURAS: Correct.

7 LEGISLATOR FERRETTI: For the two
8 years that this has occur how much money was
9 diverted from the county sales tax that we
10 could have computed in this calculation to the
11 state?

12 MS. TSIKOURAS: It's
13 approximately \$11 million a year.

14 LEGISLATOR FERRETTI: So \$22
15 million over those two years?

16 MS. TSIKOURAS: Correct.

17 LEGISLATOR FERRETTI: That would
18 have been an additional \$22 million in surplus
19 had that not been diverted assuming we didn't
20 spend it, right?

21 MS. TSIKOURAS: Yes.

22 LEGISLATOR FERRETTI: Similarly,
23 distressed hospital fund, that's another one,
24 right? Same concept? They divert money from
25 our sales tax?

1

2 MS. TSIKOURAS: For a fund for
3 distressed hospitals and nursing homes
4 throughout the state.

5 LEGISLATOR FERRETTI: Public
6 hospitals or any hospital?

7 MS. TSIKOURAS: Public I
8 believe. Yes.

9 LEGISLATOR FERRETTI: When did
10 that begin?

11 MS. TSIKOURAS: That was a
12 two-year program that ended last year.

13 LEGISLATOR FERRETTI: What about
14 2022?

15 MS. TSIKOURAS: No.

16 LEGISLATOR FERRETTI: So 2020,
17 2021?

18 MS. TSIKOURAS: Correct.

19 LEGISLATOR FERRETTI: How much
20 money was diverted in '20 and '21?

21 LEGISLATOR FERRETTI: There was
22 about seven and a half million dollars.

23 LEGISLATOR FERRETTI: Per year or
24 total?

25 MS. TSIKOURAS: Per year.

1

2

LEGISLATOR FERRETTI: So 15

3

million?

4

MS. TSIKOURAS: Yeah. The timing

5

is a little off because of how they take the

6

money out. So it wasn't exactly seven and a

7

half each year. For example, we had a

8

residual -- no, we had the residual AIM this

9

year. 2020 had less because the program

10

started later. So 2020 had a little bit

11

more. But, in effect, it was an average of

12

seven and a million dollars a year.

13

LEGISLATOR FERRETTI: Taken from

14

the sales tax for Nassau County and diverted

15

into a fund for public hospitals in distress?

16

MS. TSIKOURAS: Correct.

17

LEGISLATOR FERRETTI: Where is

18

that money, do we know?

19

MS. TSIKOURAS: It's in a state

20

fund.

21

LEGISLATOR FERRETTI: Do you know

22

if any was released to NUMC?

23

MS. TSIKOURAS: I don't know. I

24

have no idea.

25

LEGISLATOR FERRETTI: Maybe I'll

1
2 ask Mr. Persich in a little while. But we
3 have no idea how that money has been accounted
4 for we just know it's in a state fund
5 somewhere?

6 MS. PHILLIPS: That's correct.
7 Can I do a public service announcement here
8 for a second, please? Sorry. In Politico
9 Today there's an article that Governor Hochul
10 is using money for up to \$3,000 -- have you
11 all seen it? -- for health care workers. And
12 good for her.

13 Let me highlight too at the very
14 bottom of the article that I read there is
15 also an additional \$2.4 billion, assuming this
16 reporter is correct, to upgrade antiquated
17 health care infrastructure and lab capacity
18 and an additional \$4 billion in aid to
19 hospitals struggling as a result of the
20 pandemic. Many hospitals took a huge
21 financial hit during the pandemic when they
22 cancelled elective surgeries and other
23 services.

24 So if I could ask you as really our
25 voice to the public, residents of Nassau

1

2 County, and if there are any Nassau County
3 residents listening out there, if you could
4 all reach out to your state elected officials
5 and implore upon them to get some of this
6 money for Nassau Health Care Corporation. We
7 deserve care in Nassau County.

8 And as you pointed out Legislator
9 Ferretti, all this other money that we've been
10 shipping up there if it hasn't been given to
11 the Nassau Health Care Corporation let's get
12 it back here. Sorry, I had to do a public
13 service announcement.

14 LEGISLATOR FERRETTI: Thank you.
15 I agree. If NUMC is not in need I don't know
16 who is.

17 Presiding Officer, you have some
18 questions? And thank you.

19 LEGISLATOR NICOLELLO: I wanted
20 to first thank you for the presentation. I
21 found it very enlightening. In particular, I
22 wanted to thank you and congratulate you on
23 providing us with this chart on sales tax
24 actuals.

25 Obviously we all look at what is

1
2 coming in and what the checks are and when we
3 saw the dip we're all concerned about what
4 that means for the future of the county. So,
5 I thank you for putting that in perspective.
6 It's good to know that that dip could be just
7 something that occurs each year as you said
8 cyclical around Mother's Day.

9 MS. PHILLIPS: Right after
10 Mother's Day.

11 LEGISLATOR NICOLELLO: I see that
12 right after Father's Day it reaches it's
13 bottom. I'm a little concerned about that.

14 So, we consistently over the years
15 have been advocating for NIFA to step back.
16 We did it with Republicans and Democratic
17 administrations and much of the things that we
18 approved with the past administration was with
19 an eye towards getting to that point. I,
20 along with all of us, are having difficulty
21 understanding NIFA's refusal to leave the
22 control period with this history of surpluses
23 in last three years and with the projections
24 that you are making and the projections that
25 our budget office has made of anticipated

1
2 surplus this year.

3 Could you help me understand a
4 little bit more about the deficit of one
5 percent as a trigger for ending or going into
6 a control period? What time period are we
7 talking about? Is that determined in the
8 current year? Is it determined based on past
9 years or prospectively?

10 MS. HILL: I was going to read it
11 exactly. That calculation is done every year
12 with the ACFR. So it's done based on the
13 fiscal year and based on the accounting
14 according to GAAP and GASBY.

15 LEGISLATOR NICOLELLO: That's the
16 prior year?

17 MS. HILL: So it's the prior
18 year.

19 LEGISLATOR NICOLELLO: 2021 in
20 which the county had a \$479 million surplus?

21 MS. PHILLIPS: Right.

22 LEGISLATOR NICOLELLO: In NIFA's
23 report they cite a number of concerns that
24 they have. County's long-term liabilities for
25 tax cert refunds. Which actually we're in the

1
2 best shape we've been in for years. Noncert
3 litigation, worker's comp claims and continued
4 risk stemming from deteriorating finances of
5 the hospital. I would assume that would be
6 debt related. But here's my point -- go
7 ahead.

8 MS. PHILLIPS: Can I make a
9 comment on the hospital? We do have it in the
10 midyear report. We can find out what page.

11 So, the county's liability to the
12 hospital is over the next five years through
13 2029. And in no case is it more than a \$23
14 million debt payment. So, if you want to, in
15 the midyear report on page 7 we clarify that
16 because we've heard that comment made by
17 NIFA. So we highlighted it to make sure that
18 the residents of Nassau County really
19 understand the facts. And the fact is, is
20 that NHCC is a New York State Public Benefit
21 Corporation, it's continuing financial
22 problems, which we all know present an ongoing
23 concern for the rating agencies, they do.
24 However, the county guaranteed debt of the
25 hospital is limited, manageable and the

1
2 financial liability of \$132 million -- so my
3 number was correct -- as of December 31, 2021
4 has scheduled payment of no more than \$23
5 million in any year through 2029. I say this
6 respectfully of \$23 million. That's a lot of
7 money. But on a \$3.6 billion budget if that
8 is the reason we're staying in control I don't
9 understand.

10 LEGISLATOR NICOLELLO: Thank you
11 for that. Thank you for clarifying that. I
12 think that makes the point I was going to make
13 which is that they are remaining in control
14 because of concerns in the out years. Those
15 concerns have existed with every budget we've
16 ever adopted. They will always exist. If
17 that is the standard the control period will
18 never end. So, if we've gotten to the period
19 where NIFA is perpetuating itself permanently
20 then they have in fact usurped the roles of
21 elected officials and I think that is
22 improper. That's all I have. Thank you.

23 LEGISLATOR FERRETTI: Deputy
24 Presiding Officer Kopel.

25 LEGISLATOR KOPEL: Thank you

1
2 Chairman. First, I'd like to, comptroller,
3 congratulate you and your team on an
4 extraordinary presentation. It's one of the
5 best I've heard in a long time.

6 MS. PHILLIPS: Thank you very
7 much. Lot of hard work.

8 LEGISLATOR KOPEL: We appreciate
9 that because you've shown a lot of in-depth
10 knowledge of subjects that are being
11 questioned which are not even necessarily
12 expected to come up at this kind of hearing.
13 So I thank you for that.

14 MS. PHILLIPS: It's the acronyms
15 that we're still trying to get a handle on.

16 LEGISLATOR KOPEL: Just a couple
17 of things. Not to rain on the parade, the
18 good news parade, but just talking about the
19 sales tax. You're showing a nine percent give
20 or take increase year to date, right?

21 MS. PHILLIPS: Right.

22 LEGISLATOR KOPEL: Which is kind
23 of equivalent to where the inflation rate is.
24 Wouldn't that indicate essentially a flat
25 degree of spending?

1

2 MS. PHILLIPS: I'm smiling
3 because a lot of reports I've been reading
4 recently they talk about how wages have been
5 going up pretty significantly but because of
6 the cost of inflation the fact is we're all
7 being paid less. But the bottom line is the
8 actual sales tax revenue are the sales tax
9 revenue. The numbers are the numbers are the
10 numbers that are coming in. After inflation,
11 net out inflation, it's still whatever, \$678
12 million.

13 LEGISLATOR KOPEL: The numbers
14 are numbers versus the budgeted numbers.
15 There's no questions that there's an increase
16 but I'm afraid that it might simply indicate a
17 flat degree of spending versus in terms of the
18 goods and services that are being purchased.

19 MS. PHILLIPS: If we have flat
20 we'll be okay.

21 LEGISLATOR KOPEL: I understand
22 that. And you're projecting even if we go
23 down a bit we'll still be okay. Which does
24 worry me a little bit as well about the
25 future, about a bit of a risk and that would

1

2 be because of perhaps timing. And here's what
3 I mean by that.

4 We all hope I'm sure that inflation
5 does abate. Comes down a bit. Now, our
6 expenses here in the county, I would think you
7 would agree, tend to lag the inflation rate.
8 In other words, our contracts -- we have
9 forward contracts. We'll sit here once a
10 month and approve contracts. We'll do a lot
11 of that. Actually more than once a month.

12 So, those contracts tend to be for
13 a year, for several years and so forth. Those
14 contracts are going to be going up as
15 hopefully inflation is coming down. That does
16 to my mind indicate a red flag or at least a
17 yellow flag indicating caution for the
18 future. Would you agree with that?

19 MS. PHILLIPS: Yes.

20 LEGISLATOR KOPEL: Just one more
21 item which is, I'd love to hear your opinion
22 on it as well, and that would be with respect
23 to the federal aid. The extraordinary amount
24 of federal aid that we have due to the COVID
25 situation. So, we're talking about, give or

1
2 take, over a two-year period about \$400
3 million. Just short of that.

4 MS. PHILLIPS: Correct.

5 LEGISLATOR KOPEL: Not that long
6 ago we, this body, approved something of a
7 giveaway, which actually didn't give away
8 quite as much as anticipated, right? It was
9 relatively smaller amount?

10 MS. PHILLIPS: Correct. The HAP
11 program you are referencing.

12 LEGISLATOR KOPEL: Would you
13 agree that the remaining revenue from the
14 first year as well as the entirety of the
15 second year's installment represents a very
16 significant one-time opportunity? If we use
17 that money for permitted purposes instead of
18 borrowed money or budgeted money for those
19 same permitted purposes wouldn't that be very
20 prudent to do it that way so that we ensure
21 ourselves for the future when the federal aid
22 stops and for various reasons?

23 MS. PHILLIPS: If you're asking
24 my opinion sir the answer is yes. You have a
25 tremendous, each and every one of you, have a

1
2 tremendous opportunity to do good for the
3 residents of Nassau County. I don't know if
4 you read or saw that New York State depleted
5 it's unemployment fund, which was \$9.1
6 billion, is now going to start charging
7 businesses across New York State \$27.66 per
8 employee to recoup those costs at a time when
9 our small businesses lost employees.

10 So, I guess I'm doing a PSA for
11 small businesses right now, but there's
12 tremendous opportunity that you have to put
13 this money to work.

14 LEGISLATOR KOPEL: Right. Put
15 this money to good long-term use and perhaps
16 save expenses in the future rather than
17 dissipate it on short term.

18 MS. PHILLIPS: As long as it's
19 not expended on expenditures that get
20 embedded.

21 LEGISLATOR KOPEL: Right. Thank
22 you. That's all I got Mr. Chairman.

23 LEGISLATOR FERRETTI: Thank you
24 deputy Presiding Officer. Legislator
25 DeRiggi-Whitton.

1

2

LEGISLATOR DERIGGI-WHITTON:

3

Thank you Mr. Chairman. You know, continuing

4

with what Howard was speaking of, there is a

5

tremendous amount of money there. I've been

6

trying to figure out how this money gets

7

allocated. Believe it or not, the legislature

8

doesn't have a lot of power with this. We do

9

vote to accept the funding but the prior

10

administration agreed to do a survey, which

11

Hofstra did, and the results were that the

12

Nassau County residents wanted help for our

13

small businesses as well as help for low

14

income families. And that was the results of

15

the survey and that's how we went about

16

deciding how to do that.

17

The truth of the matter is most of

18

the decision making would rely upon the

19

administration without the legislature's

20

approval. The prior administration agreed to

21

have the legislature vote for it but there's

22

not much we can do after the funding is

23

accepted. It could just be arbitrarily

24

decided just as though the HAP program was

25

stopped without anything in its place to

1
2 start.

3 And the reason that I still would
4 like to see HAP -- and Howard and I may not
5 agree on this -- it took a long time for us to
6 figure out how to give money to low income
7 families during that time. So by the time it
8 really was in place we had this election. We
9 didn't really get a chance to promote it as
10 well.

11 But we we're going to submit -- I
12 was hoping it was going to be bipartisan and I
13 welcome it to be bipartisan -- but a piece of
14 legislation that would say that money that
15 will be allocated should come to the
16 legislature so we can vote on it.

17 I think all of us, with all of our
18 constituents, we worked very well together
19 last time. Legislator McKeivitt and I were on
20 the committee. It was really interesting and
21 we put a lot of time into it. I think what
22 Howard is saying is true. I do know there are
23 a lot of restrictions. I know we can't use it
24 for salaries. CARES Act money. Salaries.

25 Okay. If there's an opportunity

1
2 for us to use it for salaries these are the
3 things I would like to see. I know that the
4 only capital improvements that we're allowed
5 were for water because somehow the federal
6 government said that that was okay because
7 probably has to do with disease. We were able
8 to do that with a few projects. I would love
9 to see something like that.

10 I'm going to be submitting that
11 piece of legislation. I would love to have
12 you and anyone else who wants to be part of
13 it. It would basically just say we want to
14 work together to make sure the funding is used
15 appropriately and in the best way. We also
16 only have until 2026 to spend it all and it
17 not so easy. Like, as we saw, HAP we thought
18 we'd spend \$100 million. We didn't.

19 There's also Boost Nassau, which
20 helped our restaurants, is depleted. I don't
21 know how much but I hear there's not much
22 left. That's what some people have been told
23 in my office even. Maybe we need to have
24 money switched to there immediately to help
25 the restaurants that are still struggling.

1

2 Plus they have all these other expenses now.

3 It's such a whirlwind.

4

5 But anyway, I do have a piece of
6 legislation. I believe I have some cosponsors
7 on my side. I would like to get as many as we
8 can. This is not partisan whatsoever. It's
9 just we want to represent all of our
10 constituents and this is a one-time
11 opportunity.

12

13 So, I also am concerned about the
14 money that's sitting in the opioid
15 settlement. I haven't heard any plans for
16 that. But I think that would also be
17 something that we should possibly have a
18 hearing for up here. Again, how much power we
19 have is probably not really there but for the
20 best interests of our residents the more we're
21 involved I think the better.

22

23 That money, to me, every day it
24 sits in the bank accounts it's not going out
25 to help people that really need our help at
26 this time. Opioid deaths are up. This
27 Fentanyl problem is just a disaster. The
28 money has to be spent correctly but has to go

1
2 out quickly.

3 We have groups that are -- I was at
4 the national night out and approached by two
5 different groups that really need the money
6 and it's sitting in our bank account. I feel
7 like it's almost, you know, we're going to
8 have responsibility on our hands if we don't
9 extend it as quickly as possible.

10 MS. PHILLIPS: I apologize for
11 interrupting. A lot of that money is at the
12 village level also. That they have funds that
13 they have not appropriated yet. So.

14 LEGISLATOR DERIGGI-WHITTON: But
15 we do have \$50 million plus. Which I would
16 really -- again, even a million dollars goes
17 so far for some of these programs. \$50
18 million for us -- well, right.

19 MS. PHILLIPS: I'm just asking to
20 make sure that I can say this publicly. But
21 just so you know, it's the one piece of
22 information that we know at the comptroller's
23 department is the ARPA awards for the
24 not-for-profits. These were not-for-profits
25 that already -- I'm looking at Beaumont back

1
2 there -- already had contracts with Nassau
3 County. Those award letters are about to go
4 out.

5 And the reason we know that, and I
6 don't know want to steal Anissa Moore's
7 thunder here by any means -- is because we're
8 putting procedures in place to make sure that
9 there are checks and balances on how that
10 money either has already been used. Because
11 in many not-for-profits the money has already
12 been spent and it will just be a reimbursement
13 but we make sure we get receipts for lack of a
14 better word. Or that if it hasn't all been
15 spent there's a procedure for them to ask for
16 the money from us. I think that's a little
17 over 16.7 million.

18 LEGISLATOR DERIGGI-WHITTON: \$16
19 million out of the 54, 59, has been
20 allocated. That's a start. Again --

21 MS. PHILLIPS: And a great cost
22 to our not-for-profit organizations that
23 really do serve our communities in need.

24 LEGISLATOR DERIGGI-WHITTON: I
25 agree with you 100 percent. But again,

1

2 there's lot more there that we need to do.

3 We're in a crisis mode in my opinion with the

4 opioid situation.

5

6 I also read and I don't remember
7 where, I can't quote it right now, but that
8 New York City it's found a way to reimburse
9 students in graduate programs for opioid, you
10 know, social work or clinical psychology type
11 thing through this funding. So I don't know
12 if there's a way to look into that. See if
13 there's some kind of a tuition reimbursement
14 because we need more social workers. There's
15 such a need for them right now more than
16 ever.

16

17 So, again, I am going to submit
18 this piece of legislation with whoever wants
19 to join in would be more than welcome. I
20 would also like to include something with the
21 villages as well or any other municipalities
22 just so that, again, this funding is once
23 in -- I said it was a once in a lifetime when
24 we had FEMA funding after Sandy but this is
25 similar. It's something that we have to use
correctly.

1
2 Again, I've been reading lately
3 about the Jeffersonian type of attitude and
4 it's not trusting government in the sense that
5 we want checks and balances as many times as
6 possible. As many eyes as possible. I really
7 truly can tell you I believe in that. I
8 believe the more people that look at things
9 and the more ideas the better we serve our
10 constituents. So, that was my statement on
11 that.

12 I also agree with my colleagues
13 that we would love to see NIFA go, and I do
14 see the projections that NIFA gives us for the
15 next three years are pretty grim.

16 MS. PHILLIPS: I haven't seen the
17 report yet. If it came out this morning I was
18 a little busy prepping for this.

19 LEGISLATOR DERIGGI-WHITTON: This
20 morning. Did it? So, for '23 they have a
21 deficit of \$42.3 million. For '24 we have a
22 deficit of \$93.4 million. For '25 we have a
23 deficit of \$118 million projected obviously.
24 Everything is projected.

25 That's the problem with sales tax.

1
2 We lived through the Sandy years. It's very
3 hard to project. So those are pretty grim.

4 So you haven't had -- I'm not going
5 to ask you because you haven't had a chance to
6 review them, but at some point I would love to
7 hear what you think of those projections and
8 if you think it's, you know --

9 MS. PHILLIPS: It's really going
10 to be up to you to come up with multiyear
11 plan, correct? You do that on an annual
12 basis. So you'll just move it out what you
13 produced and NIFA approved was for '22, '23,
14 and '24 I believe. I don't know have it in
15 front of me. So, I'm speculating, but my
16 guess is you will do one for '23, '24 and '25
17 and you are the elected representatives of
18 Nassau County.

19 LEGISLATOR DERIGGI-WHITTON: We
20 were very conservative and actually the Laura
21 Curran administration was very conservative in
22 a lot of ways. There were people that was
23 saying don't worry, sales tax will be great.
24 You have nothing to worry about. But I
25 watched Gary Kantor quite often and he was

1
2 very concerned. That was like a good
3 education for me. We really were careful and
4 I want to continue to be careful.

5 I would like to know where they got
6 these numbers. I'm going to do my own
7 research. Unless like what you just mentioned
8 with the sales tax, it sort of surprises me
9 that their numbers are as grim. I can tell
10 you something about sales taxes, if the
11 Whitton family is any example my youngest is
12 going to college and we just boosted sales
13 tax. Where are you going? Like a desert?
14 She has enough hair product for like the next
15 five years.

16 So, I just had a couple of other
17 quick questions. As far as inflation, and
18 obviously no one knows what's going to happen,
19 are you concerned about like the county itself
20 with their expenses? Like I saw you had a
21 couple of questions. But like we said, even
22 for our fuel costs this winter is there any
23 debt that we have to worry about as far as
24 that's not locked in? Like do we have any
25 variable or is that all locked in?

1

2 MS. HILL: It was all locked in
3 after 2021. The county as an organization is
4 not allowed to have variable debt but NIFA and
5 NUMC or NHCC was allowed and they unwound
6 those variable rates.

7 LEGISLATOR DERIGGI-WHITTON: So
8 our debt service shouldn't change that much
9 with the interest rates going up. That was a
10 good move.

11 I guess also I hear that a lot of
12 our savings are coming from not hiring and
13 whether or not that's because we can't get the
14 test. Which I totally have heard before.
15 That's a real problem. But there are some
16 vacancies I understand that can be filled now,
17 and I hope that we do that as soon as possible
18 because I know certain DSS and other, DPW, a
19 lot of our departments are suffering right
20 now. There's always that circular thing. It
21 ends up costing us more money in the long run
22 I believe. If there's any way we can check
23 with that.

24 One other quick question. When we
25 do the American Rescue Plan I know we're now

1
2 including the veterans, much more veteran
3 groups, even the ones that aren't brick and
4 mortar and I know that we put like \$2 million
5 in. But I would love to see even more of that
6 and more public advertising for that as well.

7 That was pretty much it. But I
8 want to just make one more statement Elaine
9 and that is that I really, number one,
10 appreciate your presentation today. More than
11 that, how responsive you personally have been
12 and your office. It's such a refreshing thing
13 to see. In my opinion, it's a common sense
14 attitude to have because you represent all of
15 Nassau County not just certain districts. As
16 a legislator who happens to be in the minority
17 right now, I can't thank you enough for your
18 professionalism and for your, you know, just
19 your consideration for all of your residents
20 not just those that are in certain districts.
21 Thank you.

22 MS. PHILLIPS: Thank you for
23 saying that.

24 LEGISLATOR FERRETTI: Thank you
25 Delia. I'm going to just pass it off to Arnie

1

2 but before I do I just want to say a few
3 words.

4 In terms of the federal money that
5 we receive due to COVID, my understanding is
6 that we do vote on any money allocated for a
7 specific purpose. For example, HAP. We voted
8 for HAP. We voted for the money to the VFWs.
9 It's not that the administration just has
10 carte blanche to do whatever they want with
11 it. We put our stamp of approval on that. I
12 do think that there is a little bit of
13 confusion there.

14 LEGISLATOR DERIGGI-WHITTON: Can
15 I just mention like just with HAP. We voted
16 to put that money in there and it was just
17 stopped without our consideration. Look,
18 maybe we would have voted to do that anyway.
19 But we don't, from what I understand, we have
20 the right to accept the funding but not so
21 much as to where it's spent. You can do the
22 research yourself. Don't take my word for it.

23 LEGISLATOR FERRETTI: But we did
24 vote for HAP. If it was not all spent perhaps
25 you would have to vote to reallocate that

1
2 money somewhere else but it cannot be spent
3 without our approval.

4 LEGISLATOR DERIGGI-WHITTON: I
5 don't believe that that -- I think it was the
6 Laura Curran administration that agreed to
7 that. Unless you can find it somewhere I
8 don't know where that says that. But you can
9 look at it.

10 LEGISLATOR FERRETTI: As far as I
11 know, there hasn't been a dollar spent under
12 either the previous administration or this
13 current administration without our approval.
14 Including the money for the VFWs.

15 LEGISLATOR DERIGGI-WHITTON:
16 Nothing has been -- nothing. However, going
17 forward, unless you can find something that I
18 can't find, there's nothing that says that we
19 have to vote on -- actually there was -- it's
20 just common practice and if it continues
21 without us having to have this piece of
22 legislation great. But the fact that that
23 program was stopped without, number one, us
24 even knowing where the money is going at this
25 point. That money can be reallocated without

1
2 our control.

3 LEGISLATOR FERRETTI: My
4 understanding is that program was modified by
5 federal guidelines. You indicated before it
6 was for low income. It originally was not.
7 What we voted on was for that payment to be
8 made to any household that can get STAR, which
9 is under \$500,000. I wouldn't classify that
10 as low income.

11 LEGISLATOR DERIGGI-WHITTON: But
12 there was an income settlement.

13 LEGISLATOR FERRETTI: It was
14 changed. My understanding is it was changed
15 to households I want to say under \$75,000.
16 Quite frankly, if that was the rule from the
17 beginning the vote might not have gone the way
18 it did. So, I don't necessarily -- maybe that
19 was part of the -- I don't want to speak for
20 the administration -- but the bottom line is
21 what we voted on did change. It was suspended
22 after it changed.

23 LEGISLATOR DERIGGI-WHITTON: The
24 only thing I'm saying, I mean, you can look at
25 it yourself, I'm not claiming to be an expert

1
2 on this. But from what I'm understanding, we
3 vote to accept the funding and the HAP money,
4 we appropriated the money but we don't --

5 LEGISLATOR FERRETTI: Well,
6 there's a difference there. Accepting it and
7 appropriating.

8 LEGISLATOR DERIGGI-WHITTON:
9 Accepting and then appropriating to the line
10 but not necessarily to these programs. So, I
11 want to be as careful as we can be with this
12 money. If you want to look at my legislation,
13 if you have any adjustments I welcome it. I
14 would love to have the peace of mind knowing
15 that the 19 of us have a say as to how this is
16 being spent. Right now, from what I can see,
17 there's nothing solid in any piece of
18 legislation that reassures us of that. I
19 think it would benefit everyone.

20 Again, it goes back to checks and
21 balances. I don't care who would be county
22 executive. We want it to be checks and
23 balances. Again, just take a look at it. Do
24 some research. I'm open. I would give it to
25 you if you want it. I just want the piece to

1
2 go through.

3 LEGISLATOR FERRETTI: Second
4 point. My last point then you're up Arnie I
5 promise. Because I think it's important in
6 the context of this hearing today. I don't
7 want to seem like I'm being critical of the
8 prior administration in this because there is
9 a point that relates to today.

10 The idea that there was a, quote
11 unquote, conservative projection from the
12 prior administration as to sales tax I don't
13 agree with that. I don't believe it's a
14 conservative projection when the projection
15 causes an increase in borrowing, deferment of
16 repayment of that borrowing two years because
17 of that lower than realistic projection. So I
18 would not characterize it as a conservative
19 projection.

20 And why that's important for today
21 is because I think it highlights the necessity
22 for the projections from the comptroller's
23 office and from the budget office to be
24 accurate. That's how we base our decisions up
25 here on what we're voting on. And what we saw

1
2 under the last year of the last administration
3 was not a conservative treatment it was a --
4 conservative projection it was a negligent
5 projection. And we had to base our votes on
6 that.

7 So, I think it highlights the point
8 and why we're so appreciative of the work you
9 put into this because we need these
10 projections to be accurate and I think and I
11 hope that they are. Thank you.

12 Legislator Drucker.

13 LEGISLATOR DRUCKER: Thank you
14 Chairman Ferretti. I was waiting for the
15 introduction.

16 I'd like to echo my colleagues
17 sentiments. Comptroller Phillips, I think you
18 did a fantastic job. Kudos to you and your
19 team. I'm a lawyer and I always have the
20 utmost respect and admiration for people who
21 can crunch numbers and take out their crystal
22 balls and project what the future is going to
23 be. My eyes glaze over when it comes to
24 that. So I appreciate your presentation that
25 you did.

1

2 I think all of us would agree that
3 really we're living in unprecedented times
4 from a financial standpoint. We've never
5 seen -- I don't know if we'll ever see again
6 with regard to the federal aid and the state
7 aid that we have received as a result of COVID
8 and the tremendous uptick in sales tax as a
9 result of being shutdown for a period of time.

10 So, I have concerns because now
11 we're seeing the federal reserve bank having
12 raised interest rates twice now totaling 150
13 basis points in an effort to slow our economy
14 down, reduce spending. Which is going to have
15 an increase in unemployment. And they project
16 that there will be less spending and therefore
17 less sales tax.

18 I appreciate in your presentation
19 that you did factor in or take into account
20 the possibility of having a lower sales tax
21 revenue. But what are your projections -- I
22 didn't see them -- what are your projections
23 for the major funds? Because I know that
24 there was a divergence between what OMB
25 projected, what OLBR projected, what NIFA's

1
2 projected. I would like to hear what your
3 projections are for the major funds.

4 MS. PHILLIPS: If you're
5 referencing the major funds the way NIFA looks
6 at the world, which is the major funds, our
7 forecast would say that we will end the year
8 with \$160 million surplus on a budgetary
9 basis. On a GAAP basis it works out to \$178.3
10 million surplus.

11 LEGISLATOR DRUCKER: Can you
12 explain why that's such a difference?

13 MS. TSIKOURAS: So, in the three
14 primary operating funds the way we have the
15 report towards the front, we're looking at a
16 lot of these reserve funds as well. They're
17 included as part of the general fund. So the
18 \$362 million that was allocated to the
19 litigation fund, for tax certiorari, for other
20 litigation, for longevity, all of those
21 expenditures and those projected expenditures
22 are also included.

23 So, some of the big swings would be
24 we're projecting that out of the litigation
25 fund, out of that tax certiorari reserve,

1
2 we're likely to spend about \$100 million.
3 That's included in the three primary.
4 Whereas, it won't be included in the
5 budgetary. In the five majors as we say.

6 There are some other small swings
7 between like sewer. If sewer gets a transfer
8 in from the Sewer Finance Authority that's
9 another \$144 million. So, we do look at both
10 because we have to look at the five major
11 funds for the NIFA calculation as well.

12 MS. PHILLIPS: Once again,
13 Legislator Drucker, the three operating funds
14 is a more comprehensive look at the county
15 versus the five major operating funds. I have
16 an amazing cheat sheet that I'm going to share
17 with you because it is confusing, right? You
18 put this together for us. Betsy put it
19 together. It will help you visually see what
20 is in the three operating funds. What is in
21 the five major funds. But NIFA has an another
22 quirkiness to it. What is in what they call
23 the primary governmental activities and then
24 total government funds. When you see it
25 visually you'll see this three operating funds

1
2 is more comprehensive.

3 LEGISLATOR DRUCKER: I've
4 benefitted from cheat sheets my whole life.

5 MS. PHILLIPS: I got one for you.

6 LEGISLATOR DRUCKER: In Exhibit-B
7 and C in your presentation I have a question.
8 I do a lot of real estate. The tax map
9 verification fees and the mortgage and
10 recording fees, which are ridiculous fees to
11 be honest with you, I've been railing against
12 them for years, but you project a variance of
13 \$8.7 million and \$3.5 million. I was under
14 the impression that the real estate market has
15 been rather robust until a couple of months
16 ago. At least in my experience. So, I don't
17 really know why the first half of 2022 was
18 such a decline. I would think that it was
19 still rather robust until I would say April,
20 May.

21 MS. PHILLIPS: Give us one second
22 here. The assumption in Exhibit-B are in the
23 larger report, the midyear report, on page
24 15. So allow us to get there.

25 MS. TSIKOURAS: What we did

1
2 primarily for the mortgage and deed recording
3 fees is we got some input from the department
4 about where they --

5 LEGISLATOR DRUCKER: Speak a
6 little louder please.

7 MS. TSIKOURAS: So, for the
8 mortgage and deed recording fees what we did
9 was we got input from the department about
10 some of their projections and then we looked
11 at the actual trend that's been happening.
12 And the amount of the volume itself has been
13 dropping and it's been dropping
14 significantly. So we applied a percentage to
15 that against last year's. We took whatever
16 the percentage was and the drops from last
17 year and applied it to the remainder of the
18 year.

19 LEGISLATOR DRUCKER: I don't
20 fault you. I think you're correct in
21 forecasting a downward trend because I do
22 anticipate the real estate market contracting
23 even further for the next few months anyway
24 until things stabilize. I do agree that you
25 need to forecast downward. I was just curious

1

2 first five, six months of this year were at.

3

4 Also, all the fines and forfeitures
5 same thing. Why are you forecasting downward
6 on that? The school bus stop camera for one,
7 that's a program I initiated and with the help
8 of my colleagues here we approved and got that
9 going. It's going nowhere. We budgeted \$2
10 million for it and we still have \$2 million in
11 there. Any comment on that?

12

13 MS. PHILLIPS: Speak to the
14 county administration sir. We know that no
15 money to date has been. So we're
16 conservatively forecasting that if the program
17 doesn't get going soon that the \$2 million --

18

19 LEGISLATOR DRUCKER: I read that
20 Suffolk County is doing great in their bus
21 camera situation. They are.

22

23 LEGISLATOR FERRETTI: I read
24 somewhere that the towns were taking over that
25 program.

26

27 LEGISLATOR DRUCKER: They have
28 the option to it. Certain school districts
29 are like laying back and waiting. That's the
30 problem. They're not taking advantage of it

1

2 and that's a loss for the county.

3

MS. PHILLIPS: But that is
4 correct, Legislator Ferretti. The towns can
5 opt in and take it. I believe the Town of
6 Hempstead did.

7

LEGISLATOR FERRETTI: The program
8 we have isn't it an opt in program by the
9 school districts?

10

LEGISLATOR DRUCKER: Yes, it is.

11

LEGISLATOR FERRETTI: Is that the
12 same in the town program?

13

MS. PHILLIPS: I believe so.

14

LEGISLATOR FERRETTI: They're
15 opting in with the town not the --

16

MS. PHILLIPS: That's correct.

17

LEGISLATOR DRUCKER: I guess
18 Suffolk County doesn't have that.

19

I see large variance in overtime.

20

Is that something -- how are you forecasting

21

that in terms -- that's Exhibit-A I guess.

22

You're forecasting a variance of 22 and a half

23

million dollars in overtime. Can you explain

24

that to me and should we be concerned about

25

that?

1
2 MS. PHILLIPS: Give Lisa a second
3 to get to the right page. But I know as an
4 example in our claims division, because there
5 have been no tests or any tests that have come
6 out, there's no results. We have claims --
7 the HAP program is an example -- to process.
8 I know in our department alone that we have
9 authorized overtime in order to do the
10 business of the people. But I'll let Lisa
11 speak.

12 LEGISLATOR DRUCKER: I think you
13 also mentioned in your report about law
14 enforcement, police and sheriffs and the like
15 of overtime in those departments.

16 MS. TSIKOURAS: Yes. The main
17 driver of the overtime, well, it's split
18 probably half and half between the two police
19 funds, police district and police headquarters
20 and correctional center. In the main, in the
21 large report on page 26 we have a table that
22 breaks that out. I'm just looking for my --
23 bear with me. Looking for my --

24 MS. PHILLIPS: I will say we did
25 factor, although we factored also in the two

1
2 classes, the police classes and the correction
3 officers classes that are coming in still in
4 2022 also.

5 MS. TSIKOURAS: We're saying that
6 we believe at this point, based on the trends,
7 that the correctional center is going to be
8 underfunded by about \$11.7 million and the
9 same amount for the two police funds. That's
10 basically based on trends. We do pick up the
11 projected --

12 MS. PHILLIPS: That's overtime?

13 MS. TSIKOURAS: The overtime.
14 That is just the overtime. That's just
15 overtime for those two. And that's mainly
16 just because I think they budgeted for I
17 believe they even budgeted like for an
18 examination for police officers and that
19 didn't happen. We also have like we're
20 factoring in like the new classes as well.
21 But that's the trend at this moment.

22 LEGISLATOR DRUCKER: Thank you.
23 I got a bunch of questions I guess I'll
24 reserve for Andy. He looks likes he's falling
25 asleep there. We'll get him up here in a

1

2 little while. Thank you very much Comptroller
3 Phillips.

4

LEGISLATOR FERRETTI: Thank you
5 Legislator Drucker. Again, thank you.

6

MS. PHILLIPS: Thank you.

7

LEGISLATOR FERRETTI: Thank you
8 for your time and your extensive work on
9 this. We'll do it again in a year.

10

MS. PHILLIPS: Actually, we'll do
11 it this fall when you guys work on your
12 budget, and I wish you the best on that
13 because it's not easy right now.

14

You know, Legislator Drucker, you
15 mentioned it and Legislator Ferretti you
16 definitely mentioned it that we are in
17 unprecedented times right now. So, the most
18 we can do to protect the people of Nassau
19 County is not to over tax, not to take more
20 money when we don't believe we need it but to
21 keep Nassau County in the fiscal position, the
22 solid fiscal condition that we're in.

23

LEGISLATOR DRUCKER: We are
24 stewards of that money.

25

MS. PHILLIPS: We are all

1
2 stewards of that money and it's our money. So
3 thank you for the great work and thank you for
4 having us.

5 LEGISLATOR FERRETTI: Thank you.
6 And we're going to have Mr. Persich and the
7 budget team come up. We're just going to take
8 a two-minute break for technological
9 adjustments and then we'll get started.

10 (Committee recessed at 3:55 p.m.)

11 (Committee reconvened at 4:05 p.m.)

12 LEGISLATOR FERRETTI:
13 Mr. Persich, let's rock and roll.

14 MR. PERSICH: Good afternoon
15 everybody. Thank you for having me. I'd be
16 remiss not to thank my staff who's sitting
17 next to me. Chris Nolan, Irfan Qureshi and
18 Irina Sedighi. They're the main core of my, I
19 will say, the story we're about to tell the
20 legislature which I think is a little
21 different since I've taken this role. I have
22 to thank the county executive for continuing
23 my service here and continuing the plan that
24 we have in place. I look forward to working
25 with him and we've been working very hard on

1
2 strategically getting rid of some of what I
3 will say are what we've now termed as a
4 different world in which we're living in.

5 Reliability management side of the
6 county. Which is something that we were
7 always chasing revenue. Now we're figuring
8 out how to pay down some of our outstanding
9 obligations. Which is a little different for
10 everybody whose been here. We're in a
11 completely different story line than we were
12 two years ago. So I'm going to go through the
13 presentation.

14 I always say it's going to be brief
15 but we know sometimes that it will -- there
16 may be some other questions that may come out
17 of this.

18 Here's the major accomplishment
19 that I will say which is, you know, would be
20 with the help of I will say the county
21 executive did a road show with me when we went
22 to see the rating agencies. But I would be
23 remiss not to thank this body because how we
24 got here is partnerships and coordinated
25 efforts on how we did the financing. We got

1
2 two bond upgrades from Moody's and S and P
3 which were monumental. I think it's been over
4 ten years. Finch was a little remiss but they
5 gave us a stable outlook.

6 We're heading in the right
7 trajectory and our behavior has to continue in
8 the path in which we were on. We need to
9 control spending. We need to watch our
10 revenues and budget conservatively as we have
11 been.

12 So, I will say the comptroller
13 covered I think this pretty well, but we did
14 finish, and I think it's historical if I may
15 say, with the largest surplus in county
16 history. We then took that money and put it
17 into the right places where I think it's going
18 to best benefit us in the future for what may
19 occur down the road. If we hit the recession,
20 other things. We've taken care of some of the
21 cert obligations. We've taken care of some of
22 our litigation obligations. We've put some
23 money into debt service reserves. We've put
24 some money in retirement reserve
25 contributions. And anything we finish with

1
2 this year I will say that pattern will
3 continue so that if we do have some type of an
4 event, COVID two God forbid, a Sandy two God
5 forbid or something like that, and we see a
6 downturn in sales tax we will be well
7 positioned not to have to borrow for
8 anything. To have our obligations met with
9 our current resources that we have at our
10 disposal.

11 Painfully got there as we all know
12 but we're here now and now I think we have to
13 be careful how we proceed. I caution that
14 because, you know, when you see numbers like
15 this you're all like, and I would be too, you
16 know, but I think we still need to be, you
17 know, one thing I do and this is what I will
18 say is, we do micromanage expenses down to
19 make sure that we get the best value for every
20 dollar we're sending out the door. Part of
21 what we do is protect the taxpayers' interest
22 on what we're spending money on.

23 That's what we do in OMB. You can
24 hear my name. Probably has a lot of different
25 adjectives before it. I'll be kind about that

1
2 and some of the department heads but that's
3 okay because that means we're doing our job
4 and I will scrutinize anything that I think
5 doesn't fit what the needs are of the county
6 the county evolves like a business and
7 everything else into different directions.
8 So, that's on the surplus.

9 As you can see, I just went over
10 this. This is our fourth straight year and I
11 will go back. Let me just tell you. In 2018
12 we got hit with RECIVO if you remember
13 correctly. Even though we show a deficit in
14 there, we did move money into the litigation
15 reserve which kind of skews that number. But
16 it will be '18, '19, '20, '21 and '22, if
17 things continue down the path, of years of
18 surplus.

19 We did pay down the pension
20 amortization which we don't owe the state.
21 Have to keep paying that. It doesn't have a
22 real big fiscal impact but there is savings.
23 It's like amortizing a mortgage. You're
24 stretching the payments over. But it is
25 fiscally prudent that we're not paying the

1
2 state additional resources of five percent for
3 the money because theoretically we're
4 borrowing the money from them.

5 The other thing we did we took out
6 the NIFA swaps and the NHCC swaps which kind
7 of fixed out our debt which is a better way
8 for us to operate.

9 Moving forward I think we covered
10 this. So, the big drivers as you're aware was
11 in 2021 I will say sales tax clearly. We've
12 had many debates about it. We can still
13 debate where that number lies. But that was
14 the driving force. Plus on top of the \$362
15 million we got in we had organic savings I
16 will say from better than anticipated revenues
17 in certain areas. Although not so much on the
18 revenue side but I think on the expense side
19 some of the drivers were some debt service
20 savings, some fringe benefits savings, some
21 salary savings.

22 So, I think we benefitted from just
23 regular organic operations to the tune of \$120
24 million. Again, I said, what we did with the
25 money we put it into all these different

1

2 litigation funds and bond indebtedness funds.

3

4 This chart on page 6 where we're at
5 if you don't mind, this is how we spent the
6 money from the resources in 2021. \$30 million
7 to retirement reserve. \$20 million to
8 litigation. \$20 million to bond
9 indebtedness. We put \$208 million for certs.
10 I will get to that story later on. We were
11 able to solve the longevity problem which was
12 a huge liability to this county if we lost it
13 in arbitration. And other litigation for
14 other matters that may come up that we may
15 have to be involved in old. There's some old
16 Article 18 cases that are still existing out
17 there which is similar to the Keyspan. We
18 have Verizon and a couple sister ones out
19 there that do have significant dollars
20 associated with it. We will continue to
21 manage and come up with structured settlements
22 that are fair and equitable to both parties.
23 But that's kind of a game plan of where we're
24 at.

25

And that's one of the edicts that
the county executive has given me is keeping

1
2 the liability side, controlling the glide
3 slope as opposed to surprises or judgements.
4 So I'm going to get to 2022 which is where
5 we're at now.

6 The comptroller covered this pretty
7 well. I think we're all pretty close. I read
8 OLBR, Maurice's report. I read the
9 comptroller's report. Some differences in
10 what we think. We're thinking collective
11 bargaining. Hopefully we can settle with all
12 the unions. Whether that happens or not
13 that's going to be a moving target.

14 Fringe benefits savings. We should
15 have some additional savings there. We do
16 have some savings in Medicaid and other
17 resources in DSS just as a result of the state
18 funding.

19 Our biggest revenue driver, which
20 is the source of a lot of I would say
21 contention is is that sales tax right now is
22 on a glide slope that I think even despite all
23 the stuff that's going on out there it's going
24 to be hard pressed for us to go negative at
25 this point.

1
2 I think Comptroller Phillips did a
3 great job and I have to thank her for the
4 kinds words and working with her has been a
5 pleasure for the few months that we've done
6 it. But I do think that some of these
7 question marks about where the economy is and
8 to Legislator Kopel about commodity prices and
9 CPI almost you know, mirroring itself and
10 sales tax going up, I do believe that there
11 will be a slow down. But I think there's
12 other things that just people do naturally.
13 They have to buy food. They have to buy books
14 for the kids. I think that's part of the
15 thing.

16 The luxury items is where we have
17 to be concerned about and the housing market.
18 Which I think Legislator Drucker you were
19 asking about the housing market. I was
20 sitting back there. It's transactional driven
21 and it's not so much -- the inventory's not
22 there to sell. I think that's why we're
23 starting to see the dip. That's what it is.
24 There's not enough inventory out there. Which
25 is creating the anomaly of pricing going up

1
2 along with interest rates. So the
3 transactional volume, some of the people who
4 could afford two years ago now just can't
5 afford it. And if you talk to the real estate
6 people they're going to tell you the same
7 thing. The market went from here now it's
8 going all the over the place to like a
9 normalized market.

10 LEGISLATOR DRUCKER: I agree with
11 you.

12 MR. PERSICH: But why the revenue
13 streams are down? It's driven by
14 transactions. I just wanted to cover that.

15 We're projecting in this forecast a
16 five percent growth in sales tax. We've
17 accounted for the disproportionate hospital
18 and AIM payments. We've taken that out.
19 We're getting that back thank you. Because to
20 Legislator Ferretti's point, they were
21 stealing from my money and I hated it but
22 that's just me.

23 As far as where the money, the AIM
24 money, and there was a question about where
25 the AIM money went, the AIM money goes -- went

1
2 from -- they took it from us and gave it to
3 the towns and the villages. They did a
4 gratuitous act that they made believe they
5 gave our money to them.

6 The disproportionate hospital I do
7 believe that NUMC got a portion of it. What
8 number that is specifically I don't know if
9 they got one dollar for dollar from our money
10 but that's one of the main drivers, that DSRIP
11 money or DSH money that they get.

12 The projections also include for
13 sales tax include the reduction of the
14 gasoline holiday we're giving out. We've
15 taken it's approximately eight to \$10 million
16 we're calculating it at. Although, as the
17 comptroller spoke, oil prices are coming
18 down. I can tell you personally when you saw
19 3.97 you're driving like a lunatic to try to
20 get in there and fill up, you know what I
21 mean, because it's under four. It's the old
22 days, because I'm dating myself, the '70s
23 where you waited on line and you had to get
24 gas on odd even days.

25 And as far as contract

1
2 negotiations, we are moving forward. The
3 county exec wants to get everything settled so
4 that we can move forward with all the labor
5 unions. We're working diligently to resolve
6 the outstanding issues with some of the
7 bargaining units. I don't want to say more
8 than that because we're in negotiations. So,
9 I will say that it is ongoing and it's an
10 active work stream.

11 Again, I think I covered this
12 already. I think the comptroller covered
13 this. I don't want to be redundant. Some of
14 the things we've offset is parks revenue,
15 ambulance fees. Red light cameras are
16 diminishing I will say that. But activity is
17 starting to go back up because if anybody has
18 driven in lately you can see the volume of
19 traffic even in the summertime on the highways
20 is still -- it's getting -- which is the worst
21 scenario with gas prices being so high and
22 you're sitting in traffic. It's like, you
23 know, you're watching the needle.

24 Those are the things we're starting
25 to see declines. But I think you're going to

1
2 start seeing the normalization once we get
3 back to September when school reopens in the
4 old fashion manner. Like normalcy if we ever
5 can term it that way. If it comes back to
6 being that. If that happens I think you'll
7 start seeing some of this transactional volume
8 tick back up and we'll get back to it.

9 Our expense assumptions are pretty
10 right before you. Mass transportation. We've
11 added a little bit more money for commodity
12 prices. We've taken some hits on the risk
13 side of what's going to happen.

14 Like I said, we had Medicaid
15 savings which we're using to fund some of
16 these other issues that we have. The state
17 comes up with a formula, I don't want to get
18 into it, but it's a weekly share thing and
19 there's things for indigent care and
20 everything else that they net out. But our
21 weekly share dropped this year which provided
22 us with a \$22 million surplus in Medicaid.

23 We've offset that with some early
24 intervention cost that we think are going to
25 rise. And some mass transportation.

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I know the Long Island station maintenance agreement went up because the CPI went up. So that was a pretty big hit because CPI was so high. It's contractually obligated.

Now to the liability management which, again, I said this is the whole -- I have to say that this is the position that we're in now. How we're going to manage the future going forward.

One of the steps we did take in this budget is we paid back \$123 million of approximately \$160 million. We're working on paying down the police district. It's a little sticky because it's a separate taxing district. I'm formulating an idea which I have to run by the county executive on how to pay down that additional liability. Possible use of fund balance in the district. But I have to make sure because I'll get to the NIFA gap if you want me to. That's not a positive to that but it would make fiscally good sense if we did something like that. I will say stay tuned on that. If we can get that

1

2 liability off we'll be moving forward.

3

4 The county executive got rid of the
5 LIPA hangover or whatever you want to call
6 that. That cert liability of \$300 million.
7 We were able to broker and get rid of that
8 liability. That's a big thing off the books
9 in the NIFA report I will say that we have to
10 account for.

11

12 Additionally, the longevity
13 settlement. One thing I guess I was remiss
14 about when I got involved in this was that
15 time wasn't our friend on this thing. The
16 longer we let it sit the greater the liability
17 grew because the retroactivity portion from it
18 would have grown. So we saved -- I mean, if
19 we would have lost in arbitration it would
20 have cost us \$188 million. We got it down to
21 \$100 million. Which we funded with reserves.
22 Which gave us a funding stream to get through
23 to the next four years. And any residuals
24 going forward if we see a need to fund that
25 reserve a little bit more for the future maybe
we'll have the resources to do that. But it's
subject to collective bargaining for future

1

2 agreements and we'll move on from there.

3

4 Tax certs. After we net out I
5 would say the LIPA liability, which is about
6 447, we have approximately 430 in resources to
7 do that from all these different buckets.

8

9 Which is we don't have to borrow for this.
10 And that's the key component of the story here
11 is that I believe we have the resources to pay
12 down the debt or the obligations to the
13 taxpayer without using borrowed funds.

14

15 While I say 447 is the number it's
16 a calculated number when you negotiate these
17 settlements. I don't know if it's going to be
18 447, 407. It could vary a little bit just
19 based on what the property valuations are.

20

21 But I do believe we have the
22 resources at our disposal right now between
23 the DAFTs that we had created and the
24 obligations in the special revenue fund which
25 we created here with this body, which was, you
26 know, I think we cured that. Along with the
27 other stuff from the reserves that we put
28 money into kind of a cured some of the
29 liability issues that were -- I briefly read

1
2 the NIFA report. I didn't get into it. But
3 to satisfy some of their concerns. We've put
4 reserves away in places that I think will
5 mitigate risk for the future. And clearly
6 litigation liability is one of the biggest
7 things the county is subjected to that's
8 anomalies.

9 Some counties still borrow for it.
10 Which is kind of I would say if it were a
11 different spot it's not a bad thing to do.
12 Because if you have to tax the tax base to pay
13 the, you know. I could use the Shoreham as
14 one of those classic examples of what happened
15 there. The Town of Brookhaven had to issue
16 debt to pay that back.

17 But I would say that we have ample
18 resources to cover what the cert liability is
19 right now. And let's face it, the cert
20 liability is not going to go away annually.
21 We're going to have certs. The question is,
22 as we estimate it, it could be anywhere
23 between I would say between 75 and 100
24 depending upon the years. Once the roll
25 becomes more defensible it will probably make

1
2 the pathway to the future a little bit easier
3 and lower than the 75, which is where I think
4 we got to get to.

5 That in itself will produce -- we
6 do have resources now. We have 40 in DAFT and
7 we have 30 in operating. So we do have money
8 to pay future obligations for the years going
9 forward. It's built into the plan. It's
10 going to be built into whatever we do in the
11 future. And hopefully, the glide slope for
12 tax cert is something that this body will not
13 have to listen to which has brought us to
14 where the control period has been driven at
15 us. So I can sit here and say that this is
16 the best fiscal shape this county could
17 possibly be in. And I'm just going to
18 summarize what I said. And I am very brief
19 today. Frank's going to kill me. I just want
20 to summarize.

21 Bond upgrades, key component for
22 this entire organization. I give credit to
23 the county executive for going with me. We
24 did a good road show. And I think the
25 analysts were impressed with what some of the

1
2 things that were said.

3 We have two things. We're
4 financially set for the future and I think our
5 economic base is very strong to sustain any
6 downturns because we are a very wealthy and
7 affluent county. So even on the economic
8 downturns we still seem to survive a little
9 bit better than most. But there are needy
10 taxpayers out there and we have to be
11 cognizant of that too.

12 I've covered the reserves. The
13 continuity of my team is still here. We're
14 still doing the same thing that we did in the
15 past. I've been ordered, not ordered, I
16 shouldn't say that. I've been mandated to
17 keep the budget structural balanced. That is
18 an order that was given to me day one that
19 this and going forward that I have to keep the
20 budget balanced. The county executive has
21 given me that edict. I will follow it as I've
22 always followed it because it's my job. I
23 hate to say this and nobody wants to hear this
24 but we should finish with surpluses not
25 deficits. So we have to be very careful.

1
2 What that number is right now it's
3 in the high numbers. But we should probably
4 finish somewhere in the neighborhood of \$5
5 million annually just to be cushioned so we
6 know. Similar to what New York City has
7 because they've been through this already.
8 Not that I want to compare us to them by no
9 stretch of the imagination. But part of the
10 thing they do is they have to finish with a
11 surplus every year. And I think that's
12 something to eliminate some of our friends in
13 another organization NIFA that's probably one
14 of the things we just have to manage to and we
15 can be free and clear of that.

16 And our cash position, for lack of
17 a better thing, is we have lots of cash on
18 hand right now from all these different
19 funding sources. I caution that we don't use
20 cash in the budgeting world so I don't want to
21 mix the two up because it's going to create a
22 fund balance in the whole accounting thing.
23 But one thing I will say is we're not doing
24 any short-term borrowings. Which is a good
25 thing. We don't need to borrow for BANS and

1
2 TANS any more because our cash position is so
3 strong.

4 I will open it up to questions. I
5 will answer anything that you may have for me.

6 LEGISLATOR FERRETTI: Thanks.
7 Thanks to you and your team Andy for the
8 presentation. Appreciate it.

9 As you know, the federal reserve
10 has raised interest rates four times in five
11 months. They went from near zero to two and a
12 quarter to 2.5. How do you see this impacting
13 us, the county?

14 MR. PERSICH: It's going to
15 impact my borrowing because we're going to
16 have to rethink how we do things. This is a
17 different spot that I would say from years
18 past. When rates were so low you didn't want
19 to spend your cash because you were almost
20 giving, you know what I mean? You didn't want
21 to do that. We're in a different spot now.
22 We have to evaluate what the things.

23 Look, the bond traders and
24 everybody else will tell you don't use
25 short-term money for long-term things. That's

1
2 one thing we have to be cognizant of that I
3 would say. Because I don't know if there's a
4 liquidity crunch coming or anything else but
5 right now I think some of the things I would
6 like to do is keep some of this money on the
7 sidelines for the future. You know what I
8 mean? Some of the ARPA funds. Because
9 everybody forgets, we did lose \$270 million of
10 revenues during the COVID crisis. The CARES
11 funding was there. We used it. I can tell
12 you that. But I think some of the ARPA funds
13 we need to be strategically placed on how we
14 use those monies.

15 I will tell you, Legislator
16 DeRiggi-Whitton, when what I was sitting here,
17 we will come to this body, we have in the
18 past, with any changes. I can't move money
19 unfortunately. In a grant I can't move a
20 dollar from point A to point B without the
21 legislature. We will come with any new
22 programs because we have to appropriate the
23 funds through that. And if I want to move
24 money around the way we structured that ARPA
25 fund is is that we have to go to you guys in

1

2 order to shift it around a little bit.

3

LEGISLATOR FERRETTI: When you
4 say that are you referring to, for example,
5 the HAP and the money for the veterans and all
6 those things we approved?

7

MR. PERSICH: You've approved
8 those but the HAP program, the guidance was
9 changed by us. Not by us but it was changed
10 by the treasury. They were the ones who told
11 us we couldn't do it. So we had to stop the
12 program. Otherwise we would be in violation
13 of what the federal statute was. So we had to
14 stop it. That's why we did it. But if I
15 wanted to re-spend whatever's left out there,
16 I'm coming to you to say this is the program
17 the county executive has --

18

LEGISLATOR FERRETTI: When you
19 say you're coming to us is that at the
20 direction of the county executive or is that
21 statutory or some rule from the fed that you
22 have to come to the legislature?

23

MR. PERSICH: No, it's not a
24 federal rule. I don't think. I'm operating
25 under the charter rules. I know that if I

1
2 have a supplemental appropriation I have to
3 come to you.

4 LEGISLATOR FERRETTI: Just for
5 any supplemental?

6 MR. PERSICH: Any supplemental.
7 And if I want to move money because the way
8 the ARPA fund is set up it's specific by
9 program. Which is what the previous
10 comptroller made us do to say that this
11 program -- because they have to do filings and
12 what the filings say is it's dedicated by a
13 CFDA number. So if we want to change it we've
14 made, I would say, an agreement that we would
15 go back and forth with appropriations. If I
16 change it from this program which has a CFDA
17 number of one to CFDA number two I have to
18 move that money and it will require
19 legislative action.

20 LEGISLATOR FERRETTI: So that
21 federal money would fall under the same rules
22 as any other appropriation?

23 MR. PERSICH: I would look at it
24 as if we got grant money for our water
25 quality. We do a lot of stuff with the health

1
2 department. We get a lot of money in from the
3 state every year annually. We have to come to
4 this body to move the money around. I'm just
5 used to it.

6 LEGISLATOR FERRETTI: I got it.
7 The excess sales tax fund what's the balance
8 in that special revenue fund right now?

9 MR. PERSICH: I don't know off
10 the top of my head because we're paying a lot
11 of -- the cert problem is a lot more complex
12 to operate it to get the money out the door.
13 So, we processed approximately \$75 million of
14 cert money for this year.

15 LEGISLATOR FERRETTI: When you
16 say you processed it what do you mean?

17 MR. PERSICH: Means we made
18 payments or adjustments to the roll depending
19 upon what the actual balance was. But I think
20 we've actually processed \$75 million of cash
21 out the door.

22 LEGISLATOR FERRETTI: So \$75
23 million in tax cert refunds?

24 MR. PERSICH: Yes.

25 LEGISLATOR FERRETTI: In 2022?

1

2 MR. PERSICH: That's in 2022,
3 yes. And the reason being, legislator, as we
4 all know, the interest component of these
5 certs is one of the components that grows
6 itself.

7 LEGISLATOR FERRETTI: How much
8 did we pay back in 2021?

9 MR. PERSICH: My recollection was
10 it was a small number off the top of my head.
11 I want to say it was probably 30, \$40 million.

12 LEGISLATOR FERRETTI: For the
13 entire year?

14 MR. PERSICH: I have to go back
15 and look.

16 LEGISLATOR FERRETTI: How much
17 does the administration plan on paying the
18 rest of 2022 in tax cert refunds?

19 MR. PERSICH: We're going to try
20 and get as much out the door. Let me put it
21 to you this way. I'm going give you a range
22 because I can't pick a target. But between
23 125 and 175. Somewhere in that range.

24 LEGISLATOR FERRETTI: What is the
25 current liability?

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2 MR. PERSICH: 447. That's the
3 one that's on the paper. The number I have is
4 what's in the actual report that we're working
5 off of. But, in reality, that liability could
6 be lower because I think we're very
7 conservative in our estimates for some of the
8 liabilities based on when we did the modeling
9 for the cert liability. And we have \$400
10 million of resources between the special
11 revenue fund, DAFT and some operating money
12 out there to cover that 447.

13 LEGISLATOR FERRETTI: Thank you
14 very much. Presiding Officer.

15 LEGISLATOR NICOLELLO: You just
16 covered the tax cert liability. Liability for
17 tax cert refunds. I just want to touch on the
18 other two things specifically cited by NIFA in
19 their report as it concerns going forward
20 noncert litigation. What do we have? We have
21 reserves. We have operating we have budgeted
22 for.

23 MR. PERSICH: This one's a little
24 different because we do evaluation. The
25 county attorney's office comes up with what we

1
2 call noncert liabilities. They're probably on
3 the high side. But we have \$30 million in
4 operating and we have approximately 100 and
5 some odd million in this other reserve that we
6 created. Because when we amended the
7 legislation for the special revenue fund one
8 of the components that I worked with you guys
9 on was just opening up a little bit more of a
10 wide window for us to pay things out. So we
11 have ample coverage.

12 But that liability, a lot of it is
13 tort claims. It could be on the high side. I
14 don't like talking about it because some
15 people will hear that we have all this money
16 and they will come in and say the judgement --
17 I'm worried about judgements and everything
18 else. So I get a little skittish about it for
19 many reasons. But I do think we have ample
20 coverage.

21 And at the end of this year if we
22 finish with a surplus, I mean, if it's \$100
23 million I will figure out when I'm going to
24 address it and where -- because I don't know
25 what the future holds. If I had that crystal

1
2 ball I would tell you. But I will put it
3 strategically where I think and this body we
4 agree to with the county executive where that
5 money belongs.

6 LEGISLATOR NICOLELLO: In terms
7 of the tort liability, do you as a budget man
8 believe that perhaps the attorneys in the
9 county attorney are doing what every attorney
10 always does when they have a case which is
11 inflate the possible amount of exposure so
12 when it comes in --

13 MR. PERSICH: I would say no
14 because I meet with them -- I was meeting with
15 them pretty regularly beating them down like
16 what's this case worth. You know what I
17 mean? It's not, you know, -- because there's
18 a proponent of which -- I'm the nonlawyer of
19 this -- which I go how could that be? You
20 guys are crazy. You can't pay that much money
21 out. And then somebody bangs a gavel and it's
22 like that money appears.

23 I don't think there's an inflated
24 number. I think it's a realistic number. But
25 also think you entice parties to settle when

1
2 you give money upfront. You can lower the
3 liability by paying forward some money.

4 LEGISLATOR NICOLELLO: We have
5 resources I think which is your main point?

6 MR. PERSICH: We do have the
7 resources and I work very closely with them on
8 managing like what we can afford and not
9 afford. And we did this. One of the things
10 we did do when we didn't have money was do
11 structured settlements. Prevented us from
12 borrowing. We went to the plaintiffs and said
13 would you mind taking a million dollar over
14 five. Or, you know, I'm just using it out
15 there. We did that and I think we're going to
16 continue that pattern because it just makes
17 life a little easier for us in budget land and
18 leave a little bit of money for the unforeseen
19 things because now we have resources.

20 LEGISLATOR NICOLELLO: The other
21 thing they mentioned was worker's comp
22 claims. I mean, obviously it's an ongoing
23 issue. Will always be an ongoing issue.
24 Anything in particular that --

25 MR. PERSICH: No.

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LEGISLATOR NICOLELLO: -- is
spiking those claims?

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MR. PERSICH: No. One of the
things we did do which we've been a little
remiss is we used to do those whammos. You
know what I mean? Remember that Section 18?
That's when we buy out certain claims. A few
years ago we came here. Remember we had a \$15
million cash influx that somebody wanted to
give to us. It's been sitting around. COVID
hit. We kind of got sidetracked. But I think
we buy down some of those claims.

I think, me personally, it's an
actuarial evaluation. But if they didn't
count the fact that in the multiyear year plan
I have \$35 million in operating funds to cover
those go-forward liabilities.

And it's a little bit different.
It's an insurance reserve, which is a little
different than most other reserves. So I
think we have coverage in there. You know
what I mean? There's a lot of factors with
comp. The state, in its wisdom, has raised
the indemnity rates over the years so it's

1
2 created that liability up. But I think we
3 have coverage there.

4 And I would say this, as well
5 funded as the state pension plan is the OPEB
6 liability of the state is, I don't know, \$100
7 billion. I don't even know the number. We're
8 at eight. You know what I mean? So, we don't
9 have funding for the OPEB liability. So to
10 that point I would argue that we still have --
11 we have pay-go ways of paying those
12 obligations.

13 LEGISLATOR NICOLELLO: Just one
14 open-ended question to conclude. Was anything
15 in the comptroller's presentation that you
16 felt the administration has a different
17 viewpoint on? Not necessarily an out and out
18 disagreement but maybe a matter of a nuances.

19 MR. PERSICH: Not material
20 enough. We all have different ways of
21 calculating and forecasting numbers. We have
22 a different methodology than they do. But not
23 a lot of things. I think when it comes to
24 heads and fringe benefits we kind of know
25 where we're going to land. Debt service is a

1
2 pretty factual thing. And I kind of don't
3 like showing a lot of debt service savings
4 right now because I don't know. I wait until
5 the end of the year before I will show that
6 because just in case I do have to do an
7 immediate borrowing of something I have that
8 money at my disposal.

9 But, I mean, I work coordinated
10 efforts unfortunately. I have to work with
11 OLBR, I have the comptroller and I also have
12 to still answer to NIFA. I'm the one who's
13 got to be on the phone with them.

14 But we all I wouldn't say, you
15 know, NIFA and we come to a conclusion but I
16 think with all the other agencies we talk and
17 try to figure out where we have some
18 differences. We can argue over, you know, I
19 don't think we're all far off. I read
20 Maurice's report. I read the comptroller's
21 report. I think we're all in the ballpark.

22 We don't do GAAP. We do budget.
23 And that's the one difference that we manage
24 to. She's got to worry about GAAP. I don't.
25 At some point, and I agree with her, with

1
2 Comptroller Phillips, the county should get on
3 to a GAAP basis for results because then we
4 don't have this question mark.

5 And to the question, I know there
6 was a question about the NIFA gap, if I could
7 just clarify that the way I understand it.

8 The NIFA gap, without the
9 subjective part of it, which is the one
10 percent rule, which is they assume risk, what
11 goes against us is, which is kind of one of
12 the things because I have a past life in a
13 township where I had fund balance and I used
14 it sometimes in an appropriation, that gets
15 used against us as a funding source. As does
16 borrowing. Which the borrowing piece I get
17 borrowing for operating.

18 But the fund balance piece just
19 is -- if you have it it's there to be used
20 because it's resources. But it goes against
21 what the stature says.

22 LEGISLATOR NICOLELLO: I lied. I
23 actually have one more question. You may have
24 mentioned this but we know what the projection
25 is in terms of the surplus from the

1
2 comptroller. She spoke about it. And in the
3 OLBR and their report projects a surplus. Are
4 you projecting a year-end surplus for the
5 county? And if so, can you give us an
6 estimate?

7 MR. PERSICH: Right now, if you
8 look at my report it's a little convoluted how
9 we're reporting it. It's almost \$80 million
10 is what I would say. Of which I have said I'm
11 not going to keep it all. I left \$20 million
12 at the bottom line just in case there's
13 adjustments to GAAP and everything else.
14 That's the way I'm looking at it. But then I
15 took 50 and said we're going to figure out
16 what we're going to do with it and if it grows
17 exponentially any additional resources we have
18 at the end of the year, in April of next year,
19 we'll come and say we're going to put X number
20 of dollars into this reserve, into that
21 reserve to mitigate risk that's looking
22 forward.

23 LEGISLATOR NICOLELLO: Thank you
24 Andy.

25 LEGISLATOR FERRETTI: Legislator

1

2 Kopel.

3 LEGISLATOR KOPEL: Thank you
4 Chairman. Andy, just a couple of things.
5 Just following on what you just told the
6 presiding officer. I need to understand.
7 Your understanding of the NIFA issue is that
8 if we've got substantial reserves and we use
9 any of it --

10 MR. PERSICH: Let's not mix
11 things. Fund balance. There's two buckets.

12 LEGISLATOR KOPEL: If the fund
13 balance is there to cover shortfalls, but if
14 you use it for that shortfall they --

15 MR. PERSICH: -- penalize me,
16 yes. To my point, and I understand the
17 statute and everything else, but my point is
18 though, if you look at most townships what
19 they'll do in their budget they'll take out
20 when they think -- fund balance theoretically
21 is taxpayer money. That's really what it is.
22 So for you not to use it as budget plug
23 instead of raising taxes for argument's sake
24 it makes no sense. It's a resource used
25 against us.

1
2 In fairness, I understand the
3 concept what they were trying to do. But now
4 we're structurally balanced where our revenue
5 and expenses kind of meet up. And if we're
6 short a little bit, let's say five or \$10
7 million and I need to dip into fund balance on
8 \$3.5 billion budget I don't think it should be
9 a penalty against me. But I'm in a different
10 position. I was broke four years ago and now
11 I got money.

12 LEGISLATOR KOPEL: Let me ask you
13 something. I think everyone seems to be
14 singing from the same book here. We all think
15 that perhaps NIFA is abusing its authority by
16 continuing a control period. Would that be a
17 fair thing to say?

18 MR. PERSICH: I want to be
19 careful because I have to work with them. I
20 work with the staff. But I would say from
21 sitting here my answer would be yes. Based on
22 the behavior or where the fiscal position of
23 the county now and what the ratings agencies
24 have told us I believe that we should be in an
25 oversight period.

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2 LEGISLATOR KOPEL: I'd like to
3 ask if the administration has ever -- and
4 you'd know about the prior administration as
5 well -- is there any legal recourse? Looking
6 at the statute, looking at the facts on the
7 ground here, if NIFA actually continues to
8 refuse to end the control period does the
9 county have any legal recourse to step in and
10 say hey, this has to stop at some point?

11 MR. PERSICH: I'm going to play
12 my I'm not a lawyer here legislator. I would
13 think that --

14 LEGISLATOR KOPEL: I know.
15 You're not a lawyer but what I'm asking is,
16 has anyone looked into this question?

17 MR. PERSICH: I believe we're
18 exploring what the actual statute says and
19 what our options are.

20 LEGISLATOR KOPEL: Right. That's
21 all. I want to make the point that if we're
22 not looking into it perhaps we ought to.

23 MR. PERSICH: I would say we are
24 look into it.

25 LEGISLATOR KOPEL: Now, on the

1
2 certs. So, again, if I understood you
3 correctly, liquidated and unliquidated. You
4 feel like we've got enough cover over there
5 that we should no longer have to borrow?

6 MR. PERSICH: I firmly believe
7 that considering what we've done and what
8 we've put away.

9 LEGISLATOR KOPEL: The point that
10 I made earlier about the sales tax and you
11 alluded to that at the outset of your remarks
12 as well. That is, as I say, that's something
13 that you're going to watch because of the
14 timing issue. In other words, our expenses
15 will go up later, it lags the inflation, and
16 the sales tax receipts come in higher because
17 of inflation to some extent so there's an
18 imbalance over there.

19 MR. PERSICH: Yes, I would say
20 that's correct. And I will say this, while
21 I'm popular at some points in the previous
22 years, the conservative approach to sales tax
23 over the previous few years has now reaped
24 benefits I think. Because now we have the
25 ability and the flexibility of upside to where

1
2 the number was so low, which was a painful
3 process. But I think if you look forward, I
4 don't see, you know, you'll hear that the Wall
5 Street people talk about the W and the V. You
6 know what I mean? We've never seen the W in
7 sales tax that I can remember. We had a
8 downturn. We had that thing. In 2020 we lost
9 eight percent sales tax revenue, which is
10 significant. It was 7.2.

11 Are we going to go up and then down
12 again? It's possible. I can't tell you
13 that. But I don't think even if we do head to
14 the recession world and where the stock market
15 goes I'm too old to be playing in those
16 arenas, but I will say that I do believe that
17 even if this is a recession I think the fed
18 reloads it's gun in a different manner where
19 they'll start lowering rates again at some
20 point which will -- you know what I mean?

21 Because I think once inflation is
22 stemmed you're going to have a problem with
23 too high of interest rates which is the cost
24 of borrowing which is going to create the
25 unemployment factor which is going to create a

1
2 whole list of other issues that you're going
3 to have.

4 So they're going to go through the
5 period of bringing it almost to a snail's pace
6 because that's just an economic, you know,
7 cycle. And then what you're going to have is
8 that they're going to start loosening up and
9 then you're going to start seeing a recovery.
10 Because with every recession there's a
11 recovery. There's a down and an up.

12 This county, where I think it is
13 right now positioned, with the reserves that
14 we have, we can absorb I think a duration of a
15 recession I think for a short period of time.
16 I wouldn't say long term but for a short
17 period we're in good fiscal footing.

18 LEGISLATOR KOPEL: Let's just
19 hope that the economy cooperates in there.

20 Last thing, and again this is
21 something that you alluded to at the outset of
22 your remarks, and that is the ARPA. The prior
23 federal program that was put to good use and a
24 lot of that money you used that to,
25 permissibly, to pay certain salaries because

1
2 of the shortfall.

3 MR. PERSICH: That was CARES
4 funding.

5 LEGISLATOR KOPEL: The initial
6 slug of federal money, right. And you used
7 that to do salaries and you thereby avoided
8 shortfalls and borrowing and so forth and that
9 was great.

10 Now we've got the ARPA money. This
11 is close to \$400 million. It goes away after
12 that. It goes away. So, this is an enormous
13 county resource right now. There are
14 permissible uses and impermissible uses. But
15 isn't it true that the county every year
16 spends a lot of money, whether out of current
17 funds or borrowed funds, for uses that are
18 permitted under ARPA?

19 MR. PERSICH: Yes.

20 LEGISLATOR KOPEL: Therefore, it
21 follows that if we would use ARPA money for
22 these particular purposes that would free up
23 A, current county money and B, avoid future
24 borrowing. That's true, right?

25 MR. PERSICH: We should

1
2 strategically place some of this money in --
3 though I would say we have to give some money
4 back to what programs that this body and the
5 county exec has to do. But there is a
6 component I would say that wherever the
7 economy lands or anything else, I personally,
8 because I am the money guy, we have to keep a
9 little something in the back pocket of some of
10 those funds just as additional resources.

11 LEGISLATOR KOPEL: And how would
12 you go about doing that?

13 MR. PERSICH: Well, I wouldn't
14 appropriate it is what I wouldn't do. The one
15 component, and Chris, you can correct me if
16 I'm wrong here, the one component that we do
17 have to act on is revenue loss. We lost \$270
18 million in revenue during the COVID crisis.
19 That's a fact. We do have the ability to
20 take -- one of the available uses is to take
21 revenue loss of \$270 million. I'm not
22 suggesting that. And nor does this budget or
23 future budgets included. But I am cautious
24 that we keep some money back in our pocket
25 just in case we need it.

1

2 LEGISLATOR KOPEL: And the way we
3 would do that is to, as I say, offset some
4 current expenses as well as future
5 borrowings?

6 MR. PERSICH: It would be a
7 complicated -- I don't want to get into the
8 transaction but there's a way of doing it
9 where we would have to put it into the
10 operating funds or something like that.

11 LEGISLATOR KOPEL: I hope that we
12 will all be watching to make sure that, as I
13 say, that's used wisely and not dissipated in
14 short-term expenditures that don't provide a
15 long-term benefit.

16 MR. PERSICH: I will say this,
17 the administration does have some plans for
18 future ARPA funds. They will be coming to
19 this body with additional programs. Some of
20 the programs were successful. Excluding the
21 HAP. I don't want to get into.

22 The small business grant program
23 was very good. We're looking at that. We're
24 looking to do a couple of other things with
25 some of our not-for-profit agencies and stuff

1
2 like that. I think we will be coming with a
3 plan in September with some of the additional
4 resources.

5 With regards to I'll get into
6 opioids right now. Look, that was found money
7 and we're looking carefully on how to spend
8 that. I do believe that we will come up with
9 a -- to throw money out the door right away I
10 get a little hesitant. The problem is when
11 you throw it out there the people who you give
12 it to kind of want it again and that's the
13 problem we have. So, we have to be very
14 strategic on how we do that.

15 There's a lot of components of
16 opioids that I am not a drug and alcohol
17 counselor, nor am I the person who can tell
18 you how to mitigate it. But I think
19 education, curtailing these illegal drugs
20 coming in here. Getting here that's one of
21 the other things. But the county exec does
22 have a plan I think that he'll be unveiling at
23 some point in the near future.

24 LEGISLATOR KOPEL: We'll look
25 forward to seeing that. I have no more

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2 questions.

3 LEGISLATOR FERRETTI: Let me ask
4 you. The federal money that can or cannot be
5 used for salaries?

6 MR. PERSICH: Theoretically
7 cannot be used directly for salaries is what I
8 will say. But there is a revenue loss
9 component that we can claim that we can use to
10 offset any obligations we have as a result of
11 that revenue loss.

12 LEGISLATOR FERRETTI: The revenue
13 loss does the revenue loss have to be directly
14 a result of COVID?

15 MR. PERSICH: It was directly
16 resulted. It's the fact that -- it is a
17 direct result of COVID.

18 LEGISLATOR FERRETTI: Let me tell
19 you where I'm going with this. I believe some
20 of the risk that NIFA identified was the
21 pending challenge of the tax map verification
22 fee and the red light camera fee because both
23 are being litigated right now as to whether
24 they're constitutional I believe.

25 If they were to be found illegal,

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2 NIFA identified that as a risk. If that then
3 becomes a drain, we can't make salary, can we
4 use the money, because that would be lost
5 revenue, can we use the money from the federal
6 government to plug that hole?

7 MR. PERSICH: I would say yes but
8 it wouldn't be as direct as that. You know
9 what I mean? We'd say that in 2020 we lost
10 277 some odd million dollars.

11 LEGISLATOR FERRETTI:
12 Cumulatively?

13 MR. PERSICH: Cumulatively.
14 We're going to take X number of dollars for
15 resources. Because that was part of the
16 funding.

17 LEGISLATOR FERRETTI: But
18 wouldn't you agree that that risk is kind of
19 off the table because we have that money right
20 now that is not appropriated that could be
21 used in the event that that lawsuit gets --

22 MR. PERSICH: The answer is yes,
23 but --

24 LEGISLATOR FERRETTI: Good
25 enough. Thank you. I'm sorry. Go ahead. I

1
2 do that in depositions.

3 MR. PERSICH: Understood. I'm
4 trying to wear my legal hat sometimes. But
5 the problem is is that I don't want to answer
6 it like it's a direct result because we can't
7 directly correlate the loss in a litigation.

8 And my opinion on some of these fee
9 cases, which is just mine, is like the tax map
10 verification fee is worth something. Now,
11 people will say it's only \$50, \$20. I
12 quantify it this way. There's some filings
13 that you make in supreme court that's \$225.
14 That's the way I look it at. Some of these
15 things are transactional in nature where
16 somebody actually -- while you may see a
17 button being pushed and a piece of paper being
18 popped out for a tax map verification fee
19 there's a whole bunch of stuff behind there.

20 LEGISLATOR FERRETTI: Well,
21 Mr. Persich, you're talking to the wrong guy
22 on this one. I don't want to get into it
23 because I know it's late in the day but I
24 disagree with that. I don't think it's worth
25 20 bucks. I don't think it's worth anything.

1

2 But I'll pass it off to Legislator Drucker.

3

LEGISLATOR DRUCKER: I defer to
4 my colleague first. She has seniority on me.

5

LEGISLATOR DERIGGI-WHITTON:

6

Andy, I know it sounds like a
7 nuance but can you explain the difference when
8 this ARPA money is going to come through
9 between appropriation and spending? The
10 legislature votes on appropriations, correct?

11

MR. PERSICH: You vote on any
12 dollar that I want to spend. You have a vote
13 on it. That's the way I view it. Because I
14 pass a budget by control center, by object
15 code and I have to do it that way. Any
16 supplemental appropriations, any money coming
17 in in order for me -- the comptroller will not
18 let me spend the money unless I have an
19 appropriation to charge against.

20

LEGISLATOR DERIGGI-WHITTON: We
21 have to vote on appropriations?

22

MR. PERSICH: You do. That is
23 correct.

24

LEGISLATOR DERIGGI-WHITTON: But
25 it can be pretty broad, correct? Like it's

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2 not as specific as like a spending item?

3

MR. PERSICH: No. I would say
4 yes and no and I'm mixing my answer here. If
5 you give me a second here. If I have an
6 appropriation, I have money or certain places
7 where I can spend that money. Could be on
8 salaries. It could be on equipment. It could
9 be on contracts. It could be on widgets. I
10 don't know. But I have to give you the
11 legislation that says I'm spending \$10 on
12 salaries, \$10 on widgets, \$20 on equipment,
13 \$100 on contracts. I have to itemize each
14 one.

15

What I was saying before was, one
16 of the things the previous comptroller made us
17 do was put the obligations for these ARPA
18 funds into specific programs that were CFDA.
19 That's how they report on it. So I can't
20 change that without doing it. You know what I
21 mean? So I need to do that.

22

LEGISLATOR DERIGGI-WHITTON: So,
23 back when was it, '21, when we had the funds
24 where did that go into? What line?

25

MR. PERSICH: Right now any money

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2 we've decided to programatically do anything
3 with or spend we've come to the legislature
4 and said this is the programs. The additional
5 resources are sitting in a bank account
6 somewhere in the treasurer's office. The cash
7 is sitting somewhere.

8 LEGISLATOR DERIGGI-WHITTON: What
9 line is that?

10 MR. PERSICH: It's not in a
11 budget line.

12 LEGISLATOR DERIGGI-WHITTON: We
13 do know where that is?

14 MR. PERSICH: We know where it
15 is. It hasn't been appropriated into a line
16 item. So that's where it is. We get money in
17 all the time from the state and other agencies
18 that sit in a bank. And then when we want to
19 spend it we come to you and say we're going to
20 take money out of the bank and put it in
21 there.

22 LEGISLATOR DERIGGI-WHITTON: So,
23 again, right now the legislature votes on any
24 type of appropriation. I get that. There
25 seems to be, and maybe I'm wrong, but there

1
2 seems to be seems to be a gray area as to
3 whether or not the county has to come to the
4 legislature for the spending of the funds
5 after we voted to appropriate the funds; is
6 that correct?

7 MR. PERSICH: We can only spend
8 it within the guidelines that the feds have
9 given us and that's what the programs we've
10 appropriated follow.

11 LEGISLATOR DERIGGI-WHITTON: But
12 does the county legislature have to vote on
13 what you spend the money that we already voted
14 to appropriate?

15 MR. PERSICH: No.

16 LEGISLATOR DERIGGI-WHITTON:
17 That's why we need this piece -- I'm using a
18 Ferretti. That's all I needed to hear.

19 MR. PERSICH: Let me circle
20 back. I'll interpret it from my world which
21 is not -- so, if you want me to spend -- if I
22 give you the general fund budget with salaries
23 in it you don't say how I can spend that
24 money.

25 LEGISLATOR DERIGGI-WHITTON:

1

2 That's different. We're talking about --

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6

MR. PERSICH: No, no. But I'm just saying though but that's what you're saying to me is I have to come to you to spend it.

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LEGISLATOR DERIGGI-WHITTON: No. I'm talking about the ARPA money. That's why I'm submitting legislation today. That not only does it have to come to us for the appropriation but also for the spending.

17

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Look, if it's already done, terrific. If it's not, maybe another future county executive or anyone else I think this will cover us with the complete peace of mind that it's going to be coming to us.

Again, it's checks and balances with a ton of money that just came in the door. And it's no offense to anybody. It's just that this is how I feel it should be done.

I'm going to stop harping on that and I'm going to ask about HAP. So, this was decided back on May 15th and there's over \$70 million left on that line. Where is that

1

2 money?

3

MR. PERSICH: We spent 26, 27.

4

LEGISLATOR DERIGGI-WHITTON:

5

About \$70 million. We had \$100 million

6

allocated, right?

7

MR. PERSICH: \$70 million. 100.

8

I'm sorry. I apologize.

9

LEGISLATOR DERIGGI-WHITTON: It's

10

a lot to think about. This is all I think

11

about. Where is that money?

12

MR. PERSICH: That money is

13

sitting in an appropriation right now that

14

cannot be spent. The balance is sitting there

15

in a program that is not spendable at this

16

point. The HAP program has been discontinued

17

because the guidance has come out and we

18

decided to do that.

19

LEGISLATOR DERIGGI-WHITTON: But

20

\$70 million is sitting --

21

MR. PERSICH: -- somewhere.

22

LEGISLATOR DERIGGI-WHITTON: Do

23

you have any idea how long that's going to be

24

sitting there for?

25

MR. PERSICH: We have to obligate

1
2 it by 2024.

3 LEGISLATOR DERIGGI-WHITTON: Do
4 you have any ideas for where --

5 MR. PERSICH: Well, I will say
6 stay tuned because some of the new programs
7 that we may do we will come to you and say of
8 the \$70 million that we have out there in HAP
9 maybe we want to give X number of dollars to a
10 different program out there. That's the way I
11 would view it.

12 LEGISLATOR DERIGGI-WHITTON: I
13 hope that's the case because, again, that was
14 already allocated. That was already
15 appropriated. That was already everything.
16 And now it's still sitting there. All right.
17 Do you anticipate us being briefed on what --

18 MR. PERSICH: I would say within
19 the near future. I would say the September
20 arena is probably when we will be coming with
21 the new plan for some of the spending. We may
22 not do it in big chunks. We may do it
23 strategically. But I think we will be coming
24 to you with some additional things that we
25 want to do in the future.

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2

LEGISLATOR DERIGGI-WHITTON:

3

Again, I know what you were saying about the
opioid funding and you don't like to rush into
spending it but, again, these are desperately
needed programs I believe. Especially with
the opioid crisis.

8

MR. PERSICH: I don't disagree.

9

I can tell you probably everybody in this room
has been impacted.

11

LEGISLATOR DERIGGI-WHITTON: I

12

have one last subject I want to hit real
quick. Bonding. Have you gone out for bonds
very often lately?

15

MR. PERSICH: We just did a deal

16

in I think it was June. Rates, they were all
over the place. The history of it was we were
going to do it on X day but that was the day
of a fed meeting. We ended up pulling the
deal off the table. Saved probably a few
million -- well, by pulling the deal we ended
up saving. But the rates out there our coupon
I think there was no premium on this deal
which is -- I can't get into the complexity of
this -- but the coupon is around five

25

1
2 percent. Wherein, in the old days it was
3 probably around two, two and a half. So there
4 is an uptick in rates.

5 LEGISLATOR DERIGGI-WHITTON: I
6 got a list from the treasurer's office as to
7 various bond authorizations that just, again,
8 are already done, sitting there. And like for
9 public safety there's \$174 million bond
10 authorization that's there. They want us to
11 give them another \$15 million. Like, do you
12 see them using the 174 that's there?

13 MR. PERSICH: One of the problems
14 that we encounter when you do -- sometimes you
15 don't spend the full appropriation. These
16 outstanding appropriations do -- it's a lot
17 but they're dedicated to specific resources.
18 Which when you go to the market has different
19 BPU lights. So, some of the things that we
20 have out there.

21 I don't know the answer to the
22 specific question about the 174. But we do
23 have dedicated reasons as to why. Now, this
24 174 may be for I'm going to use to build the
25 police academy or to build something else

1
2 that's outstanding. I don't know the answer.
3 There are a lot of outstanding projects that
4 are going on that I will say we have the
5 authorization. We just haven't spent it.
6 It's part of the capital budget.

7 LEGISLATOR DERIGGI-WHITTON: Can
8 you look into this? Because I'm telling you,
9 they're saying we need ambulances or the same
10 that the correction officers need cars or
11 whatever it is \$174 million is sitting there
12 in authorization. This has not gone out to
13 bond. So it's not for an ongoing project. We
14 don't really start a project without having a
15 bond a lot of times. Like you mentioned for
16 the police academy and things like that.
17 That's not going to happen. We have not gone
18 out to bond for \$174 million just specifically
19 for public safety. That's money that we
20 authorized.

21 MR. PERSICH: I have to look into
22 that because I don't know that number.

23 LEGISLATOR DERIGGI-WHITTON:
24 There's something called infrastructure and
25 it's \$479 million. Is that DPW? Is there

1
2 already \$479 million that this body
3 authorized?

4 MR. PERSICH: Let me go back and
5 look at that. It might be environmental bond.

6 LEGISLATOR DERIGGI-WHITTON: The
7 date of this is April 30, 2022. There's also
8 a tax authorization, bond authorization and
9 judgement settlement of \$31 million.

10 MR. PERSICH: Say that again.

11 LEGISLATOR DERIGGI-WHITTON:
12 There's a line for property tax refund and
13 judgement for 31 million, and again, that's
14 bond authorization.

15 MR. PERSICH: That's certs.

16 LEGISLATOR DERIGGI-WHITTON:
17 They're coming to us for more bonding. Like
18 maybe Monday.

19 MR. PERSICH: Let me go back to
20 the \$479 million which is where I think one of
21 the big things is part of that is the Bay Park
22 conveyance that we to authorize. That's where
23 a majority of that's from.

24 LEGISLATOR DERIGGI-WHITTON: I
25 would like you to look at these bond

1
2 authorizations already. Because I don't know
3 how this affects our NIFA rating. I have no
4 idea. But if we give you the okay to bond I
5 can't imagine that helping.

6 MR. PERSICH: It helps in
7 different ways because there's a process in
8 place. We need the bond ordinance.

9 LEGISLATOR DERIGGI-WHITTON: Our
10 debt could increase by this much money and not
11 even have to come to us.

12 MR. PERSICH: No.

13 LEGISLATOR DERIGGI-WHITTON: I
14 would like to just see what a summary is of
15 all of these. And if you need a copy of this
16 I can give it to you.

17 MR. PERSICH: I will contact
18 Michelle and get it. Let me just explain what
19 we do with bond authorizations. We can
20 advance money within the calendar year.
21 That's why we need the appropriations because
22 we're very project specific when we do our
23 bond authorizations. Meaning that if we
24 wanted to buy the computer we say that. So,
25 that's why there's probably a lot of

1
2 outstanding unspent money out there that we've
3 gotten too restrictive.

4 But one of the reasons that we
5 advance money is, I have to be the one to tell
6 what we can borrow because I have to pay the
7 debt service out of the operating budget. If
8 they obligate \$500 million I can't afford
9 that. And we can't go above -- look, one
10 thing we're very sensitive of, especially my
11 office and the debt managers, we make sure we
12 have enough money in debt service no matter
13 what we do because if we don't that will be a
14 knock against us.

15 So, the authorizations, even though
16 they seem high, when you do do a borrowing
17 it's typically you do the borrowing for the
18 entire project and you borrow in tranches.

19 LEGISLATOR DERIGGI-WHITTON: I
20 know that. I've been around a long time. But
21 the thing is, look, do we really need more?
22 Like, if we have this much outstanding bond
23 authorization and we have ten years to spend
24 it, I don't know how old some of this is, I
25 mean we could use a lot of this old -- rather

1
2 than coming to us to bond again and again and
3 again why don't we use some -- I mean, I would
4 just like have an -- before I would want --
5 and obviously I do support a lot of these
6 things -- but why do we have to authorize
7 another 115 if there's \$174 million there?

8 If you could just let us know. And
9 honestly I hate to do this but I think we're
10 going to be asked to give the authorization to
11 bond on Monday.

12 MR. PERSICH: It's a more complex
13 answer when it comes to debt and everything
14 else.

15 LEGISLATOR DERIGGI-WHITTON: I
16 get it. I know.

17 MR. PERSICH: A number of 174 of
18 what you're telling me may have a lot of
19 strings attached to it.

20 LEGISLATOR DERIGGI-WHITTON: But
21 that's what I'd like to know before we want to
22 give another \$15 million.

23 MR. PERSICH: We'll get you the
24 answer prior to Monday.

25 LEGISLATOR DERIGGI-WHITTON: Or

1
2 another whatever the number. 160 million.

3 MR. PERSICH: We'll give you an
4 answer as to what is outstanding and the
5 reason that it's outstanding.

6 LEGISLATOR DERIGGI-WHITTON:
7 Again, the only thing I'm going to leave with
8 is I'd like to file that piece of
9 legislation. If anyone wants to join I'd
10 appreciate it. Because, Andy, you did a great
11 job getting us through COVID. I remember you
12 getting beaten up a few times. You were
13 stellar in your responses and I feel like I
14 want to be as careful as we can be right now.
15 We're in a good position. This administration
16 inherited a very sound, financially sound
17 budget and you were a big part of it. I give
18 Laura Curran a big kudo also and that was a
19 major goal of that administration. I'm proud
20 of the fact that we're in the position we're
21 in now but I want to keep it there.

22 MR. PERSICH: Thank you for the
23 kind words. And I will say from the top
24 upstairs who I work for the same edict is stay
25 on the path of keeping this place fiscally

1
2 sound. That's my job and that's what I've
3 been told to do.

4 LEGISLATOR DERIGGI-WHITTON: You
5 have the goal but you also need the tools and
6 I think that this piece of legislation would
7 be a good tool and I think a lot of the things
8 that we've done in the past, you know, you can
9 wish it but we need to really do it the right
10 way.

11 MR. PERSICH: As I was told once,
12 hope is not a strategy.

13 LEGISLATOR FERRETTI: Mr.
14 Persich, do you recall the federal money that
15 was used for the Restaurant Assistance
16 Program?

17 MR. PERSICH: There was ARPA
18 money and there was CDBG money that came out
19 of that.

20 LEGISLATOR FERRETTI: You recall
21 that?

22 MR. PERSICH: Yes.

23 LEGISLATOR FERRETTI: Did this
24 body approve the appropriation for that?

25 MR. PERSICH: Yes.

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2 LEGISLATOR FERRETTI: Did this
3 body approve every time money was released to
4 a specific restaurant?

5 MR. PERSICH: No.

6 LEGISLATOR FERRETTI: So, when
7 you said before that we, the legislature, does
8 not approve the spending, was that a good
9 example of us not approving the spending? The
10 fact that every time you released money to a
11 different restaurant, Applebee's, Fridays, you
12 didn't come to us and say, legislature, can we
13 release this money to Fridays?

14 MR. PERSICH: I would say yes.

15 LEGISLATOR FERRETTI: So, really
16 what we're talking about is a request to
17 micromanage after money is appropriated who
18 the assistance goes to. Theoretically, if
19 money was appropriated for assistance, for
20 instance, the HAP program, and I haven't seen
21 her legislation yet so I won't comment on the
22 legislation, but it sounds like we would have
23 to approve every single \$375 check that was
24 spent, right?

25 MR. PERSICH: I'll be honest with

1
2 you, I'd rather have the county attorney's
3 office look at the legislation. But to your
4 point, I would be a little bit more scared
5 that I would have to come to you with what I
6 would call -- you don't understand. There's a
7 lot of operations here to get money out the
8 door. There's a warrant of AP checks that go
9 out. If I'm going to have to then get
10 approval for that.

11 LEGISLATOR FERRETTI: I do
12 understand. I guess my point is, every dollar
13 that's appropriated to a specific cause with
14 this ARPA is signed off on by this body,
15 correct?

16 MR. PERSICH: Yes.

17 LEGISLATOR DERIGGI-WHITTON:
18 That's only because an advisory counsel was
19 put into place by the Curran administration.
20 There is no more advisory council.

21 Look, I totally agree with you. We
22 did it right. I want to just keep doing it
23 right. But there's nothing that says that
24 that's the way it has to be done. Remember we
25 had that whole discussion about how we're

1
2 going to vote on --

3 LEGISLATOR FERRETTI: Which we
4 have.

5 LEGISLATOR DERIGGI-WHITTON:
6 Right. And I really think it's worked well.
7 But there's nothing that says that it has to
8 continue that way. All right.

9 LEGISLATOR FERRETTI: I
10 disagree. But let me get my points out. My
11 second point is, my question is with regard to
12 the bonding. Is bonding project specific?

13 MR. PERSICH: Not always but most
14 times here we do do some borrowing specific.

15 LEGISLATOR FERRETTI: How about
16 the money that we were just talking about?

17 MR. PERSICH: I don't have the
18 list in front of me but I do know that when
19 you authorize a project for a bond ordinance
20 you usually do it in its totality. Just so
21 you know, local finance law kind of describes
22 how we have to do that. They say what the
23 total project cost is you have to authorize.
24 If it's going to cost you \$100 million to do a
25 project the borrower wants to know what

1
2 they're borrowing for.

3 LEGISLATOR FERRETTI: Can we use
4 the money, that 179, for the money that may be
5 requested to be borrowed for Monday, yes or
6 no?

7 MR. PERSICH: I can't reallocate
8 it. I have to look at it. But before I see
9 the information I can't reappropriate
10 authorized bond. I have to do additional
11 ordinances. I have to rescind --
12 traditionally what happens is when you have
13 left over bond ordinances when your project is
14 completed you rescind any outstanding
15 authorizations because it kind of goes
16 against -- the markets look at what your
17 outstanding borrowing ordinances are.

18 The short answer is I don't think
19 you can reallocate it. I have to look at the
20 list. I don't know off the top of my head.

21 LEGISLATOR FERRETTI: You don't
22 think so?

23 MR. PERSICH: No.

24 LEGISLATOR FERRETTI: Legislator
25 Drucker.

1

2 LEGISLATOR DRUCKER: I thought
3 you forgot about me. I'm kind of worn down
4 here. I don't have a lot.

5 With regard to what my colleague
6 Legislator DeRiggi-Whitton, I think, John,
7 some of her concern, I remember reading a
8 couple of months ago in the papers that the
9 county executive when he was asked about the
10 surplus money from HAP said that the
11 administration wasn't going to fund that
12 program anymore for whatever reason. Not
13 enough participation or whatever the reasons
14 were. And that the administration was looking
15 into other appropriate areas to direct the
16 money to.

17 I think maybe the concern was he's
18 going to take it on himself or the
19 administration is going to take in on
20 themselves to use that money for what they
21 think is fit without coming to us. But maybe
22 that's what the concern was. I remember
23 reading that the administration was
24 considering various other ways to spend the
25 money. Anyway, that's not my question Andy.

1

2 Thank you though.

3

I need a little quick education.

4

Hopefully you won't take long. My eyes glaze

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over as I said with some of this stuff.

6

With regard to the gap and fund

7

balances, I need to know what the differences

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is or there's nonspendable and there's

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spendable, right? What is in the spendable is

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restricted versus committed versus assigned?

11

Can you tell me about that?

12

MR. PERSICH: I would prefer if

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the comptroller could.

14

LEGISLATOR DRUCKER: I probably

15

should have asked her but I forgot.

16

MR. PERSICH: So, all those

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categories, I will do it, if I may use the

18

term I'm going to dumb it down for you.

19

Restricted, spendable, this the other.

20

They're all restricted for purposes that are

21

already defined. Meaning that we've said

22

we're going to restrict spending for this. We

23

have restricted money, restricted fund

24

balances. If you look in the police district

25

fund it's restricted fund balance because it

1
2 can only be used in that thing.

3 The only thing that has
4 discretionary portion of it is what we call
5 unassigned fund balances of the four
6 categories. Because it's spendable,
7 unspendable, restricted and unassigned. The
8 way I remember it when I wore my comptroller's
9 hat in Huntington.

10 All the other three categories --
11 and I would defer to the comptroller on this
12 one -- is I can't really spend them unless
13 they're dedicated for a specific resource.
14 The unassigned it sits in a bank. If I wanted
15 to spend it for this body I would have to come
16 to you and say please appropriate X number of
17 dollars out of unassigned fund balance to pay
18 for X. I hope that helped.

19 LEGISLATOR DRUCKER: A little
20 bit. It's enough for me. With regard to
21 talking about the HAP program and the money
22 that's left over in that. According to what
23 you said earlier that \$70 million, whatever it
24 is, it's sitting in the comptroller's office
25 right now?

1
2 MR. PERSICH: The \$70 million,
3 the cash itself is sitting in the treasurer's
4 office. Remember, I guess maybe I didn't
5 convey this. How this place works, the county
6 works, is we do a budget which gives you the
7 appropriation to spend it. Then it has to go
8 through the comptroller's office for approval
9 back to the treasurer's office to release the
10 check. The comptroller theoretically is the
11 oversight of the money. I don't know if that
12 was conveyed or not but that's one of the
13 processes. The treasurer has to wait for the
14 comptroller to approve the payment and then he
15 issues the payment.

16 LEGISLATOR DRUCKER: But I guess
17 my question then is, the \$70 million is not in
18 any particular fund right now?

19 MR. PERSICH: No. It's sitting
20 in a cash account. It's dedicated to the ARPA
21 fund. At the end of the year we have to do a
22 lot of cleanups and everything else. There's
23 a lot of accounting stuff that we have to do.
24 But we have to replace the funds at the end of
25 the year.

1

2 LEGISLATOR DRUCKER: I just have
3 one more question. The tax cert liabilities,
4 the litigation fund, how much do you know, if
5 you know, how much has been spent from the
6 litigation fund to pay for tax cert refunds of
7 the \$208 million that was set aside for this
8 purpose, do you know?

9 MR. PERSICH: There's a little
10 disconnect here because I will say there's
11 some budgeting things. But we anticipate
12 approximately \$75 million as of the end of
13 this month will be paid. And we're hoping to
14 get out the door by the end of the year
15 approximately 125 to 175 million.

16 LEGISLATOR DRUCKER: On top of
17 the 75?

18 MR. PERSICH: No. Inclusive of
19 the 75. So, we're going to get out in total
20 this year max approximately 175. It's a
21 processing issue too. You know what I mean?
22 We had money to roll forward in future years
23 to pay down the additional debt.

24 LEGISLATOR DRUCKER: By the end
25 of '22 that will be rolled out?

1

2 MR. PERSICH: We'll have rolled
3 over carry forward money from the residual
4 money left in the special revenue fund for
5 certs that we will use for next year. Along
6 with DAFT and the operating funds. But we're
7 going to try and get as much out the door
8 that's accruing interest so that the liability
9 is lowered.

10 LEGISLATOR DRUCKER: I'm done
11 with this witness.

12 LEGISLATOR FERRETTI: Thank you.
13 Does any other legislator have any questions?
14 I'm going to open it up to any public comment
15 if there's any at this time just to wrap up.
16 It doesn't appear to be any. So, we're going
17 to close it out. I want to thank Mr. Persich.

18 I think just in closing this
19 hearing, I think we can all agree on, I think
20 what budget agrees on, the comptroller agrees
21 on, even NIFA based on their report agrees on
22 is that we certainly should not be under a
23 control period any longer. I think we're
24 unanimous in that I hope. So hopefully
25 something comes of that very soon.

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Again, thank you all and God bless.
(Committee adjourned at 5:08 p.m.)

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CERTIFICATION

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

THAT the foregoing is a true and
accurate transcript of my stenographic
notes.

IN WITNESS WHEREOF, I have
hereunto set my hand this 18th day of
August 2022.

FRANK GRAY