

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

Members: Chairman Castellano, Legislators Albano & Jonke

Monday October 15, 2018
(Immediately following the previous Budget Meetings beginning at 6:00pm)

The meeting was called to order at 8:26pm by Chairman Castellano who requested that Legislator Jonke lead in the Pledge of Allegiance. Upon roll call Chairman Castellano and Legislator Jonke were present. Legislator Albano was absent.

Item #3 - 2019 Budget Review

Purchasing – Account 1345 (pages 18-19)

Director of Purchasing Alex Mazzotta stated a notable change in the 2019 budget is the increase in line 54783, Licensing Software, for a bidding software program. He stated under State Bidding Law, the County has the ability to accept bids electronically; however the Purchasing Department does not currently have a software mechanism to do so. He stated bids cannot be accepted solely by electronic means; paper bids will still be accepted. He stated he would guess that electronic submission will eventually become the only way to submit bids; therefore he would like to implement it beforehand. He stated the software will benefit both the County and the bidding community. He stated those submitting bids will be able to do so easier online and the software will relieve a time consuming task within the Purchasing Department. He stated when paper bids are received, they must be entered individually. He stated for example, if 10 bids come in with 50 line items, that means 500 entries must be manually entered by the Purchasing Department. He stated this leaves potential for error. He stated with the software, the bids are submitted and when the bid opens, the entries are all prepopulated, saving valuable time for the Department. He stated taking into account the amount of bids that come in over the course of a year, this software would be a big help. He stated the software will also help in the RFP (Request for Proposal) evaluation process. He stated currently, an RFP will come in on paper and the documents would need to be scanned and then given to evaluators in paper. He stated this software will allow for electronic submission of RFPs and it gives the Department the ability to give the evaluators rights to log in, review the RFP, electronically score the document, and keep an electronic record. He stated this is a streamlining effort and efficiency will be improved. He stated the recording process will be made better because there is less potential for error. He stated he believes the software will pay for itself many times over and is worthwhile. He stated eventually, electronic bid submission will be the only method and since there is an opportunity to implement it now he would like to have a head start on it.

Legislator Nacerino agreed with the purchase of the software. She questioned if having this software will enhance the scope of potential bidders.

Director Mazzotta stated eventually it should. He stated some out of County or out of State bidders may be more inclined to bid via the electronic process rather than having to mail in a bid. He stated having more bids submitted would only enhance what the County is looking for because the more competition there is, the more the prices will be driven down.

Chairman Castellano questioned if other counties are currently using this software.

Director Mazzotta stated Rockland County is currently using it for RFPs. He stated he believes they are beginning to use it for bids. He stated Putnam County would be among the first counties to implement the software. He stated Rockland County has one of the most proactive and progressive Purchasing Departments in the State. He stated he has been consulting with Rockland about the product.

Chairman Castellano questioned if the \$23,775 budgeted in line 54783, Licensing Software is a one (1) time fee.

Director Mazzotta stated it is an annual fee and would be part of the software budget each year.

Chairman Castellano stated hopefully this software results in some significant cost savings and pays for itself over time.

Director Mazzotta stated in terms of office functionality it will certainly help. He stated due to various staffing circumstances the payroll for the Purchasing Department has decreased over the past few years. He stated this software will be a tool that will be used to try to keep the payroll as low as it is.

Information Technology – Account 1680 (pages 40-41)

Director of IT/GIS Thomas Lannon stated the budget is mainly flat. He stated there is some movement within the lines to better reflect how the money is being spent. He stated line 54636, Internet Costs show a large change from 2018 because all networking costs were in that line and has been split into two (2) new lines created by Finance. He stated this is to allow for the money to be tracked better. He stated the IT Department is faced with increasing licensing and equipment costs. He stated the Internet Costs line was a catch-all, which did not make sense. He stated the Department is also trying to stay ahead of new technology.

Department of Finance – Account 1310 (pages 14-15)

Chairman Castellano questioned line 411100, Sales and Use Tax. He stated it looks as though the County is doing well in terms of sales tax for 2018.

Commissioner of Finance William Carlin stated a conservative amount was budgeted for 2019, which will provide safety in case of a downturn. He stated he is confident that the revenue budgeted will be reached.

Chairman Castellano stated it appears the budgeted amount for revenue for 2018 will be reached as well.

Commissioner Carlin stated he believes it will be reached; there is still a quarter left in the year. He stated he also believes the budgeted amount for 2019 will be reached as well.

Chairman Castellano questioned the \$3,209,479 of revenue budgeted in line 427161, Use of Fund Balance.

Commissioner Carlin stated this line was lowered by \$1.5 million from 2018 because the pension amortizations are paid off and there is no short term debt.

Chairman Castellano referenced line 427201, OTB Distributed Earnings and mentioned that OTB had not been as profitable this year as it has been in the past.

Commissioner Carlin stated the projected revenue from OTB Distributed Earnings for 2019 was lowered about 30%. He stated the enemy of the tax cap is unrealistic and unmet revenues. He stated in preparing the budget everything was done to budget conservatively and realistically.

Chairman Castellano questioned line 427705, Vacancy Control Factor.

Commissioner Carlin stated they know there will be vacancies in the budget in 2019; however they do not know where they will be. He stated the vacancies will result in savings, and as the savings are achieved they will come to the Legislature with a budgetary amendment. He stated eventually, the \$300,000 budgeted in this line goes to \$0 and the corresponding budgeted expenses are reduced accordingly.

Tax Advertising & Expense – Account 1362 (page 22)

Commissioner Carlin stated line 410511, Gain (Loss Sale of Tax Acquired Property) shows the projected revenue. He stated most properties generate a loss, however some do generate a gain. He stated the Chapter 31 process has been very successful. He stated the County just took a deed which will be analyzed to determine the best way to put it out to the brokers.

Legislator Jonke questioned who analyzes the deed.

Commissioner Carlin stated Director of Real Property Lisa Johnson and First Deputy County Attorney Andrew Negro do the analysis. He stated the properties are then

bundled and the brokers come in and pick randomly. He stated he would like to dispel any rumors that certain individuals get certain properties. He stated they try to maximize the value of the properties that have value and the others are sent out for auction or offered for sale to adjacent land owners.

Chairman Castellano stated he likes the idea of adjacent land owners purchasing the parcel.

Commissioner Carlin stated that is the best way to get rid of problem properties. He stated the problem with auctions is that people will buy them, but the County ends up back with them a few years later.

Chairman Castellano questioned how many properties have been put up for auction.

Commissioner Carlin stated around 100.

Legislator Jonke questioned when the last auction took place.

Commissioner Carlin stated the last auction was about four (4) or five (5) years ago. He stated an auction will be held soon, but not for the properties put into Chapter 31. He stated Chapter 31 only makes sense if the property has value. He stated when a property is listed on MLS (Multiple Listing Service) there is no question about if you are getting fair value.

Chairman Castellano stated it is a fair way to do it. He stated there have been properties that were in poor condition and have been flipped, which makes neighbors and everyone happy.

Legislator Addonizio stated if a property is on MLS for a long time and is not selling it can then go to auction.

Commissioner Carlin stated that is correct. He stated all options are vetted before putting a property to auction.

Legislator Sullivan questioned if there is a list of properties that relate to the \$100,000 of projected revenue in line 410511, Gain (Loss Sale of Tax Acquired Property).

Commissioner Carlin stated he does not yet know what the properties will be. He stated he is unaware if there will be a gain or loss, therefore the \$100,000 in the budget is an average estimate.

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

Commissioner Carlin stated this account is the County's school property taxes. He stated the amount was higher in 2018 but he believes it should go back down in 2019 due to properties being sold.

Insurance Expense – Account 1915 (page 42)

Commissioner Carlin stated a benefit of NYSAC (New York State Association of Counties) has been NYMIR (New York Municipal Insurance Reciprocal). He stated NYMIR provided the County with insurance at a time when it was difficult for municipalities to get insurance. He stated the rate is stable.

Legislator Jonke stated it is amazing that there is no increase in the insurance.

Commissioner Carlin stated the NYMIR board is managed by NYSAC.

Taxes/County Property – Account 1950 (page 46)

Commissioner Carlin stated this expense is for sewer and water. He stated in 2019 there will be a decrease as compared to 2018. He stated the decrease is in relation to the bonds for sewer being paid off.

Legislator Jonke stated he is surprised the County is not exempt.

County Executive MaryEllen Odell stated no organization is exempt from sewer and water.

MTA Mobility Tax – Account 1980 (page 47)

Commissioner Carlin stated this tax is a mandate.

Contingency Fund – Account 1990 (page 49)

County Executive Odell questioned if the budgets for the outside agencies have been cleared up.

Commissioner Carlin stated putting the budgets for the outside agencies into subcontingency brings the number shown in their budget down to \$0. He stated when the adopted budget is viewed by the public they will see that \$0 and assume the line has been defunded, which is not the case. He stated the list of agencies who have submitted the required documentation will be sent to the Legislature. He stated if there are any who have not yet submitted the documentation, rather than putting the funding into subcontingency, he recommends passing a resolution stating that the funding cannot be released until the required documentation has been submitted. He stated this would accomplish the same goal, while having the intended funding displayed in the budget. He stated he would like the budget for the Industrial Development Agency (IDA) to be taken out of subcontingency as well. He stated all funding should be shown in each department or agency's budget so anyone looking at the adopted budget sees an accurate representation. He stated the difficulty with a part of the filing requirements is that it is not a "one size fits all" situation. He stated for instance, the IDA is a public authority therefore they do everything through the Public Authority Reporting System,

which is set up by the Attorney General. He stated if they are in compliance with the State, nothing needs to be filed because all the files can be looked at online. He stated other not-for-profit agencies have different requirements as well. He stated eventually, the requirements for each type of agency will come before the Rules Committee.

Legislator Sullivan stated the Legislature based their decisions on the recommendations provided to them.

Commissioner Carlin stated the recommendation came from the Attorney General, which is why both financial and legal documentation is required. He stated it is difficult to apply the same requirements to everyone.

Legislator Nacerino stated it is important to have everyone in compliance. She stated some agencies are very diligent while others are not.

Commissioner Carlin agreed with the importance of each agency complying with the requirements.

Legislator Sullivan clarified that the Legislature would be provided with a list the agencies who have filed the required documents and those who have not.

Commissioner Carlin stated yes. He stated rather than putting the funding into subcontingency that information will go into a resolution stating the funding cannot be released without the required documentation.

Legislator Addonizio requested clarification on the funding for the IDA in subcontingency.

Commissioner Carlin stated because the IDA is unaware of the exact amount of funding they will need, they requested that it be put into subcontingency, which would require them to come before the Board to utilize any of it. He stated to avoid giving a false impression by having a \$0 in the IDA budget; a requirement can be added to their contract that they must have Legislative approval in order to utilize the funding.

Chairman Castellano made a motion to move \$50,000 out of subcontingency into line 54646, Contracts, under the Putnam County Industrial Development Agency budget; Seconded by Legislator Sullivan. All in favor.

Debt Service – Account 9710 (pages 233-234)

Commissioner Carlin stated as per the Charter, this is the only budget the Legislature cannot cut.

Financing of Capital Projects

Commissioner Carlin stated all bonds go to the Legislature for approval and the bonds are not issued until the projects are developed.

Item #4 - Other Business – None

Item #5 - Adjournment

There being no further business, at 8:57pm Chairman Castellano made a motion to adjourn; Seconded by Legislator Jonke. All in favor.

Respectfully submitted by Administrative Assistant Beth Green.