

**Erie County Fiscal Stability Authority
Minutes of Finance Committee Meeting
held August 14, 2007**

(Note: the following is a draft copy of minutes of a meeting of the Finance Committee of the Erie County Fiscal Stability Authority ("ECFSA"), which was held August 14, 2007. These minutes will not become final until approved at a subsequent meeting of ECFSA Directors, and may be amended before approval)

Present: Joseph Goodell, Chairman, Kenneth Kruly, Robert Glaser, John Johnson, Executive Director Kenneth Vetter

Chair Goodell: "This is a meeting of the Erie County Fiscal Stability Authority Finance Committee. There are two reasons for holding this meeting. One is to hear an update on the space study and secondly to discuss some efficiency grant applications. Before moving forward, I would like to introduce you all to Robert Glaser. He is our new Vice Chair of the Stability Authority, and we welcome him."

"The first order of business is the approval of minutes. These have been sent to you. Do I hear a motion to approve?"

Director Kruly moved to approved, Director Johnson seconded, and the Directors voted unanimously to approve the minutes.

Chair Goodell: "The second item on the agenda is the status of the space study. A little bit of background on that. We identified early on, a year or so ago, that perhaps there was a lot of excess space that the County is either renting, leasing or owns but does not occupy. That there was a need to see if there were some significant savings that could be made by consolidating operations into various bits of real estate. Mr. Loffredo, the Commissioner of Public Works, is here to update us on this study. Would you like to come forward Mr. Loffredo?"

Commissioner Loffredo: "Good morning. Let me go over number items on the space study. First, who is doing the study? Could any architects have been working on this for a number of months now? When will the study be out? We hope to have the study or a draft report by mid-September, at which time we will submit it to the control board, the Administration, the Legislature and we hope to have some feedback and that is when we will go into the final report."

"What does the study consists of? Right now there are three parts. One is data collection, lease, space utilization and trying to get a handle on future needs for various departments. They have finished that phase of it and now they are into the space assignment and they are assigning space to various departments. I will go into more detail on that later. We are not

doing layouts; they are just assigning square foot areas and not looking at phasing.

How do you implement this? That is something else further down the line. Now they are mid-way into their cost benefit phase, looking at the cost of running the different buildings, the cost of the lease, and then they want to look at the cost-benefit of any rearrangement. So, by mid-September they will be finished with those three and you will have a draft report.”

“I will go now into the detail and what they are looking at. Let me tell you what is and then I will tell you what we are looking at and what could be. Right now the County Attorney is leasing space at the BAC. Social Services are leasing space at Hens and Kelly, and the Auto Bureau is leasing space on one of their satellite facilities. We are looking now at bringing the County Attorney into the Rath building, all of Social Service into the Rath Building and then some of Social Services into 120 and 134 West Eagle. Right now West Eagle has the Sheriff’s, Board of Education (?Elections?) and the DPW workshops. Also what we are looking at is relocating the Health Department and various labs to ECMC and we are also looking at some claimants out there. They have a number of buildings at ECMC, one of which is the old School 84. We are looking at renovating that and the costs of that. We are also looking at the Ticor Building and moving the Board of Education (Elections?) into the Ticor building. Everything I told you is subject to change and right now drastically depends on costs and so forth.”

“Once we have received feedback, then we will go into the final report and after that, if it looks like it is very cost-effective, we will be looking for funds. We will be looking for funds from the Administration and we will be looking for funds from the control board. Let me just go back a little and talk a little bit about the Rath Building. Right now, the Rath Building has asbestos on all floors except for the 14th floor, which has been renovated. Any changes we make to the other floors are going to be expensive because, a number of times, we have to go into the ceiling and that is where the asbestos is. It is in the fireproofing in the ceiling. So we have to use special precautions and have to isolate the area so any modifications or changes will be very costly. What we are looking at in this project is to abate all of the Rath Building so in the future we can make changes very easily, because County government is constantly changing, especially Social Services. Programs come and go, so we are looking at abating and also looking at using modular furniture so that once they do it, they can renovate under this program. So basically, that is kind of the big picture and I am open to questions.”

Chair Goodell:

“Do any committee members have any questions?”

Director Kruly: “Commissioner Loffredo, in years past, there was a regular program for the asbestos abatement for the Rath Building and I think it was being approached on a floor by floor basis. Is that still ongoing?”

Commissioner Loffredo: “No that stopped. It started and stopped with the 14th floor and the financial problems.”

Director Kruly: “Well the 16th floor wasn’t done and I believe they got to the 15th and 14th.”

Commissioner Lofredo: “No it was just the 14th. Ideally under this program, the best way to abate asbestos is to have three floors and you kind of move up and down so that there is floor above and a floor below that is not occupied because accidents do happen. Water could leak below and who knows what could migrate up above. So that is what we would do under this program; phase it so that there is three floors at all times so that we don’t have that problem and it will be very cost effective to do it that way.”

Director Glaser: “Commissioner Loffredo, how is the data collection process going? Is that phase almost done?”

Commissioner Loffredo: “Pretty much that portion is complete. Right now they are into the assignment phase. They are just tweaking it and they are midway through the cost phase.”

Director Johnson: “Commissioner, you mentioned that one of the options you were considering here is that the Department of Health move into ECMC. Do you have a projected amount of space need there and is this being done in collaboration with ECMCC Board of Directors.”

Commissioner Loffredo: “Yes we have had dialogue with the hospital. Certain buildings are assigned to the County and divided into three groups. Two groups of buildings are definitely Erie County’s. Old School 84, and then there are two buildings that are assigned there. We are looking at two other buildings that are in questions that are now being utilized by UB.”

Chair Goodell: “Are we talking about ECC or ECMC?”

Director Johnson: “The hospital.”

Commissioner Loffredo: “Yes, yes I am talking about the hospital. I guess, in a nutshell, we pretty much have two-thirds of that settled and one-third we have to address in order to have this draft report finished.”

Chair Goodell: “Is the County paying its maintenance costs today on those building that you stated are the County’s?”

Commissioner Loffredo: “Yes.”

Executive Director Vetter: “Commissioner Loffredo, quick question and I know that you are just getting into the cost phase. In terms of the Rath building itself, do you have an idea of cost per square foot for build-out itself given the asbestos and the structure of the building and maybe versus any kind of average cost per square foot build-out that you have used any building project.”

Commissioner Loffredo: “We are working on that right now. I would rather not throw figures out at you and then have to say well we changed that.”

Chair Goodell: “Are there any more questions. Thank you Commissioner Loffredo.”

“The County Clerk Ms. Hochul is here and she has some words regarding the Auto Bureau movement into the Rath Building. Would you like to come up and talk?”

County Clerk Hochul: Good morning thank you for the opportunity to come up and talk. Yes, the Auto Bureau has been very much on my mind since January first when I assumed the responsibilities of Erie County Clerk. I knew that beginning on April 30 we would be coming upon the expiration of a five-year lease that we had had for our Auto Bureau which is at 77 Broadway. As you are all well aware, we had been in free County space at 25 Delaware Avenue at no cost to the County taxpayers and provided this service for many many years there. As a result of the court reorganization project we were unceremoniously asked to leave and the only alternative there was to leave and go into a lease situation, which was not acceptable to David Schwartz or me. So we knew this was an opportunity for us when we came upon the opportunity for a lease to look to get back into free County space to reduce the cost to the taxpayers.”

“Back in January, I began this conversation with the County Executive and told him of my strong desire to work quickly and efficiently to find a new home for us in County space. And at the time, we had our eye on 45 Oak Street. Just as a bit of history; we thought this was an ideal location for us to move the 77 Broadway operation into 45 Oak Street. This would also have a new home for our records center, which I invite any of you to come out to ECMC and look at the deplorable condition that the County records are in because of the state of that building. Those are for reasons beyond my control, but 45 Oak Street had other hands on it and we did not get the opportunity. We went to work again working with the County Executive and talking to the Legislature to identify a reasonable space for us in the downtown corridor. Even Mark Polancarz, the County Comptroller, who has some jurisdiction over the first floor space, we all worked together and decided that the first floor Rath Building would make

all the sense in the world. This is high traffic area. We could have a separate entrance on Pearl Street, similar to Social Services. We have been in this space and have identified that it would be more than enough to run our operations and to continue some of the operations that are already there. What has been challenging for us is that there is a space study already underway. We have participated in the early meetings of that and have let them know of our strong desire to get out of leased space and into County-owned space. I believe that the Auto Bureau has been part of that agenda and we working with Commissioner Loffredo. I hope that is the case. I was a little discouraged early that no mention of the Auto Bureau was made about going into the Rath Building space when he listed the different agencies that would be going into the Rath Building. Speaking to the County Executive a day or two ago and the Legislature, it is our desire to make that happen. The only issue that is out there is asbestos. When we asked for an estimate before we could come up with calculations to present an efficiency grant before you, I was told that it would be about \$1 million of asbestos abatement before we could go in there. Now that makes a big assumption that is just not true. That is that we would have to go in and disrupt ceiling tiles and go in for our wires and cables for our networking with the State DMV. I just spoke yesterday and have an e-mail confirmation stating that that is not the case. When we went into 77 Broadway, everything was done at the floor level. So I think we should take a fresh look at this with the Department of Public Works and say take the asbestos issue out of this. If we move into this space, I am not sure how many years there it is going to be to have enough money to completely remediate that entire building. If it is \$1 million a floor or more, that is a cost that I don't think should enter into our discussions right now. If it is not safe right now, then nobody should be in the building. If it is safe enough for people to be there, it is safe enough for us to move the Auto Bureau in to stop this hemorrhaging of money into private sector space. I am very anxious to continue out the one-year extension that I have and, by April 30th, be in free County space for the Auto Bureau operations at the Rath Building. That is my objective and I have a lot of support for it; again the County Executive, the Legislature, the County Comptroller, myself. I think that is pretty strong political will and I think with your support, and I can't imagine why you wouldn't buy into this because it is one of your initiatives, to identify taking opportunities to go from leased space to County space. That is exactly what I am trying to accomplish, that is one of your goals and I looking for you help with that. I am looking for an opportunity to get a cost assessment working with Public Works with the space study come back to you with some numbers and what the build out would be and I can show you a savings of a million dollars over a five year term immediately. I think that it makes all the sense in the world."

Chair Goodell: “Commissioner Loffredo, do you have any comments to offer? Would you like to come up to?”

Executive Director Vetter: “How much square footage would you require?”

County Clerk Hochul: “I think we are flexible with this, upwards of 10,000 feet available but I think we can make due with 7,000 or 8,000 and I think we could accommodate the other cashiers as well who are right now collecting taxes. I spoke with the Comptroller about that and I believe we could accommodate both of our operations in the same space.”

Commissioner Loffredo: “The County Clerk and I are going down the same road but I think the County Clerk wants to go faster than the study. The study looks at everything and I did mention the Auto Bureau going to the first floor.”

County Clerk Hochul: “I was taking notes and I did not hear that, but I stand corrected. I did not hear you say that.”

Commissioner Loffredo: “So that is a given, I will say at this point in time, that is what we see. The big cost savings is in Social Services; that is where the big dollars are at Hens and Kelly’s. Although these dollars are not something to sneeze at, like the County Clerk said, it will add up to millions of dollars in five years. Rather than pull this out of the study, it is my feeling that this should be part of the study, part of the program. Part of the phasing and part of the abatement and so forth. I don’t think it would be cost effective to rush and put the Auto Bureau in a space that is not abated and not have space that is not abated above them and then move them out at some point in time because their space is not abated; the asbestos, while its occupied, so I don’t see this as cost effective. If it is not effective, then yes, I do think that we will have to deal with the Auto Bureau separately in a space that does have asbestos and then move as quickly as possible, but I think a decision needs to be made on the big picture first: “Is it a go or no go?” and then address the Auto Bureau separately.”

Chair Goodell: “You indicated that a tentative draft space study will be ready in mid-September?”

Commissioner Loffredo: “Yes in mid-September.”

Chair Goodell: “Will a tentative idea have been develop to address this question?”

Commissioner Loffredo: “It will be part of the big picture. Let me just talk about the phasing. The layout is not part and the phasing is not part of the study. The phasing, if this is a go, is where we would look at the most cost-effective way to do this and the best way to do it physically; in other words, abating and where you move people to free up those floors. Can

you tie in the leases, what makes sense? Do you go up, go down or go both ways and what? That is all something we will look at in the next phase if we do have a project. The next phase of the study would also be design.”

Chair Goodell: “Is there any data available to show what the costs were when the Auto Bureau moved into Broadway? You indicated that the Auto Bureau moved into a location on Broadway, correct?”

Commissioner Loffredo: “Yes”

Chair Goodell: “Is there any data to indicate what the costs were?”

County Clerk Hochul: “What the bill was at that time?”

Chair Goodell: “Yes.”

County Clerk Hochul: “Director Kruly may know what those were, he was involved. I don’t know what those cost were. I just know what the annual rent was. We paid \$129,000 a year in rent and assorted costs for security and cleaning I would take it up to \$170,000. I don’t know what the initial build-out was or whether that was rolled into the actual lease operation. I don’t know if we were billed separately for that, to tell you the truth. So it could be very easy for us to extrapolate the cost of build-out in the County building having just gone through that whole reorganization process. I, along with Dan Dillon here from my staff who oversaw that, we could very easily look at the cost of what it took to build the cashiers location in the registrar’s office and use that as an approximation for the Rath buildings. So I think it would be fairly easy to get some figures on that as well. I am sure those are in Public Works already, they have those numbers. All I am saying if you add a cost of living increase with that it would be very easy to come up with these numbers and I am very glad to hear Commissioner Loffredo mention us going into the first floor Rath Building. Again it is all in the timing. On April 31, 2008, I am going to enter into a five-year lease again with some additional cost, I am sure it is not going to be the same rate that we had five years ago or I am going to be in a new location. If the study provides a draft on September 15th, then we are talking about a Phase II study that is required to determine who goes where. I know politics, folks, and we are into now spring. I am out of luck and that is why I initiated this dialogue early. I am not looking to upset the applecart. I am in support of this space study, but to the extent that I am overseeing an operation for five to six hundred people that come in on a daily basis we are much more public-oriented. I can’t go to the 14th floor of the Rath Building. It has to be a first floor operation, that space could be available and I would like to make claim to it and start the ball rolling so that we are not out of luck and in a few months and say: “Well we just didn’t make

it.” That is not acceptable and that is why I am very anxious to work with Public Works now and say I know you’ve got your study going, we can help you with the data, let’s just get enough data to put an efficiency grant before you so that I can start the ball rolling, I am just not getting it.”

Chair Goodell: “Have you had any conversations with the owner of the property about a one-year lease extension?”

County Clerk Hochul: “We have already had a one-year lease extension.”

Chair Goodell: “How about another one?”

County Clerk Hochul: “Well I think that is pushing my luck a little, but that is certainly something we could entertain but every month that goes by that is money out of the taxpayers pockets so why would we do that?”

Chair Goodell: “The reason you might do that is because there may some wisdom to what Commissioner Loffredo’s process is”.

Director Johnson: “A question to Commissioner Loffredo and Ms. Hochul. In the lease of space for DMV operation and other County programs, does the State reimburse for any space needs and modernization?”

Commissioner Loffredo: “That is all part of the study. With Social Service you do get into that and it is pretty complex. That is where we are right now, trying to get the true savings.”

Director Johnson: “So we looked at the \$178,000 that Mr. Hochul spoke about now, does the State of New York share in that amount? “

County Clerk Hochul: “No, we are not reimbursed for any of our functions. From the State’s point of view we receive 12.7% of the transactions, I think in their judgment that is sufficient to compensate us for the space. So we don’t have any additional money coming in or additional reimbursement.”

Director Johnson: “There is nowhere to push the envelope a little bit?”

County Clerk Hochul: “Well, we have a few connections there. I am pushing the envelope on trying to get that 12.7% increased to 17% to bring in revenue. In fact that ties into another effort we are attempting that will save another \$1.2 million if every one in Erie County would stop mailing back and do their renewals on line. Right now we are losing \$1.2 million; that is another issue we are working on. I am in competition with the State for the money and the bottom line is we think we should have a higher share but that is another story to be continued. I am not looking to be adversarial in this relationship. I think we are all, as Commissioner Loffredo said, we are all

on the same path, to the same decision, I just feel, well obviously, I am just looking out for the Clerk's Office, the Auto Bureau and public we serve. I am just trying to look for assistance in expediting our component of the space study. That is all I am asking for."

Executive Director Vetter: "Commissioner Loffredo, quick question. I see a cost estimate here of \$1.65 million. Is this a basic guesstimate for the Auto Bureau for somewhere between 7,000 – 10,000 square feet and I guess each floor of the Rath Building has probably has about 10,000 feet?"

Commissioner Loffredo: "Well, it varies. The first few floors are quite a bit bigger than the upper floors but that is a guesstimate of what we encountered on the 14th floor. So we tried to apply it that way."

Executive Director Vetter: "I guess my question is in terms of overall dollars, because if this is setting the model, then each floor would require asbestos abatement before anyone is in there because this does tend to send what should be in there and then build-out and design fees and guess what is being inferred here is that is what I want to be sure of is that before movement starts into the Rath Building, if that is seen as the way to go once this study is complete, you will have to do all of this, the asbestos abatement, the build-out, all the rest of it, period. I guess the order of magnitude; there are 16 floors in the Rath building. One of them is already done. In essence two of them are mechanical floors in the Rath Building. If we are talking about moving all kinds of people back into the Rath Building, if you are using this as an estimate, to get the 14th floor what was that about \$4 million."

Commissioner Loffredo: "No. The 14th Floor asbestos and build-out costs were \$2 million. Let me just throw this out, that was not the most efficient way to do that. When you factor in inflation maybe we could do it more cost-effective rather than the \$2 million with the other floors."

Executive Director Vetter: "I guess the question, before anyone sees sticker shock later, is if this is a model that is being used and say a rough average \$2 million per floor. Are we talking about spending up to \$30 million to move people back into the Rath Building? With all the asbestos abatement and everything else. To me that seems very problematic if that is the model and saying that before anyone else has to be there than we've got to spend \$1 million, \$1.5 million or \$2 million a floor. To be honest, to me, you would have to make up an awful lot in lease space savings to make up \$30 million. I can't see where that would come in most of our lifetimes."

Commissioner Loffredo: "I caution you not to do a back of the envelope estimate. I just caution you. I agree with you. The numbers are staggering and they might lead you to the wrong conclusion and that is why I would like to

wait for that final study because the savings are also staggering so to speak when you push them over a 5–10 year period. So I would wait for the study before you draft any conclusions. It is only 3-4 weeks away. The numbers are all not in yet. I think it is worth the wait before you draw any conclusions.”

Chair Goodell: “Isn’t it also true that some space, as Ms. Hochul has stated, that some spaces may not require asbestos abatement to move someone in there.”

Commissioner Loffredo: “No, I would say that we do all the floors; the whole building. You never know, it might not affect her but it might affect the floor above her if you leave some space which would affect both floors. The floor that you are occupying and the floor above”.

Director Glaser: “The draft study that we will have in three weeks that will not only be the utilization but it will have costs associated with it.”

Commissioner Loffredo: “Right, cost benefits, number of years to pay back and so forth. The numbers are big.”

Director Glaser: “My question is then, to move to the next phase, how quickly could that happen? Can they move simultaneously? What is the process? How do we move it forward?”

Commissioner Loffredo: “Once we get consensus of the administration and the control board then we will look for funds and we will be coming back to the control board for funds. If this is a go, we will look to the Administration to fund the remaining portion, and then we will look at expediting this project. That is the next phase, which will be lay-outs, which is part of the design phasing and then preparing bid documents. So, in answer to your question, when can we move in? Probably let’s say best-case scenario, we probably would have bids out next spring and the process would begin as far as who moves where and so forth.”

Director Glaser: “So it is unlikely that you will have enough time to make a decision to move in if there is any asbestos problem that had to be abated?”

County Clerk Hochul: “If it is predetermined that, before anybody goes into the Rath Building because the entire building must be abated, then the answer is yes. I’m not sure that is the conclusion that needs to be drawn here. There are people working there now and they are looking to bring people back. We are looking to not disrupt the ceiling tile. We are looking to do it on the floor. My argument has been, God love you, you are on a great road and keep heading there but please consider the most publicly-utilized operation of County government which is the Auto Bureau and our need to come into a suitable location that is accessible that is right downtown so that people

who work downtown and live in the City of Buffalo can get there easily. Please treat that differently than you would an operation, no disrespect to the County Attorney's office, but they do not get a lot of walk-in traffic. We are a unique arm of government and I am asking you to treat us a little differently because this study may end up not ever being implemented because of the price tag attached to it. If it is permanent and you have to do the asbestos abatement in the whole building, it will never happen, so what I am saying realistically and if in the future you decide that you need to spend \$10, \$15, \$20, \$30 million to abate that whole building than we will be a part of that building and a part of whatever happens in that building, whether it be temporary shut down or whether remediation is done, we are ahead of the game."

Director Glaser: "I don't think we are drawing any conclusions here we are just trying to find the facts which are very difficult some times."

County Clerk Hochul: "What you are hearing today is this preliminary study and the next phase II, which has to occur, are all out of sync with the needs of what the Auto Bureau are. I just wanted to bring that to your attention in terms of my desire to have cost savings."

Director Glaser: "I understand."

Director Kruly: "The Great Lakes Building, a couple of blocks from here, has ECC completely occupied that space? The reason I bring it up is because that seemed like so much easier to move the Clerk's Office there. There is parking there and all that good stuff. Is that no longer an option at all?"

Commissioner Loffredo: "That is correct. Before ECC was given that building, we felt that was a perfect place for the Auto Bureau and I think the County Clerk did too. Parking space was there, so this is our second choice. This is not a unique problem with the leases being out of sync with the study and the potential project. What we have done is try to get people to get those one-year leases and then address it in the future. One-year extensions are really what everyone is looking at; the County Attorney, Social Services and so on and I would recommend that with the Auto Bureau as well."

Director Glaser: "Does the County have a plan for lease management that is a bigger plan than just a couple of leases? That is what we are trying to get with this study. Secondly, I have a question on the study that we are doing now. This study takes into account any property that the County currently owns including ECMC, ECC; are you looking at everything?"

Commissioner Loffredo: "Well we cut back a bit, we were going to look at everything and then we cut back to get the study within a certain amount of funds. We eliminated places like the college and other places like that."

Director Glaser: “My point being that we are not going to, all of a sudden, come back a year from now when we are all done and say we forgot about the 100,000 square feet that we own some place?”

Commissioner Loffredo: “No, No.”

Chair Goodell: “Director Glaser, the cost of the consultant was very, very high until we encouraged Commissioner Loffredo to cut out some of the locations that might be marginal. Okay, if there are no more questions up here I would like to first of all ask Ms. Hochul to pursue diligently getting that one-year lease. I find it very difficult to say right now or two or three weeks from now the you should go ahead or Commissioner Loffredo should go ahead because this asbestos abatement thing may be a factor and may not be a factor but until we get a little further along, and Commissioner Loffredo has said in three or four weeks, I think it would be prudent for you to seek a lease extension. I don’t like to state that, I would rather take some action but I think there is some wisdom in the approach that Commissioner Loffredo is taking to the asbestos. I would ask Commissioner Loffredo to keep Ms. Hochul advised as properly as she needs to be specific, that you can help her make some of her decisions. In particular: What happened in the move to Broadway? Was there asbestos? If so how is it dealt with? Was the asbestos simply ignored because of the cable on the floor? Let’s refine some of those issues within the next few weeks. Okay?”

“Our next order of business is to look at efficiency grant applications. The first one is energy conservation measures. This is a request for \$800,000 to hire a consultant to implement some of the recommendations made by the consultant on energy savings, is that correct?”

Executive Director Vetter: “Yes.”

Chair Goodell: “Would you like to come forward Mr. Sentz?”

Executive Director Vetter: “Mr. Sentz is off vacation today to meet with the committee.”

Jerry Sentz: “Good morning. Basically, the way this initiative has started was we had been working very hard to initiate energy conservation measures within all of our large buildings. We have gone through and measured the Rath Building, the Holding Center. We looked at the Corrections Center. The next step is take a look at the multitude of smaller buildings the County owns and sees if there is energy conservation measures that can be out in place there. An energy conservation can be something as simple as changing a light bulb. By changing that light bulb to something that is more efficient, you get a good pay back on it. You save energy and basically those savings pay for the improvement. We have worked in

conjunction with NYSERDA; they actually had a special program for small buildings. We worked very very closely with them realizing that were not just a typical business where you have one or two small buildings we have hundreds of them. They were very appreciative and worked very closely with us in doing the study. The entire study is two binders long and I just brought up the one because it has summaries too that might help answer your particular questions. Basically, what they came back with, the recommendation is \$800,000 approximately worth of improvements. The simple payback is seven years; the annual saving is somewhere in the neighborhood of \$160,000 per year that we would save from doing all of these different measures.”

“The measures vary significantly; some of them are as simple as putting in a set-back thermostat. You may have one of these in your house where at night it automatically sets back and not leaving the temperature up. It kicks back during the day and sets back during the night. Many of them are lighting retrofits. We have the old fluorescent light bulbs, we can simply just retrofit those to new fluorescent light bulbs, they save significant money. Some of the locations are insulation. There are many sites that don’t have insulation. We could get that in and it is a very quick payback. Weather stripping, some of them involve some fuel conversion and some other things, but the recommendations are varied but that would be for all of the small buildings. Brian Smith is with me from the Erie County Environmental Management Council and he would like to share a few other words.”

Brian Smith:

“As he mentioned, I am with the Erie County Environmental Management Council. I serve as the Chair of the Energy Committee. We are an advisory board to Erie County on environmental issues and we are very supportive of the County’s efforts to implement these energy conservation efforts. We have seen the success at some of the larger buildings and are hoping to see success at some of the smaller buildings. On the second half, I am with the Citizens Campaign for the Environment and we just have a brief statement through them on behalf of that group

On behalf of Citizens Campaign for the Environment (CCE), and our 80,000 members, we support the Erie County Department of Public Works-Buildings and Grounds’ small buildings efficiency grant application. CCE is an 80,000 member, non-profit, non-partisan advocacy organization working to protect public health and the natural environment in New York State.

The small buildings efficiency grant proposal is a win-win. The proposal is fiscally responsible, promising significant savings of taxpayer dollars, while also contributing to a healthier environment. Based on an energy audit conducted by CJ Brown Energy PC and validated by New York

State Energy Research and Development Authority (NYSERDA), the County can save approximately \$116,000 annually through energy savings. Payback on the initial investment of \$800,000 will occur in less than 7 years.

Saving energy is also beneficial to the environment. Our reliance on fossil fuels contributes to a myriad of environmental, economic, public health, and national security problems. By reducing energy demand, Erie County is doing its part to combat global climate change, arguably the greatest challenge the world faces in the 21st century. Climate change is already impacting our region, including our greatest natural resource, the Great Lakes. We must take steps now to avert detrimental impacts to our environment and economy, due to our over reliance on polluting fossil fuels.

Resources have already been put into developing a plan to save the County money, now we must implement the plan. Public money should be used for the public good. Hence, we respectfully urge the Erie County Fiscal Stability Authority to fund the small buildings efficiency grant proposal submitted by the Erie County Department of Public Works.

Chair Goodell: “Was that a statement you read by an organization that is not a part of the County?”

Brian Smith: “That organization is not a part of the County but a statewide advisory organization. I also mentioned that I am a part of the Erie County Environmental Management Council who is also supportive of the measure.”

Chair Goodell: “Okay thank you. As a matter of policy I think the Board discourages statements by outside groups to our meeting. There are so many and it would make out meetings so long but we thank you for that.”

“Has any look been made at time phasing this \$800,000?”

Jerry Sentz: “It would take me less than one year to implement these changes; the changes are fairly simple. For example, to set back a thermostat that is something a person could do in less than a half hour. So it would take me less than a year to implement these.”

Chair Goodell: “Why does it cost \$800,000?”

Jerry Sentz: “There are a large number of measures and if I could have you look at these and there are four pages of different measures. Each one is costed out individually. For example, a set-back thermostat, if I could find one

quick, is \$143, they estimated. The study was done in 2005; that is what the number came out to be.”

Director Glaser: “Is a piece of this ordinary maintenance? Could it be done under an ordinary maintenance program, assuming the County takes care of its buildings; there must be some money allocated to this kind of stuff or is there not?”

Jerry Sentz: “Really, for ordinary maintenance, for instance if the thermostat went we would replace it with a set-back thermostat, that is true; however, for example, it would take a long long time and we would continue to spend that energy but this has a payback of seven years. So within seven years that energy savings, seven years is the aggregate some are higher some are lower. You have to pay for the whole thing but if you do it through maintenance it could take a long long time to hit every single one of these items. Things like attic insulation; we don’t have the money to do that so that would never get done and that measure would never be here and we would never have those energy savings.”

Executive Director Vetter: “How would you actually measure the savings, because I know we are talking about a lot of different buildings and electric bill, gas bills, still part of the consortium? I guess the question is: When you are looking at payback and definitive measurement later, how would that be justified? What kind of documentation could or would be provided?”

Jerry Sentz: “These savings are not guaranteed, there is a different than the performance contract that may be used to that was done in years past. If we were to do the measurement than we would have to pay for that measurement to be done and we would have to pay for that added expense. In these cases we do what is called a stipulated expense, we know pretty closely based on the temperature, that there is going to be our average temperature and if I lower this by 5 degrees this is going to be my savings and if I lower it for so many hours we know this is going to be the temperature. We can calculate pretty closely what that is and I believe that if you did an actual verification measurement that would really be an inefficient use of dollars through stipulation just like the light. If you know a building is open from 6-7, if it were in this contract, you would know how much it is going to burn. It really wouldn’t be a good use of knowledge to go through some measurement verification process. Just to let you know, NYSERDA had gone through all of this. CJ Brown, as their consultant who was hired to do this, have looked at all of this and agree with the stipulations. I have looked at and agree with all of the different items suggested and agree it does seem reasonable.”

Director Johnson: “Just one question about NYSERDA, would NYSERDA be providing any funding for additional work n this study?”

Jerry Sentz: “We will certainly go back to NYSERDA. The program that this was and is still in effect, would allow us to get a rebate on some of the money that we paid to do the study. If I implement one thing in one building they will give me money. In addition because I am cutting kilowatt hours, they have another program that I could get some dollars back. I will work very closely with NYSERDA to make sure that if this program is better than that program, I am going to make sure I chose the best one so I will maximize any rebate I can from NYSERDA and I have to look at what programs are in effect at which time. NYSERDA is very good about working with me. We are one of the few counties that have done a self-directed performance contract where I actually direct the work ourselves and they actually pay us. I will also look at that program directly and see what we can do and see if that can get maximized more for the small building program.”

Chair Goodell: “I would like to comment on that also. In the previous incarnation, in the private sector, I had the State of New York begging me to find uses for State money to make some energy savings and that has been a few years but they were awfully anxious to spend money. I would encourage you to pursue them aggressively on spending State money.”

Jerry Sentz: “NYSERDA knows me very well and they know that I will be coming to them when I have a good project on my hands and they know I am going to do whatever it is I can to maximize them.”

Chair Goodell: “Any more questions up here?”

Director Johnson: “Yes, I have one question. NYS Power Authority; they are not involved in this study? There is no collaboration between NYSERDA and the Power Authority?”

Jerry Sentz: “There is no collaboration on this study. I have talked to the Authority on some other projects that they have, but this program, because it is a multitude of different energy conservation programs, is better with NYSERDA. NYPA in the past has been more strictly related to lighting than it has been to anything else and their program didn’t seem to do what I can do with NYSERDA. I can do this more efficiently using NYSERDA.”

Chair Goodell: “If there are no more questions up here, I would like to ask our staff to work with you to see if these projects can be broken into pieces. I hate jumping in and spending \$800,000 in one whack. I would prefer a much smaller number and done in a way that could be monitored and verified that indeed those savings did occur. That is one of the original items in the charter for this finance committee that expenditures would be audited

afterwards. I recognize that it is a major pain to audit the effect of one set back thermostat but I would like the staff to work with you to see if there is some way that we could package this a little differently. So we are not looking at one great big number.”

Jerry Sentz: “Certainly.”

Chair Goodell: “Okay, any other questions. The next one is risk management training. Mr. Sullivan?”

Neil Sullivan: “My name is Neil Sullivan, I am the Risk Manager of Erie County and as you know the PFM Report suggested that we develop a list of risk management program. I was appointed the Risk Manager back in November of 2006. I have had over 40 years in the insurance industry. Since I have taken over, we have improved on a hotline we have to report all fraud for abuse of workers compensation cases. We have a hotline number that we advertise once a month in the payroll check and it has proven to be very successful. We have very little fraud, we only have one case so far, but we do have abuse of the program. People are staying out longer then they might have to. We have recoveries and have been working very closely with First Niagara Risk Management Department. They are our third party administrator for our workers compensation.”

“There is a special funds division with the State which will be phased out shortly and we have been pushing that very strongly to make recoveries. Our recoveries are \$336,000 ahead of last year through July of this year. We have a transitional duty program of people that are on workers compensation or totally disabled or partially disabled. We work with the Health Department and the Office of Disabled, the County Attorney to get these people back in transitional duty to get these people phased back into their regular jobs. We have a couple of cases in the Parks Department where there are motor vehicles, equipment operators who can’t come back to their job so we use them as reservation clerks and things of that sort in the parks.”

“The biggest problem we have in workers compensation is in a State law effective July 1st of this year that weekly indemnity payments went from \$400 to \$500. We have right now 812 open cases. They are not all at the maximum but if they were you could see now that that is a substantial amount of money that is going out. It is going up again \$50 next year, then to \$600 in 2009 and in 2010 it is going to be based on the state average weekly wage and we don’t know how that is going to effect us given the incomes in New York City are much higher than ours and will effect us tremendously. Our rates are going up and the weekly indemnity. To offset that, we have identified all of the departments with the highest number of claims and the highest dollar cost to us.”

“What we want to do is eliminate, prevent and/or reduce workers compensation claims. We think we can do that through training with New York-certified trainers especially with lifting cases, back cases, parks, highways, etc. through safe driving and defensive driving courses that will help us, not only for our workers compensation cases but for our automobile liability cases that are handled through the County Attorney’s office. We know that the cost for this training is about \$125 an hour so our request is for \$25,000 which would give us 200 hours of training. I would think that very quickly an investment of \$25,000 would eliminate a couple of cases for both medical and indemnity would do it. It is basically what we are requesting and with \$25,000 we would enter into an RFP and hire certified trainers to come in and train our people in the divisions of the departments that we have identified.”

Chair Goodell: “Questions up here?”

Executive Director Vetter: “This is to get trainers for the initial training, but for any kind of risk management and safety program, initial training is just that and with things like staff turnover, if there is not a continuing education program, you will lose that over a period of time. Are there plans to incorporate that into a continuing program to having the savings recur and to have that heightened level of awareness available?”

Jerry Sentz: “That is a very good point. We will attend each of these meetings with a certified counsel and for anything that we can pick up from that meeting that we do not have to be certified for we can continue to do that. There are certain things that we cannot, but yes, I and the Assistant Risk Manager will be doing the same thing we suggested.”

Executive Director Vetter: “So, in essence, you will be going in parties to train at the trainer program. Then those trainers will go onto continuing training because you know the minute you stop paying attention to it, it goes back to the level it was before”

Jerry Sentz: “Exactly.”

Chair Goodell: “So you are depending on department heads to monitor their employees’ time off on workman’s compensation?”

Jerry Sentz: “Well we really have not gotten that much cooperation from department heads, to very honest with you Mr. Goodell, so we are doing it ourselves.”

Chair Goodell: “Who is that?”

Jerry Sentz: “My Assistant Risk Manager and myself, with the cooperation of self-funding and consultants to us who give us the monthly count and cooperation with the First Niagara Risk Management, who is our third party administrator. We have it broken down by department and the number of cases that are open and the dollar amounts of that it is costing us and we do that on a monthly basis. We then go back to the departments and pin point individual cases. We discuss those and get those people back to work as quickly as we can.”

Chair Goodell: “There is no one person who is responsible for workers compensation and monitoring those workman’s compensation claims?”

Jerry Sentz: “I guess I would be. I monitor those with the assistance of our risk management people, our third party administrators and then we go back to our departments individually and no, we don’t have a designated individual in each department.”

Chair Goodell: “What person’s sole job it is to monitor workman’s compensation?”

Jerry Sentz: “Workman’s compensation only?”

Chair Goodell: “Did I hear you say you have 800 people on workman’s compensation?”

Jerry Sentz: “We have 812 open cases.”

Director Kruly: “Just a comment but I think this could be a very good investment. It is a reasonable amount of money. I think the things Mr. Sullivan was talking about could produce some savings. I think we should take a serious look at this thing.”

Jerry Sentz: “I think the savings will come very quickly Director Kruly.”

Director Johnson: “In terms of the workman’s compensation management aspect of this training, you say there are 812 cases now? Have we broken it down into categories of what each case represents?”

Jerry Sentz: “In terms of types of injuries?”

Director Johnson: “Yes, physically and mentally?”

Jerry Sentz: “We’ve got a break-down but some of these cases go back to 2002. I am not sure if they are medically up-to-date, but we do have medical cases that the third party administrator brings to our attention and tries to get them off total disability, to partial and than eventually transition them back to work.”

“But in terms of break-down, I do not have a chart that states how many back case, knee cases, etc. right now Mr. Johnson. I’m afraid we don’t.”

Chair Goodell: “One observation I have, that kind of follows on Director Kruly’s, is that my experience has been that an aggressive approach to this is that it has big, big, big dividends. I am at the point of encouraging you to come at us with something a little stronger and maybe even a little more that \$25,000 to really make a dent in this and, as Mr. Vetter pointed out, to be in a position to continue this effort over a long period of time because that is one of the requirements of success with this, is that it be pursued over a long period of time. So I would like you to take a look at that and chat with our staff in the next week or two before we meet again and see if there is some way of nailing this program down.”

Director Glaser: “Why aren’t you getting cooperation from the department heads to help you fulfill your job?”

Jerry Sentz: “I just took over last November. Do you want to know how we get them involved?”

Director Glaser: “Yes how do we get them involved?”

Jerry Sentz: “You’ll have to wait for a new group of department heads. There is nothing else we can do but that.”

First Niagara Rep: “We try to deal with people all the time and deal with people who designate for us and they are doing a pretty good job. Jerry Sentz has been wonderful to us.

Chair Goodell: “Any more questions up here? Thank you.”

“Alright we have one more and this is for the property tax payment module. Mr. Joseph Maciejewski. Did I pronounce that correctly?”

Joseph Maciejewski: “Yes, you did. Good morning, and thank you for the opportunity to present this. My name is Joseph Maciejewski; I serve as the Director of Real Property Office. I have been in that position for 11 years and grappling with more efficient ways to meet the needs of our clients. The clients being the taxpayers of Erie County; clients that are out of state, nationally and internationally, industrial, commercial developers. As we stand right now, I have the duty of informing those constituents that we don’t have an automated system or an online, web-based application that they can go online and check that status of their payments. What they have to do right now, and have had to do for the past eleven years, is either come into our office in person, which for senior citizens can be a hardship, you know, with weather, getting transportation and parking. For those that

are outside the area, who may have to send in or hire local representatives to come in. Tax service organizations, which are mortgage companies hired like County Line, they also request files from us.”

“So what we are trying to do, and the reason we can do this now is because, for the past 15 years, we have used a collection system called Govern. Up until six months ago, we used the DOS-based application. We have switch now and converted the entire County to a web-based application. That web-based application has ready-to-go add-on’s which would allow for what we are asking for. We went back to Govern, our vendor, and we said: Please give us a proposal, and we met with them; had a conference call with them, and they submitted a proposal and that is what we are submitting to you today. Right now again we have a certain amount of walk-up traffic. We have two operators and that’s all they do full time is answer the phone. It is very inefficient. The calls get backed-up when we send out delinquent tax notice, when we send out the 100,000 County tax bills for the City and when each of the 25 towns turn over their unpaids to us. There is just no way that the phone systems can handle the volume. We put a voice message on there when my staff was cut by about 40%, so that they could fax a request. The faxes stack up and again, a very inefficient utilization of the staff. We have two cashiers that also assist when they are not collecting. They do the faxes and we are faxing back out and again it takes a lot of time. We have asked for a third cashier in the application. The actual cost of a junior cashier with salary and fringe benefits would be \$50,084. We are asking in this grant for \$29,500 and we feel very confident that, in one tax cycle, we could recoup those costs.”

Chair Goodell: “You would recoup those costs by what method?”

Joseph Maciejewski: “Right now anyone that pays \$0.41 to mail in that payment or walk it in which is gas and fuel, etc. This web-based payment would allow them to basically pay with an electronic check. My understanding is that there is a fee the bank would charge. Mr. Ken Beam from Information Support Services said it is about \$0.30 – \$0.40 a transaction. We are looking at a transaction fee between \$0.75 - \$1.00 which would recoup these costs. I have spoke to probably 100 different folks when they call in and ask would you be willing to pay a small fee to pay from your home? Would you be willing to pay a small fee to pay from California? Would you be willing to pay a dollar to make your payment from Australia? I have never had anyone say no. They say: That’s it? You are proposing that we pay a dollar? and I said yes. What happens is they would go online; they would register and create their own secure account. They would make their payment with the electronic check, it would be immediately deposited into our account, cash flow would increase, interest earnings would increase because that money would be directly deposited into that

account. We spoke to other vendors to see what they were doing. We spoke to other counties and what a lot of other counties are doing is doing this off line. The private companies are charging a fee maybe up to \$5.00, depending on how many payments they make and what happens is that it is not a one-way street; it is a two-way street. Payments are made on this company outside and then a file has to be sent to the County, uploaded, the payments are shown on the County system and then they have to be sent back for any payments on the outside vendor so that if anyone calls up on an inquiry it doesn't come up unpaid because they have been paid with the County. So what we will have is a system that we call a virtual cashier. It is online, it is ready to go, we just need to pull the trigger."

Director Glaser: "Does it integrate into the receivables function, so there are no hands at all?"

Joseph Maciejewski: "No hands at all."

Director Glaser: "It goes right in and the module does not need to be worked on; I mean it is a standard module"

Joseph Maciejewski: "We can have this implemented by November 2007, in anticipation of having this available for the 97,000 taxpayers in the City of Buffalo that we directly collect for. What we would do is go through public relations, press conference and right on the tax bill to pay online and inquiry directing taxpayers to the website."

Director Glaser: "Will it just reallocate resources that you have to already or what it actually cut back a lot of the strenuous work?"

Joseph Maciejewski: "Well we have been cut back to the bare bones and the two full time people that are working on the phones would be better utilized in tracking bankruptcies, sales tax, government seizures of property that are sitting there piling up."

Executive Director Vetter: "Just a question on the payback because I think we are talking about \$29,500 in an efficacy grant and the way it is written the annual savings be estimated at under \$51,000; the annual salary of a junior cashier."

Joseph Maciejewski: "Right"

Executive Director Vetter: "But this wouldn't mean you would have one fewer junior cashier this means that in lieu of having another cashier based on cut-backs in the past, this would occur."

Joseph Maciejewski: “You are correct, I would say more realistically that once we get this up and running, we would need 30,000 taxpayers out of 362,000 to utilize this system to get an annual payback of the efficiency grant. We are anticipating through public relations, through having the tax receivers in the towns be able to look this up on behalf of their taxpayers. We are hoping that they see that this system is so good that we are getting towns to utilize this. We could offer this system to them at an extremely nominal fee and even for the cost of getting the money in the transaction.”

Director Kruly: “Mr. Maciejewski, my understanding for the way credit card companies operate with vendors is that the fee is 2% or 3% of the transaction and from what you are describing it is a lot less than that.”

Joseph Maciejewski: “We are doing in it through electronic checks. We haven’t made any agreements with the credit card companies because of that. These are e-payments.”

Chair Goodell: Doesn’t that mean that an individual has already had to have implemented an electronic check system for his own bank account?

Kenneth Beam: “I am not sure how many of you have paid online through an electronic check at this point, but when you pull up the form on line, what you get is a blank check. It’s got all the lines on there and a little space to put the bank routing number and your account number and then you fill in who the check is payable to, the amount you want paid and then that check passes through the bank. The bank charges us an ACS fee of about \$0.40 to process that check. The money that is paid to the County is immediately transferred to the County account. So there is no time lag in there where Joseph Maciejewski would have to take a check out of an envelope, get it all taken care of and it will not sit around for a day although I am sure he doesn’t do that. There is a savings there for the processing and if we charged a nominal fee of \$0.75 to a dollar to process that check there is an opportunity for the County to recoup the cost of this project within the first tax cycle that we use this in.”

Director Kruly: “If there are insufficient funds in the taxpayers account; how does that work?”

Someone: “We could run into that even with a hard check or an e-check.”

Director Kruly: “Does the County then access a fee?”

Joseph Maciejewski: “By State law, we are now allowed to charge \$50, I believe, for insufficient funds.”

Director Kruly: “The taxpayer would be informed?”

Joseph Maciejewski: “Yes, they would. The bank sends them a notice and we do as well. We then add that fee right on the system.”

Director Glaser: “Is there a possibility that this system is that good and brings us into the 21st century? You made comment that other towns should be encourage to do this, are other 5 or 6 that you know of off-hand that you can say: Let’s go back to the vendor and all do this at the same time instead of it being 30,000 maybe its 50,000. Do you cooperate in any way like that?”

Joseph Maciejewski: “We do and we are willing to cooperate. The majority are unwilling to cooperate. I know Mr. Vetter is smiling over there. We have worked together on the “Who Does What Program.”

Director Glaser: “My belief has always been okay we are going to go do this, let’s notify those towns that we are going to do it and work with us together and if they chose not to then they will have to answer to their constituency.”

Joseph Maciejewski: “We have done that and we will continue to do that.”

Director Glaser: “Also could you go back to the vendor and say: We will bring you five people to sign up, and ask to bring the price down?”

Joseph Maciejewski: “Initially this is \$29,500 and they are done, unless 5 – 10 years down the line we need to update the system but for the \$29,500 alone.”

Director Glaser: “There are no annual costs?”

Chair Goodell: “You had alluded that other counties are using this system? What percentage of their property taxpayers are utilizing that?”

Joseph Maciejewski: “You know, I don’t know and I don't know if they have quantified that, because it is an off-site vendor. We are proposing to do it in-house. Our folks can measure the hits for us on a daily basis and we have daily cash reports that we can check to see where funds are coming from.”

Chair Goodell: “Are there any more question?”

“That concludes our agenda for the day. The Finance Committee, along with the staff, needs to get into a few of these a little further and we will report them back to the board with our recommendations on all three of these.”

“Could I get a motion to adjourn?”

Director Kruly moved to adjourn, Director Johnson seconded, and the Directors voted unanimously to adjourn the meeting.

Respectfully submitted,

Stanley J. Keysa
Secretary

Date: August 30, 2007