Minutes
Erie County Fiscal Stability Authority Finance Committee
November 30, 2009

Present: Chairman Kenneth Kruly, Secretary Stanley Keysa, Director Daniel Oliverio, Executive Director Kenneth Vetter

Director Kruly: "I would like to call this meeting of the ECFSA finance committee to order. We are here today to consider a couple of requests for efficiency grants and also to discuss the Authority's 2010 budget. I will first turn the meeting over to Mr. Keysa for the approval of the last meeting's minutes."

Secretary Keysa: "Thank you, Mr. Chairman. You have before you a hard copy of the minutes of October 9, 2009. This was e-mailed to everybody yesterday. If there are no amendments to those, I would move for approval."

Director Oliverio seconded the motion and the committee members voted unanimously to approve the minutes of the October 9, 2009 meeting.

Chairman Kruly: "We will start with the efficiency grant on the settlement of the AFSCME contract. I would ask Mr. Hammonds and Mr. Murphy to come up to give us a brief overview of the proposed contract."

Executive Director Vetter: "I see Mr. Putrino is there as well. You are more than welcome to come up."

Director Kruly: "Before we get started, Mr. Murphy, I would just like to take a minute and have Mr. Vetter update us to where we are on efficiency grants."

Executive Director Vetter: "Very briefly, there has been some discussion at the state level on efficiency grants. The ECFSA was allocated $25 million total in efficiency grants. Thus far, it has approved approximately $10 million; about $7 million of those in the last year. The remaining $15 million; there is a proposal from the Governor to cut them by about 10% leaving $13.5 million. The requests that have been put in to date are just under $6.5 million. Assuming everything is approved, this would leave about $7.5 million in grant money. I spoke with folks at that State this morning who indicated that the 10% cut is on the table but did not indicate the appetite from the Senate and the Assembly for accepting those reductions. So we are not quite sure if that is going to occur or not. It might be prudent to assume a slightly lower amount which will not impact these grants at this point but we will have more information as the State budget comes closer.

Director Kruly: "Thank you, Mr. Vetter. Gentlemen?"

Joseph Murphy: "Thank you. We are here today to ask you for an efficiency grant to help us finish the AFSCME contract. It is a long-term contract that we have been negotiating for over a year."

"Previous to this contract, in 2004, AFSCME took a 0% raise for health insurance considerations."

"In 2005, they had a contract imposed by the Erie County Legislature that granted them a $600 one-time payment that did not gain their favor, so they took a 0% increase. That $600 increase was then rejected by your body."

"There are approximately 1,800 AFSME members working for the County of Erie and other employers; 900 have worked for the Erie County Medical Center, 650 for various agencies inside of the County, 170 for ECC and 78 for the library system."

"Previous to this, there was a negotiated contract that was voted down by the members. This particular contract has been voted in by their members, approved by the Legislature and signed by the County Executive. This agreement is very important to ECMC. The Medical Center, as you know, is going through merger talks with Great Lakes. One of the stumbling blocks has been their employee contracts. If this contract is approved and we get the efficiency grant and this contract is completely ratified, this will be the majority of the employees there between the NYSNA contract and the AFSCME contract, and this will give ECMC a better standing in negotiations. The contract we are asking to get approved is from January 1, 2006 through February 31, 2015. The first four years of the contract calls for a 0% raise and that is on top of two 0%'s that they took previous to this. Going forward, they would be asking for 3% through years 2010-2015. Additionally, employees would receive up to a $1,000 a year bonus payment for the back years of the contract. This is the money that we are asking for you today.'

"The bonus comes to slightly over $5 million. The hospital stands ready to put in their $2.6 million to make this contract go forward. We are asking that we give $2.4 in bonus money and additional related payments for payroll expenses. The cost compares to contracts that have been signed. The State of NY just recently did the blue collar contract. Theirs was from 2007-2010. They received raises of 4%, 3%, 3% and 4%. The concessions that were made were basically in the insurance area on co-pay increases."

"The City of Buffalo recently signed a contract that was approved by their control board. This was for their white collar unit. That is through 2007 to 2010. They are receiving 3% a year in each of those years plus an addition $2,000 to base in 2008 and additional step increase in 2007. All of those payments were made retroactively. For their part, the unions have come to the table and have made significant changes to their contract to allow us to get this done. This new contract eliminates two holidays for all members of their unit. It eliminates summer hours; summer hours are the equivalent of three days of work. So with these two changes it means the employees will be working an extra five days a year. In 2011, the current employees will pay 15% of any growth in their health insurance. New hires effective after ratification will pay 15% of the complete premium. Current employees, certain segments of them will continue to receive free health insurance and retirement but another portion of the union will pay 50% of retirement. New hires after this contract is approved will not receive retiree health insurance. Additionally hires will have 30 minute paid lunches where there are currently 1 hour paid lunches. Currently new employees can make it to the top of the pay scale in 4.5 years. It will now take 8 years to get to the top of the pay scale. The employees do the most labor intensive hard work of anybody in the County and have not had a raise since 2003. They truly deserve it. The union stepped up to the table to make the changes to the contract and to make this possible. There are representatives here from the library, from ECC and from the Union, if you would like them to answer any questions on their behalf. I will entertain any questions."

Secretary Keysa: "I am impressed with the number of changes that have taken place here. One of the questions is: I believe we are looking at a 10 year contract?"

Joseph Murphy: "It will be a 10 year contract; it will be from 2006-2016."

Secretary Keysa: "Why that long?"

Joseph Murphy: "The first five years are already exhausted. To get the changes in the contract that we were requesting we had to put enough money on the table to make it worth their while to sign it. To get money on the table going forward we had to go out a number of years."

Director Oliverio: "I appreciate the comparative to the State of New York, to the City of Buffalo… and the City of Buffalo. However, anything the State of New York does now probably isn't a good comparison. The City of Buffalo does not have a $175 million shortfall over the next three or four years. Does it really make sense under our circumstances, regardless of the comparatives, for raises that amount to 3% compounding over that period of time when we also have other unions and other entities that are going to look at this contract when they consider their own situation?"

Joseph Murphy: "The reference to the other cities was to show that, for less money, we are getting more concessions. I agree with you that the contract for the State of NY is basically just a percentage raise with no structural change. We needed to spend some money to get structural change to the contract. That is why you see us spending the 3% going forward, and part of that is catch up."

Director Oliverio: "When I'm looking at this in my own head, and I think of efficiency grants as some sort of savings or a benefit to that tax payers, I know Mr. Goodell, whose seat I took, used to have a little rule of thumb, where there used to be a payback period of 3 to 5 years for efficiency grants. How do I square this with the Goodell rule or in my own head when I look at an efficiency grant as something that is suppose to show some demonstrable savings or increased efficiencies over a period of time? This is just providing you money so you can get a deal done that has a payback that is out into our lifetimes."

Joseph Murphy: "As far as the five-year rule that we have been asked to stay within, we are asking for slightly under $3 million. During the life of this contract through 2015, the employees will make approximately $3 million in payments to its health insurance that they currently would not make. Additionally, we are going to pick up another $4 million of productivity. So I think that on the five-year rule on the charts that we have received over time, there is a $7.5 million payback over the first five years of the contract. Granted there are also wage increases, but the upside of that is that there will never be a wage increase again because the Taylor law requires that we have a standing contract with the union. We do get more money back by offsetting what we are asking you to spend by asking you to spend on our behalf."

Director Oliverio: "I think our calculations show that this contract will not pay for itself even though you are saying it saves money for a period of over 20 years. I guess that comes down to the compounding of the 3% increase over a period of time like this."

Joseph Murphy: "I believe the out-year you are looking at is 2030, where in fact the money spent will be less then the money that we have taken back in. In looking at that, I think that is a great contract. It not only pays for itself but starts returning millions of dollars back to the community. It is 25 years out, but it is clearly unique to any labor contract that I have seen. Previous to this, most union contracts are a percentage raise for a change in work condition. A union contract never pays for itself. This, put together with the changes in health care, when you look at the far out-years, you are looking at hundreds of millions of dollars that will not be spent on retiree health insurance when these contracts go into effect."

Director Oliverio: "Thank you Mr. Murphy. I appreciate it."

Secretary Keysa: "I noticed on this that we have included FICA and retirement. What is the basis for that?"

Joseph Murphy: "When we did the NYSNA contract that was approved by your body, we included the FICA because it is the employer liability. In this particular instance we were trying to stay under a certain dollar amount. When they were done we had some room under our cap because it is such a big number on this contract."

Director Kruly: "I think that though we have questions, we understand the importance of this contract. AFSCME employees are hard working and dedicated people and certainly deserving of some consideration, considering the fact that they haven't had a raise in a while. What concerns me are some of the similar points that Mr. Oliverio has raised about the cost. The Administration is trying to sell this as a cost saving measure; it is not a cost saving measure. If the Administration was more accurate about it, and acknowledged that it was a pay raise that was deserved, I would feel more comfortable."

"Our own analysis shows that it will be 30 years before this contract pays for itself even with the give-backs that you have approved with the medical insurance. I know what you said about the projected savings over a period of time, but that also assumes that after the year 2016, the union won't get anymore raises. We won't be here sitting at this board but there could be others here and I am sure that the issue will come up again. I am troubled by it; I am troubled by the payback. I think Mr. Goodell had a very good rule about 3 to 5 years for payback, and this doesn't come anywhere close to that. What I am troubled with is how we rationalize something that makes some sense for the sake of the operation of the County, while at the same time dealing with the situation that the Administration is claiming is something that doesn't exist. I would like you to expand on what is involved in the medical payback, concessions rather that have been built into this contract."

Joseph Murphy: "The new hire employees, if you pass the efficiency grant, that becomes the target date. From that date going forward, any AFSCME employee that is hired would be paying 15% of the premium. The current employees, the year that their participation will come into play is 2011, so whatever the rate change is between 2010 and 2011 (and our currently negotiated contract it would it would probably increase approximately 10%) those employees will pay 15% on the 10% or they will start out paying approximately $16-17 a month for a family plan and $5-6 for the single plan. Each year, as our costs increase, theirs will as well."

Secretary Keysa: "On the existing employees, it is just going to be the increase on the premiums?"

Joseph Murphy: "Correct. It is 15% of any increase going forward. On the retiree side of that, any employee that was hired prior to January 1, 2004 will continue to receive the current benefit. Any employee that was hired after January 1, 2004 will pay 50% of the retiree health benefit and if any one is hired after your ratification, they will pay 100% of their retirement benefit."

Secretary Keysa: "In going back, how many years was there a zero increase?'

Joseph Murphy: "There was a negotiated 0 in 2004, there was an imposed 0 in 2005 and this contract would have 0's in year 2006, 2007, 2008 and 2009."

Executive Director Vetter: "But the bonus payments would be in lieu of the increase?"

Joseph Murphy: "The bonus payments would be a one-time payment; more or less assigned bonus."

Director Kruly: "Mr. Hammonds or Mr. Putrino, do you have anything to add?"

Al Hammonds: "I just want to state on behalf of the Administration, we do need your help with this efficiency grant. We feel like this is a monumental step in making structural changes with what we want to do with the County and would greatly appreciate it if we could get your help with the efficiency grant. Our calculations show that it does pass the five-year litmus test in terms of savings based on our calculations. Conceptually, a lot of work has been put in on both sides and I just want to ask if you guys can help us in pushing it over the goal line, that would be great."

Director Oliverio: "I am going with what Mr. Kruly said. There is no doubt in mind that these are hard-working employees who fill a very important role that is probably sometimes under-appreciated. You mentioned that it is the County's position that this contract fits the Goodell rule. Maybe there is some disconnect between the County and Mr. Vetter's group, who I think do a great job. Has anyone figured out why there is a disconnect between the two groups? You would make me feel a whole heck of a lot better if you could explain if you want me to push this over any goal line."

Al Hammonds: "I thought that we were in line with the calculations. When you look at current head-count of AFSCME employees, from 2004 to now and then, we look at new hires that will be coming in, those are short-term savings. One of the legitimate arguments was that a lot of the money is in the out-years and that is true, but there are a lot of short-term dollars that do coincide with what we are asking for today that show the savings. I thought we were in line."

Joseph Murphy: "What we believed we had to do to satisfy whatever money we asked from your body; we had to show that we would be to save that money going forward. Assuming that the employees are going to get a raise no matter what, the $3 million in contributions that they are going to make was in health insurance. It will be a structural change that they made, and we believe that satisfies the $3 million that we are asking from your body. Beyond that point, it would be savings back to the County above and beyond the $2 million and there is an additional $4 million in labor hours."

Executive Director Vetter: "I don't think there is any disagreement on the base numbers. I think it's in the way that you look at them. The base analysis indicates that, when you subtract the cost from the benefits of the work rule, work hour and health insurance from the wages, that it is in excess until 2038 and the benefits outweigh the cost. We have all agreed on the spreadsheets. I think the contention the County holds is that there would be raises regardless, so that any benefits that come from the contract should count right now. The basis that we have been working from, this should be absent any other raises and the amount that we are starting with would be zero and that you are getting raises every year. So we don't disagree on the base numbers; it all on how you look at this application of those numbers."

Director Oliverio: "Especially at 3% over 6 years."

Secretary Keysa: "I have to say when I look at 3% over the next 3 years when we have inflation now at close to 0, that kind of disturbs me, but on the other hand when you look at that you are looking at roughly 9% over a nine-year period, we are really averaging out to 1% and I am more comfortable looking at it that way."

Chris Putrino: "The only thing that I would like to point out is that this contract is tied to approval by this board. If you deny this, we are back to square one which is, say what you will, this is the seventh go- around we have had this year with AFSCME. We have put a lot of hard work in this deal and feel we have a contract that is fair for all."

Chairman Kruly: "Thank you gentlemen. I would like to ask John Orlando, the head of the union to come up and speak."

John Orlando: "Good morning. I don't want to get into a numbers game here because every time someone sits down with a calculator, pencil and piece of paper, more likely then not the numbers don't add up. What hasn't been said here is that in 2005 we took a significant hit with layoffs here in Erie County. The consequence is that it has reduced our bargaining unit's average age. Our bargaining unit is 49 years plus, so that means that within the next less than 10 years the turnover in our union will be at least 50%. Take 50% into account of the 15% of the health care going forward, quite frankly think it would be short-sighted by anyone's computations that not only do I think it is a fair deal but it is that best one that we are going to get at this time. In the long run I see fiscal stability in Erie County for one of the biggest payments that they have to pay off. Now granted, my membership isn't happy paying towards their health care. They feel that when they went to the one carrier in 2004, they saved Erie County over $100 million; that is real money and anybody who wants to figure it out can sit there and do it. We have been running a tab and I believe it was $83 million in September. For us to go back and try to bleed anymore out of our membership, it won't happen. So I think you have to look at the whole package. If you truly want to know how Erie County is going down the road and looking forward, realizing that there is going to be a 50% turnover in our bargaining unit within 10 years. We can retire at 55 and plus our average age is 50 years. Let's face it; well you can do with penalties so I think that 5-6 years down the road, you may have a 30% turnover. That 50% starts adding up in a hurry. The first three gentlemen know what I am talking about and this is the first conversation I have had with you (Oliverio). They know exactly what I am talking about. If we were saying that our average age is 30, that would be a different story but we are an old bargaining unit. We became old because of layoffs in 2005. Only the older people stuck around and I think you ought to look at that down the road because in the long run because the County is better for it, the taxpayers are better for it and hopefully the people I represent will still have jobs. I will entertain any questions you may have."

Director Kruly: "Mr. Orlando, you have been the Chair of this union for a long time, have you ever seen a ten-year contract anywhere before?"

John Orlando: "No but it is something that I would wish for. Every time we have come to the table, I have never said there were limitations. The longer I can have peace at the negotiating table the better it is. If someone offered be a 20-year contract I would take it. I have always been an advocate of long-term contracts. As you can see in all those out-years with all the fiscal instability that Erie County has had from 2005-2006 with us scrambling around, using the bumping process, displacing people, working people down in titles, moving people all over the County. Quite frankly, it wasn't good for the County, the taxpayer and it certainly wasn't good for my members. I look at this ten-year contract as some sort of stability that our workers can say "Hey I'm going to work tomorrow and I'm not going to get laid off." If you add up all the numbers that we have given since 2004 it is astronomical. I am looking at this as maybe not being one of the best things in the world for my members but in the same token I am looking at it as stability. Certainly this region of that state does not need more people walking the streets collecting unemployment."

Director Kruly: "I just want to clear something up and for the record in this discussion and our analysis on when the contract will actually pay for itself. Is it fair to assume that AFSCME in 2016 will request a pay raise and the years there after?"

John Orlando: "Oh yeah I will. I have been doing this 1976 and I don't remember going to the table and not asking for a pay raise. However, I can recall 3 or 4 contracts that may have had zeros in the first year; there have been a lot of un-front loaded contracts that we have signed. It depends on the situation of the County. I can go back to Ed Rutkowski's day as well as Gorski's. We can go way back, even to the former chair of this body and signing contracts that had zero front loaders or on the back end. It all depends on the conditions in the County and what we can get.

Secretary Keysa: "Obviously, something of this nature, you have to negotiate it and you have to take it back to your body. My understanding is you have taken a contract back to your body once and it was rejected. What are the differences between those two contracts?"

John Orlando: "Basically, this contract gave us $400 more in off-years. I think the original offered something like $650 and that was increased to $1,000. To get that $1,000 we took the back end for new employees and instead of reaching their incremental pay max in five years we took it up to 8. This kind of balanced everything out and they brought the increase in money. Remember, when you have nothing in your pocket since 2003, at some point in time you knew something was going to happen."

Secretary Keysa: "What was your vote on this?"

John Orlando: "It was close. It was within 56 votes. I don't have the exact numbers in front of me but the first contract went down and this one passed by about 56 votes."

Director Oliverio: "No questions, but it was good to have you here today and you're right; I never worked for the County but I hope we have the chance to meet again and I will always keep an open mind."

Chairman Kruly: "We have a couple elements that are actually for efficiency grant purposes that are late entries. We have talked about this idea with the County for a while but the discussions were centered on the County itself, not on related agencies. Two very important ones are the College and the Library. I would like to ask President Quinn and William Reuter to come up and fill us in on the impact of the contract on the college."

President Quinn: "Good Morning, gentlemen, and thank for inviting us here today. We are part of a bigger circle with the negotiation. We have asked Mr. Reuter to give you the numbers for the College, specifically and what it means to us."

William Reuter: "Good morning and thank you. Mr. Keysa, the vote was 476-425 by a 51 vote margin as reported by the Buffalo News, so I assume that is correct."

"Our membership is approximately 66 full-time, 33 RPT and 73 part-time. Our salary base is $4.1 million."

"From the contract (and I know the contract is contingent upon the control board passing an efficiency grant). I see seven major components that are wins in this contract. Just by eliminating summer hours. Just by doing that, we have the equivalent of eliminating one full time additional employee because we are saving about 2,080 addition hours. Another one is half an hour lunch for new employees. Probationary step actually increases by 3.5 years by the time an employee goes to probationary status to step 5. Effective January 1, 2011, 15% of the premium increases, new employee 15% insurance contributions, eliminating two holidays and, as we talked about before, retirement health benefits pre-January 1, 2004 through the date of ratification and post ratification. That alone would be enough in my mind to support this contract. Right now we are looking at an unfunded retiree health insurance liability at the College alone of $126 million."

"On the down side, obviously the bonus payment and the 3% cost of living. We actually ran numbers, just so looking at holiday pay savings in lieu of overtime, as well as the contribution of the 15% employee insurance. Again just using our current employees, no turnovers and we actually projected five-year cost savings. The fifth year, we would have $10,000 less of excess costs comparing the 3% to the savings on overtime as well as the premium increases after year five. Again, that is a new contract year in 2016 but assuming no changes in the cost of living we actually break even at the College, not the entire County. So we are very supportive. These employees on average are making about $31,000-32,000; these are full time, these are senior employees. They have not had a pay raise for many years. We are involved in negotiations; we are directly involved in negotiations with assistance from the County and the federation as well as our administrative association. We always try to do our negotiations by whatever we are giving up we get savings in return. I see these as significant savings for the County and the College and I would hope that the control board supports the bonus payment and would allow this contract to move forward. The only concern for us is the bonus pay. If we don't have the funds to do this, if it does not include the FICA and retirement component and then effective 2010, we do not have the 3% cost of living increase. A 3% cost of living expense to us is about an $82,000 hit. Again if we continue with our hiring freeze, I think we can offset that cost but again it is based upon our current employees and we are probably a little heavier on part time then the rest of the County."

Director Kruly: "We have a copy of letter that President Quinn sent to Chris Collins, Lynn Marinelli and Mr. Vetter at the end of October on this and the impact on the school. One thing that I though that was interesting was that it quoted from a resolution that the Legislature adopted when they approved your budget. It said that "if any collective bargaining agreements affecting the College which are currently at impasse may expire during the budget, the sponsor will provide additional funding support to meet such cost increases if any are resulting from those agreements." The sponsor of the College is the County, not the ECFSA, so the question (and I don't know if you can answer it and there is no one here from the Legislature other then Mr. Davis), is: where is the sponsor on this because the policy-making body for the County is the Legislature? Since they have adopted this resolution, they seem to have committed taking care of whatever extra costs you are going to have. Have you had any discussions with them on that?"

William Reuter: "The County Executive, in approving our budget, took that clause out as well as one other clause and the Legislature voted to override that removal. They approved our budget in June; they approved it unanimously maintaining that resolution as part of our College budget."

Director Oliverio: "I don't have any questions for these gentlemen, just a general comment. This is directed to my co-members of the finance committee here. It seems that we were in part, a small part in these negotiations while they were occurring, but apparently we didn't have a formal request for these funds until after it was done. I think, in the future, if contracts are going to rely on efficiency grant funds of this size, we have to get out in front of these issues and figure out and get the benefit of our position to the negotiators, President Quinn, Mr. Orlando, Mr. Murphy and his staff, to see where we are. I feel like I am in a position where the parties have negotiated in good faith, and they have, no doubt. It was defeated. It came back. There was give and take, where basically we can crater this deal if we say no on this efficiency grant. You would then have to go back to square one on this efficiency grant. To me that is not fair to President Quinn and his staff, to Mr. Murphy and his staff and certainly Mr. Orlando and his membership. So I would hope that in the future we take a more active role, our committee here, so that everyone is sharing how we stand before we start submitting contracts for membership votes. I would have preferred that you presented this to our committee before it goes to vote. I hope we can keep that in mind going and am respectfully requesting we do that so that all the parties have a say."

Chairman Kruly: "Duly noted."

Secretary Keysa: "My feeling is that we are looking for re-engineering and in some cases that means changing the process that we operate under, and sometimes it changes the background of the elements of what we are paying for. My feeling is that the union contracts have to change going forward in order for us to look at stability for the County. If we don't, we have a problem. We need to have one or two contracts that set the parameters going forward. This does so in many important ways: the changes in the elimination of the summer hours, the changes in the payment of the medical costs, especially the cost of retirees going forward; the important items that need be there both with this group as well as for other contracts that have to be negotiated. I have concern that the County is just looking to us to pay the cost for doing that, but I think there was some anticipation from the start that this was going to be part of that, at least my sense talking to State Legislators about 4 years ago. There are some things that bother me, particularly that 3 years from now, people are going to come in and say "3% per year - we need to continue that." That has to be evaluated at that particular time. I am not sure we have enough funds here to cover bonuses also for all of the other union contracts. I am sure that we don't. If we do that I am sure that we will have to see the re-engineering in the sense of the change of the process which is certainly one of the things Mr. Goodell wanted to do; frankly, I think all of us have been looking to do. Given all of those items, my feeling at this point is that I would be in favor of approving."

Chairman Kruly: "We still need to hear from Ms. Bridget Quinn-Carey. Could you come to the microphone?"

Bridget Quinn-Carey: "Thank you, gentlemen, for inviting me here. We are in a very similar situation as the College as far as our structure. We are an independent institute in the fact that we have our own hiring authority. However, we have a long standing, mutually-beneficial relationship with Erie County to negotiation with AFSCME and CSEA on our behalf. From our perspective, we are happy to see this agreement. We think that it will help us really start to address long-term issues. You are right. In your analysis, there is a longer term payback to this but if you view the efficiency grants, which I think is one of the things that Mr. Goodell tried to strive for was, how do you make the most impact with an efficiency grant? That is what we are trying to do with our RFID grant. One of the benefits that I would see with this one is a real structural change to the feel of these contracts because what we need to see going forward because, as with ECC, the rising costs for retiree health care is one of the fastest growing parts of our budget. As other pieces of it shrink and it continues to grow, it is going to be a huge challenge for us to manage those costs going forward. We are in favor of seeing this go through and ask that you consider funding the bonuses through an efficiency grant. This does not leave us without our own short-term costs. In fact, it leaves us with about $25,000 in immediate costs that we would have to cover out of our 2010 budget that are not currently budgeted in there for the unrelated fringe items that we would incur through the payment of those bonuses. The long term impact for the 3% raise is that it is about a $90,000 increase in 2010 and over the five year term of this it would be over $500,000. We realize that that is not insignificant and for us it is a challenge as it is not in our future budgets but even so I think the benefit for being able to restructure the contracts is an important thing to consider. Yes, we may not be able to fund bonuses for the rest of the unions but there have got to be "Cheers to AFCSME" for coming to the table with this. We have come to terms in making this agreement and if we can't do that with the other bargaining units…they weren't the first in. I think there is a reward incentive. I appreciate your consideration and I will be happy to try and address any questions that you have.

Secretary Keysa: "The basic question is that you are in favor of having this contract approved?"

Quinn Carey: "Yes, I think the reduction in pension and the aging employees which are pretty evenly split between full time and part time, there are number nearing retirement and will want to be able to attract new employees. It is tough for us to do but we do without our blue collar workers. The bonuses only cover the employees here at the central library and the city branches. They are the only employee that would get the bonus. The employees are our member libraries will be affected by the 3% raise because we use the same pay scales for labor; so the raises will affect everyone.

Secretary Keysa: "Are the other employees, employees of the individual libraries?"

Bridget Quinn Carey: "Yes each of the 22 member libraries in our system have their own hiring authority."

Secretary Keysa: "Would you expect that those other libraries will follow suit in terms of the better benefits?"

Quinn Carey: "We will have our benefits committee come back and revisit that possibility and potentially come up with a new benefits agreement that will incorporate those terms. So we will use this as a model"

Director Kruly: "We will vote on Friday whether or not we are going to approve at our full board meeting. I would like some clarification from the administration about the analysis of the cost of the contract *vis-à-vis* the give backs and the eventual payoff of the contract. In the absence of members of the legislature, I would ask

Mr. Vetter that you contact them and get clarification from on their budget item that they approved. We had an issue when we approved a grant for the library system on whether we can legally do that and I would like a comment from David McNamara on whether that is an issue in this matter. The fourth is just an observation from me. We talked about late entry of information and I think that the County ought to have some skin in this and there should be some involvement in the cost. If we move this forward, I would favor not supporting the pension and FICA costs because I think the County should not go into these things assuming that the state money is going to cover all the holes that are there. I would present that as my feeling about the resolution of this."

Secretary Keysa: "That was one of the issues I raised in the meeting I had with the County Executive and Greg Gach. I felt that the payment of pension and FICA was inappropriate."

Secretary Keysa moved to recommend approving the efficiency grant contingent on extracting funding for pension and FICA, on securing a favorable report from counsel as to funding the portions benefiting ECC and the Library, and clarification on the give-back from the County, Director Oliverio seconded the motion and the committee members voted unanimously to approve the resolution as proposed by Secretary Keysa.

Director Kruly: "The second efficiency grant that we will consider today involves the purchase of replacement vehicles. Could Mr. Sentz and Mr. Hammond please come up?"

Gerry Sentz: "Thank you for having me here today to discuss the efficiency grant related to the replacement of vehicles. What we have proposed here is a grand total of $3.4 million phased over a four- year time frame; so that would be $850,000 a year. We looked at the efficiency and where we can find immediate efficiencies is in replacing the old fleet that we have and many of the vehicles are fuel inefficient. Basically I want to discuss three different categories; the first looking at fuel efficiency that will be reduce maintenance costs by having a newer fleet versus and older fleet. There will be an increase in proceeds from the vehicles that we auction off as well. In first looking at fuel efficiency, we will be able to reduce our inventory of vehicles that we have. One example is that we have standard pick-up trucks in the Highway Department, if we have to take a crew of four to do a pipe job we would have we use 2 vehicles. If we had crew cab pick-up trucks that can house 4-5 people and take them in one trip we would be able to eliminate a whole vehicle going out there. So that is certainly a reduction in fuel usage because now you only have one truck going out there. The second one is with right-sizing the fleet. What we are finding is that in many cases we are using vehicles that are bigger then what may need to be done. We might be using a cargo van but only hauling small boxes. We can use smaller cargo van that will get much better fuel efficiency and gas mileage. It is right-sized for the fleet. We are looking at re-engineering the fleet in many different ways. There are some departments that may not need a vehicle. By taking a look at what departments need we can give them the right vehicle for the job and save on gas. The last is using green vehicles whether it is a hybrid vehicle that gets very high gas, whether we start using CNG again; we do have a CNG station out at ECMC that can be used but we only have one CNG vehicle so that is not used much. If you do an equivalent between CNG and gas; CNG is quite a bit less so we could start doing more CNG."

"The second major cost is maintenance costs. Right now we average about $0.29 per mile in maintenance costs. That is very high and is because these vehicles are very, very old; they need a lot of maintenance. AAA estimates that it should be about 5-6 cents for newer cars. There is obviously no warranty on these older cars. Brand new cars have warranties, so if anything major goes wrong you can take it back and get the work done. These warranties would save us a lot of money compared to what we have now. The last item is just if we are able to get some new vehicles in we bring the old to auction. We just did an online auction recently and were able to get some good dollars for these trucks and cars even though they are not in the best of shape; there are still people out there that will buy them. Are there any questions?"

Al Hammonds: "Mr. Sentz just about covered it. We really need this money for the efficiency grant for the vehicles. The biggest issue with this ask in particular is how we look at fleet. This $3.4 million we are asking is literally seed money to get everyone off the ground from a re-engineering and re-structuring standpoint. We obviously will own the additional costs as it takes to continue this program beyond the four years. This extremely critical to us and in most cases you can see in the analysis that it is a 2 for 1 vehicle so we are asking to take out two vehicles and replace it with one."

Chairman Kruly: "Are any of the vehicles that we are talking about here included in the operating or capital budget in 2010?'

Gerry Sentz: "None of the cars discussed here were included in the 2010 budget."

Chairman Kruly: "So it would not be a duplicative thing if this were approved?"

Gerry Sentz: "The money that is in the 2010 budget is for larger vehicles like dump trucks, this is for a smaller fleet like pick up trucks and cars."

Secretary Keysa: "You mentioned the CNG. What points do you have to fuel with CNG? Obviously you have very few fuel points. Running back and forth to a fuel point is going to add mileage itself. Are you going to have multiple fuel points available?"

Gerry Sentz: 'Right now we have ECMC but we also have agreements with several other vendors including NYSEG that have different fuels stations around. The agreement was that they could use our fueling stations and we could use theirs. We would definitely try to concentrate at this time the CNG vehicles for the downtown fleet so that they are near ECMC so they would be nearby that. So our pool cars that come out of the Rath Building would be close to refuel for that."'

Secretary Keysa: "I know that there are a number of others, like National Fuel that has one out on Gunnville and Wehrle for example, and I encourage you to make arrangements with them to increase the number of fuel points because again you don't want to spend a lot of time running back and forth to get fuel. The other comment with that is the Village of Kenmore has had a fueling station for over 20 years and their initial experience was that they dramatically reduced the amount of maintenance because the fuel itself is much cleaner and they didn't have to change the oil as often. The other question I have is: are these vehicles going to be equipped with radios?"

Gerry Sentz: "We have radios in the County highway trucks but there are no radios in the pool cars."

Secretary Keysa: "Are you equipping any of these with GPS?"

Gerry Sentz: "Our plan is to equip all of the new vehicles with GPS."

Secretary Keysa: "One of my recollections is that one of the down-state counties (and I can't recall which one right now whether it was Westchester or Nassau) had added to that the ability for the employees, for example when they see a traffic sign down or whatever the case may be, to immediately indicate that and give the location, so you didn't have to have someone separately circulating around looking for those signs, possibly in the process eliminating some of the liability of the County because a stop sign down, for example in an intersection that results in an injury or a fatality, is going to have a big liability to the County. If you can eliminate that, it would be helpful. So I encourage that to be a part of what you look at on these vehicles."

Director Oliverio: "One quick question. This request is for $3.4 Million over four years. Hypothetically, if this board only approved part of this request, do you have a plan?"

Gerry Sentz: "Certainly. Immediately we have with all the new technologies it is hard to predict what is coming out that is coming out in 2010 and going forward. We certainly could take half the grant and implement that this year if you chose that. If we could have the full grant up front, I would take the best technology that is available today and apply it to the list of vehicles that we have planned on surplusing."

Secretary Keysa: "If you were here for the earlier meeting you would realize that we have to balance this between this type of re-engineering and the requests that are going to be coming in soon with the various union contracts."

Director Kruly: "I am prepared to move forward with this one also but we have set a precedent, which I think is a good one, with Six Sigma and the Space Utilization study grants where we have approved them on an annual basis. I certainly think we can look at these things as they come year-to-year, but I am certainly not comfortable with committing to four years of the money because there may be other things that are more appropriate. I think a year would certainly get them on their way and that would be a nice thing to get taken care of but I would prefer that we approve it on a yearly basis."

Director Oliverio: "I agree with that. This is something that we can approve on a yearly basis. It makes sense. I understand the request for four years but I also think we will need to give ourselves some flexibility."

Secretary Keysa: "I agree. I would be willing to go up to two years and not four. The other thing I remember is that the Town of Tonawanda had a fire in their barn a number of years ago and they lost their entire fleet. The result was that they had all equipment of a certain age and found out very quickly, for their own budgeting purposes, that they needed to stagger and actually sold off new vehicles to other towns and village so they could get themselves into a regular cycle. So again you don't want to replace everything all at the same time."

Director Oliverio moved to approve this grant for one year and revisit in July; Secretary Keysa seconded and the committee members unanimously voted to approve.

Chairman Kruly: "The next thing on our agenda is a review of the ECFSA annual budget."

Exec. Director Vetter: "Mr. Chairman, thank you very much. You have in front of you the Authority's draft budget for 2010 totaling $623,925. This budget is approximately 11% less than the current budget. Major things that have been reduced: benefits and payroll taxes by $23,000, there are some employees in lower tiers, and some health insurance changes. Other items: there are fees that have been reduced; our spending for legal fees has been reduced by $50,000. Our spending before for legal fees has ranged from $74,000 to $91,000. In 2009 we included $175,000 but our bills have been running about $6,500 a month so we are anticipating about $80,000 in legal fees as far as we know. We are leaving some room for cushion in case there are significant legal issues. We have also reduced office supplies by $5,000. We are also looking at doing some salary adjustments for the staff. Unfortunately we have had significant turn-over. We should be looking at an adjustment for the staff."

Director Oliverio: "Legal fees; are we being charged by the hour?"

Exec. Director Vetter: "Yes, and depending on whom is working that rates are different."

Secretary Keysa moved and Director Oliverio seconded and the committee members moved unanimously to approve the 2010 ECFSA Budget.

Secretary Keysa moved to adjourn in memory of Daniel Fliss, one of the union negotiators; Director Oliverio seconded and the committee members voted unanimously to approve.

Respectfully submitted

Stanley J. Keysa, Secretary
January 15, 2010