

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

Members: Chairman Castellano, Legislators Albano & Gouldman

Wednesday

6:30pm

October 13, 2021

The meeting was called to order at 6:35pm by Chairman Castellano who requested Legislator Albano lead in the Pledge of Allegiance. Upon roll call Legislators Albano and Chairman Castellano were present. Legislator Gouldman arrived at 6:42pm.

Item #3 – 2022 Budget Review

Department of Finance – Account 1310 (pages 14-16)

Chairman Castellano stated line 411100, Sales and Use Tax, has \$65 million in revenue budgeted for 2022.

Commissioner of Finance William Carlin stated \$1 million less than 2019 and 2020 was budgeted in Sales and Use Tax to remain conservative due to issues on the horizon with the supply chain, inflation, and the debt limit crisis.

Chairman Castellano questioned line 427161, Use of Fund Balance.

Commissioner Carlin stated about \$2.26 million was used. He stated there is a \$43.3 million unassigned fund balance to help with the economic choppy waters that may be ahead, therefore they did not want to overuse the fund balance. He stated they must remain mindful of the tax cap; if too much of the fund balance is used it could hurt the County in future years. He stated this will be adjusted once the final NYSHIP rates are in.

Chairman Castellano questioned the increase in line 51094, Temporary.

Commissioner Carlin stated he requested two (2) increases in personnel lines and an additional \$30,000 in Temporary. He stated the Chief Deputy Commissioner of Finance retired after more than 30 years of service. He stated they are in the process of filling that vacancy now, but anyone who is hired will not be ready for the year end closing process that begins at the end of December. He stated the funding in the temporary line will be to employ the former Chief Deputy Commissioner of Finance through the first quarter of 2022 to get the books closed because that was one of her primary functions.

Legislator Albano questioned if employees are being trained to perform these tasks.

Commissioner Carlin stated he has instituted a succession plan for the Finance Department. He stated he is aware that it is the prerogative of any new Administration to make changes to departments, but he feels an obligation to prepare as best as possible.

Legislator Albano questioned line 427201, OTB Distributed Earnings.

Commissioner Carlin stated nothing was budgeted in this line because it is not assured anything else will be received. He stated hopefully the fate of OTB changes moving forward.

Legislator Sullivan questioned if the County received indication of how much the health insurance plans will cost next year.

Commissioner Carlin stated unfortunately that has not yet been received. He stated prior to COVID, NYSHIP would provide a quarterly range which would be used to budget for the following year. He stated they have not supplied that report since COVID. He stated they budgeted the amount based on an estimated 5% increase.

Legislator Montgomery questioned what line 54646, Contracts, is used for.

Commissioner Carlin stated most of the contracts are for bond council for the financings done by the County. He stated there is also funding included for a cost report, which is mandated for Federal grants, and there is money for the cash liquidity study that helps maximize interest rates.

Legislator Montgomery questioned why the line has increased.

Commissioner Carlin stated it depends on how much borrowing the County does. He stated each year there have been two (2) borrowings; the refinancing that saves the County money and the regular infrastructure borrowing. He stated the bulk of the cost goes to bond council, Moody's rating, and fiscal advisor costs.

Purchasing – Account 1345 (pages 18-19)

Chairman Castellano questioned the increase in line 51000, Personnel Services.

Director of Purchasing Alessandro Mazzotta stated the Account Clerk position was filled in 2021, therefore it is showing in the budget for the full year of 2022.

Director Mazzotta stated in the Central Services budget (Account 1610, page 40) there is a large increase shown in Gasoline, line 54371. He stated the funding was moved from the Sheriff's Department budget to Central Services because the only gas pump being used now is the one at the Donald B. Smith campus. He stated the price of gasoline is also going up; the most recent bill they paid was \$2.50 per gallon however in the beginning of the year it was closer to \$1.75 per gallon.

Chairman Castellano stated Central Services falls under the Physical Services Committee. He directed the discussion back to the Purchasing budget. He questioned the increase in line 54783, Licensing Software.

Director Mazzotta stated Putnam is doing a cooperative RFP (Request for Proposal) with neighboring counties (Rockland, Westchester, Orange, and Dutchess) to collaboratively develop a new bid and RFP hosting software. He stated it would benefit all counties to be using the same system. He stated extra funding was put in this line in the event the expense increases as it moves forward.

Legislator Montgomery stated the amount in the line has doubled from 2021. She stated this is a large increase when the expense is unknown.

Director Mazzotta stated the RFP is going on now but has not yet been fully evaluated or awarded. He stated the amount included in the budget is an estimation based on ranges they received and they estimated on the higher end with the hope it will not cost that much.

Tax Advertising & Expense – Account 1362 (page 22)

Commissioner Carlin stated this is an estimation of what the advertising may cost along with other costs associated with the foreclosure process. He stated the costs are lower this year because the Governor's Executive Orders suspended foreclosures until next year.

Legislator Jonke questioned where the proceeds from foreclosure sales would be shown in the budget.

Commissioner Carlin stated that would be shown here, in line 410511, Gain (Loss Sale of Tax Acquired Property). He stated last year there was a loss because many old properties were sold. He stated most properties will sell at a loss because the tax delinquencies are so high that the County won't make it back. He stated there are a few that contribute to the profit, but most sell at a loss.

Legislator Jonke questioned if the \$222,632.07 in line 410511 for the 2021 Actual was from the sale of the White House (20 Fair Street).

Commissioner Carlin stated that amount is a loss. He stated the White House was supposed to close today, but there was a title issue which delayed it. He stated he set up a budgetary amendment to put the proceeds toward that into the Capital Project facility renovations fund, as was discussed before it was agreed to sell the White House.

Expense on Property Acquired for Tax – Account 1364 (page 23)

Commissioner Carlin stated the County is required by law to pay the schools taxes for foreclosed properties.

Information Technology – Account 1680 (pages 41-42)

Director of IT/GIS Thomas Lannon stated 2021 was an exceptional year, continuing from 2020 with the amount of information being disseminated and keeping employees working from home at the beginning of the year. He stated the County has moved to more Cloud computing, which is beneficial as it allows employees to have access to information faster, however it has also brought many cyber threats. He stated a lot of time is dedicated to combating cyber threats, especially this time of year with Election Day approaching. He stated based on that a few lines were increased, most notably line 54783, Licensing Software which increased 39%. He stated this is due to increased costs from Microsoft and the Cloud computing. He stated the cost for Adobe also increased because they changed their business model where it must be updated each year. He stated the benefit to the County is that employees are using the most up to date program at all times. He stated the County has also increased their presence with Microsoft and is on their cyber security platform. He stated they are also in the process of enforcing two factor authentication for employees; this is being rolled out department by department. He stated the increase in line 52110, Furniture and Furnishings, is tied to a personnel line. He stated line 54634, Telephone, increased as well for 2022. He stated this covers the whole County and the increase is in anticipation of having to replace older equipment.

Insurance Expense – Account 1915 (page 43)

Commissioner Carlin stated this is the County's NYMIR (New York Municipal Insurance Reciprocal) costs. He stated the premiums for the next year are known and this should be a stable cost.

Legislator Sullivan questioned where worker's compensation expense is shown.

Commissioner Carlin stated worker's compensation is line 8004 and is shown in each department's budget. He stated the total cost is about \$1.1 million.

Legislator Sullivan stated the County's worker's compensation deductible is \$1.5 million.

Legislator Gouldman stated if the deductible were less, the premium would be higher.

Taxes/County Property – Account 1950 (page 47)

Commissioner Carlin stated this cost is for sewer and water.

MTA Mobility Tax – Account 1980 (page 48)

Commissioner Carlin stated this cost is calculated by a formula based on payroll.

Contingency Fund – Account 1990 (page 50)

Commissioner Carlin stated line 54980, General Contingencies is at \$500,000. He stated line 54981, Sub Contingency includes about \$218,000 for the Emergency Services RFP, which is being evaluated now. He stated the other \$50,000 is to go toward the plan being worked on by Commissioner of Department of Social Services Michael Piazza to have mental health services involved with the ERT (Emergency Response Team). He stated once a plan is developed it will be submitted to the Legislature to be considered and then for the funding to be moved to the proper line.

Chairman Castellano questioned line 54986, Sub Contingency Sheriff.

Commissioner Carlin stated the funding in Sub Contingency for the Sheriff is for leased vehicles in the Narcotics Unit. He stated they would prefer to have all vehicle leases go through the Purchasing Department so this funding was placed in Sub Contingency for the time being.

Chairman Castellano requested what the benefit is for the Sheriff to lease vehicles rather than purchase them.

Commissioner Carlin stated this leasing is specifically for the Narcotics Unit. He stated leasing the vehicles makes it easier to swap them out more rapidly.

Debt Service – Account 9710 (pages 236-237)

Commissioner Carlin stated this is the only account in the budget the Legislature is not permitted to change. He stated these are the debt service costs that are guaranteed by the full faith and credit of the County.

Legislator Albano questioned the revenue budgeted in line 424012, Courthouse Interest.

Commissioner Carlin stated the County receives a subsidy from the Office of Court Administration on the interest paid on the new Courthouse.

Financing of Capital Projects

Commissioner Carlin stated the Capital Projects Committee adopted a Capital Projects budget, which the County Executive left unchanged. He stated the Committee-approved amount is \$10,522,507, the amount financed by State and Federal aid is \$5,826,000, Interfund transfers \$380,000 and borrowing is \$4,316,507. He stated none of the money that is borrowed can be spent until the Legislature approves a bond resolution.

Legislator Gouldman questioned if the eight (8) buses planned to be purchased in 2024 will be replacing current buses.

Commissioner Carlin stated yes, they will be.

Legislator Gouldman questioned if there is any guidance around gasoline or electric vehicles.

Commissioner Carlin stated before they are replaced in 2024 work will need to be done on that. He stated there are many other considerations with electric vehicles such as charging stations.

Chairman Castellano questioned how utilities effected this budget.

Commissioner Carlin stated he does not have the exact numbers, but the cost for all utilities increased. He stated a discussion was had at the NYSAC Conference about energy and the speaker was speaking in favor of nuclear power.

Chairman Castellano questioned if Commissioner Carlin had the percentage of the budget that went to energy.

Commissioner Carlin stated he would need to run the numbers, but it is at least a few hundred thousand more than last year.

Legislator Albano stated it is a perfect time for Article 9 projects.

Commissioner Carlin stated yes, those projects reduce the use of energy. He stated the biggest savings is the changing of the lightbulbs. He stated using solar energy will help lower the cost even more.

Legislator Albano stated upgrading the efficiency of the lighting in the Jail only took about two (2) or three (3) years to see a return.

Deputy Commissioner of Highways & Facilities John Tully stated investing in the Article 9 program has resulted in a savings of energy, and these increases would be significantly higher without those projects being done. He stated the price of energy is an uncontrollable factor, but these projects slow the growth for the County.

Item #4 – Other Business – None

Item #5 – Adjournment

There being no further business, at 7:16pm Chairman Castellano made a motion to adjourn; Seconded by Legislator Albano. All in favor.

Respectfully submitted by Administrative Assistant, Beth Robinson.