Minutes of the Erie County Fiscal Stability Authority

Finance Committee Meeting

October 24, 2014

Present: Chairman Brian Lipke, Director Lynn Stievater, Director Craig Speers, Executive Director Kenneth Vetter

Guests: Robert Keating, Erie County Budget Director
Tim Callan, Erie County Deputy Budget Director
Joe Cercone, Erie County Budget Analyst

Chairman Lipke: "Good morning, welcome everyone. Welcome to our public guests, the government officials who are here with us today and anyone from the media. Thanks to all of you for being here."

"We are here today to review the county's 2015-18 financial plan, to review a proposal from the libraries to reprogram some efficiency grant funds and to recommend ECFSA public accountants for the next 3 years. There is no secretary with us here today so I will be filling in as that and my first order of business would be to ask for approval of the minutes that were in our packet."

Director Speers moves to approve, Director Stievater seconds and the Committee votes unanimously to approve the minutes of the previous finance committee meeting.

Chairman Lipke: "We have representatives from the County here today…Mr. Keating and Mr. Callan and Mr. Cercone. I'll ask the three of them to decide how they are going to make their presentation on the budget and four-year plan. So, I'll turn it over to you gentlemen."

Bob Keating: "Thank you. We'll start with just a general overview of the '15 budget and afterwards would be happy to answer any questions you may have on the budget or the four-year plan."

"First of all the budget does not propose a tax rate increase and there is no pension amortization. So, this is really our, I would say the most straightforward budget out of the three we have presented. One bit of good fortune is we have an assessment growth of 2.62% this year which is the best we have encountered in our three years. Effective on January 2014 we are getting casino aide from the state, which is about $3.5 million which wasn't there in past budgets. That's helped a lot. Medicaid costs have dropped significantly and our fringe rate has basically flattened. There has been no fringe growth in '15 or really in '14. So that has helped us tremendously to get a balanced budget without a tax increase or use of pension amortization."

"There are some negative items too in our budget…our cost of Safety Net, our caseloads are growing dramatically and we have to put aside, put up more money for Safety Net costs. We also have increases in our state training schools, which is a surprise we realized in '14 and we think this cost will continue into '15. We settled the CSEA contract in '14, which overall is a great thing, but there is some short-term costs involved in '15 & '16. The long-term benefit will be good for the County but there is a short-term cost to that."

"Sales tax, we were conservative with sales tax. We are projecting a growth of 2.95% in '15 and due to much better numbers in our recent reconciliation we should only need 2.57% growth in '15 to make budget. Our current growth is 3.63% so far in '14."

"We are using a bit more fund balance but of the additional fund balance $2 million is set asides strictly to do more road work which we feel is definitely needed in '15. The other $600,000 will be used, we have a pension reserve set up for pre-paid pension costs each year and because of the drop in the pension rates the reserve will drop over $600,000 in '15. So, we're basically taking that fund balance from, the fund balance has to be in the non-spendable category in our financial statement, so that will then become free and clear un-assigned fund balance so that is being used to balance the budget."

Tim- do you have anything to add?

Tim Callan: "Thank you for having us here today, we appreciate the opportunity to talk about the 2015 budget and the four-year financial plan. As the Budget Director said, we are very pleased by this plan and budget. As you know, we have always had gaps in the out-years of the financial plan and some years those gaps have been projected in a very large number. We're happy that the gaps we're showing for 2016, 2017 & 2018 are lower than in previous versions of the plan including the revised plan which you approved in December 2013."

"As the County Executive said when he issued the budget on October 15th, this is sort of a steady as she goes budget. We don't mean that in any pejorative or negative sense, but it's a budget that unlike some of the other budgets we've issued and budgets we've seen under previous County Executives…there's a lot of positive things we are able to do while still being weighed down by some negative factors. We view this a sort of a bi-partisan consensus budget. That's not to say the Legislature isn't going to amend this budget. The Republican majority may make various amendments, they've already indicated they are going to. The County Executive took studious efforts and great pains to work with both caucuses of the Legislature in the months leading up to the budget to get input from them on what their priorities and thoughts were about the '15 budget. What they wanted to see funded; what services, program, or suggestions. We believe that this budget addresses a number of those. Not all of them. Some of the ideas we could not do- but a lot of them we could. As the Budget Director said, this is a budget that from the first pass of what the public and others want to scrutinize."

"There is no increase in the property tax rate, it remains at $5.03 per thousand assessed value. Two years ago as you recall, that was a big trigger item for certain Legislators and other people. That was a concern Mr. Lipke you had. We are pleased to say for a second year in a row, no increase in that, in that rate per thousand. We are getting as the Budget Director indicated, assessment growth of about $6.2 million. That is a big positive factor in helping us. Both in 2015 in closing the gap but also for the out years. Knowing that we're going to get- estimated 2% property assessment growth every year. Again, not a change in the rate, not a property tax increase but getting that positive benefit of assessment growth which is in many respects, due to a large number of positive economic development initiatives happening in the community. In construction projects, in development, in new builds."

"As the Budget Director said, we are pleased first of all that we did not need to use the State Comptroller's 2010 pension stabilization option. As you may recall that was a concern that we had, that you- the Directors at ECFSA had last year. It was a projected gap closer. We told you last year at this time if we didn't need to participate in that program we wouldn't. And we are pleased to say in '14 we are not participating in that program. We will not be amortizing any of our pension payment due in December of this year and there is no stabilization option included in the 2015 budget or in the out years of our four- year plan. So, we are very pleased we were able to close those gaps. Something I know, Director Speers as a former Comptroller employee, State Comptroller, can understand."

"Sales tax remains…sales tax continues to be fluid. Every month this year- one month its up- next month it's down. As Ken and Gordon on your staff understand, with the intercept that you do. We're back up again and what we were very much relieved by is we've told you in previous years- we don't get the third quarter reconciliation until a week or two after we finish the budget for the next year. It's always been an issue in previous years about getting that big sales tax number positive or negative. We've not had that information for the budget until the following year is done and that period is a big period of determining sales tax for the next year. We finish the budget- we put in a very, what we believe to be, a good conservative estimate of 2.95% growth on sales tax in the '15 budget. We backed that down to 2.75% growth for '16, '17 & '18. We decided to be careful on that and take a lower number and if sales tax revenue comes in higher than expected- that's all to the benefit of the general fund and the county. As well as all the municipalities and school districts that we share with."

Director Lipke: "One question on that…what are the factors that drive the changes one way or the other?"

Tim Callan: "The largest thing is utilities. Utility costs and the sales tax that is imposed on utilities expense. Electricity, natural gas is the single biggest driver in sales tax receipts here in Erie County. It's then followed by things like automobile sales, certain large-end retail purchases like consumer appliances. It's utility expense and that was one of those weird things Director Lipke, earlier in this year when we had a very cold, very unpleasant winter we saw months when sales tax went up and we made the presumption, again because the state department of taxation and finance doesn't give us a lot of information or data about the sources of the revenue. For instance, Canadian shoppers. Anecdotally, we believe they are a major part of our sales tax receipts but the state doesn't track them. So we don't know if someone is from Cattaraugus County or Welland, Ontario shopping at the Galleria Mall. But we had once earlier this year when it was very cold and people were understandably spending a lot more on natural gas or electricity to heat their homes and sales tax was going down."

"A possibly corollary of that may be people were spending more on utility expense due to a cold winter but they are not going out and buying cars. Or they are not going to the mall. The weather was so unpleasant they are not doing that disposable consumer shopping. Again, it's all sort of anecdotal but utility is the larger driver of sales tax. So, after we finished the budget and put the budget to bed and the four-year plan we got the third-quarter reconciliation. As the Budget Director indicated, it was significantly higher than last year, which drove our actual year-to-date sales tax for 2014 above budget. We're above budget on that critical revenue stream. And it gives us confidence moving forward, that even with these lower conservative numbers, we have a good baseline for that revenue and any positive variance that comes in there is all to the better."

"One of the things we heard some criticism on when the budget was released from the County Comptroller and from County Legislators that day was some concern and objection that the general fund budget is $39 million more than this year. All of that cost increase is contributed to and driven by mandates and let me just explain briefly. The increase in the general fund budget was $39.7 million from '14 Adopted budget to '15 Proposed. The key drivers of that are, shared sales tax, as Ken knows from being former budget director, we receive sales tax and then distribute it to local school districts, towns, villages and cities. We are required under a 2006 State Comptroller accounting prescription now to record the revenue in our budget as well as the appropriation. So, it's really an accounting thing. But of the $39.7 million of growth in the general fund budget $8.7 (million) of that is the shared sales tax. Its sales tax we receive and then have to give to the local municipalities, we don’t keep it- it’s not our money to spend.”

“$4.9 million of the $39.7 million increase in the general fund budget for next year is Safety Net. You’ve heard us talk in previous years about Safety Net so I won’t belabor the point, basically for that constitutional program, caseloads are increasing substantially as people time-out on TANF…aka welfare. As people hit their five year mark on receiving TANF the federal government then stops them from receiving TANF. The state has a Safety Net program and so these people are moving over to the Safety Net state program and the county share of the Safety Net program is 71%. So as people are timing out on federal assistance, public assistance, they move to the Safety Net program where the state only pays for 29% of the cost but counties pay for 71% and so, with the recession and a number of the economic problems with certain communities and people within our area, we are seeing a continued significant growth in Safety Net expense at $4.9 million higher next year than this year.”

“Family Assistance is welfare…essentially. Now that is 100% federally funded so there is no county funding in that but again- that’s going up significantly- $6.7 million for ’15. So, that is another very large increase to the $39.7 million increase in the budget.”

“Child welfare services, foster care, those components in our Department of Social Services contributes another $4 million of the increase. As the budget director said OCFS training schools. This is something you haven’t heard us talk about- I don’t think before. The State Office of Children and Family Services runs a number of what is euphemistically called training schools at I think 8 sites. It’s around 8 schools that are scattered around NYS. The nearest one to Western New York is in Rush, in Monroe County. And these are secure facilities where troubled youth have been sent there as ordered by Judges.”

“These are children who have committed certain crimes-that aren’t deemed fit to be in say the Erie County Secure Youth Detention Facility or in a non-secured youth placement. Various judges have decided these children should go to the OCFS facilities and what happened earlier this year the State Comptroller’s Office did an audit of OCFS and the State Comptroller said that OCFS was undercharging county governments around NYS that have children in these training schools- the daily rate. The daily rate for children in these family schools…do you know the number offhand guys? $1,500 per day is what it costs us right now under the new rates for an Erie County youth at one of these OCFS training schools."

"But the State Comptroller did an audit of OCFS and determined OCFS was not charging a proper rate to all the county governments around the state that have youth in these training schools and they directed OCFS to immediately 1) retroactively go after counties for the last couple of years of not paying the proper rate and then change the rate immediately for the current fiscal year. The end result of that is- even though we don't have more kids going into the training schools- it's pretty much a static number- and our Department of Social Services under First Deputy Commissioner Judy Shanley is working hard to reduce the census of kids going there- working with judges trying to locate them locally and other options…. For next year our OCFS Training School account will increase by $3.6 million. Just based on the state audit and OCFS. OCFS being told to change the rate. So, that's another key driver of that increase for next year."

Director Speers: "Tim, that is up $3.6 million a year?"

Tim Callan: "Yes, for next year compared to the '14 adopted budget for us."

Chairman Lipke: "So, that's not the budgeted amount that's the increase?"

Tim Callan: "That's the increase. That's not the budget amount that's the increase from '14 budget to '15 budget."

Chairman Lipke: "So, we're sending a lot of kids down there?"

Tim Callan: "It's actually- no. It's that the state, based on the State Comptroller, significantly increased the daily rate. Our census of kids being at these training schools including at Rush is relatively static. It's not really increasing- it's the state made the decision to jack up the rate and that's what's driving this. Just so you know, the total for next year, the total expense for OCFS training school we're projecting at $5.7 million. Again, that's $3.6 million higher than this year."

Chairman Lipke: "If you divide that by $1,500 per day…you don't do it that way?"

Tim Callan: "It's not as if we have hundreds of kids in these schools- we don't. It's literally what 10…15."

Joe Cercone: "29 I think. Every county in the state is concerned about this issue and so some of the state social service groups are looking to work with the state agency. The basic problem is simply that the state costs are very high. Whether they have 500 kids in a building or 200 they're going to pass all those costs on. So, it's an issue that they're…there are many attempts to work with the state to resolve this problem or come up with a more reasonable rate. And we have to pay- we have no choice. Other than, Tim mentioned Judy Shanley, one of the deputies in social services, is working with Probation and the courts, youth detention, to try to find ways to keep the kids out of these facilities where there are alternatives or make their stays there shorter. But the problem really centers around the costs that the state incurs."

Chairman Lipke: "So for one child to be there for a full year would be $400,000?"

Joe Cercone: "We can get more details…"

Chairman Lipke: "No, it's kind of a shocking…"

Tim Callan: "It's incredible. It costs tremendously more than it does for people in our holding center and correctional facility for instance. So, that's a major driver again- a mandated driver."

"There's just a couple other points about the mandates I want to explain. Personnel services expense- that's the salary associated with employees. That's going up for next year by $8.5 million. Now that was anticipated. We always knew and as we explained to you, we settled all these union contracts there's going to be immediate costs. An increase in salary expense, including retroactive payments for people, but we are getting a significant health insurance concessions so in the intermediate long-term period it will all even out and we'll get major savings but we have the upfront hit of that. So we have an $8.5 million increase in personnel services for next year. That's largely driven by the CSEA contract and the 2.5% COLA for next year but it's not just them because we also have the other COLA which you know about for the Teamsters contract, the Correctional Officers contract, the Nurse's contract and the Sheriff's PBA contract, all of which have been settled in the last two years. So, that's a significant part of that".

"It's important to note, the budget for next year has a net reduction for all funds of 8 positions. So, there are some new positions added in the budget for next year. There's other positions that are cut for next year. But that $8.5 million is not driven by adding new jobs. There is a net reduction in head count across the county and all funds."

"The two last components of the "mandated expense" that is driving the $40 million increase in the general fund is debt service. The $2.4 million we are required to pay on the bond we've issued in previous years for construction and other projects. The new $2 million payment to ECMC. The credit mechanism we spoke about two years ago that was developed for ECMC. Starting in '15 we have to pay them an additional $2 million a year for the next 14 years for the credits in the past that's been issued because of the IGT payments."

"So, those factors right there total $41 million. Just slightly more than the $39.7 million increase in the general fund for next year. All of them are either state mandated, federal mandated or based on union contract or our debt service or our agreement with ECMC. We sort of consider these things in that mandated bucket of that increase."

Chairman Lipke: "One comment…I'm glad to hear that the head count, while not a significant reduction, is coming down because the county, not unlike other government agencies and businesses all around has to learn how to do more with less to help keep the tax burden down on the taxpayers so I applaud your actions there."

Tim Callan: "You'll notice by the way in the written package that we gave Mr. Vetter yesterday. The annual detailed list of questions. One of the questions you always ask about is full-time position count. You'll notice in that chart- when you get a chance, if you haven't seen it yet- when you start analyzing it- a significant number of the increase in full-time headcounts since 2012 are the positions in jail management, and then in correctional health. Because I don't want anyone to leave here disabused. Full-time headcount has gone up the past two years. We've been forced to do that. The state COC made us do that with 72 new jobs in jail management and then the federal government made us do it with the correctional health jobs because of the stipulated order entered into by the Collins administration with the US DOJ. So, head count did go up."

Director Speers: "Tim, do we take any federal prisoners at the holding center and if so, do we – or the correctional facility- on a temporary basis- do we, if we do, do we get a per diem from the feds on that?"

Tim Callan: "We do accept US Marshall Service detainees from time to time. We used to get- Mr. Cercone is the budget analyst for the Sheriff's- we used to get some INS detainees occasionally with federal rates. The federal rates are much lower than our actual expense and the feds have been very difficult to negotiate with. I know the Sheriff has been trying. I think the rate- and I'll ask Mr. Cercone to answer it- was somewhere like $94 per day but our actual cost was much larger."

Joe Cercone: "Its $98 per day. The new Chief of Administration for the Sheriff's Department- John Greenan- has brought that issue up and is gathering whatever information is needed to negotiate with the feds to increase the rates. So hopefully, and I've been through that process before, and it is sort of a bureaucratic process that takes time but hopefully- eventually we will get a higher rate."

Director Speers: "Do we take prisoners from any other counties?"

Tim Callan: "We do, but it's been going down. There was a time, when we took office in 2012, on any given day the holding center was at near maximum capacity. That's gone down- that's gone down due to a number of factors. A number of other local counties, Niagara County, Chautauqua county and what not, which use to send a lot of their prisoners here when they were full. The county jail in Mayville or up in Lockport- I believe we've seen less of that."

Joe Cercone: "The only time you may get a prisoner from another county is if when a prisoner from Niagara County can't be housed in their facility for security reasons. And they would do the same favor for us. Years ago we actually made quite a bit of revenue off of renting empty cells to other counties but our population has grown and it's just not feasible. Every other county has taken steps to have their own capacity increased also. So, it doesn't bring in any funds for the county."

Director Speers: "I know Wyoming County built an addition their jail a couple years ago too."

Tim Callan: "Just so you know, it's a related point but it's something Mr. Lipke has asked about in previous years, our secure youth detention facility has a pod that is empty. When it was built about 10 years ago, 8 years ago, it was built under certain assumptions that we would have more secured youth detained and held in Buffalo out of West Ferry at the facility- East Ferry I guess. That pod has been empty now for a couple of years. We have had discussions with OCFS and Monroe County about housing some of their secure youth there. We have fixed costs whether a pod is open or not. As part of the efficiencies we have talked about with you folks at previous meetings. Revenue generators wherever possible but unfortunately Monroe County decided to make other arrangements. They were facing a situation where they had to close their secure youth detention facility to build a new one. They were looking at for maybe a year or two housing some of their people at other locations including ours but for a variety of reasons including some Monroe County issues they decided they didn't want to take advantage of that offer."

"Let me, really briefly. We spoke about some of these negative cost drivers' issues driving the $40 million increase in the general fund. As the Budget Director indicated, we have many positive factors that affect both the 2015 budget and the out years of the four- year plan that help to reduce the gaps in the out years of the plan. As Bob said, we have this overall reduction of fringe benefit expense compared to '14 & '13. That's in part due to new union contracts requiring union members having to pay for health insurance. New union members hired after ratification have to pay immediately and don't get free health insurance anymore. New employees have to pay in retirement."

"They don't get 100%- they either have to pay in retirement or they don't get retiree health insurance anymore after retirement depending upon which contract we are talking about. Retirements are driving down our fringe benefit costs and reductions in our pension payments. Based on the State Comptroller, the five year weighted average of returns and whatnot. All local governments are seeing some cost containment and reductions in cost there. So, all those factors plus aggressive pharmacy benefit management by Independent Health who is our pharmacy benefit manager for our health insurance. Along with some workers comp issues which Bob can talk about more if you'd like him too are all driving down fringe expense and that's a major positive thing for us which we are really happy about."

"As Bob said, the hard cap on Medicaid goes into effect in '15. So we are seeing a savings of $5.7 million in Medicaid compared to '14."

"We have $3.5 million in casino revenue now in the budget and four-year plan based on the constitutional referendum approved by the voters last fall. As you recall in the '14 budget we didn't put revenue in- we didn't know if the referendum would be approved by the voters last November and we issued the budget in October"

"We didn't know what the numbers would be. The State Division of Budget finally came out and we got our first quarter payment in July. It wasn't until July of this year that we got our first quarter '14 payment from the state. So, we now have that casino revenue of $3.5 million built into the budget and plan to help us out. As I said earlier we have $6.2 million of assessment growth revenue built into the budget. Those were positive factors financially impacting the plan and the budget."

"The County Executive, when he issued the budget on the 15th said that the budget is more than just numbers. The budget is as much about balancing the numbers as it is about the programs and services that the community wants and expects from their tax dollars. The County Executive was pleased to note that the so called people's mandates as he has referred to them over the past couple of years are funded. There is an additional $452,000 in money in the levy for the assessment growth for the Buffalo & Erie County Public Library system."

"We have funding in there for- I don't know if any of you have participated in Household Hazardous Waste drop-offs, or electronic recycling days. For those people who have ever participated there's lines literally for blocks of cars waiting up at the various sites- ECC South, ECC North…"

Director Speers: "It's a great program."

Tim Callan: "Thank you. We decided to allocate more money for it- because it's so popular, because people want to go and drop-off their old TVs, old computers, light bulbs with mercury in them, paint, toxic chemicals. We've added more money for that in next year. It's not a massive amount- it's not like its $100,000 its $45,000…. Somewhere around $50,000 of additional money to have more of these events. Normally they are only held three times a year, we want to do more of them. It's one of those things that resonate with the public. They want to recycle and help the environment. We provided increased funding for Erie County Soil and Water Conservation, Cornell Cooperative Extension, Fisheries Advisory Board. We have provided additional funds for all of the cultural agencies in Erie County."

"We've increased funding for Visit Buffalo-Niagara.   We are making a commitment to Visit Buffalo- Niagara and the Convention Center Management Corporation as well as the Buffalo-Niagara Film

Commission. The work they are doing draw in out of town tourists, and guests, and the bed-tax we collect needs to be reciprocated with additional funding for them. The demonstration of the critical economic development and tourism value which they bring to this area with people shopping and buying things, and eating out and staying in hotels. We provided additional funds for the Buffalo and Erie Niagara Land Improvement Corporation- the land bank to continue to do its work with neighborhoods and stabilizing neighborhoods and abandoned or foreclosed properties and lots. We've increased the County's contribution to Erie Community College for the first time since 2008. We've increased their sponsor contribution by $125,000. For a budget of their size, that's not a massive amount of money- but we wanted to show a tangible commitment to President Quinn and their board that we value their mission and putting their focus on STEM and educating young people or older adults returning to the workforce in new technologies for the new economy and we wanted to acknowledge that so we provided them with additional funding."

"We've also provided $2 million in fund balance for additional road work. That additional $2 million is on top of the operational funds in the road fund, highway division budget plus the money in our capital budget for next year. We've increased the capital budget by a number of million dollars for next year. Previously when we had met with you we were talking in the range of $25 million- $29 million- the bonded component that leverages federal and state funds to do roads, highways and bridges. We are increasing that and it will be $34 million next year. We have infrastructure needs in the community so between the additional use of the $2 million in fund balance, plus the bonded component, we are trying to meet that need through additional funds. Between 2014-2015 we will have spent $85 million of county-share money. That's not including federal or state funds. $85 million in new money between our operating budget and our bonded share the capital budget on roads and bridges."

Chairman Lipke: "One question on that…are you seeing a decrease in funding from the federal and state governments for bridges and roads?"

Tim Callan: "From the Federal government yes. Everyone is seeing reductions in federal funds being allocated by Congress for federal aid type projects. On a state level… no. Not per say. State's primary funding source is the CHIPS program, Consolidating Highway Improvement Program and Governor Cuomo increased that and the state legislature approved that for ’14. We won’t know till January if they’re going to increase that again for ’15 for the state’s ‘15-‘16 fiscal year. It was about $1.5 million increase.”

Chairman Lipke: “If the federal government continues to reduce the amount of funding that their sending in our direction- what happens?”

Tim Callan: “It raises serious questions for all localities, and all counties, across NYS and across the country. If Congress due to budgetary or other reasons must allocate less money it impacts all of us because… Erie County, we do projects in one of several ways. We have the so-called federal aid projects- those projects generally take 10 years to program and plan. For example, East French- North Robinson/East French Road in Amherst – that project that we just finished a week ago was 15 years in the works. 15 years it took to program and get the federal money, get the state commitment of money and 4-5 years ago the county bonded its share of the money and then construction finally happened in 2013 & 2014. But those federal aid projects, those are like the big projects those are total reconstruction- those aren’t simply putting new asphalt down on a road- that’s a county project. The federal aid are the big ones that cost multi, multi millions of dollars, that take years to plan, and often years to construct- over a couple of construction cycles.”

“We’re worried about that because for those of you who live in Buffalo… Kenmore Avenue – under a two-year agreement with the City of Buffalo, we resurfaced Kenmore Avenue from Elmwood Avenue to over near Starin Avenue in N. Buffalo. We did it using county money and in 2013 did our side- our portion of it from Starin up to Colvin- and then the City of Buffalo did their share from Colvin west to Elmwood Avenue this summer. The remaining share that needs to get done is from Starin east to Main Street. That Kenmore Avenue project has been in planning for 15 years. 15 years they have been talking about doing that section of Kenmore Avenue because it needs drainage and sewer and water lines, curbs, as well as a total reconstruction and new sub-base. We’re hoping we can do that project next year or in ’16. It is entirely dependent upon the feds because the federal share of the project is 85%. We don’t know if the federal money is going to be there.

Lastly on the positive things that we're funding next year…"

Chairman Lipke: 'Just as a follow-up to that…if the fed funds continue to go down and these larger projects that typically get funding- a big part of the funding from the federal government and the federal funding goes down- what happens to those projects?'

Tim Callan: "That's something that we're going to have to look at because federal funding is 85% of these projects funding. If the funding dries up completely…not just us but everybody including the state is going to have issues. Again, the feds also fund a significant amount of road work on the interstate system. It's not just a local road."

"Lastly, we've provided new funding including putting some new positions in the budget next year for things we thought were valuable for the community. We've included a part-time position for the first time in maybe 10 years in the Veteran's Service office. Our Erie County Veterans Service Office has three veteran's service officers and the workload and demand is such that they need help. They don't necessarily need another service officer- but they need someone who can answer phones, greet veterans when they arrive at the door, talk to family members on the phone before a veterans service officer gets involved. There is just such an overwhelming amount of veterans seeking assistance with navigating both the benefit and healthcare system for the benefits they are entitled to and deserve that we've added a part-time position there. We've added 8 new 911 police dispatchers in CPS."

"We've added a couple of new Sheriff's detectives in cooperation with the Sheriff. Those detectives are going to in part work on drug cases including the heroin problem that we have in our community. We've added 4 new Probation Officers. Some of you may have heard that there is a growing interest in our community for the Conditional Release Program. Voice Buffalo and a large number of clergy have been interested in this and talking to us for about a year about that. We've added 1 Probation Supervisor and 3 new Probation Officers- not just for that program- by investing and adding new probation officers the hope is we can get people out of the holding center or maybe they aren't even remanded to the holding center they can be on say electronic monitoring or some sort of monitoring system which significantly reduces costs. It's far cheaper to have someone on electronic monitoring than it is to have someone sitting in the holding center for months or a year awaiting trial. Plus the probation officers will help to keep a better eye on probationers to make sure the recidivism stays down. We've added a new Public Health Educator position. That person, if the Legislature maintains the position, will also be involved in the heroin epidemic and cracking down and educating our youth going into schools. The final area that…two final things…we've maintained our commitment to Child Protective Services. We've had some serious issues in Child Protection now for a couple of years. We allocated a lot of resources including a lot of new jobs earlier this year with Legislature permission. We are maintaining that commitment of funding for CPS and that comes at a not insignificant expense with those new positions."

"Finally, this is something that emerged late last year but really took us by surprise literally on September 30th. We've had serious cuts by the state and by federal government in funding for our domestic violence programs. We have a number of jobs in the Probation Department with a Probation Officer and Probation Assistant, 3 Prosecutors in the DA's Office, several Confidential Investigators in the DA's office, Social Workers in the DA's office as well as 3 Deputies in the Sheriff's Office and some social workers and domestic violence advocates in the Sheriff's Office. Late last year the Office of Children and Family Services terminated funding for a number of those positions telling us that after at least 20 years of state funding for those jobs OCFS was not going to continue funding those positions."

"So throughout 2014 we had 100% county expense, we funded those jobs. We are continuing that for next year. On September 30th the DOJ informed the DA, who's the lead applicant, a grant program called Be Safe, but after 20 years of funding the Be Safe program the US DOJ did not renew our grant. That meant, literally as of October 1st of this year, not January 1st but October 1st of this year funding for those DA positions and Probation Officer and Probation Assistant as well as funding for 4 community agencies including the Family Justice Center was gone."

"Literally, we had like 8 hours' notice because the next day, technically, we had to lay those employees off and tell the agencies their funding was gone- we've not done that. We are using county share money for the last 3 months of this year and then are going to use county money for all of 2015 to fund those critical domestic violence programs because of these state and federal cuts."

"Sorry for talking so long, that's the overview on the challenges as well as the positive things in the budget and the plan and we are happy to answer any specific questions you may have."

Chairman Lipke: "Any questions from any members of the committee?"

Director Speers: "Yes, just a couple. Tim, as far as capital budget items, such as equipment replacement for the Highway Division…is that something that you have a replacement plan for as far as replacing the heavy duty equipment? I'm talking about the large double-axles, high lifts, excavators, heavy duty equipment like that?"

Tim Callan: "Yes, we do. In next year's budget we have $1.75 million in bonds in the capital budget for things like trucks, front-end loaders, heavy equipment. And yes, that is included in the multi-year, six year capital budget commitment of funding every year. I'd also once again like to thank ECFSA for your actions in 2013 for providing us the efficiency grant money for us to buy new dump trucks with plow attachments to help keep our roads safe. Thank you."

Director Speers: "The other thing is Tim….is there any ongoing effort to review the county's highway system? I know there is a tremendous amount of lane miles in the county road and some of those roads are very seldom used roads that were probably added many decades ago for various reasons and maybe they should revert to the towns?"

Tim Callan: "Yes, in 1994 there was a committee called the Excel Committee, which was created by the Gorski Administration and its then Commissioner of Public Works John Loffredo who is also our Commissioner of Public Works now. The Excel Committee included professional engineers, members of the local association of the American Public Works Association, GBNRTC as well as others issued a report. As you noted Director Speers, one of the problems that we have is we have 2,400 lane miles of county roads that are our responsibility. More than 3 states, for instance. And its challenge is maintaining those roads. Many of those roads, the vast majority of those roads really are town roads, should be town roads. They are roads of a very small length. Half a mile, mile. With very low traffic counts, literally like dozens of cars a day or maybe a couple of hundred cars a day. They are roads that have houses, residential in nature, they're not major thoroughfares."

"They're not like a George Urban Blvd or a Colvin Avenue which are county roads for instance. Often four-lane roads, these are local roads, they don't have water and sewer lines it's the old fashioned ditches on the side of the road- we have too many of those. And when the Board of Supervisors morphed into the current model of county government we have back in 1959-1960 the Supervisors over a period of years transferred their roads they didn't want to maintain to the county. This is a 60 year problem. We have developed a policy in our DPW for roads we think meet that criteria- those residential style roads. Our policy is that we will rehabilitate those roads to a good standard and then if the town is willing turn them back over to the towns. I'm not talking about these major thoroughfares, I'm talking about these small residential roads that many town supervisors will privately acknowledge should be a town responsibility but won't say that publicly. We will provide money, we will re-do the road if they are willing at the end of the project to take it back over and take ownership. So far, we have not had support on that. We made that offer to the Town of Clarence Supervisor, Mr. Hartzell, and it is safe to say, not only did we not finish discussing our plan what we thought made sense- our meetings with them have not gone well to the point of he said, "well we're not going to accept ownership." Ok- well. So a number of meetings have broken up. We have explicated that policy- we are communicating that to town highway superintendents. We are hopeful that we can have a dialog with some of these towns on this. Some town superintendents and boards and town supervisors seem receptive to the idea. We hope to make progress on that for next year."

Director Speers: "That's really good. I appreciate that effort and can remember doing an analysis of this system many years ago when I was still with the Comptroller's Office. Basically the analysis pointed to the fact that many of these roads were very, very lightly used. They should never have been assumed by the County many decades ago and really if you look at the county system, I mean, when it was established in the '20's it was in a way a subsidy for the municipalities that had the largest tax bases at the time like for example the county's cities to help with transportation infrastructure in the rural areas where the tax base is at the time were not that robust. Which is probably why the cities of Lackawanna, Tonawanda and Buffalo do not have any county roads in them. Even though the tax payers in those cities are still required to pay for the county road system expense. I remember years ago there was a separate county road fund I believe…"

Tim Callan: "There still is a separate county road fund."

Director Speers: "I think it's an inequity so I give you great credit for trying to straighten this situation out and make it more equitable."

Chairman Lipke: "Any further questions from any of the other board members?"

"Thank you. I have to say I am always impressed with the knowledge the three of you bring to the table not only in the big picture but in the details behind the big items. I know we prolong these discussions sometimes but there are a lot of interesting subjects within the budget that I think it's good to bring out for the committee and full board and for the community to understand. This budget is not a simple thing to put together- so thank you."

Tim Callan: "You're welcome."

Director Stievater: "Thank you."

Chairman Lipke: "One thing before you leave…we have our full board meeting next week on the 28th at 11:00 am and we'd request that you're available for that meeting as well."

Tim Callan: "Of course. See you next Tuesday."

Executive Director Vetter: "Janine Doyle and Tracey Palecki from the library are presenting."

Chairman Lipke: "Good morning, thank you for being here today."

Janine Doyle: Ken and Mary Jean could not be here today, they apologize, and they are both out of town today. Myself, Janine Doyle, Assistant Deputy Director for Human Resources and Labor Relations. I have Tracey Palecki from the business office and Carol Batt our COO with us today.

Tracey Pawlicki: "We believe we will be able to, Ken Stone already forwarded you a packet of information that outlines all of our information, so we are going to summarize it and hopefully answer any questions that you might have that Ken's information didn't already answer. Basically what we are here for is to request reallocation of funding from the 2009 RFID incentive grant to offset one-time costs for settlements of the CSEA & Library Association contracts. These are the bonuses that were paid to the CSEA members and the signing bonus also to the Library Association. These are one-time only items. So, we are looking for $32,395 to cover the bonuses for the CSEA members and $281,712 for the Librarians Association for a total of $314,107. This would be coming out of the 2009 RFID incentive grant which was awarded back in 2009 and based on currently the RFID project has 3 locations still to be completed- the Hamburg Library which will be completed after the construction is done- as you know the Hamburg library is being enlarged and renovated and we will have the RFID equipment installed in probably February. The other 2 libraries that are still waiting to be converted to RFID are Lackawanna and Angola. So, we are almost there. Based on the information of what we have spent and what is still scheduled to be spent we believe that there is funding available in the 2009 grant to be used to be offset for this purpose. Do you have any questions that I can help you with?"

Chairman Lipke: "Any questions from the committee? I have one question and it's probably more to refresh my memory on the RFID program. I understand the technology advantages that come from it- will those bring any operating efficiencies from a cost perspective along with that?"

Carol Batt: "I'll be happy to address that. We've seen some significant changes. Every time we have a position that becomes vacant we really analyze it very closely to decide if it's at the appropriate level and doing the appropriate job. What the RFID has allowed to date- because its more self-service for the patrons we have been able to reduce staff in those departments or at those levels somewhere along the way. In some of our outlying community libraries- just because staffing is so slim to begin with- to eliminate a position would almost force them to close their building doors because they wouldn't have enough staff to keep the building open. In those instances in particular- we really see- instead of the staff doing repetitive, mundane check-out of material; what they have been able to do is be redeployed for more readers advisory, more public service, more programming in the buildings. So, just a smarter, better use of staff members that are there. That's been a huge benefit and I think we've seen that in all levels of our libraries and we have a self-checkout rating ranging in many of our libraries from 80% to even 90%. So that's very significant."

Chairman Lipke: "I remember in the original request some of that discussion but I just wanted to get a little refresher on that. There is no doubt the library system is invaluable to WNY and I'm happy to see you taking the initiative that will help perpetuate it. It's very, very important"

Carol Batt: "One other thing I neglected to mention- another cost savings we have is we now have all of these libraries with a theft deterrent system that is a bi-product of this because the items beep if someone walks out the door and they haven't checked it out. So, we really believe that we have also saved dollars in materials that haven't inadvertently walked out the door- so that's another very tangible benefit."

Chairman Lipke: "Wonderful. Any other questions from any of the committee members?"

Director Speers: "Yes, just one Brian- thank you. For seniors who may not be able to use the new system do you have a way to assist them? Maybe not as technologically updated as the current generation is and they are very comfortable with that type of environment. How about the seniors- how do they work?"

Carol Batt: "'m really happy to address that question because we've run against that in probably every implementation. In some cases we have found that by just demonstrating- because the process is very simple. Demonstrating it to seniors they have been empowered by what they're able to do. They get very excited that all they need to do is scan that library card, put that item on there, get their receipt and walk away. On the flip-side of that- we certainly have people who either just feel that they can't do it or are very much intimidated by it. We still have staff check-out. There isn't a library that doesn't allow staff check-out. But we certainly encourage them and it's been very exciting to see some of the people that will say "never- never I can't do this" and after you show it to them they are just so excited, almost like a little kid that excited that's never done it before so we really accommodate that."

Director Speers: "That's great- the other question I have is from a historian's viewpoint- the old card system- have you preserved those for use of people who need them?"

Carol Batt: "Unfortunately, no. If you recall the central library we had miles of catalogs- we had quite a significant amount. Those records are now in an electronic format in our online catalog- but what I can tell you is that on the main floor of the central library towards the back of the building there is some significant card catalogs that remain in print and those represent some of our older, rare book treasure- type material that aren't necessarily in the catalog but what we have done with that is we are in a digitization project so what's happening with those cards is they are going to be digitized and searchable and that will still remain available here so that we will eventually, unfortunately have to de-access those cards just to free up the floor space in the building to accommodate new services or more computers and technology."

Director Speers: "I understand. I unfortunately understand. I really enjoyed using those cards. Sometimes I could actually do that quicker than using a computer."

Carol Batt: "I can appreciate that."

Chairman Lipke: At this point if there are no other questions I'd accept a motion to recommend the presented repurposing to the board."

Speers moves Stievater seconds

Chairman Lipke: “Our last order of business today is to reappoint our public accountants and I’ll let Mr. Vetter address that issue.”

Executive Director Vetter: “Thank you Mr. Chairman, very briefly we do an RFP for our public accountants every three years. The 2013 audit was the last year of the third year of our current engagement. We sent out an RFP- we got 4 firms who responded to the RFP. Staff had looked at those and put together a report in comparison of the cost, the services, the minority participation, the expertise of the firms, and in essence our current auditors Freed Maxick and Toski Schaefer came out pretty much close to one another. What the staff has recommended really based upon two things is Freed Maxick over Toski. One is stability of price- Freed Maxick has indicated they would perform additional services at no cost to us. For instance if there are new pronouncements that come through financial accounting standards board or GFOA that impact our financials- they will help us with those at no additional cost. The second is that when they’re looking at MWBE participation both Freed Maxick and Toski did have participation. That is a focus at the state level- the minority participation with Freed Maxick was slightly higher than Toski. Again, they have done a good job for us, they know the business, it’s a small engagement.”

“The field work only last about a day and half. Our basic financial statements- we’re a 4 person, $500,000 organization so we are a relatively small client. The information in your packet- the fees run between $7,700 & $7,900 per year. Our fees for the next three years would actually be lower than what we paid for the last audit which was $7,910 so we are actually saving a few hundred dollars going forward, maintaining continuity and really putting a hedge in against any additional costs that we might incur because of new accounting pronouncements. Based upon that staff would recommend to this committee that we bring Freed Maxick back for another three year engagement.”

Chairman Lipke: “Any questions from anyone on the committee? At this point then I’ll call the vote.”

The Committee votes unanimously to approve Freed Maxick for a three year public accounting engagement.

Director Speers moves to adjourn, Director Stievater seconds and the committee votes unanimously to adjourn.

Respectfully submitted,

James Sampson
Chairman
October 24, 2014