

**Erie County Fiscal Stability Authority**  
**Minutes of Finance Committee Meeting held September 8, 2008**

Present: Finance Committee Chairman Joseph Goodell; Director John Johnson.,  
Director Kenneth Kruly

Chairman Goodell: “Good afternoon, I would like to call this meeting of the ECFSA Finance Committee to order. I welcome my fellow board members and interested members of the public, press and media here today.”

“Our first order of business is to approve the Minutes of the July 17 Finance Committee meeting. Could I get a motion?”

Director Kruly moved to approve, Director Johnson seconded, and the Directors voted unanimously to approve the minutes of the July 17, 2008 Finance Committee meeting.

Chairman Goodell: “Now identify yourself for us please.”

Gregory Faulkner: “My name is Gregory Faulkner. I am the Director of Fleet Services for Erie County.”

Chairman Goodell: “Mr. Kruly would you like to start by asking some questions on this?”

Director Kruly: “I guess the basic question I have is how much of the fleet are we talking about replacing and secondly, have we reviewed the items vehicle by vehicle? My past experience in the County tells me, for example, a sheriff’s car with 50,000 miles is getting beat to hell but a pick up truck driving around Chestnut Ridge Park can drive around with 150,000 miles on it. So can you first tell me about how much of the fleet we would be dealing with here and secondly what kind of analysis went into deciding which vehicles to include?”

Gregory Faulkner: “The proposal is to replace approximately 102 vehicles in the County fleet. Before we decide which vehicles are going to be replaced, we will look at the condition of all of the vehicles and replace the vehicles in the worst mechanical condition that need the most repairs and have the highest mileage on them.”

Director Kruly: “102 are what percentage of the total?”

Gregory Faulkner: “In the grade five, which is the passenger car and truck, it represents about 20% of the passenger fleet; that is the passenger cars and light trucks.”

Director Kruly: “The question is, are we going for a large percentage of it all at once here or are you spreading it out and you will come back at some future date? What are we doing here?”

Gregory Faulkner: “What we are doing is replacing as many vehicles as we can with the efficiency grant money that we are requesting. That comes out to approximately 102 vehicles.’

Chairman Goodell: “How many total vehicles are involved in the County, total?”

Gregory Faulkner: “Total vehicles and equipment is approximately 1,100 pieces. That would be all of the light duty trucks, heavy duty trucks, all of the agricultural and turf equipment and all of the heavy duty and off-road equipment. So in terms of total number of pieces that the County owns, we would have approximately 1,100-1,200 pieces. Our proposal here is to replace approximately 102 pieces. These are the on-road light duty units which would encompass passenger cars, light trucks, vans and SUV’s.”

Director Kruly: “Is the total number of vehicles you are referring to, is that on-the-road vehicles? Does it include things like tractors?”

Gregory Faulkner: “That is off-road vehicles and all the turf equipment to maintain all the parks. In terms of on-road vehicles we have 750 on-road vehicles; approximately 750 of those 1,100 vehicles are on-road vehicles. That is for all the departments in Erie County “

Director Johnson: “Mr. Chairman, Mr. Faulkner have you been able to, of the 102 vehicles that you are replacing, have you broken them down by various departments?”

Gregory Faulkner: “Yes. I have with me a list of the departments and how many vehicles are going to which department and what types of vehicles we have. So yes, they are broken down by department.”

Director Johnson: “My second question emanates from the \$3.4 million that is being requested. Was that a budget item in the current budget prior to this request?”

Gregory Faulkner: “I don’t know the answer to that. Mr. Sentez do you know the answer.”

Gerry Sentez: “I am Gerry Sentez, I am the Commissioner of Public Works. There was money slated for in the capital budget for vehicles. Every year we put down a certain amount of dollars. Over the last several years, like last year was the first year for highways, they received something like \$770,000, but since 2002, I think that was the last time Public Works actually got new vehicles through the capital fund.”

Director Kruly: “Of the 102 vehicles are you are talking about purchasing here, are you going to eliminate 102 other vehicles or a larger amount than 102?”

Gregory Faulkner: “These would be replacing vehicles on a one-for-one basis. It is not to increase the size of the County fleet, so for every new vehicle we are putting in we will be taking one out of service. We will be sending those to either the surplus vehicle auction or if we do have a vehicle that we determine to be still feasible for service we will reassign to a different department but we will not be increasing the size of the County fleet.”

Director Kruly: “Is there any prospect on reducing the size of the fleet?”

Gregory Faulkner: “We have reduced the size of the County fleet since 2004. So it is a constant and ongoing process. We are constantly reducing the number of vehicles and equipment in County government.”

Chairman Goodell: “Could we see how you have approached or identified which vehicles should be first?”

Gregory Faulkner: “We have done an analysis and Kevin Higgins, who is the Deputy Director of my department, and myself have sat down and reviewed age and condition of the vehicles. We have reviewed how much money we are putting into these vehicles for ongoing maintenance and repair and by the operating cost per mile. We have deemed that these vehicles are the least suitable for service and costing us the most amount of money to keep them on the road and in some of these instances it would be less expensive to pay the cost of a new vehicle then is would of the ongoing repairs for the old age and high mileage. So we are doing this based on the operating cost.”

Chairman Goodell: “You made the statement that there was some \$700,000; is that in the current capital budget for replacing automobiles?”

Gerry Sentz: “I believe that that was in the 2008 capital budget that was actually approved. We always ask for a lot more and that is actually only for the highway department and was meant for larger vehicles; like machines that dig ditches. Of the five, we have three of those now, so that tended to be for the bigger trucks but it wasn’t really for the fleet type trucks like the pick-up trucks.”

Chairman Goodell: “You said that there was a cut off in spending for these smaller vehicles a few years back. What was the annual appropriation before that for replacing these vehicles?”

Gregory Faulkner: “I don’t have access to those numbers. I started in this position as Director of Fleet Services in 2008. The cut off was prior to the County Budget crisis of 2005. So I would have to go back into the County records and review the appropriations prior to the 2004 budget year. I don’t have those numbers on hand.”

Executive Director Vetter: “Just wanted to make sure on the vehicles and we are talking about a number being in the capital budget but were there any other vehicles in any portion of the operating budget, grant budgets and/or asset forfeitures or others. I know that there are a number of other vehicles that the County does purchase that come out of different sources of money from either Health and Human Services, grants, forfeitures, whatever else may be there.”

Gregory Faulkner: “We have no other new vehicles coming into the County fleet at this time other than the vehicles coming in through the Sewer Department that are funded out of their funds; out of the Sewer Department budget. That does not come out of the Fleet Services Department. The only other revenue for fleet service is the revenue from surplus vehicle action which we hold twice a year; one in the fall and spring. By an act of the Legislature we now take that funding and redistribute that the departments that it came from. It used to go back in to the general fund and now the revenue from the sale of surplus vehicles comes back into fleet services where we can reassign that to the department that sent the vehicle for surplus auction.”

Chairman Goodell: “I think that before this group would go forward, we would like to understand or would like to look at this on a one-year basis and we need some history to give us some guidance. If you could get us some historical data; how much was spent on small vehicles per year and make us confident of the process you used to identify which vehicles go.”

Gregory Faulkner: “What I can do is contact the budget department and I could get you a seven year break down of what we spent on replacement vehicles in each class and category. You will find that the problem that we are facing now of an aggregate total which incorporates millions of dollars has been created by the failure to replace the vehicles and it is an ongoing process. if the County had been replacing part of the vehicles every year over the last ten years, we would not be in the situation that we are in now and because of the prior budget crisis that the County has faces in having not purchased the cars on a regular basis that is why we are at a standpoint where we are facing millions and millions of dollars of investment in the upgraded fleet. I will be happy to get you those figures from the last seven year.”

Chairman Goodell: “I think, and again I am speaking for myself here, that I would be inclined to look favorably on a program got you back to normal or over a two year

period got you back to normal. Something like that would be much easier and I am just speaking for myself here.”

Gregory Faulkner: “I think we need a proposal and once we get past the initial stage of replacing a bunch of vehicles at one time, I think we need to implement a proposal where the County starts replacing a percentage of its fleet every year as an on-going basis to prevent a future financial crisis in the County. So if it were to be replaced 20% of the vehicles in the fleet for five years, you would never have a vehicle over 5 years old in the fleet and still be at that point serviceable where we are not putting them together with wire and duct tape and getting to a point where they are no longer safe.”

Chairman Goodell: “When you are in that mode you need less maintenance so there should be fewer people involved in the maintenance. We would expect to see that.”

Gregory Faulkner: “You would have fewer dollars invested in repairs because we would be spending the money on maintenance and if the vehicles are newer they are simply going to need oil changes, tire rotation rather than major investments in repairs.”

Chairman Goodell: “We would expect to see a projection that showed a reduction in that and in the future when we audit, we would look for those line items and expect them to be less money.”

Gregory Faulkner: “I would be happy to get those projections for you.”

Director Kruly: “On the proposal that you submitted it says that we would be reducing costs by replacing old vehicles or high mileage vehicles with new vehicles with minimum miles per gallon threshold of 25; is 25 that average?”

Gregory Faulkner: “Yes, 25 would be the average for both a city and highway driving and we would request that any of the new vehicles that are purchased for the County meet that requirement. That the combined highway and city average be a minimum of 25 gallons.”

Director Kruly: “I am not a truck person but if you are looking to buy some trucks, my understanding is that trucks don’t come anywhere near that so how do you expect to accomplish this goal?”

Gregory Faulkner: “This would be passenger cars only would be the 25 miles per gallon. When you get into trucks anything over an 8,000 lb gross vehicle weight rating, we would have to have a different mileage rating for those because obviously...”

Director Kruly: “That is not what you submitted though. You said 25 miles per gallon is a threshold for everything. This is what I am reading.”

Gregory Faulkner: “Well that would be inaccurate at 25 miles per gallon for a truck.”

Director Johnson: “Mr. Chairman, just one other thing that I would be interested in as we move forward collecting the historical data on the vehicles to be replaced. The lack of priorities on the list of which departments each one of those vehicles would go into. In addition to that, if you can provide me any additional information. How many do you have with over 70,000 miles on it?”

Gregory Faulkner: “I can assure that everything we are replacing has over 90,000 mile on it. The majority of these units have well over 100,000 miles on them. Some are approaching 200,000 miles. We don’t have anything in the fleet that we are replacing at the 70,000 mile mark. I wish we could but we have a lot worse vehicles and we need a lot more replaced before we start addressing 70,000 miles either.”

Director Johnson: “Are you looking to replace these going through a state contract or a utilizing your local procurement process.”

Gregory Faulkner: “I don’t have the answer to that. Mr. Sentz do you have the answer?”

Gerry Sentz: “We would certainly look to see what is available on the State procurement list and see how the specifications of what we would need. If there is something that is not on the list, we would then have to go out of Erie County but we would certainly look at the State bid to see what is available.”

Gregory Faulkner: “The majority of these will be off the State bid list and that list will meet our requirements for the passenger cars and light duty trucks.”

Chairman Goodell: “Do I hear a motion to table this request until Mr. Vetter can get together with you.”

Gregory Faulkner: “Mr. Sentz and I will get back to you with the other information.”

Director Kruly moved to table, Director Johnson seconded, and the Directors voted unanimously to table the purchase of equipment for Fleet Services:

Chairman Goodell: “The next one is the ECC Energy Efficiencies. I believe that we had a legal question on this. Mr. Vetter would you like to address this?”

Executive Director Vetter: “I think the question, and I believe I have spoken with the budget director about this and I think everyone has looked at this on the board and the consensus is that this appears to be a good idea, and the question is how the mechanism for the savings to inure back to the County given the

level of subsidy that is there since directly the savings without some kind of mechanism to bring the dollars back would go to the college. For efficiency grants there has to be some savings to the County proper, not a related organization.”

Gerry Sentz: “It was my understanding when we spoke to the Budget Director that the savings that the College accrued from these would be subtracted from the funding that we give the College. So yes indeed, instead of giving the College a certain amount of dollars we give them x minus the savings that will be realized from this program. That is the information that I had received from the Budget Director when we spoke about it.”

Executive Director Vetter: “In the current plan, ECC has a certain level of subsidy to clarify that level of subsidy would be reduced by any savings that inure from this program.”

Bridget Corcoran: “Right and that is my understanding that Mr. Gach spoke to you today and informed you how it will be handled.”

Executive Director Vetter: “I guess I am trying to make sure he has very specific language that the subsidy wouldn’t be increased and then decreased by this, that it is whatever the subsidy that is in the plan itself would be reduced from the amount of savings.”

Chairman Goodell: “Are there some specific questions here?”

Director Kruly: “I am stuck on the legal question. The accounting kind of mystifies me and I don’t want to proceed with this until I get a better clarification. You can’t reduce the subsidy and the County Executive has said that he will not increase the subsidy, so I don’t know how the money flows in this situation. I like the idea of energy conservation stuff but if we can’t do it we can’t do it. So I am kind of hung up this one, Mr. Chair.”

Chairman Goodell: “Do we need to get some sort of a document that satisfies Mr. Kruly’s concerns here?”

Executive Director Vetter: “Well I think if there is some kind of document that indicates from both parties that there from the College and from the County and probably assembled as an e-mail or a letter, whatever it might be because I am not speaking from the board but at least from what I have heard from individual discussions. There doesn’t seem to be a problem with the programming in of itself, we just want to make sure the there are mechanisms in place to provide reasonable assurances for the County to benefit from the saving indicated here. So maybe some kind of joint letter or whatever it is, indicating very specifically that whatever money is saved from here would be reduced from the currently planned subsidy to

the College and that would provide reasonable assurance to this board that it is an agreement and that will occur.”

Chairman Goodell: “Let’s go forward in that way but also as we have observed in previous meetings, I have through my career developed skepticism over promised energy savings, then going back and proving that they were there. I think that big ones are fairly easy to document but we had one proposal here I think last year that involved new thermostats and caulking windows and strips for doors. I don’t believe that is an efficiency grant. I think that is general house-keeping, and no matter who these people are from NYSERDA, they never will convince me that a certain building is more energy efficient because they did this, this and this. They can’t prove it. So I would like you to dig into this and take out, you talk about small buildings, and I don’t know quite what size you are talking about but that make me think about a newer air conditioner or something like that. If you could get the low hanging fruit. I think this is just something you got to do.”

Gerry Sentz: “NYSERDA mandates that you do have some type of very positive checking to make sure the savings are there. There are several different methods that they use. For instance, on ECC, there are some very large pieces of material that may be changed. We will actually take a meter and put it on that machine before hand and see exactly what that machine is doing ahead of time. We will know traditionally what the run time hours are and we will check the new machine to make sure that we are getting those savings. We will do that over the year and depending on the time frame demanded by NYSERDA we will do that for several years to makes sure that the savings that have been guaranteed are there. “

Chairman Goodell: “I think there are places where you can measure it and with this example that you have used, I understand that one.”

Gerry Sentz: “In other cases, you had mentioned the small buildings which was another proposal. If there are several things being done to a small building, NYSERDA allows you to do a bill comparison and you normalize it for the weather. For example you can’t compare directly your home bill from the past year to your bill last year because the temperatures were different. Theses are totally different circumstances. We do weather normalization which takes that into effect so that you can compare the bills. You don’t compare the dollars because the prices have change. You compare the usage even though we talk about dollars where we base it on a baseline. You than can do a bill comparison for like you say a small building because there is not a lot of influence of say for example you wouldn’t want to do it in the Rath building because some people now turn their computers off or for some small other change but for a small building it is usually fairly the same. So you could do bill comparison, direct

measurement and there are other things like lights. We know that a 69 watt light bulb uses a lot less energy than a 75. If you know how many hours that is used, we can do a direct calculation and then we just keep track to see that that light is on. So there are and NYSERDA does mandate in order to get their funding; their match and believe me we don't want to walk away from another match program. They mandate a very strict monitoring verification program."

Chairman Goodell: "In addition to clearing up Mr. Kruly's concerns, you could sharpen your pencil and clear up some of my concerns. Is there a motion to table this?"

Director Johnson moved to table, Director Kruly seconded, and the Directors voted unanimously to table the ECC Energy Efficiencies request.

Chairman Goodell: "We have another one which is small buildings energy efficiencies \$240,000."

Gerry Sentz: "This is very similar to the one we just talked about at ECC. We did a report looking for energy conservation. We have already looked all the large buildings; the Rath Building, the Holding Center and the Correctional Facility. What was left was a small building. So we looked those and said what can, from an energy conservation standpoint, be done to make these building more efficient. There are two binders of the report, a copy of which was given to Mr. Vetter. I went through that and looked at what had a shorter payback. As you had said earlier about the low hanging fruit, what can we do to these buildings, go after that money and get these things done. The program I am suggesting has less than a three-year payback."

Chairman Goodell: "Mr. Vetter, you have seen this list do you have any questions?"

Executive Director Vetter: "No, Mr. Chairman. There is extensive information that is about this big and really this is similar to a proposal that the Authority had received last year. We do have some additional information at this point."

Chairman Goodell "I look at this and I see the boilers; that is a ten-year payback. The wall installation, that is not good either. Lighting benefits in 7.6 years. Are these savings that you decided not to include?"

Gerry Sentz: "Everything on that list is included. What I did was looked at a building as a system and but all of these together. In some cases some are much less than four years. For instance, I just grabbed one of my list which is .3 year, a third of a year for the initial payback. So we put all of these together so that in total we would have less than a four-year and in this case almost a 2.5 year payback. Some items are more and some items are less."

Chairman Goodell: “Why does it cost \$4,000 for night temperature setbacks? Don’t we have thermostats?”

Gerry Sentz: “Are you looking at the Erie County Emergency Services Tower?”

Chairman Goodell: “I am looking at this \$240,000 item.”

Gerry Sentz: “The specific line item you are looking at, I believe, is the EC Emergency Services Tower. In the tower the setback is \$4,000. That is a big tower and there will be a lot of sensors changed all the way down so there will be a lot of work. Just like a small area it is the fire training area and that is why it is so expensive.”

Executive Director Vetter: “I think what you are saying is that there are items that will have a shorter payback and items that will have a larger payback but within the period of time that you described you would meet the requirements.”

Gerry Sentz: “That is correct.”

Chairman Goodell: “Well it doesn’t seem to me that it is a good idea to spend \$240,000 to save \$2,000 a year, that is a ten-year payback. The last two items on this list are clearly worthwhile and why we should do the other three with very long paybacks I am not so sure. I am talking about boilers, the installation and the lighting fixtures. Those don’t seem to be worth spending any money on them.”

Gerry Sentz: “We could certainly go back and take out the higher payback items if you would chose and that would take the total payback of the entire program down. I was looking at the whole program; looking at this as a system of buildings to be 2.5-3 years. We could certainly go back and tailor some of those out but for instance the replacement of the boiler, although it is \$21,000, it does have a ten-year payback.”

Chairman Goodell: “Why do it then?”

Gerry Sentz: “It is something that is needed and again we are trying to pay for this as a whole program. We could certainly scale it back by taking this out and some of the other items.”

Chairman Goodell: “Yes, I would like to see you eliminate some of those long term paybacks and then come back to us. On the basis of again what we said earlier about the small buildings, I think we should table this until we get some better data from you. Could I get a motion?”

Director Kruly moved to table, Director Johnson seconded, and the Directors voted unanimously to table the Energy Conservation Measures on Small Buildings request:

Chairman Goodell: “Okay, we’ve got one more, the GPS request. Mr. Kruly do you want to start off by asking a few questions?”

Director Kruly: “From what I have read on this and in talking about the value of it and I want to preface this by saying the law states that the efficiency grants have to come through showing that there are recurring savings. So what I am seeing is that the recurring savings are in use of gas and stuff like that. Is there concern that people are abusing the vehicles so that by putting GPS systems in the vehicles will allow you to keep better track of what they are doing?”

Gregory Faulkner: “Our concern is not that the vehicles are being used inappropriately. Our concern is that they are not being used with maximum efficiency in mind. By installing GPS into the vehicles and allowing us to track the vehicles, we will be able to determine the most efficient routing of those vehicles. We are going to be able send the vehicles out less frequently, be able to combine trips and combine routes where we will put fewer miles on the vehicles as opposed to dispatching vehicles multiple times to different jobs sites. We are going to be able to find out the most efficient routing of what the vehicles will be to cut out the total miles that we will be putting on the vehicles. We will also be able to track the idling time of the vehicles. If a vehicle is not shut off and it idles excessively it will be notified electronically in our reports from the GPS system; how long the car has been idling. We will be able to be told how fast the vehicle is traveling, if the vehicles exceed the speed limit, etc. We can set parameters in there that notifies us when a County employee is speeding in a County vehicle equipped with a GPS unit in it. So our big savings are going to come from increased efficiency by employees along with reduced fuel consumption because of number one the employees are going to change the nature of their driving habits by virtue of the fact that they know they are being watched; they know that they are being monitored. Secondly by more efficiently monitoring the trips and routing the stops on the trips with the employees so they are not going out of their way but they are doing one continuous route rather than going off on dog wags. This will reduce the total number of miles being put on the vehicles.”

Director Kruly: “It seems to me that some of that can be corrected by just better management of employees. Tell them to turn the vehicle off when they stop.”

Gregory Faulkner: “We are dealing with human nature. We are not going to be there to see if they are actually doing it. Unless you are there to hold their hand 24 hours a day, you can’t enforce that.”

Director Kruly: “That leads me to another question. The object of what you are trying to do here is good but on 200 vehicles you are going to collect a very large amount of data on speed, travel time, mileage, etc. Who is going to be sitting in the Rath Building or wherever monitoring these trucks and determining that employee x has idled vehicle y too much and we got to talk to him. Employee y didn’t take the most direct route to such and such. This doesn’t sound like an easy task. Someone has got to be sitting there and number crunching and supervising all these vehicles.”

Gregory Faulkner: “At first this proposal does not include any incorporation of additional labor or additional cost to the County. It is our intention that the existing employees we have would take over the responsibility of monitoring vehicle use. The way that we will do this in terms of reducing the man hours that are necessary is that reports for use of the vehicles can be customized and we can determine exactly what we would like to have reported to us and how frequently you would like those reports. So on one extreme you could put 4 full time employees in front of computer screens and watch the County employees drive these vehicles on a computerized map 12 hours a day. On the other extreme we can have them sent to us once every 90 days indicating what people did wrong. I would propose we do something in between like weekly reports.”

Gerry Sentz: “The other thing is that where the system is set up electronically, you can have an alarm sent somewhere so in the instance of a speeding case you can have an alarm sent somewhere, whether it is an e-mail notice, a red on someone computer or message indicating truck such and such just exceeded 55 mph while the plow was done and the spinner for the salt was spinning. So you don’t need to be watching this data. You don’t need to be crunching the data, you can let the computer do all the analysis for you and have it sent to you as an exception reports.”

Director Kruly: “I understand that but at some point someone has to say we need to do something about this one or that one, so someone has to be at least eyeballing the data. Do you have any calculation on who that is going to be and how many hours a week it is going to take to do that?”

Gerry Sentz: “What we will do, well the Department has to be responsible for their people. So those alarm type situations, although it will come to Fleet Management and come to Kevin Higgins who also monitors all the fuel and all the fuel exceptions that will also get to the supervisor. It will go to Deputy Commissioner of Employees, it will go to the Commissioner of Parks, etc. because they have to be responsible for their departments. So it is not like one person will be monitoring the whole thing and be the GPS person. It will come into us, it will get distributed and then the discipline level will come from the department level. “

Director Kruly: “My point in all this questioning and like I said I don’t disagree with this general principle, is that there is staff time involved at some place and probably at multiple places. The office of you two gentlemen and then to the Highway Department and then Parks or whoever else is in charge of that vehicles. So there is some amount of time that is spent whether it is 15 minutes or two hours which adds up to something off value because we assume that they are busy with other things and this will detract from that. I haven’t seen anything thing it here that calculates that cost however defused it maybe as to what it would be to monitor this thing.”

Gerry Sentz: “In terms of the additional cost, the additional cost to the County would be zero. When I talked to all the department heads and Commissioners is that will involve approximately two hours of their time per week to review the sections of the report that directly involve their Department employees and they would have to then take appropriate measures to discipline the necessary employs. So myself and Kevin Higgins from the Fleet Services department would be in charge of excepting these reports as they come in on all the vehicles, determining which departments have an issue or a problem and distributing and disseminating this information to the appropriate Department Heads and Commissioners. We feel we can do this our of our existing work day just by working that much harder.”

Chairman Goodell: “You told us how this work and I believe you said that if one car had to go to a certain location in the morning, you would just come up with a plan as to where he was going in the afternoon or whether he would come back or not. Who does that? Maybe I need an explanation of GPS. In other words, Director Kruly has talked about he cost of monitoring this and my question relates to the cost of operating in the first place. How does that work?”

Gregory Faulkner: “That would again come from each Department head, for example the Highway Department. If Mr. Sentz got a call that the road was blown in with a snow drift that needed to be attended to he would be able to like, look at a computer screen, determine a plow that he had in that area, have the individual go over to that immediate area to plow that snowed-in road as opposed to dispatching someone from a highway department garage which could conceivably be a great distance from that road. You could have somebody just a few miles away and get a hold of them on a radio and go over to plow the road that had been snow blown in. So that would be the responsibility of each Department head to maximize the efficiency of their crew on the road.”

Chairman Goodell: “My feeling on this is that it is an idea worth us going forward with. I think some of the concerns the two of us have here, we will be watching but unless Mr. Johnson has any questions.”

Director Johnson: “I would just be in agreement with you Mr. Chairman, that it is worth going forward with in terms of what I have had experience with in dealing with the GPS system in a large department. There are some major benefits in terms of safety and I do think that it could help the productivity of operations as the gentleman explained in using the snow plow. There could be some major benefits and having said that I would agree whole heartedly that we should go forward with that.”

Director Kruly moved to approve, Director Johnson seconded, and the Directors voted unanimously to approve the purchase of GPS Devices for County Vehicles.

Chairman Goodell: “The next we have three efficiency grant requests having to do with Six Sigma. Mr. Hammonds I presume you are here to push this one. I should state that Mr. Kruly is abstaining from any vote on this one and also any questioning because of some potential conflicts.”

Al Hammonds: “Good afternoon.”

Chairman Goodell: “Mr. Johnson do you have some questions to start us off?”

Director Johnson: “The first piece on Six Sigma you are asking for \$52,276; is that the salary for the Director?”

Al Hammonds: “Yes for the remainder of 2008.”

Director Johnson: “Okay. I am going to go right down the line. The next item is for \$490,000; that is primarily for the overall operations by department taking them from where they are not to the end of 2008?”

Al Hammonds: “No. The efficiency grant for the \$490,000 is for training and implementation of the Six Sigma program initiative for the balance of 2008, all of 2009 and even the beginning of 2010.”

Director Johnson: “Okay then the \$425,000 is for Six Sigma training, software and travel?”

Al Hammonds: “There are three things...”

Director Johnson: “Right I can see the three parts but give me the linkage between the \$490,000 and the \$425,000?”

Al Hammonds: “What we are looking for is all the training which involves culture change plus the actual technical training for employees for the Six Sigma piece.”

“Then there is the operational budget. The actual person who is filing the Director of Six Sigma role for all four years. For example the \$52,000

was for the remainder of 2008 and then there is a Director of Six Sigma needed of 2009, 2010 and 2011.”

Director Johnson: “Okay. So let me back up for a minute to go through the request for \$52,276. Is that a new request?”

Al Hammonds: “Those current funds are there. Those were monies already approved by this board for a Director of Six Sigma. When that position was vacated, we talked about putting together another efficiency grant just to cover us with another individual to finish this year. At this time I can tell you because I have new information that just came in late last week is we have found a full time replacement for the Director of Six Sigma and theta person will start either Friday of this week or Monday of next week and they will be a full time employee. That \$52,000 grant was a stop gap to bring somebody in on a temporary basis to fill the position until we could find someone and at this time we have found someone.”

Chairman Goodell: “My feeling is that what you have told us about what you are doing sounds good but we haven’t seen any numbers that show where something has been accomplished and costs have been reduced. We have not seen those yet. I know the Mr. Vetter has had formal conversations and my feeling about this is these three is that we should go forward funding through 2009. I had hoped, if you can recall our earlier discussions that we would be looking at numbers at this point. I am a little disappointed but I realize that you have had this transition and you just haven’t had a chance to put it all together. I would like to suggest that we approve this going forward for the rest of this year and 2009 only.”

Director Johnson: “I am in agreement with you Mr. Chairman, that we approve \$52,000 and the program for one more year. However a the Chairman state, earlier conversation on Six Sigma project was that we were going to get some numbers on a month to month basis. We have not received those yet and I would ask the question than, when would that be coming forth?”

Al Hammonds: “What I had committed to was quarterly reviews with the Board and right now we are midway through the third quarter and I am prepared to give, like you mentioned Mr. Chairman Goodell, I have been working with Mr. Vetter, you’re right there has been some transition in terms of actually pulling documentation together. We have saved \$230,900 of real dollars to date towards out \$1.1 million and in addition to that we have brought in \$55,000 in additional revenues that were not planed specifically as a direct result of Six Sigma on these projects. I do have an example of one project from beginning to end that I can actually walk you through and show you from beginning to end the define, measure, analysis, improve and control stages to shoe you what the Parks Department who are an example of how that has worked. These are all the commitments that I have promised you

guys. So we have that available which I can provide so you can see how the process works.”

Director Johnson: “So when the new guy comes in, are you still going to be handling three hats?”

Al Hammonds: “No, when the new guy comes in, it’s his job.”

Chairman Goodell: “Well we are going to miss you.”

Executive Director Vetter: “Mr. Chairman, if I could, if we are looking forward to extending Six Sigma for 2009 just from a technical standpoint, that the \$52,276 would be through 2008 and then for the Six Sigma Director position that works out to be about \$160,000 plus or minus a little bit for the next year, so technically in that range of approval. In the application itself for Six Sigma training, there is only one item in the application that is not for 2008 or 2009. It is a \$67,000 item out of the \$425,000 so that would be about \$368,000 because the overwhelming majority of the training is for 2008 and 2009 so if we are looking for technical approval it would be just under \$368,000 for the six sigma training for 2008 and 2009 calendar year. So that approving those three items would continue the Six Sigma funding through 2009.”

Chairman Goodell: “So it works out to approximately \$578,000. Is that about right?”

Director Johnson moved to approve, Chairman Goodell seconded, Director Kruly abstained and the Directors voted to approve Six Sigma programs through 2009

Chairman Goodell: Would you get back to us very quickly by binging us up to date with what you have done? I am trusting you and look forward to hearing from you on that.

Al Hammonds: “I appreciate your trust and I would like to invite the Finance Committee to our closing. You will get a report prior to that but in October we will have a formal close out for this full first wave of projects to look at the bottom line savings and have a lunch and what I would like to do is reach out to this group and have the entire Finance Committee come out for that. We’ve got National Grid who is going to sponsor that, so we are not paying for it out of County funds.”

Director Johnson: “What is the date?”

Al Hammonds: “It will be the last week in October. It will be on a Tuesday or Thursday. We are working on getting a date together but I will extend a formal invitation through Mr. Vetter for this group to come to our Wave One Bottom Line Savings and Awards Ceremony.”

Chairman Goodell: “The next one we will look at is VM ware virtual infrastructure for \$790,517. I am going to ask Mr. Vetter to start this because he has more up-to-date information than the rest of us do.”

Navpreet Jatana: “Members of the board, my name is Navpreet Jatana, the County Chief Information Officer in the County for Information and Support Services. I have my colleague Michael Shenkle, the mastermind behind this proposal.”

Chairman Goodell: “I’m sorry. Is he from the vendor?”

Navpreet Jatana: “No, we are both from the County.”

Executive Director Vetter: “Mr. Chairman, if I could, because there are some member of the board who actually have IT departments who forwarded some questions, let me just go through these for a minute. One in terms of the saving that inure to this I guess that the understanding for other organizations is that generally savings inure through staffing changes or reductions when you go to a virtual server environment. Are there plans because the proposal indicates utility savings and doesn’t really indicate any staffing or contract service savings that my understanding from the conversations I have had tend to inure with this kind of department.”

Navpreet Jatana: “What we wanted to focus on was the tangible direct savings that we knew we could realize. As far as staffing is concerned, we are already a skeleton crew. If we lose any more people we would be able to do our jobs anyway. So it when it comes down to it, what we focused on was hardware. We have to maintain hardware which is at the end of its life or beyond end of life so it is bound to fail at any time, so we have to accept that risk. As far as networking, powering and cooling so those are all tangible things. The indirect costs we do have in this proposal but did not want to focus on soft number but wanted to focus on the hard numbers.”

Executive Director Vetter: “The other issue brought up with board members and other technical people was with regard to reducing the server count; the application indicates from 66 to 10. The question is because generally server counts generally reduced by eliminating the number of applications and this may or may not require this kind of initiative. Has there been a study on the applications an how those can be reduced either with or without this environment?”

Navpreet Jatana: “That is actually a very excellent question. We have that issue at the County currently, which is the sprawling number of applications. However our focus here is server virtualization not the application which is a separate application in and of itself. If you look down here at the

chart, currently if I had to draw a parallel, it would be something like car pooling for servers. We have an operating system and we have a hardware server that runs this operating system so we have one person driving the one car. With virtualization we are proposing that we have multiple individuals come in and take the ride so that we can maximize our hardware infrastructure and reduce the power and cooling savings that we would realize.”

Executive Director Vetter: “I guess two items related to that. One is with regard to the cooling savings. Is there anyone locally, like HSBC given their system; some organization that has gone through this locally with whom we could speak to get more detailed information on how these process inured to them? A related questions because really you are looking at energy savings would going from a PC environment a dummy term, which is probably a bad phraseology into a Citrix environment, would that have a hire return and with that be better in terms of staffing and support to either combine or looking at that in terms of a green footprint.”

Navpreet Jatana: “I will turn that over to Michael Schenkle and he can answer that.”

Michael Schenkle: “To answer your question there are two parts there. One had to do with the nature of the savings and the other had to do with other items.”

“The first one was local organizations. HSBC has utilized this technology but it has not been a factor in their recent difficulties however. I do know personally one of the individuals there and works on this technology. I can talk to him and see if he would be permitted to discuss with further anyone and would be interested. Certainly it would be something that I would be interested in. Then the second bunch of questions talked about where does the savings come from. Is it cooling or some other desk top piece to reduce the energy expenditure. The reasons I brought up this graph is because this light blue chunk on my left your right under current is hardware maintenance costs. See on the left side for me, right for you, that is really where the bulk of the savings comes from. Instead of replacing 66 servers we are purchasing 10. These servers have to be replaced. They are like the fleet in the previous example. They are high on miles, we are spending money functioning on contracts that we would be better off replacing the server.”

Chairman Goodell: “Wait a minute, let me understand this you are going to have to spend \$800,000 for software and you want us to fund whatever it is for hardware so that you don’t have to spend the larger amount?”

Michael Schenkle: “You have phrased it differently. What I would like you to do is take the opportunity to improve the efficiency of our operation up from rather than overtime because we can’t do this right now. We are in a bad situation

and we cannot do what we need to do, so we would do it piecemeal. The savings wouldn't be there and the operational risk would be higher."

Chairman Goodell: "How old is this equipment?"

Navpreet Jatana: "Some of it is over 10 years old. Just to give you an example of some of the functions that are currently fulfilled. We have banking data transfers, e-mail and first responder communications, jail management system, crime lab evidence system, health data bases, real property data bases, social services document archiving, physical building security, 27 systems specifically which are past end of life, 31 systems in all which will be beyond past end of life at the end of 2008 and then we have 66 in 2009 that will be beyond the manufacture supported time frame."

"So we must replace these servers with other servers and what we would like to do is become more efficient and carpool. So invest in physical servers because we still have to do that, we can't get rid of physical servers all together but we don't have to have the same required number of servers; 66 instead we are proposing we purchase 10."

Chairman Goodell: "You said that some of this is hardware the manufacturer will not continue to support. Have you sat down with them and tried to negotiate something with them, say for a few hundred dollars a year."

Navpreet Jatana: "Yes, typically hardware manufacturers have a support life cycle of three years and then beyond that you can pick up extended support and beyond that they typically say yes you have old hardware; purchase new software. That is where we are. We have discussed that with them and we do not have an option."

Chairman Goodell: "Well I have had the experience of negotiating with Mrs. Mazzone and I think that she would enjoy negotiating with those fellows as I have done in my career. I am sure she can produce some very interesting results also."

Navpreet Jatana: "I'm am very confident in Ms. Mazzone's ability. However, Dell is one of the manufactures and they are pretty strict on that policy."

Chairman Goodell: "My feeling is that I do not understand this well enough and I would like to table this until you sit down with Mr. Vetter and some of the rest of us and go over this because I am very nervous about this concept of give us some money so that we don't have to spend a whole lot more money. Can the servers be serviced, are there used servers on the market that can bolster what you've got. Could you rebid this? How far can you go? Is it a multi year thing?"

Michael Shenkle: “Not to naysay and I understand your point but the difficulty I have with it is that we are not talking about best case or best effort services. These are the pagers and e-mail devices carried by first responders, these are the systems that transfer data to and from the banks, these are systems that have to operate 24/7 and if I could run them on used or out of warranty equipment where I can’t get it back up and running quickly enough because we can’t find part, nobody makes parts and/or technicians aren’t trained on the older equipment. It is bad for all of us. I understand your concern but my policy as a systems designer has always, to try and provide a system that supportable for the response level and these are systems that require a prompt response on.”

Chairman Goodell: “I sympathize with all of that.”

Navpreet Jatana: “Might I add, that when it comes down to it some of the indirect benefits that we would realize through this efficiency process is the provisioning of the servers to the administration. There will be savings and it comes to how effectively we can use these servers versus how we would manage the physical servers. The disaster recovery, right now the county is in dire straights with disaster recovery capability. We want to improve that and that it lends itself very well to that capability and finally unplanned down time. So those are all indirect improvements that we would realize with out a doubt by investing in this infrastructure.”

Chairman Goodell: “Why isn’t the capital portion of this included in the County’s budget?”

Navpreet Jatana: “It is.”

Chairman Goodell: “Oh, so you are asking us to approve it as part of the capital budget?”

Navpreet Jatana: “No, we require this infrastructure in order to continue to build out the virtualization capability.”

Chairman Goodell: “If we approve the capital budget of the County, we in effect approve the purchase of this hardware?”

Navpreet Jatana: “I’m not quite sure if I can answer that. I’m not quite sure if I understand that question entirely but what I will say is this. When it comes to the hardware that we are speaking about the capital projects versus this, is we can do this over 10 years for sure. We may or may not get the technical funding along the way but we do realize this is a very serious problem before us. We are requesting funding because not only do we solve this very serious system problem that we do currently have but it will also make our operations more efficient in the process.”

Chairman Goodell: “It seems to me here that what we are talking about is \$180,000 in hardware. Is that correct? My point is that a significant amount of what you are asking for is capital money and that should be in the capital budget. If it is in the capital budget, why are we here?”

Navpreet Jatana: “That specifically is not in the capital budget.”

Chairman Goodell: “So it’s not in the capital budget. You can’t convince the County Executive to put this in the capital budget?”

Navpreet Jatana: “Yes, we surely could but it is a matter of what is the immediate need and this is one of the immediate needs that we have and would like to leverage the efficiency process. This is not the only capital expenditure that we have requested. I wish the County had an unlimited money supply but when it comes to 100% County-funded projects, they are not funded. Even if they are funded we can hope to resolve this problem in 2 years from now when the funding is actually received for the capital project but the reality is that this problem exists today and we need to resolve it as soon as possible.”

| Chairman Goodell: “So the County Executive has not endorsed your project?”

Navpreet Jatana: “Absolutely, we have full support from the County Executive.”

Director Johnson: “That the request comes here to the ECFSA versus looking within the internal administration?”

Navpreet Jatana: “We have requested. Let me clarify and I believe that we are talking about the same thing. As far as the purchasing of these particular servers and the funding of this, is a critical component in us continuing to fund this. This is not the end all be all of this project. We are requesting funding for this project and that is the reason that I responded in the positive. We are requesting capital funding but this component needs to be in place which is what we are requesting from the control board in order to continue with the virtualization. We will need funding for that as well in our capital projects. This is only a subset of all the funding that we will require. The County Executive understands that and endorses that.”

Chairman Goodell: “We have asked before for a plan over several years for IT expenditures and we have not seen that. I would suggest that this is a capital project that belongs in the County’s capital budget which we will review in due course. If you can somehow convince us and perhaps you have to bring Mr. Gach to come in and explain to us why it is different and when we will be able to look at an IT plan. Is that okay? Do my compatriots agree with me?”

Michael Shenkle: “Mr. Chairman Goodell, I would like to indicate to you that, as the technical designer, it is different because without some form of action now the level of risk to systems with a high service commitment is unacceptable.”

Chairman Goodell: “Mr. Polancarz is quite capable of coming up with \$180,000 right now.”

Navpreet Jatana: “Yes but he may not be able to come up with \$790,500.”

Chairman Goodell: “He has been cutting checks for years now. I can’t believe we are dealing with this when he is giving us scares about llama and the giraffes and still we haven’t seen the capital expenditures spent so I would suggest you sit down with him because if this is the true emergency you say it is, I am sure that he will come up with it because this is not the time or the place for this board to deal with it. Are there any questions?”

Director Johnson: “I have one of the \$719,517 that you have requested. If the dollars were coming out of the local budget and the impact this would have on various County departments, would there be any reimbursements back from other sources? If not 100%, 50%?”

Michael Schenkle: “There might be a possibility to work with NYSERDA on the energy portion that comes to mind immediately.”

Navpreet Jatana: “I’m not quite sure there is a question you are asking regarding reimbursement from the State or Federal reimbursements?”

Director Johnson: “Yes, that is what I am asking.”

Navpreet Jatana: “Typically as the Department of IT is concerned, we are a zero-based budget, so we charge back to the departments for our respective use of services, so in that way yes, we would be reimbursed for that but typically it would be a project that was requested from our department on behalf of the County.”

Executive Director Vetter: “Director Johnson, if I could, maybe to liken this to the “Blueprint for Change” that I don’t think is here any longer but there was an indication there for IT were the NYS Department of Health because there were IT capital requirements needed through the Department of Social services and the Department of Health that there were some funds allowable under there reimbursement seem for capital projects that are, some portion of which can benefit functions and maybe, it might be worth a conversation because the person that was there is no long there, they are looking at in excess of \$1 million because I think that program was looking at \$7.2 million, they were looking at in excess of \$1 million for that program and it sounds like this could significantly benefit the Health

and Human Services Agencies and might be worth the conversation with Rick Swenson or whoever is there to see if there is capital or operating reimbursement for that in addition to the annual charge backs. Let me clarify one other item, if you were looking at a capital budget and I ma not sure that this is true or not that this is not an 2007 or 2008 capital budget that is a request for the 2009 budget so at this point there are no funds allocated for the 2009 budget. There are requests that have been reviewed by the 2009 capital committee so that if the County was looking to do something at this point for a capitol budget there s nothing in place.”

Navpreet Jatana: “That is correct and Chairman Goodell, if I could just state this is my sixth month with the County, and as an IT subject matter expert, my job is to see that we have a recoverable infrastructure. I see this as one way that we can do this effectively and efficiently. This was a perfect opportunity for us to apply for an efficiency grant because this is how we would become more efficient. When it come to fleet those are tangible assets and this is more of a concept but hopefully we have been able to identify that; 66 to 10 we are much more efficient and with the improvements that we are realizing, which are indirect savings because we believe those are softer numbers and our focus on the reduction of cost, we hope that you would agree that this is something worthy of receiving an efficiency grant.”

Chairman Goodell: “But, you are telling us that the light blue money had to be spent and this should be in the County’s capital budget it seems to me.”

Navpreet Jatana: “I can’t speak to that it should, but I can speak to the possibility that it may not happen. That is the reason that we are asking rut ECFSA because we realize that it has happened in the past but realize that it should in light of the State budget crisis. So we are looking for any and all help that we can get on this problem because as far as IT systems are concerned they just need to work. They do as long as they do not break and we don’t want to be in that situation.”

Chairman Goodell: “We understand that and our concern is that this doesn’t belong in front of this board at this time. It is a capital project and should be bedded by the Budget Director and the County Executive and come to us as part of a capital plan.”

Navpreet Jatana: “I believe we have done that and perhaps Director Vetter can share some incite because we have informally discussed this matter and well as the by which the capital component is involved because it des have a capital component but by itself the capital component will not address the other \$600,000 that we require. So it is a package that we will have to put together but by making it happen all at once me and that we will have to be able to do other much needed initiatives and that is why we are asking for this assistance.”

Executive Director Vetter: “Technically if I could, of the \$709,517 and this is off the top of my head, technical items and the server storage probably would have enough useful life to be capital items but the rest of this including; software licensing, the plant, the employment planning, transfer and design training technically would not be capital eligible and just looking at technically the life of what is there t might e \$430,000 of the \$709,000 could be capital eligible and some portion of that \$709.00 could be reimbursable through the State Department of Health or other State agencies so that if there were a true shortfall that couldn’t come from a capital budget or are imbursement from a State agency, we are probably talking in the area of less than \$270,000 or so. Just to put this in order of magnitude.”

Chairman Goodell: “Can I get a motion to table until all these issues are clarified?”

Director Johnson moved to table, Director Kruly seconded, and the Directors voted unanimously to table to VM Ware Virtual Infrastructure Proposal.

Chairman Goodell: “We look forward to having you clarify this and when you can come back to us to explain why Mr. Polancarz found money to fund giraffes and not you guys. Thank you.”

Chairman Goodell: “Okay, Space Utilization. Ms. Mazzone?”

Michelle Mazzone: “I hope my negotiation skills are good enough to get approval on the efficiency grant today.

Chairman Goodell: “You distributed something to us just before the meeting on your space utilization projects. Is that correct? It that what you are going to talk to us about to us today?”

Michelle Mazzone: “Yes. Basically this form is a summary of the quarterly report that I submitted in June but if breaks it down further discussing the square footage reductions we anticipate saving due to the reengineering. You can see we have about \$6 million in rent and an average of about 43% reduction in square footage utilization. In the fist year we have analyzed 46,870 square feet and in the Rath Building alone the average reduction was about 55%. So we are here today to ask this board for the remainder of this efficiency grant that this board was kind enough to approve in the beginning of the year to allow us to research these savings and come to these conclusions so that we can move forward in search of other opportunities of savings.”

Director Johnson: “This is certainly good news. To be at the level that you are within I am going to say is a short period of time and to be able to explain where to be and where you are going and the need for additional resources to bring this

to a full solid savings package. That is what we were looking for through reengineering and I am going to say without consulting my Chairman that this looks favorable.”

Director Kruly: “I am familiar with the leases at 69 Delaware and 79 Broadway. What are the other three that you are terminating now?”

Michelle Mazzone: “The other three leases, two of which are Department of Health and Environmental field workers that were one time located in the Rath Building. We feel that it is inappropriate for them to be located at a leased site and are bringing them back to the Rath Building. The other is a clinic that was originally funded by the State that ended years ago. So it was a \$30,000 payment out of the County’s funds and we are eliminating that because there is another service within a mile of that location.”

Director Kruly: “What about the 800 lb gorilla on the lease list? They are not here, but the ones for Social Services? Is there any prospect that those will be reduced because those are the ones that we have talked about well before you started with the County but they are still there?”

Michelle Mazzone: “Yes one of our goals is to evaluate all of the leases and we are already working with all of the departments who have space in these leased building and we are putting together future project plans of how we can use their space and we are actually in the process of researching opportunities to either reduce the amount of the space they lease or eliminate the lease all together.”

Director Kruly: “I recall some conversation where we approved a lease for the Social Services Department at Hens and Kelley and there were some options that would allow the County to back out of a portion of the lease on an anniversary date. Is there anything being done about that?”

Michelle Mazzone: Yes any lease that we are negotiating at this point and with that lease we did not have the time to consolidate the Social Services entities and that is what our goal is. So we renewed that lease with the opportunity to eliminate it after 24 months so that we can have more time to analyze the actual space as a whole. We also are in the process of renegotiating that lease and are saving \$80,000 annually in the original lease payments.”

Chairman Goodell: “Do you have a list of projects that you are working on now that you have set your 2008-09 things you want to do?”

Michelle Mazzone: “The sheets that I gave you today are my internal notes. These are the projects that we are working on for 2008-2009. The challenge that I have is that it takes time and as you know, thanks to this board for the monies for construction, but we have to plan and construct the places and the

ultimate savings does not occur until the space is done and the process has to be monitored through that completion. I do have some ideas of additional departments that we would like to pursue that I can provide you with. When I present to you around September 17<sup>th</sup> or so, I have to give my review to you folks, I can bring that data with me if you would like or provide you with some information.”

Chairman Goodell: My feeling is that I would like to see us fund you through 2009 but have you give us a list of the projects you are working on and just the ideas so that we can feel comfortable that you have a full docket. Is that okay?”

“Do I hear a motion to approve this position through 2009?”

Director Kruly moved to approve, Director Johnson seconded, and the Directors voted unanimously to approve the Space Utilization position through 2009.

Chairman Goodell: “The last one is the Forestry Program.”

Jim Horner: “Good afternoon, my name is Jim Horning, I am Commissioner of Recreation, Parks and Forestry and with me is the County Forester Dan Cesar.

Chairman Goodell: “Could you explain a little bit of what this involves?”

Jim Horner: “We need to regenerate and move our department ahead from where we got turned back in 2005. We have three arms with the parks, the forestry and recreations. Forestry and recreation are two arms that we can do better in to help support the parks system. Now under the forestry area we are not doing a couple of things properly. Number one, we are not managing our forest lands. So the trees that are sitting in the forest and that was our mandate going back to the early 1930’s to be able to manage those forests and use the woods out of the forest and then use that wood internally in Public Works and so forth and also sell some that wood. We are not doing that and we weren’t doing it properly years back. We want to get back to that point. The request today is to crawl rather than walk with this. In the past our department in the forestry area had in excess of 7 people and we are asking for three and then we would like to redevelop the program. The management plan that was on the table in the past, we have eliminated that and have put forestry people and professionals around Mr. Caesar to build back a true forest management program and planning that could be accepted by all.

Director Kruly: “Do you have information available on how things ran before the County melt down. What I am specifically saying is that if you go back 4-5 years before things got cut, was the County making or losing money on the

forestry operation when it was up and running when it was it a more a less a normal operation?"

Jim Horner: "I will let Mr. Caesar talk a little bit on that but from what I understand we weren't monetizing properly, we weren't taking the proper lumber out of the forest to do the right job. We weren't getting our maple syrup out of our sugar bush properly because we were not tapping those properly. We were doing things poorly and we weren't capitalizing, no question.

Dan Caesar: "Erie County has a great resource in 3,400 acres of property in lumber. Erie County has a product and there is a demand for that product. We have to manage it so that the management plan can work very easily. There is money to be made. There should be sufficient monies to cover all expenses of this department. There are upgrades to be made. The last upgrade in the maple sugar was 28 years ago. It virtually went from cans to tubing and the updates that have occurred over the past 28 years are unbelievable. This money would be used to update that. That is a one time deal. The profitability of that maple syrup has gone up tremendously. With the monies that can be put in, there is a lot of money that could come out of that. It could make the department self sufficient.

Jim Horner: The taps that are currently in the trees; we have about 2,300 taps in maple sugar bush trees. With this proposal we are suggesting that we add a vacuum unit to the piping that is currently there. That vacuum will eliminate most of those taps. We will put new taps in and instead of having 5-6 taps per tree to the sugar bush we are going to put two taps per tree. So we are going to go down to approximately 500 taps each year. We can go as high as 5,000-6,000 taps but the point is we are going to get more maple syrup out of the 500 taps than we would have out of the 2,300 taps.

Chairman Goodell: "Is maple syrup the only source of the revenue?"

Jim Horner: "On the sugar bush? Yes."

Chairman Goodell: "In the forest, the 3,400 acres?"

Jim Horner: "No the wood is the primary source of funding. The cost of wood is down right now; that is why we are crawling with this rather than running with this. Wholesale prices are down and it's a good thing because it means we are not having storms, etc.; that is a positive thing, but as far as coming to you and say that we will get \$3 or more a foot, I can't do that.

Chairman Goodell: "So we just sell the logs? We don't have a sawmill."

Jim Horner: “We do have a sawmill. So what we want to do is to sell the logs to some degree and we also want to take our old logs and use this saw mill that we currently have that has got a brand new diesel engine. In fact the diesel engine has less than 34 hours on it and cut our own wood. So when we get a call, well currently we have a bridge in Akron that needs a block underneath the bridge decking in order for us to keep that bridge open on a one lane basis. We can do that because we can go cut our own wood. Right now I can’t do that.

Director Kruly: Mr. Chairman, County Legislator Thomas Loughran is here and I believe his committee at the Legislature has been involved with the logging issue, I was just curious if he would like to make a few comments on what we are talking about today?

Legislator Loughran: “Thank you, this is encouraging just hearing the conversation. I can tell you from January 1<sup>st</sup> since the new Commissioner has come into the Parks Department it has been day and night. I don’t know what kind of enterprise I would like to call the previous administration in dealing with our parks and recreation. It is absolutely tremendous resource; 3,400 acres of forest. The management has been mismanaged and I think that this approach of not all at once, maybe see hoe they do would be in order. I also and we haven’t completed. I know that they had a logging operation that never reached their projections and apparently had a negative impact on the environment and the operation of the forest due to erosion and other mitigating circumstances. So I think this would be an excellent opportunity to get back on track in a managerial program that will protect these resources. The sawmill, I have been out there and it does have a new diesel engine. I think it might need some minor repairs to get it up and running it certainly, I think it is worth pursuing this.”

Director Johnson: “Question to our esteemed Legislator. Do you see the forestry division within the parks and recreation division, if you started doing some logging, maybe tapping the maples, generating some revenue that could help enhance the overall parks department.?”

Legislator Loughran: “Yes, because you do need a management program, because there are certain trees that should be harvested. When we were to there, for an example, some trees grow taller than other ones and they can shade the vegetation out there and stunt their growth. So, I don’t think there should be a commercial logging program because we only have 3,400 acres. I think those trees are probably more valuable standing than any commercial use that you would have for them. The program that was imposed by the previous administration never realized this in the projections of a revenue source. I think within the Parks Department, if managed correctly, at the very least budget neutral that they could pay for their own department.”

Chairman Goodell: “Roughly what are the revenues per year for lumber and maple syrup?”

Jim Horner: “This year because we are going very slow with this, we believe the maple syrup revenue will be about \$35,000 and internally depending upon what we use with the departments and the departments have to understand that we can cut the wood or make the wood and we think that is somewhere in the \$30,000 range and then the rest would be part of the logging operation.”

Chairman Goodell: “The rest being how much?”

Jim Horner: “The rest would be, if we based it on \$200,000, there would be about \$140,000 somewhere in that range.”

Chairman Goodell: “That would be selling logs to somebody?”

Jim Horner: “The issue with the logging in the past it is that it was done improperly. There was no management watching people do the work. If you don’t watch a contractor and particularly in logging, they will take advantage. So instead of them taking out a beech tree, they are liable to take out a cherry tree. A cherry tree is going to give you five times the amount of money that a beech tree would. That is what we need to stop and that is what our management crew would do. It is something we would take care of in watching the staff. The other thing is that, if we don’t manage our forests, as Legislator Loughran stated, the ground itself just can regenerate new trees and what we end up with are more softwoods that we do hardwoods. Hardwoods are more valuable. 50% of our land is hard wood so we need to tap that resources and that is what the County Forester is there for. In easy terms; if you have a large tomato plant and you let that plant mature right until late October or November, that tomato is going to get about as large as it can but it has gone beyond its prime. You should have harvested it 3 months earlier. This is the same thing with the trees. As the trees start to mature and in some cases, in the softwoods in particular. They get worse and become a bad asset. So we have not been harvesting properly within our forest and that is creating some of the issues we have now.”

Chairman Goodell: “Let me get my numbers here. \$35,000 from Syrup, \$140,000 roughly from selling logs and then another \$30,000 was used for what?”

Jim Horner: “That is internal; that would be used for us to rebuild our shelters, some of the buildings, DPW for two by fours and their buildings and grounds operations do they wouldn’t have to buy the lumber that they are currently paying for.”

Legislator Loughran: “Mr. Chairman, this is a really important component. We are not talking about a commercial operation here. The previous logging contract, there was no accountability and I can’t emphasize that enough, and I think accountability is an important component in this to protect our resources; that they are not just cherry picking the hardwoods at the expense of the softer trees that aren’t as valuable.”

Jim Horner: “One other point. We have a good number of acreage that has ash trees. Ash is a very good tree but we are coming close to there being a problem with ash trees with an ash borer that is coming across the County. It is in Canada and very close to us now. As a matter of fact, the State has been monitoring our forest looking to see if they can find the ash borer. They have not seen it. As per last report we got a couple of weeks ago but I haven’t seen that report yet but my understanding that they did not find any of them in the traps. It is not a question of if it happens it’s when it happens. As soon as the ash borer gets into our forest, we only have one means to eliminate the ash borer and that is to cut the tree down and have it burned. There is no other alternative. It is very similar to the elm leaf beetle that we all put up with thirty years ago. So if we are there monitoring our forest we can tell what has to happen instead of losing that ash product we can make a very proper judgment call and decide what we do with those trees.”

Chairman Goodell: “I would like to suggest to the committee that we table this item until Mr. Vetter can get some more details particularly on the historic revenue and what some of these projections might be. Is that all right with everyone? Do I hear a motion to that effect?”

Director Kruly moved to table, Director Johnson seconded, and the Directors voted unanimously to table the Forestation contract.

Chairman Goodell: “Are there any questions of other items of businesses that we need to discuss?”

“There being not further business, I would entertain a motion to adjourn.”

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

Respectfully submitted,

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Stanley Jay Keysa

Secretary

October 21, 2008