

Office of the Onondaga County Legislature

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WAYS & MEANS COMMITTEE 2013 BUDGET REVIEW OF WAYS & MEANS DEPARTMENTS SEPTEMBER 17, 2012 DAVID KNAPP, Chairman

MEMBERS PRESENT: Mr. Jordan, Mr. May, Mr. Stanczyk, Mrs. Ervin, Mr. Kilmartin

MEMBERS ABSENT: Mr. Holmquist

ALSO PRESENT: Chairman McMahon, Mr. Meyer, Mrs. Rapp

Chairman Knapp called the meeting to order at 9:05 a.m.; and pointed out emergency exits, and explained the microphone/sound system. He noted that in the front of the budget book is a packet of resolutions to be considered in the review process, noting that some are related to the departments presenting today.

PERSONNEL, pg. 3-171: Peter Troiano, Commissioner; Lorraine Bisse Greenlese, Executive Assistant; Carl Hummel, Director, Employee Relations; Emilie Tisch, Budget Analyst

Mr. Troiano provided the following:

I would like to briefly outline the functions and activities of the Personnel Department as you review the specifics of the 2013 budget proposal. The Onondaga County Personnel Department has two major functional areas:

- *Function as the centralized human resource management and employee and labor relations office for 3,800 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*

2. *Function as the administrator of the NYS Civil Service Law for nearly 15,000 classified positions in the County, City of Syracuse, 19 towns, 15 villages, 17 school districts, 3 library districts, 4 fire districts and 4 special districts and community college. This function requires the devotion of department resources critical to our role as municipal civil service administrator. The Personnel Department also provides services to the public at large and ensures compliance with Civil Service Law by all 66 municipalities and districts within Onondaga County in their role as public employers and includes all aspects of recruitment, testing, and payroll certification.*

DIVISION OF CIVIL SERVICE ADMINISTRATION

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

The Division of Civil Service Administration staff will process over 11,000 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 66 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 180 different competitive examinations have been scheduled this year. When the economy is slow and unemployment is high, public employment tends to become more attractive. As a result, we continue to experience large numbers of examination applicants. This year we are on pace to exceed 8,000 exam applications to be received and reviewed.

Our website continues to be our most popular source of information and communication on employment. It generates almost one quarter of our applicants in the examination process. The automatic e-mail notification of exam announcements has continued to be a great customer service enhancement that is both economical and efficient. Candidates can sign up on our website to get an automatic e-mail alert whenever an exam announcement that interests them is published. We have nearly 10,000 people registered for that service. The Division continues to work toward a paperless environment in order to provide information to our customers. Job descriptions, eligible list results and other information are all available by electronic means. Paper versions of forms and documents that walk-up customers can take with them remain available.

In 2013 going forward, the Division will continue to be heavily involved in the migration from Genesys to the PeopleSoft HRM platform. When completed in 2013 our ability to support personnel functions of each county department and agency will be leveraged with respect to position and pay history, personnel transactions and record-keeping, and data management. The greater vision is to extend this capability to towns, villages, school districts and other local public employers.

Division staff has been fully engaged in providing guidance and expertise involving transfers of function and consolidation initiatives. Staff continues to be engaged in position classification and design and help navigate through Civil Service Law compliance and collective bargaining obligations with respect to staff appointments in order to move these initiatives forward.

DIVISION OF PERSONNEL ADMINISTRATION AND EMPLOYEE RELATIONS

Activities for the Division of Personnel Administration and Employee Relations involve assisting departments with administration of terms and conditions of employment contained in the seven collective bargaining agreements, grievance handling, managing disciplinary proceedings and work rule enforcement, investigating harassment and discrimination complaints, and advising departments regarding a variety of federal and state labor, employment and Equal Employment Opportunity laws.

Collective bargaining activities in 2012 included concluding negotiations with two bargaining units with expired agreements. Preparations have been completed for negotiations with five bargaining units with contracts expiring at the end of 2012. These negotiations will commence shortly.

Division staff will continue to provide guidance, leadership and expertise in all labor relations activities pertaining to outsourcing initiatives.

The Division oversees the PeopleSoft HCM project plan and will administer the logistics for training department users in various levels of the business processes associated with the system coming online in 2013.

Division staff will manage the proposed management compensation review to be conducted in 2013. There are two main goals of the review. First is to ensure that compensation levels for management positions reflect local labor market benchmarks where practicable as well as other public employers that are our comparators for similar positions. Second, that options for ongoing compensation adjustment mechanisms are identified and assessed as a strategy to ensure that, once established, those compensation levels remained competitive and affordable.

Mr. Jordan questioned the \$75k for a salary study and asked what benefits are anticipated from it. Mr. Troiano:

- Ensure management titles are appropriately compensated – look at local labor market and public employers that are comparative (jurisdictional perimeter and similar size and complexity)
- Determine if there are adjustment mechanisms going forward that can be applied, make sure once established that the compensation levels remain competitive and don't lag
- Make sure job descriptions are accurate and contemporary, which hasn't been approached since 1998 with the Condrey Study

Mr. Jordan noted that a resolution was passed last year that advanced steps for the positions, as it was determined that salary levels were too low – moving 6 steps. It seems spending \$75k would be spent to do something that has already been done. Mr. Troiano:

- A structural problem was addressed with the M/C salary schedule
- 1998 Condrey & Associates, commissioned by the legislature – schedule started out with half the number of steps that we had when started the last M/C plan 3 years ago. In 1998-99 the steps proved to be unacceptable and steps were halved – ending up with a 26-step salary schedule.
- To address problems with the schedule, the first 6 steps of the salary schedule were dropped to get to a manageable and competitive base as a starting point
- Schedule finished April 2012, now entry level step is G
- Now want to make sure that the compensation levels for various titles are kept that way – paying an appropriate amount of money based on outside benchmarks and if we need to adjust them going forward it can be done on an ongoing basis

Mr. Jordan referred to a record number of people taking Civil Service exams, but budget reflects anticipated decrease of \$21,500 as a result of decreased revenues from Civil Service exams. Mr. Troiano:

- It is generated from the fire fighters exam not being offered next year
- Revenue account shows less money collecting and account the account reflecting where half of those revenues are paid to, is also being decreased.
- Otherwise expect the number of applicants to show its current trend – significantly higher than over the last 10 years or so.

Mr. Jordan noted that last year he stated that he had spoken to private insurers about whether or not it would be more cost effective for the county to do an RFP and have employee/retiree benefits provided through an outside company; the projected savings is millions of dollars – up to \$4.5 million/yr. with little, if any change in benefits. If renegotiating collective bargaining agreements now, then it is the time to dove tail and implement these changes. He asked if that is part of the discussions with bargaining units. Mr. Troiano:

- All collective bargaining units have language that allows changing insurance carriers, alter benefit plans
- Virtually all of them say the plan has to be the same as currently in effect – virtually impossible to get line by line, inch by inch sameness
- Same ability applies to changes in retiree health benefits
- Options or alternatives – substitutions for health benefits – whether or not Affordable Health Care would stay intact or not complicate the process
- Medicare Advantage plans – might be a good idea - needs more review/analysis
- Short term strategy in place to work with Health Benefit Coalition on immediate plan designs for OnPoint
- Going forward - looking at broader range possibilities with respect to incoming employees – what benefit plans can be offered and current employees as they exit as retirees

Mr. Jordan pointed out that he raised the issues last year at budget time and heard that it would be looked into; it is a year later and he is getting the same response that it needs more analysis. He feels there has been plenty of time to analyze it.

Mr. Jordan understands that the County receives certain reimbursements from the federal government for Medicaid Advantage programs. Under the affordable Health Care Act they will be reduced or eliminated. It increases the level of savings realized by going to any outside company to provide the benefits. It has been implemented by City of Rochester, Albany County, and a number of other municipalities.

Mr. Troiano said they have been working with the Health Care Coalition this year on health care plan designs and retiree health care contributions for active employees. Current retirees are not covered by collective bargaining agreements; their benefits are secured by contracts under which they expire. Mr. Jordan suggested it be offered as a voluntary option.

Mr. May asked if the salary study will justify that payroll and salary compensation will be evaluated. Mr. Troiano said that is the main piece; with the right entity working with them, there may be other elements to look at as well. It is difficult to have a lot of conversation about pension costs, because a lot of it is statutory driven and the costs are fixed. Health benefits, leave benefits, and other forms of insurance could be part of it. Mr. May said that most, if not all, of the benefits for a large portion of employees are bargained. Given the effect on the total cost of personnel, at least on a superficial level, there should be an understanding of what people are truly earning with respect to quality of benefits and how much employees are contributing to plans.

In answer to Chairman Knapp, Mr. Troiano noted that the last time a study like this was done was in 1998-99; legislation passed in 2000, and amended in 2001.

Mr. Stanczyk expressed concern regarding the charge on page 1-6, noting that Onondaga County Government is not listed as one of the top 5 employers in Central New York -- would like it listed in the future. He referred to the sales tax graph on pg. 2-27 -- distribution; noting it is wrong.

Mr. Stanczyk asked about the MC salary study cost and its purpose. Mr. Troiano noted the cost is \$75,000 and reiterated the information provided earlier (*see question/answer - Mr. Jordan above*). Mr. Stanczyk referred to the resolution which provided 6 step increases in the last 1.5 years. Mr. Torino noted that the steps in the last resolution were to place the salary schedule in a position so that steps that were well below and under market, and causing difficulties with promotion, recruitment, and retentions, were eliminated. The study would be in going forward to ensure that the compensation levels are comparable; identify ways to keep the levels competitive once established.

Mr. Kilmartin asked if there is any sense of how the analysis might examine public and private entities. Mr. Troiano said that they would ask the service provider to see how those foot, understanding that someone that works in a large organization, with a budget our size, on the private side, is certainly going to have different compensation levels and elements that go into it than on the public side. The County competes, and is in the same talent pool, same labor market, and needs to be cognizant of it going forward. As our organization becomes more complex and leaner at the same time, we want to make sure we have the right titles, right positions to compete, understanding that the fringe benefit package is structured different -- not the same elements as the private sector.

Chairman McMahon asked what happens if the study comes back showing that the employees are making more than the private sector once their salaries and benefits packages are combined -- will the salaries be reduced. Mr. Troiano said he thinks a case could be made to do that -- need to take into account what the fringe benefit package load would provide for compensation. The biggest piece would be the pension piece, which there is no control over. Chairman McMahon referred to the administrative intern program, where we are getting graduates of Maxwell School who are recognized as one of the best in government and asked why they don't do this study instead of paying someone to do it. Mr. Troiano doesn't know if they have that level of expertise and depth of the field.

In answer to Mr. Jordan about comparisons to other counties, Mr. Troiano noted that generally they use contiguous counties, counties and cities that are the same as ours, generally a list of about 10 that they use. Mr. Jordan said that the average cost for all counties should be factored in -- not just limited to the larger counties with larger budgets. Mr. Troiano said they may not limit just to these; could go outside of NYS and look at others in a regional basis, but it gets away from the environment we operate under in terms of NYS. Other states are not structured the same.

Mr. Jordan asked if the study will change job descriptions, making them more cross purposed. Mr. Troiano:

- Design of a job description is not to be all encompassing, but to provide a perimeter as to what the work is and provide flexibly as the work goes forward
- The real way to leverage opportunities is to effectuate a change in the Taylor Law
- Until flexibilities are built into those laws, they become a real union survival issue
- Nothing is more coveted and protected by an organization than the scope of their work, not to allow intrusion into that
- Most labor litigation that is handled, is based on defending those intrusions into those provisions

Mr. Jordan asked if the Taylor Law specifies the job description for a particular position or does it say that someone can't be allowed to work outside of their job description. Mr. Troiano said that in effect it does -- it does not allow an employer to unilaterally act on that -- any decisions as to what unit is going to perform what work is a mandatory subject of bargaining and has to be addressed through collective negotiations. Mr. Jordan asked if the County can fashion its own job descriptions and include a broader list of tasks that each positions can hold, as long as it is not butting up against a similar positions somewhere else. It would allow us to have more flexibility. Mr. Troiano:

- As they redefine job descriptions they look for opportunities to do that; most of the classified titles have allowed them to do that
- Large initiative as a result of the early retirement program, where the perimeter of a lot of positions was stretched
- M/C compensation reviews suggested would look at M/C titles -- not limited by the Taylor Law
- Look to optimize areas where they can create job descriptions where they have as much elasticity in them
- If a job is described that does certain functions, will it be circumscribed by what that function is

Mr. Knapp noted that the fire fighter exam isn't going to be given next year, and asked if anyone else will be giving it. Mr. Troiano said that if another county give it, it would be on their own. In answer the Chairman Knapp, Mr. Troiano noted that most of the exams are giving at OCC on Saturday mornings. In some cases, they need to run a facility that is appropriate for the exam, i.e. police officer exams.

Chairman Knapp asked about the veterans discount for civil services exams, and asked if it has worked out well. Mr. Troiano said that it has; it's a good thing to offer and doesn't hurt the bottom line in terms of revenues.

Mr. Carroll provided the following:

Mr. Chairman, members of the Legislature, I am pleased to present the Division of Purchase 2013 Budget.

For the Onondaga County Division of Purchase, the 2013 budget reflects 3 major priorities: consolidation, compliance and organizational sustainability. In addition to this presentation, written materials have been provided outlining these items in more detail. I would like to begin by acknowledging that none of the successes we have experienced this year would be possible without the hard work and dedication of my staff.

For many of the Division's appearances in front of this legislature, purchasing consolidation has been the major topic and today is no different. However, today we do not discuss the theoretical policy benefits of the program, but the real time successes of the program and the implications of the programs continued success for local municipalities. We have tackled consolidation with the City of Syracuse and the Syracuse City School District. However, in 2012 the most important step for the program was to pilot the integration of town and village purchasing and contracting. Five towns and villages have signed inter-municipal agreements, and several more have tested out the services we can provide with very positive results. In addition, twenty local fire departments have begun purchasing off of County contracts.

The towns of Salina, Cicero and Clay have each worked with the County to issue public bids over the past several months. In each case we saved the municipality, on average, 50 hours of labor and between \$5000 and \$10,000 in fees that would otherwise have been paid to consultants or legal support. The work my staff has performed has gotten rave reviews, and has helped to identify a strategy for expanding the program to the rest of towns and villages. In some cases these successes have required patience on the part of town supervisors while we develop the program, address inefficiencies in our services, and reconcile differences in policies and procedures. Overall, the program has saved municipalities approximately \$750,000 gross, with the savings coming primarily from volume and administrative savings. The 2013 budget proposal includes the funding of staff positions the legislature has already created to fully staff and support this program. These final pieces will allow us to take what we have learned this year and make these services available to the remaining towns, villages, and fire departments. In addition to supporting consolidation in the 2013 budget, we request that legislators advocate participation in this program to local municipalities within their district.

As with any project there have been hurdles. We have several ongoing challenges, specifically accounting of savings, integrated technology and standardized policies, in addition to the staffing issues identified above. We have not completely developed a model for calculating savings in some categories, and caution the legislature to consider the numbers presented as approximate. The Division continues to look for integrated technology solutions. The recently implemented PeopleSoft Software will enable smoother communication between the towns and villages and vendors when the contract module is activated. Finally, reconciling municipal procurement policies, legislative approval requirements and other structural differences continues to be an ongoing task. The second priority in this budget is compliance. The compliance section of the Purchasing department enforces NYS Executive Law Article 15A which imposes Minority and Women Business requirements on state funds used by the County. This year new requirements have been implemented regarding compliance on professional service contracts, and the process to request a waiver of requirements is becoming more rigorous. Meeting these requirements can no longer be managed effectively by one person, and failing to meet these requirements puts millions of dollars in reimbursed or borrowed state money at risk.

The third budget priority for the division this year is organizational sustainability. We have recommended a series of personnel changes to create a sustainable organizational structure. The Deputy Director will be responsible for acting for the Director in his absence, and is an imperative component of a sustainable continuity of government plan. The person in the Deputy title will be expected hold to the same ethical and management standards as the Director. A local law creating this position is included with my budget package. As a small department it does not serve the goals of the department to have a separate office manager, secretary, and fiscal officer. It makes sense, then, to have the roles of these jobs combined under one title: an Administrative Officer. Lastly, the Division of Purchase, organizationally, has been traditionally flat. Under the new budgeting model the department has been divided into functional sections and it is important to define a manager for each of these sections. The goal is to fund these titles and unfund one corresponding title in each unit to maintain the same headcount, while still providing a sustainable management structure.

The 2013 Budget as recommended is an accurate representation of the staffing levels appropriate to support a modernized department and the additional roles now a part of our operating framework. Even with the changes, the Division of Purchase is one of the most cost effective departments. The savings and revenue generated by the Division has exceeded our expenditures over each of the last two years. We are responsible for procuring approximately \$100 million dollars of goods and services for the County alone, using less than 1% of the County's personnel and budget.

This concludes the Division of Purchase 2013 budget summary. If you have any questions about our budget request, or how these changes will affect our service in 2013, I will be happy to answer them.

Chairman Knapp asked Mr. Carroll to provide a summary of his presentation. Mr. Carroll:

Purchasing consolidation -

- 5 towns and villages working with
- Providing some services to a number of other towns and villages
- Administrative savings, individual competitive bids saving towns and villages between \$5-\$10k each time County helped them
- Gross savings under the program is approximately \$750,000
- Staffing level requested in 2013 budget is the complete final staffing level for consolidation; what is needed to be able to reach out to the rest of towns and villages to support them
- A number of ongoing challenges to the program – staff works on them every day

Compliance –

- Requirement changes from state regarding men and women compliance
- Was managed by Human Rights Commission – function transferred to Purchasing 2 years ago
- Automated – went from 3 employees to 1 – it is no longer sustainable
- Staff title in budget for 2nd compliance person

Restructuring of Office –

- Expected to allow them to train managers and allow redundancy built into the system when a town, village, or internal customer calls – someone has to be available to run each of the new budget structure

Mr. Stanczyk asked about the 3 new positions while consolidating to save money. Mr. Carroll:

- A number of positions in budget that the legislature created last year – asking to have them funded this year instead of out of contingency funds
- They are staff members that complete consolidation for towns and villages and for driving costs down for them
- Staffing level is in line with what the original plan was for the program
- No line in budget right now to support compliance unit – with new State regs, there is a risk that they couldn't comply anymore with one person

- A grant job title – person originally worked for WEP and assigned to Purchasing, now appear on Purchasing roster
- One additional stock clerk – in last 4 years gone from doing \$500-\$600k in surplus goods to \$992k as of this morning
- Add Deputy Director again, now that the ERI has been paid for – have not had the position for 2 years
- Trade off some positions in buying and contracting units to allow having managers – currently have 12 staff members answering to 1 manager – it is unsustainable

Mr. Stanczyk said that this would fully integrate the City of Syracuse and School District with County Purchasing; and asked if the 5 municipalities are integrated also. Mr. Carroll said that 5 municipalities have signed the IMA and 7 or 8 more using contracting services. In answer to Mr. Stanczyk, Mr. Carroll said that for the 5 that have signed, generally County Purchasing is supporting purchasing for them in all aspects, once in a while they make a purchase on their own. Mr. Stanczyk said it is basically an assumption of costs from the City and the other municipalities. Mr. Carroll said that it is, and it is an attempt to reduce County costs net through volume savings, which is where a large amount of the savings they can document so far have come from. In answer to Mr. Stanczyk, Mr. Carroll said that when the County offers to provide something for free, they are a little skeptical. In doing pilot programs this year, the towns and villages are now talking to each other on how it can be successful for them. County is gaining momentum on being able to integrate many of them, if not all, in the next year.

Mr. Jordan asked which 5 towns and villages has the County taken over the purchasing functions for. Mr. Carroll:

- Towns and villages are doing more contracting with the County than purchases
- County is doing all contracting for Cicero, Salina, Clay
- Village of Marcellus, Village of Elbridge have signed IMAs, but there hasn't been a lot of purchasing yet
- Provided fair amount of service to other municipalities in helping them draft their purchasing rules, getting them involved, leading them to county contracts for paper, office supplies, where county volume discount is so large they can't afford not to use the contract

Mr. Jordan said that the 5 municipalities buying off of our contract, could have been doing that all along – it is not something new. Mr. Carroll agreed, noting the only benefit is to the County. Mr. Jordan pointed out that \$750k is being reported in savings, but the entire Purchasing budget remains the same, and the net budget increased by \$200k. Mr. Carroll:

- Entire basis of the program is to look at this as a shared balance sheet – the \$750k is gross.
- Over the 1st year of program County spent \$165k-\$175k and have recovered about \$140k-\$150k in volume savings
- Don't have audited numbers yet

Mr. Jordan said that the \$750k in savings is for everyone, included the towns and villages that the County is purchasing for. Mr. Carroll agreed. Mr. Jordan said in saving the \$750k, the County budget is going up \$200k. Mr. Carroll said that they are approaching the point where the program is cost neutral.

Mr. Jordan asked for a breakdown of where it is we are saving the money and how it is benefiting the county as a whole.

Mr. Jordan asked for a breakdown of where the \$million in surplus goods came from – which municipalities. Mr. Jordan asked if the County is warehousing and taking care of the sale of the surplus goods. Mr. Carroll said the County is not warehousing all of it, but making it available if needed. A lot of items are sold on site through the contract.

Mr. Jordan asked about the expansion to the MWBE program. Mr. Carroll said that State Executive Law, Article 15a, requires that when the County has reimbursement from the state, some grant programs, and money participated in with EFC, comes with Minority and Women business requirements that must be met to continue to be provided funds. Compliance with those standards is in his office. In the last year Article 15a has been amended a number of times to increase thresholds and change the types of projects subject to requirements. Vendors are required to show due diligence if they can't meet requirements, and those requirements are going up also. It is now a task larger than one person.

Mr. Meyer asked that the position listed on pg. 3-191 be identified as authorized and funded. Mr. Carroll:

Line 1 – funded
 Line 2 - funded
 Line 3 – unfunded
 Line 4 – funded
 Line 5 – unfunded
 Lines 6 –8 funded
 Line 9 – unfunded
 Lines 10 – 18 funded

Mr. Petrela said he will provide a report of all funded and unfunded positions.

Mr. Meyer referred to the 5 municipalities that have agreements and asked if they are agreements for all products and services. Mr. Carroll said that the program is structured to allow a municipality some flexibility so that if there is something they want to buy on their own, they still can. The experience that the towns and villagers are having is the once they start participating in the program, it makes sense for the County to do all of their services products, and services. Mr. Meyer asked if there is an agreement with the Town of Cicero that the County does all purchase for all services. Mr. Carroll said that the agreement with them is very new; agreement to do all of the purchasing for them, have begun their contracting process and expect to move into commodities shortly. Mr. Meyer asked if it is for all services and all products; Mr. Carroll said that is. Mr. Meyer asked how it is different than before, when 20 years ago they could have bought salt, sand, etc. Mr. Carroll said it is different in a couple of ways:

- The model is called piggy backing –County is reducing cost to vendor to provide the service because they only have to contract once
- County is providing the entire volume of program. Without an IMA, he can't represent the quantities of other municipalities.
- Municipalities can still buy off of the County's contract, but the County is not getting the volume discount price for it.

In answer to Mr. Meyer, Mr. Carroll said that most of the contracts give a usage based on last year. All contracts identify them as estimates; have contract language to protect the County on it. Not guaranteed volume, but pretty consistent on how we buy and sell commodities. Mr. Meyer said that the towns and villages still have their own purchasing people. Mr. Carroll said that in a lot of cases, towns and villages don't have full time purchasing people. They are town clerks or people in the supervisor's office, who don't have a real

basis in complying with the law, don't have a real basis in doing municipal purchasing. He doesn't believe they have been taken off of their municipal payrolls. These people have gone back to their primary functions.

Mr. Meyer referred to proposed resolutions submitted with the budget for Purchasing, and asked if it includes BOCES. Mr. Carroll said that it would. The County could enter into an IMA now with them, however they do their own consolidated purchasing. City of Syracuse is not eligible to participate into it. However, if an arrangement was set up between BOCES and the County took the lead, the entire volume, including school districts in suburbs that are eligible to participate in BOCES, and the City of Syracuse could participate in the same purchases. It would produce volume savings for all organizations. Mr. Meyer asked if it is Mr. Carroll's opinion that the County can't have an arrangement with BOCES, but with proposed legislation, it could. Mr. Carroll said that it is believed that the County could probably enter into and individual IMA, but BOCES couldn't piggy back off of our organization - he deferred to counsel. He said that the intention with the legislation is to capture organizations like CENTRO, BOCES, and Syracuse Housing Authority. They are state authorities that right now can't be included in the process, per indication from the Law Dept. The hope is to capture their volume to continue to drive the price down. Mr. Meyer encouraged Mr. Carroll to continue conversations with the Law Dept.

Mr. Jordan asked if the school districts currently can buy off of the County contract; Mr. Carroll said that they can. Mr. Jordan asked if there is a plan to offer county services to school districts throughout the county. Mr. Carroll said that he understands that there has been a conversation and there is interest. The County plan was to start with towns and villages, move onto fire departments, of which there are 20 participating. They haven't approached the school districts because of the scope of taking on the new task and really needed to learn about purchasing for a school district. He has not had a conversation with the Law Dept. about fully integrating that way, but would like to make that service available.

Mr. Jordan asked if we have been marketing the County's surplus goods prior to the consolidation efforts. Mr. Carroll said that we did. Mr. Jordan said that now the County has assumed those responsibilities for municipalities, including the City of Syracuse. **Mr. Jordan agreed. Mr. Jordan asked to be provided with the cost to the County prior to the consolidated effort and what the costs are now for warehousing and for disposing of the surplus goods.** Mr. Carroll:

- Prior to the current contract, the County did in person auctions
- A percentage of the sales went to the auctioneer
- County paid for advertising, set up, refreshments, security for facility
- Auctions are no longer done that way – now done on-line – County pays a picture fee per lot, \$1 or \$10 if it is a vehicle
- Now fees and surcharges charged to the people who bid on the items through the auction company
- County photo fees are deducted before dollars are transferred
- In most cases municipalities get a check directly from the auction company

Mr. Jordan requested a breakdown of how the \$750k in savings is calculated and where the savings were applicable to.

Mr. Kilmartin referred to pg. 3-191; and asked that Mr. Carroll mark this page indicating the positions as funded and unfunded as proposed for next year.

Mr. Kilmartin asked for an information breakout of the dates that IMAs were signed with the 5 municipalities – Salina, Cicero, Clay, and Villages of Marcellus & Elbridge. Mr. Carroll clarified that there are 5 IMAs; have performed work for Salina and they have said they plan to bring an IMA in this session. **Mr. Kilmartin asked to be provided with a list of entities that the County has worked with, number of transactions.** Mr. Carroll clarified, noting to manage expectations, there won't be any organizations with 400 transactions; there is not much buying going on those levels. Mr. Kilmartin said that the intent is for legislators to get a context for the size, scope, scale, trends for purchasing cooperation contracts, etc. for fire districts, villages, towns. **Mr. Kilmartin asked to be provided with an informal paragraph or two about the volumes of savings – where does the County or other entities appreciate volume, i.e. on salt, legal work, paper products, etc.** Mr. Carroll said that there are a number of different types of savings – volume, administrative, and there are a number of efficiencies being gained from the participants.

Mr. Kilmartin asked to be provided with a background of how the County has transitioned and taken on some purchasing staff to address consolidation with the City of Syracuse. An information paragraph or org chart on where the positions have gone and trended over the past 12-18 months; how it will be seen going forward. He asked if there are still contingency funds left in this year's budget for purposes of the positions. Mr. Carroll said "no"; they are using contingency funds right now. Job titles were created; contingency funds were released into a project account and the expectation was that the project account would be used to partially supplement the salaries of those titles. Those funds will be used by the end of this year; the propose 2013 budget reflects a full funding of the program.

Mr. Kilmartin referred to pg. 3-188 – looking to authorize 5 positions and fund 2 of them; he asked what is contemplated with the other 3 positions that are going to be funded. Mr. Petrela said he will provide the information in a report.

Mr. May said that he would like to see the benchmarks before the County took on the additional staff for the City; projection of what will happen with the increased volume, value of the increased volume, the measurable savings that the County will be providing to county taxpayers as a result of this process. It is about getting to the ROI and making sure that what is being done is actually going to bring back measurable and defensible value for the staff additions.

Chairman Knapp referred to professional services decrease of over \$5,000 and the travel and training line stays the same. Mr. Carroll said that the professional services line was specifically for having someone develop the training materials. On the travel and training line, they still have to go out and provide it – rent a room, advertise a class, partner with SSIC or Small Business Association, etc. In answer to Chairman Knapp, Mr. Petrela said that there are \$31,591 in salary savings for 2013.

BOARD OF ELECTIONS, pg. 3-111: Edward Ryan, Commissioner; Helen Kiggins Walsh, Commissioner

Mrs. Walsh said that next year they are going from 4 elections to 2 – from presidential to a local. Size wise everything decreases a lot. Hoping to get an absentee central count system from their vendor, which will allow them to print absentees in-house, like the regular ballots are done – right now the cost is \$.75 ea. for absentees. There will be a huge savings, which is not reflected in the budget because they have been promised the system for 2 years and still don't have it. No additional staff requests.

Mr. Ryan said the building is working splendidly. Relegated to spend what is needed to accommodate rules and regulations from the State; they do no more or no less. New regulations coming in from the State that they have to adhere to, i.e. for a 2-day lag they are

sending 2 separate ballots out to military voters, rather than wait 48 hours.

Mr. Jordan referred to interdepartmental charges, and why it went up. Mr. Morgan said that is a calculation that his office does based on services provided to various departments. If costs increase in other areas that are providing services to that department, there will be an increase in that line.

Mr. Kilmartin referred to savings in the accounts and asked if it is due to the transition from presidential to local elections. Mrs. Walsh said they are going from 4 elections to 2 so inspector costs are reduced substantially; will be sending out about 15k absentees vs. 3,000 next year – saves a lot in postage and printing. Also, they will not need as many temporary employees next year.

In answer to Chairman Knapp, Mrs. Walsh said that the software will not be installed this year. It is partially BOE's fault – wanted to wait until new computers came in, which just came in a week ago. Now the vendor is under the gun to make the Military Election Ballot Act in place and don't have time to get it installed and training provided now. They will extend the contract an extra year.

In answer to Chairman Knapp, Mr. Ryan said that their move went well. He added that they have eliminated 25-30 poll sites, eliminated 100's of poll inspectors, printing in house – all saving money. Mr. Knapp asked if there was any money left in the construction for the facility. Mr. Ryan said it was done in house; some was contracted out; it was done piecemeal over 9 mos. Facilities Management could answer if they were over or under budget.

Mr. Meyer complimented the commissioners on the reorganization of the polling places.

Mr. May noted that during the Purchase presentation and every department he has looked at so far has raised questions with respect to the interdepartmental charges. He would like to have some discussion on what the drivers are behind the charges. Chairman Knapp agreed. Mr. Morgan said that in general the increased costs in service departments are going to increase the interdepartmental charges in the user departments. There may be very specific cases that drive the expense in a department, i.e. the pc replacement plan. General reasons may be that salaries and benefit costs are going up, i.e. in Law or purchasing, an increase will be seen to the interdepartmental charges to the user department. He said that as the budgets are reviewed, he will try to interject where he can if there is a real outlier and try to explain why.

Mr. Fisher said that we budget for interdepartmentals, and keep track of the actuals. There is now actuals for 2011 – the primary thing that feeds into 2013 is the trend from 2010 and 2012. If they know of something major changing in 2013 as compared to 2011, then they don't go primarily off of 2011 actuals. When asked to be reimbursed by grant making sources, they need to be able to justify it, or if audited by our own comptroller other, they need to be able to show it.

COUNTY CLERK, pg. 3-28 – Jackie Norfolk, Acting Deputy County Clerk; Chris Plochocki, Deputy County Clerk; Elizabeth Ducett, Account Clerk III; Emily Tisch, Budget Analyst

Honorable Members of the Onondaga County Legislature, we thank you for the opportunity to come before you to speak about the County Clerk budget for 2013 and to apprise you of the changes and improvements made to the Clerk's Office this past year.

As you know, the Clerk's Office is mandated and directed by the New York State Constitution and also Federal, State and Local Law. The mission of the County Clerk's Office is to record, maintain, protect, and make available for public inspection all public records filed in our office. It is important to maintain our history past and present. The budget we ask for reflects the needs of our office to give the mandated services and the storage of these vital records.

Over 245 thousand records were filed in 2011. The Clerk's Office is responsible for the collection of taxes and fees related to the recording of these documents and timely distribution of these funds to Federal, State and County government subdivisions.

We collected and distributed over \$26 million dollars in 2011 including returning approximately \$900,000 to the County General Fund.

Our new computer system is near completion and we continue to move forward with the IT Department. Keeping on track with the remaining departments is vital to our operation.

We are currently working with the Unified Court System on e-filing for court records. This system began in February of this year and we have filed 64 new cases and 6 converted cases so far.

Our proposed 2013 budget includes a net personnel funding increased by \$11,525 due to standard salary and wage adjustments.

Our budgeted supplies have slightly decreased while our copy charges continue to increase.

We have asked for an increase to our Maintenance, Utilities & Rents budget for needed routine maintenance for 14 lektreivers. Because of the age of the machines, they have to be serviced at least once a year to keep them running. If anyone of these machines should break beyond repair, a new machine would cost approximately \$30,000 with an additional cost for removal and disposal for the old machine.

As always, we ask for your approval of what we are doing and request your help in achieving our goals for our office. Our office continues to maintain a strong dedication and high standard of work ethics to give quality service to every aspect of our office.

Thank you.

Mr. Jordan referred to the increase of \$10k in maintenance for lektreivers and asked if it is an ongoing maintenance and asked why it was increasing. Ms. Norfolk said that they have not done it; this is the first year they are going to do it. There has been some problems with them, and have been told that if the maintenance isn't kept up on them then they will start to crash. They are \$30k to replace.

Mr. Jordan asked about the increase budget for other employee wages, 103 line, about a \$4,000 increase. Ms. Norfolk said that it is for standard raises if any come through.

Mr. Jordan asked about the increase in travel and training. Ms. Norfolk said in the last year the previous clerk never traveled or attended any of the conferences or training, other than the local ones. Ms. Norfolk indicated that they are planning to attend next year.

Mr. May applauded the automation, feels it would be great in the future to see what the savings translate to; what is accomplished measurably. Mr. Plochocki said it has allowed freeing up employees to do other things. Has allowed employees to work on back scanning documents. Most of the things in the office are required to be retained forever, there is an ever growing storage need; back scanning has allowed them to destroy some documents.

Mr. Kilmartin asked how the transition to e-filing is going and expected future trend. Ms. Norfolk said that they have been coming in steadily in the past month or so. The system is working fine; it will free up a lot of storage space once more people start using. Mr. Kilmartin asked if right now it is discretionary use, and trending more aggressively with promoting discretionary use as entering the new year. Ms. Norfolk agreed. Mr. Kilmartin asked about other counties that have gone into the transition and how quickly they transition into a full electronic use. Mr. Plochocki said that he thinks the other counties took longer than he foresees Onondaga County taking because they got on at the beginning, and were the guinea pigs for the system. It is now pretty well established; in many counties it is mandatory. The office of court administration was hoping within the next year to start making things mandatory for a good number of case types.

Mr. Jordan asked when there will be access on line to a lot of the file documents. Ms. Norfolk said they are still working on it; plan to complete the whole program first. Hopefully by the end of this year the program will be completed. Hope to start working on the part to get it out to the public in 2013. In answer to Mr. Jordan, Ms. Norfolk said that right now the indexes for deeds and mortgages can be accessed but not the actual documents.

Chairman Knapp asked about the volume of mortgages. Ms. Norfolk said that there has been a lot of refinancing lately and mortgages are increasing. In answer to Chairman Knapp, Ms. Norfolk said that the revenues can be seen in line 9003. Chairman Knapp said that the revenue in that line for 2013 is the same as 2012. Ms. Norfolk said that they kept it the same, as they weren't sure how it was progressing, but the last couple of months it has really picked up.

INSURANCE – pg. 3-132 - Mark Stasko, Director if Risk Management; Denise Downing, Employee Benefits Manager; Robert Bratek; Director of Loss Control; Jason Dean, Budget Analyst

Mr. Stasko provided the following:

Ladies and Gentlemen of the Onondaga County Legislature, I look forward to reviewing with you the 2013 Insurance Division Budget. Here with me today is Denise Downing, our Employee Benefits Manager, Robert Bratek, our Director of Loss Control and Jason Dean, our Budget Analyst. Our division works under the leadership of Steven Morgan, our Chief Fiscal Officer and Peter Seitz, our Deputy Director of Budget Administration.

Since our budget presentation a year ago, our department has seen a continuing evolution of the Risk Management dynamics which have presented both challenges and opportunities. We continue to scrutinize each line of expenditure to determine if by benchmarking the best in class, both private and public sector, we can create opportunities to reduce costs to the residents of Onondaga County, while providing competitive benefits consistent with employee agreements.

I would like to share with you some of the accomplishments of the Insurance Division in 2012. As you are aware during 2012 we received clarification from the U.S. Supreme Court on the constitutionality of the Patient Protection and Affordable Care Act. This will allow us to solidify plans for changes required to our plan in 2013 and beyond. I am happy to report that the insurance fund received over \$800,000 in reimbursement from the early retiree reimbursement provision of that act.

The New York State Second Injury Fund continues to be a successful source of revenue for our Workers' Compensation program. With recoveries of \$1.6 million in 2011 and \$600,000 year to date in 2012 our hard work is certainly paying dividends. By maximizing opportunities at the state and federal level, we are helping control the costs within the insurance division.

Another area we have had great success in is the area of pharmacy management. Together with our Pharmacy Benefits Manager (ProAct) we have targeted our health plan members who are taking pharmaceuticals which have a generic equivalent or therapeutic equivalent, and encourage them to consider switching to the generic equivalent. By personally contacting members and their physicians to encourage this change, we have successfully increased generic utilization from 63% in 2009 to over 73% in 2012. These efforts continue with a goal of 80% generic utilization. This conversion to generic utilization has resulted in cumulative savings of over \$1,315,000. Additionally there are several drugs that either have gone or are going generic during 2012.

To start 2012 the insurance division changed to Pomco as our County's new third party administrator for our worker's compensation program. This first quarter transition included County wide orientation to Pomco's accident management system and program implementation. For the third consecutive year the NYS DOL DOSH incident rate (IR) for the County which is a measure of the number of accidents per 100 employees has been reduced. The current IR of 7.0% represents a decrease of 36% since 2008. This year emphasis was placed on revamping our County Workplace Violence (WPV) program. The results have produced a WPV plan that targets the individual department risk factors and control measures that proactively reduces workplace violence risks for our employees. We have continued our program of departmental health and safety inspections in 6 departments and have performed health, safety and ergonomics training specific to those inspections. The revision of specific departmental health and safety policy and procedure which was started this year will continue through the upcoming year. It's through this continued program review, training and partnership with each department that the employees of our County will continue to enjoy an ever improving safe work environment.

We are also committed to employee wellness as evidenced by our achievement of the Platinum Award by the American Heart Association for employee wellness for the third year. To better align the commitment, we now have Dulce Fernandez, our wellness coordinator reporting to the office of Risk Management.

We have spent almost an entire year planning for the launch of our care management plan and I am happy to report that it will go live effective 10/01/12. This initiative will encourage our employees to stay healthy and assist our employees with chronic conditions to manage their illnesses. It has been branded ONeLife to signify that your good health is your responsibility.

At this time I'd like to review our line items for the 2013 budget.

The first page of the presentation provides you with a snapshot of what makes up the overall Insurance Fund Budget. The rest of the presentation will provide details to the summary information. As you can see, the benefits line which consists of Health, HMO, Dental, Workers' Compensation, Unemployment, and Long Term Disability make up the lions' share of the costs.

Turning to page 5, you will see a breakdown of how those costs are allocated. The 2013 recommended budget shows an increase of 1.50% over our 2012 BAM numbers. We will review the details of each on the following pages.

On page 6, you will see the details of the various health benefits. The increase in the medical benefit is based on a three-year trend analysis of our claims experience, which is trending at 6.30% vs. the industry average of 8%. In addition to our trending analysis, we have made provisions for the increases related to the Patient Protection and Affordable Care Act (PPACA), and the continuing effects of the 15% increase in state assessments enacted in 2010. The HMO's are projected to decrease by 66%; however, we have a very limited utilization of this plan. The vision plan is projected to decrease 5.29%. We report that the dental program expense is projected to increase 10.14% in 2013.

On page 7, you can see that cost per subscriber is \$10,300.

On page 8, we have projected a small increase in unemployment costs. The 86 week extension for new claims has been eliminated.

On page 9, the increase in long-term disability is 6.59% based on underwriting performance and increased wages.

Page 10 reflects a projected increase of 10.95% in our insurance premiums. During 2012 we have seen the insurance market pricing harden for renewals. On page 11, I would like to give you an update of the professional services related to Care Management. Last year I indicated to you that a careful analysis of our healthcare plan revealed what we believe to be a gap in a comprehensive long term healthcare strategy. Our demographics reveal an average age of plan participants of 53.1 year of age which is approximately 11 years older than Excellus' book of business. With an aging population it is critical that we take steps to manage medical conditions before they become chronic high dollar members. After passage of the 2012 budget we began planning a comprehensive strategy to control costs by assisting members to adhere to treatment protocols to prevent risk conditions from becoming chronic. Following a rigorous RFP process we selected a national company named Nurtur to partner with. Knowing that this would be our one opportunity to implement this strategy flawlessly to garner widespread member acceptance we carefully considered each step in our launching of this new addition to our healthcare plan. We are looking forward to a successful launch on October 1st.

Page 12, gives you a breakdown of our recommended Workers' Compensation budget for 2013. This shows an increase of 2.77%. While these numbers are aggressive we believe our comprehensive approach to the safety of our employees will result in fewer injuries and claims. This combined with aggressive claims management have lead us to this recommendation.

The last page of our presentation is our recommendation for judgment and claims which remains consistent with our 2011 budget recommendation. This can vary due to the timing of claims adjudication.

2013 ANNUAL BUDGET

Ways & Means Committee Report

INSURANCE FUND

JENNIFER M. BARNHART, COUNTY EXECUTIVE
MARIE STASSIS, DIRECTOR OF FISCAL MANAGEMENT








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- Health Breakdown
- Health Costs per Subscriber
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- Long Term Disability
- Insurance Policies
- Professional Services
- Workers' Comp
- Judgments & Claims

Section 3: Questions?

2013 Accomplishments

1. Patient Protection and Affordable Care Act Reimbursement
2. Second Injury Fund Recoveries
3. Increase in Generic Utilization
4. Improved Workplace Safety
5. Implementation of Care Management Program

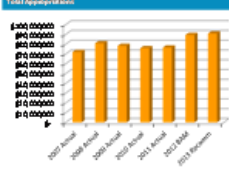



BUDGET SUMMARY ANALYSIS

2012 Actual vs. 2013 Budget



Category	2012 Actual	2013 Budget	% Change
Health	\$1,000,000	\$1,050,000	5.0%
Dental	\$200,000	\$210,000	5.0%
Workers' Comp	\$150,000	\$155,000	3.3%
Long Term Disability	\$100,000	\$106,590	6.59%
Unemployment	\$80,000	\$82,770	3.47%
Professional Services	\$50,000	\$55,000	10.0%
Judgments & Claims	\$20,000	\$20,000	0.0%
Total	\$1,600,000	\$1,679,360	4.93%

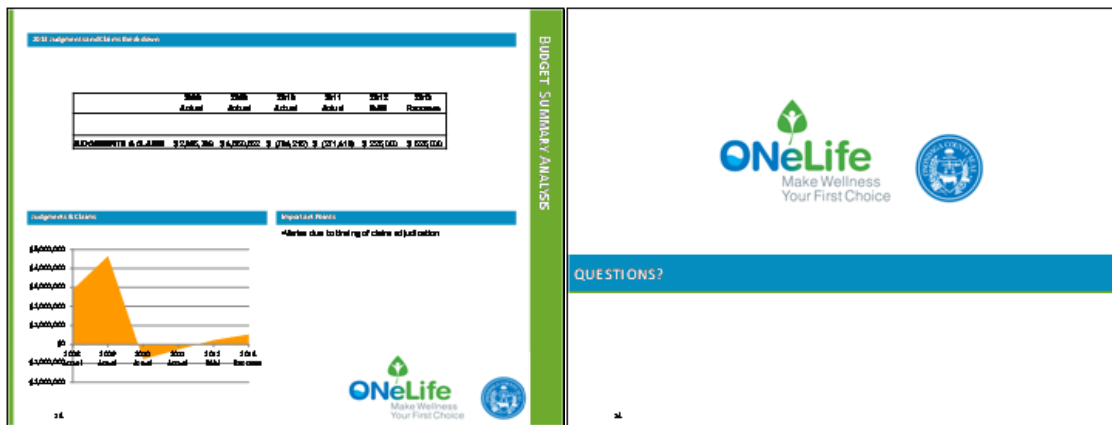
Total Appointments



Summary

- Overall Insurance Fund Budget
- Benefits Line Items represent 100% of the total
- Benefits made up of:
 - Health
 - Dental
 - Workers' Comp
 - Long Term Disability
 - Unemployment
 - Professional Services
 - Judgments & Claims



Chairman Knapp noted a \$300,000 increase in judgments and claims. Mr. Stasko said that last year the legislature cut the recommended \$525,000 to \$325,000 – they are putting it back up to last year's recommended knowing there are some pretty bad claims out there. They will be close to trial or coming to trial in 2013.

Mr. Jordan said that he understands that putting out an RFP for health benefits is imminent and asked when it is anticipated. Mr. Stasko said that the issuance of Medicare Advantage RFP is imminent – it ties into EERP for 2011 and 2012, the federal subsidy – got \$800k back. After the funds were exhausted, they began looking at Medicare Advantage RFP, but discovered there are many moving parts to it:

- A Medicare Advantage that is medical only
- A Medicare Advantage for medical and prescription
- (EGWP) Eggwhip is a federally subsidized drug program, which could potentially bring in more savings in the Medicare Advantage pharmacy program
- A combination of Medicare Advantage and Eggwhip Plan

Had to be careful to cover all components of it – have it built into an RFP and have enlisted all of the different entities that the Medicare Advantage RFP will go to – expects it to be imminent to send it out, probably within weeks

In answer to Mr. Jordan about RFP for health coverage for current employees, Mr. Stasko said that it went out 2 years ago; on a 3 year cycle – will go to next year. It was an extensive RFP – did a claims audit of over 52,000 claims – compared the contracted rates of the different vendors that competed for it.

Mr. Jordan referred to judgments and claims; questioned why it is more than doubling. Mr. Stasko said it is based on claims that will be settled or tried in the next 15 months.

Mr. May agreed with the care managed approach concept and downstream gains that we will have by doing that; asked what the direct cost is. Mr. Stasko said it is under fees for services – disease management. In answer to Mr. May, Mr. Stasko said it will really be promoted through the members, getting data analytics from health and prescription carriers – identifying people with risk factors, reaching out with phone calls. The people that want to participate in it that are healthy have the opportunity to call for coaching also. Mr. May said there are measureable gains by getting that kind of guidance. Mr. Stasko said that all of the analysis that has been done says that the trend should level off as a result of the implementation of the program. Mr. Fisher said that one reason that Nurture was selected was because Dr. Morrow advised that they have a very good way to involve the primary care physician in the relationship – working through the physicians and directly with our employees.

Mr. Kilmartin asked if there is a projected savings from the Medicare Advantage in the budget. Mr. Stasko said that there is not, as there are so many factors involved – don't know if there will be significant savings but the plan has to be basically equal to or better than – will have to be a custom designed Medicare Advantage Plan.

Mr. Kilmartin referred to the historical actuals in judgments and claims and questioned the fluctuation. Mr. Maturo explained that 2 types of expenses flow through it: 1. Any cases incurred in the current year and paid out in the current year flow through the expense line; 2. At end a reserve is made for all outstanding cases that they believe the county will be on the hook for. The difference from one year to the next has to flow through the expense line also. In 2011 there was a reduction of \$271,000, which meant that our case reserves have gone down. The years where it is seen to go up drastically was when there were some pretty big cases that came on. In looking at the last couple of years, the case reserves have remained steady. Mr. Kilmartin asked if there has been conversation with the Law Dept. on the number of cases, the exposure, liability, loss, expenses. Mr. Stasko said that they have, as well as with the underwriters from the excess carrier. Mr. Kilmartin asked if there is confidence that \$525,000 recommended will prepare us for the coming year. Mr. Stasko said that it might be short, based on two cases that he knows are coming up. Mr. Seitz noted that we will be short this year due to the Pompey case. The case will be billed back to the general fund and will have to be fixed before year end, approximately \$800,000.

Mr. Meyer asked if these are paper entries for liability items or is money actually being put away as the years go by. Mr. Maturo explained that the only time money gets put behind these judgments and claims is when they are actually settled. Last year the case reserves outstanding at year was \$14,800,000; there is no money behind it. There is a paper receivable behind it that offsets it. As cases are settled and there is a payout, as the end of this year we will take all the cases that are settled and bill them back to the departments that incurred the liability. At that point in time it has to be funded. In answer to Mr. Meyer, Mr. Stasko said that our excess liability is \$2 million. Mr. Meyer asked what happens with departments that are small and don't have that kind of money. Mr. Maturo said that either appropriations would have to be found within the budget to move into the department, use fund balance, or in a drastic case, borrow. Mr. Seitz said that typically whatever the budget is in judgments and claims, the cost is spread. When there is a big case, like we have just had, it is something that has to be fixed at year end. The Comptroller provides a list of cases that will hit around December, and in most cases interdepartmental money is moved around to fund them. Mr. Meyer said that most departments can't handle a \$2 million hit, so it would go to borrowing of fund balance. Mr. Seitz agreed.

Mr. Jordan referred to Medicare Advantage, were other municipalities, i.e. City of Rochester, Albany County, have recognized significant savings – estimates are \$2.5 - \$4 million in savings. He has been provided with a head to head comparison from one company. It seems that the same thing could occur from multiple companies. Feels this should move forward with considerable speed, as savings are being missed out on and taxpayers shouldn't be taxed unless it is absolutely necessary. He thinks savings estimates can be determined, as there are examples available that can be looked at. He encouraged that this move forward as soon as possible.

In answer to Mr. Jordan, Mr. Stasko explained that the increase of \$1.2 million for health benefit cost is trend, claims.

In answer to Mr. Jordan, Mr. Stasko explained the \$122,000 increase in insurance policies as a result of less favorable market conditions. During 2012 insurance carriers are trying to get their money back. In May *Business Insurance* reported that increases would be seen for the renewals. A portion is related to Air-1. There is a 2% increase on excess and 7% on property. Part of it is because of adding properties; the Carnegie Building alone was \$8 million estimated value. When some of the projects that WEP has come on line, it increases the value of what has to be insured.

Mr. Jordan referred to increased charges to county depts. of \$1.3 million due to increased direct expenditure. Mr. Dean explained that departments are charged for expenditures. If insurance expenses go up, departments are charged – it is one of the reasons that department's interdepartmental charges are going up in the 120 line. If Insurance for a particular department goes up, they will get direct billed. Mr. Morgan clarified that the costs are going up in the interdepartmentals, because there are real increased costs. Mr. Jordan said that increased costs are allocated to various departments, the \$1.3 million would be baked into it. Mr. Morgan agreed and noted that where possible, they direct charge the department that the cost is related to.

Mrs. Rapp questioned that the County has the Carnegie Building back, when did that happen, and what is it being used for. Mr. Fisher said that the Carnegie Building came back to the County in November of 2011 when the City School District paid off the remaining bonds. The Facilities Management Department has maintained that building since then. Following the budget process, an RFP will be put out to hopefully sell or otherwise use the building. In answer to Mrs. Rapp, Mr. Fisher said the County did not pay anything for the building. When the debt was issued to rehab it 15 years ago, it was structured that once those bonds got paid off, it would come back to the County. The County is paying maintenance costs to keep the heat on and take care of the grounds. Mrs. Rapp asked what the anticipated use is for the building. Mr. Fisher said that 6 or 7 different entities have expressed an interest in using it – renting or buying it. There will be a competitive process wherein the County selects the best use for the community. The goal is to make the best and highest use of that property for the community. There are different scenarios... if the County owns something and it is cheaper to move its people in there than to lease something, then it could be by County people going in there. The different alternatives have to be compared. Mrs. Rapp said that last year it was noted that the County owns 300 buildings and the goal was to try to divest ourselves of them. This item should be discussed during the Facilities Management review tomorrow.

Mr. May questioned the prudence of the timing of the RFP for Medicare Advantage going out in a few weeks, knowing that things could drastically change with respect to health care reform. He asked how much the RFP will cost, how long will it take to make a decision. He noted that if things don't change, effort could be for naught – subsidies could go away and there could be no financial advantage to doing so. Mr. Stasko said that was a question they had – a lot of the information they have read indicates that the subsidies are going away for Medicare Advantage, and would no longer be competitive. However, the more they studied it they found that there is a star rating, and that if you are four-star rated, top rated, Medicare Advantage plan, that the subsidies continue. They want to at least go through the process and understand it today – are there savings today that may go away in a year or two, and take all other complexities into account. Also, the program doesn't have to start 1/1/13; it can be 2/1 or 3/1 – not bound by 1st of the year for Medicare Advantage.

Chairman Knapp asked why dental increased by 10%. Mr. Stasko said that it was the estimate received from the 3rd party administrator, based on a negotiated contract price with the dentists. Apparently dentists are pushing back on what they are willing to accept. Chairman Knapp asked if there was any experience problem; Mr. Stasko said "no". Mr. Stasko said that then the County moved to being a self-insured plan, there were a lot of savings.

Chairman Knapp asked about the money coming back from Blue Cross, overcharges. Mr. Morgan said it was booked as a revenue last year. He doesn't believe it has been received yet.

The meeting was adjourned at 11:30 a.m.

Respectfully submitted,

DEBORAH L. MATURO
Clerk
Onondaga County Legislature