

ECFSA
Finance Committee
January 23, 2008

Present: Chair of the Finance Committee Joseph Goodell, Vice Chair Robert M. Glaser, Director Kenneth Kruly, Director John Johnson and Executive Director Vetter

Chair Goodell: "Can the meeting come to order please"

"We are here for the purpose of considering two efficiency grants. This is a meeting of the finance committee for the ECFSA. We are here for the purpose of considering requests for efficiency grant application. I see we have County Executive Collins here and would like for him to discuss Six Sigma and the Space Utilization efficiency grant requests."

County Executive Collins: "I have brought Al Hammonds who is a Six Sigma black belt and Michelle Mazzone to look at space consolidation issues. Mark Davis joined us who is our Deputy County Executive. Beth Kornbrekke and Bridget Corcoran are both joining us today as well. Beth Kornbrekke is our Budget Director and Brian Fume who does our intergovernmental relations. They are hear to kick this off."

Chair Goodell: "The first efficiency grant is the Six Sigma application. I am reminded that we have to approve minutes. Could I get a motion?"

Director Glaser moved to approved, Director Johnson seconded, and the Directors voted unanimously to approve the minutes of the November 2, 2007 meeting.

Chair Goodell: "The first efficiency grant application is for the establishment of a Six Sigma office and Mr. Vetter do you want to summarize this for us."

Executive Director Vetter: "Yes Mr. Chairman, just in a very brief summary. The total initiative requests \$200,000 in efficiency grant funding for the creation of a Six Sigma Office within the County Executive's Office. The office is to be staffed by a full-time Director of Six Sigma Implementation for one year. Six Sigma Office results are to be evaluated and submitted to the ECFSA on a monthly basis. In addition, a detailed action plan documenting anticipated future cost savings is to be submitted to the ECFSA in conjunction with annual funding requests for the next three years. Cost-savings as a result of Six Sigma implementation have yet to be quantified."

Al Hammonds: “Six Sigma is a process in improvement methodology it is a five phase approach to attacking functional areas and processes it is data driven there are five phases define, measure, analysis and control and basically folks that work within department that they are trained to follow that five phase methodology to give bottom line improvement. It is a variation, if it takes three weeks to be able to provide that service to take three days instead of three weeks because that costs lots of money, time and service and taxpayers are not happy. Where in a Six Sigma methodology we look to reduce that variation to a week and half to two week or even less and that is how you save money and that is how you manage resources more effectively. Resources being peoples, equipment, supplies and dollars spent per department. So in an ut shell that is kind of what this is about.”

Chair Goodell: “Okay, let confine our questions here for the moment just to the process and then we will step into the issue that we are faced with here. In a government situation, like the one we are in how do you handle the fact that these efficiency improvements will reduce the need for certain employees. How do you get the people involved when they know that certain of them will become redundant?”

Al Hammonds: “Well the goal is and that is an excellent question. The number one thing is that we have to get people involved at the lowest level in order to get true changes that sustain. If you don’t get people involved in a team based atmosphere which Six Sigma promotes. You can achieve gains level, you can achieve improvements but they do not sustain themselves. You come back six months later and it goes back to the old way. Basically we know if we look a the head count of Erie County employees and we look at the seniority levels we know that a great majority of the employees there are going to be attrition levels over the next couple of years. So our goal is to set up a situation and redesign and reengineer processes such that we do not have to replace employees on a one to one basis. So what we are looking for is out of every three employees that retire, attrition out, quit, what have you over the next several years on a year to year basis we only want to have to replace one out of every two employees over the next several years. That will be the cornerstone of where the cost saving will come from. Those are what we will consider to be hard dollars. There are also hard dollars in overtime cost because of gross inefficiencies that could occur in the way that services are being done because they have never really been looked at; in this detail of a level with statistical analysis to see exactly where the waste is. There are also hard dollars in the way that we utilize our equipment and supplies as well.”

Chair Goodell: “What do you estimate the attrition to be over the next couple of years; have you studied that?”

Al Hammonds: “We have had some initial discussions and there is a lot of work to be done in that area. I actually need to meet with a lot of the commissioners and with the budget analyst in each individual department like Social Services, Parks and Public Works. There are 13 plus departments in the County so I need to make sure that I spend time with each of those Commissioners and their budget analyst. We estimate approximately and this is a rough estimate that we are using of about 5,000 to 55,000 in terms of County employees. There may be a 5% and that is very conservative, there may be a 5% attrition rate on a three year basis. So based on 5% attrition rate if we only refill 50% of those jobs that would yield a lot of dollar savings if you do the math.”

Chair Goodell: “Are there any other questions here in terms of the process?”

Director Glaser: “I’m curious Al, how do you get the support from within the organization? Union support, other support to move ahead once you get either good ideas from and efficiency stand point or service stand point that you can get them into play; is that a bargaining process that needs to take place at some point in time?”

Al Hammonds: “Well I have meet with the top three unions; I have met with AFSME, I have met with the local Teamsters Leadership and I have also met with CSEA. Those are the three primary and during my work during the transition process in December they agreed that if the way to get people engaged and involved and to own this and be empowered because there is a big difference between participating and being engaged. We need engagement. Participating means that you are just watching and if it looks good I’m in the game and when it doesn’t look good I am watching. We need people to have skill in the game and that is what we are after and the Unions assure me that we can get that if we do a healthy dose of training. So on the front end there is going to be a tremendous amount of training that will be invested which would be part of, when we talk about the efficiency grant, will be a big part of that. People will buy in if they are trained and led sufficiently which is what my job is going to be and that is to lead that process. People will be accountable to their Commissioners and to their own departmental leadership and they will have a dotted line or matrix to myself on project work. So the engagement comes, if you look at the six sigma process and you look at 100% of a pie chart 80% of the work is in change

management and culture change and 20% of it is actually the statistics and the detailed technical work which is where people like me will spend most of our time but the actual work is in the culture part which is what I am going to be driving through the commissioner and getting people involved into teams.”

Director Glaser: “Based upon what you know already which is minimal it has only been a few months, are you optimistic?”

Al Hammonds: “As I have mentioned with the pres, I am cautiously optimistic. We have to get some quick wins. I am not looking to come up to the plate and hit a home run. If we can get some singles and doubles and get some people on base and get some quick wins and get the ball rolling and communicate those wins that is a good starting point. That is what we are after and that is what Mr. Collins has directed me to do. He has said Mr. Hammonds get out there get some quick wins so that is where we are headed.”

Director Johnson: “Mr. Hammonds, I like the overall picture here of Six Sigma but looking at the structure of government; basically four branches. How do you deal with the area of government that is in an elected area such as that of the Legislature, District Attorney, Sheriff and others to bring about the cost saving that you have spoken about so heavily in the application?”

Al Hammonds: “Let me talk about infrastructure first and then I will talk to you about how you deal with those branches in government where you have elected officials in terms of my being relatively new coming into the governmental scene but it is still transactions and services. Whether it is government or business there are still transactions and services resist so that is part of what I want to discuss when we get into those branches of government. In terms of looking at infrastructures we are going to have and establish in my first 90 days that I am on the job an executive steering committee. On that Committee, obviously Chris Collins will be a part of that committee and will help lead that committee. Mark Davis as his Deputy County Executive and it will also have Beth Kornbrekke as the Budget Director, all of the Commissioners, Union leadership and we also are seeking a representative from the Legislature and a representative from the control board. We have to have everybody sitting at the same table in the same room as we discuss strategy and direction with projects and selection of people to get training for Six Sigma and talk about accountability and how the projects are saving money on a month to month basis so we will have a monthly steering committee which will incorporate the Legislature and incorporate commissioners and all that. Now when we talk

about project implementation and rolling up our sleeves and getting in there when we are talking about the sheriffs department and some of these other elected officials our goal is to create a critical mass of success in other departments first. Our initial target will not be in those departments. Our initial target will be in departments where there is what we call, low hanging fruit and the other departments that do not have elected officials and their jobs are not driven by politics; the electoral bodies. What we are going to do is create a mass of wins in other departments and then we will come with successes in hand and then attack small and get some small wins within those departments and then work our way from there. We have done that before in many other companies as well.”

Director Kruly: “Mr. Hammonds I have some questions about the process. Your former employer, The Center for Industrial Effectiveness based at UB is certainly a very large bureaucratic government sponsored organization could you give us an example of a project or two that you worked on at UB that led to some kind of efficiency or improvements or something’s like that.”

Al Hammonds: “Absolutely, I have been with UB for seven years and the majority of the projects that I have worked on in the last three years have been transactional and service related not manufacturing based so there are several companies in WNY who I have done projects with; larger companies.”

Director Kruly: “Were there any projects that you worked on at UB?”

Al Hammonds: “No, I didn’t do any project work within UB, but can tell you this. In my latest assignment at UB within the last year with UB if that is specifically what you are asking. I took on an assignment to try and help promote diversity in the School of Engineering because we were lacking a diversity, I felt we were lacking a diverse student body in the School of Engineering. So I went to the Dean and I actually applied Six Sigma methodologies within the School of Engineering to actually promote diversity using a team based approach. It uses statistical analysis to show the numbers of where we were in terms of diversity and I used it that way. We were able to get some initiatives going; it was a very disciplined project management approach using some of the processes that we talked about earlier and it was very successful. Unfortunately although the response and the deliverable of actually getting more diverse students to come to UB we were about 50% of the way through that and I will continue to do that on a voluntary basis on a Committee for the Dean of Students there but there were no dollars

and cents for that it project is was more service based and transactional based if you look at what had to be done. Most of my work in the transactional basis; I am used to operating in a grant like format like this is going to be where you have a short period of time, grant monies are available, we have certain amount of people, certain amount of time and a certain amount of dollars. I am not worried about being able to meet the criteria or the parameters of this efficiency grant.”

Director Kruly: “From everything that I have read about Six Sigma it is heavy into data analysis, massaging it and then coming to conclusions about it how things can be changed based on the data. The questions is are you going to be collecting the data or are you looking for additional staff to collect the data? The County Charter changed a couple of years ago where the Budget Director will have to put together a new Budget that in 2009 it reflects cost accounting and various other things. Who is going to collect that data and how will that tie into the budget that is prepared?”

Al Hammonds: “What I have learned already is that in Erie County we are very data rich. So there is a lot of data that already exists so if we can use some of that existing data that will be the first goal. If there is data that we need that we do not have, what is critical is that we are going to be training what we call, there and two primary levels of folks that we are going to establish in the existing head count within the County and that is what we call green belt and than folks that will be black belts. Green belts will be trained in the six sigma methods; they will go through formal training and they will be assigned projects and as part of their projects they will also have a project team. Part of the project teams role is to collect data and report that data to the green belt. The green belt will then use statistical analysis through the statistical tool and software packages that we will have to actually analyze the data, look at the trends so that we can very succinctly attack the right issues and the green belt will be trained to do that under my guidance accountable to the Commissioner.”

Director Kruly: “So after the training then the existing staff will be involved in the data collection.”

Al Hammonds: “Absolutely, existing staff will be involved because they own the data; they have to collect the data so it is theirs so for emu to go in or to get other people just isn’t fair or just doesn’t make sense. We them collect that data and we have to get creative in time management to make that happen.”

Director Kruly: “There was an article in USA Today on Monday that was somewhat critical of Six Sigma. IT was talking about how it was a craze in the 90’s. One of the things it was talking about was the very heavy emphasis on manufacturing. In the article there was an interview of the CEO from Textron, they mentioned that General Electric has done it and GE has had some problems and it may or may not be related to six sigma I don’t know but it seems like from what I ma reading that this is more of a manufacturing management tool rather than a government service management tool and I am wondering hoe that translates from one to the other.”

Al Hammonds: “If you look at Six Sigma one of the things that we have seen in WNY is that the biggest industry that is benefiting from six sigma methods is the health care industry. I was involved in an implementation at St. Vincent’s Hospital in Erie, Pennsylvania and were looking at UB in the process of leaving we have been in talks with Kalieda Health the biggest gains in six sigma have been in the health care arena which is totally services driven and being able to deliver services in a timely fashion. We have seen service improvement in the 50 – 60 % range at St. Vincent’s Hospital in Erie, Pennsylvania. In terms of being able to get out patient services in a timely fashion. That is a big gap in terms of being able to provide services. I disagree that it is a manufacturing based tool and a manufacturing based methodology. It is very much applicable to transactional and service based. Motorola used it primarily in transaction services and Federal Express. I have a heavy logistics background, my black belt project was a logistics based project that saved a WNY company in excess of \$125,000 and with reoccurring savings of \$50,000 just looking at the way we logistically bring material into a facility. There were 8-9 different carriers splintered in different contracts and all we did was a statistical analysis with the team and looked at regions on how best to optimize and consolidate how those costs were managed and now that company has 2-3 main carriers with a regional focus, so it is not, although it has a lot of manufacturing type connotations in some of the bad press it gets, it is very transactional in service in nature.”

Director Kruly “But in terms of government there seems to be meager involvement in terms of Six Sigma.”

Al Hammonds: “Well when I look at the Department of Social services, Public Works, at the Parks Department, when you look at all of those departments, the three I named in particular as providing services for the general public for tax payers. First of all we have to have a

keen understanding of who are our customer's services and the customers are the tax payers. So for the department of Social Services there are many many customers and lots of services and response time to deliver those services in a timely fashion. A lot of what we do in County government, it appears and I will have to do a little more research, it appears that it is very paper driven, not electronically driven. With all the paperwork and all that, the number of touches, I bet certain documents are touched up to 100 to 150 times and that is based on my experience in non governmental arenas. So I am looking at the number of touches, how many people have to approve things, how many people have to look at a sheet of paper. When it is done electronically it is instantaneous so without reducing the level of quality. So I appreciate the questions but in that nature you have to look at the just the way work is done; you have to look at the detail of how things are done and how many people are involved in the process. That is how we look at it."

Director Kruly:

"I don't mean to belabor it but I look at the literature and other than Fort Wayne there is there is nothing much out there that is government related and government is really is a different animal. Although I can appreciate you trying to apply business techniques to it but I looked at the Fort Wayne experience. I was looking at it on the internet last night and I see that in the last eight year s property taxes have gone up 84% in Fort Wayne, spending is up and reserves are down so I am sure there are many other factors involved in that question but as a role model it does not strike me as a particularly good one if I look at the statistics that are on there website. So when I would be evaluating the monthly reports that we will look forward to getting from you; I would be less concerned with how many bells you ring but with how much money you save. You mentioned the customers and I think that is an excellent thing to do and to approach it that way. The issue there is which customers, you are correct that the customers are the tax payers but there are some taxpayers that would tell you that I don't get anything out of County Government, I would be happy if you just went away and my taxes in the county were zero. You have other folks who have certain interests in programs like the libraries or human services or so forth who would be happy to have taxes raised to so Six Sigma will help identify the process and the paperwork and if you say 150 people touch a piece of paperwork, that is probably good in the County. Probably more than that but the question is, how does six sigma help us sort out which customers we are really dealing with because there isn't really one class of customers; there is something or nothing. There is some

that would rather pay nothing and others that will be happy to pay more for what they are looking for.”

Al Hammonds: ‘I found some of that in the bargaining talks I had with some of the unions. It kind of blew me away as a taxpayer myself. We have to approach what we do in government with a competitive type mindset. It is different and I know it is a culturally different than what we are used to but when we look at population of who we have in WNY and who we have in Erie County and look at who we are competing with we have to be able to deliver certain services in a cost effective manner to attract taxpayers to WNY and especially Erie County. So that is kind of where it all starts. When we look at the define phase of Six Sigma, there is an extensive process that we look at in terms of defining the process. It is internal and external customers so it is hand off of different kinds of things that occur in County government that are internal and folks don’t look at each other as internal customers. They look at them as internal somebody that they have to deal with and they throw things over the roof and say it’s yours now; hot potato and we cannot operate that way if we are going to be efficient as a government. Those are internal.’”

Director Johnson: “I am very glad that you brought up the matter of internal and external customers here. When you look at Fort Wayne, Indiana as being one of the municipalities that has proven itself that Six Sigma can work. How long did it take for internal and external customers to come on Board?”

Al Hammonds: “Generally speaking it takes, well let me go back to one other thing. One of the things you said Director Kruly about Fort Wayne, We are also going to begin to take a hard look at Fairfax county, Virginia because there are a County and they have also implemented Six Sigma. They are not getting the press and notoriety that Fort Wayne got but they did implement Six Sigma and they did do it successfully. So as a benchmark and in Six Sigma we do use a lot of bench marking, part of my responsibility will be to take a look at what they did in Fairfax County.”

Director Kruly: “I would appreciate if you share that with us when you do get it.”

Al Hammonds: “Absolutely, no problem. We will see what they did and take a look at their progress. Also there are other counties that are doing what is called high performance management and they are using tools of Six Sigma as part of their high performance management tool box if you will. Six Sigma is kind of like a label but the tools of Six Sigma in terms of statistical analysis, pareto diagrams;

these different types of things that we do, those are used across the board. So I just wanted to address that because it was an excellent question that you asked about on benchmarking.”

“Back to what you were asking Mr. Johnson about the internal and external customers. It generally takes about a year for people to really get it. Some people get it quicker than others but for a true engagement of people to really understand. I mean an understanding in terms of it will change the way they behave on a day to day basis, it takes about a year until they get it. Obviously you’re not going to be that patient with me in terms of seeing some bottom line savings but we are going to get some low hanging fruit sooner than a year and some projects savings. It is going to take about a year for people to really get a good understanding hey that department across the way or folks in another building to say hey they’re my customer.”

Director Glaser: “One more question, as you move through I would assume as you start the process you are going to have smaller groups and I was curious as to what a reasonable size of a group is that you start the process with; let them work on a project and then get to another one. I mean this is going to take some time to get the ball rolling here. How can you do this; will it be for a department of ten people? Could it be for a department of forty?”

Al Hammonds: “The way we do it and what I have documented in the white paper during the transitional team work that we did was that our goal was to train up to 36 green belts in the County of two years. What that means is that there are approximately 13 primary department in the County plus other departments that have elected officials and such and what we have targeted is to make sure that we have at least one green belt that is being trained and doing project work in every department of the county and then in the department of Social Services that is large in terms of head count and large in terms of budget dollars we are looking at have 6 trained green belt maybe even more if we need them because they are like their own entity; it is very large and very significant. So we are looking at getting between year one and year two to have 18 green belts. When we talk about green belts we are talking about getting them trained and then they go back to their home department and then they will organize team within their department of about 5- 7 people. The green belts will be the primary driver of their projects under the accountability of the direction of my self and the commissioner of that particular department and then they will have a team of 5-7 people that will come together and the green belt team will meet weekly or bi weekly for a half hour to an hours. The green belt is

to be extremely organized with what they need and getting the information conveyed but usually a good team size is 5 – 7. It gets unruly with 10 because then you have a lot of wild cards to manage but 5 – 7 person, cross functional team with in the department of people that do different types of work; clerks, technical folks and those kinds of things.”

Executive Director Vetter: “Mr. Chairman, just a couple of things in verification. On in terms of processing the goal in terms of staffing and the base assumption is through Six Sigma over a period of time that through attrition savings will accrue in the County general fund or just under 4,000 employees with 5% turnover ratio, that is about 200 on average who leave County service each year. I think what you are saying is that the goal is that 50% of them will be replaced.”

Al Hammonds: “Yes and that is conservative.”

Executive Director Vetter: “On an annualized basis, 100 fewer people will be required in the work force of the general fund for Erie County. That equates to \$5 million gross savings and after reimbursements if they are across departmental lines on average, in terms of the order of magnitude we are looking at \$2 million annual saving with that goal in mind.”

Al Hammonds: “That is exactly how we are looking at it. Over and above that, that is just base line savings that we are looking at and that is a much more conservative than what we expect to achieve. We also expect to get thing like hard dollars in things like equipment and supplies; those types of things. Over time costs and over time in some departments within the County is pretty high and just really digging in and rolling up our sleeves and understanding, we used to call it back in the business world, good overtime and bad overtime. Trying to make a determination of good overtime and bad overtime. Good overtime would be for something like people plowing roads for a snow storm. That overtime would be we have got these inefficiencies that are going on because this is the way we do work. It takes us ten steps instead of five therefore we need overtime. There are hard dollars even beyond the head count that we want to achieve.”

Executive Director Vetter: “Just a couple of other quick things. If you can’t tell I am the accountant here. Just want to make sure also in clarification in terms of program budgeting that either that works hand in hand with Six Sigma or that is a component part of Six Sigma in terms of the data driven process.”

Al Hammonds: “Six Sigma will work hand in hand with the budget process. The way we are going to look at it is that Six Sigma will be like at the hub of the wheel and you have got all your departments going around the hub of the wheel so we are going to plug into all the different spokes in the department and will work directly with the budget analyst and the commissioners in all the different departments to make sure that all the spokes are singing to the same tune. That is extremely critical.”

Executive Director Vetter: “Let me just ask two quick questions. One, I guess generally with six sigma you talked about creating a win early on or a series of wins; have you been able to access and you have probably looked at 7- 10 processes to get some kind of wind. Have you been able to begin looking at processes, and we are talking about processes not departments that seem right for Six Sigma very early on.”

Al Hammonds: “We have some educated guess of where we think we need to go. We are not by any means sure of where we need to start. Once I am on the ground and rolling on a full time basis that is the number one objective of working directly with Mark Davis who is who has the day to day responsibility of running all the different responsibilities of the County but we have got some really good clues as to where we want to start but without disclosing and making assumptions without backed data, appropriate backed data I would rather wait. What we have to do is identify departments, key processes, within the departments focused on service. “

Executive Director Vetter: “In terms of where Erie County is now. I guess getting to the base line of Six Sigma goes to six, I mean that is the ultimate goal. It is a numbering system based on the number of errors or exception within the process. Where do you think Erie County is right now?”

Al Hammonds: “Not even one sigma. I will say this very quickly. Back in the 1980’s, quality and efficiency used to be measured in terms of percentage. If I was an organization that measured my quality, 99% quality is really good that means that 1% of everything I own or the services I provide are bad or not sufficient. So if I’ve got a million instances of providing a service to the community at 1% out of a million have defective issues, that means 1,000 issues and as long as I am not at 10,000 I am okay but chances are that one of the 10,000 is pretty upset. That might be where the County is. So Six Sigma takes you to a whole other level of measuring quality and cost efficiencies; it is really raising the bar.”

Executive Director Vetter: “In Erie County a standard is a multiple of ten within a year?”

Al Hammonds: “Probably I would guess.”

Director Johnson: “Mr. Hammonds, you are going to hear from some of the department heads in County government that are in the human service area that much of the services that they are providing comes down as a mandate from the state government and therefore I can’t help you realize the savings that you anticipate because of those mandates. I would just like to say that yes it is true but at the same time many of those mandated services are supported by reimbursements back from the state. It is looking at the County tax base where the savings can be realized. I would just say do some reengineering and savings can be realized. I use one example and maybe I shouldn’t let the cat out of the bag but I will. Child Welfare services, there are many, many opportunities that exist today which children in Erie County end up in out of home placements that I call them that are very high in cost and could have better relationships with their families, communities as well as jump start their lives if you just take a look at what is best for that customer versus what is best for that customer base some internal pieces in keeping the job.”

Chair Goodell: “Some observation that have resulted in some of these discussions. Let me start by saying, I have been an advocate of reengineering as an approach to solving a great deal of the Counties inefficiencies. So I welcome the idea of some kind of reengineering I think that all of us welcome reengineering we are a little worried about whether you can accomplish what you really hope to accomplish and whether your mind set is a little more difficult than you think it is. So I think these questions come from Mr. Johnson and Mr. Kruly who have been around this government for a long time and are prepared to say well maybe. Let me just follow up with that, we did a very quick look at attrition and we found it to be about 4%. We did not find and we wanted to get into attrition be departments and try to forecast some but we never got there. Some couple of years ago when this board was formed a consultant called PFM was imposed upon the County and the Board and everybody at a very large sum of money; \$800,000 as I recall and I think that everybody involved was disappointed at the recommendations that PFM came up with. They tried to dredge the data that was there and found the information wanting they also didn’t really dig into the reasonableness of what they were recommending and the end result was a very small fraction of what they came up with could be implemented so I caution you about

going a this thing too quickly and making it look like a big consultant is coming in. I think you have to be very careful because there are a lot skeptics out there including up here. Finally you talked about all the data that is available again I would caution you. I was on the Erie County fiscal stability commission which I called the "Gioia Commission" and Mr. Vetter was the Executive Director of that and we struggled; Ms. Corcoran was involved as well, we struggled for three months because we couldn't get good data. Believe it or not you were never able to determine how many employees there were in the County, never. At the end we got it down to a plus or minus 10% and one of our more prominent citizens here quite separate from that and I don't remember the reason or the situation but one of our more businessmen Mr. Hamister got involved with the number of vehicles owned by the county and he made some public statements about this and the newspaper, I'm not sure if it was Mr. Spina or not but the paper questioned this and poor Mr. Hamister had to revise his data on the number of vehicles three times as I recall so again I trust your expertise at really scrubbing what appears to be good data because it is not the experience of anybody here that we have received good data to work with."

"You talked about try to compare health care with County government and in the context of manufacturing. My career was in the area of manufacturing and I had the misfortune of spending some time in the hospital over the last few years and I can assure you that a hospital is much more like manufacturing business than a county government. What makes a good hospital is thee same thing that makes a good manufacturing business. So don't bring your hospital tools to work here, it is just not the same. With that in mind there is one thing that was left out of your proposal which I am prepared for you to submit later and that is some benchmarks; where do you expect to be one quarter from now, two quarters from now and at the end of the year what do you expect to have accomplished whatever methods you use to measure your own success, I would like to have those so that when we get these reports from you we can judge them against some sort of benchmarks and I would suggest quarterly ones and I think we will make that part of our resolution and hope that you will get back to us in a short period of time. Are there any other questions? Mr. Kruly?"

Director Kruly:

"Just one comment following up on that we have some guidelines about efficiency grants and we also have a law that requires that efficiency grants can only be granted for things that offer recurring

savings, so we do need some substance to what we are talking about here.”

Chair Goodell: “Yes, we are certainly anxious to get going but again this is only for one year and we are going to make this very, very clear and as Director Kruly said if this is ongoing there have to be some assurances that we are on the right track.”

Director Glaser: “Go get some wins.”

Chair Goodell: “Do I hear a motion, this is for one year and it is for \$200,000. Is that correct?”

Executive Director Vetter: “Yes Mr. Chairman, there is the current application is for \$200,000 with an anticipation of future application bringing it to \$800,000 but the current is for \$200,000 for the initial year of six sigma.”

Chair Goodell: “Do I hear a motion?”

Director Kruly: “I will make a motion but I would like to see the resolution. I am in agreement with what we are looking to do here but I think we need to put certain parameters on it in terms of what we expect and so if today’s resolution can be framed in terms of general agreement on the one year plan but the final resolution will be adopted by the board will have details on what our benchmarks and parameters are, I would prefer that.”

Chair Goodell: “Fine, fine. We will approve the idea here and the resolution will be prepared clearly defining one year and prior to the board meeting you will get to us with some kind of bench marks that we can incorporate in the resolution. Is that okay?”

“Can I get a motion to approve that with those conditions?”

Director Glaser moved to approve, Director Kruly seconded, and the Directors voted unanimously to recommend approval of the Six Sigma application to the Board with benchmarks:

Al Hammonds: “Thank you very much and I appreciate all your questions.”

Executive Director Vetter: “Mr. Chairman, if I could to move along a little bit, the second application is for a \$160,000 for a space utilization position and function, I believe Michelle Mazzone will speaking on behalf of the proposal at this point.”

Michelle Mazzone: “Good afternoon gentleman. I am here to answer any questions that you may have regarding the creation of the position of Director of Space Utilization.”

Director Kruly: “I think that what Mr. Collins is talking about on doing a study, not doing a study but doing implementations is a very good idea. My own experience in the county is that space study has been talked about for a long time and thought for along time that we were talking about going to the moon or something because nothing ever came out of moving anything around. So I think it is worthwhile to have a focus on this. My question is primarily what kind of term do we talk about here, it seems to me that we have basic information because we paid for the space study that was recently completed and leaves something to be desired in terms of recommendations as to where we go with it but at least there is value and it identifies all the properties that the County has, the sizes, where everybody is and so the baseline stuff is sitting there ready to go. It seems to me after some period of time and I really don’t know what that is; a year a year and a half or something that we are either going to get there or we are not going to get there but we are going to be able to show that we can rearrange some things and eliminate some leases or make better use of the Rath Building or whatever. I am wondering what your perspective is on the term of this type of an assignment?”

Michelle Mazzone: “Well I think in any real estate utilization effort it is an ongoing effort. I know most of the companies that we have worked with in the past have an ongoing review of the existing space and the efficiencies of those spaces because of the ever evolving changes and peoples roles and the way the economy moves forward, the company changes as it evolves. I don’t think identifying a particular space efficiency today may not work a year from now. We may have to revisit that a year from now and determine whether those efficiencies work in that market place a year or two from now.”

Director Kruly: “That is certainly something we can do. The other question I have is in terms of support fro what you are doing. I read in the application that you are going to use the services of an assistant architect in the County. Is the intention that existing public works people will be backup staff and there won’t be other folks added to do other work?”

Michelle Mazzone: “Well what we are hoping in addition to those architect in utilizing in some of UB’s students.”

Director Kruly: "Is that on an interim basis?"

Michelle Mazzone: "Correct the help us with some of the designs and layout of the space plans. So we are hopeful that that will be the case."

Director Kruly: "Have the unions been talked to about using students for their work?"

Michelle Mazzone: "I don't know, I am not sure about that."

Director Johnson: "Along the lines of my colleague Director Kruly, Ms. Michelle Mazzone have you had a chance to look at yet the existing staff capability to assist you in this project."

Michelle Mazzone: "I have not."

Director Glaser: "Have you had a chance to look at the study?"

Michelle Mazzone: "Yes I have."

Director Glaser: "One of the concerns that we have from the study or more one of the problems that we had from the study was a continuing nagging wondering do we have it all; do we have all the leases, do we know everything and so forth. Apparently there is no central place where everything is registered, is that something at a minimum we could be looking for some good organization as to "do we have all the leases," just so that we know what your universe is to begin with and then suppose move forward?"

Michelle Mazzone: "I can tell you this as a taxpayer I was shocked to hear this, so yeas we need to, at the very least, get together a summary of every lease, every department and what that department is utilizing within the particular building that it is occupying."

Director Glaser: "You haven't been able to sit down with the architects of the report yet?"

Mazzone: "Not yet."

Director Glaser: "Ok, would that be something you would do soon?"

Michelle Mazzone: "Yes."

Director Glaser: "Just to kind of get a deeper understanding of this."

Michelle Mazzone: “I think we I really have to take some time and dig into that report and review the accuracy of the report and what the determination will be moving forward and as you indicated if we are missing anything, incorporate that into our plan.”

Director Glaser: “Along that same line that we talked about with 6 Sigma would you be able to report back to us on a reasonable basis just how you are doing, with analysis and progress.”

Michelle Mazzone: “Absolutely, we will keep you informed of all of our progress. That would be great.”

Executive Director Vetter: “Yes Ms. Mazzone, question regarding moving people within the building or into the building and asbestos. I think when originally the Board considered the space consolidation study, there was an assumption that asbestos would not be a tremendous issue that there are people that have been in the Rath Building for decades and there are people who have been moving within or into the Rath building for decades. Subsequent to that, the previous Commissioner of Public Works, Mr. Lofreddo brought a significant regarding asbestos in the building and the estimated that we saw in this study is as useful as it might be but it could take millions of dollars for asbestos abatement and Commissioner Lofredo when he was here and even with an auto bureau move which seemed fairly simple and straight forward indicated that there may be a significant asbestos problem doing something in that scope. Have you been able to really look at that issue and is it something that arose that we weren’t aware of initially and then became such a significant overriding issue that it completely effected the way people look at moving people into County space.”

Michelle Mazzone: “I think there is certainly an awareness of some of the environmental issues and that is something we need to look at in detail further. The abatement issue is an issue and it needs to be resolved. The extent of that issue needs to be researched a bit more.”

Chair Goodell: “I think there is a big difference between abatement and remove and I think that study assumed removal, my hunch is that removal may be appropriate in certain instances but abatement fits better in others.”

Michelle Mazzone: “I agree.”

Executive Director Vetter: “A follow up question, there are a couple of initial benefits listed in the application in terms of build out. Do you know what

the asbestos assumptions are for those particular build outs? Do they assume abatement or removal?"

Michelle Mazzone: "We don't really know at this particular time because I felt that we needed to do a bit more research. I thought the report was very well done but I thought we needed to dig a little bit deeper as to how legitimate the numbers really were and if we could improve on those numbers."

Chair Goodell: "As you go forward with that study, you should keep in mind that this committee cut down the amount of money that that group requested in terms of the scope of the study so there may be some areas that the study did not look at which might have a little bit of fertile ground and the only thing that comes to mind might be the courts but I don't really know if that is a factor or not so keep in mind that in an effort to cut down the cost of the study we cut the scope down a bit. Any other questions?"

"I would like to propose that we recommend to the Board this grant application again with recognizing that it is for one year and we will include in the resolution a requirement of some kind of quarterly benchmarks and if you could get back to us before the Board meets so that we can include those benchmarks in the resolution like we did for Mr. Hammonds."

Michelle Mazzone: "Okay, I will look into that."

Director Johnson moved to approve, Director Glaser seconded, and the Directors voted unanimously to recommend approval of the space utilization application to the full board with benchmarks:

Chair Goodell: "Before we break up I noticed that the Head of the Legislature, Legislator Marinelli is here, Legislator Marinelli would you like to comment to us on how the Legislature sees these two efforts? It is not part of our vote or anything but we would just like to know how you look at this."

Legislator Marinelli: "Good afternoon gentlemen."

Chair Goodell: "We would like to congratulate you on your election."

Legislator Marinelli: "Thank you, I appreciate that. The Six Sigma request came before the Legislature and was ultimately approved by a 14-1 vote. The space utilization came before the Legislature and was originally approved with a 13-2 vote and we had forgotten to do the amendment, after there was some discussion on the amendment the

ultimate vote was 10 – 5. I don't know what the drop off was or the reason but we have learned our lesson to not go back to have to reamend something because the votes may drop. None the less they were approved by a super majority of the Legislature to make the request to this Board. We look forward to looking with the administration and with the Stability Authority with the bench marks that you have appropriately put in. We will be continuing to work with the Stability Authority as a whole on some of the expired matrix items or ones that should still be current before us for our monitoring and review and just to let you know that I am also joined here with my aid John Calvin Davis who many of you may already know. He is also helping with the fact finding of 6 sigma that we are intrigued by and becoming students of. We had spoken with Lindsey Mack in Fort Wayne, Indiana and we continued to do some fact finding there. We have taken notes and we are also going to get a copy of the Mayor Richard Grams book that he did on this. She offered to save the \$8.00 cost and send it on to us. The claim over the phone conversation was that they saved \$32 million. Most of it was how they approached paving roads, the waste water plant, some of the pot holes under the Department of Public Works, permit tracking they are also now, Mayor Gram left office on his own accord not by the voters hand and he is now going to be working with other cities and areas. Ms. Mack has mentioned also other countries but locally in the country, she mentioned Tulsa, the State of Tennessee, the State of Oklahoma, the State of Maryland had been looking at it and also Chicago. When it was mentioned about the property tax hike, actually what I think I had heard from Ms. Maxic had said that in Indiana 60% of the mayors were replaced due to their property tax hikes because the state kept raising mandates but that the savings that they incurred allowed Fort Wayne to keep the property taxes low in their area. So I am not quite sure what the reporting to me versus looking at the website was saying but we were intrigued by that as well and will continue to do some fact finding there. We continue to be interested in the space utilization study and I remember being the chair of the Government Affairs Committee back in the year when we were trying to start this whole inquiry about the leases and space. Final note as I mentioned to Mr. Vetter in meeting with him yesterday, I am proud to report that in the four year plan the legislature as a department was to have achieve \$160,000 of savings in the year 2006. That was my first year of being Chair; we have actually achieved \$266,000 of savings. When we finished out 2007 and again the books aren't closed yet but we are trending at about \$400,000 of savings some of that too because most of ours has to do with positions and we continue to work with the Stability Authority on those position requests but

frankly I had also instituted policies and procedures were I don't; allow for reimbursement of travel, cell phone cost. I have kept postage costs, I have kept subscription cost but have tried to keep cost controls within the Legislature department which continues to operate with a third of the staffing level it had before the crisis. I don't foresee us going back to those staffing levels, I foresee us doing a lot more with the fewer people. So I am very proud of that. I sometimes get criticized by people within my own partisan stripes for not spending the money but I would like to take this opportunity to say, that this is exactly what we are trying to do on behalf of the taxpayers we are all here serving. Thank you and if you have any questions for me I am more than happy to answer."

Chair Goodell: "Thanks you and glad to hear that."

Legislator Marinelli: "Thank you, I'll be happy to report back to you often and as much as you would like."

Chair Goodell: "Any other business to before the committee? Do I hear a motion to adjourn?"

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

Respectfully Submitted:

Stanley J. Keysa
Secretary
March 19, 2008