

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

Members: Chairwoman Conklin, Legislators Birmingham, & LoBue

Monday **July 30, 2012**
(Immediately following Economic Dev. Mtg. starting @ 6:30 P.M.)

The meeting was called to order at 6:54 P.M. by Chairwoman Conklin who requested Legislator Birmingham lead in the Pledge of Allegiance. Upon roll call, Legislators Birmingham, LoBue, and Chairwoman Conklin were present.

3. Approval of Minutes – June 25, 2012

Minutes were approved as submitted.

5. Correspondence/County Auditor

a) Sales Tax Report

Ann Fanizzi, resident of the Town of Southeast, asked for clarification on the Sales Tax Report.

Chairwoman Mary Conklin stated sales tax was up \$316,905 over what it was last year for the month of June.

- b) Board In Revenue Report** was duly noted.
- c) Transfer/Revenue Report** was duly noted.
- d) Contingency/Sub-Contingency Report** was duly noted.
- e) OTB Report** was duly noted.

6. Correspondence/Commissioner of Finance

a) Overtime/Temporary Report

Legislator Dan Birmingham asked Deputy Commissioner of Finance James McConnell what caused the Finance Department overtime.

Deputy Commissioner McConnell stated that it was partially due to the new financial system turnover and partially due to an employee out on extended sick leave and a compensation time payout to another employee.

Ms. Fanizzi asked for clarification on the departments that are expending their overtime at rapid rates or have exhausted their overtime budgets.

Legislator Birmingham stated that there are three departments that are currently over their budgeted amount. The Finance Department is over their overtime budget by \$3,600 and stated that Deputy Commissioner McConnell had just stated the reasons for this expenditure. The other two that have currently expended their entire overtime budget line are the Department of Social Services Food Stamps and Medicaid Eligibility units. He stated he believed these two overtime expenditures were economically sensitive. He also stated that the Committee asks for this report so they are able to maintain oversight and ask questions such as they did tonight. Fund Transfers remedy these exhausted overtime budgets.

Ms. Fanizzi asked what is done to curb overtime budget usage.

Legislator Birmingham stated that this monthly report helps the Committee to maintain oversight on departments using over and above what they were budgeted. It allows the Committee to ask questions and to “call out” a department head if they are getting too close to exhausting their overtime budget. He stated they all must keep in mind that there are overtime usages that cannot be curbed such as prisoner transport, food stamps, etc. Legislator Birmingham also reminded everyone that this is an overtime and temporary report. He also stated that this report also assists in the budget process.

Legislator Dini LoBue stated that she believed there may be a direct correlation between the overtime in the Food Stamps unit and the high foreclosure and unemployment rates this month.

b) Approval/Budgetary Amendment (12A058)/Sheriff’s Department/Sheriff Security Services – Board of Elections

Legislator LoBue asked if this was actually for the polling places.

The Committee stated that the backup indicated it was for the primaries and general election.

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Legislator LoBue. All in favor.

c) Approval/Budgetary Amendment (12A059)/Highways & Facilities/ Renovations – Hill & Dale Project (also reviewed by Physical Services Committee)

Legislator Birmingham made a motion to accept the additional information for this item; seconded by Legislator LoBue. All in favor.

Chairwoman Conklin stated the additional is an explanation of the \$45,000 request.

Legislator LoBue stated that this breakdown does not fulfill the request that was asked of Highways & Facilities Commissioner Fred Pena at the July Physical Services Meeting. She believed it was too vague.

Legislator Carl Albano stated that he questioned some of the numbers as well. The lump sum in a category does not inform the Legislature as to what the monies are exactly being used for.

Chairwoman Conklin agreed that this breakdown was too vague.

County Executive MaryEllen Odell asked Legislator LoBue what was stated on her site visit with Commissioner Pena to the Hill & Dale Project.

Legislator LoBue stated it is the same breakdown and too vague to fulfill the request. She stated that at her site visit she asked them to submit specifics.

County Executive Odell stated that she was under the impression that the site visit between Legislator LoBue as Chairwoman of the Physical Services Committee, and Commissioner Pena had cleared up any misconceptions about specifics of the project and that as a result the scope of work for the project to be completed was understood. She agreed that the Committee should be able to have the details and breakdown.

Legislator Oliverio stated that the Legislature has over a week until the August Full Legislative Meeting. He would like the breakdown by then.

Deputy County Executive Bruce Walker stated he would reach out to Commissioner Pena for said breakdown and details.

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Legislator LoBue. All in favor.

d) Approval/Intent to Bond/Highways & Facilities/Renovations – Hill & Dale Project (See Item #5c)

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Chairwoman Conklin.

By Roll Call Vote: Two Ayes. One Nay – Legislator LoBue. Motion Carries.

17. Schedule of Revenues/Fines Levied by Boards/FYI

Chairwoman Conklin introduced item 17.

Legislator Birmingham asked Director of Consumer Affairs Jean Marie Noel, since she has been in her position has she noticed any push back from the trade community who do not want to pay their fines and from those who do not pay at all.

Director of Consumer Affairs Noel stated that she has not seen push back from reputable individuals or those that have previously been licensed. She has seen some push back from others that are not licensed or who never have been licensed. She stated that fines levied by the Home Improvement Board are the most difficult of all fines levied by the Boards to have individuals pay. She also stated that if it is more of a compliance issue that is levied. Her department allows \$250 of said fine to be applied to a registration, which entices the individual to pay the fine.

Legislator Birmingham asked if there was anything in the statutes that would assist her department in fine enforcement.

Director Noel stated that currently there is a comprehensive revamp of all three laws, Home Improvement, Plumbing & Mechanical Trades, and Electrical, because some issues were noticed. When all three are completed they will be presented to the Rules, Enactments, & Intergovernmental Relations Committee of the Legislature. Deputy County Attorney Danielle Harris and Senior Deputy County Attorney Sandra Fusco are working with her department on these laws.

Legislator Albano asked if there was a way to incentivize paying these fines. For instance, if a \$1,000 fine is paid within thirty days it is lowered to \$500 instead of the \$1,000. As a way to go after these \$1,000 fines.

County Attorney Jennifer Bumgarner stated that typically the fine reads after thirty days it is \$500, after sixty days is it higher, after ninety days it continues to be an elevated amount.

Legislator Albano asked if this could be reversed to incentivize payment.

Director Noel stated her department works with individuals if they intend to pay but are awaiting some stipulations to register or something of that sort. They are keeping all of that in mind when reviewing these laws with the Law Department.

County Attorney Bumgarner stated that some people who are fined give false names, addresses, and/or phone numbers so the County is unable to serve them in small claims court for not paying their fines.

Director Noel stated an example regarding such individuals.

Legislator Birmingham asked if her department runs registrations through E-Verify.

Director Noel stated that although it is in the law, they do not have the authority to run that type of check in their office. They do not have that information nor can they ask for it. It is not enforceable. They would like help with obtaining that authority.

Legislator Birmingham stated he would work on that with her department.

7. Approval/Fund Transfer (12T143)/Health Department/Fund Medical Consultant for May & June 2012

Legislator LoBue made a motion to pre-file the necessary resolution; seconded by Legislator Birmingham. All in favor.

8. Approval/Fund Transfer (12T147)/Commissioner of Finance/Humane Society Monthly Payment for July – September 2012

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Legislator LoBue. All in favor.

9. Approval/Fund Transfer (12T148)/Department of Social Services/Funds to Cover Increases in Temporary Hours and Overtime in Medicaid Unit

Legislator Birmingham stated he would vote in favor of this item but just wanted to state that this is an item that shows the movement of funds to cover overtime and temporary exhaustion.

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Legislator LoBue. All in favor.

10. Approval/Fund Transfer (12T154)/Finance Department/Reallocation of Telephone Lines

Motion was made to approve said Fund Transfer.

11. Approval/Fund Transfer (12T157)/Finance Department/Funds to Cover Increases in Temporary Hours and Overtime

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Legislator LoBue. All in favor.

12. Approval/Local Law to Amend Chapter 5 of the Putnam County Code Entitled "Appropriations"

Legislator Birmingham stated that this amendment fills a hole in the approvals graduation that was left out for whatever reason. He believed it is a good idea to keep the Legislature involved.

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Legislator LoBue. All in favor.

13. Putnam National Golf Club/Update

Chairwoman Conklin stated she had asked County Executive Odell to give a quick update on Putnam National Golf Club. In the meantime, we received a financial report from the Golf Club that they have paid the County \$102,000 and an additional \$18,000 for a total of \$120,000.

Ms. Fanizzi asked why the Golf Club was not meeting their obligations.

Deputy County Executive Walker stated that the Golf Club is not obligated to pay the full \$248,000 until December 31, 2012.

County Executive Odell stated that the \$248,000 is for the entire year.

14. Approval/Memorialization/Uniform Notice of Claim Act (S07641B/A10657-A)/ Resolution in Opposition

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Chairwoman Conklin. All in favor.

15. Approval/Memorialization/Catskill Region Off-Track Betting Corporation to Include the Five Counties Comprising the City of New York(S05054-A/A7301-B)

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Chairwoman Conklin. All in favor.

16. Putnam Humane Society 2nd Quarter Statistics Report for Intake and Adoptions/FYI was duly noted.

18. County Deposits & Investments Report Second Quarter Ending June 30, 2012/FYI was duly noted.

19. Approval/Appointment of Counsel to Board of Ethics

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Chairwoman Conklin. All in favor.

**20. Other Business
a) Settlement of Litigation**

Legislator Birmingham made a motion to accept the additional information for this item; seconded by Legislator LoBue. All in favor.

Legislator Birmingham made a motion to pre-file the necessary resolution; seconded by Legislator LoBue. All in favor.

4. Occupancy Revenues/Discussion with Town Representatives

Chairwoman Conklin invited all of those individuals and town representatives to discuss this item. The following individuals came forward to discuss this item:

Ginny Nacerino, Town of Patterson Councilwoman representing the Town of Patterson Town Board.

Lynne Eckardt, Town of Southeast Councilwoman, not representing the Town of Southeast Town Board.

Ann Fanizzi, resident of the Town of Southeast.

Chairwoman Conklin explained that the Legislature previously passed this item and it was vetoed by County Executive Odell. There were a number of Legislators that felt the item should be moved forward again because it is a valuable issue for the entire County and not something that was a tax or user fee for the people who live here. It affects those who are passing through and staying here. It would be a rare occasion for residents of our County to be paying this tax. It would be a source of income that was not harmful to our constituents and could be beneficial to the County as a whole. Chairwoman Conklin stated that when she first proposed this item, it was her idea to share it with the host community, the municipality that contained the hotel/motel. Another portion of the revenue would go to the County to help the Tourism Office. However, after it was passed, it was vetoed. The reason the resolution was passed without the language of sharing revenue with the host municipality was that Legislative Counsel Clement Van Ross felt that it was too cumbersome to have all of those ins and outs for the State Legislature to approve, keeping in mind the County Legislature could formulate those aspects of the revenue after it was passed by the State Legislature. She then opened the floor for discussion.

Town of Southeast Councilwoman Lynne Eckardt stated that one of her major concerns is small businesses. There are a number of small motels in Southeast and to her if something bigger is built she still believed the tax collection by small businesses is burdensome. She stated that if the town taxed 4% and the county taxed 4%, the total taxes on one room would be 16%, which includes the approximate 8% sales tax.

Chairwoman Conklin stated that sales tax is a completely different tax and should not and cannot be included or considered when discussing a hotel/motel occupancy tax.

Town of Patterson Councilwoman Ginny Nacerino stated either way it is still money coming from the same person, the same pocketbook.

Chairwoman Conklin stated that no matter where individuals stay they will pay an occupancy tax.

Legislator LoBue stated she was contacted by several constituents over this issue and one of which informed her that he had just traveled to Texas and paid 18%. Most states

including New Jersey use this tax to offset Tourism costs. She stated that our Director of Tourism Libby Pataki informed the Economic Development & Energy Committee that she needs more funding. Legislator LoBue stated that tourism is not always tangible and most localities track tourism dollars through this type of tax, hotel/motel tax. She understands the concern but believed if people were educated on the issue that they would be in favor of having the tax. To her, this tax is an alternative revenue stream and it can be used to supplement tourism and possibly be shared with the hosting towns to help offset their budgets.

Councilwoman Eckardt stated that the vagueness of the previously passed resolution is a concern. There was no guarantee that hosting towns would obtain any of these tax monies.

Ms. Fanizzi stated that she herself had sent a letter to the Legislature a little late addressing this tax. It included three pages of municipalities throughout the country who charge occupancy/hotel tax. Everybody has the tax. Fishkill, New York and Danbury, Connecticut both have the tax. You expect to pay the tax when you go to a hotel. Projected room rates are what put our County at a disadvantage. The draft environmental impact statement for a projected Putnam County hotel stated the room rate would be \$150 per night. She stated nearby hotel rates as The Hampton Inn is \$84 per night, La Quinta Inn is \$89, Hilton Garden Inn is \$61, Crowne Plaza-Danbury \$68, etc. She stated that our room rates are out of line.

Councilwoman Nacerino stated she was there representing the Patterson Town Board and they were in receipt of the Chairwoman's memorandum inviting them to discuss this issue. The Patterson Town Board believed that this tax levy is premature especially in light of the fact that the State Legislature would not be approving new proposed taxes this year. As appealing as it does sound, they feel that sharing this tax with municipalities is a long shot. They believe that these venues will stimulate the local economy and ultimately boost the sales tax revenue in the future. On behalf of herself, Supervisor Griffin and the rest of the Patterson Town Board, they feel that at this time imposing any new tax is not the right thing to do.

Chairwoman Conklin stated she spoke with some of the representatives from Albany this weekend and they did not consider this a new tax and felt this would have passed if it were presented to the State Legislature. Occupancy tax has been in places for years and although this would be new to Putnam County, it is not a new concept.

The Committee, town representatives, and meeting attendees continued to discuss this item.

Councilwoman Eckardt stated that she would like to see the details flushed out more.

Legislator Birmingham stated that he voted against this because the first sales tax increase was supposed to be temporary and eight years later it has not been reduced back to its previous amount before said increase in 2004. The towns have the

independent right to petition the State Legislature on their own to have the ability to levy this tax. He stated that hotels should not be approved just because they will bring in occupancy revenues if this tax were imposed. He believed that the justification of taxing just because everyone else taxes as well is not a good enough reason. He believed that we should let the people keep the money as opposed to the government keeping the money.

Legislator LoBue stated that originally when this was discussed in committee she believed we should lower the sales tax and be competitive.

The Committee and its attendees further discussed the item.

Legislator Roger Gross stated that there are two components here, one is the tax and the other is where to put the money. He stated he is in favor of the tax. He believed it is proactive as two hotels will be coming to Putnam County in the near future, in Southeast. He stated we are ahead of the curve. He stated he would rather have Putnam County receive the money than Connecticut. He stated he has spoken to many constituents and has told them that he believed some of the revenue generated from this occupancy tax should go to road repairs or other things of that sort for that municipality because there will be more traffic. Those details can be worked out. He stated he would like to see this re-introduced in 2013. He believed that bed and breakfasts should be excluded, which they are from the resolution as it currently stands, and it should remain that way.

Legislator Birmingham asked for clarity as to the need to exclude bed and breakfasts. We are not taxing the businesses, just the visitors. Why is there a delicate distinction between bed and breakfasts and hotel/motels?

Legislator Gross stated that you typically see seniors staying in bed and breakfasts.

Legislator Birmingham asked if the distinction should be for seniors instead.

Councilwoman Eckardt stated it is a great deal more paperwork for small businesses. We give them the bonus of not having to file.

Legislator Birmingham stated he can see how the administrative burden would greatly affect a small business as opposed to a larger hotel corporation.

No action was taken on this item.

Chairwoman Conklin thanked everyone for their comments and for staying to discuss this issue.

There being no further business, at 8:06 P.M., Legislator Birmingham made a motion to adjourn; seconded by Legislator LoBue. All in favor.

Respectfully submitted by Krista M. Butler, Administrative Assistant.