

ECFSA Finance Committee Meeting  
June 27, 2008

Present: Joseph Goodell, Chairman, Kenneth Kruly, Director Executive  
Director Kenneth Vetter

Chair Goodell: “Good afternoon. This is a meeting of two members of the Finance Committee of the ECFSA. We do not have a quorum so we cannot vote at this meeting.”

“It is our intention to discuss some of the issues that were raised earlier regarding some efficiency grants. Then we will convene for a Finance Committee meeting immediately prior to the next Full Board meeting at which time Director Kruly, Mr. Vetter and I will inform our colleagues of what we learned at this meeting and will than take a vote at that point. The results of that vote will than be used to recommend action to the full control board. With that in mind we will not approve minutes at the meeting because legally it is not a meeting. We will go immediately into the business at hand. We have two efficiency grants in front of us. Ms. Mazzone, would you like to come up. We asked you the last time to split the two projects. Could you come up to discuss the consequences of splitting the two projects?”

Michelle Mazzone: “Okay actually the last time we spoke we discussed the application that we had for the efficiency grant in order to complete renovations for the 1<sup>st</sup> and 16<sup>th</sup> floor of the Rath building which would include the DMV and the County. The total efficiency grant that we requested is \$1.7 million and we also included a summary of the break down of those estimated costs. I will open it up for any questions that anyone might have?”

Chair Goodell: “I think the main question is, what, if we feel that it should be split in two pieces, can you explain what the consequences of that are?”

Michelle Mazzone: “Certainly, if the efficiency grant were split into two pieces between the DMV and the County Attorney, we feel there would be an increase in the construction by about 30% per project. We also don’t think it is economically feasible to make the project work if they are done separately and let me explain that a little further. One of the reasons we worked with Ms. Hochul and her team is that in order to make the DMV project a cohesive project economically we thought it would be better to include the projects as a whole and ultimately by doing that we would be coming up with \$182,000 over the five years. By separating the projects it does not achieve the same results.”

Chair Goodell: "By separating the projects what?"

Michelle Mazzone: "It does not achieve the same results so the payback years will increase if we separate the projects."

Chair Goodell: "Why?"

Michelle Mazzone: "If you take the County Attorney's office for example, we are spending \$1 million over a five year period for rent and our construction costs for the project to bring them into the Rath Building is approximately \$680,000. We are gaining approximately \$363,000 so our payback period is approximately 3.26 years. Bringing the DMV into play, our gain becomes \$182,000 and our payback year becomes 4.53 years. By separating the DMV and doing the DMV separately it would result in over the five year a loss of \$180,000 which would result in a 7.8 year payback period for the DMV. So that is why we worked very hard with Ms. Hochul's team to bring the projects together and cohesively they work as one project."

Chair Goodell: "They are in different locations in the building are they not?"

Michelle Mazzone: "Correct."

Chair Goodell: "Would you explain where you get the figure of 30% increase in construction cost? Has contractor told you that's what it is?"

Michelle Mazzone: "Actually the architect for the Department of Public Works advised us that the increase in construction costs in doing the projects separately would be approximately 33%."

Director Kruly: "I have a summary of expenses on the project that Mr. Vetter provided to me that is dated April 24, 2008 which I believe was prepared by your office that talks about the \$1.772 as the projected cost. Underneath the spread sheet portion there are some notes that say construction costs do not include asbestos abatement of ceiling cavity structure or building perimeter. Has that been ruled out as something you are going to do or is it something the County is going to do separately from an efficiency grant?"

Michelle Mazzone: "The \$1.7 includes abating the new entry in DMV entrance and also includes the floor. However we also received a letter from a third party engineering firm that advised us because of the scope of the project that we are doing that the abatement is not necessary for the entire project."

Director Kruly: "It also does not include moving costs, equipment, furniture and stuff like that. Do you estimates on what those will cost?"

Michelle Mazzone: "With regard to the County Attorney, we are actually moving the furniture from their existing space in to the new space, so there won't be any furniture. Our moving costs are already taken care of."

Director Kruly: "They are factored into this expense for the construction?"

Michelle Mazzone: "The moving costs for the County Attorney are factored into the number but the moving expense for the DMV is not factored in. I think Ms. Hochul had a separate number for her moving cost."

Director Kruly: "Is there a number around for what that would be?"

Michelle Mazzone: "I think Ms. Hochul has that number."

Kathy Hochul: "Hello, we would expect to absorb the moving costs internally estimated at about \$10,000. We have a lot of experience with moves given all the satellites that we opened up and the auto bureaus that we closed down a mere three years ago because of the budget crisis. Our staff is familiar with how to move things. We also have existing furniture and we have the seating that we expect to cover in our 2008 budget so those costs are note included in the estimates."

Director Kruly "The construction costs involve the construction of counters and items that relate to your services?"

Kathy Hochul: "Yes, it sure does."

Director Kruly: "A couple of other questions while you are up there. Mr. Vetter provided us a spread sheet and projected costs over the next several years that would include security officer, cleaning service, armored car service and other things like that. Are those expenses likely to continue? Are you looking to use a private security firm? Will the Sheriff be stationing someone in the Rath Building?"

*Ms. Hochul is distributing a report*

Kathy Hochul: "What you are looking at are figures that I provided Mr. Vetter with yesterday. For a security officer, we believe that the existing Sheriff at the point of entrance of the Rath Building would suffice but that is something that we will have to determine on a case by

case basis. We have a separate entrance on the Pearl Street side which I think is an improvement in the plan and we feel confident that we would need an additional security officer. The cleaning service, we have been in contact with the County. They already clean the first floor now of the Rath building so we expect them to continue the contract that they have now because this would now be considered County space. The armored car service, we will be saving money on that because right now we have to have our money picked up by an outside firm and there is already a services provided to the Rath building so we had the conversation of piggy backing on their service. Those are all true cost savings. The ADT security, we would probably pay about \$2,000 to have the camera relocated and that would be monitored so we have that budgeted in other areas. The County is was already looking into providing County wide services to off site entities and on site security services so that might be something else that we fold into existing county costs that they were going to pay anyhow.”

Director Kruly: “Sheriff’s are not free, there are expenses involved there. What about, and I don’t recall Ms. Kathy Hochul if you were here to discuss, are you concerned at all about the lack of parking for your customers particularly the handicapped parking?”

Kathy Hochul: “That is certainly a concern as it always is but if you look a the Rath Building there is parking and there should be parking on the Pearl Street entrance side. I am in conversation with staff over there to figure out, can we get some more handicapped parking so that people can park right outside the entrance which I think would be very convenient. I think it would be even better than what we have at the existing location. I think we need to be creative. Downtown parking now is at a premium. If you recall the days that we were at the 25 Delaware Avenue location, it wasn’t convenient there either. I am not saying this is ideal but I think if we find a solution whether it be a satellite parking lot like people go to at the airport; some people drive over there and wait for someone to pick them up. Very often people come in pairs so I thnk there are ways that we can work with this. I have also been in touch with a few people at Main Place Mall about opening up parking there. Also, since we left 25 Delaware there is a new parking ramp at the Family Court building that was not there before.”

Chair Goodell: “Does anyone have any other questions?”

*Ken is not speaking into the microphone and recording is weak*

Exec. Director Vetter: “I guess my question would be because we are hearing that doing the projects together is better than doing them separately. My question is on the potential dollars for contracts and generally.”

“Whether there is the potential but I can’t speak to the reserves.”

Kathy Hochul: “You are correct but I can’t speak to the reserves that are in those funds at this time. That is another debate but I think if you look at the merits, I’d like to think that there are a million good reasons for supporting this proposal in its entirety because those are dollars that are going to be saved. Every year that we continue and you know I was here a year ago, I presented this to Joel Giambra in January 2007 as an idea that had merit to it. I think the addition of the law department makes sense. I think you bring the construction crews in once, you disrupt the operations one time and you don’t have to bring them back to worry about cost escalation the next time. The space utilization study and also the report that was done during the budget crisis show that anytime you get out of lease space it is good. So I support the overall application in its entirety and particularly, I am a bit partial to the part with the DMV. We are going to be experiencing an onslaught of new business with the enhanced driver’s licensees. Our existing facility will not be able to compensate the demand. I don’t want to bore you with all of the details but if you look at the numbers I gave you the State DMV estimates that 1/3 or 33% of the residents of Erie County decide to opt for the enhanced driver’s license, an alternative to the passport. That is another 173,000 people coming to our doors and they may not all wait until their renewal is up. Separate from that there are also numbers in your packet showing that there is an eight year cycle for renewals anyhow. This month for example we had 2,500 renewals for driver’s licenses. This time next year we will have about 11,000. I have got to put those people somewhere and we all saw after the budget crisis what happens when people walk into an office and see long lines.”

“They get in their cars and drive to Niagara County, they drive to Cattaraugus County and the go elsewhere. So I am trying to take some corrective steps to say that some lessons have been learned since the budget crisis and if we can have this facility up and running by next April when our lease is up we will start saving money on day one and also be prepared to handle the extra volume which starts when that eight year cycle starts that very same month which is not a coincidence. There are a lot of great reasons to work on this. It would be a great credit to the control board to team up with us and when I look at the legislation that created the control

board and specifically the efficiency grants you are supporting plans that achieve recurring savings through innovations and reengineering. I can't think of a better project in its entirety that meets those qualifications. Therefore, I encourage you to support this. There may be money elsewhere Mr. Vetter but if you involve the County Legislature on this now, they are in recess. We are having the conversation with them again next fall. All of a sudden have lost valuable time. We are already in our second year lease extension with Uniland and they have been very gracious with us. They have not raised the rates of our rent since 2002. Any good business person knows that that is not going to be the case next April; that they would have every right to change the numbers. The projections I gave you of \$210,000 and our projected cost over the next five years, that is extremely conservative because that does not factor in an increase in our rent. We are going to have a half a million over the next five years, we can stop the hemorrhaging of taxpayer dollars with your decision to support this project. Then we can roll up our sleeves and start working. I feel very confident about the people in the Rath Building overseeing this project because we have personal experience working with the departments over the project we went through over the last couple of years with the court reorganization. The County Clerks office lost 10,000 square feet in the process but we have this high quality and were very responsive. Dan Dillon who is on my staff worked closely with the team and we have good relationships. So I am confident that they will work closely with us to make sure that we get the results and the savings that we all want to achieve."

*Ken is not speaking into the microphone and recording is weak*

Exec. Director Vetter: "I guess there is nebulous money for this but in scrubbing the capital accounts that could be freed and it is up to. Try to see if that is a reasonable; scrubbing those accounts. They probably haven't been scrubbed at this account there could be other monies that are out there and those accounts and standard for the board to decide whether that is a reasonable alternative or not but the potential of some sort of moneys in existing capital accounts that may not even require legislative approval. I mean the Legislature is in session through July so you scrubbing those accounts, they are scrubbed every September and the probably have been scrubbed since last September to see what is there and just before the budget is proposed. I guess a suggestion at this point to you and the members of the Board who are here. There could be other monies that are out there. Those accounts have been scrubbed before for those purposes and as a State agency it is standard practice with the County and State agencies that there would be some kind of local share; that there is good faith effort on behalf of the County. It is a

lot like the roads projects, it is really leveraging this kind of state money but I guess I am just putting this forward as a concept at this point. (8:45)”

Michelle Mazzone: “I think it also important to note at this point that there are about eight different county spaces that are being effected by this reengineering project. So I think a lot of these projects are small projects where we are moving walls and moving different divisions and effectively we are looking at a 42% reduction in 8 division that are effecting as a result of reengineering with the DMV and the County Attorney on the 1<sup>st</sup> and 16<sup>th</sup> floor. So I think it is not just about the there projects it is about 8 different County departments realizing the savings of 42% with regard to space utilization.”

Director Kruly: “Just one question, the Clerk has provided us with a schematic of the way the floor would be redesigned. This question is not for you Ms. Kathy Hochul, is there an equivalent for the County Attorney on the 16<sup>th</sup> floor?”

Michelle Mazzone: “Yes.”

Director Kruly: “Can you provide that to us?”

Michelle Mazzone: “Absolutely.”

Kathy Hochul: “We would have more space than we have now and also configured more efficiently. I think that is very important. At the time we had to make the move and others were in my place at the time. You may know better than I and I think that there was sort of a rush. It was a difficult time to sort of find space downtown but we have had the time to put this together. We have had a lot of meetings with Ms. Michelle Mazzone and the architects and I think what you see in that schematic will suit our needs very very well. We are just anxious to get started and hoping we can count on your support.”

Exec. Director Vetter: “In terms of savings, I guess I just want to reiterate and verify that the Clerks office savings, rental cost will begin to inure. They will be May 1, 2009. So that would directly impact the 2009 budget that is due on October 15 or thereabouts.”

Kathy Hochul: “We have started working on our budget for next year and I would love to be able to subtract that rental line out.”

Exec. Director Vetter: “The County Attorney affects January 1, 2010 but that is into the next fiscal year.”

Michelle Mazzone: “Yes that County Attorney lease expires at the end of 2009 but both projects will probably be completed within the fall of 2009.”

Chair Goodell: “Just to state again, we are not voting but to give you my reaction of what we will probably report to our colleagues is that, I think the projects should be split. I think that the 30% of construction costs while that might be true in theory, you know I have been in that position many times and I found that if you sit down with the contractor and tell them we are going to split it at the same cost or we will find someone else the contractor agrees to split it. I think it is particularly important because Ms. Mazzone and I have had some conversation over the past couple of weeks. I will attest to her ability as a negotiator and would think that if anyone could get it for the same price she could. Furthermore it is our feeling; I know that we are still at the point where we are not confident of the Counties ability to implement these efficiency grants. We had a report on the Alternatives to Incarceration and that was a pretty sad story. The administration can argue that that was done on someone else’s watch but there have been six months of implementation and discussion that is really kind of a mess and the Executive Director has decided not to give them any more money until they come back with, really a whole new plan. Now is it fair to tar Ms. Mazzone with the same brush as the Alternative to Incarceration team, well maybe not but we still have to have confidence in the Administration as a whole. There has been a lot that is going on that would scare us about that so that I think is an important element and my feeling about splitting the two.”

“There is really one other item; that is an efficiency grant for \$75,000 for training individuals in safety. I was dumbfounded when I found out that no safety training goes on at the County according to this request. Everywhere I have ever worked there are some safety training in the office; how to avoid paper cuts and safety training where construction is done. Particularly in the plant where there is a lot of things that go bump in the night and the projected savings from the safety training of 20% in reduction in injuries as a result of safety training, I just cannot believe. Furthermore we have had these issues of risk management on the table for almost a year now and we keep sending them back saying that we do not agree with the program as proposed. So it is my feeling and I will report back to the Board that I do not think the \$75,000 should be approved if the County is doing no safety training.”

“Director Kruly do you have anything to add?”

Director Kruly: “No I don’t.”

Exec. Director Vetter:”Mr. Chairman if I could, Mr. Greenan who put together the application sends his apologies for not being able to make the meeting this afternoon. He was called to a serious matter and he is available to answer any questions that you or any of the other Board members might have going forward.”

Chair Goodell: “I would be happy to come downtown and chat with him at some point.”

“Okay is there any other business to come before the Board? We don’t have to make a motion to adjourn because this is not an official meeting. Thank you Ms. Kathy Hochul and Ms. Michelle Mazzone.”