

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

Members: Chairwoman Sayegh and Legislators Birmingham & Crowley

Monday January 27, 2025
(Immediately following Rules & Physical Meetings beginning at 6:15pm)

The meeting was called to order at 6:31pm by Chairwoman Sayegh who requested Legislator Birmingham lead in the Pledge of Allegiance. Upon roll call Legislators Birmingham and Crowley and Chairwoman Sayegh were present.

Item #3 – Correspondence/County Auditor

a. Sales Tax Report

Legislator Gouldman questioned when the exact numbers will be in for sales tax. He stated it looks like the County is under what was projected.

Legislator Birmingham stated he believes the sales tax revenue was over what was budgeted.

Commissioner of Finance Michael Lewis stated the number Legislator Gouldman is referring to is showing the actual amount in 2023 versus 2024. He stated there are two (2) more distributions in February that will be backdated to 2024.

Legislator Birmingham stated the sales tax revenue has come in over budget each year since 2019. He credited the Legislature as well as the former and current Administration for husbanding the County's sales tax revenue so well.

b. OTB Report – Duly Noted

c. Transfer/Revenue Report – Duly Noted

d. 2025 Contingency/Sub-Contingency Report – Duly Noted

Item #4 – Correspondence/ Commissioner of Finance

a. Approval/ Budgetary Amendment 24A127/ Sheriff/ Deputy Outside Services Reimbursement

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Birmingham. All in favor.

b. Approval/ Budgetary Amendment 24A129/ Health Dept./ Utilize ATUPA Funds toward Education

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Crowley. All in favor.

c. Approval/ Budgetary Amendment 24A130/ DPW/ Insurance Recovery/ Guardrail Damages (Also reviewed in Physical)

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Crowley. All in favor.

d. Approval/ Budgetary Amendment 24A131/ Sheriff/ Deputy Outside Services Reimbursement

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Crowley. All in favor.

e. Approval/ Budgetary Amendment 24A132/ Sheriff/ Deputy Outside Services Reimbursement

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Birmingham. All in favor.

f. Approval/ Budgetary Amendment 24A134/ Finance/ Year End Journal Entry #1

Commissioner Lewis stated this is a bookkeeping necessity and there will be a few more before the books can be closed for 2024.

Legislator Birmingham questioned what would happen if these adjustments were not approved.

Commissioner Lewis stated it is possible that these line items would be overstated and over expended.

Legislator Birmingham questioned if there are any tools the Legislature could employ before it gets to this point. He stated perhaps if a line is reaching 90%, the department came before the Legislature to discuss it before it ends up on the year end journal entry to be funded.

Commissioner Lewis stated for the most part, the budget lines are monitored. He stated overtime reports are run and a note will be sent to the department if they are trending higher than expected.

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Crowley. All in favor.

**g. Approval/ Budgetary Amendment 24A135/ County Attorney/
Outstanding Legal Services for Remainder of 2024**

Commissioner Lewis stated the County Attorney had a budget of \$300,000 and came before the Committee twice for additional funding totaling \$200,000 which they have also exhausted. He stated a good amount of it has gone toward Harris Beach, the firm working on the Peekskill Hollow Road project litigation. He stated the other law firm used was for contracts that have been settled and there are some other miscellaneous expenses as well. He stated this is another request for \$150,000 to pay bills for services rendered.

Chairwoman Sayegh stated she was taken aback to see this request for \$150,000. She stated in October the Law Department requested \$150,000 and at that point stated it would cover their legal services through the end of the year. She stated that request was considered with some hesitation but it was approved. She stated the Law Department submitted an additional request in December for another \$50,000. She stated this was passed as well because the Legislature wanted to ensure outside counsel was being paid. She stated this request now is excessive and the taxpayers deserve to see details pertaining to these expenditures. She stated the original budget line plus all the additional funding requested brings the legal services line to about \$650,000 for 2024 which is unprecedented over the past 10 years. She stated the budget for the attorneys in the Law Department is about \$2.1 million. She stated much of the information on the invoices is illegible and requested clear copies along with the invoices for the entire year of 2024. She stated the Law Department spent more than double their budgeted legal services line and the taxpayers deserve to know why. She stated there are seven (7) lawyers in the Law Department and this much work is being farmed out to be done by outside counsel.

Legislator Crowley stated \$250,000 went to Harris Beach for the Peekskill Hollow Road project litigation and \$100,000 went to Roemer Wallens for contract settlement. She stated these greatly contributed to the increased expenditures and are not things that will happen every year. She stated the Peekskill Hollow Road project litigation has been going on for a while and the Law Department has done a good job with this unexpected litigation.

Legislator Gouldman agreed with Legislator Crowley. He stated Peekskill Hollow Road is the largest road in Putnam County. He stated when the contractors walked off the job they left behind potential hazards along the roadway, and it is fortunate there were no incidents. He stated \$250,000 for this litigation was an unexpected but necessary expense.

Chairwoman Sayegh stated a better estimation could have been made when preparing the 2024 budget, anticipating some of these expenses.

Legislator Jonke stated the Peekskill Hollow Road project litigation began in 2023, therefore it could have been accounted for in the 2024 budget. He questioned what the invoice from Murtagh, Cossu, Venditti & Castro-Blanco, LLP was related to.

First Deputy County Attorney John Cherico stated any matters discussed pertaining to this agenda item should properly be taken into executive session. He stated he anticipates questions to be raised related to pending litigation and it would be inappropriate to discuss it in an open forum.

Legislator Jonke stated he will change his question, part of it pertains to litigation that is no longer active.

First Deputy County Attorney Cherico stated it is still a litigation matter and they have to be careful not to break attorney-client privilege. He stated the discussion can be had in executive session and it would be inappropriate to discuss it in public.

Legislator Jonke stated he will send a confidential memorandum.

Legislator Montgomery stated there is a legal service fee for a project in the district, the radio system, which has been a complicated process and has been ongoing. She stated another invoice could possibly be related to the Agricultural District, which is something the Legislature imposed on themselves.

Chairwoman Sayegh questioned Legislative Counsel Conrad Pasquale if it is appropriate to be speaking about specific cases.

Senior Deputy County Attorney Conrad Pasquale stated the name of the litigation is public information. He stated any specifics would have to be discussed in executive session.

Legislator Ellner clarified that the litigation pertaining to the Agricultural District, as mentioned by Legislator Montgomery, is being handled in house and therefore no legal services funds have been spent on it.

Senior Deputy County Attorney Heather Abissi stated that is correct, she is the attorney handling that matter.

Legislator Crowley stated NYMIR, the County's insurance carrier, requires the County to use outside counsel on certain issues.

Legislator Jonke stated there is a bill in the amount of \$52,000 for the litigation that the County Executive launched against the Legislature, which was then aborted. He stated there is a bill totaling about \$35,000 were for the work done to attack Legislative Counsel Rob Firriolo. He stated that is where the money is being spent, not the Agricultural District. He stated he would also like to point out that the County Attorney

has not been at a Legislative Meeting in almost a year. He questioned why more of this work is not being done in-house. He stated the taxpayers are paying for this.

Legislator Montgomery stated the taxpayers are also paying for the work done by the Law Department. She stated she appreciates that Legislative Counsel Rob Firriolo is not present this evening.

Legislator Birmingham stated as Commissioner Lewis stated, these bills need to be paid. He stated to the extent that more information might be needed, it can be requested. He questioned what the deadline is to consider 2024 items to avoid getting a note in the audit report. He stated the concerns on both sides are important and they should be discussed, but the bills do need to be paid.

Commissioner Lewis stated the audit is done at the end of March and will be presented in the summer.

Legislator Crowley echoed Legislator Birmingham's comments. She stated the bills need to be paid.

Chairwoman Sayegh made a motion to table Budgetary Amendment 24A135 to the Rules, Enactments, & Intergovernmental Relations Committee; Seconded by Legislator Birmingham.

Legislator Birmingham questioned if tabling this item to the Rules Committee Meeting in a few weeks would burden any of the contractors waiting for their invoices to be paid.

First Deputy County Attorney Cherico stated he does not believe it would burden the contractors.

Commissioner Lewis stated consideration of this item at the February Rules Committee Meeting would bring it to the March Full Legislative Meeting if approved, therefore access to the funding would not be available until early March.

Legislator Jonke requested clarification from First Deputy County Attorney Cherico about what can be discussed when this is considered next month. He questioned if there is confidential material in the bill that he cannot ask questions about in an open meeting.

First Deputy County Attorney Cherico questioned if there is a reason it would be inappropriate to address the questions in executive session.

Legislator Jonke stated it would be more transparent for the public to have the discussion in the open meeting.

First Deputy County Attorney Cherico suggested presenting the questions to the Law Department in advance of the meeting to ensure nothing is said in public that should remain confidential.

Legislator Jonke questioned if it is inappropriate to discuss a bill without talking about the specific details of the case.

First Deputy County Attorney Cherico stated the discussion may delve into some details of the case and it is important to remain vigilant not to disclose confidential information.

Senior Deputy County Attorney Heather Abissi stated it really depends on the content of the question that is raised, because the confidentiality of the information pertaining to the case or the confidentiality of the parties involved must be protected. She stated a confidential memorandum could be sent and all questions would be answered.

Legislator Jonke stated he would like to know if the \$52,000 bill to Murtagh, Cossu, Venditti & Castro-Blanco, LLP was for the lawsuit filed by the County Executive against the Legislature.

Senior Deputy County Attorney Abissi stated she cannot comment on what specifically that firm did for the County Executive; the County Executive would have to provide that information.

Legislator Jonke stated the Law Department is submitting for payment.

Senior Deputy County Attorney Abissi stated as a matter of legal obligation, the Law Department submits the bill. She stated once the County Executive raised a matter of conflict, the Law Department had to provide counsel.

Legislator Jonke questioned if the Law Department paid the bill for the Legislature's counsel as well.

Senior Deputy County Attorney Abissi stated yes, the bill to Wallens was paid as well.

Legislator Jonke stated he is referring to Mr. Hollis.

Senior Deputy County Attorney Abissi stated to her knowledge Mr. Hollis was not appointed as counsel.

Legislator Jonke stated he was appointed by the Legislature and that bill was not paid.

Senior Deputy County Attorney Abissi stated Mr. Wallens was appointed as conflict counsel. She stated when the County Executive raised the fact that there was a conflict, the County Attorney recognized this is subject matter that involved his role and therefore recused himself and appointed conflict counsel. She stated this was long before Mr. Hollis was involved.

Legislator Jonke questioned if Senior Deputy County Attorney Abissi understood why the Legislature appointed Mr. Hollis instead of going with counsel appointed by the County Attorney.

Senior Deputy County Attorney Abissi stated candidly, she does not. She stated the appointed counsel has been used by the County for years in many different capacities.

Legislator Jonke stated he believes that because the appointed counsel is working under the umbrella of the County Attorney, it would not be a clean representation.

Senior Deputy County Attorney Abissi stated the reason there is a bank of attorneys that the County Attorney selects from is because they submit RFPs through the rolling RFP process. She stated part of that is the agreement to the government rate, therefore there is a cap on how much is spent, and ensuring there is no conflict with other matters.

Chairwoman Sayegh made a motion to table Budgetary Amendment 24A135 to the Rules, Enactments, & Intergovernmental Relations Committee; Seconded by Legislator Birmingham. One nay – Legislator Crowley. Motion carries.

Item #5 – Approval/ Fund Transfer 24T520/ Dept. of Social Services/ Cover Year End Costs

Chairwoman Sayegh made a motion to approve Fund Transfer 24T520; Seconded by Legislator Crowley. All in favor.

Item #6 – Approval/ Fund Transfer 24T523/ Dept. of Social Services/ Cover Year End Costs

Chairwoman Sayegh made a motion to approve Fund Transfer 24T523; Seconded by Legislator Birmingham. All in favor.

Item #7 – Approval/ Fund Transfer 24T530/ Dept. of Social Services/ Cover Balance of December Rent Supplement Program

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Crowley. All in favor.

Item #8 – Approval/ Fund Transfer 25T013/ Probation/ Cover Temp Position

Director of Probation John Osterhout stated they have had difficulty filling this position over the past few years. He stated he appreciates that in this year's budget the Legislature agreed to upgrade the position, which will hopefully make it easier to fill. He stated the person in the position retired at the end of October, and he did not yet know that would happen when the budget was being prepared. He stated the retired employee

has agreed to come back three (3) days per week to handle the technical aspects of the position and will train the new employee once they are hired. He stated \$15,000 would cover the temporary line through June. He stated the position has been offered to someone and he is hoping they can start in February. He stated if that works out, they would only need about \$9,000.

Legislator Birmingham requested a brief overview of the ignition interlock system and how it works. He stated this is a vital program.

Director Osterhout stated the ignition interlock is something New York State imposed on anyone convicted of a DWI. He stated this employee monitors the installation of the device and any violations during their probation period.

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Crowley. All in favor.

Item #9 – Approval/ Fund Transfer 25T015/ Dept. of Mental Health & Social Services/ Training Hours for Fiscal Manager

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Birmingham. All in favor.

Item #10 – Approval/ Fund Transfer 25T021/ Sheriff/ Reclassification of Deputy Lieutenant to Deputy Sheriff 1st Sergeant

Commissioner Lewis stated this was an administrative oversight. He stated this corrects the personnel line and will result in cost savings.

Legislator Crowley questioned if there was a larger cost savings because three (3) positions were budgeted for.

Commissioner Lewis stated he would look into that.

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Crowley. All in favor.

Item #11 – Approval/ Authorization for Legislators to Attend February NYSAC Conference

Legislator Birmingham stated he will be attending the NSYAC conference. He stated NYSAC is an advocate for the counties. He stated he has attended these conferences in the past and has learned a lot from them.

Chairwoman Sayegh stated these conferences are certainly time well spent.

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Crowley. All in favor.

Item #12 – Discussion/ Putnam County’s Request to Extend the 1% Increased County Sales Tax for an Additional 3 Years

Chairwoman Sayegh stated this extension is considered every few years. She recognized Legislator Birmingham to speak to his ideas related to this item.

Legislator Birmingham thanked County Executive Byrne for bringing this to the Legislature’s attention this early in the year. He stated it is important to make a request to the State now because once approved it will need the State Legislature’s approval as well. He stated of the 8.375% sales tax rate, the County keeps 3% and this extension allows counties to collect an additional percentage of sales tax. He stated in 2005 he was on the Legislature and they enacted a 0.5% sales tax increase, which he voted for at the time as a result of the state of the economy. He stated since that time, the County has increased that percentage to a full 1% and each of those times he voted against the extension. He stated presently, the County has a surplus fund balance. He suggested requesting a sales tax extension of 0.5% because the County is in such a healthy financial condition. He stated the topic of sharing sales tax with towns and villages has been a discussion for many years and the money being shared is not County funds, it is taxpayer money. He stated he would rather see the County give that money directly back to the taxpayers through direct sales tax relief. He stated he will speak with Commissioner of Finance Michael Lewis and County Executive Byrne about this as well. He stated rather than give the money to another level of government, he would like to see it given directly back to the taxpayers. He stated the resolution drafted by the Law Department is requesting a 3-year extension, which is what is typically requested although the State usually approves a 2-year extension. He stated 0.5% sales tax would come to about \$11 million. He stated this is a lot of money, but the budget to fund balance ratio would still be higher than it has ever been without that \$11 million. He stated he is not in favor of a full 1% sales tax extension.

Chairwoman Sayegh requested that Commissioner Lewis weigh in on this matter.

Commissioner Lewis stated 1% of sales tax equals about \$22 million annually. He stated a 2-year or 3-year extension, would be \$44 million or \$66 million over that time span, respectively. He stated by not supporting the 1% the bond rating could be jeopardized. He stated contracts are being settled, there is debt service cost. He stated it could be difficult to bounce back from a \$22 million loss. He stated over the past couple of years he has taken this surplus and put it into assigned pots of money, one being the capital reserve, which has allowed the County to invest about \$14 million into its capital infrastructure without having to go out to bond. He stated not having to bond saves the County in the long run. He stated the County has mandated costs such as health insurance and retirement costs. He stated the County Executive currently has a committee looking into how to enhance the employee’s share of the health insurance cost to try to deal with retention issues.

Legislator Crowley stated she had similar concerns. She stated the employee health insurance reduction will be impactful on the County's budget. She stated she would like to see taxes go down, but these are real concerns to take into consideration. She stated the County is in a good financial position, and it is important to maintain our financial standing.

Commissioner Lewis stated there are other mandated costs as well such as the FMAP (Federal Medical Assistance Percentage) subsidy that was lost, leaving the County responsible for about \$10 million. He stated Pre-K costs are rising as well.

Legislator Ellner stated lowering the sales tax amount keeps the money with the residents. He provided an example of buying a car and the customer saving on the sales tax of such a large purchase. He stated once this type of legislation is enacted it is relied on. He stated he would like to eliminate the entire 1% extension. He stated he believes it would enforce judicious management and people would have to really respect their budgets and do what is necessary. He stated to Commissioner Lewis' credit, he was able to generate \$7 million by changing the County's investment policy. He stated he would like to provide tax relief to everyone. He stated the other part of it is if people have more money in their pocket, they have more money to spend.

Legislator Montgomery stated in 2023 Legislator Ellner voted for the 1% extension and she questioned what has changed between then and now.

Legislator Ellner stated he has now seen the trends and the County has been able to generate more income due to the investment instruments that have been implemented.

Legislator Montgomery stated she has voted against the extension each time it was before her. She stated the resolution before the Committee is misleading and requested the first paragraph be revised. She stated it references ongoing fiscal challenges facing Putnam County, which she believes should be changed since the County is now in good financial standing. She questioned what the fund balance is.

Commissioner Lewis stated the undesignated fund balance is \$78 million.

Legislator Birmingham stated the total assigned fund balance is \$56 million and when added to the \$78 million undesignated fund balance it equals about \$134 million total fund balance. He stated changing the assigned fund balance is a legislative function and can be done.

Legislator Montgomery stated she believes this resolution was written at a time when the County did not have surplus funds, especially in sales tax revenue. She stated a lot of sales tax is generated in her legislative district and they do not see any services in return. She stated there are many restaurants, grocery stores, liquor stores, etc. She stated tourism is pushed on her district and no relief is offered; it is a health crisis at this point. She stated out of the 62 counties in New York State, Putnam is one of few that

does not share sales tax with the local municipalities. She reviewed the sales tax sharing practices of nearby counties.

Commissioner Lewis stated counties with cities are mandated to share sales tax. He stated to balance the 2024 budget, the following was used: \$3.7 million of general fund appropriated fund balance, \$1.5 million of the retirement reserve because pensions costs were rising, and \$5.2 million from future capital projects. He stated that surplus was reinvested into the 2024 budget.

Legislator Addonizio stated there are car dealerships in Brewster, Carmel, and Mahopac and these generate a great deal of sales tax.

Legislator Birmingham stated sales tax on a vehicle is recorded where the vehicle is registered, not where it is purchased. He stated over the last five (5) years over \$400 million in sales tax has been collected in Putnam County, of which roughly \$53 million was surplus and not budgeted. He stated the County has the sales tax break for clothing and footwear purchases under \$110 and he would like to supplement that with a further sales tax break. He questioned if the budget has been greatly impacted since that sales tax break was implemented.

Commissioner Lewis stated he is working with the State to get those figures.

Legislator Ellner stated the two (2) biggest sales tax generators are vehicle sales and gasoline. He stated something that is unique about Putnam County is that the County makes the towns, villages, and school districts whole if there are any unpaid taxes. He questioned if other counties do that.

Commissioner Lewis stated he believes in Westchester it is the opposite. He stated the surplus has also been utilized in investment tools.

Legislator Gouldman stated he believes it is a good idea to reduce the burden on the taxpayers. He stated residents are paying too much to live in New York and are being overtaxed on everything. He stated he would prefer lowering property taxes rather than sales tax. He stated his constituents have voiced concern over their property taxes, but he has not heard any feedback regarding sales tax. He stated he believes sales tax relief will not be as impactful to residents because many leave the county to shop. He stated \$11 million (estimated value of 0.5% sales tax reduction) would go a long way to lower property tax.

Legislator Jonke stated \$11 million is about 25% of the County tax bill. He stated when residents complain about their taxes, they are mostly referring to the school tax, which the County has no impact on. He stated in his Legislative district he has three (3) car dealerships and the Highlands shopping center which is home to Kohl's and Home Depot, among other stores. He stated he has never requested more because of what is generated in his district because everyone is in this together. He stated two (2) years ago he suggested lowering the tax levy by \$500,000. He stated it has now been two (2)

years that the County has given property tax relief to the taxpayers of this County. He stated now it is time to provide relief to residents who may not own property here. He stated a sales tax reduction is an instant savings on each transaction. He stated the County has the funds to be able to provide this relief and he suggested a 3/8% reduction.

Chairwoman Sayegh stated the sales tax report shows the trend that was clearly impacted by the Wayfair litigation. She stated much of the sales tax collected is from online purchases. She questioned who wrote the attached resolution.

Senior Deputy County Attorney Pasquale stated the Law Department provided the resolution and can make any further amendments if necessary.

Chairwoman Sayegh stated she would not be in favor of doing away with the entire 1% but would be more comfortable with a 0.75% extension. She stated Dutchess County and Orange County both have 1/8%.

Legislator Montgomery stated she hopes the resolution can be revised to better reflect the current financial position of Putnam County because it is misleading as-is. She stated she would like to direct this extra 1% to local police departments, fire departments, ambulance corps, etc. She stated she has voted no for this extension in the past and read minutes from previous meetings where this was being considered.

Legislator Birmingham stated he has been the lone voice in the past on many considerations, including the sales tax extension. He stated the County is in a different place than it was in 2005 when he first voted in favor of the 0.50% increase. He stated this is a good discussion and he hopes the Legislature can come to an agreement.

Legislator Gouldman questioned how much the sales tax exemption for clothing and footwear sales under \$110 has impacted the County.

Commissioner Lewis stated he is working with the State to get those figures.

Legislator Addonizio stated it is a hard thing to quantify because people may have purchased more items knowing there was a break on the sales tax.

Chairwoman Sayegh stated Putnam County is also one of the few counties that provides ALS (Advanced Life Support) services for the towns and villages. She stated this has been a great discussion this evening and it will be revisited at a future meeting.

Item #13 – FYI/ Guardrail & Property Damage Table – Duly Noted

Item #14 – Other Business**a. Approval/ Fund Transfer 24T534/ Health Dept./ Preschool Care**

Chairwoman Sayegh made a motion to waive the rules and accept the other business; Seconded by Legislator Crowley. All in favor.

Commissioner Lewis stated the fees have increased.

Chairwoman Sayegh made a motion to pre-file the necessary resolution; Seconded by Legislator Birmingham. All in favor.

Item #15 – Adjournment

There being no further business at 8:11pm, Chairwoman Sayegh made a motion to adjourn; Seconded by Legislator Crowley. All in favor.

Respectfully submitted by Administrative Assistant Beth Robinson.