



Onondaga County Legislature

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WAYS & MEANS COMMITTEE 2017 BUDGET REVIEW OF WAYS & MEANS COMMITTEE DEPARTMENTS - SEPTEMBER 23, 2016 DAVID KNAPP, CHAIRMAN

MEMBERS PRESENT: Mr. Jordan, Mr. May, Ms. Williams, Mrs. Ervin, Mr. Kilmartin

MEMBERS ABSENT: Mr. Shepard

ALSO PRESENT: Chairman McMahon, Mrs. Rapp, Mrs. Tassone, Mr. Plochocki, Dr. Chase, Mr. Holmquist, Mr. Dougherty, *see also attached list*

Chairman Knapp called the meeting to order at 1:30 p.m.

PERSONNEL DEPT. pg. 3-112 – Carl Hummel, Acting Commissioner; Lorraine Bissi Greenlese, Executive Assistant; Dawn Nolan, Personnel Assistant

Mr. Hummel provided the following and reviewed the highlights:

2017 PERSONNEL DEPARTMENT BUDGET PRESENTATION

In order to assist in your review of the proposed 2017 Personnel Department budget, I would like to briefly outline the four major functional areas of the department.

- 1. The first major function of the Department is to serve as the administrator of New York State Civil Service Law for nearly 20,000 classified positions in the County of Onondaga, City of Syracuse, 19 towns, 15 villages, 18 school districts, three (3) library districts, four (4) fire districts, six (6) special districts and community college. The Personnel Department also provides service to the public at large and ensures that all 68 districts and municipalities within Onondaga County comply with Civil Service Law in their roles as public employers and includes all aspects of recruitment, testing, and payroll certification.*
- 2. The second major function of the Department is Employee Benefits Management, which administers employee and retiree benefit programs. This function also includes participation in the Onondaga County Health Benefits Coalition.*
- 3. The third major function of the Department is departmental payroll processing as part of a shared services model which includes time and attendance administration, payroll records management, and calculation of earnings including overtime, holiday pay, differentials and other contractual and statutory forms of compensation.*
- 4. The fourth major function is to serve as the centralized human resource management and labor relations office for 3,600 county employees and managers. The activities associated with our overall HR role for County government include labor relations, contract administration and collective bargaining, training, salary and wage administration, leave benefits administration, and workplace investigations.*

DIVISION OF CIVIL SERVICE ADMINISTRATION

The Onondaga County Department of Personnel has functioned as a consolidated sourcing entity for Civil Service Law administration for all public employers in Onondaga County for over 50 years.

The Division of Civil Service Administration staff will process over 9,500 personnel transactions this year. These include appointments, promotions, salary changes, and terminations. New York State law also requires that we certify the payrolls of all 68 municipal entities at least once each year. Another major activity of the division involves administration of state-prepared civil service examinations for all the municipalities within Onondaga County. Over 200 competitive civil service

examinations have been scheduled and will be administered by the division this year. Public employment continues to be an attractive option for job seekers and as such the division will process over 7,000 exam applications in 2016.

This division also conducted mass physical agility testing for over 340 candidates for Police Officer and Deputy Sheriff (Police) positions. That is a nearly 200% increase over the previous year.

Our website continues to be a popular and effective source of information for potential applicants and our electronic examination notifications have grown to nearly 12,600 registrants. Coupled with our electronic application process, and with a recently started initiative I will discuss later, we continue our move to a paperless environment.

Division staff also continued their engagement in the PeopleSoft CHM system implementation, and the implementation of a system called ego which will replace our present outdated Civil Service Administration system.

DIVISION OF EMPLOYEE BENEFITS

The Division of Employee Benefits administers, along with contracted Third Party Administrators, the various employee benefit programs including health, dental, vision, pharmacy, flexible spending, employee assistance, long and short term disability, and wellness. Employees in this division administer benefit products for over 13,000 employees, retirees and their dependents. In 2016, this division will handle approximately 15,500 calls, emails and walk-ups and process 17,000 benefit transactions. It has, among other accomplishments this year, administered the transition of three bargaining units to a new health benefit plan design, gathered and reconciled data to comply with new IRS 1095 reporting requirements, developed and promulgated Employee Benefit guidelines for payroll clerks in the various departments, and its employees have participated in the PeopleSoft HCM implementation project.

Another important activity of the division is participation in the Onondaga County Health Benefits Coalition which educates labor representatives on the development of Premium Equivalent Rates, health benefit plan design initiatives, and cost monitoring of the various benefit programs; and division participants, in conjunction with contracted advisors, work collaboratively with labor representatives in identifying and developing opportunities to provide high quality benefit programs to employees and retirees in a cost effective manner.

On an annual basis, the division plans, coordinates and delivers the open enrollment process, whereby employees and retirees can make changes to the benefit programs in which they participate, and wherein employees and retirees can obtain information about the full range of benefits provided by the county and its partners.

DIVISION OF PAYROLL OPERATIONS

The 2017 Personnel Department Budget also includes the creation of the position of Director of Payroll Operations. This new position will oversee an administrative division within the Department of Personnel dedicated to payroll processing with the work to be performed by one Account Clerk 3 and three Account Clerk 2's which will be transferred from the Department of Audit and Control via a transfer of function resolution which is also a part of this budget.

This division will assume some of the tasks presently performed by employees in the Division of Personnel Administration and Employee Relations that are part of the shared services payroll model, and some tasks will remain where they are in accordance with best practices principles related to segregation of duties.

DIVISION OF PERSONNEL ADMINISTRATION AND EMPLOYEE RELATIONS

Major activities for the Division of Personnel Administration and Employee Relations involve assisting departments with the administration of the terms and conditions of employment contained within the seven collective bargaining agreements negotiated by the department, grievance processing and resolution, disciplinary investigations and proceedings including work rule enforcement, harassment and discrimination complaints investigations and determinations, and providing advice on a variety of federal and state, labor, employment, and Equal Employment Opportunity laws.

In 2016, the division concluded collective bargaining negotiations with the Building Trades Council on a contract covering the years 2013 through 2018. And the division also concluded negotiations with the Civil Service Employees Association on two separate agreements; the first covering the years 2013 through 2015 and the second covering the years 2016 through 2019.

The New York State Nurses Association is now the only employee organization without a current contract and negotiations with that union will be continuing next month at the request of both parties with the assistance of a state appointed mediator.

Preparations are also under way to commence negotiations with the Onondaga Sheriff's Captains Association either late in 2016 or early in 2017 on a successor agreement to the contract set to expire at the end of this year.

This division also continues to oversee the implementation of the PeopleSoft Human Capital Management system and participates in system development, testing, training, and project planning.

MAJOR ACCOMPLISHMENTS

I would like to take a moment to highlight two accomplishments of the Department in 2016 of which I am personally very proud. The first is our participation in the County Executive's scanning initiative. To date, we have scanned a significant portion of our labor relations records and will continue to do so going forward. We will also begin the work of scanning our large volume of Civil Service records in the near future. This is a multi-year initiative with the ultimate goal of having a completely paperless office.

The second accomplishment is the establishment of the Onondaga County Leadership Academy in a partnership with Crouse Help People, which was developed in response to an identified lack of workforce management skills within the various departments and at the bequest of the County Executive and members of this Legislature. This academy is a multi-day supervisors training course designed to provide county supervisors with the skills they need to effectively manage their employees. One of the drawbacks of the civil service promotional mechanism is that employees are promoted based on their ability to do the work but not necessarily their ability to manage people. This program seeks to fill that gap and develop supervisors with proper workforce management skills. The Onondaga County Leadership Academy has been very well received by participants and the administrations of the various departments, and future offerings are in very high demand.

Mr. Jordan:

- Payroll operations positions you are transferring over from the Comptroller's Office – what exactly do you anticipate the duties or responsibilities for these individuals to be in this newly created department

Mr. Hummel:

- They are going to process the payroll as they do today.

Mr. Jordan:

- What does that mean; that's a very ambiguous term – precisely what will their duties include and entail

Mr. Hummel:

- Quite simply – as various departments do, and the payroll clerks in our department, they will process various transactions to get the time and attendance in, look at the earnings and what people have done. These people are doing to very much the same thing – we are going to do this throughout the county, and they will process the payroll transactions that occur presently in the Dept. of Control and Audit, minus any auditing functions.
- They are not auditors, they are account clerks

Mr. Jordan:

- Minus auditing functions – what do you consider an auditing function

Mr. Hummel:

- The Dept. of Control and Audit conducts a prepayroll audit; I'm not sure if that is exactly the right term. They conduct a preaudit of the payroll; that's an auditing function, that's not a processing function. We wouldn't do that within the Personnel Dept. That would be something that would be left to auditors to do.

Mr. Jordan:

- Isn't that substantially what these individuals do at the present time/

Mr. Hummel:

- They do payroll transactions as well

Mr. Jordan:

- That is not the information that I have. The information I have is that the substantial portion of their responsibilities are auditing functions – reviewing time records, reviewing data entry type things. Things that would be considered auditing functions.

Mr. Hummel:

- Those are auditing functions, but we have a system right now that the data is not validated. It is free form entry. They generate huge amounts of reports to make sure that the data is entered correctly. PeopleSoft will not have that problem – there is not going to be the need for that.

Mr. Jordan:

- PeopleSoft won't have an issue checking whether things were entered properly?

Mr. Hummel:

- Right, because there are validated fields that you choose from. It won't let you enter non-valid values

Mr. Jordan:

- If someone puts in 400,000 hours instead of 4 hours, how will PeopleSoft know whether it is a correct entry or not

Mr. Hummel:

- That's not done in PeopleSoft, that is done in Kronos

Mr. Jordan:

- I thought we were moving away from Kronos; isn't that the whole purpose of why we have PeopleSoft – to replace Kronos?

Mr. Hummel;

- No were not moving away from Kronos; PeopleSoft is replacing GENESYS. Kronos is a time and attendance system; PeopleSoft in a human capital management system – it process payroll, human resources transactions and benefits transactions. It doesn't process time and attendance. The data from Kronos gets moved over to PeopleSoft in an interface. That data is used to produce a payroll.

Mr. Jordan:

- When the information is entered, without there being a preaudit function, how would anybody know whether that information is being entered correctly or not?

Mr. Fisher:

- One of the big differences here is that the current system we have is known as a batch program, which means that transactions happen, but they don't go to anyone except in a batch. They all come in mass and have to be inspected – typically paper based processes
- With an ERP system, as soon as a change gets made, it is available to everyone in the system. Instead of having to validate all of the data all at once, with a system that does a very poor job of data validation in the first place, people take the time/attendance from Kronos and bring it into a system of pay sheets. They are like the pay sheets that you used to have when you had ledgers of payroll. Anybody in the system, an auditor in Comptroller, or someone doing payroll processing, can see it.
- The separation of the payroll processing from the preaudit, which is a terrific flaw in what we have now...we have people entering data and also preauditing it. The same group puts in garnishments that looks and inspects data entered by others. That is absolutely one of the first things that Tony Townsend, who is leading this effort, identified a year and half ago as an absolute flaw.
- The person managing the payroll is also managing the preaudit. That is inefficient to begin with and violates every known rule of how you set up payroll to enforce segregation of duties.

Mr. Jordan:

- Isn't this a system that has been in place for almost 50 years?

Mr. Fisher:

- It's been in place for 30 years.

Mr. Jordan:

- And every year it has been audited for 30 years

Mr. Fisher:

- If you talk to the people that put it in place, 30 years ago they looked at moving payroll out of Comptroller's office for the very reason we are looking at it today. They decided not to do it.
- For 30 years we have had this flawed design where someone is doing payroll management

Mr. Fisher asked Mr. Hummel to explain how the payroll auditor position is designed and what that person actually does.

Mr. Hummel:

- The payroll auditor is an auditor title – some of the typical work activities are to supervise payroll section for the purpose of verifying payroll; analyze audit reports submitted by subordinates, prepares audit reports and makes appropriate recommendations, resolves payroll problems for operating departments, and so forth. That's an auditing function.
- That person supervises 6 account clerks, one 3 and five 2's.
- Account Clerks have no auditing in their job description – that word doesn't appear anywhere.
- They are not auditors.

Mr. Jordan:

- Did you speak to anyone in the Comptroller's office before you came to this conclusion?

Mr. Hummel:

- Of course – have actually been doing this project for 3 years; we have been documenting the business processes that exist. We know exactly what they do.

- We have documented that information – we know the work that they do.

Mr. Fisher:

- The other point to keep in mind is that the system is changing. Wayne Gretzky said “Im skating where the puck is going to be”. We are designing something for where the work will get done in PeopleSoft – if you just replace the work that people are doing in the same organization in the same way, and you try to put a very different system with it, you will get just what we got with the first couple of years of financials.
- Eventually we realized that we needed to reorganize that work--needed to create a Financial Operations Divisions--needed to get Phil Britt running it, who understood PeopleSoft to achieve the efficiencies you get.
- We are not going to try to reproduce the work that the payroll auditors, or whatever they call them, are doing.

Mr. Jordan:

- Doesn't it make more sense to wait until PeopleSoft is actually up and running, if in fact it ever occurs, before you make these changes?

Mr. Fisher:

- No because the Accounting Division of the Comptroller's Office has decided that they are going to stop working on it.
- The Deputy Comptroller withdrew his participation 17 months ago and the current payroll auditor was instructed last week to stop work on it.

*Chairman McMahon:

- This topic will have the bulk of the time in this hearing – can we get some other questions answered first and then we we can have the rest of the session to deal with this topic.

Chairman Knapp agreed.

****discussion continues – see page 7***

Chairman McMahon:

- 6 positions being transferred from the Comptroller's office?

Mr. Hummel:

- Only 4 of the account clerks are going to Personnel.

Chairman McMahon:

- There are 4 other creates – 10 total?

Mr. Hummel:

- Director of Payroll Operations will oversee those 4

Chairman McMahon:

- That's from the Comptroller?

Mr. Hummel:

- No – we are not moving anyone – that it a new create

Chairman McMahon referred to pg. 3-114 and asked about the following new positions in the Personnel Dept.

- Create Deputy Commissioner of Personal, and there is money behind. Mr. Hummel agreed
- Create Human Resource Business Operations Specialist; and there is money behind it. Mr. Hummel agreed and said that they have one and need another one.
- Create Exam Unit Manager; Mr. Hummel agreed
- Create Secretary; Mr. Hummel agreed
- Create Employee Benefits Specialist. Mr. Hummel agreed and said that they have one now and need another; it is funded
- 3 Account Clerk 2s are currently the Comptroller's office; Mr. Hummel agreed
- Account Clerk 3 – currently in the Comptroller's office; Mr. Hummel agreed. Chairman McMahon said that the other 2 are in Finance; Mr. Hummel agreed.

Chairman McMahon:

- Are there any positions that have money behind them that currently don't in this year's budget?

Mr. Morgan:

- We unfunded 8 positions in order to fund the positions just reviewed with Mr. Hummel, aside from the transfer of function.

- The net is a -3 positions

Chairman McMahon:

- We are unfunding a bunch of positions, but are we replacing them with higher salary positions?

Mr. Morgan:

- Yes we are.
- It is down \$152,000.

Chairman McMahon:

- Outside of what is being discussed with the Comptroller's office, between your creates and what you are unfunding, your department is a net - \$150,000?

Mr. Hummel:

- Correct.

Mr. Morgan:

- There is also salary savings in there too related to the retirement incentive.

Mrs. Ervin:

- Accomplishment of the Leadership Academy – it is exactly what we had envisioned. I'm assuming that you have been very successful thus far.

Mr. Hummel:

- Yes we have – have surveyed the people who have taken it and spoken to dept. heads that have sent their staff – everyone is very pleased with it

Mrs. Ervin:

- How many departments took advantage of it so far?

Mr. Hummel:

- I don't know – can get the information for you

Mrs. Ervin:

- It only makes good sense that we provide the training that they need to have effective leadership

Mrs. Rapp:

- Health insurance is one of the biggest increases in this entire budget – over \$12 million and asked what is driving this.

Mr. Morgan:

- After the presentation for Personnel is complete, we will go through the insurance fund.

Chairman Knapp:

- Asked for clarification on the exams

Ms. Nolan:

- There are more examinations, but the number of people is a little bit down because last year we held the fire fighter exam, which is a very large exam. It depends on the title of the exam.

Chairman Knapp:

- One of the new positions is an Exam Unit Manager and it is being funded – what would that person's responsibility be – given the fact that we are down in our exams?

Mr. Hummel:

- That would be someone who would manage it; the work is presently done by a Personnel Tech 1. Felt the persons job description would be best to match the description of the duties they are doing and be dedicated to those duties exclusively. Basically trying to run that unit more effectively.

Chairman Knapp:

- Continuing to do tests at OCC?

Mr. Hummel:

- They are in various locations; the large ones are at OCC, high schools, or Oncenter.

*Chairman Knapp:

- We will come back to the topic (***continuation of discussion from page 6***)

Chairman McMahon:

- Help me walk through the personnel – what they do?

- What I'm hearing from Carl (Hummel) and Bill (Fisher) -- your belief is that the employee should not be processing payroll and auditing payroll - is that what you are saying?

Mr. Hummel:

- That is correct.

Mr. Fisher:

- Let's separate processing into data entry and audit and certify.
- It is a fundamental principal of accounting. He read the following: *Generally Accepted Accounting Standards – some services involving preparation of accounting records always impair an auditor's independence with respect to an audited entry. A government auditor should never change without management approval given that this always impairs and auditor's independence with respect to the audited entity.*
- It's fine to correct, as long as there is a second person, but in general you want to segregate the data entry from the audit and certification; and if there is an error, you bring it to someone's attention and there is an agreement by two parties on that change, and you need to design the whole system that way. Or, you have quite a problem.

Chairman McMahon:

- Say we agree with you – how in this process with this new department is the payroll audited

Mr. Fisher:

- There is a certification, which is the Certified Payroll Professional (CPP), which is a gold standard for what a payroll manager is supposed to do. That is the person that oversees bringing the stuff in from Kronos, administering a smaller staff that does the data entry and initial corrections. Then, it should go to Comptroller because their responsibility is to audit and certify for payment that payroll claim.
- So it is a check – and you want the check to be elsewhere

Mr. Hummel:

- In PeopleSoft when all of the data entry occurs and should be done by these payroll clerks, were create pay sheets. The pay sheets are what becomes the checks. At that point there should be auditing done – after the pay sheets are created and before we actually run the payroll.

Chairman McMahon:

- We have the payroll department processing and preparing payroll.
- Then the Comptroller is in charge of the audit of the payroll.
- Asking Jim (Maturo) and/or Bob (Antonacci) - currently do these same individuals/are these the same people in your department that audit the payroll too. Now there is a situation where they are over in Personnel, who is there to audit the payroll?

Mr. Maturo:

- I guess that was the question I asked on Monday – who's going to audit the payroll if we don't have the people who actually perform the function?
- Regardless of where or what system data is entered in, it is our function to audit it. Whether it is in PeopleSoft, GENESYS – it doesn't matter – whether it's entered in Personnel or in the departments.
- To do what you are trying to set up now, directly goes against what Mr. Fisher just said. He wants the people to review the payroll transactions in the same department that is responsible for the payroll.
- We seem to be making one point against the Comptroller's office and then we are going to use the same example as a support to moving these people to payroll.

Chairman McMahon:

- *Asking Mr. Hummel...*the people in the Personnel Dept., the payroll people, aren't going to be expected to audit?

Mr. Hummel:

- No. They are going to put the information in and create the pay sheets.

Chairman McMahon:

- *Speaking to Mr. Maturo* – I'm going to schedule a time to come and see what you do in your office and take you up on your offer. The way it is currently set up, what percentage the employees do auditing, compared to processing or whatnot?

Mr. Maturo:

- What I can tell you is that the six people in charge of preauditing the payroll – that is the majority of what they do.
- Do they do garnish entries – sure – because there has been no other place to do those. The information comes to us and we put it in.

- We keep hearing people telling us what we do, but these people don't know what we do.
- We will have a whole list for you Chairman, when you come over, and we will show you each and everything that these people do that is an audit function.
- Are they account clerks- -sure, but if you'd like to make them all auditors I'm sure that they wouldn't argue with that.
- These are the people that review the payroll.

Chairman McMahon:

- *Speaking to Mr. Hummel* – talk to me about the implementation of PeopleSoft – how this makes this all easier

Mr. Hummel:

- Part of the issue is this batch process and the errors that come out of it and reams of paper that are generated as a result of it that need to be poured over by six people
- PeopleSoft doesn't function the same way – PeopleSoft is a tool – have to adapt to the tool. We are not going to create reams of paper, where going line by line and checking to make sure someone in some department didn't type the wrong number ... a 5 instead of a 6 because their finger missed it.
- There are going to be validated fields and the pay sheets are going to be created, and then they need to be audited at that point. There is not going to be the reams of paper
- I would submit not the need for the 6 people to spend that time. It's crunch time – it happens every 2 weeks where payroll gets run, the batches get run over night and all of sudden there is all this work to be done.
- It is a transaction system – every time you enter something the system is automatically updated. You don't have to wait 2 weeks for the batch to update the system. It happens instantly.

Mr. Fisher:

- Right now because it is a batch system, they have what IT calls "test runs". Test 1 run comes and, Comptroller looks at it for errors – they correct them, ask the dept. to correct them, send them back to the dept. to make sure they are OK with the change. Then you do another test run, and that is closer, then there is a 3rd test run.
- There are no test runs in PeopleSoft. The system is live. You update the pay sheets and you see it. You don't have to wait until a certain time on Sunday night for the IT Dept, which will also achieve efficiencies because they are not doing all of the IT stuff.
- You don't have to wait; can just go in and inspect it; that should allow the auditing work to be scheduled more regularly rather than focused on test runs.
- There is a very intricate payroll schedule that IT, Personnel, and Comptroller have to coordinate, otherwise the payroll won't get done. That whole intricate schedule will be very different because the work will be getting done all along.

Chairman McMahon:

- Is PeopleSoft implemented right now?

Mr. Fisher:

- It is being implemented in a test environment. Where the current payroll auditor, her team, payroll clerks in Personnel, and the HR and benefits people in Personnel are all learning to use the system and gaining confidence that it works the way we expect.
- They are also configuring the system to make sure it picks up all of the contractual obligations and calculates paychecks correctly. That is the remaining work – to make sure that it all works to the penny.
- When they are ready, they will run it in test run with a parallel with GENESYS and then again. After at least 2 parallel processes generate the same paycheck, then you go live.
- This has happened in literally thousands of municipalities and school districts across the country. It is the product that has something like 65% market share for doing payroll in municipalities.
- We also looked at outsourcing. In April the chairman of Ways & Means Comm. asked us to look at it. There is an option in PeopleSoft to outsource it and have the payroll done by Paychecks or ADP, or what have you. We came to the conclusion that was not the right way to go. Among other things it would be very difficult to do the audit on an external vendor. We can talk about that more – may need to be executive session type stuff. We don't think it's a good idea to outsource it – we do think there will need to be people.

Mr. Antonacci:

- Probably the only thing that Mr. Fisher and I will agree on today is that outsourcing is a bad idea.
- Let me introduce four people from my office (*asked them to stand*). These are four of our payroll auditors that have joined us today. They are part of a letter that has been written by the six payroll auditors in my office. I believe that you have received that letter.
- You also should have received a letter from me outlining our budget and what was requested from our office and the issues that we are seeing with the County Executive's tentative budget. I hope you all have that in your in-box as well.
- There is so much to talk about this... this is the problem. My office had never been notified that this was coming.
- My payroll auditors certainly weren't notified that this was coming.
- I have asked the County Executive for any reports, studies, analysis, documents, that back up this system and this change in payroll auditing. I have yet to receive those documents. If they exist, I would like to see them.
- I would like to see what analysis was made by the administration to make this tentative budget proposal.
- PeopleSoft is not live, nor will it be live on January 1st.
- If the payroll auditors are removed from my office, I have no idea how I'm going to, by Charter and Administrative Code, audit the payroll transactions on January 2nd with the current system that we have.
- We get down the road, 4, 5, probably 7 years, and PeopleSoft is chugging along, and this Committee asks what the error rate is; and I can look at you with a straight face and say "you know our error rate is about 1%."; then, I'm willing to let go of a payroll auditor or two because then we are doing our job as maybe was envisioned.
- That day is not here ladies and gentlemen.
- I'm going to leave you with two words on that issue: National Grid.
- National Grid instituted a payroll system prematurely and was fined heavily and paid heavy damages to its employees. They screwed with their employees lives, they were fined by Attorneys General and paid the price. I don't believe you want that to happen.
- Now, has our relationship been stressed lately? Sure it has, but am I looking out for you guys – you bet your boots I am; and, I am telling you right now that if you let this system go as is, you are asking for chaos. PeopleSoft is not the system that you think it is.
- I don't care what system it is; if it is the system that Mr. Fisher claims it is, great. We are still charged with preaudit responsibility.
- My people, four of which are here today, every day audit payroll.
- Let me give you an example: There was a settlement with Hillbrook employees because the administration decided to outsource Hillbrook employees. They lost in an arbitration and the arbitrator awarded the employees back wages. That claim came to my office from the Dept. of Personnel. We audited that claim and you know what we did...we saved the county \$70,000 in one transaction, and we do that every day.
- Every day we are looking for human error, human input problems, and we are working with the payroll clerks in the departments to make sure that the payroll they are processing is accurate and a proper charge of the county.
- We are not processing payroll; we audit payroll on a daily basis.
- If this committee had been advised of this situation earlier by the administration, I would have gladly came in and told you that.

Chairman Knapp:

- It's a great idea that the Chairman has that we learn a little bit more about this as well because I've said several times at Ways & Means meetings, or to anyone who has asked me about this, for any employer payroll is absolutely the most important thing you do.
- If there are problems with payroll, morale and confidence in the institution is going to wane very quickly. This is people's lives that we are talking about.

Mr. Antonacci:

- Payroll, along with the related benefits, is almost a half a billion dollars, almost half of our budget, and we are talking about six payroll auditors being moved out of my office.
- I don't believe that is the accountability we are going to be proud of.

Chairman McMahon:

- Out of the work that they do; what percentage of the work is auditing compared to processing?

Mr. Maturo:

- Compared to actually entering data into the system?

Chairman McMahon:

- Yes.

Mr. Maturo:

- I would tell you it's 90% to 95% of these individuals.
- Again, no one came to our office to determine what these people do on a daily basis. Nobody has done that. They have made an assumption of what they actually do.
- If someone else would like to put in garnishments, then be my guest. We will send the garnishments once we get them – will send them out to whoever would like to put them in, and then we will audit them as they come through. Just let us know who that person is.
- But, you can't take six people off of my staff because we enter garnishments.
- I would like to make one comment on PeopleSoft. This committee, each year for the last four years, has been told "we are going live with payroll next year". So, next year, 2017, will be the 5th year in a row, we have been going live with payroll.
- They come here; they throw this information out there as if it's fact, and they haven't been able to back it up yet.
- Why put the cart before the horse, let's get a system first. Let's see if we can get this system to work, and hopefully work better than the financials do.

Mr. Morgan:

- I take exception to not only Jim's (Maturo) comments but to the Comptroller's letter that I don't know what the payroll unit does in the Comptroller's office. I was an auditor in the Comptrollers' office and one of the audits we did was an audit of the payroll unit. So I take offense to that remark.
- Secondly, the external auditors document the payroll process and they document what these folks do. That's out there. Carl (Hummel) spoke of the process they have been going through for implementing PeopleSoft -- that they document what these folks do.
- We have tried to bring in an external auditor to document what those folks do, which has been denied by the Comptroller. We brought a resolution over, had it passed, and still no cooperation.
- It's disingenuous to say those things.

Mr. Antonacci:

- The outside auditor that Mr. Morgan wanted to hire was done specifically to interfere with the lawsuit that has been filed with my office. That is why we did not cooperate with that audit.
- There is another example of where I was not given an opportunity to speak to this committee and a resolution was voted on in committee without my input.
- As far as any of these reports, please send them to my office, I'd love to see them. Nobody will ever accuse me of not wanting to save the taxpayers' money, but there is no price on accountability, and we are talking about six payroll auditors that do their job exceptionally well. Show me the report, show me the dates, show me the study that says this is a better system. Remember this – I still have to preaudit it, and I can't preaudit it with no one.
- This is half a billion dollars of taxpayer money and we are tripping over six people. It is really not a good move.

Chairman McMahon:

- On the resolution that the legislature passed, we have never received anything from you on that to my knowledge. What is your position; are you complying with that?

Mr. Antonacci:

- I sent you an email, maybe you didn't get it, but I sent it after our meeting with Mr. Knapp and yourself.

Chairman McMahon:

- That was before we voted on it though.
- What's the positions after the legislature passed a resolution?

Mr. Antonacci:

- I've agreed to cooperate with point number one of that letter and point number two of that letter, but not point number 3 of that letter. I have made that clear when I have been asked about it.
- By the way, you know what you do on an audit, it is supposed to be a surprise. You are not supposed to telegraph which things you are going to audit.
- You don't say "I'm coming in to audit week one." You pick a week and go audit it. You don't telegraph it.
- That is what is happening here – it is specifically to interfere with the lawsuit
- Does anybody like the lawsuit; of course not; nobody likes the lawsuit, but it is what it is, but to compound our problems with what is going on right now is a disgrace.

Chairman McMahon:

- Where are we with the audit then

Mr. Morgan:

- We are nowhere.
- As an attorney and a CPA, Bob (Antonacci), I would like to think you would know the difference between a legal standard and a professional standard
- We are requesting a professional accounting firm to come in and review internal controls – it has nothing to do with the legality of the raise.

Mr. Fisher:

- That's exactly right; the Comptroller is perpetuating a falsehood.

Mr. Antonacci:

- Pick a different week and you can start tomorrow.

Mr. Fisher:

- He is saying this is a legal issue.
- I'm willing to say right now that he was in his legal bounds to go into that system, but what I'm asking you is why wasn't there the control where that change went back to a department. That's an accounting issue; that's an auditing issue.
- He had every right to go into that system – no problem, but the control says one person can't do that and the two people are the Comptroller and his secretary, that counts as one person.
- There needs to be someone else reviewing that – that's the issue for the auditor; there is no legal issue.
- I'm not disputing his right to get into the system and change it. What we are saying is there needs to be a control so another party with segregation of duties designed into the control reviews it before it gets committed into the system.

Mr. Plochocki:

- We are one of 62 counties in NYS; I can't believe 61 other counties are fighting over this process; would be very interested to know what some other key counties do with regard to their payroll and auditing.

Mr. Fisher:

- Looked at the 62 counties; 3 of them where payroll gets done in the same place where auditing happens
- We are the largest by far; Oneida County is the 2nd; and there is a 3rd one – I can't remember
- In the other 59, it is either in a Finance function-the most likely scenario, or HR or personnel function

Chairman Knapp:

- Obviously we are not going to solve this today, at this minute, in this hearing.
- Encourage all of us to reach out to both the Comptroller and Jim Maturo, as well as Carl (Hummel), Bill (Fisher), and Steve (Morgan)
- Definitely like the Chairman is doing--spending some time up there (Comptroller) and see what exactly the roles are so we are really clear about what the current situation is
- You can't move on from the current, if you don't understand what that is.

INSURANCE FUND, pg. 3-87 – Carl Hummel, Acting Commissioner of Personnel

Mr. Hummel presented the following:

2017 ANNUAL BUDGET

Ways & Means Committee Report

INSURANCE FUND

JOANNE M. MAHONEY, COUNTY EXECUTIVE
STEVE MORGAN, CHIEF FISCAL OFFICER
CARL HUMMEL, COMMISSIONER OF PERSONNEL



Table of Contents

- Slide 3: Insurance Fund Budget Summary
- Slide 4: Benefits Breakdown
- Slide 5: Health Breakdown
- Slide 6: Unemployment
- Slide 7: Long Term Disability
- Slide 8: Insurance Policies
- Slide 9: Professional Services
- Slide 10: Workers' Compensation
- Slide 11: Questions



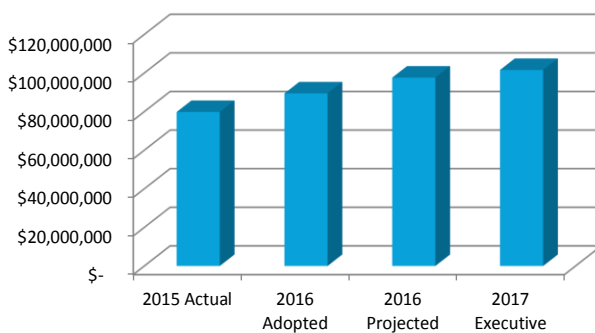
TABLE OF CONTENTS

2

2017 Insurance Fund Budget Summary

INSURANCE FUND BUDGET				
	2015 Actual	2016 BAM	2016 Projected	2017 Executive
Benefits: <i>Health, Dental, WC, Unemployment, LTD</i>	76,298,210	83,921,959	92,374,747	96,074,922
Fees For Services	2,249,493	2,599,534	2,396,241	2,493,131
Insurance	1,185,888	1,325,000	1,197,555	1,371,840
Judgment & Claims	(651,834)	225,000	225,000	225,000
Interdepartmental	497,375	1,361,080	1,361,080	1,361,901
Subtotal	\$ 79,579,132	\$ 89,432,573	\$ 97,554,623	\$ 101,526,795
Supplies	0	5,000	5,000	5,000
Travel & Training	0	4,000	4,000	4,000
All Other Expenses	5,920	7,700	7,700	7,700
Maintenance, Utilities, & Rent	1,908	7,000	7,000	7,000
Self Insurance	0	25,000	25,000	25,000
Total Appropriations	\$ 79,586,960	\$ 89,481,273	\$ 97,603,323	\$ 101,575,494

Total Appropriations



Summary

- Overall Insurance Fund Budget
- Benefits line makes up about 95% of total
- Benefits comprised of
 - Health, including HMO & Medicare Advantage
 - Dental
 - Workers' Comp
 - Unemployment
 - Long Term Disability



3

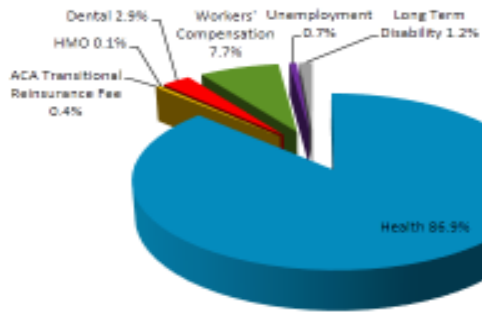
BUDGET SUMMARY ANALYSIS

- Benefits line makes up about 95% of total of insurance fund

2017 Benefits Breakdown

Insurance Fund Benefits Breakdown	2015 Actual	2016 BAM	2016 Projected	2017 Executive
Health*	70,574,430	69,696,680	80,396,125	83,483,464
ACA Transitional Reinsurance Fee	556,360	398,000	398,000	398,000
HMO	214,432	209,023	92,571	93,496
Sub-Total Health	\$71,345,222	\$70,303,703	\$80,886,696	\$83,974,961
Dental	2,600,083	2,718,630	2,746,336	2,773,800
Workers' Compensation	1,005,981	9,191,594	6,910,493	7,435,242
Unemployment	178,792	675,452	675,452	697,451
Long Term Disability	1,168,152	1,052,600	1,355,789	1,195,468
Total Benefits Account	\$76,298,210	\$83,921,959	\$92,574,747	\$96,074,922

2017 Benefits Breakdown



Important Points

•Total Benefits Increase: 4% over 2016 Projected

*Health includes Medical, Prescription Drugs, Medicare Advantage, Vision and Accrual



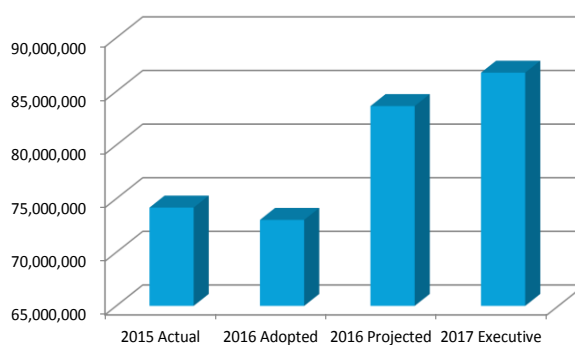
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2017 Overview of County Health, HMO and Dental Expenses

INSURANCE FUND	2015	2016	2016	2017
HEALTH BENEFITS BREAKDOWN	Actual	BAM	Projected	Executive
Medical (Onpoint/Indemnity)	46,449,634	43,723,212	55,025,024	56,675,775
Medicare Advantage (United Healthcare)	8,697,295	9,000,000	8,082,082	9,000,000
Prescription Drugs (ProAct)	15,453,809	15,500,000	15,971,890	16,451,047
Vision (Davis)	522,280	672,905	516,566	532,063
Net Accrual	(548,588)	800,563	800,563	824,580
Sub-Total Health Plan	70,574,430	69,696,680	80,396,125	83,483,464
ACA Transitional Reinsurance Fee	556,360	398,000	398,000	398,000
HMO (MVP)	214,432	209,023	92,571	93,496
Sub-Total HMO and Health	71,345,222	70,303,703	80,886,696	83,974,961
DENTAL	2,600,083	2,718,630	2,746,336	2,773,800
TOTAL	73,945,305	73,022,333	83,633,033	86,748,761

Health Breakdown

Major Drivers



Expenditures

- Medical: 3% increase over 2016 Projected
- Health Total: 3.7% increase over 2016 Projected
- Medicare Advantage budget formulated using two full years of actual data.



5

Mr. Morgan:

- Medical – factored in 3% increase from projected 2016 to 2017 – being very hopeful

- Huge increase in projection in 2016 – major things happening with population
- 2016 BAM is in 20% range increase
- Industry trend in 6.5%
- Comparing through Aug. 2016 – large claimants over \$50k
 - 48 large claimants through 2015 over
 - 83 so far this year
- Large claimants over \$100k
 - 13 last year
 - 34 this year
- Population of employees and dependents are sick – seeing it in spikes in claims
- 2016 members with claims over \$100k is projected to increase 56% over 2015
- Basing 2017 budget on the fact that they won't carry on into 2017, but very possible that they will
- Huge major cost categories driving spike this year:
 - 5 active end-stage renal disease patients
 - 14 active cancer patients - well above average Pomco sees in size that we have
 - Hospital admissions – 2014 county rate was 61/1,000 covered people; 2015 was 75/1000; YTD is 83/1000
 - YTD increase of 36% over 2014 rate

Chairman McMahon:

- Been self-insured for a while; have consultants that do this; have risk managers that look at this, but we can't afford these types of increases
- Can't compare us to trends in marketplace because we have more employees than they do
- Need to look at stopgap insurance and different things we haven't done before
- If next year's budget is \$11m like it was this year, there is going to be a lot of people losing their jobs – this is a trend we can't afford
- Need to figure out where we can ensure our insurance pool – where are we with that

Mr. Morgan:

- Are working with consultants; started looking at stop loss insurance, but they will kick out all high cost claims right off the bat

Chairman McMahon:

- That's with the existing baseline – have a new baseline number, \$12 million higher

Mr. Morgan:

- We are looking at that and also financial guarantees in a renewal
- Have one year left on current contract – will be going out to market regardless
- Analyzing this very closely – still some other areas that are unexplained – working to identify

Chairman McMahon:

- What is a \$50k claim?

Mr. Morgan:

- Could be any number of things – depends on how long in hospital, what the treatment is – numbers are solid in terms of how many are experiencing it

Mr. Hummel:

- A lot of time those claims are related to specialty type drugs - injectables

Chairman McMahon:

- Understands that Pomco and Excellus negotiate rates with hospitals and providers
- Would be nice to know what the market place is – what are basic life functions that our employees may expect. i.e. starting a young family

Mr. Morgan:

- There are going to be sick people no matter who the administrator is – sick under Pomco or Excellus
- Aside from that, we're looking to see if we are getting the most attractive rates in the market place
- To do that will go through another competitive process stating at the end of this year

Chairman McMahon:

- Are retiree contributions for bargaining units negotiated with bargaining units?

Mr. Hummel:

- OCSBA and DSBA are negotiated in the contract; all of the others not negotiated in the contract

Mr. Morgan:

- Have started to work on that – CSEA agreement – slowly increases to 20% for actives

Chairman McMahon:

- If retiree is paying 15% for their health insurance, costs are increasing, and the employee is paying 20%, which will eventually be higher, then eventually the retiree will have to pay more unless they are locked in through some contract
- What is the process?

Mr. Morgan:

- CSEA – one time offer locks them in at 12%

Chairman McMahon:

- If they take the incentive

Mr. Morgan:

- Agreed – the legislature sets that

Mr. Fisher:

- Wants us to be very careful here
- CSEA, largest union – legislature imposes through resolutions the rate that they pay, 15%, - passed a few years ago
- Have not negotiated that with the union; they would like to negotiate that at some point
- Probably shouldn't talk about it in open session

Chairman McMahon:

- Doesn't matter if they want to negotiate it, if it's not a negotiable item

Mr. Fisher:

- It can be

Chairman McMahon:

- If the legislature hasn't made it one, we are not breaking labor practice by something that hasn't been negotiated.

Mr. Fisher:

- The point is that they see it too – 15% as retirees and CSEA is going to 20% in the next couple of years
- There is even more of a reason for us to have some conversations with them – sometimes at the bargaining table, sometimes in the Labor Management Coalition
- There may be reasons to really get that going again – don't want to be here next year with a double digit increase

Mr. Jordan:

- Understands the 48 over \$50k claims, and the 34 over \$100k, but gets the impression that is a spike – there must be a baseline – normally there are so many claims above \$50k and so many above \$100k
- It would seem that should be the baseline for what is being projected from and not the abhorrent situations.

Mr. Morgan:

- Agreed – that is why the projection for 2017 tries to take that into account – that those aren't going to spike again in 2017
- Really only factoring in a 3% increase – projecting that it won't continue at that level – projection less of an increase than actually seeing this year
- This year it could be up towards 20%

Mr. Jordan:

- For \$100k / year – it's an awful lot of money; a private employer with 3,000 employees – the cost of health insurance for 3,000 employees isn't going to be \$100 million/year

Mr. Morgan:

- Most employers buy insured products.

Mr. Jordan:

- Suggests going to the private market, doing an RFP

Mr. Morgan:

- Self-funded is by and far, on the long term basis, more advantageous easily

Mr. Jordan:

- It still seems that employers that have 3,000 employees aren't paying \$56 million/year for health insurance.

Mr. Morgan:

- No, they are probably paying a lot more than that.

Mr. Jordan calculated that it would be \$36 million; Mr. Hummel; said that \$1,000 is low on the market.

Mr. Morgan:

- Medicare Advantage is an insured product - \$9 million
- We hire experts, and from their perspective, it is long-term beneficial to be self-insured

Mr. May:

- We are in an unlucky spot with large claims we are facing right now, but with this group size there are some things that have to be looked at very carefully
- Stopwatch market has been tough for the last 5 years or more, making it possibly prohibitive for us to do it
- Some of these claims can be extraordinary, way more than \$50k
- With medical technology being what it is today, those \$50k claims can go on a long time into perpetuity and because we are self-funded/self-insured, we own those claims forever – until someone gets better or worse
- Have to also look at our group size – sometimes you have to spend to make in this arena – is a 2 to 1 wellness investment real and of value to Onondaga Co, if we can start creating a healthier population, at least in areas we can control
- Pharmacy management – what percentage of our health insurance – are we doing as well as we can with the RX piece – have to look at both and what is driving those RX costs; that takes consultants, takes investment. Typically every day that goes by they are getting better and better at that work and able to bring back some returns
- There is that unlucky – is Mother Nature going to strike within our 3,000 – 4,000 employees in a way that is going to be very costly to everybody that works here because everybody is paying into the plan, including taxpayers
- Need to start thinking real aggressively about getting our arms around this – it is less a matter of who is paying claims and more a matter of what are we doing to affect those outcomes
- We can figure out ways to fund more premium on someone else's back or we can figure out ways to cut these claims down.

Mr. Morgan:

- Agreed. It is perfect storm, since I've been in this job, we have grown at below industry standards in terms of medical costs – have built a sizeable fund balance, that's the only reason we'll be able to end this year right side up - will drain pretty much every dollar we have in the bank to cover this year's spike
- We are in a position now that we haven't been in for a while, and need to react to it; we have to put those wheels in motion and we will be doing that.

Mr. May:

- I just don't think it's the claim payer – we might get a little bit better retention on the plan or pay less fees but in a day that is not what is going to solve this.

Mr. Morgan:

- Agreed – we have to go out anyway; Mr. Fisher can talk about the shift in the market

Mr. Fisher:

- It used to be that HMO's would get involved in care decisions and decisions about utilization of technology. It has evolved. Insurance companies took that over and didn't do very well with it – now hospitals are getting into it. They are starting to that acquire practices and hiring more doctors and are starting to take on some risk.
- Have conversed with hospitals – as a large employer that might, perhaps, align itself with other large employers who also work with 3rd party administrators, if they would be willing to have a conversation about the different relationships between us, TPA and the hospital itself.
- They are open to that. It's early and they have their own issues, but driving towards getting cost down to what Medicare will reimburse them for. If they can get costs out of their system, that should benefit us.
- Medicare is making sure that they are getting the outcomes that they are looking for -- are better at measuring those outcomes and being graded against that

- It will be a very important conversation to have and may want to get with SU, City of Syr., Syr. City School Dist. – 3 very large employers
- Want to have the outcome be that our employees are healthier; tried the Wellness a couple of years ago, we measured it very rigorously – it wasn't working, so we ended it.
- If employees have the same incentives as employers, they will make decisions in their interest that saves them money and us money. There is not as much of that going on as there needs to be for both of us to see not 6% or 6.5%/year, but 1.5% inflationary kind of growth.

Mrs. Rapp:

- Glad to hear that you are going back to the market place and rebidding; obviously this is an absolute volatile industry and nobody has the answers even year to year – so we need to check to make sure we get the best possible rates
- When I started, we had near 5,000 employees within the county and now are close to 3,000 employees, which means those employees are older than they were before. The problem seems systemic, because the likely to be sick is becoming larger and more pronounced.

Mr. Morgan:

- The average age of our employees is 50; members age 50 – 64 account for 55% of the claims paid in 2015 and on pace to be 51% of our claims this year.

Mrs. Rapp:

- Does the fact that so many people are retiring and leaving the state create a lot more out of network claims – is that driving things?

Mr. Morgan:

- There are other things out there that we are currently looking at, and that is one of them. Trying to understand the out of network claims and rate they are being paid at.

Mrs. Rapp:

- Shouldn't they be paid at the same in-network rate?

Mr. Morgan:

- It's complicated – there is out of network and some TPA's are more engrained and more developed across the country.

Mrs. Rapp:

- I was thinking that a national Blue Cross/Blue Shield will have a bigger TPA than a local company.

Mr. Morgan:

- That's the other piece of the pie we are looking at; we don't have all the answers but are reviewing it right now.

Mrs. Rapp:

- You will get back to us after you rebid this?

Mr. Morgan:

- It's a long process, so I know we are going to get started before the end of the year – intensive to get proposal back, review and evaluate them

Mr. Fisher:

- We knew last time that the RFP was going to change – it was for 3- 1 year contract; 2015 first year, renewed for 2016; haven't renewed for 2017 yet
- We have a lot of data. As the third party administrator, we own our own data about claims – trying to build a database from the last 6 – 7 years – look at what we are paying. It is hard because medical billing is so complicated, but are focused on it because there are so many dollars at stake

Mr. Plochocki:

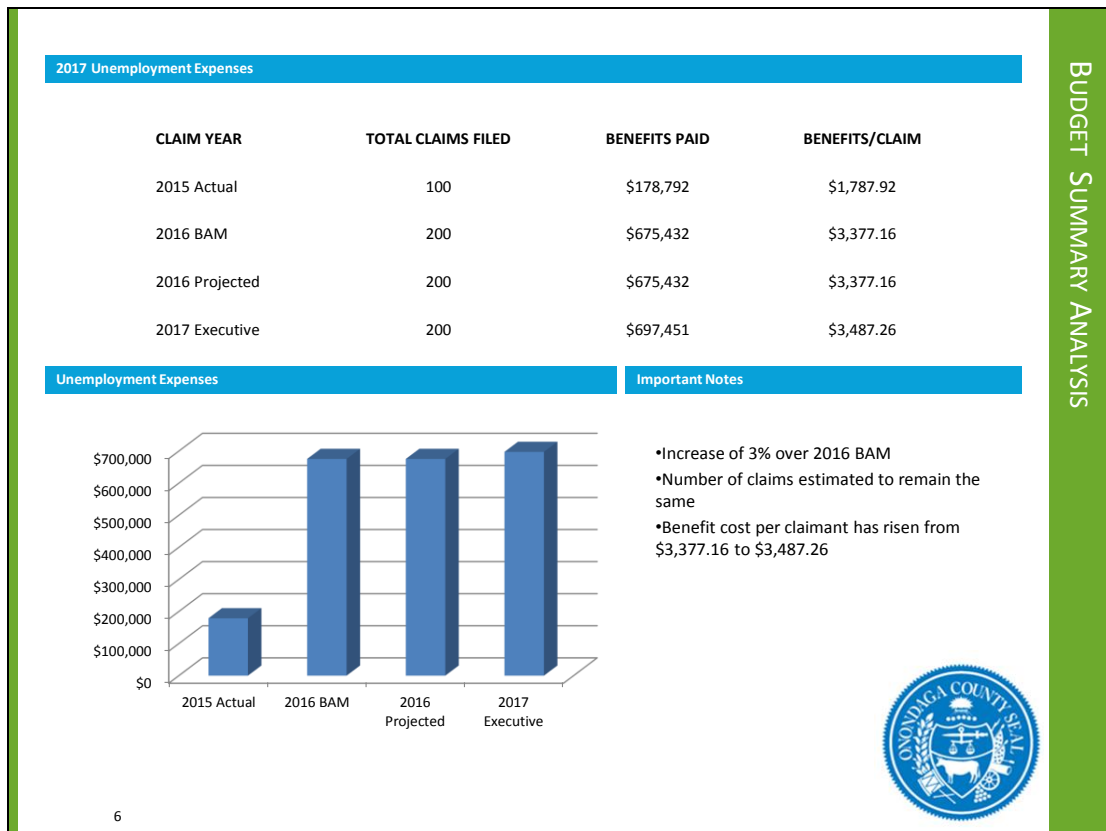
- It appears that we have an unusually high amount of large claims – our population is less healthy – what is going on that our costs would go up as much?

Mr. Morgan reiterated his statements from the presentation (*see page 14*).

Mr. Fisher:

- Risk pool is smaller because we are self-insured – insurance company sees a very large risk pool
- A small number of high claims in a big risk pool doesn't really get noticed

- In a small risk pool you are going to see more volatility – there is one year that is good and one year that is bad and statistics just is a certain sample size there will be a certain number of years that are really like this and other years like that – some is just statistical deviation



Mr. Hummel:

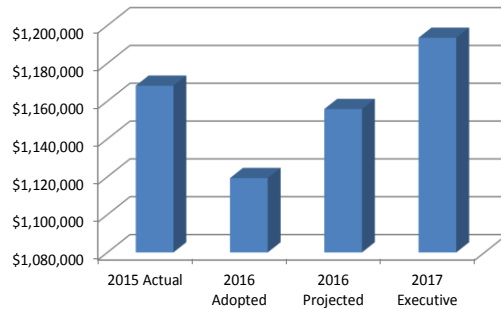
- 3% of 2016 BAM

2017 Long Term Disability Expense

YEAR	PARTICIPANTS COUNTS	TOTAL COST	COST PER PARTICIPANT
2015 Actual	3198	\$1,168,132	\$365.27
2016 BAM	3198	\$1,119,300	\$350.00
2016 Projected	3198	\$1,155,789	\$361.41
2017 Executive	3198	\$1,193,468	\$373.19

Long Term Disability Expense

Important Points



- Number of plan participants expected to remain flat
- Cost per participant: increase of 3.26% over 2016 Projected.



7

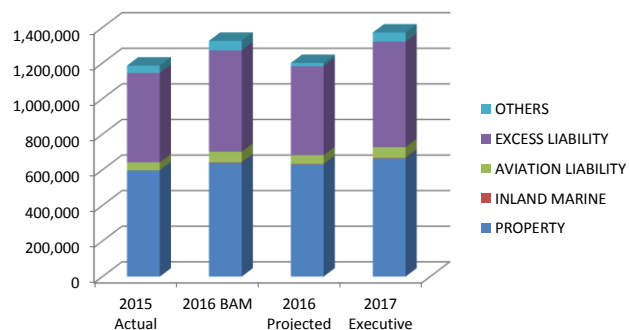
- Plan participants expected to remain flat; cost to rise 3.36%

2017 County Insurance Policies

LIABILITY INSURANCE POLICIES	2015 Actual	2016 BAM	2016 Projected	2017 Executive
PROPERTY	597,497	638,800	630,194	664,352
INLAND MARINE	0	3,000	3,000	3,000
AVIATION LIABILITY	44,965	60,000	49,343	60,000
EXCESS LIABILITY	501,654	570,000	500,000	592,800
OTHERS	41,772	53,200	18,018	51,688
TOTAL	\$1,185,888	\$1,325,000	1,200,555	\$1,371,840

County Insurance Policy Costs

Important Points



- Increase of 4% over 2016 BAM



8

- 4% budget increase
- Property insurance, small policy for marine, aviation, and excess liability
- Anticipated some increase in policy for 2017

Chairman Knapp:

- Is this all vehicles, DOT, etc.?

Mr. Morgan:

- It's all of the property that we own; it is a lot of property, helicopter, boats and excess liability

Chairman Knapp:

- How long is the policy?

Mr. Morgan:

- Go out to market every year – our broker is Haylor, Freyer and Coon – they bring us back proposals and recommendations
- Mark (Stanczyk) and I review them and make final determinations as to who we will purchase them through

Mr. Stanczyk:

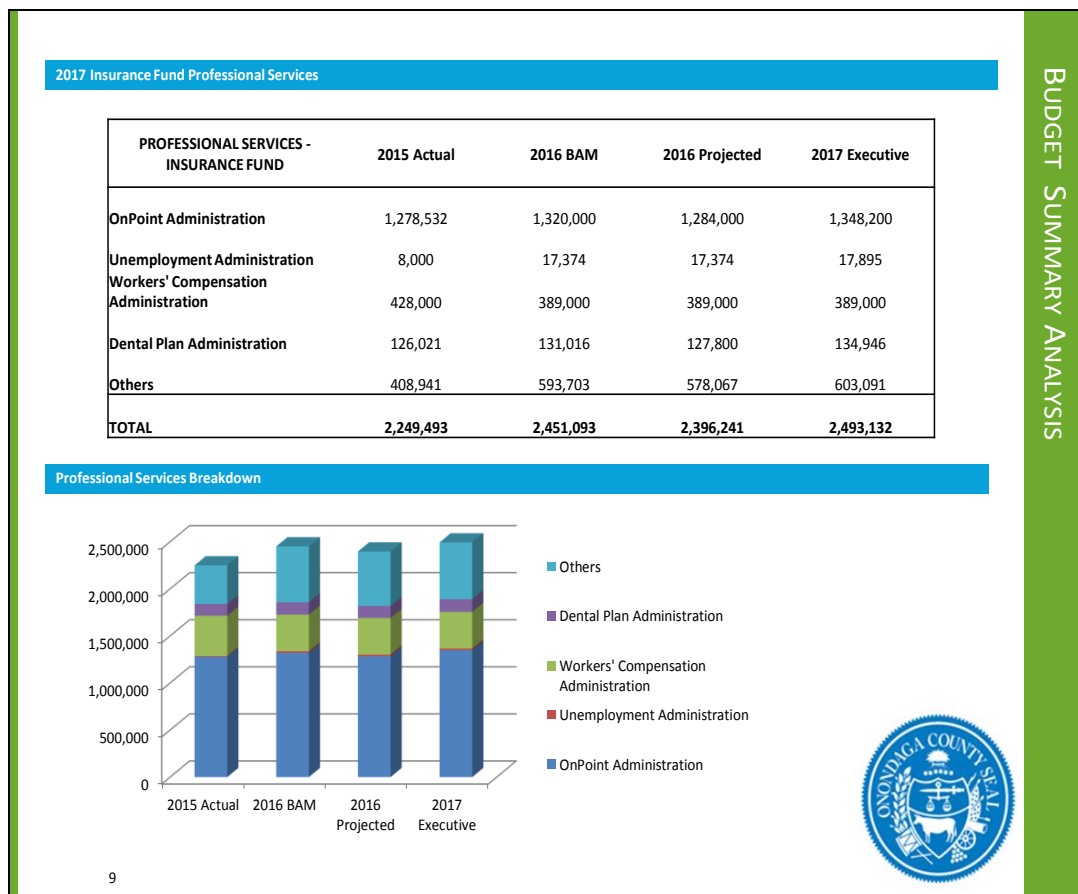
- We are in the first year right now; have 2 one-year extensions of that

Chairman McMahon:

- Is \$664,352 for the actual insurance coverage; is their fee in that?

Mr. Morgan:

- Their fee comes from the insurer; we don't pay an administrative fee.



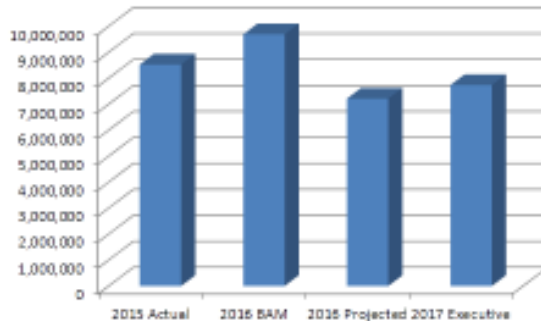
- All the administration that we do pay
- Increase of \$42,000 projected

2017 Workers' Compensation Breakdown

WORKERS' COMPENSATION	2015 Actual	2016 BAM	2016 Projected	2017 Executive
TOTAL CLAIM PAYMENTS	8,524,763	9,691,594	7,210,493	7,735,242

Workers' Comp (total operating expenses)

Important Points



- *Increase in maximum benefit to \$855.68/week based on increased Average Weekly Wage
- *Large increase in approved settlements since 2012; this equates to long term cost savings



19

- Claims payments – a lot of these downward trends are a direct result of what Mark (Stanczyk) and Bob Braetech have done in the front end in terms of safety -- has reduced the incident rates of major injuries and even deaths in the county
- Obviously, Van Duyn helped
- Have worked hard on the back end in terms of settling cases
- When I first got this job we were very aggressive and settled a lot of cases and really spiked up in cost. That is only going to save going down the road and are starting to see that already. It has stabilized and started to decrease.

DIVISION OF PURCHASE – pg. 3-122; Andrew Trombley, Director; Martha Christiano, Management Analyst; Dan Hammer, Deputy Director

Mr. Trombley presented the following and reviewed the highlights:

Mr. Chairman and members of the Legislature, I am pleased to come before you today and present the Division of Purchase 2017 Budget.

Under the Direction of County Executive Mahoney, the Division of Purchase has championed a model of shared services and consolidated procurement that is second to none in New York State. Taxpayers have benefitted from cost savings and administrative efficiencies, across a growing number of town, village and municipal customers.

We currently have over 50 municipalities participating in our program in Onondaga County, including the Villages of Liverpool, East Syracuse, North Syracuse, and Camillus, as well as the Towns of Cicero, Clay, and Salina, the North Onondaga Library, and the Airport authority. Additionally, this legislature recently approved an Inter-municipal Agreement with Otsego County. This enables our Department to generate new revenue at no additional cost to Onondaga County, the first such arrangement in New York State we are aware of. We offer the towns and villages you represent the same services for free. I urge every legislator to advocate for this program in each of your communities. We stand ready to present our shared services model, which retains local decision making, to any interested municipality.

We are fortunate to have such a dedicated and professional staff, with the right combination of experience and creativity. As a result of their hard work and our sterling reputation, municipalities across the state are now piggy-backing on our

contracts to procure goods and services. These results show our consolidated model is working. Vendors are more aggressive in their pricing, which saves taxpayer dollars, and provides increased revenues to local businesses.

Over all, the Division of Purchase remains one of the most cost effective departments. We are responsible for procuring approximately \$320 million dollars of goods and services for the County alone, and more than \$400 million overall, using less than 1% of the County's personnel and budget.

Our previous efforts under former Director Carroll have positioned the Division of Purchase for success. Our 2017 budget looks to the future of the program, where we will continue to improve our processes, provide even better customer service, and promote the County Executive's shared services model, all at a decrease in costs compared to our 2016 budget. Thank you and I look forward to answering your questions.

Chairman McMahon:

- Prof. Services - \$30,000 – what is that?

Mr. Trombley:

- Identified that there is potential to do some of the MWBE tracking via software rather than by staff – we are going to procure that software and right size that unit as a result. There will be some savings salary savings

Chairman McMahon:

- Referenced IMA with Otsego Co. – don't we have a couple of other counties

Mr. Trombley:

- Are only in a contractual relationship with other counties; have other counties that have expressed some interest?

Chairman McMahon:

- They pay us?

Mr. Trombley:

- Not yet.
- The other amount comes from the school district – they pay us a quarterly rate of \$2,500 – that is for administrative and staffing costs.
- Otsego does give us an \$18,000/year service for what we do for them – it is in the grants budget.

Chairman Knapp:

- What is your time commitment with Otsego – do you personally have to go down there every now and then?

Mr. Trombley:

- Right now in the process of establishing the program with Otsego – have been down once
- Anticipates when we go live with them using our PeopleSoft Procurement system, there will be some training time that we have. After that the physical trips to Otsego will be extremely limited.
- The work will be disbursed between all of our staff
- Anticipate that the average buyer will be between 10 – 12 purchase order/year – not a significant volume; have population equivalent to the Town of Clay
- Model will allow existing staff to continue to do work on their behalf at no cost to us, with additional revenue come in

Chairman Knapp:

- Weren't we doing purchasing for Madison or another county around us?

Mr. Trombley:

- They use us for piggybacking; we are not in a formal relationship where we provide a formal relationship that it is structured.

Chairman Knapp:

- What is travel/training primarily used for?

Mr. Trombley:

- With the addition of new staff we have more folks to send out for training
- With PeopleSoft module coming on line we will have to do some training for vendors - anticipating we will be out communicating to them on how the new module works – it's supplier contract management
- Bids and other documents currently done on a paper basis model will be able to be electronic – there will be a little bit of training to educate the public and vendors about how that works

- Ultimately it will save a lot of time in our department as well as save the vendors a lot of time and money having to physically send those into us – they will be able to do it electronically at their convenience day or night with a dedicated log in

Chairman Knapp:

- Services Other Govt – is actually down - did we lose some business?

Mr. Trombley:

- I think it is just budgetary – they looked at all lines
- There are not changes in terms of our revenue that we are aware of.

Mr. Morgan:

- It's a product of the actual expenses that we are incurring – that is what we charge
- That's the same reason why in the interdepartmental revenue is down

Chairman Knapp:

- Are there any unfunded positions for 2017?

Mr. Trombley:

- There are some unfunded on the roster – we use some of them for flexibility and positioning
- Will have a considerable number of retirements in the coming years – having people qualified to step into some of those roles, having titles that are reachable is important for our department
- Projecting a net decrease of two staffers at the end of this year – dependent on what the retirement incentive offers

Mr. Morgan:

- There are 7 unfunded positions in the department.

Chairman Knapp:

- How is electronic bidding coming along?

Mr. Trombley:

- It is coming along great – will be going live Dec. 19th for the supplier contract management module
- 1st quarter 2017 we turn on the the portal – that allows electronic bidding – have to get over the electronic firewall, but are on the cusp for that

Chairman Knapp:

- Asked about best value purchasing

Mr. Trombley:

- Considered a tool in the toolbox for buyers – look at national contracts as an option – we never use them exclusively, unless it is a product that is unique and not available in the local market
- Have not to date done a best value bid – it is something that we look at when we look at products to see if it is the right fit.

Chairman Knapp:

- Asked about a local law shifting the inventory responsibility

Mr. Fisher:

- Purchasing has had 4 things to do with inventory of assets: procure, receive, transfer, and keep track of it.
- They haven't done anything except procure it in a very long time.
- Asking for CFO to be given the responsibility for that or to be able to direct other departments to do it
- Comptroller sent a letter about how you have to receive inventory in the hands of someone who is not keeping track of the record. Otherwise, someone receives it, doesn't create the record and steals it
- This would take the receipt out of hands of Purchase Director and put it in hands of CFO
- Receipt clerk might put tag number and serial number on it – it would be different person than the person creating the record
- Transfer would be in the hands of the CFO. If IT received a bunch of equipment and delivered 10 computers over here, someone would sign for them; it would become your responsibility. When it is inventoried, it would be on your list even though originally receive by IT.
- Storage of equipment would be CFO's responsibility

- Believes the local law addresses all of the concerns that he Comptroller addressed in his letter

Chairman Knapp:

- Why do you think the CFO is a better place to do it than Purchasing?

Mr. Fisher:

- Because he has the Division of Financial Operations, which can at least touch each department and can try to impose some rules that they will all follow
- The Purchase Director doesn't have any relationship with those departments of that nature.

Mr. Trombley:

- The purchase process with PeopleSoft does modernize it and we fully support this change because it makes sense.
- The way the process is in PeopleSoft is that the receiver of the goods is the one that goes in and enters the receipt. My department doesn't do receiving; we do the purchasing. We then have to wait for them to notify us that the asset has been received. The Financial Operations unit is doing that receipt work; they can stop the receipt from being entered until an asset is properly accounted for in the system

Mr. Fisher:

- And they pay it

Mr. Trombley:

- It's a natural progression of using PeopleSoft tools to the best ability

Mr. Morgan:

- The original procedures outlined in the Code are old, and at one point the County had a central receiving department, and it was probably Purchasing. Everything that was purchased came to them. It was logical for them to inventory and track it.

Mr. Jordan:

- Professional services was \$0 for 2016, now is \$30k – what is it for?

Mr. Trombley:

- We are purchasing software that will allow vendors to electronically file their reporting for MWBE compliance
- Have had good success with it on the Amphitheater project – good results, good numbers came out quickly, track progress on projects
- Software we are purchasing will interface with PeopleSoft – those two data streams will merge

Mr. Jordan:

- All other expenses increase by about \$4,500

Mr. Trombley:

- That's a postage and paper fee – when when we educate vendors on the new software, the new module in PeopleSoft, we have an expense there to make sure that we educate them correctly and that when we go live in the system, it works as flawlessly as we expect it to.

LAW DEPARTMENT, Pg. 3-92 - Robert Durr, County Attorney; Lori Tarolli, First Chief Deputy Co. Attorney, Diane Corsaro, Fiscal Officer

Mr. Durr:

- List of accomplishments (budget book page 3-91) outlines what we achieved this year

Highlights:

- ILS Settlement:

- Meetings with people from Albany; county is one of 5 counties subject to Hurrell-Harring decisions – working on implementation of that program intricately with Office of Court Admin.
- Deadline in November to have it implemented and thinks it will be achieved
- County is receiving about \$5 million from ILS settlement

- Metropolitan Treatment Plant

- A project required excavation, as result contaminants found in the soil
- Cost of cleanup from contaminants
- Niagara Mohawk, predecessor of National Grid, was responsible in part for contaminants
- County was able to secure substantial funding through their contribute for cost of clean up
- Credited Ben Yaus for working hard on it and getting funds for County

- Lower Ley Creek and Cooper Crouse Hinds landfill subject of some litigation
 - In 1960's deposits in landfill made by Cooper Crouse Hinds, who owned it
 - Some indication that that county had limited dumping there – records are thin and hard to make a determination
 - Been in negotiations regarding that matter for a couple of years – stipulations to extend the negotiations
 - Meeting with Cooper Crouse Hinds new attorneys, who took a very aggressive posture
 - Appears that nobody wants to continue this stay; believe the County will be served at the beginning of October
 - Opinion that the county has very limited liability; City probably along with Cooper Crouse Hinds, has the lion's share of deposit there
 - City was not in a position to negotiate a settlement due to the high demands to settle the case

Mr. Jordan:

- Interdepartmental charges up by \$159,208, but revenues are down by \$508,249 – can you elaborate on why charges are up and revenues are down?

Mr. Morgan:

- Law Department charges out pretty much all of their budget - total appropriations are going down \$425k – they're not going to charge that out, so you would see their interdepartmental revenue decrease. It decreases a little bit more than the \$425k, but it is in the ballpark. Their total revenues are down \$498k.
- They are a service department – every dollar they spend gets charged out. If their budget is going to be less, than the interdepartmental revenue they bring in will be less.

Mr. Jordan:

- Interdepartmental charges are up by \$160k.

Mr. Morgan:

- Those are charges from other departments to Law – they are all connected – all of these expense are going up and down – grand total they are going down, which means they will charge departments less

Mr. Jordan:

- One line is employee benefits; the other is interdepartmental charge – what would be included in that line?

Mr. Morgan:

- IT services, Facilities, Purchasing – they get charged like everybody else. They take those charges and hose them back out to all of the departments because they are a service department. For any service department that bills their costs out, if expenses go down, you will see less revenue coming in because they aren't going to charge those departments.

Mr. Jordan:

- Expenses are going up, but charges are going down,

Mr. Morgan:

- That is just one expense line; you have to take all of the expense together to total them up to see how much they will charge out.

Chairman Knapp:

- \$5 million from NYS for the settlement – where is that going?

Mr. Morgan:

- We put that in a grant, added \$1 million to 2017 in authorized agencies, - human services – when that money comes in, we spent it out of there

Chairman Knapp:

- Is it coming in at \$1 million/year?

Mr. Morgan:

- I don't think we have brought a million in at this point

Chairman Knapp:

- How is it being disbursed by the state – do we have to spend it first?

Ms. Venditti:

- I think they advance us a quarter and then we submit for reimbursement

Chairman Knapp:

- Is that only for assigned counsel work?

Mr. Durr:

- Yes – specifically designated for assigned counsel work; there may be a modification for some other things

Mr. Morgan:

- Susan Horn talked about it – there is legislation out there – a 7 year take over

Chairman Knapp:

- Assuming the Governor signs that, and we hope he will, will this still apply?

Mr. Durr:

- Yes – this money has already been designated; the State has designate \$10 million for the 5 counties
- The 5 counties have to implement this program before anybody else. The other counties in the state, because they did not participate, will incur the extra cost if and until the bill is signed.
- We positioned ourselves pretty well by getting the settlement – hope to not incur any additional costs

Chairman Knapp:

- What are we down to for open cases from Van Duyn?

Mr. Durr:

- One last week – settlement authority approved – motor vehicle collision where Van Duyn Employee driving a Van Duyn vehicle, rear ended another motorist – that is scheduled for trial in the very near future. I'm sure there will be settlement conference prior to that. At this point in time there is a settlement demand of \$1.6 million, which we feel is far in excess of the case. We think the settlement authority is sufficient to resolve the case. It may have to be tried.
- There are a couple of other cases regarding Van Duyn. Specifically wrongful death cases – currently being negotiated
- By the end of next year, most of the Van Duyn stuff should be cleaned up

Chairman Knapp:

- Do you think we are down to less than 5?

Mr. Durr:

- Between 5 - 10

BOARD OF ELECTIONS, pg. 3–73 - Helen Kiggins Wash; Commissioner; Dustin Czarny, Commissioner; Eileen Long, Fiscal Officer

The commissioners presented the following:

2017 is a local election. We will elect several judges, members of the county legislature, the mayor and other city offices along with many town offices.

After running three primaries and a presidential general election 2017 will be welcomed.

ScanFlow: We are on our fourth year with NTS ScanFlow. ScanFlow has streamlined our registration process and we no longer need to handle paper applications multiple times. This product has proved so efficient that we will only be hiring 4 temporary employees this fall. In 2012 we had 10 temporary employees on our payroll.

Mrs. Kiggins Walsh: This is a huge cost savings for our department.

Absentee Ballots: We are in the third year with the Dominion Central Count absentee system. The print shop continues to print our absentee ballots at a significant savings. Many thanks to the IT department.

Mrs. Kiggins Walsh: Also a tremendous savings for us. Vendor is now charging \$.63/ballot – we don't pay anything cost to that.

We implemented an electronic gate keeper system in our 8 largest poll sites last November. We were able to look up a voter at these sites, determine if they are at the correct poll site and send them to the appropriate table. If they are in the wrong polling place, they were given a receipt directing them to the proper polling place. This worked very well and we will continue doing this.

School districts and villages are no longer able to use lever machines. We are seeing greater use of our systems and we are providing ballots to many villages and school districts. They pay for programming and ballots.

Mrs. Kiggins Walsh: We provide the machines to these entities for free, but do charge them for programming and printing of ballots. They have other restrictions – they have to have trained people use them. We either train people or they used currently trained inspectors. They are required to use our trucking company, but pay all of the costs associated with the election.

Inspectors: We still struggle with finding enough inspectors to staff our poll sites. One of our biggest problems is getting poll workers to travel out of their home area. For those who are willing to travel, we will be paying them a \$25 out of area stipend. This would be at the General Election only.

Mrs. Kiggins Walsh: Stipend pays for time to travel and gas – it seems to be working.

Outreach: The OCBOE outreach program expanded its focus in 2016 as the Presidential race came into focus. After our successful High School program kicked off in 2015, almost 20 different high schools asked for our Board to visit their schools. Non-partisan presentations were given about the importance of voting, absentee ballot procedures, and the proper way to fill out a registration form. Almost 700 area High School seniors were registered to vote through this program. In the fall our focus turned to the colleges as presentations were scheduled at Syracuse University and Onondaga Community College.

The OCBOE has also put a focus on how information has been displayed to the public. We have re-organized our website to provide a more intuitive experience for voters and campaigns to find information, including linking to the NYS BOE database for easy voter lookup. This fall we are partnering with Sage Smith to even further enhance the voter experience on Election Night. Currently as results come in voters can get results on about a 2 minute delay, as they are uploaded on our system. While they can see what percentage of the number of election districts are reported, they don't know from what part of the county they have been reported. Sage Smith's new Results Caster system will not only give us instantaneous results as soon as it is uploaded, it will have enhanced graphics that will greatly increase the viewer's experience. Not only will voters be able to see which election districts have reported in, but how their election night breakdown per race by Election District. Viewers will also be able to instantly download .csv files eliminating the need to wait till the next morning when they would be available after a convoluted conversion process that took up staff time and energy and were not broken down by race.

(You can see how the 2015 General Election would have looked on Results Caster here: <https://ongov.resultscaster.com/results/GE15?usersessionid=none>)

Mr. Czarny: Currently when waiting for results at 9:00 p.m., you get a percent of the districts reported and a total. Then new system will also show which areas of the county have reported and how individual election districts voted in in each individual race. You can track that live. At the end of the night you can download it. It will free up our staff to do the work of the Board. We are really excited to roll that out.

After the election we will also be working with Sage Smith on another product, Election Record. This will allow us to move off the county mainframe system by merging absentee and election night records. This will fulfill an objective by the County to eventually eliminate the mainframe by bringing another department off of it. It will also once again be a greater service to the voters of Onondaga County allowing us to produce results that are .csv and not the traditional .pdf format. This will allow campaigns and voters to get data in a form more useful for their needs.

Onondaga County Board of Election continues to be one of the leanest Boards of Elections throughout New York State. In fact our ratio of voters to employees is the most efficient in New York State for counties over 60k population with 1 Employee for every 17,115 voters. Counties of similar size have much smaller voter to employee ratios (Erie 1/7,469, Westchester 1/5,803, Monroe 1/9,639, Orange 1/11,444 Rockland 1/9,016, Albany 1/7,459). Our increased reliance on technological innovation like Scan Flow, and soon Results Caster and Election Record, and dedication of our staff is the biggest contributor to our ability to maintain a high level of service while also remaining one of the most efficient and lean Boards throughout New York State.

Mr. Czarny: We are really proud of how lean we are, how efficient our staff is, and we are able to do this while still increasing services to voters.

Mr. Jordan:

- You don't show any overtime wages for 2015-2016, but have \$16,000 for 2017. Can you explain why you are projecting that?

Mr. Czarny:

- We have been doing comp time for our employees, for a number of years. We do have overtime, but it has been in comp time only.
- Because we are so efficient, we wanted to give those employees that option to be able to choose overtime if they wish or comp time.
- It has been a goal of the county to reduce the amount of comp time that it out there that may affect retirement.

Mr. Jordan:

- That's your projection of how much overtime instead of comp time?

Mr. Czarny:

- Correct. Even this year, it is amazing on how low we are on overtime/comp time. That is our projection on what people will choose. We anticipate many employees will still chose comp time or a combination of comp and overtime. Wanted to be able to give them an option.

Mr. Jordan:

- Moving towards an electronic system. There was a show out recently where someone showed how easy it was to hack into computerized election systems.
- Do we send our information out or are they contained units?

Mrs. Kiggins Walsh:

- Our system is on a standalone server that is not connected to the Internet. It is in a room that has a double lock on like our ballots.
- You need a Republican key and a Democratic key to even get into the room to get near the server.
- Nothing is ever migrated into the server – things only leave. It is very secured.
- State of New York set up a system that is probably more secured than any other state in the Union
- Another thing that was shown in that report, was that some of the systems you get a card when you sign in -- you insert the card and it brings up the ballot. Nothing is entering our machine at the poll site.
- Ours have all kinds of security seals. They are stand alone and nothing else is attached to it.

Mr. Jordan:

- There is no way to access it?

Mrs. Kiggins Walsh:

- No.

Mr. Czarny:

- Important to remember that NYS had the wisdom to enact paper ballots. If there is ever any questions, we do a 3% audit every year of all machines. That audit has never show any veer from the Election Night results.
- If there was ever any question, a judge could order a hand recount of all the ballots and we keep those ballots for two years.

Chairman Knapp:

- The information is put on a stick drive?

Mrs. Kiggins Walsh:

- Memory cards – two in the machine. We remove one on Election Night and return it to our office where we load those results. We pull the second card when the machines come back and compare those results.
- They have always been perfect.

Mr. Dougherty:

- What do we pay poll workers?

Mr. Czarny:

- \$190 for a regular inspector and \$210 for a machine tech, \$265 for poll site manager
- They also get paid \$25 to take a class to be trained; class is mandatory

Chairman Knapp:

- When was the last time you raised that?

Mrs. Kiggins Walsh:

- Last year

Chairman Knapp:

- Other employee wages – actuals in 2013 and 2014 were less than \$20,000 and now are up over \$400,000?

Mrs. Kiggins Walsh:

- All poll workers and voting machine techs used to be treated as independent vendors. We were violating law by doing that. Now they are county employees. All other expenses went way down, and this went way up.

Mr. Morgan:

- It is paying the inspectors as employees rather than as a contractor?

Mr. Czarny

- They are filling out their W-2s and it has been quite an adjustment every class period; 2000 inspectors.

Mrs. Kiggins Walsh:

- It hits other departments too, as they have to process all of the paperwork. Once they are in the system, it will be easier going forward.

Chairman Knapp:

- Maint., utilities & rents – up quite a bit over actuals the past few years

Mrs. Kiggins Walsh:

- Just got a new copy machine – maintenance is higher; have a bunch of software and printers, and time clocks to maintain

Chairman Knapp:

- Gatekeeper – is that the system that was tested in a few places last year and are we now going wider?

Mrs. Kiggins Walsh:

- It is – are only doing it in eight sites, the largest populated sites. Also doing it at SU because there is a tendency to get a ton of affidavits up there. They will realize that they have to go off campus to vote – to where they live.

Mr. Czarny:

- Instead of trying to buy more of these systems, we are trying to get the inspectors to link directly to our websites on their smartphones
- A banner on front of website – people can look up their registration and polling place live. We are trying to encourage people to do that before they come to the polls. If inspectors don't find them in the book, they can do it or the voter can do it, and try to decrease the number of phone calls on Election Day.

Chairman Knapp:

- Is the goal to put this in county wide?

Mrs. Kiggins Walsh:

- It is a lot of extra stuff that we need to deploy and people that we have to train; we might try to expand it down the road, but right now we will keep it where it is at

Mr. Czarny:

- We don't want to buy too much equipment now in anticipation if NYS eventually goes to an electronic poll book system. That would be an expense that we would have to buy and wouldn't know if it will be the same product or not. We are still in the beta testing of this.

Chairman Knapp referred to the Results Caster system. Mrs. Kiggins Walsh said that they are really excited about it and on pace to go live with it on Election Day. Chairman Knapp said that this is the resolution that we just did this past month. Mrs. Kiggins Walsh agreed - where we transferred money. Mr. Czarny said an alpha test was done in the primary and it worked excellent - really excited to roll it out. Mrs. Kiggins Walsh said that the only other place doing this is NYC; Mr. Czarny added that Monroe has one and thinks Oswego has one from a different vendor, but does not have all the bells and whistles that ours is going to have. There will be link from Ongov.net.

The meeting was adjourned at 4:01 p.m.

Respectfully submitted,

Deborah L. Maturo
 DEBORAH L. MATURO, Clerk
 Onondaga County Legislature

ATTENDANCE

COMMITTEE: *Ways: Means 2017 Budget Review of Ways: Means Depts*

DATE: *9/23/16*

NAME	DEPARTMENT/AGENCY
PLEASE PRINT	
<i>Bob Andrews</i>	<i>OCWA</i>
<i>Sandra O'Connor</i>	<i>Personnel</i>
<i>Beth Martas</i>	<i>Personnel</i>
<i>Taffey Roke</i>	<i>Personnel</i>
<i>Angana Moore</i>	<i>Personnel</i>
<i>Dawn Nolan</i>	<i>Personnel</i>
<i>Ann Sebgian</i>	<i>Personnel</i>
<i>Erica O'Brien</i>	<i>Comptrollers</i>
<i>Kathy Legault</i>	<i>" "</i>
<i>Jacki Copani</i>	<i>" "</i>
<i>Robert Cleghorn</i>	<i>Fin Ops</i>
<i>Daniel Hamer</i>	<i>Purchasing</i>
<i>Helen Walsh</i>	<i>BOE</i>
<i>Eileen Long</i>	<i>BOE</i>
<i>Dawn Cozma</i>	<i>BOE</i>
<i>Kelly Selman</i>	<i>Purchasing</i>
<i>Doraine Bissi Greenleaf</i>	<i>Personnel</i>

ATTENDANCE

COMMITTEE:

DATE: *9/23/16*

NAME	DEPARTMENT/AGENCY
PLEASE PRINT	
<i>Jim Maturo</i>	<i>Comptroller</i>
<i>MARTHA CHRISTIANO</i>	<i>Financial Ops (Purchase)</i>