

**WAYS AND MEANS COMMITTEE  
MINUTES**

**TUESDAY, APRIL 28, 2020  
3:30 P.M.**

PRESENT: Leigh J. Benton, Chairman  
Mike Anagnostakis, Katie Bonelli, Kevin W. Hines,  
James M. Kulisek, Michael D. Paduch, Janet Sutherland

ALSO

PRESENT: L. Stephen Brescia, Chairman  
Michael Amo, Independence Party Leader  
Barry J. Cheney, Legislator  
Thomas J. Faggione, Legislator  
**Kevindaryán Luján, Legislator**  
Kathy Stegenga, Legislator  
John S.Vero, Legislator  
Antoinette Reed, Legislative Counsel  
Matthew Nothnagle, Chief Asst. County Attorney  
Karin Hablow, Commissioner of Finance  
Kerry Gallagher, Deputy Commissioner of Finance  
Alicia D'Amico, Deputy Commissioner of Procurement and Compliance,  
Department of General Services  
Richard Cocchiara, Deputy Commissioner, Information Technology  
Dan Castricone, Risk Manager, Department of Risk Management  
Liz Matis, Fiscal Technician, Risk Management  
Eric Ruscher, Director, Real Property Tax Service  
Deborah Slesinski, Budget Director  
Deanna Crawford, Budget Analyst  
Gretchen Riordan, Budget Analyst

Chairman Benton opened the committee meeting at 3:37 p.m. by asking everyone to stand for the Pledge of Allegiance. All committee members were present with the exception of Legislator Minuta who was absent.

Mr. Paduch moved to discuss deed sale parcels, seconded by Mrs. Bonelli.

Mr. Benton stated there are four parcels, three of which Mr. Ruscher has recommended be denied; therefore, he sees no need for discussion. Deed sale parcel number two, located in Montgomery is the only parcel to discuss.

Mr. Ruscher explained that parcel number two in the Town of Montgomery (308-5-8) has a minimum bid of \$4,000.00 and an amount bid of \$4,000.00. This property has water, sewer and appears to meet the zoning, but they have not received action on it until recently. He stated even though they are shy on the back taxes, he is recommending it be approved because it meets the minimum bid.

Mr. Kulisek asked why there has not been any interest in the parcel being there is water and sewer.

Mr. Ruscher replied he does not know why.

Mr. Kulisek clarified that the parcel is being advertised.

Mr. Ruscher stated yes, the lists are on the website and updated constantly as well as letters sent to adjoining property owners.

Mr. Kulisek then clarified that no external advertisements or publications are done.

Mr. Ruscher stated that is correct.

Mr. Hines asked Mr. Ruscher what his professional opinion is regarding the value of the land.

Mr. Ruscher replied he does not know and will take the committee's recommendation.

Mr. Hines suggested the parcel be held for more money and stated he will be voting against it.

Mr. Ruscher stated that if the committee would like to table this, he will call the building inspector and get further information. He added the minimum bid can always be adjusted.

Mr. Benton commented that he would prefer to table this until a later date and asked if the committee agrees.

Mrs. Bonelli agreed with Mr. Benton. Even though they did meet the minimum bid, she would like to change the minimum bid and then more forward.

Mr. Benton agreed.

Mr. Anagnostakis clarified that the property is probably 150 feet away from the Walkkill River.

Mr. Ruscher stated that is correct.

The committee agreed to withdraw the parcel until Mr. Ruscher gets further information and more money.

Motion carried. All in favor of withdrawing deed sale parcel No. 2 until further information is provided.

The next agenda item was a department update for Real Property Tax Service.

Mr. Benton pointed out that he sent out a semi-report of his discussions with department heads over the last six weeks and Mr. Ruscher also provided information which was emailed to all legislators (see original minutes). He asked if Mr. Ruscher would like to add anything else.

Mr. Ruscher stated most of the proposed offers for the reservoir houses are in contract or out for signature. All showings are virtual, and the closings are handled by mail.

Mr. Kulisek moved to approve the request for supplemental appropriation to move \$2,500,000.00 from contingency for use in COVID-19 response, seconded by Mr. Hines.

Ms. Slesinski stated they are requesting a supplemental appropriation of \$2.5 million from contingency for COVID-19 response. The balance in the contingency account is \$2.69 million which was the original adopted amount and as of April 15<sup>th</sup>, \$2.5 million has been spent on the response to the pandemic. She noted that on the spreadsheet attached to the legislative request (see original minutes), there was one extent that was duplicated in era.

Mr. Paduch clarified the contingency fund had \$2.9 million and we have used \$2.9 million.

Ms. Slesinski stated the contingency balance was \$2.69 million and she is requesting to take \$2.5 million.

Mr. Paduch then clarified that would leave us with a balance of \$119,000.00.

Ms. Slesinski stated it would leave \$190,000.00.

Mr. Paduch commented this would cut it close for any other issues that may come up.

Ms. Slesinski stated with the amount of expenses to-date and a ways to go in this situation, they need to re-supply the items distributed.

Mr. Paduch asked what will happen when they run out of contingency funds.

Ms. Slesinski replied it would be evaluated and she would look for funds in other budgets.

Mr. Paduch then asked if they can appropriate monies from the fund balance if needed.

Ms. Slesinski replied stated once the contingency is exhausted, they would evaluate needs and could take funds from the fund balance. She added they would also look at other departments to see what funds are available, but that is dwindling quickly.

Mr. Kulisek clarified that with the Federal Emergency Declaration, the county will receive funds and that is why everyone is keeping tracking of all expenses.

Ms. Slesinski stated they are keeping track of all expenses and will be submitting for any reimbursements they can, but at the same time, she is unsure of how long it would take to get those funds.

Mr. Kulisek asked if she expects that some of the funds being distributed will be recouped.

Ms. Slesinski replied she hopes so.

Mr. Benton commented that is it still hopeful on State and County levels.

Mr. Cheney mentioned there are several items for Valley View that did not seem to be as much money as expected. He and asked if more funds will come from Valley View considering the type of operation it is and their needs and was consideration given to paying that out of the front balance that exists for Valley View.

Ms. Slesinski replied Valley View's costs have come out of their own operating budget, and from what she is hearing, they seem to be doing rather well for the time being. They would continue to monitor the situation as it evolves.

Motion carried. All in favor.

Ms. Slesinski then gave the committee a brief update on the Budget Department. She explained they have been working remotely for 6 weeks and it has been all hands-on deck. They have been tracking all spending requests, COVID-19 or not, tracking and approving contracts and requisitions remotely as well as working on projections. There is one person that comes into the office Monday through Thursday and she meets daily with the Deputy County Executive to review purchasing requests. Furthermore, they are actively working on ways to stretch the budget. Everyone knows that a reduction in the sales tax as well as many other revenues is to be expected. She prepared two sales tax projections and has not seen an impact. The first three months have exceeded the budget; therefore, the projection has been difficult. NYSAC prepared a "severe scenario" which had an 11.6% impact. Since the direction to response has taken a little longer than she originally expected, Woodbury Commons and retailers have been closed and will be for at least two months. She prepared a second scenario with more severe cuts and based on these two models, there could be a deficit anywhere from \$20.5 million to \$30.7 million in county sales tax. Again, this is based on not receiving any updated data with the effects of it. These models include reductions to the AIM payments and the new distressed hospital fund. She stated she has also reviewed all of the

revenue sources in the undistributed account and prepared a projection based on sales tax being in the middle of the two numbers she just spoke about. An Oxford Study model was used to project sales tax and has received no casino revenue to-date. She questions if the casinos will reopen. The budgeted revenue for the budgeted one auction for 2020 is also included with her documents (see original minutes). Based on the above and the use of \$20 million in fund balance to balance the 2020 budget, there could be a shortfall of \$50.2 million or higher. This does not include the cost of the COVID-19 response which is over \$3.5 million or the impact felt on Social Service Programs along with other potential impacts. Department heads have been asked to submit a 15% reduction plan for their budget which will be reviewed later this week. Several managers have told her this is difficult to achieve and would require a reduction in staffing. She stated that she will continue to monitor and update everyone on the revenues. Lastly, the department is due to submit a forecast to the legislature on May 10<sup>th</sup> and they will do so with the best data they have.

Mr. Paduch commented that the Budget Department always does a great job. He asked if internet revenue sales taxes are increasing.

Ms. Slesinski replied she does not see the reports that come, so she will refer to Ms. Hablow. She stated there is a lag when the revenues come in; therefore, the county has not seen an effect yet.

Mr. Benton pointed out that the most accurate information Ms. Hablow has is from the State in 2018 and that is when it is itemized as a general report and long-term historical data. He does not think we will have any reports or data anytime soon.

Ms. Hablow stated Ms. Slesinski was correct in her statement, so she would just add that when they receive the sales tax, it is an aggregate amount and is received every two weeks from New York State. As Ms. Slesinski mentioned, there is a lag; therefore, what was received in April dates back to December 1<sup>st</sup>. There has not been any uptick on internet sales or online sales tax that is currently visible. Once we get into early June, everyone will be able to see the effects from COVID-19. Furthermore, when the sales tax information is requested, it is confidential, and they are not permitted to differentiate vendors nor are they able to determine what sales are attributable to online only sales. She stated she can attest to the fact that they have been receiving online sales tax which has benefited the county significantly since last September. With that being said, there is really no accurate way to budget or differentiate it on a budget report.

Mr. Paduch commented he finds it odd they cannot differentiate from internet and regular sales and asked why it is like that.

Mr. Benton stated it is not itemized.

Ms. Hablow added it is an aggregate number every two weeks.

The next agenda item was a departmental update from the Finance Department.

Mr. Benton reiterated that he sent a report to all committee members regarding what was discussed in the last month and a half. There was one thing he may have misspoken about and that was disbursements being down 50% and clarified that they increased, not decreased.

Ms. Hablow stated that is correct, disbursements were up. She thanked the committee for giving her the opportunity to give an update on the Finance Department because this is the busiest time of year and the staff is working tirelessly to keep everything going. The department is currently 100% operational and functionally, a lot of the staff is working remotely, and some are coming into the office on a rotational schedule as needed. The largest loss they have experienced is not interacting with the public but have work arounds in effect to accept delinquent taxes. She gave the committee a brief overview division by division. The Payroll Department has continued processing of the bi-weekly payroll, the supervisor is onsite daily, and the remainder of the staff is rotating in order to maintain social distancing. They have also taken the opportunity to convert an additional 154 employees over to direct deposit during this time and it has been very helpful. Eventually, they would like to have everyone do direct deposit, but it is not something that can be mandated even though it is beneficial in times like these. She stated they are down to 225 live checks per payroll period out of 2,200 to 2,400 that go out. The Tax Department postponed the auction that was supposed to take place. To give everyone an idea, they are down to 124 parcels which is a good thing; however, she is not sure when the auction will be able to take place. Delinquent tax payments are still being received and processed by mail or a drop-box which is in the lobby. She added they are not excepting cash in the drop-box and they are still answering and attending to the taxpayers. Furthermore, the economy we were in up until two weeks ago, was a good environment and set up to have a stellar year. The department had received more than 90% of county property taxes and was consistent with other counties. They have 6,950 total properties that were returned as delinquent for county and town taxes. It is an increase of 463 properties over the last year, although there are 429 parcels that are vacant land in the Town of Chester known as the Greens at Chester. If those properties were too be removed from the equation, there is not any material impact from COVID-19 as far as delinquencies. She thinks they will see that more so next year. One of the major items they are working on this week is to respond to a change in the STAR Program because there was a change put through that will make parcels that have delinquencies greater than one year, no longer eligible for the basic STAR credit or rebate until they become current with their taxes. As of this week, counties are now required to produce a quarterly listing to send to the State. Moving on the Accounting Department, they are in the busiest time of the year. They are working on the 2019 manual audit, all personnel in that area are coming into the office when needed and so far, the audit is progressing well. Capital Project expenses year-to-date for 2020 through earlier this week, are \$5.2 million as compared to \$6.9 million last year. She has spoken to several department heads who have large projects and they are going through to see which are critical and which ones can be put off to the future as long as there is no safety or other concerns.

Mr. Benton commented that in his discussions with Mr. Porr, he stated that he was reviewing everything.

Ms. Hablow stated Mr. Porr is reviewing all items. Accounts Payable has processed 18,819 invoices, totaling \$185.5 million processed already. This compares to about 18,000 invoices paid in 2019 representing \$205.3 million. She added there are more invoices and less dollars going out the door this year. One notable difference between last year and this year is that in the last year, they have implemented ACH as an option for payments for vendors which has saved the county substantial costs and has resulted in timely payments to the vendors. This will save money for the county in the future. Lastly, the payment processing time for the Finance Department is within five days of receipt of invoices as they are cutting a check or making an ACH payment. Regarding the auditing area, last week two full-time employees have returned up from one. The auditors are working to support the 2019 audit and continuing the daily fiscal work for grants as well as continuing to draft reports from hotel audits which were started about before the COVID-19 crisis hit. They will continue to do as much as they can remotely to recover any funds deemed to be recovered as a result of the audit findings. The Accounts Receivable section of Finance deals with inflows including sales tax. For the current year, the gross dollar amount of sales tax budgeted was just over \$300 million dollars, \$221 million represents the county share and \$79 million is the municipal share. For the first quarter of this year, they paid out \$71.9 million to the municipalities which compares to \$67.9 million paid out in 2019 first quarter to municipalities. The county portion of sales tax as well as municipal is up 6% from the same period last year and they were running about 6% above budget for 2020; therefore, the county was on course to have a stellar year which will change. Administration, they are continuing to collect and interface with hotels for occupancy tax remittances, revenues for que one is already down as compared to last year and this year first quarter, the county has received \$474,000.00 and a few IOU's. Last year the county received \$607,000.00 in the first quarter, so hotel revenue is starting to taper off. She believes it will get significantly worse but is aware of what will happen. On April 1<sup>st</sup>, they successfully held a bond sale where they sold a \$26,480,000.00 public improvement serial bonds with a 13-year maturity as well as attracted seven bidders. The total interest cost was 2.37% and it was a very competitive sale. In closing, she has personally spent a lot more time collaborating with her peers from other counties, NYSAC and NACO which is appreciated because in these times and quickly changing regulations and deadlines, those resources are invaluable.

Mr. Kulisek asked Ms. Hablow if there is any word on the next interview with Moody's regarding the county's bond rating.

Ms. Hablow replied she met with Moody's on February 21<sup>st</sup> which was timed well because the bond rating is stable. She stated she has been in touch with them and will not necessarily be seeking out a rating for at least a year.

Ms. D'Amico and Mr. Cocchiara addressed the committee with the Department of General Services/Information Technology departmental update.

Ms. D'Amico stated Procurement and IT have been full steam ahead which has given them a great opportunity to work with IT. She pointed out that Commissioner Burpoe who was not able to make it, has been through a crisis like this, so his experience helped navigate the county in getting ahead of this. He knew early on that the county would be procuring against the global

economy, not just another county or another State. The purchasing agents the department has on staff have been amazing and working with the Emergency Services Center on procuring the vendors. Anyone who gave the department a reference for a vendor was contacted and vetted. She stated the department procured the goods and then were directed that any items procured would go to the Emergency Command Center who take care of the distribution. When this began, they started cataloging all emergency related expenses and any purchase received is reviewed and approved daily by the Budget Director and the Deputy County Executive since March 31<sup>st</sup>. Regarding deliveries, reports are given daily to find out where the shipments are, when they are expected and when they will arrive so they can be inspected. A few items procured with PPE are N95 masks, surgical masks, 3 ply masks, cloth masks, face shields, goggles, surgical gowns, gloves, hand sanitizers, etc. She also mentioned that the staff is still continuing to do contract coordinating, keep up with the records center, the mail courier is on a reduced scheduled, and RFP/RFB's are still being put through as long as they are essential and an emergency for the department.

With no questions, Mr. Cocchiara updated the committee on the IT Department. He stated as Ms. D'Amico indicated, there were discussions with Mr. Burpoe early on who saw that the county would have to work remotely early on. One of things the department did right away was review their Operations Plan to determine how this could be done. Each department was emailed asking to identify their mission essential function employees which came out to be 534 employees. The department then went and procured systems to allow those employees to work from home and 235 systems have been currently distributed. They also reserved 12 wireless printers to various departments who need to print critical information from home such as Human Resources and Finance. The Legislature was given eight new iPads so work and meetings can continue. One of the things the department also did was develop instructions on how people can work from home using technology as there were a lot of people who received technology and have never worked remotely or used a laptop. Every system that was distributed had to have network communications software installed on it, so his team worked six days a week to get the systems ready for distribution and when the time came to exit the building, all technology was given out with instructions and software loaded. Initially there was concern regarding bandwidth, so the department increased it to allow all employees to access working from home.

Ms. D'Amico interjected stating that there was no remote work course and within three days the IT Department had everyone set up and ready to go and within three weeks a full operation was took place.

Mr. Cocchiara stated that was a good point and it is important to know that the department had everyone working from home in a very short period without missing a beat. A lot of the other counties did not have that luxury as they would call and ask how this was done. He added it is a shared thank you to everybody. A few other things they have accomplished is working on Microsoft Teams, all employees are on Office 365 in Microsoft Cloud, and 69 cellphones have been distributed. A few additional office capabilities are setting up new call centers for help, cybersecurity has been safeguarded, applications being requesting are continuing such as ICompass and the Facebook/Instagram capabilities for the Legislature. Furthermore, website support continues, and they are moving forward with a new budgeting system as well as enhancing some capabilities with

Chrome. In closing, the department has been conducting training for people who need assistance in working remotely, how to use Office 365 and how to use Microsoft Teams. Overall, the team has been very busy but handling it well.

The last departmental update was Risk Management.

Mr. Castricone followed-up on what Ms. D'Amico and Mr. Cocchiara by stating that his department is now working from home seamlessly. There is one person in the office to answer the phones especially for benefits and contracts that must be signed. He mentioned that everyone was emailed a description of what the Department of Risk Management has been doing since the COVID-19 began (see original minutes) which included the Benefits Unit, the Orange County Safety and Loss Control Program, Training, Insurance and Financials. He stated the only increase they have seen is in processing for federal disaster relief.

The meeting adjourned at 5:00 p.m.