

**WAYS AND MEANS COMMITTEE
MINUTES**

**(REMOTELY)
WEDNESDAY, MAY 27, 2020
3:30 P.M.**

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

ALSO

PRESENT: L. Stephen Brescia, Chairman
Michael Amo, Independence Party Leader
Barry J. Cheney, Legislator
Thomas J. Faggione, Legislator
Paul Ruskiewicz, Legislator
Kathy Stegenga, Legislator
Peter V. Tuohy, Legislator
John S. Vero, Legislator
Antoinette Reed, Legislative Counsel
Harry Porr, Deputy County Executive
Dan Bloomer, Director, Operations and Cost Control
Damian Brady, Chief Assistant County Attorney
Karin E. Hablow, Commissioner of Finance
Kerry Gallagher, Deputy Commissioner of Finance
Erik Denega, Commissioner, Dept. of Public Works
Travis B. Ewald, Deputy Commissioner, Engineering Division
James S. Brooks, Commissioner of Parks, Recreation & Conservation
Mike Amodio, Deputy Commissioner, Dept. of Parks, Recreation & Conservation
Eric Ruscher, Director, Real Property Tax Service
Deborah Slesinski, Budget Director
Deanna Crawford, Budget Analyst
John McCarey, Transition Services, Real Property Tax Service

Chairman Benton opened the committee meeting at 3:34 p.m. by asking everyone to stand for the Pledge of Allegiance. All committee members were present.

Ms. Hablow addressed the committee with a brief department update and an overview on sales tax. She stated the Finance Department is still 100% operational, 50% of the staff are alternating being in the office and the other 50% work remotely. They are progressing very well with the year-end audit as the deadline is June 30th, however, she is going to request an extension due to the current circumstances. Furthermore, vendor payments are being processed within two to five days of being received by the office. She then referred to the Sales Tax Received Year-To-Date, County Portion handout (see original minutes) and reviewed it with the committee. A few important details that she pointed out was in June the department will be receiving three payments from New York State Sales Tax which will represent retail sales from April 1st to May 31st, on a gross level the

county has budgeted \$33.5 million and \$24.6 million is the county share. As everyone can see, there will be a significant deficit in June that will affect the county. In closing, she noted that in June it will be very important to review the numbers and do a better forecasting for the end of the year.

Mr. Benton commented that hopefully the numbers will increase in June and be better than May.

She stated that the county is actively collecting online sales, but it is still to be determined how the numbers will play out.

With no questions, Ms. Hablow moved on to discuss the next agenda item which was a brief discussion regarding Bonding and Refinancing. She referred to the handout which was previously emailed to all legislators (see original minutes) which included Amounts Outstanding and Call Dates.

The next agenda item was an update for the Budget Department.

Ms. Slesinski explained the department continues to have one person in the office every day while the others work remotely. Summer is the busiest season, so they have been working very hard on getting the 2021 budget prepped which is scheduled to be distributed to departments on June 1st. They are also in the process of setting up remote Capital Committee meetings that will begin Wednesday. Regarding sales tax, it is one of the first taxes to be impacted by this pandemic. Earlier in May, NYSAC revised their Corona Economic Impact Report that gave guidance on the impact to sales tax. At the onset of the pandemic, a severe impact had an 11.6% impact on the Orange County Sales Tax. The update increases that number to 21.6% and the protection she prepared called the May 2019 COVID Sales Tax Projection (see original minutes), shows that the 2019 payments were reduced by 21.6% which gives the county a deficit of \$37.4 million. She stated it is very early to tell what is happening, but once the numbers for June come out and are flagged, she will have a better opportunity to make projections moving forward. Other revenues such as: tourism, casino revenue, and DMV fees are still being affected and she is still waiting to hear about any loss of State revenue. Additionally, \$20 million in surplus was booked in order to balance the 2020 budget, so that is being taken into consideration. She stressed how uncertain at this point any forecast is and will be doing another projection in the beginning of June to see what all the postings are for May as well as how many employees took the retirement incentives and furloughs. In the last week there were some questions regarding the vacant positions. As of May 8th, there were 211 vacant full and part-time positions. In 2020, \$10.2 million was budgeted for vacancies, so based on the number of positions currently vacant, the county has achieved a \$5.5 million savings. Furthermore, in April, department heads were asked to submit a plan to reduce expenditures by 15% and as mentioned last month, most departments stated that they would require staffing reduction to get to that level, so the Budget Department is instituting some of those opportunities and will see how it fairs. Based on the initial review they can expect to see approximately \$19 million in savings which is broken down into an additional \$10.5 million of personal services and fringe benefits and \$8.5 million in contractual expenses. She stated this is being done with a hard freeze on all hiring requests. They are also beginning to process the PSB Budgeting Module which becomes unsupported at the end of this year and while it did consider trying to hold off, IT notified the

department and stated this upgrade had to be done before others could be done on the Oracle system next year. One of the biggest goals with the new software is enhanced reporting capabilities. because everything the department does is very labor intensive, they do not have a good reporting system. For instance, the report that Legislator Paduch inquiries about each year, it is very difficult to produce and unfortunately the report the auditors gave cannot be replicated. In closing, she mentioned that three of her staff members took and passed the course and exam to become certified contact tracers in order to meet the quota to open in Phase I.

Mr. Paduch commented that as always, Ms. Slesinski does a great job. He clarified that the June sales tax will be finalized with the May sales tax.

Ms. Slesinski stated that is correct, these are the numbers they receive from NYS Department of Taxation, so there is always a lag.

Mr. Kulisek moved to adopt a resolution making an appropriation to the capital projects budget in the amount of \$525,000.00 for Public Works Garage Reconstruction of garage floor. This project has been approved under the 2020 Capital Plan as Project No. 66. Upon approval, the funds will increase existing Capital Project No. 129 (bonding), seconded by Mr. Paduch.

Mr. Denega explained this request is regarding ongoing construction at the highway garage floor replacement as it came up as an urgent need as part of the ongoing construction as newly discovered field conditions within the garage floor were revealed that require structural repairs. As the contractor reviewed the structure of the concrete floor, some of the beams (7 out of 56) were discovered to have severe deterioration of the top flange which was embedded in the concrete floor and cannot be viewed from below; therefore, they need to be replaced. It was reviewed with the contractor and determined that it would be less expensive to replace than to perform extensive steel repairs on them. He added the legislative request shows an amount which is higher than what is needed for the portion of the project. This is the portion of the money they were going to use for Phase III in the Capital Plan. As of now, the plan would be to release all the funds so a portion of it; \$165,000.00 for Phase II, additional funds for the design of Phase III and funds leftover will be used for the construction of Phase III. They would revise and submit the Capital Plan for 2021 to include the balance to reimburse this portion for Phase III.

Mr. Benton asked that Mr. Ewald review the responses to the questions that were asked at the Physical Services Committee meeting.

Mr. Ewald stated the first question was what type of floor coating would be used on the new floor. The floor coating is not epoxy, it is a proprietary coating which is resistant to both salt and oils (Endurablend).

Mr. Benton asked if the coating has a track record of working or is it new proprietary.

Mr. Ewald replied it is the same coating that was used for Phase I and they are very happy with it. The new design for the floor actually raises the floor on the back wall of the building to slope the floor toward the section of the garage that is a slab on grade and the new floor sits on top of all the beams, the top flanges will not be cast in the concrete floor. He stated there was also a

question about the steel reinforcement and the concrete flats for the floor. The steel reinforcing with the new floor will be epoxy coated. He then explained that the floor drainage consists of epoxy coated cast iron grate with PVC case in place and PVC piping. On the beams with top flange case in the concrete, there were previously no shear studs, but the contractor is installing them on the existing and new cast beams. Furthermore, the beams have shop primer coating and the new beams will come the same way.

Mr. Minuta thanked Mr. Denega and Mr. Ewald for the further explanation.

Mr. Paduch clarified that the new beams will all be exposed.

Mr. Ewald stated that is correct.

Motion carried. All in favor.

Mr. Paduch moved to approve the request to accept funds from the Orange County Funding Corporation in the amount of \$1,000,000.00 to be used for the construction of Segment 2 of the Heritage Trail project. The Orange County Funding Corporation will make payments directly to the contractor following certification by the County, seconded by Mrs. Bonelli.

Mr. Amodio stated that one year ago, the Orange County IDA withdrew their initial approval of \$1 million to be applied toward the construction costs for Segment II of the Heritage Trail. Late in 2019, the county completed an application and applied to the Orange County Funding Corporation for assistance and were awarded \$1 million for the same purpose.

Motion carried. All in favor.

Ms. Sutherland moved to adopt a resolution urging the State of New York to take steps to implement safe re-opening based on public safety needs rather than the nature of the industry, seconded by Mr. Minuta.

Mr. Benton stated he personally wanted to bring this resolution to the floor last week at the Special Session, but consent resolutions are not allowed to be addressed since the agenda and Notice of Special Session has to be done and published in a certain time frame. He complimented the County Executive's letter from the end of last week, but this is still timely because there are many issues regarding the governor's Phases I, II, and III. The Legislature's voice needs to be added to the uproar of the gray areas and inconsistencies in each of the districts. In his opinion, they need to get moving and melt Phases I, II, and III together.

Chairman Brescia stated they have seen no logic in the Executive Orders, and it is a shame for small businesses not to be able to take precautions like the large businesses such as Walmart, Home Depot, Lowes, etc. The small "mom and pops" shops can operate the same, if not, more so. He stated places need to be open if they take precautions and encouraged everyone to vote for the resolution.

Mr. Minuta commented that he wholeheartedly supports the Chairman and what he just said as he does not see the logic in the bigger stores. Small businesses have witnessed what other businesses are doing and have gone to the extent of purchasing safety items to reopen.

Mr. Paduch stated that he thinks it is ridiculous that the "big box" stores are open, and people are in and out. The small businesses are suffering while the big businesses are still allowed to remain open. He has reached out to the state officials to express his concerns about small businesses re-opening.

Mr. Hines suggested that all committee members be added as a sponsor since everyone is in favor of the resolution.

Ms. Sutherland commented that it bothered her to go to Lowes's because none of the local businesses are open. She added that it is about time the governor woke up and let the small businesses in; therefore, she supports this resolution.

Mr. Faggione stated as he has mentioned in the past and on the floor, the governor of the State of New York has decided that big businesses were safe and small businesses were so dangerous that they should be shut down by his executive orders. Everyone knows that is a farce and a lie. As the governor stated back in March, "If anyone wants to put blame on someone, put it on him," so Mr. Faggione pointed out that he blames the governor as he has overstepped his bounds and closed small businesses. He thanked Mr. Benton and Chairman Brescia for bringing this to the committee and will look to be a sponsor on the floor.

Motion carried. All in favor.

Mr. Paduch moved to adopt a resolution authorizing a one-year extension of the O'Connor Davies, LLP contract for financial consulting services in relation to Orange County's financial audit, the budgets of Orange County and Orange County Community College and assistance and preparation of the CAFR, seconded by Mr. Hines.

Mrs. Reed explained this resolution is to extend the contract with O'Connor Davies, LLP; however, in speaking with the Law Department earlier today, this will be a new contract for a one-year period being it expires on June 30, 2020. They were in the midst of preparing a Request for Proposals (RFP) with the Law Department when the Coronavirus pandemic hit, as the proposal required changes in federal regulations regarding audits of federal grant funding, transit funds, and New York State procurement changes as there were cases that came down from the New York State Court of Appeals against Orange County and the methodology they were using in evaluating proposals and rewrites to the procurement policy. The resources in the Law Department for contracts were directed to focus only on emergency contracts which caused a delay for the SUNY O.C.C.C. budget review, which is completed in June and July; therefore, they needed to get someone on board. The Legislature went out for an RFP in 2014 and received multiple proposals from financial consulting firms. Legislative Leadership and the Commissioner of General Services reviewed them and conducted interviews with O'Connor Davies, LLP being selected. They have provided excellent service over the years and the submitted a proposal that includes updated resumes of the individuals working with them. She stated that the fee structure will be the same including the discounts

provided in 2019 and the SUNY OCCC budget will be no charge. The only difference is the hourly rates for any additional consulting services which has increased slightly over \$20.00 per hour per each partner and individual staff member.

Motion carried. All in favor.

Mr. Kulisek moved the request approval for denial of a correction of error application in the Town of Wawayanda 13-1-85.12. Agricultural rollback penalty charged to the property, seconded by Mr. Paduch.

Mr. Ruscher stated someone subdivided a few lots off a farm parcel and one of the lots never sold, so when it did the assessor removed the agricultural exemption as well as applied a rollback penalty which should not have been done. A rollback penalty only gets applied when the land outwardly converts. After searching through the opinions of counsel, they found an old opinion which cite one can go back six years for an illegal assessment. He added that he needed some assistance when dealing with this and Mr. Nothnagle indicated that this old opinion was superseded by newer opinions; therefore, it did not hold any "water" anymore. Being this request came in after the 3-year deadline, he had to deny it.

Motion carried. All in favor.

Ms. Sutherland moved to discuss deed sale parcels, seconded by Mr. Kulisek.

The first parcel located in the Town of Greenville (9-5-2) has a minimum bid of \$7,000.00 and amount bid of \$7,000.00. Mr. Ruscher recommended it be denied for more money. Parcel number two is in the Town of Montgomery (308-5-8) and is being revisited from last month as he feels the committee should still take no action because there is nowhere for the water to go and he would like to increase the minimum bid to cover the back taxes. The last deed sale parcel is in the Town of Warwick (72-2-30.1) and has a minimum bid of \$3,000.00 and amount bid of \$3,000.00. Mr. Ruscher recommends that it be approved.

Motion carried. All in favor of accepting Mr. Ruscher's recommendations to deny deed sale parcels Nos. 1 and 2 and accept parcel No. 3.

The last agenda item was an update on property sales which included Camp LaGuardia, the Quarry, City of Newburgh buildings and Reservoir properties.

Mr. Ruscher referred to the handouts which were emailed to all committee members (see original minutes). Regarding Camp LaGuardia, he stated that at least six to seven buildings have been demolished and he believes that all buildings will eventually be demolished even though someone could perhaps repurpose them. Again, he thinks this will be an "as is" sale and they are hoping to have the RFP finished within two to three weeks.

Mr. McCarey commented that he agrees with Mr. Ruscher.

Mrs. Bonelli reiterated a previous comment when this building was discussed by stating that the towns of Blooming Grove and Chester are brought up to date on this before official action is taken.

Mr. Kulisek asked if this will go out for an RFP, a sale price with a minimum reserve, or auction.

Mr. Ruscher replied it will be sold by an RFP.

Mr. Benton asked if the legislature has to approve the plans.

Mr. Ruscher replied yes, the legislature plays an important role in the approval process.

The next piece of property was the Quarry and Mr. Ruscher asked that the committee refer to the handout (see original minutes). He explained that the market appraisal is in order and a quote was received. He added that a good selling point is the buffer area which was built in the proposed property that is being sold.

Mr. Benton asked when the numbers for the property will be turned in and/or completed.

Mr. Ruscher replied that he hopes when things re-open, things can continue within the next couple of weeks and then it would be a month for the report. He stated that at the moment properties have been shown virtually so it has been tough.

Mr. Benton asked that Mr. Ruscher keep the committee posted on a timeline and when an appointment is set for an inspection.

Regarding the City of Newburgh buildings, Mr. Ruscher stated that he attached a few property subscriptions (see original minutes) that show photographs that are a part of the RFP which will go out next week. He added a local law is currently being written and there should be no major delays.

Mr. Benton asked Mrs. Reed if she has any further additions for the RFP.

Mrs. Reed replied she has been working with the County Attorney who is in the process of drafting the local law for the sale of these properties so proposals can go out on the streets. After that they will work with the purchasers on any issues they may have.

Mr. Kulisek asked if the properties will be sold as one property.

Mr. Ruscher replied no, they will be sold individually.

Mr. Benton clarified that it will be difficult to sell and close on the properties in time for the 2020 budget.

Mr. McCarey stated he would not guarantee any money for 2020. If someone were to purchase the properties by August, they would have six months of due diligence and would not close until mid-2021.

The last set of properties were the reservoir properties.

Mr. Ruscher explained they have a closing on Friday and Monday and most of the properties are in contract. There are a couple of contracts that are currently being signed, two properties are closing, and there are another six that will be closed in one to two months. After that, a few other properties will be listed. He stated they are ahead of the game on potential revenue sales.

Mr. Benton commented this has been very successful.

The meeting adjourned at 5:05 p.m.