

**AUDIT & ADMINISTRATION COMMITTEE
BUDGET MEETING
HELD IN ROOM 318 OF THE
PUTNAM COUNTY OFFICE BUILDING
CARMEL, NEW YORK 10512**

Members: Chairman Castellano, Legislators Ellner & Gouldman

Thursday

6:30pm

October 12, 2023

The meeting was called to order at 6:30pm by Chairman Castellano who requested Legislator Ellner lead in the Pledge of Allegiance. Upon roll call Legislators Ellner and Gouldman and Chairman Castellano were present.

Item #3 – 2024 Budget Review

Insurance Expense – Account 1915 (page 49)

Risk Manager Mat Bruno stated line 412660, Defensive Driving Fees, is for the defensive driving course offered. He stated the cost for the in-person class is \$25 per student and the online class is \$18 per student. He stated all County drivers are required to take this course, however any County employee can sign up to take it as well. He stated line 54830, General and Excess Liability, increased about 34% over last year. He stated there was an increase in Excess Liability due to a 2.5% increase in payroll. He stated this increase is not a great concern because this year the excess reimbursement received was \$214,000 with another three (3) months left in the year. He stated any increase in premium for Excess Liability is offset by the Excess Reimbursement received back through workers' compensation. He stated General Liability increased 8.06% which is a \$79,000 increase. He stated he looked into other insurance providers and found that their average increase was \$132,000. He stated the inflation in 2022 was 8% and the prediction for 2023 is anywhere from 8%-10%, which puts this increase right within the average. He stated other things within General Liability are health care costs which have increased, costs on County owned property, and legal exposures. He stated all in all with General and Excess Liability, he is comfortable with the amount of the increase from 2023 to 2024. He stated he would also like to note that NYMIR covers all legal fees and expenses associated with a lawsuit, which saves the County a lot of money. He stated there are currently 20 open lawsuits. He stated line 54833, Safety Material and Supplies, increased due to ongoing employee training. He stated line 54989, Miscellaneous, remained flat for the year 2024.

Legislator Montgomery stated her appreciation for the details provided by Risk Manager Bruno.

Department of Finance – Account 1310 (pages 15-21)

Chairman Castellano questioned line 411100, Sales and Use Tax.

Commissioner of Finance Michael Lewis stated the current trend is 8.35%, which would be about \$82 million and is consistent with the 2022 actual budget and will likely be reached in 2023. He stated this line was budgeted less than the \$82 million because of County Executive's proposal to eliminate sales tax on clothing purchases under \$110. He stated they worked with the New York State Department of Taxation and Finance and found that such an exemption could lead to about \$2-\$3 million in lost revenue if enacted. He stated he would rather budget conservatively than have budgetary shortfalls. He stated in regard to line 424011, Interest and Earnings, he has worked with three+one Financial Services, a company sponsored by both NYSAC (New York State Association of Counties) and NACo (National Association of Counties). He stated they have helped the County get into a better financial position. He stated everything is laddered in 6 month, 12 month, and 18 month increments. He stated out of the budgeted \$2.75 million for 2024, the County is already guaranteed almost half of it from the laddered CDs (certificate of deposit).

Chairman Castellano stated the amount of revenue in line 427161, Use of Fund Balance, is less than what was requested for 2024. He questioned if Commissioner Lewis was comfortable with the reduction.

Commissioner Lewis stated at the end of 2022 a significant amount of money was put into the Capital Reserve. He stated it is now being proposed to use that reserve for Capital Projects rather than going out for a bond. He stated if the County were to take out a \$7.8 million bond rather than use the Capital Reserve funding the County would pay almost \$3 million in interest on those bonds. He stated the Fund Balance is used to balance the budget. He stated the revenue in Use of Retirement Reserve, line 427163, is budgeted at \$1.5 million, which he has proposed be used instead of using our own reserve.

Legislator Montgomery questioned if the Use of Fund Balance, line 427161, is all going toward capital projects.

Commissioner Lewis stated \$7.8 million was proposed, of that \$5.2 million was going to be used for this Capital Reserve. He stated the excess is inclusive of the Fund Balance. He stated without that excess, only about \$2 million of Fund Balance is being used to balance the budget. He stated in 2023, it was estimated that \$3 million would be used to balance the budget and the County made \$21 million, which resulted in a \$24 million budget swing. He stated that surplus was put back into reserves and into the tax stabilization fund.

Chairman Castellano stated line 54649, Savings Incentive Partnership is a new line budgeted for \$25,000.

Commissioner Lewis stated the \$25,000 budgeted in that line is a placeholder; no money would be paid out until the program was established and savings were recognized.

Legislator Nacerino questioned how the pay out from this program would work. She questioned if payment to employees who bring forth money saving ideas would be a set amount.

Chairman Castellano stated the details of the program have not yet been discussed.

Chief of Staff to the County Executive Matthew Covucci stated the payment would be based on the rate of realized savings. He stated a committee will be established that will work on the rules and regulations. He stated once the savings are realized, the employee would receive 25% of those savings capped at \$25,000.

Chairman Castellano questioned if the Legislature would be reviewing and approving this program before it is implemented.

County Executive Kevin Byrne stated a draft local law was provided to the Legislature for their consideration. He stated the details of the program will be reviewed and discussed by the Legislature prior to its approval. He stated it was more practical to create this placeholder budget line for the program rather than have it in the various departments, especially because one project could affect multiple departments.

Legislator Nacerino stated this program is a great, innovative idea.

Chief of Staff Covucci stated similar programs were implemented by the City of Baltimore in Maryland and by New York State. He stated he would be happy to share the documents about these similar programs with the Legislature.

Legislator Gouldman stated this is a fabulous idea that listens to the employees who have boots on the ground.

Chief of Staff Covucci clarified that this program would be for non-management employees.

Purchasing – Account 1345 (pages 23-24)

Director of Purchasing John Tully stated as mentioned by County Executive Byrne at his Budget Address, \$50,000 in revenue was budgeted in both line 426551, Minor Sales Other, and line 42770G, Rebates. He stated it is anticipated that \$25,000 has already been secured because a vendor has accepted payment via a credit card, resulting in a savings of \$25,000. He stated he hopes that number continues to grow in future years. He stated an increase was included in line 54640, Education and Training for 2024. He stated over the past few years with COVID, less conferences and trainings were attended. He stated he plans to be an active member of the State Association of

Municipal Purchasing Officials, and he has been asked to attend sessions and standing committees on energy at the NYSAC Conference, which will draw from that line. He stated they also inherited the Asset Management position from the Department of Public Works and they intend to do some training for that employee on the Munis system. He stated earlier this year a position in the Purchasing Department was reclassified and that employee will continue to train as well.

Legislator Montgomery questioned if the increase in line 54675, Travel, is due to the plans for Education and Training.

Director Tully stated that is correct, the lines go hand in hand.

Legislator Montgomery stated she appreciates that Director Tully is investing in his employees.

Real Property Tax Service – Account 1355 (pages 25-26)

Director of Real Property Tax Service Patricia McLoughlin stated she is fairly new to the County and this was the first budget she put together. She stated Real Property is a small department and a major part of what they do is process County, Village, Town, and school tax bills. She stated there have been some changes made to the budget to add some things in and take other things out. She stated in going over the budget, she realized line 51093, Overtime, was partially being used for overtime and partially for processing or other needs within the department. She stated that line was reduced from \$6,000 to \$1,000 for 2024. She stated she included an increase for line 54680, Data Processing. She stated when they do school tax billing, they have a small window of time to get the work done because by the time the information is collected from the State, they then need to process 10 school districts and it takes 45 minutes to run each full report. She stated if there are any glitches or changes, the report needs to be rerun. She stated that information is then sent to the schools and they hold a board meeting before the warrants can be signed. She stated they are then left with about eight (8) days to get the bills out and processed. She stated to try to make the process more efficient, she outsourced the billing for the school bills utilizing the unused overtime line. She stated it ended up working very well and she would like to move some of that overtime line budget into the processing budget to continue outsourcing the school bills moving forward. She stated County, Town, and Village bills will continue to be processed out of the Real Property office. She stated line 54560 Equipment Rental Lease was for a stuffing machine and was not being used as much because those school bills were being outsourced. She stated the Finance Department utilizes their stuffing machine as well and she spoke with Commissioner Lewis about splitting the cost of the rental, which he agreed to.

Commissioner Lewis noted that the revenues are staying flat in 2024 as compared to 2023 and the expenses are less for 2024 than in 2023.

Legislator Ellner stated it appears the reduction in expenditures is in line 58008, Health Plans. He questioned if there are less employees taking the health plan.

Director McLoughlin stated she does not take the health plan.

Legislator Jonke clarified that all assessment rolls, bills, and tax rolls are all printed in-house.

Director McLoughlin stated that is correct.

Legislator Jonke stated moving into the future, the department should look into moving away from printing, which would increase efficiency and save money on equipment.

Director McLoughlin stated she is working on that.

Legislator Jonke stated in line 54680, Data Processing, \$15,000 was requested but \$13,000 was included by the Administration. He questioned if this would be enough.

Director McLoughlin stated they will try this year, especially with the one billing cycle being outsourced.

Legislator Montgomery questioned if everything needs to be printed or if things can be sent digitally.

Director McLoughlin stated when the school bills were processed, rather than printing they emailed the documents in PDF format to the school districts and assessors. She stated she will try the same with the County, Town, and Village bills. She stated this will be a big start in reducing the paper.

Tax Advertising & Expense – Account 1362 (page 27)

Commissioner Lewis stated line 54910, Tax Advertising and Expense is a retainer for an attorney who provides services pertaining to tax foreclosure proceedings and for a title searcher. He stated that expense is offset by the revenue collected in line 412350, Charges for Tax Redemption, which is added to the lien and is about \$50 per parcel.

Expense on Property Acquired for Tax – Account 1364 (page 28)

Commissioner Lewis stated this budget was reduced for 2024, he believes the budgeted amount in 2023 was a little high. He stated this expense is taxes paid to the school districts.

Information Technology – Account 1680 (pages 47-48)

Chairman Castellano stated Director of IT/GIS Thomas Lannon was unable to attend tonight's meeting, therefore Director of Purchasing John Tully will speak to this budget.

Director Tully stated the implementation of the Laserfische program that will assist with the FOIL (Freedom of Information Law) process has impacted multiple budget lines through the IT/GIS Department. He stated similarly, the records management system in the Sheriff's Department has resulted in increases in software, server, and data storage budget lines.

Legislator Ellner requested clarification on line 52130, Computer Equipment, line 52630, Computer Equipment, and line 54382, Computer.

Director Tully stated the two Computer Equipment lines are for purchase under and over \$5,000. He stated requests for computer purchases across all departments was looked at by the County Executive and they totaled \$190,000. He stated the funding for any computer purchases to be made by a department utilizing grant funding or another refundable source was included in the respective department's budget. He stated all other funds were put into the IT/GIS Department. He stated in lieu of adding the full \$190,000 appropriation, about \$50,000 was added to the computer line and about \$54,000 was recommended for subcontingency, and Director Lannon will report on how those resources were used.

Commissioner Lewis clarified that line 52130 is for purchases under \$5,000 and line 52630 is for purchases over \$5,000.

Director Tully stated line 54637, Security Monitoring and Rental, was moved from the Department of Public Works into the IT/GIS budget.

MTA Mobility Tax – Account 1980 (page 54)

Commissioner Lewis stated this is a mandated cost of payroll tax at 0.0034, which currently yields \$212,000. He stated this will continue to increase each year as salaries increase.

Legislator Ellner stated for the record, this is an unfair tax burden on all residents of Putnam County. He stated there is such a small percentage of residents who utilize the MTA.

Legislator Montgomery stated Putnam County does not even have a full vote on the MTA Board. She stated there is a Putnam County representative, but the vote is shared.

Debt Service – Account 9710 (pages 261-262)

Commissioner Lewis stated the County is paying down outstanding debt. He stated the County did not need to use the property tax warrant to fund the principal interest payments, which is why about \$1 million is going back to the general fund. He stated the County is still receiving funding from the State to defray the bond that was taken out

for the new courthouse. He stated because there was surplus it is his recommendation that about \$125,000 of fund balance be used to defray any additional costs. He stated he would like to point out that based on the auditor's recommendation the Axon body cameras are considered debt and was moved into the debt service fund rather than having it in the Sheriff's Department budget.

Legislator Montgomery stated it would be helpful to see the bond expenses alongside each budget item.

Commissioner Lewis stated one (1) bond could be utilized for various purposes.

Legislator Montgomery stated her intention is to make the County's finances more transparent for the public. She stated for example if we are talking about Tilly Foster Farm, it would be helpful to know the current balance of any outstanding bonds related to that property.

Commissioner Lewis stated a company is going to be hired to create a budget transparency website, which will provide multiple ways of looking into the finances.

Financing of Capital Projects

Deputy Commissioner of the Department of Public Works (DPW) Joseph Bellucci stated the DPW has multiple shovel-ready projects ready for advertisement, specifically the Fair Street reconstruction project and the Stoneleigh/Drewville intersection project. He stated the culvert replacement program, which is partly funded through New York State Department of Transportation "Bridge New York", has multiple culverts throughout the County scheduled for much needed repairs. He stated DPW is ready, willing, and able to spend these funds in 2024 so it is critical for the funding to be appropriated early in the year. He stated if the local match for these projects is not appropriated in 2024 it will deter project progress and jeopardize the Federal and State obligations already appropriated to these projects. He stated additionally, waiting to begin these projects will result in an increase in prices.

Commissioner Lewis stated it is important to remember that if the County were to go out for a bond or partial bond there will be an almost 90-day grace period. He stated by utilizing County funding for these Capital Projects, the money will be available on January 1, 2024 and DPW can start working with the vendors right away.

Item #4 – Other Business – None

Item #5 – Adjournment

There being no further business at 7:36pm, Chairman Castellano made a motion to adjourn; Seconded by Legislator Gouldman. All in favor.

Respectfully submitted by Administrative Assistant Beth Robinson.