

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

Members: Chairman Castellano and Legislators Ellner & Gouldman

Monday

6:30pm

May 22, 2023

The meeting was called to order at 6:33pm by Chairman Castellano who requested Legislator Gouldman lead in the Pledge of Allegiance. Upon roll call Legislators Ellner and Gouldman and Chairman Castellano were present.

Item #3 – Discussion/ Leased Vehicle Insurance Policies

Risk Manager Mat Bruno stated in late 2022, former Purchasing Director Mazzotta put a leasing program into place. He stated prior to this, the County purchased each vehicle it utilized. He stated comprehensive and collision insurance can be costly and is not always necessary when the vehicle is owned therefore the previous Administration chose to cover many vehicles by general liability insurance. He stated the Highway Department is able to repair minor damage to the vehicles. He stated with a leased vehicle, comprehensive and collision insurance is important because the County does not own the vehicle. He stated vehicles are leased through Enterprise, which has a maintenance program that takes care of routine maintenance such as oil changes. He stated the County Highway Department could handle the routine maintenance, however it is better to have the owner of the vehicle take care of it as it gives it more credibility when it comes time to trade the vehicle in. He stated the County currently has 38 leased vehicles and they all have comprehensive and collision insurance coverage with a \$250 deductible. He stated even with the comprehensive and collision coverage, it does not necessarily mean the County would automatically make a claim if something were to happen. He stated because the vehicle will be traded in or purchased, a claim would be shown on a Carfax report and depreciate the value of the vehicle. He stated the County owns 317 vehicles that have general liability insurance as well as 50 trailers, jet skis, etc. that also have general liability insurance coverage. He stated overall comprehensive and collision insurance coverage could be added to the general liability policy, however he would not recommend doing that. He stated rather, adding the comprehensive and collision coverage piecemeal is a better way to do it. He stated comprehensive and collision coverage is put on vehicles that are 10 years old and younger (2013-2023). He stated he took a three (3) year history on adding this coverage piecemeal and looked at what happens when vehicles are involved in accidents and what out of pocket expense the County has. He stated in 2021 the County paid \$53,000 out of pocket expenses for damages to covered vehicles. He stated \$15,000 was recovered directly related to those out of pocket expenses. He stated there was also one (1) vehicle that was totaled, but because a lien was placed on the lawsuit, over \$350,000 was recovered. He stated because of this 2021 was a wash; the out of pocket expenses were recuperated. He stated in 2022 the County paid \$21,000 in out of pocket expenses for damages to vehicles, \$14,500 of which was recuperated. He stated so far in

2023 the County has paid \$14,700 out of pocket expenses, of which \$7,500 has been recovered. He spoke to an incident with a vehicle that was struck by a dog and caused about \$6,700 worth of damage. He stated this vehicle is from 2021 and did not have comprehensive collision insurance on it. He stated the vehicle has since been repaired and he is currently subrogating the owner of the dog in an effort to recover the expenses of repairing the vehicle. He stated while out of pocket expenses occur on County owned vehicles, most of the time he is able to recuperate money via subrogation against the other person's insurance company. He stated therefore, he recommends adding comprehensive and collision insurance coverage to vehicles piecemeal because it is not needed on every vehicle and can be expensive. He stated this can also be changed at any time if there is a point where this is not the best option for the County.

Chairman Castellano stated the County currently has 38 leased vehicles, but that number will surely increase in the coming years. He questioned what effect this would have on the County's insurance policy.

Risk Manager Bruno stated it can be estimated that premiums will increase between 8%-10% per year. He stated as the years go on, the coverage of the County's vehicles would change because comprehensive and collision will be on vehicles 10 years old and younger. He stated the leased vehicles will also eventually be traded in for newer vehicles. He stated future vehicles could be high tech and therefore require more expensive insurance. He stated in speaking with the Purchasing Department the plan is to lease vehicles for five (5) years with an option to purchase. He stated the vehicle may be purchased at a low price and traded in later or sold at a higher value. He stated repeating this process over and over will eventually result in leasing vehicles for free. He stated Deputy County Executive James Burpoe did this process in Orange County and is supportive of Putnam County doing the same. He restated that the current vehicle insurance is working well for the County.

Legislator Ellner questioned what the difference in cost for the insurance plan would be with an increased deductible.

Risk Manager Bruno stated he will send examples of different deductibles and what the premium would be with each.

Legislator Sayegh questioned how leasing would impact law enforcement vehicles since it is a much larger fleet, the vehicles are used 24/7 and can be more susceptible to damage due to the nature of their use.

Risk Manager Bruno stated the leased vehicle is essentially a shell that houses all the computer and safety equipment. He stated that equipment is separately insured and is removable, therefore if the vehicle is damaged, that equipment can be moved into a new vehicle.

Legislator Sayegh questioned what happens if a law enforcement vehicle is totaled and does not have compensation and collision insurance on it.

Risk Manager Bruno stated the equipment inside the vehicle is insured and he would subrogate the other parties involved to recuperate some of the money. He stated in 2021 a Sheriff's Department vehicle was totaled and he put a lien on the lawsuit and recuperated \$350,000. He stated a lien can be filed on the worker's compensation side as well.

Legislator Sayegh stated she would assume that law enforcement vehicles would require more insurance because they have more associated risk.

Risk Manager Bruno stated it does not necessarily require more insurance. He stated the frequency of accidents will affect the following year's premium.

Legislator Addonizio questioned if Orange County handled their comprehensive and collision insurance coverage the same way.

Deputy County Executive James Burpoe stated he designed the contract that Putnam County is using when he worked for Orange County. He stated the contract has the highest deductible allowed. He stated the whole idea behind leasing the vehicles is to use them for 3-5 years while they build residual value and then take them out of service to be replaced with a newer vehicle, driving down the cost of the lease. He said just before he left Orange County the car he was assigned was traded in for \$9,000, which was applied to a new lease and reduced the cost from about \$400 per month to about \$300 per month. He stated by repeating this process, the monthly cost of the leased vehicles will decrease over time.

Risk Manager Bruno stated the new Administration continued this program that was started last year, based on Deputy County Executive Burpoe's model. He stated this is working well with the 38 leased vehicles the County currently has; he has not yet had to file a comprehensive and collision claim on any of the vehicles.

Legislator Sayegh requested clarification on the comprehensive and collision coverage that Putnam County has.

Risk Manager Bruno stated in 2022 the prior Administration did not want to have comprehensive and collision coverage on any vehicle due to the cost. He stated from 2022 moving forward, vehicles have comprehensive and collision coverage, and each department can request this coverage for older vehicles because they know the use of the vehicles best.

Legislator Castellano thanked Risk Manager Bruno for the information he provided.

Item #4 – Correspondence/County Auditor
a. Sales Tax Report

Legislator Ellner questioned the decrease in sales tax.

Commissioner Carlin stated the report shows monthly estimates, the actual figures will be available at the end of each quarter.

- b. **Board In Revenue Report** – Duly Noted
- c. **OTB Report** – Duly Noted
- d. **2023 Contingency Report** – Duly Noted
- e. **Transfer/Revenue Report** – Duly Noted

Item #5 – Correspondence/ Commissioner of Finance

- a. **Overtime/Temporary Report** – Duly Noted

- b. **Approval/ Budgetary Amendment 23A025/ Veterans Service Agency/ Additional Funding for Peer-to-Peer Program from NYS Office of Mental Health (Also reviewed in Rules)**

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Ellner. All in favor.

- c. **Approval/ Budgetary Amendment 23A026/ Health Dept./ Recognizing Revenue from NYS Public Health Corps. to fully Fund Personnel & Budget Expenses (Also reviewed in Health)**

Legislator Sayegh questioned if this is extending the funding for an additional year, allowing the fellows to stay longer.

Chief Deputy Commissioner of Finance Michael Lewis stated the grant year ends June 30, 2024; in addition, they gave almost \$300,000 more over the original \$1.1 million.

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Gouldman. All in favor.

- d. **Approval/ Budgetary Amendment 23A027/ Planning/ Account for Additional Unified Planning Work Program (UPWP) Funding (Also reviewed in Physical)**

Chairman Castellano requested a brief overview of what the \$400,000 will be used for.

Chief Deputy Commissioner Lewis stated it will be used for consultant work for the pavement management and traffic counting program.

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Gouldman. All in favor.

e. Approval/ Budgetary Amendment 23A028/ Office for Senior Resources/ Recognize Lobdell Donation to Acquire Vehicle for Senior Transportation to Medical Appointments (Also reviewed in Health)

Chief Deputy Commissioner Lewis stated the \$70,000 for this purchase is coming from an existing trust which has a little over \$400,000 and will be used to purchase a vehicle.

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Ellner. All in favor.

f. Approval/ Budgetary Amendment 23A029/ Highways & Facilities/ Amend 2023 CHIPS County Capital Project Budget to Equal NYS Budget (Also reviewed in Physical)

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Gouldman. All in favor.

g. Approval/ Budgetary Amendment 23A031/ Finance/ 2023 Vacancy Control Factor

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Gouldman. All in favor.

Item #6 – Approval/ Fund Transfer 23T109/ Health Dept./ Allocate Funding from Software Accessories to Licensing Software (Also reviewed in Health)

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Gouldman. All in favor.

Item #7 – Approval/ Fund Transfer 23T110/ Purchasing/ Cover Cost of Leased Vehicle

Chief Deputy Commissioner Lewis stated in 2024 the expense of leasing vehicles will be dispersed among the departments.

Legislator Ellner confirmed that comprehensive and collision coverage will be on every new leased vehicle.

Chief Deputy Commissioner Lewis stated yes, that is his understanding.

Chairman Castellano made a motion to approve Fund Transfer 23T110; Seconded by Legislator Ellner. All in favor.

Item #8 – Approval/ Fund Transfer 23T113/ Health Dept./ Reclassifications (Also reviewed in Personnel)

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Gouldman. All in favor.

Item #9 – Approval/ Fund Transfer 23T124/ Sheriff's Dept./ Additional Funding Needed for Axon Contract due to Administrative Error by Axon Billing (Also reviewed in Protective)

Chief Deputy Commissioner Lewis stated in working with the auditors, this contract was requested and it was noticed that \$132,000 was paid, but the bill was calculated incorrectly by Axon and was therefore underpaid by \$32,000. He stated the County reached out to Axon and found the County had been underbilled. He stated Axon provided the County with options to make payment of the rest of the bill all at once or spread it out over time. He stated it was decided to pay the bill all at once.

Chairman Castellano made a motion to pre-file the necessary resolution; Seconded by Legislator Ellner. All in favor.

Item #10 – Other Business

Chairman Castellano recognized Commissioner Carlin as this will be his last Audit & Administration Committee Meeting before he retires in a few weeks. He stated Commissioner Carlin has served as the Putnam County Commissioner of Finance since 1991. He stated Commissioner Carlin is a graduate of Mahopac High School and LeMoyne College. He commented on Commissioner Carlin's community involvement and stated his appreciation for his hard work for Putnam County. He stated Commissioner Carlin will certainly be missed.

Legislator Jonke congratulated Commissioner Carlin on his retirement and recognized the great work he has done for the taxpayers of Putnam County.

Commissioner Carlin thanked the Legislators. He stated he believes the County will be in good hands. He spoke highly of the current Administration and stated he had the pleasure of working for great Administrations in the past. He stated he has worked with great Legislators throughout the years. He stated as they say in Finance, it is not red or blue; it's green. He stated he has enjoyed his time with Putnam County.

Legislator Nacerino thanked Commissioner Carlin for all he has done and recognized the respect he has gained from everyone he has worked with.

Commissioner Carlin stated he has worked hard to give the job the effort it deserves.

Item #11 – Adjournment

There being no further business at 7:23pm, Chairman Castellano made a motion to adjourn; Seconded by Legislator Ellner. All in favor.

Respectfully submitted by Administrative Assistant Beth Robinson.