

# THE LEGISLATURE OF ROCKLAND COUNTY



ILAN S. SCHOENBERGER  
LEGISLATOR – DISTRICT 4

**CHAIR, BUDGET & FINANCE COMMITTEE**

**MINUTES  
BUDGET & FINANCE COMMITTEE  
WEDNESDAY, SEPTEMBER 19, 2012  
4:30 P.M.**

**MEMBERS PRESENT**

ILAN S. SCHOENBERGER, CHAIR  
JAY HOOD, JR., VICE CHAIR  
ALDEN H. WOLFE, 2<sup>nd</sup> VICE CHAIR  
HARRIET D. CORNELL, LEGISLATIVE CHAIR  
TONEY L. EARL  
MICHAEL M. GRANT  
NANCY LOW-HOGAN (arrived 6:24 p.m.)  
JOHN A. MURPHY (arrived 5:07 p.m.)  
PHILIP SOSKIN  
FRANK P. SPARACO

**OTHERS PRESENT**

LEG. MORONEY	N. DOLINER
E. YEGER	N. DeSANTIS
A. KASSAY	M. TOZER
W. RENC	S. THOMSON
S. BRENNER	S. GROGAN
L. HILL	S. PAPAS
M. CAPPABIANCA	F. PROSCIA
S. RUTLEDGE	J. SILVESTRI
P. BRENNAN	S. DeGROAT
S. MATHEWS	MEDIA

Chair Schoenberger called the meeting to order at 4:54 p.m. with 8 members in attendance. He called for the votes in the following order: 14A, (Legislator Murphy arrived) 14B, 5A, 5C, 5E, 5B, Legislator Low-Hogan arrived) 5D.

**ROLL CALL**

- |  |      |
|--|------|
| 1. <b><u>BONDS/PUBLIC WORKS MATTERS:</u></b> | NONE |
| 2. <b><u>GRANTS/DONATIONS:</u></b>           | NONE |
| 3. <b><u>BUDGET ITEMS:</u></b>               | NONE |
| 4. <b><u>AUTHORIZATIONS:</u></b>             | NONE |
| 5. <b><u>CONTRACTS/AGREEMENTS:</u></b>       |      |

5A) REF. #7345

RATIFYING FINAL SETTLEMENT MEMORANDUM OF AGREEMENT BETWEEN THE COUNTY OF ROCKLAND AND THE CIVIL SERVICE EMPLOYEES ASSOCIATION, INC., LOCAL 1000 AMERICAN FEDERATION OF STATE, COUNTY AND MUNICIPAL EMPLOYEES UNION, AFL-CIO ROCKLAND COUNTY UNIT, ROCKLAND COUNTY LOCAL 844 FOR THE PERIOD FROM JANUARY 1, 2011 THROUGH DECEMBER 31, 2013 WITH SALARY AND WAGES FOR ALL UNIT MEMBERS FROZEN FROM DATE OF RATIFICATION UNTIL DECEMBER 31, 2013 (C. SCOTT VANDERHOEF, COUNTY EXECUTIVE)  
DL #2012-03610

**ADDED SPONSORS: SCHOENBERGER, HOOD, JR., WOLFE, CORNELL, SOSKIN, EARL, JOBSON**

**MOTION TO APPROVE  
CORNELL/EARL, SOSKIN: UNAN.**

**DISCUSSION:**

Mr. Schoenberger discussed the contracts (MOA) currently before the Legislature. Chairwoman Cornell had asked for a listing of all the changes in bold, which was submitted by the Department of Personnel and circulated to all Legislators.

Mr. Wolfe - What is the impact of the lay off provision? If we decide through the budget process to close the Nursing Home will that be a lay off that is permitted?

Mrs. Silvestri – There are many decisions to be made by the Legislature and the County Executive as to what to do with Hospital. Do we belong in the health care business? Adult Home? These are strategic decisions that will be made. The lay offs made several months ago were for budgetary reasons to close the budget gap and that could not have been included with this contract. Lay offs to close the budget gap is not permitted. We will look at issues strategically. Decisions have to be made on the level of services.

Mr. Schoenberger – In clarifying the lay off provision, if an employee is caught stealing are there terms for disciplinary actions such as termination? If the County eliminates a program not for budgetary reasons could those positions be considered for lay offs?

Mr. Wolfe - Commissioner DeGroat, what about the target for 2012; the \$17 million in salary savings. Where does this agreement leave the County in terms of making up savings for 2012?

Mr. DeGroat – We are taking steps to make up any shortfalls. I hope we would break even for 2012 based on contract. Conversation with Rating agencies very positive.

Mrs. Cornell – What have been your conversations with the Rating agencies with regard to these contract negotiations?

Mr. DeGroat – I spoke with Moody's and they were shocked to hear about the contract and were very happy that it is not costing us any money. If we can manage our revenues and expenditures they believe



**DISCUSSION:**

Mr. Schoenberger – Please explain Schedule A.

Mrs. Silvestri – These are employees that are non-union management titles so they are management employees that are not represented by R.A.M. Schedule A that is attached to it will list those types of folks. They would include many of the director level positions in the County, some of the Assistant District Attorney's, many in the County Executive's office, and the Deputy Clerk to the Legislature. It also includes some of the Commissioner titles, those that serve at the pleasure of the County Executive. Those historically have been the titles that mirror the R.A.M. contract. So what normally happens is when there is anything in the contract these people would be accorded the same benefits and salary that would be accorded to the R.A.M.

Mr. Schoenberger – Why aren't they included in the first resolution?

Mrs. Silvestri – They could have been included in the first resolution, but when we drafted the first resolution we only had a contract that was ratified by CSEA. This was just a timing issue. We had prepared that, because those folks have historically been treated like CSEA. We got the R.A.M agreement and we began to prepare this one to mirror that. The only other issue that we had, which was a bit of a dilemma for us, was there was a very strong feeling that all employees should be treated in the same manner and there should be shared sacrifice that we spent months talking to the union about and that left one group out and that was elected officials and those Commissioners that were appointed for a term.

Mr. Schoenberger – The historically treated like R.A.M., how many people are we talking about?

Mrs. Silverstri – I would have to get back to you on that. I have it in the office. It is in the area of 40 – 60 folks.

Mr. Schoenberger – Let's go to Schedule B. Those are titles not included in Schedule A. They are non-union management titles, but they are Commissioners, department heads and are people that are treated in a unique fashion.

Mrs. Silverstri – All of them would require a Local Law.

Mr. Schoenberger – Are they being treated like the rest? (Just the top half above elected officials.)

Mrs. Silverstri – That is correct, they would be voluntary. We have requested the same as we requested elected officials using the exact same language requesting that they participate.

Mr. Schoenberger – Does the same thing go for the elected officials? All of them are also voluntary

Mrs. Silverstri –That is correct.

Mr. Schoenberger – I received a form for me to sign where I agreed to participate in the same deferral of compensation just like CSEA, R.A.M. and the Doctors Council that I just signed. It came from Chair Cornell who also signed hers. All of these people are being asked to voluntarily sign. We are being asked to pass a resolution and elected officials are voluntarily complying with the same terms as CSEA.

Mrs. Silverstri –That is correct.

Mr. Schoenberger – Schedule B is not mandatory.

Page 5  
B&F Minutes  
9/19/12

Mrs. Silverstri – No, it is not.

Mr. Schoenberger – Schedule A is mandatory whether you like it or not. Schedule B is because you are being treated the same as R.A.M and Schedule B is voluntary.

Mrs. Silverstri –That is correct.

Mr. Wolfe – Why can't we just pass a Local Law that would impose it instead of making it voluntary?

Mr. Schoenberger – I don't know that you could impose this, because some people have terms of office. I don't know that you could do this by Local Law.

Mr. Wolfe – Can we increase or decrease salaries by Local Law?

Mr. Schoenberger – I know you can increase salaries by Local Law, but I don't know that you could decrease. If the Commissioner of Health did something we didn't like then we could pass a Local Law reducing her salary. I don't know that you can do that.

Mr. Wolfe – Please put that on as an action item for Counsel, because I was under the impression that the issue was the setting of the salary in the middle of a term.

Mr. Schoenberger – I will leave it for counsel to determine. If you can do that than you can do exactly what the law doesn't want you to do. You can decrease a salary in retribution for someone you don't like. The idea of setting a salary is so they can fulfill their duties without threat.

Mr. Wolfe – We set salaries in the budget every year. I would like an answer to the question.

Mr. Schoenberger – Counsel will research.

Mr. Jobson – Has anybody been left out?

Mr. Schoenberger – There are 12 Bargaining Units. We are settling with three. I think nine Bargaining Units are left.

Mrs. Silvestri – Yes, the biggest being the Correction Officers and the others being much minor in numbers.

Page 6  
B&F Minutes  
9/19/12

Mr. Grant – Personnel Department to provide a schedule listing all employees by name who have agreed to terms of MOA. (Schedule B – Titles Not Included In Schedule A: Non-Union Management Titles)

5E) REF. #7577

RATIFYING MEMORANDUM OF AGREEMENT  
BETWEEN THE COUNTY OF ROCKLAND AND  
DOCTORS COUNCIL, SEIU LOCAL 10MD, FOR THE  
PERIOD FROM JANUARY 1, 2011 THROUGH  
DECEMBER 31, 2013 WITH SALARY AND WAGES FOR  
ALL UNIT MEMBERS FROZEN FROM DATE OF  
RATIFICATION UNTIL DECEMBER 31, 2013  
(C. SCOTT VANDERHOEF, COUNTY EXECUTIVE)

**ADDED SPONSORS: SCHOENBERGER, HOOD, JR., WOLFE, CORNELL, SOSKIN, EARL,  
JOBSON**

**MOTION TO APPROVE  
EARL/SOSKIN: UNAN.**

- |   |      |
|---|------|
| 6. <u>ALLOCATION/RECLASSIFICATION OF POSITIONS:</u> | NONE |
| 7. <u>BIDS:</u>                                     | NONE |
| 8. <u>TRANSFER OF FUNDS/OTHERS:</u>                 | NONE |
| 9. <u>TAX ITEMS:</u>                                | NONE |
| 10. <u>PUBLIC HEARINGS:</u>                         | NONE |
| 11. <u>LOCAL LAW/HOME RULE:</u>                     | NONE |
| 12. <u>PRESENTATIONS/DISCUSSION:</u>                | NONE |
| 13. <u>MISCELLANEOUS:</u>                           | NONE |
| 14. <u>RECEIVE &amp; FILE:</u>                      | NONE |

14A) REF. #5050

RECEIVE AND FILE REPORTS AND MANAGEMENT  
LETTER OF KPMG LLP-ROCKLAND COUNTY  
INFIRMARY/SUMMIT PARK HOSPITAL-FISCAL YEARS  
ENDING DECEMBER 31, 2011 AND 2010 (HON. ILAN S.  
SCHOENBERGER, LEGISLATURE) LG #3146  
(DEFERRED FROM 9/12/12)

**ADDED CO-SPONSORS: HOOD, JR., WOLFE, CORNELL, GRANT, SOSKIN, EARL, JOBSON**

**MOTION TO APPROVE  
SOSKIN/HOOD, JR.: UNAN.**

14B) REF. #9447

RECEIVE AND FILE REPORT AND MANAGEMENT  
LETTER OF O'CONNOR DAVIES PFK- COUNTY OF  
ROCKLAND COMPREHENSIVE ANNUAL FINANCIAL  
REPORT-FISCAL YEAR ENDING DECEMBER 31, 2011  
(**HON. ILAN S. SCHOENBERGER, LEGISLATURE**)  
**LG #3147**

**ADDED CO-SPONSORS: HOOD, JR., WOLFE, CORNELL, GRANT, SOSKIN, EARL, JOBSON**

**MOTION TO APPROVE  
CORNELL/GRANT: M.V.**

**AYES: 8 (CORNELL, EARL, GRANT, MURPHY, SOSKIN, SPARACO, WOLFE,  
SCHOENBERGER)**

**U.A. NAY: 1 (HOOD, JR.)**

**ABSENT: 1 (LOW-HOGAN)**

**DISCUSSION:**

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDING DECEMBER 31, 2011,  
O'CONNOR DAVIES, PKF

Mr. Nick DeSantis and Mr. Alan Kassay made a presentation to committee.

Reference made to the following:

Page XII – GFOA Certificate of Achievement  
Independent Auditor's Report  
Paragraph 2 – how the auditors performed review  
Paragraph 3 – financial statements presented fairly

Page 119 - Enterprise fund – impact to the General Fund  
Total loss from Operations: \$23,372,166  
(Reference made to page 20 of KPMG report that lists transaction from County equal to  
\$11,979,404 for 2011 these charges are included in the \$104,729,465 listed on page 119 (Total Operating  
Expenses)

Post Employment Benefit is the health insurance for retirees. Government Accounting Standards  
requires the disclosure of that amount determined by actuarial calculation.

\$10,000,000 is included in the \$104,729,465 – not a cash expense  
\$23 million - \$10 million is deferred health insurance  
Page 81 - \$23 million - \$10 million is reflected in the \$13 million, \$13 million applied to deficit

**REPORT TO THE BOARD OF LEGISLATORS PRESENTED (SEE ATTACHED).**

Page 5  
General Fund Revenues vs. Budget:  
Alan Kassay highlighted Interest and Penalties, Gains on Sales, Sales Tax, Mortgage Tax, etc,  
Total Revenue shortfall \$43.9 million  
Some of which is attributable to the under spending of State and Federal programs so the  
reimbursement was offset

Page 6

General Fund Expenditures vs. Budget:

Education had a positive variance (this meant less reimbursement – loss of revenue)

Under spent the budget by \$20 million. Subtract out \$17 million for State and Federal and the under spending was \$3 million.

\$23.9 million loss for 2011

\$5.2 million fund balance used

Page 9

Set aside a receivable of \$32 million from the EH Fund (Hospital)

Fund balance \$46,719,075 – long term receivable for taxes, pre-paid expenditure

\$36 million of total \$96 million is hospital (EH)

New categories for fund balance-

Spending vs. non spending

Restricted by Law

Page 13

Home and Infirmary Fund:

2006 deficit was \$8.3 million – has grown to 2011 deficit of \$100 million

Starting in 2008 required to record Post Employment Benefit in financial statements

Actuarial Projection – certain amount of money – total liability for hospital retirees reflected in the financials of the Enterprise Fund

Up until 2008, only recorded the cash expense. After 2008, GASB said a calculation for universe of retirees of the total cost would have to be recorded.

In the next decade, all government funds will have to comply with same reporting

Not required to pay cash for entire actuarial Post Employment Benefit

As you deliberate on the Hospital, keep in mind that the \$12 million charged to the Enterprise Fund will have to be charged elsewhere because it is salaries and such from other departments.

Suggestion made to set aside proceeds from the sale of the hospital into investment account to help pay for legacy costs – post employment benefits and charge backs (DGS)

The County has been picking up the expense for the hospital, after the fact, and not budgeting what is properly needed to fund the hospital

Mr. Schoenberger - If the County eliminates the hospital, we still have legacy costs.

Mr. Kassay - Every third year it is required to re-calculate to determine equalization, health benefit costs, and interest rates

Mr. Soskin - What is the impact of the new health care act on the cost of health insurance? County charging employees higher co-pays – premiums going down? Last year deductible \$375 this year \$1000? If the premiums going down, why are the employees paying more?

Mr. DeSantis – changes in the Empire Plan statewide. 8 – 12 % increase in health insurance. Social security / Pension \$40 – 50 million in benefit costs.

Commissioner Silvestri- terms are the same

**15. CORRESPONDENCE – REVIEW AND DISCUSSION:**

NONE

**MOTION TO ADJOURN – 6:30 P.M.**

**MURPHY/EARL: UNAN.**

Darcy M. Greenberg, Proceedings Clerk