

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 PM** **November 26, 2013**

The meeting was called to order at 6:33 P.M. by Chairman Castellano who asked Legislator Albano to lead in the Pledge of Allegiance. Upon roll call, Legislators Albano, Nacerino, and Chairman Castellano were present.

Item #3) Approval of Minutes – October 15, 2013
October 28, 2013

The minutes were approved as submitted.

Item #4a) Sales Tax Report was duly noted.
Item #4b) Board In Revenue Report was duly noted.
Item #4c) OTB Report

Chairman Castellano stated that the numbers have not been met for 2013.

Commissioner of Finance Bill Carlin stated that there are always underages here. He stated that we budgeted a lower number for 2014 than 2013.

Item #4d) Transfer/Revenue Report was duly noted.
Item #4e) Contingency/Sub-Contingency Report

Legislator Albano asked if we will use the rest of the amount left in the account by the end of the year.

Commissioner Carlin stated yes we will use it.

Item #5a) Overtime/Temporary Report

Legislator Nacerino asked how the lines that have dramatically exceeded their balances are made whole.

Commissioner Carlin stated that monies will come from sub-contingency as that was what it was put into sub-contingency for initially.

Legislator Nacerino asked if these lines are exceeded by this amount year after year then why aren't our projections higher from the get-go.

Commissioner Carlin stated that for the most part, they are. He stated that for the Jail, it is different this year because we believed some programs would have taken hold already but have not, such as video-conferencing and SPOs. He believes those programs will happen next year.

Legislator Oliverio stated that in last year's budget season the Legislature deliberately cut the overtime budget.

Item #5b) Approval/Budgetary Amendment (13A080)/Finance/Indigent Legal Services

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

Item #5c) Approval/Budgetary Amendment (13A082)/Health/Early Intervention Billing & Revenue Collection

Commissioner Carlin stated that the State is now the fiscal agent for Early Intervention therefore all the bills that would run through the various counties for Early Intervention are now running through the State and this reflects that change in the mechanism for how the bills get paid.

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

Item #5d) Approval/Budgetary Amendment (13A084)/Sheriff/FY 2013 Explosives Detection Canine Grant

Legislator Scuccimarra stated that she understands that this grant for the startup costs of the animal but what she would like to know is how we are going to maintain the animal and if the Deputy taking care of the animal is going to be paid overtime for keeping this animal at their house.

Sheriff's Department Fiscal Manager Patricia Butler stated that the Corrections Officer in the Jail is paid something for having their current K-9 Unit. She stated that that dog lives with the Deputy. She stated she could get the information that Legislator Scuccimarra is asking for but that she does not have that specific information at this time.

Legislator Albano asked if it was drugs as well or just explosives training.

Legislator Oliverio stated that it is many things and not just explosives.

Fiscal Manager Butler stated that is correct.

Legislator Nacerino asked for the long-term fiscal impact is going forward.

Chairman Castellano stated that we are just trying to get a full sense of the cost for another canine. He stated that this is certainly a positive program.

Legislator Oliverio stated that the dog they have now is 8 years old and is aging out of the program. He stated there would be veterinarian and vitamin/supplement costs but it is worth its weight in gold.

Legislator Nacerino stated that she agrees with Legislator Oliverio but that she would like to see the numbers.

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

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

Item #5e) Approval/Budgetary Amendment (13A085)/Highway/Capital Projects-Outside Consulting

Commissioner Carlin stated that it is for the three projects that we came to the Legislature earlier for the engineering money.

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

Item #6) Approval/Fund Transfer (13T290)/Highway/Defund Per Reso #99 Septic Repair Program

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

Item #7) Approval/Fund Transfer (13T296)/BES/Correct Original Transfer for Power Phone

The Committee approved said Fund Transfer.

Item #8) Approval/Fund Transfer (13T301)/Sheriff-Jail/Jail Overtime

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

Item #9) Approval/Fund Transfer (13T317)/Sheriff/Additional Funds for Vehicle – New State Contract

Fiscal Manager Butler stated that the contract ran out after the money was moved into the line to purchase the vehicle so we had to use the new vendor.

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

Item #10) Approval/Fund Transfer (13T319)/Consumer Affairs/Purchase Two Vehicles

Director of Consumer Affairs Jean Marie Noel stated that the cars that her department has have all failed inspections and can no longer be used. She stated that these are the vehicles that her department needs to perform mandated functions. She stated this is an emergency and that is why she needs these cars now. She stated to order a vehicle it would take until April or May 2014 to come in which we cannot wait for. She stated that there is a 2013 vehicle on the vendor's lot that we can purchase and have in two weeks. She stated that the 2013 vehicle is a bit larger and that is why the cost is a bit more and the 2013 vehicle has the backup light and sound which is essential and she would have had to add that to the initial bid.

Legislator Scuccimarra stated that Director Noel has saved her department quite a bit of money and these cars are essential.

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

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

Item #11) Approval/Fund Transfer (13T329)/Highway/Cover Auto Repairs Thru End of Year

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

Item #12) Approval/Re-appointments/Industrial Development Agency/McLaughlin & Ruchala (Tabled from Economic Development Committee)

Chairman Castellano stated that this went to the Economic Development Committee and was tabled.

Legislator Scuccimarra stated that yes it was tabled out of her Committee (Economic Development) but we didn't realize that there was a time constraint on these and she apologized for that.

Chairman Castellano stated that he thinks there was some misunderstanding at the previous meeting but after speaking with Legislator Scuccimarra and Rich Ruchala that the Audit Committee would like to approve the two appointments at hand.

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

Item #20) Other Business

Chairman Castellano made a motion to accept the Other Business items, seconded by Legislator Nacerino. All in favor.

Item #20a) Approval/Fund Transfer (13T332)/Highway/Properly Allocate Fund to Cover Tools

The Committee approved said Fund Transfer.

Item #20b) Approval/Budgetary Amendment (13A086)/Highway/Road Machinery – Guardrail Repairs

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

Item #13) Discussion/Carmel VFW Public Address System

Chairman Castellano stated that Chairman of the Legislature Othmer requested that \$500 of the Legislative Miscellaneous Line be used to cover the cost of a new Public Address System for the Carmel VFW. He stated the system they have is outdated and we would like to help them the best we can.

Legislator Oliverio stated that he supports this and this is important. He stated that we need to remember if other County VFW organizations need assistance that we help them too.

President of the Putnam County Chambers of Commerce Bill Nulk stated that he was present at the ceremony that Chairman Othmer was citing in his memorandum regarding this letter and \$500 should certainly cover the cost to replace that old system.

The Committee agreed and approved the action.

Item #14) Discussion/Re-Introduction of the Fiscal Vision & Accountability Commission

Legislator Nacerino stated that she spoke with Legislator Scuccimarra about this and it was successful in the past. She stated she would like to re-group this Commission and get it going.

Legislator Scuccimarra stated that she served on this Commission for three years and it was a no nonsense, very focused group. She stated that she may have the list from when she was on the Commission and there were about 10-12 people on the Commission and we met once a month every month.

Legislators Nacerino and Scuccimarra agreed to spearhead this revitalization.

Legislator Oliverio stated that the Commission had a main chairperson that would alternate, it was not necessarily a Legislator, but the Legislator would bring back the ideas to the appropriate Legislative Committees. He stated the volunteers were vetted by the two legislators who oversaw the Commission. He stated it was fairly successful. He stated if we are revitalizing this Commission he asks that the salary equalization be a topic of review for the Commission.

Chairman Castellano stated that he would like to move this to the Economic Development Committee, chaired by Legislator Scuccimarra, for January 2014.

Legislator Scuccimarra stated she will have some research and more information then.

Legislator Nacerino stated she will have some research and more information then as well.

**Item #15) Discussion/“Where Your 2014 Putnam County Tax Dollars Go”
County Tax Bill Insert**

Commissioner Carlin stated that he has been working on this for Chairman Othmer with Director of Real Property Lisa Johnson. He stated that many homes in Putnam have their taxes by in escrow by the banks and will never see a tax bill but will see the receipt of their tax bill and although we cannot alter the tax bill we can add one sentence under the bill referring the public to the County website and have the breakdown on the website.

Chairman Castellano stated he believes that is the most cost efficient way and he is happy with this outcome.

Item #16) Discussion/Sharing of Excess Budgeted Sales Tax

Legislator Oliverio thanked Chairman Castellano for placing this item on the agenda at his request. He stated that he is not talking about raiding the budgeted sales tax. He stated that in 2013 we are taking in \$2 million more than we budgeted that excess \$2 million from the budgeted number is what he is talking about regarding this item. He stated that we could give 10% of that excess of the budgeted amount to the Towns that create that sales tax for us. The communities that maintain the infrastructures should receive something in return for the upkeep that generates the sales tax. He believes that is reasonable. He and former Legislator Tony Hay attempted three times to pass something like this. He stated he understands that County Executive Odell is having a meeting regarding sales tax. He stated he cannot attend that meeting because it is during the day but his Town Supervisor, Bob Tandy, will be attending. He stated he does not want to supersede the meeting County Executive Odell has called so he asked that this item be on the January Audit Agenda for discussion which is after County Executive Odell’s meeting. He stated anything would be better than nothing and it would not hurt the County to take a little from the unanticipated sales tax.

Legislator Albano stated that when we talk about taking a percentage of something that is over and above what we expected it sounds like the logical thing to do but the big difficulty is how can we appropriate that. He stated constituents in his district paid \$30 million+ for their sewer district and another area may have a sewer treatment plant paid for by New York City so it is hard to figure that out.

Legislator Oliverio stated it makes sense and it would not hurt our basic County budget because it is excess.

Legislator Scuccimarra stated that this has been a topic in her town for quite a few years. She stated that her town has been existing on mortgage tax for years which is down. She has sat with Commissioner Carlin on this and it is a tough situation. She stated she does not want to see our County tax go up to compensate that.

Commissioner Carlin stated that the excess is not what most Towns have spoken to him about sharing. He stated that Towns have always asked to share the sales tax, period. He stated that we will address both of these issues on the 6th at County Executive Odell's meeting. He stated that this year there may not be an excess. He stated that was because we cannot look at one line item in the budget. He stated we will not know until January 15th if we actually have an overage. He stated that we use the excess to pay for other shortfalls in the budget like OTB and the Sheriff's Overtime. He stated that he wanted to remind everyone that we have a pension amortization bill out there for about \$12 million. He stated that what we as the Administration believe is the responsible thing to do is to pay that off first before you give a dollar to anyone because that is a liability that we owe the pension system. He stated that we did not want to enter the program but it was that or get rid of services and jobs or raise taxes through the roof. He stated that he will disagree that there is any money to give out until that pension bill is paid. He stated that since May 2012, three counties around us, Westchester, Rockland, and Dutchess have been downgraded by Moody's and we have not which is noteworthy. He stated one of the reasons we have not been downgraded is that we have been steadfast with the sales tax and pay off the County bills first. He stated that Legislator Oliverio and himself have been around forever but County Executive Odell and Deputy County Executive Walker have reminded him that there are a lot of new people in County government right now and that maybe they do not know the whole story and that is why we are holding the meeting on the 6th. He stated that if you give away the sales tax you end up like Rockland County.

Legislator Oliverio stated that no, that is not what he means by this item.

Commissioner Carlin stated that he knows that is not what Legislator Oliverio meant but a great deal of the Towns do not understand that is what will happen if the County shares the sales tax. He stated then the County would start charging back the Town for more things than they chargeback now, like elections, and the chargebacks exceed the sales tax sharing amounts, then counties will have no cash and go into debt and have notes and their budgets need to be approved by the State Comptroller. He stated that is what we are trying to avoid here in Putnam County.

Chairman Castellano asked how many counties share sales tax.

Commissioner Carlin stated there are a lot but they are all different dynamics. He stated that Putnam does a lot of things that other counties do not. He stated that in Putnam since 1968 school taxes can be paid in two payments which creates a tremendous cash flow burden for the County that a lot of counties do not even deal with. We front the money and get it later. He stated that is one of the things we will show on the 6th. He stated so you need to look at the cash flow because surplus is not the same as cash flow.

Legislator Oliverio reiterated the use of excess budgeted sales tax. He stated if we were to do this then it forces us to better align our budget and to be more accountable in the budget process. He stated the excess can change year to year. He stated the amortization bill can factor in.

John McCaran, resident, Town of Southeast, stated that 44 of 57 counties in New York State share anywhere between 3 – 67% of the sales tax. He understands that Putnam is different but counties that relate in population size to us share sales tax. He stated it is his understanding that Medicaid is one of the higher bills in Putnam and cited how Monroe County has Medicaid relief.

Commissioner Carlin stated that Monroe County opted into getting less sales tax money for Medicaid relief. He stated it did not pay for Putnam because our sales tax is higher than our Medicaid bill where in Monroe County their Medicaid bill is much higher than their sales tax. He stated that would not apply here then.

Mr. McCaran stated that he was just pointing out that there are creative ways that he hopes the Legislature would look at to utilize these funds.

Commissioner Carlin stated that we are looking at that and County Executive Odell believes we should try to increase the pie and then talk about giving money out. He stated that right now we need the money to balance our budget to preserve our bond rating, period. He stated that if our bond rating goes down then it will cost more money for us to borrow to advance to the Towns to make their budgets whole than we already pay.

Legislator Nacerino stated that this is a very complex issue and she understands where Legislator Oliverio is coming from. She stated that we need to look at this from all angles because it is not one-dimensional. She asked isn't it true that all taxes levied to the County are used to cover unfunded mandates and that the only true operating money that the County has is through our sales tax money.

Commissioner Carlin stated that is correct and that as well as all the other bills that the County has will be explained at the meeting on the 6th.

Legislator Nacerino stated that is important to point out because if sharing sales tax was feasible then she does not see anyone having a problem with sharing it but we do not

want to take one step forward to take two steps back with something because it could actually hurt the Towns in the long run rather than help them.

Legislator Albano asked Commissioner Carlin to state some more of the bills that the County has.

Commissioner Carlin stated the community colleges, elections, delinquent taxpayers payment plan, etc. He stated all of these are cash flows issues for the County that we deal with every year.

Legislator Scuccimarra encouraged everyone to attend the meeting on the 6th because a lot of the facts that the public is not aware of will be spoken to. She stated that it will be helpful for the Towns to understand how much sales tax they actually generate.

Legislator Oliverio stressed again that he is talking about sharing the excess budgeted sales tax. He stated if we budget correctly then we can give a small portion of any excess budgeted sales tax number to the Towns for the good work that they do.

Legislator Scuccimarra stated that they would certainly appreciate it.

Commissioner Carlin stated that we should cover the bills that we owe first, such as the pension amortization bill.

Legislator Oliverio stated we should be able to do that in the budget. He stated we should not rely on an excess that may not happen to cover those bills.

Commissioner Carlin stated that we would be paying that bill off in advance which is the fiscally responsible thing to do.

Legislator Oliverio stated that he understands what Commissioner Carlin is saying but we need to pay bills based on the money we know we are going to get in. He stated we should not be guesstimating. He stated that is what would allow us to share a portion of the true excess budgeted sales tax to the Towns.

Commissioner Carlin stated that our budget is an estimate. He stated that if we knew we would get more every penny we would budget would budget to borrow less in the amortization program.

Legislator Oliverio stated that our budgeting is good.

Commissioner Carlin agreed. He stated that even if we knew the exact amount of sales tax we would get, we would budget for that exact amount and we would be budgeting to put that exact amount of sales tax money received to pay off the pension amortization bill because that is the prudent thing to do.

Eric Gross, Press, asked where the meeting on the 6th is taking place.

Chairman Castellano stated it is December 6th at 9 AM in the County Executive's Office. He asked if the public was invited.

Deputy County Executive Bruce Walker stated he does not think it is an open meeting because we would need a much larger forum than the County Executive's Meeting Room. He stated that he thinks it is just for Town Officials and Legislature.

Legislator Oliverio asked if the Committee could revisit this in January after the County Executive's meeting.

Chairman Castellano stated that we can certainly revisit this in January and hopes that something can be worked out.

Item #18) FYI/County Deposits & Investments Report Third Quarter Ending September 30, 2013 was duly noted.

Item #17) Discussion/Tilly Foster Farm

Chairman Castellano asked if there was anyone from Preserve Putnam in attendance to speak to the item.

A representative from Preserve Putnam was not in attendance.

Chairman Castellano stated that as a result of the last meeting he sent a letter to Preserve Putnam with many questions and he received a response yesterday. He stated that it is a lot of information and answers a lot of the questions we had but he would like to take more time to go through it before he reports on anything within it to the Committee. He stated he is aware that Legislator Albano also sent a letter and received a response yesterday and he will give him a chance to speak to that as well. He stated that we are certainly in the process of figuring out what is going on and what the future is of Tilly Foster Farm. He opened up the discussion to the attendees. He informed the attendees that after everyone has spoken that he will be making a motion to move into Executive Session to speak with the County Attorney regarding contractual issues of Tilly Foster Farm.

Deputy County Executive Walker stated that he met with our County Attorney on Friday along with Mr. George Whipple, his attorney, and two additional members of the Board of Preserve Putnam. He stated that we walked through a number of different things but the long and short of that was that we agreed to put together a Transition Team to transition the property back to the County. He stated that he will be leading the Transition Team from the Administration standpoint and he has spoken with Legislator Albano who is the Chair of the Physical Services Committee and he will represent the Legislature on the Team. He stated the Team will be working through the next several months to put the transition plan together and once we have that to a point where we can speak to it we will come back and address it.

Legislator Albano stated that we sent letters and received a response, a lot of detailed information. He stated that this information seems to go right along with the previous information we received. He stated that the thing he would like, because he is not a Certified Public Accountant (CPA), is a chalkboard where you write the answers to the basic questions like income and expenses to get a clear picture. He stated we need to go through all of this information but so far he does not see anything that alarms him in the documents. He stated that the numbers seem to indicate that the Farm makes less money than it takes in and the County has been kicking in money over the last few years but it does not seem excessive in his opinion.

Legislator Oliverio asked if someone could break out all of the items from Preserve Putnam's 990 forms that are just Tilly Foster Farm.

Legislator Albano stated that they did that in the paperwork he received.

Legislator Oliverio agreed with Legislator Albano's chalkboard scenario, it would make it clearer to everyone.

Commissioner Carlin stated that is correct. He stated that he reviewed information packets previously sent to the County and that Preserve Putnam did do audited financials for 2010 and 2011 that break that out, from an independent CPA. He stated there is nothing really that he can add to that. He stated that they have provided a lot of financial information and he has gone through the information so if any Legislator has a question he can certainly go through it with them.

Legislator Albano stated that Commissioner Carlin is an expert and understands the financial documentation he is looking at, unlike some of us here. He stated it is very helpful to have Commissioner Carlin point out things like he just did in this information.

Legislator Nacerino stated that basically what we are doing here is to ascertain what is going on so we know how to move forward. She stated that she is interested in hearing what the Transition Team has planned and how we are going to proceed but all of this information is contingent upon how to prepare and how to move forward. She stated that Mr. Whipple has been very receptive to all of our conversations and all of our meetings.

Chairman Castellano stated that it is important for us to understand what has happened over the last few years so we have an idea of what we are getting ourselves into and we have more questions that he hopes we can have addressed and answered for us.

Legislator Oliverio agreed.

Legislator Albano stated we welcome input from the public.

Mr. Ronald Ogden, current leasee of the Tilly Foster Farm Country Store, stated he signed a lease in September for the store. He stated that it is important for those subleases to know where they stand in all of this. He stated he needs to know if he

should still be investing money in his lease at the Farm. He submitted a letter to the Committee explaining who he is, what he is about, his background, and requests that he be considered for a position on any new Board of Tilly Foster Farm. He briefly explained the letter.

Chairman Castellano thanked him for his letter and stated that we are not removing anyone from the property.

Mr. Art Singer, resident, asked if everyone received the same information.

Chairman Castellano stated no, they did not receive the same information. He explained that he and Legislator Albano sent two different letters and received two different responses. He stated it is not different in content but set up a little differently.

Mr. Singer asked if that would be available to the public.

Chairman Castellano stated that it will be available via FOIL request because we only have one copy of each.

Mr. Singer asked why it is necessary to go into Executive Session.

Chairman Castellano stated that we will be talking about contract issues on the property and what is happening with the lease itself. He stated that any contractual issues have to be spoken about in Executive Session.

At 7:48 PM Chairman Castellano made a motion to move into Executive Session to discuss contractual issues, seconded by Legislator Nacerino. All in favor.

At 8:20 PM Chairman Castellano made a motion to come out of Executive Session, seconded by Legislator Nacerino. All in favor.

No action was taken in Executive Session.

There being no further business, at 8:20 P.M., Legislator Nacerino made a motion to adjourn, seconded by Legislator Albano. All in favor.

Respectfully submitted by Krista M. Butler, Administrative Assistant.