

Suffolk plan to borrow \$158.5M advances

Originally published: February 26, 2013 9:29 PM (Newsday)

Updated: February 26, 2013 10:07 PM

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Photo credit: NY Office of the State Comptroller | Comptroller Joseph Sawicki said it was the first time the county has ever sought to borrow to pay salary increases.

A pair of borrowings totaling \$158.5 million won approval in a Suffolk committee Tuesday as county lawmakers moved to ensure that the county can meet payroll and cover other expenses in the first half of 2013.

The budget committee authorized borrowing of up to \$38.5 million to pay for last fall's arbitration award to correction officers. Comptroller Joseph Sawicki said it was the first time the county has ever sought to borrow to pay salary increases.

The committee also authorized borrowing of a record \$120 million in short-term revenue anticipation notes. That represented a \$30 million increase over last year, when Suffolk issued revenue anticipation notes for the first time in two decades. Both resolutions, which will cost the county a total of \$1.5 million in interest, will go to the full legislature on March 5.

The increased short-term borrowing, Sawicki said, is necessary in part because of delays in the impending \$23 million sale of the John J. Foley Skilled Nursing Facility and ongoing

expenses associated with the nursing home. He also said the county has also incurred \$18 million in debris removal costs for superstorm Sandy, for which the county expects to receive federal reimbursement.

Sawicki said the county needs to borrow for the correction officers award because the county failed to "squirrel away" money during 2008, 2009 or 2010 to pay for it.

Sawicki acknowledged that the correction officers' salary increases are operational costs, but that state law permits bonding for up to five years when the increases are the result of a binding arbitration award. "Either way, we're not pleased to be doing this," said Deputy Presiding Officer Wayne Horsley (D-Babylon).

The bond sales are tentatively scheduled for March 27; without a cash infusion, the county would be \$42 million short by the end of April to meet biweekly payroll, Sawicki said. With the revenue note, to be repaid with state and federal aid revenue, the county will have a buffer of \$72.9 million.

However, even with the borrowing the county's cash flow in May will be stretched thin with only \$5.6 million on hand at month's end. The cash crunch should ease in June when the county begins getting property tax receipts after schools and other municipalities are paid. "The ice is pretty thin," said Legis. Al Krupski (D-Southold). "I can hear it cracking."

Sawicki also warned that the county must move quickly to get state legislative approval of the proposed \$70 million sale lease-back of the H. Lee Dennison building because the savings are already included in the October cash flow projections.

"Come 2014, we will be pretty much out of one shots and we'll have to make some big structural changes to our budget," he said.