

ECFSA
Finance Committee Meeting
March 19, 2008

Present: Chair of the Finance Committee Joseph Chair Goodell, Kenneth Kruly, John Director Johnson, Executive Director Kenneth Executive Director Vetter

Chair Goodell: “Good afternoon this is a meeting of the finance committee of the ECFSA. The purpose of this meeting will be to discuss the application from the County for some efficiency grant funds. Before we do that we need to approve the minutes. Do I hear a motion?”

Director Kruly moved to approve, Director Johnson seconded, and the Directors voted unanimously to approve the Minutes of the January 23, 2008 Finance Committee meeting.

Chair Goodell: “Okay now we can get into the efficiency grants. There were originally three efficiency grants to be discussed today. Two of those involved revenue raising that the County was asking us to contribute money to a project that would raise revenues. The law under which we operate does not allow the efficiency fund money to be used for revenue raising it is only for cost reductions with a focus on reengineering so we had a discussion in a meeting yesterday with the County executive and explained that the hiring of grant writer which we thought was a great idea, was something that we could not fund and we could also not fund the idea of buying software for taxpayers to buy tier property tax since that was an idea for raising revenues. So those two applications will not be discussed today. The only one that we will be discussing is the request to train individuals to become green belt and using them as the implementers of certain six sigma projects. I think the best thing to do at this point would be to ask Mr. Al Hammonds to come up and briefly tell us what each of these projects are and so we can understand them and move onto other parts of the program.

Al Hammonds: Al Hammonds, Director of Six Sigma for Erie County. First of all we have revised the original efficiency grant so that instead of it being a request for dollars encompassing two to two and a half years of implementation we paired it down to a pilot and with the pilot we feel that we can prove and see some bottom line results and at that time reevaluate in about 3-4 months. So what you have here, if I could walk through this very quickly, first are the efficiency grant revisions and then we can walk through the projects like you have them there. The efficiency grant instead of

being the original amount of \$912,000 we paired it down significantly to just \$120,000 just to get the first wave as you said Mr. Goodell of 9 green belts trained and into their projects as well as on the second page get 18 Commissioners and Department heads into Champion training. That is extremely critical to get the gains standardized and sustained in the departments. The other change to the grant is we are looking at the RFP to basically award the business to a combination of the University of Buffalo and Canisius College to actually do the training; six sigma and change management and we paired down the overall savings in the original efficiency grant where \$6.1 million over 2 – 2.5 years what we are going to commit to with the first 9 green belt being trained is \$900,000 in savings which would be \$100,000 per green belt in these projects and you have the specifics on your spreadsheet which I will go over the projects and then I want to take in terms of what the pilot is looking at is from mid April through Mid June for the Nine green belts who are County governmental employees with quite a bit of seniority to get formal training and then once they go through there training they will be assigned projects that we will go through and we will evaluate those in the July time frame and then make a determination at that time based on the savings from July through September the next wave of nine. As I committed to early on for the approval of the first monies for my position that I have very aggressive quarterly objectives/quarterly benchmarks that I have to meet in order to satisfy the commitments to the control board, I will also be doing that. So far, I am on track for my quarterly objectives which I will put out at another date for the first quarter.”

“So having said that if we take a look at the spreadsheet with the projects, what is outlined here are the first ten. We have ten listed but one of them we really haven’t nailed down all the details yet in the department of Health. We are looking at nine specific projects. The first two projects and I will just walk right down the list; the Dept of Public Works, the Dept. of Social Service, the Dept. of Parks, the Dept. of Health and the department of mental health. For each of these projects, for the Fleet Management project what we are looking at is Fleet management or consolidation. We have a green belt candidate here although we don’t have an official approval for the green belts yet because we have to go through our steering committee meeting next week. This is what I am going to propose to our steering committee is that we work on that. The current dollars spent for fleet management program is \$3.1 million and that is under Gerry Sentz. That Fleet Management program is currently split out between the Department of Public Works and DISS so it will become

consolidated under one management infrastructure where we will be restructuring how fleet management is going to be done under the department of public works and we are estimating that it is all County share money and we are estimating a \$300,000 savings. Buildings, grounds, repairs and overtime as it relates to that. We want to take a hard look at that. The 2007 actual spend was \$741,637; it is County share and we are on a conservative basis looking at deep diving some of the work practices and different process having to do with waste elimination and a variation of the way work is done to target \$100,000 savings. Moving on to social services, we've got decreasing overtime utilization. Here total overtime is at \$3.3 million just for the Department of Social Services. The County share of that \$660,000 and we are looking at doing a pareto chart and doing some statistical analysis. Some of the data has already been crunched and is in spreadsheet form. So we are going to do some pareto analysis and some process capability type studies and our goal is to get \$100,000 savings County share out of the \$660,000. Commissioner Weiner already has additional and this would supplement some of his additional initiatives and we would use the six sigma methodologies to drive it all the way through with the control plan. For the parks department we have two projects. One has to do with management of equipment repairs and mechanics utilization. The current spending is all County share; it is \$931,760 and the way the \$931,760 will be split out between the mechanics salaries, expenses and fuel cost. There are currently six mechanics, one supervisor and one RPT so what we are going to look at is the work practices and the way that is done using statistical analysis process capability and trying to see what kinds of ability we have with a variation. I did not plug in a dollar figure but we were looking at \$95,000 there. The next one is conversion of a system, right now the Parks Department works on a five day work schedule operation; Monday through Friday but the overall parks system is a seven day operation in terms of responding to customers and people who come to the park. 80% of demand for the Parks is Friday through Sunday so we want to do is to restructure how we manage work and the current spend of \$125,880 is for premium time and shift differential to cover Saturday and Sunday time. So we are looking at reducing that amount in the health department there is more work to be done here. We looked at the big issue and the approximation is more study and more work to be done here. We estimate \$3.6 million is being spent due to mismanagement of tracking time on grants, so now we know that a portion of the \$3.6 million is County share. We have not sorted through that yet so I did not estimate savings and I did not split out the County share yet but we know it is an estimation based on what we know already. I

am meeting with Dr. Billitier and his staff next week Tuesday to sort that out.

From the Department of Mental Health there are two projects slated; one having to do with the children's system of care and another one having to do with forensic mental health services. With this children's system of care the current spend total is \$7.5 but \$2.2 of the 7.5 million is County share so what we are looking at there is that there are already some initiatives underway to save dollars. Some dollars have already been saved from 2005 to 2007 but the problem there with the children's system of care is that there are multiple agencies and departments that are involved there. In fact the majority of that budget, if not all of that budget is in the social services budget. So what we are looking to do is set up a collaborative effort with the green belt project to get the Department of Social Services and the Mental Health folks and other agencies together and we have target \$200,000 in savings there based on the residential housing costs. Under the forensic mental health services, that specific project is very narrow in scope. It is \$250,000 and it is all County share. I believe from looking it up most of that money is in the Department of Social Services budget and we estimate conservatively to be able to save \$125,000 based on looking at once again the way the forensic processes are setting up and I don't know a lot of the details with Peter Curtis and Phil Endress. What we want to get him trained as a green belt so he can deep dive that using statistical analysis. Having gone through that the total County share per current expend and expense is \$9.61 million. With overall costs, when you include state monies and all that \$35.6 million but if we look at the County share of \$9.61 million with our targeted savings to be at \$1.13 million for this first round of projects and that does not include what we feel, once we get into we are going to be able to achieve with the Department of Health. In my quarterly benchmarks this aligns very closely with my quarterly benchmarks because I estimate \$1.1 million in my quarterly benchmarks so these projects by going through these validates what I had outlined in my quarterly benchmarks."

Chair Goodell: "I'd like to ask Mr. Vetter to ask you any questions that he may have regarding these individual projects."

Executive Director Vetter: "Mr. Chairman thank you. Really just in follow up from our brief discussion yesterday, I guess that I am assuming from our conversation that there is some additional detail here but had assumed that there was some further back for the information on the chart that you have brought forward here that would indicate

the issues. The processes to be looking at the key issues within those processes and really maybe further calculation of how the County might save dollars in these particular areas be they in staff or supplies or utilities or whatever might be there. I guess that was the impression that I had gotten from yesterday's meeting. I guess I would suggest and I know that it is very short turn around from meeting briefly yesterday afternoon and today but in the interim between now, there will be a Board meeting in April that we work together to flesh out more detailed information for people to get better understanding of what is there and having the documentation in front of you."

Al Hammonds: The concern I have with that approach is that the Six Sigma methodology is a five phase methodology; that is to define, measure, analyze, improve and control. A significant part of the define phase of the project is to give these target green belt candidates training that they need in the define phase so that then they are trained in their departments so that they can actually go out and dig more into the data, do some process mapping and that. What you are asking me to do is go in and probably about 50% to 2/3 of what we would do in the define phase once we get the project going. This is actually, in most cases in the transactional services arena it does far exceeds, based on your request, what we would do at this stage in the game and these are conservative numbers when we talk about savings. So that's why I wanted to come before you today and I do apologize with the quick turn around in looking at the data. I am still relatively new to this as I have only been here for little over a month and I apologize for that. So I don't really know in terms of beep, beep for each of these nine projects all of the detail because that is the reason we need to train the folks in that, so that is where we are at."

Executive Director Vetter: "Understood, do they pronounce it DMAIC?"

Al Hammonds: "DMAIC, yes."

Executive Director Vetter: "I am not suggesting that level detail it's just that a number of these issues have been there for a number of years. In terms of the Commissioners that are in place because I think all of these are either existing Commissioners or Commissioners who have been within the system for an extended period of time that when we had discussed this for a bid yesterday in their minds they have at least a prior definition of what the issue is. It is like working out statistics, prior probabilities and then you work out the real probability. I guess what I am suggesting as a statistical analogy is really the Commissioner's sense because these are people that have

been there for an extended period that you know, that the business equivalent of a prior probability.

Al Hammonds: “I can tell you for the Fleet Project and without going into any detail, we are based on the quarterly benchmarks that I have presented to this board. We are on a very aggressive time line so for this to basically slip and we not even evaluate the projects for approval. Again what you asked for yesterday which was extremely reasonable was for a pilot. So all we are asking for \$120,000 to train this initial wave. So I am really stuck because it’s like a what comes first the chicken or the egg and I am really trying wrestling with being able to respond to the finance committees request for pilot projects to prove how this works but I can’t get started. So I just need help. I don’t know where else to go with all the demands of what we are trying to get done. To not ask for the whole thing, I mean the efficiency grant is basically outlining the complete plan for a comprehensive two years and we are asking for one piece of one year.”

Chair Goodell: “Mr. Director Johnson you had some questions?”

Director Johnson: “Thank you very much Mr. Chairman, Mr. Al Hammonds the projects that you have outlined here in the define phase are you able to discern what County savings are versus outside funding resources. I see some of the projects on here and it automatically jumped to me that to there are significant outside resources. Are you able to discern which are outside and which are County savings?”

Al Hammonds: “In terms of the dollars?”

Director Johnson: “Yes”

Al Hammonds: “The next to the last column, next to the Commissioner column named entitled County share savings; so \$1.13 million is specifically County share.

Director Johnson: “The second question, are there department here such as social services and the sheriff’s where there are work practices that are similar where additional savings could come up. Let me be more definitive, for an example overtime in the sheriffs department, then you have social services with a division of detention services and overtime runs rapid there. Are you able to say, what kind of savings you have there with detention services there and over in the Sheriff’s Department and overall lump it up and say this is

what the County is saving in overtime through the six sigma practices?”

Al Hammonds: “Not at this time but what I can answer and I think it is a great point that you are bringing up here is we are definitely through this pilot program are going to get some lessons learned. So lessons learned for example in overtime utilization, the process and the statistical analysis will go there. We will look at that and be able to transfer that over to other areas. So what we do in this project for social services for overtime utilization for example will not be like one shot deal. We will be able to take the lessons learned there and be able to gain savings in other departments, maybe perhaps the Sheriff’s but we have not looked at that yet. The goal for the first month that I have been in my job is to try and get our arms around the projects and then to also train per my quarterly benchmarks, train the leadership of the County across all areas so they understand what a lean six sigma is because coming in, this was totally a foreign concept other than things documented in the newspaper and all of that.. So we have been doing a tremendous training blitz; putting together the steering committee and putting together the project list.”

Director Johnson: “I commend you for trying to keep this on a very fast treadmill. I would ask the question in this define phase, do you plan to continue to report to the ECFSA on a monthly basis as it was when you first laid out this proposal?”

Al Hammonds: “The original commitment was to do quarterly benchmarking reviews. I am more than willing to report on a monthly basis to bring more accountability and more understanding to the specifics. So what we can do and I would be extremely comfortable with is, we can do a formal report out the last week of April, the first week in May, after we get the define phase completed with all of these projects, that way I can outline and give details and even be able to bring some of the candidates with me in order to try and help explain it in a way that would be acceptable.”

Director Johnson: “Thank you.”

Executive Director Vetter: “Let me just follow up and again just the numbers, trying to get a sense of the savings because what we have to do as well I think I mentioned yesterday is the efficiency grant money is processed through the State Division of Budget and we have to make sure that we can justify the savings. I guess maybe we could work together over the coming week or two to help better define

the savings. I don't know if you have a sense at this point of the break down between personnel savings versus other savings. Would you anticipate that the largest potential savings would be staffing or at this point do you anticipate more supplies technology or is that an unfair question at this point?"

Al Hammonds: "I think at this time it is a bit detailed on that level. We know that we are going to anticipate some attrition in all these departments. In particular, I can speak to that in all these departments, however I am more intimate with the Department of public works, the Parks Department and the Department of Social Services because that is where I have spent the most time in the first few weeks that I have been in my job. We know that there are significant head count challenges in terms of not having enough head count so we really have to look at, what are the processes and look at how they are set up. Pure reengineering and looking at how work is done, how many different documents are handled in the define phase we will actually zero in on where the big problems are before we even get into the measure phase and really look at more data. There may be some savings, in fact I anticipate savings due to attrition but people will probably end up back filling other positions and what we talked about yesterday in our meetings is that we would as people, as savings are realized in these projects, that these dollars like the \$1.23 million that we are talking about, that this is money that will come out of the budget so these monies will not be rebudgeted for 2009. These will definitely come out of the budget whether it be head count, supplies whatever it is. At this time it is really hard to say."

Chair Goodell: "Mr. Kruly is unusually quiet today. He must abstain because he is with Canisius College and Canisius College, as Mr. Al Hammonds has indicated is bidding on this training program. So we will look forward to your wisdom at a later point in this Mr. Kruly."

"Are there anymore questions up here? Thank you Mr. Hammonds, I don't think we have any more questions for you."

"One of the most important aspects of the six sigma process or any reengineering process is the buy in on the part of the employees involved and Joan Bender and John Orlando representative the two largest unions in the County have asked to speak and I would ask first of all Joan Bender if she would come up. Ms. Joan Bender handles the white collar union CSEA and for her to give us some feeling of how she and her union looks at this six sigma and where they would be comfortable with this process."

Joan Bender:

“Thank you gentleman for allowing me to come and speak. Thanks Mr. Al Hammonds for putting out your presentation. Actually yesterday I was in one of the first formal training that they had for the six sigma with Mr. Hammonds. The story I heard today is a little bit different than the one I heard yesterday. However I am glad that they have reduced the amount they were looking for from almost \$1 million to \$120,000 because truly I am not sure that this Six Sigma thing can work in a County with as many varied departments and regulations as we have here. I think there are probably some places that this could work but the overall I don't see how it can work. Let me take for example people I Social Services, they have to adhere to federal regulations and state regulations; amounts of paperwork that you can't even believe. So how you can economize on this is hard for me to understand because, I will use a child protection worker. They go out, they see a home where there is a child in danger at home. They have to go back and they have to do a report detailing everything they saw in that home they then have to visit any people who are associated with that child; school teachers, day care, aunts, uncles anybody who has daily contact with that child, they have to interview those people. They then have to go back to the office and input all this data and it is regulations by government that they have to put this in. They have a computer system that is mandated by the state that they use which breaks down on them intermittently. So there are some outside forces which I explained to Mr. Hammonds that are going to preclude EC from having these massive savings. One other thing that I was concerned about in the presentation that he put forth yesterday is that he said that the people who do the initial training, the green belt so to speak, a lot of those people will be out union members and he had said and I didn't bring my notes, that by volunteering and getting involved in six sigma was going to make you progress faster through the organization. Well this is civil service, you can't just because you were involved in six sigma unless you are going to get a management confidential position, to get a promotion you have to take a civil service test and you have to be reachable on the list. So there are truly some things that I think they don't understand. The other thing is and Mr. Al Hammonds commented on that today, that if there are two many people in one department, that if you can find savings and cut back on people than you will put them somewhere else. That is also subject to civil service, you have to be qualified to do another job in another department you have to have taken a test for that type of job. So I just want to there are a whole lot of variables and I don't really believe that this is an attainable goal. Thank you for listening to me. Are there any questions?”

Director Johnson: “Thank you Ms. Bender, I have a question. You mentioned that in the presentation yesterday sounds a little different from the one we heard today. My question is, is there anything that is a part of six sigma that would preclude Erie County in its various departments, whether it is Social Services, Health, etc. from the reengineering principle that is set forth in six sigma that would prevent Erie County from becoming a high performing organization?”

Joan Bender: “Well there may be and without knowing exactly what is going to be done. First off I can give you one instances where there may be. That is in overtime. We were told that these people who do the six sigma training will not be relieved of their duty, they will have to do their work in overtime or else their six sigma research on overtime. The union contracts, mine specifically states that you cannot mandate people to work overtime except in emergency situations which six sigma is not. The second thing overtime has to be distributed equally amongst the employees and the job title that are trained to do the job. So say there are 15 social workers in one department and one of them is going to be given the overtime because they are doing the six sigma research, the other 14 are still entitled to overtime. So we then have to file a grievance that they are violating the contract. So you could end up paying people overtime who never even worked it. These are all things that should be negotiated ahead of time but nobody sees fit to negotiate any of these items with us. That is just won instance. Than there could be some improper practice charges, that is where there is a change in the terms and condition of employment. Those items could be putting standards out there. You have to see 95 people in one day that is a standard that is set where some people see 60, some see 70, that is a change in their terms and conditions of employment. These are all different variables why you might see 70 clients and someone else sees 85. That is an improper practice charge; just another thing that could go wrong, so all these things really should be considered. Mr. Hammond was nice, he came in and spoke with us privately before yesterday and tried to explain that there are so many things that could happen each and every step of the way and they really should negotiate a lot of these things ahead of time. Thank you.”

Chair Goodell: “Thank you Ms. Joan Bender. Mr. John Orlando is head of the AFSCME which is the blue collar union.”

John Orlando: “Good afternoon, thank you for allowing me the opportunity to speak. I am not going to rehash what Ms. Joan Bender said. When you start looking at collective bargaining agreements they pretty much mirror each other when it comes to overtime, the opportunity

to work overtime, the same thing occurs for the blue collar union that Ms. Joan Bender has indicted with the white collar union. In the beginning Mr. Al Hammonds came down to visit and discuss this privately. I basically told him he was five years to late. Erie County had a melt down in 2005 with 1,000 less people on the payroll now, they basically forced different divisions to consolidate and to do whatever it could do. In each of those cases though there was an opportunity to sit down at the other side of the table and basically negotiated and came up with a memorandum of understanding so that the tax payers received the services that they paid for with their property taxes and write frankly no one ever asked us about it but we are quite proud of that. When you end up with a workforce of 1,000 less people than you had in 2004 and still get out there and provide these service, there are a numbers of memorandums that Ms. Joan Bender's Local 18 as well my union signed to keep the taxpayers happy. Without going into detail because I don't have any details and I know everything is on a fast track. What I would like and I can't say that I have read an awful lot about it, the six sigma stuff that I have read quite frankly has had 50% success, maybe 80% maybe less when I first jumped on the computer to take a look at it the first thing I saw was home depot. I knew that they were number one in customer service for big lot stores and once they hired the new CEO and went to six sigma they went from first to last. Now maybe that was not the right application and I don't know if these pilot projects are the right application. I will give anybody the benefit of the doubt who wants to sit down with me and explain the way they want to do this because that last thing we want to see is breeches of our collective borrowing agreement. There may be a lot of ideas out there and I don't know where people are getting their advice from, quire frankly if there are breeches at ACFSME we will be forced to act on behalf of our members. I don't know what's going on in the Parks System but I can tell you that I have 3.1 people per County car, that is what I have if you can tell me how we can open up Chestnut Ridge, clean the bathrooms, pick up the garbage with 3.1 people per vehicle I am will to listen because I thought we had the biggest pieces of equipment out there. That being said if this is going to succeed they need to sit down with the unions to make sure that any project that they are going to do is not going to be in violation of any of these collective borrowing agreements and quite frankly that has not happened from what I have seen so far in this Administration. So far from this Administration I have seen this is what I am doing and that is that way it is and as long as there is a microphone that is all you need. This is not the way you do business in government. You need everybody on Board or else nothing will succeed.”

Director Johnson: “Just one question. The example that you just gave regarding the County Parks system and having 3.1 people doing the work maybe of 10 before are there any other departments that should be in collaboration with parks to help you have the same performance level that you had in the past.”

John Orlando: “What may have happened, those possibilities probably where there before 2005 but it is almost impossible right now because we don’t have staffing. I stated before that EC is responsible for 1,200 miles of roads yet we have 120 people that take care of that; so what that is 10 people for every 100 miles to take care of the roads. You used to have a work force that maybe you could do some blending, so that when the seasons got heavy to do a, b and C we could probably get it done. We have done some not quite on a pilot project but basically out of necessity. We have taken some in the past employees from the parks Department moved them into buildings and grounds to help out over there and you have to be careful because you are getting into other peoples funding because the state office of judges spend around \$14 million a year to make sure that their court chambers are maintained and taken care of in Erie County. So you can’t let yourself do less over there because they are paying the freight to do more over here but we have done some of those things and quite frankly since 2005 road projects are no longer a one district thing, we can’t just go out and pave a road. We just don’t have the bodies anymore so we have been incorporating more than one district. A few years ago we paved Williams Street, the whole County highway Department paved William Street and had trucks in from every district that we have because we just didn’t have the bodies. When you are down 80 people you have to become inventive. That is why I told Mr. Al Hammonds that he is 5 years to late. We started doing these things to provide the taxpayers with what they pay for. Now if he has got new ideas I don’t have a problem with that but I want to make sure that there is no breach of any collective bargaining agreement and that you don’t end up sitting in front of her with an improper practice charge and have to file a grievance because if you don’t have a happy work force you are not going to get anything done. Quite frankly I speak for my work force, they are very unhappy right now.”

Chair Goodell: “Thank you Mr. Orlando. I want to try to summarize what Ms. Joan Bender and Mr. John Orlando said. I think what they are saying to us is that they are skeptical. There might be a few place where this could work and both said work with us and on that basis I am comfortable with going forward on a pilot project because the

leadership is appropriately skeptical but is willing to listen to Mr. Al Hammonds, Mr. Collins, etc. going forward. Before I suggest a motion I want to say that I know I speak for every member of the Board in saying that we really believe that reengineering is a really important process to reduce costs in the County and improve efficiencies. I think that on the Board there are varying degrees of skepticism of whether six sigma is the way to go about it or if there is another way. I think that skepticism is, well it ranges from a little bit skeptical to very very skeptical and I think that Ms. Joan Bender and Mr. Orlando's positions are right in there also. On that basis I would like to suggest to Mr. Director Johnson and myself who are voting here that we approve the \$120,000 for this first and like the definition of pilot project and that this committee will recommend the full board that we go forward on that basis and that in that Mr. Hammonds work very closely with Ms. Bender, Mr. Orlando and Mr. Vetter. Mr. Vetter has mentioned that he is a little uncomfortable with the numbers and would like to get them fleshed out a little bit more and on that basis go forward three or four months to test these opportunities. I would like to move that Director Johnson."

Director Johnson moves to approve a recommendation to the full board to provide funding for six sigma training. Chairman Chair Goodell seconds and Director Kruly abstains.

Chair Goodell: "With that I will entertain a motion to adjourn."

"I would like to thank Ms. Joan Bender and Mr. John Orlando for contributing to this process. Thank you."

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

Respectfully submitted,

Stanley Jay Keysa
Secretary