

Minutes

Erie County Fiscal Stability Authority Finance Committee September 21, 2009

(Note: the following is a draft copy of minutes of a meeting of the finance committee of the Erie County Fiscal Stability Authority ("ECFSA"), which was held September 21st 2009 in the Auditorium of the Buffalo and Erie County Library. These minutes will not become final until approved at a subsequent meeting of ECFSA finance committee, and may be amended before approval.)

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

Chair Kruly: "Good afternoon. I would like to welcome everyone to a meeting of the finance committee. I would like to thank Chairman Glaser for his appointment of myself as the Chair and look forward to working here. I would also like to note our dear and good friend Joe Goodell was in command of this committee but we know he is keeping track of us some place. We will try and do our best with things that Joe was concerned with and dedicated to. I would also like to welcome new members to the committee Stan Keysa, who has been on our board since the very beginning and Dan Oliverio, who has joined us just recently and is the Vice Chairman of the Authority."

"We have a couple of efficiency grants that we need to get to today but before we do that we have a few house keeping items that we need to address. We need to approve the minutes of the May 5th and May 15th meetings. So I will turn that over to Secretary Keysa."

Director Keysa: "Thank you, Mr. Chairman. You have before you the hard copies of the minutes of those two meeting and, unless there are any changes that anyone would like to suggest, those are ready for approval."

Chair Kruly: "I will entertain a motion to approve the minutes of the May 5th and 15th meetings."

Director Oliverio moved approval of the minutes, Director Keysa seconded, and the committee voted unanimously to approve.

Chair Kruly: "The two efficiency grants that we are taking up today; one includes a technology update which is called "thin-client" technology. There is also a property tax map conversion item. We will start with the thin-client technology and will call up Greg Turner to discuss the proposal and what is being looked of from the Authority."

"Mr. Turner, we have your proposal, obviously, and we have discussed this before but if you could give us a short capsule of this and what the benefit would be?"

Gregory Turner: "Yes, of course. To try and take some of the mystery out of the technology and to try and simplify the technological aspects that the County would be required to support over

time, it would simplify the infrastructural technology devices that are used for each employee of the County. We are also reducing operating costs. As an added benefit, there are also hardware costs and capital asset costs that we would incur that would be reduced by going with this proposed technology."

Chair Kruly: "That way this would operate is that everything will be run off of central servers? So if I am a County employee working out of the Health Department or the Budget Department, I am getting my work off the central server but am I also saving my work to a central server someplace?"

Gregory Turner: "That is correct."

Chair Kruly: "What happens with confidentiality issues?"

Gregory Turner: "We have a fully secure environment with active directories; these are used by 10 Fortune 100 companies to support the account management for all types of industries. There would be no issues with security and data access."

Chair Kruly: "Can you discuss the personnel implementation of this program?"

Gregory Turner: "In terms of implementation or in terms of long-term efficiencies?"

Chair Kruly: "Both."

Gregory Turner: "Implementation can be supported by the staff at DISS, most likely within a 6-12 month time frame. So we have anticipated some overtime costs, but very manageable and very controllable from a budget perspective. With respect to the long-term efficiencies, we believe that are a number of IT-like resources in many divisions in Erie County that are there to support some of the aging technology that is there throughout Erie County in various divisions, departments and other elected officials: County Clerk, Comptroller, District Attorneys and so forth. We believe that a number of those resources could be identified for efficiency savings, given the fact that we will be able to maintain and support the entire environment through our DISS organization."

Director Keysa: "I have a couple of questions with regard to security. My wife is a school nurse and she is always concerned with the HEPA laws, federal and state requirements in terms of confidentiality. How do you address that? Obviously there are folks that don't need to have access to that."

Gregory Turner: "The system and the solution that we are talking about does not directly relate to the Health Department of Erie County. It is a server-based system completely independent of the device that we use to display that information to the end-user. It has gone through a number of due diligence reviews through the system to ensure that it is fully compliant with all the laws of state and federal

government. So again, from our operation, as long as we are providing the correct account and access management per the Health Department requirements, we are clearly confident that whatever device you use to display the information will comply with that law. "

Director Keysa: "The second question I have is that much of the information we are dealing with is a relatively short-term thing. It would include records over the past few years or so. When I was with the County, I think I had the last computer that still worked on Wang. There was an add-on to it to be able to access records that were done on studies in the 80's and early 90's. The concern that I have is that, as we move through different technologies and software, that there are valuable studies from the past that are going to be inaccessible. How would you address this situation?"

Gregory Turner: "Again what we are addressing are the devices that would allow any end user to access the various systems. Those systems that you talk about; the data that was collected in the '60's, '70's and '80's has to be archived today and has to Microfiche is unfortunately not a digital form of technology and would not be a part of this project through thin-client. However, having said that, we are looking at a completely different project, a completely different discussion on how to manage the requirements for the County on a long-term basis. So we are looking into that through a variety of tools that the County has on an enterprise-wide level. Frankly we don't know that the future will hold; we can't predict that, but we are concerned about energy requirements for the future. We just assume that there will be an outlet with electricity in which a device will plug into. One hundred years from now, that may not be the case; we don't know what the form of energy will be. So we had to keep all of those things in perspective and are doing the best we can in trying to stay ahead of the curve. What we are trying to do is look at giving a very simple solution to the end-users that gives them a lot of robust features, a lot of accessibility to all of the data and all of the systems in Erie County and just do it in a less costly and more efficient way for the taxpayers of Erie County."

Executive Director Vetter: "In terms of on-going savings, because the application indicates a savings in terms of current hardware and software and you eluded to two things that you could be more specific on. One is in terms of staffing savings: is there a delineation of staffing savings that is detailed at this point? That would be a recurring savings and part of the reason for improved technology is to take labor that might once have been taken for example key strokes, etc. from 10 people to 10 to 7, whatever it might be. Is there a sense at this point the order of magnitude in terms of timing?"

Gregory Turner: "In terms of looking at the solutions that are out there, one is what we call a fat-client or fully stand-alone PC that you just have at your desk. Then we look at a managed PC as sort of a position in the middle. The solution that we are talking about is centrally managed thin-client. If you look at those three solutions, industry analysts will tell you that you can expect to see cost savings over time as you move to a thin environment. Erie County has already moved to a middle ground. There are a number of stand-alone organizations and elected officials; things that we don't have power over or are not mandated to control."

Executive Director Vetter: "The second question I have is related to this topic and my role here because there are a number of board members that are not on the finance committee who have questions. I think in terms of the cost of the equipment, since we last talked, the costs have gone down on both ends of this from the thin-client equipment and the PC-based."

Gregory Turner: "What we saw was the price of the thin devices as well as the PC devices is going down. We have seen an increase in demand of what we call virtualization technology and virtualization data storage terms of those costs so we may be adding more to the central environment which is our virtualization environment while reducing the cost to the end-users, each agency of the County. We want to do the most that we can with the taxpayers money."

Chair Kruly: "I think we have additional funds in the efficiency grant account and if it turned out that there was value in going back and doing some more or if there were a change in things, we certainly don't see any need in tying up the \$325,000 in the major contingency or appropriation."

Director Keysa: "I think the question is: do you see that as the major problem? I used to renovate old buildings and we always put some contingency in there because you didn't know what you were going to find, but on the other hand, we are prepared to take a look at what you are handling here."

Gregory Turner: "Being cautious and prudent, I would prefer to have the contingency to be able to manage the risk of the project in the most effective way. We are dealing with changing some of the end-user experience so in order to do that we have to increase the bandwidth from point A to point B that we weren't expecting. We may have to increase the size of the server and that is something that we weren't expecting and those are the risk factors that we are dealing with. If I had the proceeds we could manage it in the most

expedient manner, but we can work with whatever the control board thinks is prudent."

Chair Kruly: "We would be available if it turned out that there was a need to adjust the basic part of the grant because we have made an investment in it, we are not going to do anything silly, but I would rather leave that for the future and work with the base item on the table here."

"Are we adopting a recommendation here or are we just taking it to the full board?"

Executive Director Vetter: "There is a recommendation to the full board; there is either an unqualified recommendation or a recommendation with qualifications. As I understand at this point, that you have indicated as Chairman that in terms of an amount of the grant that we would look at a contingency at some later point if necessary so we are looking at a \$1.685 million appropriation. I don't know if there are other contingency items that this committee would like to see?"

Chair Kruly: "I think we would like a list of the equipment and the personnel expense and that has to be provided. That should be built into the resolution and I assume you won't have a problem with that."

Gregory Turner: "That's not a problem."

Executive Director Vetter: "Mr. Chairman, I would recommend that, if it is the pleasure of this committee, that a vote be taken to appropriate \$1.685 million in efficiency grant money for thin-client technology not to exceed that amount that it would be contingent on detailed equipment lists and specific staffing changes as a result of efficiencies made by this grant."

Gregory Turner: "We would need the cooperation of the control board and other departments and agencies to achieve those staffing efficiencies."

Director Oliverio: "When do you expect to make the equipment purchase?"

Gregory Turner: "We would not make the equipment purchase until funds were available but we could provide a cost estimate of all the equipment required probably within a week's time."

Director Oliverio: "So after the funds are appropriated, you expect to purchase equipment immediately?"

Gregory Turner: "Based on our goals and staffing in our department, we would have a project plan in place. We could probably start procuring in about 2-3 weeks with the way our

purchasing process works and then we would begin implementing."

Director Keysa: "Mr. Chairman, I move to recommend to the full board that we approve this request with funding not to exceed \$1.685 million, again contingent upon the County providing an itemized list of equipment, software and any other services or supplies that will be purchased through this grant fund as well as a detailed list of the positions that will be affected by this grant."

Director Oliverio seconded the motion and the committee voted unanimously to approve.

Chair Kruly: "The next item is Real Property Tax Conversion."

Dale Morris: "Good afternoon, I apologize for coughing. Just for a brief summary, Erie County has used an AutoCAD software to map tax parcel records. The GIS system will allow our office to bring one of our very basic services into would be editing in the same software that we use in my office and the information that they produce would be available on a much more timely basis to the public and local businesses. It would significantly decrease the time in the conversions that we have to go through. There are a number of other benefits that can be attained by this, and Mr. Maciejewski can speak to some of those, one of which is that Erie County is one of the few governments that is mapping in NAD27 which is a mapping or data-coordinating system that was created in 1927, which is where the name came from. Most everyone has updated to NAD83 which is much more accurate data and Erie County has been receiving some pressure from NYS Office of Real Property Services. Mr. Maciejewski just handed you a letter with regard to that to make sure that we moved forward in the conversion from NAD27 to NAD83. That will be handled through this efficiency grant as well. There are a number of benefits that we can gain from increased efficiencies; not only in doing away with the conversion that I talked to you about, because that will speed up the process in making the data available, but it will also make the editing within tax mapping more efficient. The GIS environment is an excellent environment for editing tax maps. There are rules that the software can handle that will check on the fly the work of the mappers, and make sure that everything is being done, not only efficiently, but extremely accurately. One of the efficiencies to be gained through this effort is that we can eliminate one position in tax-mapping through converting to the GIS environment which is more accurate and more quickly. Mr. Maciejewski can speak to that."

Joe Maciejewski: "Thank you and I appreciate the opportunity to discuss with you our process. I think some of you are aware that 13 years ago my office contracted to convert all of the pen and ink maps into a digital format. Over the

thirteen years would we reduced staff by 50%. We now have one supervisor, three tax map technicians, one searcher and currently we have one vacancy in the 2009 budget. Our plan is that, if we are successful in getting this grant, we feel that the efficiencies will allow me to cut that position in the 2010 budget and have recurring savings going forward. We are the base for the entire GIS system in Erie County. Our maps unfortunately have not moved from the North Atlantic Data system in 1927 to the more modern system NAD1983 which is satellite-based on using markers that they were able to map from satellites. In 1927, I think they were mapping from chains and links. The state does mandate County real property tax services agencies to update the tax maps. We should be in a digital environment. We have 25,000 transfers of real property a year. We have 3,200 files if we were to print out all the maps on paper which is another thing we are hoping to do, we do that once a year because people still like to look at paper, but we are looking at plotting routines within this new software which will allows us to give the towns a CD with the information. That will save costs on paper and ink. We truly do want to re-engineer and feel that we have demonstrated that there is recurring savings. Again, I could have filled the room with representatives from the State, Homeland Security, police, fire, water, etc. We would be able to load subdivisions right into the GIS, not have to use another program to do that. We really would appreciate it and I hope we have demonstrated and met your criteria. If not, we really would be glad to update it or show you the measurables. We are asking for about \$175,000 and I think the return would be greater than what we put in here."

Chair Kruly:

"I think that the critical thing here is that we do have assurances that the vacant position is going to be eliminated. We will be approving a resolution contingent on that happening. This also is contingent on approval by the County Executive and the Legislature. I think this project has merit and support this. Does Mr. Keysa or Mr. Oliverio have any questions or comments?"

Director Keysa:

"I have a few comments, I recall sitting on the Regional Planning Board in the 1980's and early 90's and was impressed with the GIS efforts made then and was very concerned as the Regional Planning Board was phased out that that capability was being lost or at least set aside for a while. There were a lot of things that we could have gained earlier from that technology, so this looks like the ability of the end-users to utilize a much more accurate system than they have now. It is a critical aspect of the ability to maintain and proceed with the tax foreclosures, which I hope we will be doing soon too. I think this is a valuable process. My only

concern is the position that Mr. Kruly mentions that right now is vacant. Why is that position vacant?"

Joe Maciejewski: "We had two retirements, we had a gentleman go to Sewers and we had a gentleman leave for a similar position with an engineering firm in West Seneca. It really comes down to pay scales. These guys have really taken it upon themselves to educate themselves. I really have a skeleton crew. We have one senior tax map position and one tax map position that haven't been with the County for 25 years; I have two brand new rookies on board. We decided not to eliminate that position in case we decided to revamp the office without the conversion work in order to streamline the office. That is without the grant. But if we are not able to secure the grant, then I will ask the Budget Director to keep the vacancy."

Director Keysa: "One of the concerns that I have as to the entire real property system is that there also be some continuity and that we don't reduce ourselves to such low numbers such that someone coming on is going to need a long time in training."

Joe Maciejewski: "We are having extreme difficulty finding someone who is familiar with AutoCAD because the software we have is so outdated. We are using NAD27. We can't find workforce development anywhere. No one is doing AutoCAD; everything is GIS. What this will do is train my entire mapping staff with the money from this efficiency grant. They will be trained to do just what you are saying and that means we will be teaching these guys a new system and how to do this. Mr. Morris and I have been there for 13 years so we are here for the long haul to see this through and make sure this is going to be a better end product for the users."

Director Kruly: "We have Legislator Kozub here. I understand that he would like to make a couple of comments. If you'd like to come up."

Legislator Kozub: "I appreciate the immediate savings with the reduction of a position; I would even sponsor a resolution with this. I have one question with this, similar to DISS. We have done stuff in the past that we have put out for market so that we can sell this information. Is there any way of gaining extra revenues by selling the information?"

Dale Morris: "We currently have legislative authorization to sell parcel data to firms that are not working on a municipal contract. So if a consulting firm comes to us and says they want our parcel data in the GIS format and they don't work for Erie County or any other government, we actually can sell that data and generate some revenue for us. It has been very helpful for us but will not change the efficiency grant."

Director Keysa: "Can the average citizen who wants to go and look at their neighborhood, will they be able to access this on line?"

Dale Morris: "If you go to www.erie.gov, you will find a link to an internet mapping site. You can also get the information from the Tax Department in a different format but parcel information whether it is mapped or just regular data is already available to the County's website. We, as GIS professionals, provide an internet service that provides parcel mapping as our base level just so that citizens can look at how close their houses are, flood plains, wetlands, agricultural districts, etc. They can put on aerial photography and overlay the parcels to check the locations of their homes and property. That information is currently available".

Director Keysa: "Along the same line, one of the concerns that we had when we looked at this previously was having information on there that might be helpful to terrorists. Is there a restriction on there in terms of locations of what is available on water lines, gas lines, sewer lines; things of that nature?"

Dale Morris: "We do not provide any utility data, so that would not be on there."

Director Keysa: "I make a motion to recommend to the full board that we authorize an efficiency grant of \$174,932, that being contingent upon the verification with Budget of the elimination of the currently-vacant position as evidence of ongoing savings."

Director Oliverio: "I will second the motion."

The committee voted unanimously to approve the motion.

Chair Kruly: "The last item on the agenda, I have asked Mr. Vetter to give us little preview of what we should be looking at when the County budget comes out in the next 10 days or so. If you could just give us a quick review of that?"

Executive Director Vetter: "Yes Mr. Chairman. I will be very brief. Let me just go through the due-date process. By law, the County has to provide us the budget and financial plan no later than October 15th. Recent reports have indicated that the County Executive will be releasing his budget and plan within the next ten days to two weeks, so we are anticipating that to come early. Legally, we have 20 days to review and opine on that plan and budget and to either maintain an advisory status or return to a control status depending on the information submitted."

"The highlights that we have thus far, because the administration has been releasing some bits and

pieces, that there would be no increases in the property tax rate, assuming the increase in property tax values, because there has been an indication that property tax values have gone up by 4.7% for 2010. If that is the case and the rate stays the same, the levy would go up almost \$9 million."

"Also, there have been indications that there are recommendations for the CVB funding to go up 18% for 2010 over 2009 to generate additional tourism, but specifically cultural tourism. The issues that we will be looking at, because we are still doing our research at this time and 20 days is not an awful lot of time to look at a budget that is over \$1.5 billion, and we are looking at labor agreements that could be settled in the future because there could be significant costs and several of the unions have gone back to December of 2003 and they still haven't gotten any cost-of-living salary increase. In the previous financial plan that was submitted, it was assumed that a minimum of 150 jobs would be eliminated from the budget and a total of \$20 million in savings. Given the gaps that are out there now and the gaps that may be a bit larger going forward, that is something that we would be looking to see in the plan and is being implemented. We are looking at pension costs. As everyone knows, the State pension fund has lost, like everyone else, has lost a significant amount over a period of time. Some of the rates that we have been given by the State Comptroller's office for some classes of positions have been, the highest one we have seen is for a detective position within Sheriff's, that the long-term expected pension rate could be 27% of salaries, which is significant."

"This year, sales tax has been an issue. Through the last payment, it is down about 5.5% over last year's percentages. It will be interesting to see what forecasting is done for the future."

"The federal Medicaid funding will no longer be available in 2010. The ECMC consent decree also ends in 2010 which changes those rules completely."

"Any potential Department of Justice action that we will see in the future, again, that is something we will have to discuss later in our full board meeting because one of the issues that is listed as a "to-do" item for the County Space Coordinator is looking at the potential of a new County jail and some other issues we have pointed out with overtime issues. The County will exceed

its overtime budget this year again. Of course, historically, the County has done that."

"Interest rates are historically low. That is good on the borrowing side, but bad on the interest-income side. A New York State impact. I understand from a meeting this morning with Lynn Marinelli is that through NYSAC, the County is trying to get a handle on what is happening at the State and how it may impact the County."

"There is an increase in health insurance costs. That is always a big issue. Part of what we will be going through during the board meeting is reviewing financial impacts of Six Sigma and impacts of other efficiency grants that we have out there. Also, given the general state of the economy, we are running out of certain benefits like un-employment benefits. There appears to be an increase in the case load for Erie County that we have to be aware of and look forward to in the future."

"As we pointed out when we looked at the ECC budget, right now there is a \$5 million difference between what ECC expects from Erie County and what Erie County expects to give to ECC. So I think we have put together a "to-do" list of items to look at. These are the items that we are looking at and doing our background check and we will be ready to move forward as soon as we get the plan."

Director Keysa: "My comment and I think that it has been made previously, is that the County last year indicated that it had about a \$13 million surplus. I recall that we have about \$45 million in federal money, so that if we did not have the federal money, we would have had a structural deficit of roughly \$30 million."

Director Kruly: "It is closer to \$50 million in federal funding."

Executive Director Vetter: "There was an additional \$7 million in FMAT money that came in addition to that money."

Director Keysa: "So it was more than \$35 million in the hole?"

Executive Director Vetter: "Again, I don't want to speak for Chairman Kruly, but when we went to meet with the Legislature about two months ago they pointed out that 2009 and 2010 appeared to be years in which the County, for which the County would receive economic support, but in 2011 and 2012 without the FMAT funding and support, the County has to be prepared for a down-trend because the County has an organization with 4,000 employees and a \$1.5 billion budget; it is not a small boat in the

harbor but a large cruiser in the ocean. You better start doing something earlier."

Chair Kruly: "You have to consider that they will be expecting \$30-35 million in federal bail-out money in 2010 and, of course, that is a one time thing that is going to end then. What that means is that technically, we don't have a structurally-balanced budget in 2010. We may have a budget that balances, but not structurally, and that happens to be one of the conditions in our law for hard board status, so we will have to take a look at that once we get the budget and plan in hand."

Director Keysa: "In essence, the federal money has provided relief to the County, so the County can work to get its house in order for what comes beyond next year. If it doesn't get back to this task, we are back to a situation that we had 4 to 5 years ago."

Chair Kruly: "Yes. There are a whole series of things, any one or two or three of these things, which could throw things into disarray on top of the loss of the federal money."

Director Keysa: "We don't have the number of services to cut as we did cut 3 to 4 years ago. We will need to be much more judicious and it needs to be done now."

Chair Kruly: "We will have much more to say about that in October. If there is nothing further, at this point I would entertain a motion to adjourn."

Director Oliverio moved to adjourn, Director Keysa seconded, and the committee voted unanimously to adjourn.

Respectfully submitted,

Stanley J. Keysa, Secretary
October 9, 2009