

**AUDIT & ADMINISTRATION COMMITTEE MEETING**  
**Held In Room 318 of the**  
**PUTNAM COUNTY OFFICE BUILDING**  
**CARMEL, NEW YORK 10512**

**Members: Chairman Castellano, Legislators Albano & Nacerino**

**Tuesday** **6:30 P.M.** **February 26, 2013**

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The meeting was called to order at 6:30 P.M. by Chairman Castellano who led in the Pledge of Allegiance. Upon roll call, Legislators Albano, Nacerino, and Chairman Castellano were present.

**Item #3) Approval of Minutes – January 29, 2013**

The minutes were approved as submitted.

**Item #4a) Sales Tax Report** was duly noted.

**Item #4b) Board In Revenue Report**

Legislator Albano made a motion to accept the additional information for this item, seconded by Chairman Castellano. All in favor.

**Item #4c) Transfer/Revenue Report** was duly noted.

**Item #4d) Contingency/Sub-Contingency Report** was duly noted.

**Item #4e) OTB Report**

Chairman Castellano stated it is down considerably.

Commissioner of Finance William Carlin stated that is net but it is still down.

**Item #5a) Overtime/Temporary Report** was duly noted.

**Item #6) Approval/Fund Transfer (12T473)/Highway/Properly Allocate Expenses Between Snow fund and County Roads**

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Nacerino. All in favor.

**Item #7) Approval/Fund Transfer (12T474)/Finance/Second Year End Entry**

Chairman Castellano made a motion to accept the additional information for this item, seconded by Legislator Nacerino. All in favor.

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Albano. All in favor.

**Item #8) Approval/Fund Transfer (12T475)/Social Services/Absorb Transfer of Expense From Incorrect Posting**

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Nacerino. All in favor.

**Item #9) Approval/Fund Transfer (13T022)/Cover Retiree Payout & Cover Costs to Hire Experienced Deputy**

Commissioner Carlin stated that there are two retirees and two hires and one hire is more experienced so they are moving money around to account for that. It is just adjusting the salaries accordingly.

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Nacerino. All in favor.

**Item #10) Approval/Worker's Compensation Claim**

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Nacerino. All in favor.

**Item #11) Approval/Refund of Taxes/Town of Kent Tax Map #10.-1-22; 10.-1-25; 10.-1-27; 10.-2-62; 10.-2-63**

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Nacerino. All in favor.

**Item #12) Approval/Bond Resolution/Improvements at the Putnam National Golf Course (Discussed at Physical Services Committee Meeting)**

Legislative Counsel Clement Van Ross stated that in the letter we received from them, Bond Counsel mentioned a SEQR, he asked Commissioner Carlin if we are getting that.

Commissioner Carlin stated that yes, we need a negative declaration. He will ask Commissioner of Planning Anthony Ruggiero to complete that.

Legislator LoBue asked how long that will take.

Commissioner Carlin stated that it does not take much time at all and you will have it before the March Full Legislative Meeting.

Legislator LoBue asked Commissioner of Highways & Facilities Fred Pena if the Golf Course's kitchen and everything had been gutted.

Commissioner Pena stated that it has not.

Legislator LoBue stated she is not in favor of either one of the bonds on this agenda.

Legislator Oliverio stated that he appreciates receiving this breakdown, this is important. It specifies what the bond will cover.

Legislator Albano agreed with Legislator Oliverio that the breakdown helps to know where things are going. Legislator Albano believes that this is the best time to be bonding this equipment; the interest rates are in the County's favor.

Legislator Oliverio stated that he does not like bonding but this is necessary to keep the work of the project that we promised our constituents to uphold. We bought the golf course to keep it green and to make it a viable proposition and in order to do that you need to spend money to make money.

Chairman Castellano stated that we need to maintain it and move forward. We need to invest a little money and if Putnam County does it the right way we are going to make the best of this.

Legislator Nacerino stated that she does not necessarily think that bonding is a bad thing. She believes that this is the right time and these are necessary projects that need to be completed so we need to look at it through the full scope of the job.

Legislator LoBue asked if the County or an outside agency will be running the golf course.

Commissioner Carlin stated that is still being discussed and they are in the final evaluation process of the RFPs.

Legislator LoBue stated that is why she has a problem with this. It seems we are putting the cart before the horse. How can we make a decision on improvements when we do not know if we or an outside agency will be running it?

Commissioner Carlin stated that he understands her concern but whoever runs the golf course, we need to make the facility improvements and obtain equipment.

Legislator LoBue stated that there were 68 parties booked with the current kitchen. Is it perfect? No, but why would we spend another \$250,000 on something that we have our hands tied when the bonds are not callable until 2017 and because of the condition of the bonds only the County can make a profit on the property. This is not an emergency. This is not something that has to be done now.

Legislator Oliverio stated that he understands Legislator LoBue's point but, we need to invest some money to make top dollar whether we run it or an outside agency does. It has not been maintained the way it should have been. To make it attractive for an

outside agency to come on board and run it or to make it attractive for us to run it, either way it needs to be done and will be money well spent.

Chairman Castellano stated he agrees with Legislator Oliverio. If we do nothing, we are going to have a problem.

Legislator Albano stated he understands what Legislator LoBue is saying. He would like to see what is in the works.

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Nacerino. All in favor.

**Item #13) Approval/Bond Resolution/Various Equipment at the Putnam National Golf Course (Discussed at Physical Services Committee Meeting)**

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Albano. All in favor.

**Item #20b) Approval/Budgetary Amendment (13A008)/Highways & Facilities/Putnam National Golf Course/Equipment Purchases & Renovations**

Chairman Castellano made a motion to accept the Other Business Item #20b and move this item forward on the agenda, seconded by Legislator Nacerino. All in favor.

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Albano. All in favor.

**Item #14) Approval/Limited Sales Tax Free Holiday**

Legislator Oliverio asked Commissioner Carlin why this never made it through last year.

Commissioner Carlin asked Deputy County Attorney Sandra Fusco forward to discuss the legalities of the item.

Deputy County Attorney Fusco stated that she believes that one of the problems we had last year was that it was not introduced as early in the year as it should have been and there were issues with some of the language that was used. She further stated that this year she dealt directly with the New York State Department of Taxation and Finance and that department drafted the actual language that is technically correct so it will not be an issue with the Ways & Means Committee.

Legislator Oliverio asked if all it needed was the Legislature's passage.

Deputy County Attorney Fusco stated that at this point, yes, after which, the Senate and Assembly need to pass it.

Legislator LoBue asked Deputy County Attorney Fusco if she could elaborate on exactly what this is for some of the new legislators.

Deputy County Attorney Fusco stated that it is a one year commitment by counties that would like to opt-in. There are several components to the sales tax exempt collected, the State, the County, and the MCTD. Putnam County is one of those counties that falls into the MCTD District. It is 4% State, 4% County, and 3/8 of 1 % MCTD. The State currently exempts qualified purchases. A qualified purchase is clothing and footwear that is less than \$110 per item. Putnam County does not want to commit to a one year sales tax exemption; we want to have a limited sales tax exemption, 10 days, August 16 – 25, 2013. The thought process behind that specific time period being “back to school” time.

Chairman Castellano asked if an individual were to purchase a pair of jeans at \$100 during that time period what would the savings be.

Deputy County Attorney Fusco stated the 4% County Sales Tax would not be collected. A savings of \$4.00.

Legislative Chairman Richard Othmer stated that the idea is to get people to Shop Putnam and get the deal on the expensive item and pay sales tax on the other smaller items thinking that shoppers would rather get everything at once instead of driving elsewhere for smaller items.

Legislator Nacerino asked if it was clothing and footwear only.

Deputy County Attorney Fusco stated that is correct.

Legislator LoBue asked what was happening with the sales tax extension.

Commissioner Carlin stated that is another agenda item that we can discuss.

Chairman Castellano asked what was being done to advertise for the sales tax free holiday to get people from other counties to come to Putnam to shop.

Commissioner Carlin stated there are plans to do so but he is not aware of exactly what they are.

Legislator Nacerino made a motion to pre-file the necessary resolution, seconded by Chairman Castellano. All in favor.

### **Item #18) Discussion/Sales Tax Extension**

Chairman Castellano made a motion to waive the rules and move this item forward on the agenda, seconded by Legislator Nacerino. All in favor.

Commissioner Carlin stated that the sales tax extension ends November 30, 2013, but, what has been done is the Governor has included in his budget that the Counties will not have to go for an extension. So we have been told by New York State Department of Taxation and Finance to tread lightly and see what happens in the State budget because there may not be a need for this. If the State budget that is approved requires us to go back to the State we will be back with legislation largely worded as it has been in the past two year/biennial period. As for now we are hoping that the State budget cures this once and for all.

Deputy County Attorney Fusco stated that the timing for that is around April 2013 and we will keep an eye on that.

Chairman Castellano stated that if the State budget passes and no action is necessary if we are going to keep it as is and more forward.

Commissioner Carlin stated that is correct.

Legislator LoBue asked how much the extension is.

Commissioner Carlin stated that it is 1%; it extends the tax from 3% to 4%. That 1% is worth approximately \$12 million annually to the County. If we do not get that extension we will radically have to change the way we provide services and do business.

Legislator Oliverio asked for clarification that the Governor actually put this in his budget.

Commissioner Carlin stated that is correct. He believes that the Governor did so by recognizing that maybe 90% are already at the 4% and why is the State making the Counties come back every two years to ask for it again. It has left a real bad taste in some counties because it has been held hostage to issues that have nothing to do with economic or budget issues.

Legislator Oliverio stated that if a county was to go above the 4% that would be something that would need to be approved.

Commissioner Carlin said the State is talking about that right now, you may have to go back to the State. Either way, the 4% is the baseline.

Legislator Albano stated that if we did not have that, the only other place we can get that is from property tax and that is the backbone of the community. He stated that he does not like any tax but what he does like about this is that it passes the cost across to everyone in the County and everyone chips in a little bit, even from those outside the County. It is a more even way of spreading the tax burden.

**Item #15) Discussion/County Tax Bill Insert**

Legislative Chairman Othmer stated he has been working with Commissioner Carlin and County Auditor Michele Alfano-Sharkey for approximately three years now on this matter but with the accounting software change over it has taken this long. Washington County has an insert which is cheaper than putting it on the tax bill and it shows exactly where the tax money goes. In Putnam County, you get a lot of services for very little money. For every dollar you pay approximately 70% goes to your school tax, approximately 22% goes to your Town tax, 4% goes to your State, and 4% goes to your County. Out of that 4% the County receives, 2% is actual County expenses. Two (2) cents on every dollar you pay in taxes goes to your County, the other two (2) cents are mandated State programs. He believes the citizens should see this.

Legislator Nacerino stated that she agrees with Legislative Chairman Othmer. This is a great way for people to understand and realize the impact of where their tax dollars are going and the flexibility that the County does **not** have versus a lot of people thinking there is a great deal of flexibility with their tax dollars. They are predominantly mandated expenses.

Chairman Castellano asked when the Committee could review Putnam County's version of this insert.

Commissioner Carlin stated he thought after the 2014 budget season would be most relevant.

Legislator Oliverio asked if it would follow the same template as Washington County.

Commissioner Carlin stated that we could. The biggest thing is printing an insert instead of printing on the tax bill.

**Item #16) Discussion/Detailed Breakdown of Highways & Facilities Overtime Costs for "Events & Hurricane Sandy" Categories**

Commissioner of Highways & Facilities Fred Pena came forward to discuss this item. He stated that what he has provided tonight is the summary sheet of the FEMA application. We are submitting additional hours of mechanic time but we do not know if that will be accepted. What you see here is what we are asking to be reimbursed, it also contains the scope of work and how they are categorized.

Legislator Oliverio asked if "cy" is cubic yards.

Commissioner Pena stated that is correct.

Chairman Castellano asked if we had any idea what the outcome will be.

Commissioner Pena stated that the amount we see here has been agreed on and we are trying to pursue additional mechanics hours but we are not certain that will be accepted.

**Item #17) Discussion/Audit & Administration Committee/Practices & Procedures**

Chairman Castellano stated that he would like to have a brief discussion on the procedures of the Committee.

Legislator LoBue asked Legislative Counsel Van Ross if this should be on the Rules Committee. We are entitled to ask for as much information as possible to carry out our fiduciary responsibility.

Legislator Nacerino stated that she had Legislative Counsel Van Ross review her memorandum, which is backup for this item, before it was sent out. This discussion is not to set policy or change rules, it is for discussion. This references Legislator LoBue's critical question on overtime of the Highway Department from the January Audit Meeting. Legislator Nacerino quoted a paragraph from her memorandum:

"It is my understanding department heads are entrusted with the discretionary authority to approve said overtime within their respective budgets. Along with this authority comes a fiduciary responsibility to work in earnest on behalf of the taxpayers. This expenditure is signed-off by the Department Head and forwarded to the County Auditor for approval before being placed on the Audit Committee's agenda." She further stated that there is some level of checks and balances and there is some level of accountability. Her question is how much is encumbered upon this Committee for backup for approval and the fine line being good auditing practice and have it become too cumbersome. With Legislator LoBue's question, begs another question, was there any overtime incurred by the Sheriff's Department or the Bureau of Emergency Services for Superstorm Sandy and have we asked for backup? Once we asked one department for certain items that required us to make an informed decision it encumbers us to ask every respective department as well and that was the basis of her question.

Legislator LoBue stated that as a Legislator, you have the discretion to ask anybody and if you feel that necessary, by all means ask for it. She feels that there is inconsistency when the Highway Department gives us a breakdown. It is sometimes vague but other times not, such as when they brought a piece of paper showing the detailed breakdown of equipment at the golf course. She believes when they want to do something, the County Executive, they do it. When they want to block the Legislature and they do not want to comply with the request for information, they do that as well.

Legislator Nacerino stated that this conversation is about the Committee. It is a preliminary discussion based on if we are going to move in that direction then she believes, without becoming too cumbersome, then we need to ask the same questions to every department. We need to be fair and consistent with our practices whatever we determine those practices to be.

Legislator LoBue stated that you can ask any department head for any information that you want and they have to comply. There are no boundaries; if it is confidential, then it is sent in a confidential envelope. If you are asking for financial information so you can make a fiduciary decision they have to comply.

Legislator Albano stated that there are no boundaries and when it is important we need to ask really deep questions. There are times when things need to be streamlined a little bit knowing that we are dealing with decent people doing a decent job. It becomes very apparent when you see things not getting done and that's when it becomes more important. If we go a little bit too far with the things that we ask we can have meetings that take six or seven hours. He further stated there is a certain range of how many questions we should ask. He can go downstairs in this building where the construction is taking place and ask how many two-by-fours and how many windows and he understands that is his right as a Legislator but it might not be necessary. He believes he has to have some faith in the people that we deal with and say this looks appropriate and if it does I am not going to micromanage it. We want to try to streamline it a little bit so long as we are doing a good job.

Legislator Oliverio stated that he understands the point Legislator LoBue is making. It is up to the Committee to ask if they do not feel they are getting enough information regarding the request. He does not believe that any limit should be put on the amount of information that can be asked. He follows the Charter and the Charter specifically states that the Committee decides that issue put before them so if this Committee thinks that the report received is not necessary he is going to defer to the Committee. Legislator Oliverio stated he likes the report that Commissioner Pena gave in response to the further request for information it gave the Legislators a bird's eye view of what was done in the Highway Department during and after Superstorm Sandy. We have the right to bring up the question. The Committee decides how much to ask for.

Legislator Albano stated that it should be done across the board for departments.

Legislator LoBue stated that we are nine individual legislators and each legislator has a right to do their due diligence. She will agree that the Committee carries precedent but, last month at Protective Services our Committee stated there would be no task force and Legislative Chairman Othmer started a task force. The Committee made a decision and it was overridden. Procedure should be followed across the board.

Legislator Nacerino stated that Legislator LoBue's question was not the crux of her question. There was not any objection to Legislator LoBue's question on her part or that she felt that Legislator LoBue should not have asked the question or that Legislator LoBue's question was excessive, that was not what she was insinuating or alluding to in any shape or form. What Legislator Nacerino is trying to determine, and it is the basis of this conversation, is where the trust and the fiduciary responsibility placed on the department head. Where is the line between the trust that we give to the department heads to do the right thing with their discretionary ability and micromanaging them by asking for too much of something which might be not even productive? How much latitude do we give Department Heads and how much do we micromanage them to the

point where we become a non-productive committee because it is really not necessary. We have a fiduciary responsibility, they do, this Committee does and that was the only clarification that Legislator Nacerino was looking for.

**Item #19) Schedule of Revenues/Fines Levied by Boards/FYI** was duly noted.

**Item #20) Other Business**

**Item #20a) Approval/Budgetary Amendment (12A114)/Finance/Closeout Completed Capital Projects**

Commissioner Carlin stated that he is closing down a number of the old capital projects. He stated a question arose today about the Senior Center; those are bonds we will not be issuing because we never built the center.

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Nacerino. All in favor.

**Item #20c) Approval/Fund Transfer (13T026)/Social Services/Reclassify State Aid**

Chairman Castellano made a motion to pre-file the necessary resolution, seconded by Legislator Nacerino. All in favor.

Commissioner Carlin stated he would like to weigh in from the other side of the hall concerning information. He stated he has been here for three County Executives and it just seems that one time or another we all struggle about the flow and access of information and he does not believe any of them at any time are trying to block information from getting to the Legislature because it is in everyone's interest to get information out there to get things done. In his opinion, if you funnel everything through the County Executive's office it gets disseminated and kept track of. County Executive Robert Bondi did it, County Executive Paul Eldridge, and County Executive Odell too. County Executives Bondi and Odell were former legislators; they know what you go through. It is not an easy issue but every time he speaks to the County Executive and Deputy County Executive, they want information out there because they want to get things done. When you get information out there, you get questions answered and you get things done.

There being no further business, at 7:25 P.M., Legislator Albano made a motion to adjourn, seconded by Chairman Castellano. All in favor.

Respectfully submitted by Krista M. Butler, Administrative Assistant.