

Minutes
Erie County Fiscal Stability Authority
Finance Committee
June 23, 2006

Director Goodell called the meeting of the Erie County Fiscal Stability Authority (“ECFSA”) Finance Committee to order at 11:30 am. Notice of the meeting had previously been distributed to all Directors and announced to the public and press.

Directors Present: Joseph Goodell, Ken Kruly, John Johnson and Stanley Keysa

Others Present: Kenneth Vetter and Gail Keil

Director Goodell stated that this the first meeting of the Finance Committee is an organizational meeting. He then asked Director Keysa to discuss the charter of the commission and its responsibilities.

Director Keysa stated that he had proposed put together a draft of the charter of the finance committee and he is waiting for feed back. He stated that the committee would be looking at the financing of the organization and how we receive money and how we prepare a budget for the year and actual expenditures. There was also a suggestion that the primary responsibility of the Committee is to look at the initiatives, but he received responses from the Board members stating it was the whole Boards responsibility to review the initiatives.

Director Keysa continued by stating that, as promised, the finance committee would prepare the budget with the Executive Director and review it with the Executive Director on a monthly basis. Director Keysa stated that the budget this year is expected to be without significant outside consulting and that it should be much less than budgeted.

Director Keysa stated that one of the activities of the committee is to look at the incentive grant funding that is available from the State, how it is funded and how it is applied. The Board has the responsibility to review and approve the County’s application for incentive grants.

Mr. Vetter stated a memo went out to all departments regarding budget targets and grant proposals and the information was requested back by the end of July.

Director Kruly stated that the Finance Committee should be participating with that and then asked if the application forms are going to be sent back to the Authority.

Mr. Vetter stated that it was an open, developing process for the Legislature and the Authority.

Director Kruly stated the Authority would have to have a preliminary decision regarding the Authority's 2007 budget proposal by August.

Mr. Vetter stated that what is in the four-year financial plan for the Erie County Fiscal Stability Authority is what the county budgeted in its four-year plan.

Director Keysa then stated that the State money has been increased to \$18 million for the Authority. A figure of \$400,000 is available for the Office of Management and Productivity. Previously, Fran Ritzenthaler was working with Jim Hartman on the budget initiatives. They tracked which initiatives were being implemented and which ones were not being implemented. There are 160 initiatives in the four year plan initially proposed. He stated one question is whether we fund the Office of Management and Productivity to work with the County and use part of the State appropriation to do so.

Director Keysa stated that there is a significant amount of money for activities to develop new proposals and for reengineering the initiatives, if needed.

Director Johnson stated that this committee should have a strong engagement in how the initiatives should be funded if, in fact, any of those needing up front funding are to move forward. He stated OMP is necessary and we need to endorse or not endorse every project that was proposed for those expenditures.

Director Keysa stated that guidance from the ECFSA Board on the initiatives is very important. There will be a reaction from the County Legislature because they want to have control. That is what the problem has been in the past. This committee needs to have a good handle on the initiatives. The whole process had been disrupted and there is a gap in terms of the entire supervision of initiatives development.

Director Goodell stated that Chairman Baynes has formed a Task Force to follow the initiatives and the Task Force is reviewing them and working on them. The Task Force had its first meeting on June 21st. The Legislature was part of the Task Force and was responding. We identified some initiatives that cannot be

implemented and initiatives that were approved by the County Executive but need to be changed.

He continued that another focus of the Task Force is the incentives funding. Both the Legislature and the County Executive have ideas, but we have not heard about them formally. Director Kruly then stated that a list that was developed by the Legislature and the County Executive.

Director Keysa stated that there needs to be a formal process in awarding the incentive grants.

Director Kruly stated he learned this week that the Legislature is talking about the proposals in the Blueprint for Change, which is looking at Social Services and Youth programs for restructuring and also at funding the Technology end of the change. They would like the Authority to fund Technology improvements through an efficiency grant. He stated that the problem is that they have not documented how they are going to save money. It isn't defined in any documents that he has seen.

Director Johnson stated that, regarding the Blueprint for Change, a major reengineering is proposed in regards to Social Services. There are four State agencies involved. They include the Department of Health, Office of Mental Health, Office of Temporary and Disability Services and Office of Children and Family Services. He continued that Commissioner Weiner has done a tremendous job in pulling together the plan for change. We need to have the authorization of State agencies which are impacted when we reengineer.

Director Goodell stated that they need to develop a written procedure for how to evaluate results when initiatives are dealt with.

Director Kruly stated we cannot approve the union negotiations. The Authority can monitor the negotiations because most of the budget is personnel. That provides opportunity. We have \$18 million dollars and we have to be very careful in how we use that money.

Director Goodell stated he wanted to monitor the County's efforts to reduce costs. Most of the budget is personnel; last year the County laid off people, then hired some back. Director Kruly and Director Goodell have prepared a format in which we look at month end, the number of employees and whether the employees are

full-time and part-time. The Authority would like a list of all the budgeted positions at each months end.

Mr. Vetter stated that the last report he had given to the committee in regards to personnel was dated June 20th.

Director Goodell stated he wanted the Committee to look at the report and determine whether it is a good way of tracking and controlling the County personnel. There is a need to look at the seasonal employees and also the employee's that are under contract. A number of people that were laid off that have been hired back as contractors.

Director Johnson asked if the proposed report included the all the county and office functions. Mr. Vetter responded that it reflects anything that is in or related to the general fund, the County-wide government funds.

Director Johnson stated at the last Board meeting he requested that ECFSA be informed of Federal, State and Foundation grants that impact the County services and functions. He stated there are positions in significant numbers which are funded by such grants.

Director Kruly commented on the grant funded positions. When SAP came in there was a consolidation of the budget, does that reflects grants as well. Mr. Vetter responded it does include the grants.

Director Kruly stated that some positions are more important than others. Even though there are 1,500 jobs in Social Services, some of those are funded by Federal and State money.

Mr. Vetter stated that the County was average reimbursement rates. For Social Services it is 24.8 percent.

Gail Keil asked Mr. Vetter if Jim Hartman will continue providing the same information to the Committee when he becomes the Budget Director.

Director Goodell responded by stating that he would like the Committee to officially ask the County Executive for the report. Mr. Vetter knows the information is easily available, except for the contractual personnel.

Director Goodell asked “should the letter be addressed from Chairman Baynes or from myself?”

Director Keysa stated that they should propose a resolution suggesting the Chairman write the County Executive and the Board should approve the resolution at the next meeting.

Mr. Vetter stated he has a drafted a letter requesting the information which the Committee has in front of them.

Director Kruly moved that they approve a recommendation to send the letter for the specified information from the Administration, seconded by Director Keysa. The motion was passed unanimously.

Director Goodell requested the draft letter be put in the members briefing books so they could review the letter before the Board meeting on June 28th. He continued by stating that at the next Committee meeting we should have a final draft of the Charter for the Committee and a draft proposal of the process for awarding funds.

Mr. Vetter stated that Fran Ritzenthaler had put together parameters of what could be fundable and that the Committee should take a look at that.

Director Goodell stated they should review the report and clarify what needs to be approved by the whole board in the process of awarding funds.

Director Johnson stated his concern is the desire of the Erie County Legislature to have sole recommendation over the incentive funding. It should be a three way partnership, ECFSA, as the voice of the people, the Erie County Legislature and the Erie County Executive.

Mr. Vetter said that the County Attorney stated that under the County Charter the Legislature does not have the authority to propose spending it is seen as grant money once budgeted. The Legislature has legal control is in the actual contracting of the money. The appropriations and revenues have to be set up in the budget which requires resolution and approval. Those are the legal steps in the process.

Director Goodell stated that the applications for incentive funding come from the Executive and the Legislature would have control whether the grant is awarded and there is further control in the budget process. Does that mean there can be none of this in the middle of the year? Can the grants still go forward?

Director Kruly stated yes, the money goes to ECFSA, not the County. The County will get involved in other ways and we have the determining role.

Director Goodell asked if there was any State funded money for ECMCC.

Director Kruly replied that \$15 million was specified in the consent decree and has to be spent just for hospital issues. He continued specified by stating that anything the hospital worked out with the County under the consent decree is the hospital's to deal with. Director Kruly then stated that a lot of money is going into the hospital and we could come in from the County end of it. He stated he would assume the Legislature and the County Executive would be involved with the spending of the money because it changes the contract.

Mr. Vetter stated the Work Force Development part of the settlement is upfront money for ECMCC to buy union concessions for a 24 hour hospital operation.

Mr. Vetter continued by stating he heard the Senate and Assembly were looking at \$15 million in additional Medicaid money to go to ECMCC and putting in the bill language that all or some portion of the money would have to come back to Erie County.

Director Kruly stated he heard that the Governor's office and the State Division of Budget had no interest in that version of the bill.

Director Goodell asked for a motion to adjourn. The motion was made by Director Kruly and Director Keysa seconded.