



**DAUPHIN COUNTY BOARD OF COMMISSIONERS**

**WORKSHOP MEETING**

**TUESDAY, FEBRUARY 4, 2003**

**MEMBERS PRESENT**

Jeff Haste, Chairman  
Lowman Henry, Vice Chairman  
Anthony Petrucci, Secretary

**STAFF PRESENT**

Robert Burns, Chief Clerk/Chief of Staff; Julia E. Nace, Assistant Chief Clerk; President Judge Joseph Kleinfelter; Marie Rebeck, Controller; Robert Dick, Treasurer; Phil Spaseff, Recorder of Deeds; Sheriff Lotwick; Bill Tully, Esq., Solicitor; Jeff Foreman, Esq., Solicitor's Office; Robert Knupp, Esq., Solicitor's Office; Carolyn Thompson, Court Administrator; Sharon Manton, Personnel Director; Faye Fisher, Personnel; Sharon Ludwig, Personnel; M. J. Snyder, Sheriff's Office; Gary Serhan, Controller's Office; Steve Howe, Tax Assessment/Tax Claim Director; Jennifer Kocher, Director of Communications; Diane McNaughton, Communications Office; Mike Yohe, Budget & Finance Director; Anthony White, Director of Fiscal Affairs; Randy Baratucci, Purchasing Director; Edgar Cohen, Facility Maintenance; Garry Esworthy, Risk Manager; Kacey Truax, Commissioners' Office; Lena Martinez, Commissioners' Office; Jim Albert, Commissioners' Office; Amanda Chmiola, Commissioners' Office; Mike Pries, Safety & Security Director; James Frandano, Information Technology; Cindy Boratko, Information Technology; and Dan Mosel, Human Services;

**GUESTS PRESENT**

Mike Setley, Concord Public Financial Advisor; Jamie Schlesinger, Concord Public Financial Advisor; Sandra Mosten, Harrisburg; Carol Cocheres, Esq., Eckert Seamans; Jeff Bemoras, B & A; Patrick Judd, Whiting Turner; Tom Helsel; Loretta Banbee, DARE; and Mel Jacobson, Buchart Horn.

## **MINUTES**

### **CALL TO ORDER**

Mr. Haste, Chairman of the Board, called the meeting to order at 10:00 a.m.

### **MOMENT OF SILENCE**

Mr. Haste: I would ask that everyone please remember the crew of the Columbia, family and friends in our thoughts as we have this moment of silence.

### **PLEDGE OF ALLEGIANCE**

Everyone stood for the Pledge of Allegiance.

### **APPROVAL OF MINUTES**

Mr. Haste: Thank you and good morning. The Minutes we will approve at next week's meeting. Hopefully, everyone has a copy of them or will have a copy for next week.

### **PUBLIC PARTICIPATION**

Mr. Haste: Is there anyone in the audience today that would like to speak about anything that's on the Agenda or bring before the Board at this time?

A lot of people here just to watch, I guess.

### **PERSONNEL**

Mr. Haste: Personnel Packet, Faye.

Ms. Fisher: Good morning, Commissioners.

There are no Salary Board items today. We will move right into the Personnel Packet. The first item is the Workshop Agenda Vacancies listing.

Mr. Haste: Are there any questions for Faye?

Ms. Fisher: The next is the Workshop Agenda New Hires listing. Mostly for Dauphin Manor. The next item is the Workshop Agenda Changes listing. The next item is the Overtime Report for Pay Period #2. Finally, we have several overtime requests. Only, two, one for Personnel & Payroll and one for the Prison.

Mr. Haste: None need acted upon today, right?

Ms. Fisher: Correct.

Mr. Petrucci: The Change listing, for example 8 & 9, talk about a rate or step correction. What are we doing when we are correcting a step?

Ms. Fisher: There are actually four, Mr. Petrucci. These four individuals were brought on board at the end of 2001. They were paid correctly. However, when new hires started in 2002, they were brought in at a higher rate than these four individuals. So rather than take money away from those persons hired in 2002, we are going to move these four individuals up a step.

Mr. Petrucci: To even to where the 2002 employees started.

Ms. Fisher: For internal equity purposes.

Mr. Petrucci: Thank you.

Ms. Fisher: You're welcome.

Mr. Haste: I would like to note that at next week's meeting we appoint a Solicitor and have someone here to swear him in.

Mr. Burns: Judge Lewis will be present to do that.

Mr. Haste: Thank you. Anything else for Faye while she's at the table?

## **TRAINING PACKET**

Mr. Haste: Bob, is there a Training Packet?

Mr. Burns: There is a Training Packet. I'll copy you one. There are twenty-seven items in the packet. None of which are being asked to be voted upon today. I got a copy this morning.

Mr. Haste: Okay.

## **PURCHASE ORDERS**

Mr. Haste: Purchase Orders, Randy.

Mr. Baratucci: You all received your Purchase Order packet yesterday. I'm happy to report that we have no budget issues this week. There is one item on here that shows an over budget. It is for our Hazmat Program and there are reimbursements coming in that will cover that. The report is basically clean budget wise. Hopefully, we'll have no additions between now and next week. It stands there for your review. If you have any questions, I'll be happy to answer them.

Mr. Haste: Any questions for Randy?

Mr. Petrucci: Yes, in light of the County's efforts to cut back on expenditures, I recall a memorandum that came through either by the Chief Clerk or by Mike Yohe in our Budget Office. It was about the possible cutting of services of armored car delivery. Since we are within walking distance of our depository bank, there is a purchase order for \$5,000.00 for the Treasurer's office to handle the transfer of our money from this building to the other building across the street. That seems to me an expense that we could possibly do without. I know we've had that debate before but here it is again.

Mr. Baratucci: I think Mike did discuss it with all the offices. If you look on there, there are six offices, Treasurer, Recorder of Deeds, Wills, Prothonotary, Clerk of Courts, Fines and Costs. Mike ends up paying this bill because it is spread through other agencies. I think he did discuss it with the offices involved and they felt it was a needed service. Is that correct, Mike?

Mr. Yohe: I checked with Bob Dick and since it was in his budget, it was okay to go ahead to process the requisition.

Mr. Haste: Bob.

Mr. Dick: The armored car services that Randy explained picks up the deposits from five offices plus mine. I act as the central depository. The armored car service picks it up, delivers it to the bank and deposit it. It's a service that at one time I had guards helping our assistants or clerks take it to the bank. I had any where from \$50,000 to \$400,000 in cash and checks that we took to the bank. We are only bonded for \$50,000. If anyone would make off with that, I think we could sustain a substantial loss. I think the \$5,000...it's up to the commissioners. We could do it, we could take it to the bank with my personnel as can the other offices. But it seems to be an efficient way to transport the funds.

Mr. Petrucci: With all the security that we pay for and all the deputy sheriffs, it would seem that we would have the capacity to offer safe transport of revenue.

Mr. Haste: We'll take a look into it by next week. This is an issue that I was not aware of. We'll take a look at it and discuss it next week.

Mr. Dick: It was one item that was expendable. We were trying to cut back and is perhaps an expendable item. We felt for safety purposes it would be more efficient to transport it by armor car.

Mr. Haste: Any other questions?

Mr. Petrucci: No

Mr. Haste: Thank you, Randy.

## **DIRECTORS**

### **Mike Yohe, Budget Director and Lou Verdelli, Public Financial Management**

1. Adopt Ordinance No. 1-2003 authorizing and directing the issuance of General Obligation Notes, Series of 2003 in the aggregate principle amount of \$8,100,000.00.

Mr. Yohe: Mr. Verdelli was here at last week's meeting and we had given him the direction to go ahead and firm up the figures for the debt restructuring. We've had a lot of different businesses, attorneys, and underwriters busy last week. We got it done and Lou is here to give the final presentation of the numbers.

Mr. Verdelli: Thank you, Mike. As Mike mentioned, last week you authorized the financing team to move forward on a restructuring of the debt service on three of the county's existing bond issues and if possible refinancing of any of the county's outstanding issues that would provide true economic savings. The two issues that we had reported to you, I think, back in October potentially would have savings on the taxable pieces that were done in the year 2000. They're both pretty small about a million and one-half on each one. We had talked about that their interest rates were over 7% and that they didn't make any sense to refinance on a stand alone basis here the last couple of months. But if there was some other transaction like the restructuring it would make a great deal of sense at that point in time to add those in. Once we had received some indication from your underwriter on what those taxable interest rates would look like on a new issue, it became apparent that there should be some significant savings if we were able to also complete that transaction.

Before we go we through the numbers, I would like to review one of the key steps whenever you do a bond issue is obtaining a credit rating and as you know in the past we've gone to S&P for that credit rating. The original rating that was assigned back in the year 2000 was an AA minus, last year during one of the issues it was upgraded to an AA. They took the minus away so we needed to go back to S&P and present the county's updated financial conditions and things like that.

I want to give some credit to your Finance Office and the Budget Director because there were some revised numbers presented to S&P that reflected this transaction happening and the freeing up of approximately 4.5 million dollars that would be available basically towards the fund balance. That was something S&P focused on was what the revised numbers were projecting in terms at the end of 2003 and what the financial status of the county would be. It ended up that S&P did keep the rating at AA which is certainly good news. But, I think that was critical to the next step which was, we also went to the bond insurance company to ask them to insure the bond issue, like we have done in the past. We received quotes on what that cost was going to be. When we began the pricing process, yesterday with the underwriter, we had planned to offer your bonds with bond insurance which means you would have had to purchase that insurance and the bonds

would have carried a AAA rating and hopefully gotten a lower rate. After several discussions yesterday morning, the underwriter decided that they thought they would be able to get just as good interest rates without purchasing bond insurance because there is an AA rating. The investors will look to the AA rating as the underlying rating of the county. They didn't feel the need to purchase the bond insurance. That went a long way towards helping the overall efficiency of the transaction because that eliminated \$30,000.00 worth of issuance cost that it would have been to purchase that bond insurance. That being said everything that we have to present in terms of final interest rates are all based on the county's existing AA rating and not on purchasing bond insurance.

To take you through the numbers so that everyone understands the transaction. First, on page one, the good news here is that while last week we talked about interest rates, long and short term being close to forty year lows. The bottom chart on page one shows that in the last week interest rates have remained relatively unchanged. There really hasn't been any change at all in rates. It is kind of quite in the market.

Page two, the first part is the restructuring of several of the bond issues. The 1993 issue, there is just one payment that is being restructured, I'm sorry, it's the August 1<sup>st</sup> payment, shows the amount there and existing interest rate at 5.05%.

Page three, the 1998 issue, there is about seven years of payments left. If you turn to page four, the only thing that is being touched is the March 1<sup>st</sup> and September 1<sup>st</sup> payments. You can see there the total amount of debt service in column 18. That will leave page five, the county will continue to pay the regular payments as scheduled on the 1998 issue.

Page six, is the third and final issue. That's the 2001 and again when you turn to page seven, the only payment there is the March 15<sup>th</sup> payment that's coming up and being restructured. Other than that, page eight, everything is remaining unchanged on the payment schedule of the 2001 issue.

Page nine, is the page we used to help the paying agent coordinate the amounts that need to be deposited into escrow to make these payments on these three issues. There are a lot of calculations.

Page ten, would be the new bonds that would be issued for the restructuring portion of the project and there in column 55 you can see that there would be three principal payments that majority made April 1, 2004 and April 1, 2005. The interest rates in column 57, that's where your underwriter was able to lock in for you yesterday, very attractive, obviously with short term rates so low, at the 1.2, 1.21 and 1.45% would be the rates on the tax exempt portion. That is the 4.49 million piece. So locking in an interest rate certainly well under 2% there.

On the refinancing portion, that starts on page eleven, this is the 2000B taxable issue that you are currently paying on and column 68 shows the interest rate on that issue is

7.92% and the payments showing there going down column 71 what the annual debt service payments are.

Page twelve, is your other taxable issue, it's about 1.1 million and its interest rate is 7.3%. Annual payments are in column 77.

Page thirteen, is again escrow calculations, the amount of money that needs to be set aside to pay off those two issues.

Page fourteen, shows the refunding portion of the transaction. This would be your new taxable bonds that replace your old taxable bonds not extending the maturity, the payment dates are the same. Everything is kept exactly the same. All that is happening here, is that you are going from the 7.92% on one and 7.3% on the other down to the rate that we were able to set with your underwriter yesterday in column 91. You can see the majority of the bonds are at 4%. The one bond is at 4.4%. So from going from those 7%'s down to 4%, over in column 96, the savings from that is \$118,000 which is scheduled to be a savings on your September 15, 2003 payment. That is the taxable piece.

The breakdown of the sources and uses is on page fifteen of the amounts needed to pay off the old bonds and deposit into the escrow and the cost of issuance. In the middle of the page, I would just point out where we have tax exempt yield in one box, the borrowing rate on the tax exempt piece is 1.35% and the borrowing rate on the taxable piece would be 4.44%. Obviously that taxable is generating a lot of the savings going from that 7% down to the 4.44%. What it all means when you put the two together is on page sixteen. We have summarized this chart to now take into account the savings from refunding your taxable bonds and on the chart on the bottom you can see the reduction of the debt service for the current year 2003.

As you instructed us last week, to go with the scenario where the restructuring portion is repaid in 2004 and 2005 is shown. Other than that the debt remains exactly as it is scheduled to be made under all your existing issues. The most important column is column 8, on the right side, the present value debt service relief, while there is about 4.5 million dollars reduction in 2003 as a result of adding the taxable refunding in the present value cost of the complete package is \$16,000. That's the additional increase in debt service as a result of the restructuring and the refunding. Obviously, adding in refunding helped out the cost of the restructuring substantially. We ended up with that final number. The bottom line is the reduction of about 4.5 million dollars in fiscal year 2003. The present value cost of that is \$16,514.00. Overall we are pretty pleased that we were able to pull all this together.

It was a great deal of work on behalf of your financing team and Budget and Finance Office to get all the necessary information together and certainly the participation they had on the call with Standard & Poor to explain the budget and what was happening and how this transaction was going to assist in that situation.

I would be happy to answer any questions you may have regarding the numbers.

Mr. Haste: Any questions for Lou or Mike? Carol, do you want to speak regarding the Ordinance?

Ms. Cocheres: The ordinance that is before you today reflects changes that was circulated to you earlier. It reflects the bond sale and it accepts RBC Dain Rauscher proposal to purchase the bonds. There are specific changes dealing with the decrease and the size of the issue from the 8.1 million to the 7.9, 10 overall. We completed all the exhibits to reflect the sale on the schedules starting from Schedule A which are the Series of A 2003 tax exempt bonds; Schedule B which sets forth taxable Series B Bonds; the debt service schedules for each series are set forth respectively in Schedule C and Schedule D; and the Redemption Provisions are set forth for the Series B Bonds, have mandatory and optional redemption provisions.

The Series A Bonds having only a three year maturity are not subject to mandatory or optional redemption. The deletion made in this ordinance is the bond insurance. The original ordinance circulated to you was the authorization to purchase bond insurance. That was deleted from this ordinance. Those were the main changes from the draft ordinance that was submitted to you. If you have any questions, I would be happy to answer them.

Mr. Verdelli: One thing I forgot to mention was the taxable bonds, we did make sure those are subject to prepayment like they were when they were originally issued in 2000. We had insisted on them having a five year call and had it not been for that we wouldn't be able to be here showing you this refinancing. While there are only seven years left on the taxable bonds, the call feature that your underwriter was able to sell the bonds at was actually a four and one-half year call. So actually on September 15, 2007, if interest rates were lower than 4% you would have another opportunity to refinance that issue.

Ms. Cocheres: That optional redemption provision is included on page E1.

Mr. Verdelli: I think your underwriter would tell you that it's not too often that taxable issues have call features that are done noncallable. They deserve some credit for being able to get this good interest rate as well as have that redemption provision.

Mr. Haste: Carol, is there a need to act on the Ordinance today or can it be done next week? What is the timing for this?

Ms. Cocheres: One of the redemptions, the big piece of the Series A Bonds, goes to pay off a March 15<sup>th</sup> payment. Let me get the exact number.

Mr. Verdelli: I think it's the March 1 payment on the 1998 Issue.

Ms. Cocheres: The 1998 Issue, there are payments on March 1, 2003 of \$300,000 and change; on page 6 of Lou's presentation there is a principal payment on March 15, 2003 of \$2,320,000. In order to insure that there are funds to make that payment as of March 15, we have to insure that we get the Dept. of Community and Economic Development's approval. We usually have a 30 day period that runs between the submission to the department and then the closing. If we delay this, this might be put in jeopardy the payment there and that's a big principal payment that is part of the cash flow of the county that makes this transaction more beneficial to the county to have the proceeds in place. Because otherwise, if we can't close by the 15<sup>th</sup> of March, you lose that benefit of refunding of that particular debt service payment.

Mr. Verdelli: The only other thing that I point out is that the bond purchase proposal from your underwriter from RBC Dain Rauscher probably expires at 12:00 tonight or 9:00 tomorrow morning. So those interest rates that I reviewed are only good right now.

Mr. Henry: I don't think this is exactly the correct reflection of where we are. Let me preface everything that I'm going to say by saying I think the financial team has done an outstanding job of researching this particular component and getting us to where we are. I'm particularly pleased to hear that the team has been successful in advocating our financial position to the bond rating agencies for which all those who claim the county's fiscal position is in crisis. Some of the hyperbole that we have heard on the campaign trail about the county being taken over by the state. As long as bond agencies are giving those ratings, I think that puts a pretty big lie to all of that.

My concern with this is, number one is that we are being rushed to judgment that I do not think is appropriate. I have checked with a number of folks and I do think that we have more time. This is not something that has to be done today. It is not even something that has to be done in March. We can certainly refinance in those debt service payments as we move forward. We are essentially reacting to making sure that we insure the county's cash flow position as we head toward the end of the year. I think it speaks well to the fact that we are looking at that now in February as opposed to waiting until October or November to deal with it when it in fact could be to late. However, what has caused this cash flow problem is a problem with the amount of funds that we had to put into our pension fund as a result of the poor performance of the equity markets over the past two years. What I think is the fatal flaw to this particular situation is that it does nothing to address that. It does nothing to address the financing of that component. It does nothing to address the fact that we have a problem with pension fund monies. I have a chart here that I think is especially chilling that basically shows our pension fund contributions from the general fund down here on the past few years and in the late 90's and early 2000's dipping down to almost next to nothing, spiking somewhat last year and this year, again as a result of market forces.

The projections over where we go between now and the next 13-16 years just keep escalating on a never ending line to the point where we go from less than a million up to almost 15 million dollars in general fund monies that has to be put into the pension fund. However sound this may be, and I believe it to be a sound proposal, a very sound

proposal, I still think we are addressing symptoms rather than causes. My belief is that we ought to have a global solution to this where in we deal with the pension fund contribution issue and making sure our pension fund is placed on a financially sound basis going forward. I think we owe our employees that. We ought to look at this. We are going to hear a proposal from Mr. Tritcolli on financing of health insurance premiums which I think ought to be part of this overall solution. There was an issue of swap option which came before us about a year or so ago. Frankly, we spent a lot of time to figure out how it worked and what it meant and came to a reasonably good understanding of it. At that time we thought it might be risky. Since then a number of counties have undertaken this type of financial maneuver. Chester County recently saved seven and one-half million dollars by undertaking swap option financing. So, I look at all those components out there and say that we've looked at one part of it but we haven't looked at the whole. Professor Petrucci is fond of giving grades for these type of exercises. If I were to step into his academic shoes, my grade right now would be incomplete. Not incomplete on what you have done, I would give you an AA+ for what you have done, but an incomplete on the overall big picture. Frankly, I am concerned over a move to rush into something based on what are being portrayed as artificial deadlines. We may very well move forward with this and I think ultimately we will but belief is that we ought to step back and more thoroughly examine all of our options; how they interrelate and what their budget impacts will be before we move forward. I'm not comfortable in moving today because I don't think that we have looked at all our options and really have a total comprehensive plan in place.

Mr. Petrucci: Mr. Chairman, I too want to preface my remarks by saying what I see before me today is a lot of work done by a lot of people in a very short time. I feel good about the work that you did. As of our discussions last week, I did have lingering concerns. I did not want to have to put an extra tax burden onto the taxpayers of \$122,000 for the difficulties we are having in meeting our financial difficulties this year which are varied. Yes, the pension fund is a big hit. Yes, there is debt service payment that came due in a year that I'm sure if there were some efforts to go back, that time slot would not have been picked. But there were also extraordinary spending propensities that were not specifically controlled. I recalled throughout the year asking for tighter constraints on some of our promotions and merit increases and a variety of things. We are in a structural deficit that is close to nine million dollars that eats into our funds balance to the point where this budget has only \$24,000 left in it. In conversation with my Budget Director, Mike Yohe, since last week, I too was of my colleagues opinion that maybe there are some other things that we can do. I don't want to rush the judgment either. If we don't pay those pension funds and they are not fully funded, I'm sure there are many areas across America where the pension fund is not fully funded and that we could just delay rather than pay for delaying our payments which is what we are doing here.....is paying for delaying our payments. But you've got the paying of delaying of our payment down to only \$16,000 and I appreciate that and I feel much relieved that this does not add to my taxpayers' burden but does just shift it up to 2004 and 2005 largely.

That still remains a small concern to me. I see a big peak in 2004 and 2005 on the amount that will have to be paid. So in a sense we delayed and not answered the financial responsibilities of the county, I would see 2004 and 2005 as years that we will have to ask our taxpayers for a huge tax increase to handle what we are delaying. I'm sure there are political reasons for doing that. What I would like to ask is, "does it make financial sense, this is money we have to pay back, and it is citizen tax dollars that have to be paid back. Does it make sense to have it all paid back in two years or a good part of it or field it out again over a wider set of years?" As I look at your numbers, I see that the longer you spread it out up goes the interest rates and up goes the cost associated with doing the issue. So you pretty much answered with your information provided, my own questions that I had over the week and my efforts to come up with and search over what would be some better solutions or alternatives. With your presentation, I now feel comfortable that we are on the right track. I have been made aware by Mike of our cash flow situation and the payments that are coming due. While we have a TRAN in line in case we where to have some difficulties, he still indicated that even if we didn't, the full seven million of our pension fund we would still in a couple of months be three million behind; and therefore, we would need this particular instrument to have met those months of payments. I would make a motion that we accept the proposal for refinancing our debt as has been presented by our finance team.

Mr. Haste: Before we take that motion and the motion would be for Ordinance No. 1-2003.

Mr. Henry: You have to have a second.....

Mr. Haste: I would like to ask the Treasurer and Controller, part of our finance team in the county, if they have any comments on this issue.

Mr. Dick: I think it makes fiscal sense at this stage to go ahead with a bond issue. I commend Mr. Verdelli and his team for the effort and in the short amount of time to put this together. You know you're going to have a cash crunch near the end of the year. This is going to alleviate that. If the economy turns around and it becomes a little better, you'll have a little more elbow room. But what you're doing this morning in refinancing or restructuring the bond issue makes good fiscal sense. I agree with Commissioner Petrucci on this.

Mr. Haste: Marie.

Ms. Reback: It's a little difficult to comment on this without actually being in the whole process from day one. We have not been included in any of the figures, anything that has happened to this point but what we have seen in our office to this point we feel that.....I don't believe we have any other choice at this point.

Mr. Haste: A couple comments that I have. I agree with both of my colleagues on different points. I think, Commissioner Henry, that you are correct this is only a piece of the pie and we need to look at more. I concur that we ought to look at every potential

option that is brought before us that saves the taxpayers dollars and makes the tax burden easier on them. I think we ought to look at the health care cost that makes a lot of sense. I think we ought to look at the pension payment at the end of the year to see if something can be done with that and the idea of spreading those out over time. That makes complete sense. I also concur with Commissioner Petrucci that we got to look at reducing some of the cost. Mike Yohe's cash flow projection has us at six and one-half million dollars short of cash and largely it is because of reimbursements we get from the state. That actually can go up. If the state has financial difficulties and does not make payments when we think they should or when we know they should this actually could extend our problem. It could make our problem larger. This reaps roughly four and one-half million of the six and one-half that Mike projected. There is still another two million in cash flow that we need to identify. And that is assuming the state pays on the schedule that Mike has put before us. If they pay earlier, that number goes down but if they pay later the chances of it going up are there. I think that this is a prudent thing to do and I think we must move forward with it. I think that we also must look at the health care cost. We must look at the pension and must look at reducing cost in county government whether that means reducing services, means reducing staff or whatever that case may be. I think we've got to look at all three components. This is only a portion of it. I concur with you, it is only a portion.

Mr. Henry: That is my only concern, Commissioner. Is that we not view this as the be end all solution. I do not believe it....at the beginning of my comments. I think this is a very sound and well done proposal. It is not just a silver bullet that will end all of our needs of taking a look of some very serious economic structural problems not county budget structural problems. It is economy problems.

Mr. Haste: Right. The cash flow was driven primarily by the economy. I think as Mike Yohe has pointed out the deadlines that are driving this are in fact real deadlines. The debt payments that are due in March are real deadlines and if we don't....we could do this at a later date but we don't realize the full savings of cash that we would realize if we do this now. So with the, I will second the motion to adopt Ordinance No. 1-2003.

Any other questions or discussions on the motion?

All those in favor say, Aye.

Mr. Haste & Mr. Petrucci: Aye

Mr. Haste: Those oppose.

Mr. Henry: No.

Mr. Haste: Motion carries, two to one. Thank you very much.

Mr. Verdelli & Ms. Cocheres: Thank you.

**JIM TRICOLLI, RBC DAIN RAUSCHER; AND JEFF BEMORAS, B & A**

Mr. Haste: Health Care Cost Proposal.

Mr. Tricolli: Thank you very much, Commissioners, for allowing us to be here today. I'm actually doing double duty, Lou Verdelli, your financial advisor so eloquently mentioned about your underwriter, I'm your underwriter. We were very happy to be involved with the bond issue and as Lou said the county did very well and we did very well in marketing the bonds, again no insurance premium and extremely low interest rate savings. We were very happy to work with the county. This is our third transaction in the last four years that we had done with the county. Two general obligation issues and an IDA Issue and we were pleased to be of service. I'm glad it has worked out well for the county.

What we have before you today is.....I'm Jim Tricolli with RBC Dain Rauscher. To my right is Jeffrey Bemoras from Bemoras & Associates. We are here today to talk to you about a health care proposal that Commissioner Henry mentioned in his comments. This is an opportunity for the county that there may be some potential benefits to save money in negotiations with the health care provider going forward.

I want to take a step back and mentioned that we started this process about six weeks ago. We talked to Mr. Burns, Anthony White, Sharon Manton and Sharon Ludwig from your Personnel Department as part of the process that the County Commissioners have asked for. It is very prudent on their part as we do diligence now bring it to a public forum and let everyone have an opportunity to hear about a thirty thousand feet overview of what our ideas are and what the county may be able to do. We have a team together, Jeff and myself, also we have another partner from the team here and he is in the audience, Jens Dumgaard who serves as our legal counsel on our program. Jens is with Rhoads and Sinon who is also your co-bond counsel who works with Mr. Twaddell. That is kind of the team that we put in place before the county. In the process, we have reviewed your health care as it stands and some of the decisions that you have made in the last month or so. We are here today to talk about some potential benefits that may be available to the county. With that, I would like to turn it over to Jeff who will do about a ten minute presentation. We are not going to go through every slide. We'll hit on some high points and then we will take some questions. We'll try to get out of here as quickly as possible.

Mr. Bemoras: Thank you, my name is Jeff Bemoras. I have actually have worked with a couple of people in this room. One of your financial advisors, Mike Steley, and I have worked on a couple of transactions together and have benefited a couple of large counties and a city here in Pennsylvania.

I appreciate your time today. First, let me say that I have met with Mr. White and Ms. Ludwig regarding your health care benefit situation. First and foremost, I want to say from a very high level, this program as it is presented does not alter your benefits or benefit delivery. I want to say that first because that is often the first question. Your

constituencies are your employees and your tax base. We will do nothing to alter their delivery of care and/or the fine job your benefits coordinators inside and risk management inside does for the County of Dauphin.

Simply, this program was built quickly in 1995 by myself using some proprietary knowledge. I am an actuary by trade. Most of my career was spent with Blue Cross/Blue Shield where I did most of my work. The development of this product really takes hold in how do you use funds or advanced funds to leverage discounts based on long term arrangements. That is a long statement but primarily it basically lays in one and two options.

Number one, taking a look at your current health care benefits as they are today and your business plan as it will be in the future and develop a scenario by which your exposure could be identified. Exposure meaning your cost exposure over a period of time. We all know health care costs are trending in a direction of northerly direction and we're in nationally about a 15-24% clip. That is not going to stop based on aging population and pharmaceutical costs, technology costs. But, you are in a unique position, as Dauphin County as being in a position inside of this country that there is inheritant competition going on right in your backyard between two large players on the Blue Cross venue. One being Highmark and one being Capital Blue Cross. Because of that, there is that extra added benefit by which we would understand your current exposures based on your current environment and your business plan over the next three years and develop a savings scenario which we can go and negotiate a three year advance fund arrangement to one or both of those constituencies. This program does not change your delivery of health care. Certainly, if one or both of those carriers are the choice that Dauphin has made or will make and will only make, it only does a good service in going in to negotiate a better relationship. I want to be prudent in my comments, in that this in no way develops a negotiation by which we're trying to hurt the carrier because they are your true partners. They are delivering care and hopefully by delivering good performance base care you will be happy and your employees will be happy. We want to make sure that the relationship stays good. By doing that, we offer a value proposition not a negotiation by which we are trying to hurt them in the future financially. All that I'm saying is to develop funding value equation by which we would go and create a discount based on advanced funds based on three values to the carrier.

No. 1 retention of the client. Retention meaning they would be able to carry your contract for three years. This means quite a few dollars to them both hard and soft dollars residually throughout the next three years.

No. 2 taking an advance fund base and being able to asset manage off of that advantage fund base on a declining basis. They are able by just surely being themselves and holding that high of a reserve base that they are able to reinvest into tools that Dauphin County cannot. Therefore, they get a higher residual interest rate on their monies that Dauphin County cannot and most counties and municipalities cannot throughout the country.

No. 3 the discount that applies as to not having to come and remarket to you all. It costs a lot of money, again being in actuarial environment when I started my career. It costs me about \$100,000 to have my national accounts people out there renewing projects every year. That is an actuarial and underwriting project time.

Based on those three scenarios, we built a value equation that will revert or describe a position of discount. That discount will be surely the equal sum to those three values. If we can't come to an agreement then we basically walk away with nothing but a value proposition trying to enhance the relationship on a financial base. What has happened to my clients throughout the country and here in Pennsylvania is my clients have looked at this opportunity as number one an opportunity to budget health care costs over the next three years. In this environment, it is extremely volatile and hard to do. So when you come to next year and you appropriate for this moral obligation you know what the moral obligation will cost you. That seems to be very high on the agenda. I quite honestly take the discount secondary to that budget ability factor. Secondly, the budget ability factor. Thirdly, the relationship and the performance of the plan and your benefit and your business plan moving forward.

With all that said, I went through it pretty quick but basically we are looking at an opportunity to value proposition your current and/or if you chose another carrier involved in this environment in Dauphin County and value proposition so we can first budget costs and create a discounted cost based on the three values that I outlined.

Mr. Tricolli: I know that is a lot of information that we are trying to give to you at thirty thousand feet. I don't expect a lot of questions just a couple of comments that I would like to make from the bleacher seats.

This is a relatively new process to the Commonwealth of Pennsylvania. In fact, to the best of our knowledge as we stand right now, if you think of the baseball diamond, there are only three people who have crossed home plate. That would be the County of Berks, and they did a fully insured program which is actually in this book. It talks about the savings they generated, 2.4 million dollars in savings. That is not an insignificant number. Again, I want to stress, what Jeff talked about the budget ability you would know today what your health care cost would be for the next three years. As I sit here and listen to the county Commissioners talk about the problems that face them, unfounded pension liabilities, difficulties with payroll and risings cost you're health care if probably the second largest cost behind your payroll. So you would know for the next three years what your health care cost would be. That has immense value from a management tool.

Back to the baseball diamond. The County of Berks crossed home plate. The City of Reading is a fully insured transaction also like the County of Dauphin. You're fully insured verses someone that is self-insured. They've crossed home plate. Jeff has done both of those transactions. Lancaster County just completed a quasi transaction. They just closed on December 26, none of us were involved in that transaction. They crossed home plate in a somewhat different fashion. Again along the same lines.

There are other municipalities that we are working with right now. York County which is referenced in there is scheduled to close about February 28<sup>th</sup>. They're on third base rounding home. Bucks County is on second base. Lackawanna County is on second base. City of York is on first base. The list goes on and I would be happy at a different time to provide a full list. I don't want you to think that Dauphin County is out there by themselves. This is something that is a relatively new tool and it is something that I as an underwriter from RBC Dain we spend a lot of time doing our due diligence. When I was first introduced to Jeff back in May, almost a year ago, we spent a lot of time working on the process and thinking about how it may work. We came to an agreement where we would do this jointly. That is why we put this team together. We have the Bemoras Associates, he has the expertise on health care side; RBC Dain has the financial experience; and Rhoads and Sinon have the legal experience. So we put together a pretty solid team in working with the counties and municipalities throughout the state. That is why we wanted to come here today because we think definitely it is a valued proposition that has some merit that the county should consider. We are happy to be here and appreciate this opportunity. Either one of us would be happy to take any questions.

Mr. Henry: You referenced a number of other counties. What are you projecting for Bucks, Lackawanna and some of these other counties? Are you projecting savings in the same 2.5 million dollar neighborhood? Lackawanna a little smaller than some of the others. Bucks bigger?

Mr. Bemoras: Normally, if we can't produce a 10-15% net aggregate savings over a three year period then it really doesn't make sense to move forward. That is one of the provisions that I work under. There is no residual value coming to bulk side and this is usually the economic cutoff. Again, in the counties that we are working with going around that diamond, that is really what we are pinpointing.

Mr. Henry: In the past two years, we have managed to trim over a million dollars off of our health care costs as opposed to having them go up. Having said that it was largely because of the breakup of the Blue's and the competitive situation. That may last for one more year or it may not. Your underlying assumption is that health care costs are going to go up dramatically. Given what our experience has been over the last two years, do we still expect such savings?

Mr. Bemoras: Absolutely, one of the upsides to the split of the two Blue's plan is that initially an immature environment you are going to see a significant savings to a full spectrum in the full book. We know as that matures up once you produce anomalies like that being a carrier you are going to try to recoup those anomalies. What's going to happen in an 18 month period you will see that upswing. I say that not trying to put fear into anybody. It is just reality of the business. This is probably one of the best times in that down cycle to go after the savings equation.

Mr. Henry: I was looking at that and saying we were very fortunate for two years to get what we got. I was wondering when that somewhat of a free ride is going to come to a very abrupt end for us.

Mr. Bemoras: I'm identifying about 18 months and again my sources come from both Highmark and Capital. I work with them closely and all their actuaries. I can tell you based on the information that I'm getting, you are looking at that type of cycle.

Mr. Henry: Do we pay you upfront fees or do you derive your fees based on the cost of issuance at the closing at the end of the process?

Mr. Tricolli: Actually, Commissioner there are two components to it. One we call is the Phase I Agreement. I'll talk about it and you can look at it later. Phase I Agreement is basically a one time fee. It's your only liability or only downside. It's a \$20,000 fee which is payable to Bemoras Associates to do all the actuarial work. To figure out where the trends are and to do all that. That is your only....if you walk away from the transaction that is the only dollars you will be "out of pocket". Then there is a fee to do the completion of the project. The Program Fee is 1% of the load amount. Again, when we talk about net savings we take all that into account. It's like when you do a refinancing of a bond issue. We tell you your savings are X present value net of all your costs. Should we be successful and the 1% for you and you will get the credit back for the \$20,000. So the only way you lose any money is if we can't produce any savings and you walk away from the transaction and you're out \$20,000. That is a sliding scale. It's basically \$10,000-\$15,000 if your X size county and \$15,000-\$20,000 Y and \$20,000-\$25,000 if you're a larger size. It is purely based on the number of employees. The short answer is there are two fees. The most that you would be out of pocket if you didn't do a transaction would be \$20,000.

Mr. Petrucci: Are we on an annual contract with our health care providers?

Mr. Bemoras: The program doesn't necessarily have to follow your renewal cycles. In actuality it is almost more valuable to go in at a midterm cycle just because right now you have committed.....they have committed to you what we would say their best number. Their best number can always be negotiated or value propositioned against to drop that number even below. The way the contract is structured with the carrier, if for example the prepayment of your utilization or cost fall below the prepayment or the advanced sum fund....in other words I'll just give you some public details. Bucks County, we forwarded on 36.7 million dollars to Capital Blue Cross. For example if the total costs come in at 34.7 million there is a 2 million dollar surplus the way we structured that contract and the surplus was split 50/50 because Blue Cross quite frankly took the risk on it. That doesn't have to happen. It's really a relationship that I discuss with the client only. If the client doesn't want to go in that direction that certainly could be negotiable at 100% coming back to the client. If it goes beyond the 36.7 million then the full risk does lie upon the carrier. Now remember they are getting three values out of this deal if you will and those three values should more than hedge their risk above the advance sum expenditure. That's the way it's built.

Mr. Tricolli: The reason we do the 50/50 is to kind of give them some steak in the poker game. They have an incentive to manage the cost because at the end of the day if there is a savings they will benefit from it. The other thing by with this program is right now the county pays 100% of the health care cost effectively for their employees. This doesn't prevent you from changing benefits or tweaking that number or adding to it. It does not preclude you from doing that. There is flexibility to change your benefit pattern, how you deliver it within that contract in terms of co-payments, prescription co-payments. It doesn't affect that.

Mr. Bemoras: I want to make it clear there is flexibility to change benefits. Again, that is what I alluded to with your business planning.

Mr. Henry: So the fact that we have a contract for our medical benefits for this year, part of the contract is for 2004 any increase is capped but we still need to have the flexibility to go and bid that and perhaps find other carriers that could come in below that cap or below what our current carrier is offering.

Mr. Bemoras: Right, you can do that or utilize the transaction right now and go back to the current carrier and move along the contract from that day to the next three years or prorate it and create a discount off of your current contract.

Mr. Henry: We have that type of flexibility to do that.

Mr. Bemoras: Yes.

Mr. Tricolli: Commissioner, that is what our team, being Jeff and me, we will work with you and your benefits people being Anthony White or Gleason Associates, your new benefits consultant which by the way we are familiar with them we talk to them about other clients. I did mention, Dauphin County, that we would be here. I would encourage you to talk with your benefit consultant, Mr. Gleason and ask him his opinion. Obviously, I'm not going to tell you how to do due diligence. I'm sure that's what you would do anyway.

Mr. Haste: Most of my questions were answered. I have two others. The savings you referred to in Berks was that over the three years or was that an annual fee that you quoted?

Mr. Bemoras: It is a three year savings equation. In that present value, I stated. Berks County actually took the savings equation and applied it the first year. You can apply it over three years....that wasn't my call.

Mr. Tricolli: You decide how you want it.

Mr. Haste: The second question, what happens to this fund if in fact....let's say we are with Highmark now and we move forward and it's Highmark. And Highmark decides to

be bought out by Health America or go back with Blue Cross or something else happens. What happens to this fund?

Mr. Bemoras: By virtue of amending your current contract define these perimeters. One of the amendment items inside of that speaks to bankruptcy or buyout. In the event that happens there are what we call incurred but not reported claims to be paid or run out. There will be enough money left in that trust fund to pay your run out claims and any residual value left in that fund would then be returned back to you, the County.

Mr. Tricolli: Again, that is something through the diligence process with Rhoads and Sinon we would work on the contract with your Solicitor and legal team. Again, we didn't go into every detail but that is a very good question.

Mr. Haste: Any other questions?

Mr. Henry: Is this going to come back to us in form of an official proposal to go on the agenda?

Mr. Burns: I believe that is the intent, Commissioner if the Board decides to go forward.

Mr. Henry: My belief is, referencing our previous discussion, we must look at these sort of things. If we could realize 2.5 million dollars or close to it in savings over the next three years, assumably some of that would start this year which would help for our cash flow. But then we would go forward and have those savings over the next two years where we don't want to do taxes in 2004 or 2005 either. Tax increase, we don't want the taxes at all but we particularly don't want to do tax increases.

**ROBERT BURNS, CHIEF CLERK/CHIEF OF STAFF**

Mr. Burns: Commissioners, I have a Change Order to address with you today. This is part of our ongoing agenda item relative to the renovations to the Administration Building and Courthouse.

The Change Order we have today represents the final bill we have on the Administration Building. It is a bill to Eichelberger Construction in the amount of \$138,392.18 for this building. We received this Change Order from Eichelberger sometime late last year. At that point in time, I think it is accurate to say Commissioners Petrucci and Henry wanted to see an overall review of the status of the project before they were comfortable with approving any other expenditures. That is why it is coming to you today. There are a total of 38 changes included in this Change Order. Going forward, the direction of the Board is that we will be presenting each Change Order as we receive them. So you won't see a Change Order like this again in the future.

Mr. Henry: And in advance?

Mr. Burns: The Board will see the Change Order, Commissioner, in advance and we will have to approve it before the work is done.

Mr. Henry: Good.

Mr. Haste: Bob, how does this affect the report that you gave us on where we are with the funding?

Mr. Burns: Commissioner, this cost was identified by Whiting Turner several months ago and was included in the cost projection that we talked about last week. Should the Board approve this, it does not impact in a negative way.

Mr. Haste: Okay.

Mr. Petrucci: Mr. Chairman, discussing this Change Order, might I ask to make more certain that what we just heard is going to transpire that the Chief Clerk and perhaps our Solicitor do notify all contractors for the county to the process by which change directives are given which is that they will only occur by a vote of this Board and those approvals must be had before the Change Order is carried out. This is the authority for which change orders will be given and that no change order shall be carried out until such time that it has that approval.

Mr. Haste: I concur with that and I believe that is where Mr. Burns is headed.

Mr. Petrucci: Okay. I know that there might be cases where small little change orders will crop up as a result of getting into something and some needs to be changed from the particular contractors. There might be a petty cash kind of level that we would like to give our Chief Clerk the right to bring to our attention above and beyond a voting meeting. I would like to put some language in there that doesn't put a straight jacket onto our contractors so they can move efficiently and in a timely fashion on small issues. But certainly some language clarifying the need for us to have the call on any major shots is critical.

Mr. Haste: I think this is where Bob was heading. Any direction from or by Buchart Horn or Whiting Turner needs to go through Bob whether...I think he has conveyed this to them. If someone else asks them a question or someone else talks to them the meter does not start until Bob has had the opportunity to get it and bring it before the Board. I think hopefully they understand that.

Mr. Burns: Correct, Mr. Chairman.

## **STATUS REPORT OF DAUPHIN COUNTY ADMINISTRATION BLDG. AND DAUPHIN COUNTY COURTHOUSE RENOVATIONS**

Mr. Burns: We do have a status report today, Commissioners, that Patrick Judd from Whiting Turner and Mel Jacobson from Buchar Horn are going to give you on the Courthouse renovations.

Mr. Judd: Good morning, Commissioners. For those of you who don't know me, my name is Patrick Judd, I'm Project Manager with Whiting Turner Contractors. To my left is Mel Jacobson, Project Architect with Buchar Horn-Basco Associates.

We have been asked today to come here and give a brief overview of the Phase I renovations of the Courthouse.

Mr. Haste: I would ask that you make sure....the President Judge is here....if you are showing the boards, that you make sure he is able to see them and kept up to speed on this as well.

Mr. Judd: What we have are some half scale boards that we are going to present. I'll do it quickly because I don't want to take up a lot of time. I'll show floor by floor the renovations that are in progress.

Mr. Petrucci: Controller, would you like.....

Mrs. Rebuck: I'm all right.

Mr. Petrucci: Okay.

Mr. Judd: I'm going to start with the ground floor and work my way up. We have for construction purposes identified several areas of construction even though they are entitled Phase I renovations there are sub phases or areas of the project. We are kind of hop scotching around essentially the renovated space, we've moved people into it, the space there being moved from, to be renovated, etc. We are stepping around the Courthouse so when you walk over and see work on the ground floor, the second floor, the first floor, the penthouse, you'll see a lot of activity, there is a method to this madness.

Very quickly here, the ground floor, the first area which actually is the Jury Assembly Room which is highlighted in orange. The current Jury Assembly Room will be moving down from the fourth floor into this space.

Mr. Petrucci: This is the basement?

Mr. Judd: This is the ground floor basement.

Mr. Petrucci: Just for perspective, where is the former café?

Mr. Judd: Right there.

Mr. Petrucci: It was back in that area, okay. Thank you.

Mr. Judd: Fines and Cost would be located here.

Mr. Henry: Where is the new café? Same area?

Mr. Jacobson: This is the existing kitchen. About half of this was the café. The rest of this was offices, Court Matron, etc. So the cafeteria is expanded to the wall.

Mr. Petrucci: Mr. Chairman, in regard to this issue already, I'm sensing there has been some change in regard to what has been included in Phase I and what hasn't. I don't recall the cafeteria being really included in Phase I. Although, we did have the cafeteria there. Is this an issue that we could delay and have other considerations about the location of the cafeteria such as an outside court county courtyard café under the eaves where they used to have parking here? I know we have had our café there, there is no café there now, and can we delay the construction on and consideration for the café until other alternatives may be considered? This may be more valuable space than for a café and there may be better alternatives than what was currently decided. Is this something that is scheduled to be expenditures now or can it be put back into Phase II?

Mr. Judd: I'll address that to give you an update to where we are currently. You are correct the current café was located in the same vicinity. Demolition has been completed and the new work has not yet been started. To answer the question, if you want to step back and relook at this, the answer is yes.

Mr. Jacobson: The only thing that was accomplished is, there was a proposed linkage between the two buildings. The methods to get outside this building, that work has been accomplished. Basically, this is now just an open shell. As Patrick just said, no work has really been done to the kitchen area which is of some expense. This could be relooked at quite easily.

Mr. Henry: Well, where would you put it? I think there is a need to have a cafeteria. We can walk down the street and pay \$7.00 for a bowl of chili, if we like. It would be good to have something on site.

Mr. Jacobson: If I may, when this was originally considered and the link was part of the thought process, it made good sense because this was right adjacent as you came from the Administration Building. Of course, any place in this building people would know where it is. It made good sense relating to the Jury Assembly which would be a fairly substantial user of this cafeteria. So that is why it was originally located there.

Mr. Petrucci: But that tunnel is now gone.

Mr. Kleinfelter: May I interject?

Mr. Haste: Sure.

Mr. Kleinfelter: To answer your question, is that really part of Phase I, it is and always has been part of Phase I. It is an integral part of the Jury Assembly Room. All of the work really has been done in that area as far as the electric is concerned and the sprinkling, the HAVC, so while it may just be a shell, it is only a shell in the sense that you don't have the finishing materials which are a small part of that cost. Everything that is in the top half of that drawing is essentially finished except for the elevators.

Mr. Petrucci: The location that I was mentioning is right under the back of the Administration Building because from my recollection, original intent was a Child Care Center and a café in between the two buildings. So somehow this has got changed over time and now the café is to go back underneath.

Mr. Kleinfelter: It has been like that for two years.

Mr. Henry: The plan that you are referring to Commissioner initially was in Phase III or IV of this multiphase effort to build a substantially larger cafeteria bumped out over the back of the building. I think that was always an idea that was sort of on a wish list opposed to something that we might be able to fund and accomplish considering the Jury Room and the Court Rooms were clearly core primary objectives. The cost of going out the back of this building would be substantial relative to the cost of just putting the fixtures in this room.

Mr. Kleinfelter: That drawing was drawn in June 2001. That is the date on the drawing.

Mr. Petrucci: Okay.

Mr. Kleinfelter: That is almost two years old.

Mr. Petrucci: In light of the fact that the tunnel was going to hook up the two buildings to this has allowed an opportunity for reconsideration for this particular part whether it be Phase I or Phase II. And while extending a whole new building outside to do a café would be indeed costly putting glass partitions between the two columns that are downstairs and just encase part of the parking that was under this bank, could provide a courtyard café that would serve both the Administration Building and the Jury and the Courthouse Building and provide a very nice look to a county courtyard that will replace that was going to be a glass tube that went between these buildings. I don't think that just encasing glass and making a very nice café which has an outdoor ambiance rather than a basement ambiance is something we should just ship off and forget thinking about. So I suggest that we might want to look at what are some options other than just move ahead with something. That is the reason why I asked for a committee that we could have all brains working on this rather than just a few.

Mr. Haste: Commissioner Petrucci, I know what you're saying. Why don't we go through this so we know the status of where we are and then we can address those issues. I think we need to go through and just find out what work has been done and where we are. One of my concerns with looking at this at this late date is where any changes or new ideas will cost us money. We don't have a whole lot of money.....not a lot of wiggle room for this project. So why don't we go through the whole...if we could just go through and get an analysis of where we are and what has been completed and what has not been completed so we know what wiggle room we have. If that's okay.

Mr. Judd: Just to finish up on the ground floor. The section in the center is for the new Fines and Cost area, both probation offices are included. As Judge Kleinfelter concluded to this block at this point in time it is complete. The terrazzo that was approved at last week's meeting is actually in progress today. We hope to be complete this week so can occupy that space. We will be turning over this portion minus the cafeteria.

The other major area of renovation of the ground floor is shaded in brown is going to become the new Court Reporter's wing. Currently it is a swing space for Fines and Costs and Adult Probation. They will move into this block freeing up this area and then we'll start demolition.

Mr. Haste: As I understand, all the design work for this area has been done.

Mr. Judd: Yes.

Mr. Haste: Really the only construction demolition has been in the Jury Assembly Room corner.

Mr. Judd: Correct. The block for the future Court Reporters again a swing space right now. It is not gutted at this point. We've done some minor demolition to accommodate duct work. We have not done full scale demolition for this block.

Mr. Haste: Okay.

Mr. Judd: Moving up to the first floor. The only block of renovation that is scheduled which is actually under construction is the Sheriff's Office. The actual size of the suite itself isn't changing but it has been gutted and abated and we're in the finishing stages of that. That is to be turned over in April.

Mr. Kleinfelter: I want to jump in with a comment there, that space was not part of the original construction because I've been working with Commissioner Payne now over the last two years. I was always advised that nothing was going to be done here on the first floor. At some point, and I was out of the loop on that decision, the Sheriff got his office moved into Phase I. I don't know how that happened. I was not a part of that but when I saw it starting to happen that's how I got made aware of it. I don't know what the cost is associated with that. But that was not originally to be part of Phase I.

Mr. Petrucci: Is that all that is occurring on the first floor?

Mr. Judd: Yes, well....

Mr. Kleinfelter: Thankfully, we stopped what was happening in the Front Street Lobby. That would have been also something that would have been moved into Phase I. We didn't stop it before a certain amount of money was spent.

Mr. Petrucci: What is the status then of that project. This particular one.

Mr. Judd: The Sheriff's block here?

Mr. Petrucci: Yes, is that completed?

Mr. Judd: No, it is still under renovations with an April completion.

Mr. Haste: Phil is wanting to ask a question.

Mr. Spaseff: On the electrical work, where do we stand on that. I need more computers, etc. The electrical work in our office.....there are wires running across the floor everywhere. I was wondering what the status is as far as upgrading our electric system in the Recorder of Deeds Office. I'm sure the electrical throughout the entire building is needed. I was wondering the status as far as the electrical upgrading for each office.

Mr. Judd: To answer that question, each area that is being renovated is receiving all new mechanical and electrical systems. The old wire is being pulled out and new wiring is being put in, new voice data, etc. The main switch gear in the building which was the original has actually been replaced. It was replaced over Thanksgiving. So we're upgraded now. In an office per se, that is not part of Phase I, we're not touching. It is confined to those blocks which are being renovated.

Mr. Kleinfelter: Just to help you out Phil, this is my knowledge on all this. The first floor offices were all supposed to be part of Phase III. That is what I was always told. You have to understand that Phase III has not been funded and it is somewhere...

Mr. Henry: Or even approved.

Mr. Kleinfelter: Or approved...it is somewhere out there at least 5-10 years.

Mr. Spaseff: What are we suppose to do if we can't upgrade?

Mr. Henry: We have successfully upgraded the Prothonotary and the Clerk of Courts Offices by using the existing infrastructure, adding to it. I'm sure when it comes to deploying technology into your office in the scope of that project we generally include

those costs into the Information Technology cost. There is a very definite committed to applying information technology into your department, Phil. There is no doubt about that. Right, Mr. Frandano?

Mr. Frandano: Yes, the sooner the better.

Mr. Judd: Moving up to the second floor, essentially the block of renovation on the north face, the north wing of the Courthouse and again we are on the verge...we do have an occupant now of this block. We have the orange section dedicated to the Clerk of Courts. We have Victim Witness shaded in yellow. And in the blue is the Judge's chambers which is connected to the existing Hearing Room. That will be used as an arbitration room/court room.

Mr. Haste: How much of that work has been done?

Mr. Judd: It's complete at this point.

Mr. Petrucci: The green area, is the.....

Mr. Judd: The green area in the center is on every single floor.

Mr. Petrucci: The elevator?

Mr. Judd: Yes, we have two elevators to install. We also have a new mechanical shaft running from the basement all the way up to the penthouse for all mechanical duct work, piping and conduits which are currently located in the old elevator shafts. In 1966 when they installed air conditioning in the Courthouse, they used the existing elevator shaft as a means to get from the basement up. Before, we can start on new elevators, we have to clean out the old elevator shafts. We are in the process right now. We are 30-40% complete on putting in the new and tearing out the old so we can get started on the new elevators.

Mr. Henry: There are no renovations to the District Attorney's suite in this phase?

Mr. Judd: Correct.

Mr. Kleinfelter: You should note that the District Attorney's office has occupied the former Solicitor's office. They have taken over those offices.

Mr. Henry: So they did get more space?

Mr. Jacobson: They did get more space. There is a shared conference room that would benefit everyone on this floor.

Mr. Petrucci: The D.A.'s portion is scheduled for Phase III?

Mr. Kleinfelter: Two, I believe.

Mr. Henry: It would be good if we could have a document that would list what may or may not be in Phase II, III, IV, XX, .....

Mr. Jacobson: That is what we are working on.

Mr. Henry: As to how many phases there would be to this project.

Mr. Jacobson: We will report that and then you can make some kind of decisions on priorities.

Mr. Judd: Moving into the third floor. Again we have the central block shaded in green for mechanical/electrical. We are receiving new ceilings to get power duct work etc. to these two wings. We have these two blocks dedicated to the Court Administrators. Lowell Witmer used to set on the south side. His folks are moving down to the second floor allowing us to renovate this block. Once completed, these folks will be shifted over allowing us to renovate this block. We are looking at starting this one around on the 1<sup>st</sup> with all those folks moving down on February 20<sup>th</sup> freeing up the space. About August this will be complete and these folks will move over and this will be complete by the end of this year.

Physically no work has been started in these two areas.

Mr. Petrucci: That has been in the original part of Phase I?

Mr. Kleinfelter: Yes, that is all part of Phase I. The orange area on the left is where the third floor Court Administrator is now. Phi Intrieri who is over in the Veterans Building and part of the Court Administration that is on the fifth, those two will be merged together into the orange block on the right side. So all the Court Administration will all be on one floor.

Mr. Petrucci: Okay.

Mr. Kleinfelter: You know you have to hop scotch people around in order to keep everybody in operation. That was all part of the original plans and all have been approved and designed.

Mr. Judd: On the fourth floor, we have a major component in orange. This still is the Jury Assembly Room for the next couple of weeks. They will vacate and move down to the ground floor allowing us to put in a new law library. So that is a big portion of the fourth floor.

Mr. Petrucci: If I might stop you there, I don't recall the Law Library being a part of Phase I.

Mr. Kleinfelter: It has always been part of Phase I. You have to.....the new courtroom which is driving all this is going into the library space. The library went to the Jury Assembly Room, and the Jury Assembly Room all went to the basement. So that has always been part of Phase I.

Mr. Petrucci: If it hasn't been started, is it an issue that we could delay and that is the payment and consideration of doing a library to Phase II. I mean we have moved stuff from Phase II & III into I, aren't there things in Phase I that we could move out into Phase II & III such as the library?

Mr. Kleinfelter: We can't practically do it because if you're going to have the eighth courtroom where are you going to put the library?

Mr. Petrucci: Not have it.

Mr. Kleinfelter: You are required by law to have a library.

Mr. Henry: The whole purpose of doing this project is to create a courtroom. If we don't create a courtroom, I would then question why we really did any of this to begin with.

Mr. Kleinfelter: The kind of questions you are raising now with all due respect, Commissioner, have been addressed over two years ago. All the design work has been done for this down to the floor tile, to the carpet, and to the lighting treatment. I highly endorsed the idea of having a committee look at what we are going to do from this point forward. But this stuff was already not only been designed but it has been bid.

Mr. Petrucci: Wow! The library looks like it has grown from what it was up on the fifth to what I see there.....

Mr. Jacobson: No it is about 2/3 or 80% of the size that it is now. It is smaller. It is actually smaller. We had a little stress there with the Librarian.....it is actually smaller and being compacted and made more efficient.

Mr. Petrucci: Being in the technological age, I don't think that the Library here serves the attorneys as much as their own staff at their own offices. I just was wondering if there was the need for the library.

Mr. Kleinfelter: That is the kind of debate.....again with all due respect I think that we have passed...

Mr. Henry: We had these discussions two years ago and I recall seeing these boards sort of coming back a bit more now...I remember seeing all these boards two years ago as a proposal and having meetings and discussions with the Judge. And I do believe you sat in on all of them because they followed a workshop or whatever. None of this is really new. It is refreshing again to see it and be reminded...this was always the core of what the plan was...expect for the Sheriff's Office. That is the only thing that I'm aware

of that's really....the Sheriff's Office and the glass hut out the front were the only two things that I really saw that were changing.

Mr. Petrucci: I guess what I'm simply talking about is reiterating my fiscal conservatism and trying to not provide a service to the lawyers who already subsidized by our court system tremendously by low filing fees and then to provide them with a law library even though it may be by law is a service that I don't feel that I care to ask my taxpayers in the tight kind of situation to pay for. I guess I will put that on my perennial argument of departments that we could cut kind of file.

Mr. Kleinfelter: Those arguments have not gone unnoticed.

Mr. Petrucci: Okay, thank you Your Honor.

Mr. Kleinfelter: That really is.....well that's part of, you would think when we move the Jury Assembly Room down there in the next week or so that's slated for work to begin in March or April as well. Isn't it?

Mr. Judd: Correct. The day we move the Jury Assembly Room down the next day we'll begin demolition.

Mr. Kleinfelter: So we're talking about within a month.

Mr. Henry: I hear where Commissioner Petrucci is coming from and my concern is not so much whether we have a library facility which I too have looked at that as a potential area to cut. My thought would be not so much as to whether or not we have it. My bigger concern with the library would be in terms of the design which I would imagine is substantially along the way that when we build it that we build into it the appropriate technology for the fact that the county now has Westlaw Seats and things of that nature and that we have adequate space for computers, etc. If we are going to build a new library, let's build it to reflect what a library should be in 2003 not 1903.

Mr. Kleinfelter: All that's been done, Commissioner.

Mr. Henry: You have done that?

Mr. Kleinfelter: It's all been done. Along with what is being indicated our computer carrousel.....in fact the only way we're able to reduce the size of the library and to keep up to date with the volume of the things coming through is through CD roms or through direct internet links. We've reused the tables, some of them, as many as we could from the fifth floor. The circulation desk is being preserved. Even the glass panels in the doors that say "Law Library" are being brought down.

Mr. Henry: In which case, I don't see a problem with the whole thing.

Mr. Kleinfelter: This has been very well thought out.

Mr. Petrucci: It was just renovated not to many years ago, the Law Library up there and it is such a shame that all the work that we did is now having to be redone.

Mr. Kleinfelter: The Law Library, I beg to differ, has never been renovated. The only thing that happened was when Judge Clark came on the bench a section of the Law Library was whacked away from it. Everything that is Judge Clark's secretary and Chambers used to be part of the Library.

Mr. Petrucci: That's what it was.

Mr. Kleinfelter: The first swap out of the Library was what took place. The library itself has never been renovated.

Mr. Petrucci: Was that when Turgeon came on and it was her office first and then later got switched to Clark?

Mr. Kleinfelter: I stand corrected it was when Judge Turgeon came on 1992 that she got that courtroom and never had chambers or office space. That was carved out of the library at that time. But other than to make that office, that Library has never been renovated.

Mr. Petrucci: Okay, thank you.

Mr. Judd: To finish up on four, here in the blue is the current Court Reporters office. They are moving down to the ground floor. This becomes two new jury deliberation rooms.

Mr. Jacobson: We're missing....

Mr. Haste: No that gives us eight.

Mr. Judd: Fifth floor, we have the new courtroom eight in blue. Judges Chambers in the corner and we have in yellow currently Judge Clark's Chambers. I believe we are adding a wall in here along this space. That is it for the fifth floor. We are abating a ceiling here that is coming down as part of the renovation. The rest of the floor will remain untouched. That is the gist of Phase I. I had touch upon some mechanical and electrical upgrades. We now have a fire pump in the building. We didn't have one before. Every area that is being renovated is being sprinkled. The building right now has none. We have a new fire alarm system going in. The old system is working at a point but not effectively setting off certain codes.

Mr. Henry: Is the new fire alarm system building wide? It will service.....you will be able to hear alarms in every room in the building?

Mr. Judd: The new fire alarm system being installed in each renovated space as well as whole stations and strobes in common corridors. To answer your question, for instance the D. A.'s wing that has not been renovated we are not going in and installing new smoke detectors, strobes, etc., but the common corridors which are being upgraded.

Mr. Henry: Will they have alarms and such that will be of sufficient volume that you could hear it throughout the unrenovated spaces or is that not something that is technically possible?

Mr. Judd: I would have to say and I know we did some testing in there yesterday morning between 7:00 & 8:00 and if anybody heard it, it was pretty loud as compared to the old tones. That is an improvement. The backbone of the system will be upgraded as the space is renovated in the different phases. The panel is already in.

Mr. Henry: I know for many years we had been out of compliance and cited by the City of Harrisburg for being in said situation. Do these changes bring us back into City compliance or are we still, because of the unrenovated areas, are we not in compliance?

Mr. Judd: Actually, we have an agreement with the fire marshal. He knows about our plan of upgrading areas that have been renovated and the future phases that we having coming. So we have a letter from him.

Mr. Henry: So we won't get future citations?

Mr. Judd: Correct.

Mr. Henry: Good.

Mr. Judd: He's welcoming the upgrade. Are there any other questions on Phase I?

Mr. Haste: Bob, do you have anything else?

Mr. Burns: No, Commissioner, I think that was a very thorough presentation. There is one other thing I did want to add and that is in terms of the committee. I have been meeting weekly with Patrick Judd, the representative of Buchart Horn, Mike Yohe and Anthony White. We would like to include the President Judge in these meetings so that all involved understand what is happening and has input.

Mr. Petrucci: Do you have a commissioner with you?

Mr. Burns: To date, Commissioner, no, but any Commissioner should feel free to join us. As you know there has been a concern by the Solicitor's Office about the Sunshine Laws in terms of having more than one commissioner present. But we could certainly have one.

Mr. Haste: Your Honor, would you like to say something about the committee?

Mr. Kleinfelter: The way the process has proceeded since I became President Judge and until Commissioner Payne left was that the committee of sorts involving court areas consisted of Commissioner Payne, myself, and a representative from Buchart Horn. Through the three of us we determined what areas would be renovated in Phase I that were court related and how they would be laid out and appointed, etc. Now, it was a committee only in the loose sense because we got together on an ad hoc basis as the need arose. The committee did not consider, and I was totally out of the loop on anything to do with finances. For example, I've often said, I wondered from the very beginning what the budget was for courthouse renovations or what it was for even this building. I always had some very amorphous understanding that there was....and I heard the figures 31 million dollars that was available for it all, but how it was to be allocated or even how it was being spent all along, I was not aware of it and the committee was not made aware of it. I now welcome wholeheartedly the idea of having a group meet. A Commissioner representative, either directly a commissioner or Mr. Burns, myself for the courts because these are court areas. Once the court areas are finished the committee can then restructure itself as you go into Phase II or Phase III. I think we need somebody from the mechanical point. I understand we have Whiting Turner but I think we need a maintenance person, whether that be Mr. Cohen or someone like him. We need somebody from the financial point of view, whether that be Mr. White or Mr. Yohe. I think we need somebody from these different areas. I would hope that as we go forward from this day forward we can get together. We absolutely need some kind of a committee to do the nuts and bolts work of the day to day work. I agree on the other hand that every change order ought to come before the whole Board especially if it is a change order involved in spending more money. There can be change orders by the way that are revenue neutral. Some of the change orders that we had we have actually reduced expenditure. For example, the wall to the outside of the Law Library was going to be moved at some expense and now it is not going to be moved. That is a change order where we didn't spend any money. I like the idea that was proposed that there be a petty cash type of thing because that maybe should be at least one thousand dollars or so where you can do small change orders that you don't have to burden the workshop or commissioners' meeting. I would like very much to be....in fact, I told Commissioner Haste that I could chair that committee as far as the court related space goes to see that through to fruition. The original plan was, by the way, that all of this outlined today was supposed to be finished by the end of last year. We're now about two months behind schedule. The Jury Assembly Room was supposed to be occupied by mid-December. It is almost mid-February and we're still not in. We do need a committee to keep this on track and yes, I would like to work either with Chief of Staff Burns or anyone else that would be interested in serving on the committee just so we keep this thing going forward.

Mr. Petrucci: My intent in calling for a committee to be established was to have that committee by more inclusive as I have explained and to have it not meet outside of the public but in public forum where public input above and beyond

that committee could be had. So when I was suggesting that the three commissioners be on that committee as well as all that you have mentioned, it was with the consideration that it be done at an open public forum advertised to the public, announced that these issues would be covered so they could attend as well. I like a committee but on the other hand I don't want just one commissioner to be included because he knows and the rest of us are still in the dark. I would like and prefer that all three commissioners be kept abreast simultaneously about these issues rather than rely on a Chief Clerk or one of the representatives of the Commissioners to come in after the fact and tell us what has been decided and just have us vote, then out of again, not complete understanding.

Mr. Kleinfelter: I think what you are suggesting is a bit unreal with all due respects. If we are going to have a different grade of carpet here or a different design of carpet or a partition has to be moved two feet, I don't know that you need to go through all of that. Major design changes, definitely the expenditure of money and change orders, yes, put it all out in the public light. I think you will delay the project and incur more costs if every little change....may be delayed...if it goes before a workshop...you may have a delay of a month before you can change the size of a bolt going through somewhere. Just maybe to unreal.

Mr. Petrucci: Thank you, Your Honor.

Mr. Henry: I would like to respond to a couple of things that were said here. I agree there should be some sort of a committee and my suggestion to Mr. Tully who is now not here. In order to comply with the Sunshine Act provisions, is I would like to have my executive assistant or somebody that will be able to sit in on those meetings just to keep me informed on a day to day basis. I'm not really sure if it is an appropriate use of the time of three county commissioners, President Judge, and numerous high level staffers to decide to change a bolt or carpeting or things of that nature. That can be done I think at other levels. If we get into major cost changes, I believe that rises to a policy level. But to me that could be a solution to the Sunshine Act issue as to allow one commissioner if a commissioner is particularly interested to attend and allow executive assistants to attend otherwise. Just to reference the overall budget issues, I think as we have seen today, there has been various comments made about the fact that there hasn't been a free flow of information. My belief was when Commissioner Payne oversighted this department he had clear professional background in these sorts of matters and in fact on numerous occasions Burchart Horn and Whiting Turner have come to us with art boards and seeing them today have brought back memories that they did come before us. I think more of the problem has been that we have not had a flow of fiscal information as opposed as to not having a flow of architectural or engineering information. I would hope that the fiscal affairs department and I know that we were understaffed for a year and half in the fiscal affairs department, I'm not casting aspersion on anybody but we have now added a staff person there and I think that these sorts of reports are things that can be generated now with more frequency because we now have the staff to handle that. I would hope that that flow of information would be forthcoming. The President Judge has indicated just about everything that

has been accomplished and there from the very beginning which to me indicates that Commissioner Payne did in fact lay out a plan and we have with the exception of the Sheriff's Office followed that plan. I know the Sheriff did come to us and implore that his office be moved up for various reasons and that was done.

In terms of the overall budget, unfortunately the Patriot News has repeatedly and consistently ignored the facts and they have done so again today to the point where I'm starting to believe there is some sort of malicious intent involved here. We at the very outset and I remember it very vividly as Commissioner Payne and I sat down. We took a look at these projects when we came into office we knew this building would be available for purchase. We discussed it ultimately, the three commissioners decided to purchase it. I believe it was the smart move. As a matter of fact, the other day former Attorney General Zimmerman came in and said to me, had we chosen not to buy this building we should have been impeached for failure to do our duty. I respect the former Attorney General's opinion very highly. At that point, we calculated what we felt we needed in the various phases. We also calculated what we thought we could afford in terms of a budget and there was what, one or two millions from a previous bond issue that was available to us. We went out and I believe we did a thirty-million dollar bond issue on top of it. From the very beginning, this project budget was always thirty-one million dollars. Now unfortunately, the Patriot in an article a couple of weeks ago reported the cost have ballooned to twenty-nine point eight million dollars. Well if your budget is thirty-one and your costs are twenty-nine point eight to mean that is not cost ballooning, to me that's coming in under budget. What the Patriot isn't reporting is that this has been the cost. For years, and Bob has searched every record, every news release, the minutes of every meeting, we have always said thirty-one million dollars. The breakdown of that thirty-one million dollars was first we would take the cost of purchasing this building which was five and one-half million dollars. That came out of the thirty-one million dollars first because if we didn't acquire the building obviously we can renovate it. Then we were going to roughly divide, and we always used the term roughly divide because we knew as we went along with renovations your costs can vary depending upon what you get into. The remaining twenty-five million dollars would be roughly divided between the two buildings. Which is exactly what has occurred. Right now the only thing that I think is driving our difficulty on staying on cost for this building is the additional cost incurred by moving the Sheriff's office from Phase II into Phase I and not moving something out of Phase I to compensate for that. By not building the glass hut we took care of a significant amount of money that would have been spent that would not have been planned for either. Really, I think we come down to one issue where we are trying to stay on budget and that is because of the Sheriff's Office renovations which lets face we where going to do them at some point anyhow. I really take offense to the suggestions to.....Bob two weeks ago gave a presentation, he went through every single detail of how this happened and still for some reason it keeps coming out wrong. I would hope those in this room and in county government would react to official facts and not to erroneous and malicious newspaper reporting. That's my rant for today, Robert.

Mr. Haste: Your Honor.

Mr. Kleinfelter: I know I'm out of order, but I just want to share one additional thing with you as far as these overall costs are concerned. You'll recall about a month or so ago we were all here together for a Change Order that included the connector at the Front Street thing and I had my little rant at that time.

Mr. Henry: Yes, you did and a very good one.

Mr. Kleinfelter: I don't know if Bruce Yerger is here in the room or not. After that I asked to speak to him about the idea of this change order for the connector tube. What he told me in my office was this, "we're calling that a change order but the cost of that connector was always planned and had been included, the cost for that has always been included in the initial plan. He said the only reason we are calling it a change order is that the bidding process was lagging behind the design process. The design process came in late so the bid came in late. He told me the money was already there." The reason I want to speak to this was when you say we added the Sheriff's Office something ought to come out of Phase I. If that connector was part of Phase I, as I believe it to have been, if it's not going to happen, I'll bet you the cost for that connector tube is easily offset by what Sheriff Lotwick got.

Mr. Henry: I believe the first cost, Your Honor, were not a connector tube but a tunnel.

Mr. Kleinfelter: It went from tunnel to connector tube. But even with a connector tube which, you have those figures, \$400,000-500,000....if we are not going to do that I bet you the cost to do the Sheriff's shouldn't exceed....should be easily offset by that. I don't see anything else to come out of Phase I.

Mr. Henry: Really, we're relatively close to where we need to be with about six million dollars to expend. Frankly, some value engineering and budgetary controls ought get us to the end pretty darn close.....on a thirty-one million dollar project if you go a couple hundred thousand in one way or another....that's pretty good for government work. I'm not advocating that we take anything out of the current Phase. What I'm advocating is that we keep very close tabs on the costs so we can bring that in under that thirty-one million dollars and I'm sure at that point the newspapers will report that the costs actually exploded to thirty-one million dollars even though three years ago that is where they were set at. Nonetheless, if we want facts we wouldn't go to newspapers.

Mr. Petrucci: Just a concluding comment if I may from my point of view. I really only had minor problems with things that had occurred. It was more a procedural....the way the program was proceeding and wasn't included and the amount of input and public access to knowledge. I think if we would have been more like the shuttle experts in have been totally divulging of the information up front with all the key players we would be in a better situation than we are in today. I think we did have some costs that could be attributed to poor procedural following and the way this project has been going. That is the reason I have called for a committee and we can have more open discussion because I think the citizens of Dauphin County will be better served by that. I think

Buchart Horn and Whiting Turner have done a really good job in a difficult situation. I think they too will appreciate a more open and complete discussion of things they need to have happen in a more timely sequence. I appreciate this discussion today and fully intend to be a part of the process in greater detail as a result of some of those problems. I appreciate your consideration today.

Mr. Haste: Bob, maybe for next week, taking Commissioner Henry's suggestion and Commissioner Petrucci's suggestion, about a committee, why don't you have a committee for us. I think it is a good point and Lowman mentioned it, to have the President Judge, yourself, Mike Yohe, Edgar, and if one of the Commissioners, it does not need to be me, I know Anthony is oversight, if he wants to be on there and have our executive assistants be able to sit in. I think that's a good suggestion.

Mr. Burns: I'll do that Mr. Chairman.

Mr. Haste: Okay, thanks, is there anything else, Bob.

Mr. Burns: That's all, Chairman.

#### **ANTHONY WHITE, DIRECTOR OF FISCAL AFFAIRS**

#### **REVIEW PROPOSALS FOR COUNTY'S CHECKING AND PAYROLL NEEDS**

Mr. Haste: Anthony White.

Mr. White: Basically, Commissioners, what you have in front of you is a narrative that I prepared to let you know about the RFP scenario that we sent out to several financial institutions in the area. Behind that is a spread sheet of what I did of all their costs so you can compare. I just like to note that their costs are somewhat similar the same as their services are similar. It is kind of hard to say who has the better costs because they are basically similar over the whole course of services and costs. The one thing that I would like to note is that AllFirst, being our incumbent bank, did lower their fees once the RFP's went out. So their fees are lower. Once you have a chance to review this you will see basically the costs are the same, the services are the same. If and when you decide to vote on changing financial institutions, you have to come up with other reasonings, I guess. I for one, being in the situation that I'm in, looking at this I will say that AllFirst came in with some good fees, they are our incumbent bank and they lowered their fees. That would be good to me.

Mr. Henry: I also think we should look at banks that are based in Dauphin County. AllFirst continues to merge, they continue to lay off and cut employees from out local economy. Other banks, I think in particular, Commerce and Waypoint are growing in our market and becoming involved in economic development activities. Unless it costs us considerably more to do business with them, Waypoint in particular, I believe has it's headquarters here in the City of Harrisburg.

Mr. White: That is correct.

Mr. Henry: We ought to use banks that are based here in our local area.

Mr. White: I agree.

Mr. Henry: If we aren't going to do business with our local banks, I don't know who will. I think that should be a consideration unless they would charge us so much more in fees that obviously it would financially responsible to do so.

Mr. Haste: The other thing we need to consider is the cost of conversion. I know when we have done our fees in the past that was always factored into it. There was always a cost. Both the Treasurer and Controller's Offices as well as everyone else has a cost of doing that conversion. Is there anything else?

Mr. White: No.

**JEFF FOREMAN, ESQ.**

**PROPOSED DAUPHIN COUNTY POLICY TO COMPLY WITH THE RECENTLY AMENDED PENNSYLVANIA RIGHT-TO-KNOW LAW**

Mr. Foreman: Commissioners, you have before you the proposed Dauphin County Policy with respect to the state Right-to-Know Law. Very quickly, in the last session the Legislature, the state adopted and the Governor enacted the amendments to the Right-to-Know Law which require a number of changes. One of them being the adoption of a written policy to comply. This is the effort to do that. The policy before you does in fact comply with the new amendments to the Law. If you want additional explanation or have any questions, I would be happy to respond.

Mr. Haste: Any questions from the Board?

Mr. Petrucci: I would just mention it's a stupidity from the state legislature in my mind. The form says that they have to certify that they are a resident of Pennsylvania to be able to apply for the right to the information. I can't see why any citizens of the United States wouldn't be able to have access to our records and I hope that our officials would so note even though it does stipulate that this is for Pennsylvania residents. May, I ask Jeff a question? In regard to going over your proposal, would you say that we have imposed a bureaucratic imposition in regard to those who seek information about the counties holding of public information.

Mr. Foreman: I guess I would prefer to say that the state has imposed the bureaucratic imposition. Some of the changes for example in the law require fairly stringent time restraints for responding that didn't exist prior to the amendments. That is built into the process. The provision that you referenced for state citizenship, the Right-to-Know Act in Pennsylvania applies only to Pennsylvania citizens. If you are not a citizen of the

state of Pennsylvania, you aren't covered under the Right-to-Know Act. Of course, in terms of Dauphin County and whatever policies adopted by the Commissioners, this doesn't preclude your releasing information to anyone alien to the state of Pennsylvania. It isn't required under the Act and so the reason that it is proposed in the manner that it is, is that if.....my advice would be if somebody is not a resident of Pennsylvania, not a citizen of Pennsylvania made a request that they be dealt with but not under the Pennsylvania Right-to-Know Act. In other words, this which requires a five day turn around period or gets into the bureaucratic morass that is indicated in here. If somebody were not a citizen would make a request, you could respond to them in many cases, in most cases I'm sure you would respond to them or somebody under the Right-to-Know probably the same day they would make the request. In some cases where there is a question, as to whether it is a public record, where under the new amendment there is a redacting portion. That is where somebody might request a piece of information a portion which is public record and portion which is not of public record which is restricted public record. For example, investigative files and that kind of information. If you had the chance to comply with it not under the Right-to-Know Act that would probably be a better situation. The answer to the question is, yes, there is a bureaucratic dimension but it is in compliance with the state law.

Mr. Petrucci: Two other things. Before we vote on this next week, I know you have some figures for costs. I'm not sure that each of our departments are charging the same amount that are put in here. I think we need to kind of make more uniform that so all the departments who charge for copying information should chime in and make sure we got the right fee structure.

Secondly, I would think that the requirement of having access to county information should be the requirements and procedures. The costs should be mentioned on the County's web page to alert citizens to get access to this information. This is what you need to do. So this should be added to our web page presentation. Maybe not in total legal detail but in some nice understandable English language form.

Mr. Haste: Bob, would you make sure each one of the row officers get a copy of this?

Mr. Burns: I'll make sure, Commissioner, yes.

Mr. Haste: Anything else?

### **STEVE HOWE, DIRECTOR OF TAX ASSESSMENT/TAX CLAIM**

### **PROPOSAL TO DISCONTINUE THE SERVICES OF CENTRAL CREDIT CONTROL**

Mr. Howe: If I may address one question, does that Right-to-Know address the issues with individuals or corporate residents as well?

Mr. Foreman: The Right-to-Know Act applies to any citizens of Pennsylvania which could be a corporation.

Mr. Howe: The policy I presume addresses...the only reason I'm asking is because we get a lot of requests from corporations outside of the Commonwealth to purchase or acquire data that we sell.

Mr. Foreman: Again, I don't think it's the intention of the county to say that this restricts the ability to provide information that has normally been provided. It is merely a compliance which is required under the state law.

Mr. Haste: Thank you. Steve,

Mr. Howe: You have a request that I provided to you to terminate a contract with a company known as Central Credit Control. In April of 2001, the county entered into an agreement with Central Credit Control for those folks to attempt to collect delinquent real estate taxes owed on properties that are presently in the Depository of unsold properties. Just for a quick thumbnail sketch and I know you all are anxious to get out of here.

The Repository List are properties that have been through the upset sale process, the judicial sale process and remain unsold. Typically the property owners have abandoned these properties and have no interest or intent of paying the real estate taxes. The Repository by statute allows the Tax Claim Bureau to dispose of those because they have been through the various sale processes and virtually at will with approval of the taxing authority. The Central Credit Control was contracted without really our office being consulted to make an attempt to contact the property owners and collect that delinquent tax. Over the last two years that they have been attempting that, they collected approximately \$1,500. They have collected a bit more than that but one particular account was \$3,000. The county has netted a grand total of around \$4,700 through their efforts. When Central Credit was contracted to provide this collection process the Repository was also closed to bids. At that time, our office was directed not to accept bids from individuals who were interested in acquiring properties for either rehabilitation or renovation purposes. By terminating the contact, it not only allows the Tax Claim Bureau to collect monies without paying the 25% commission to Central Credit but it would also allow us to open the Repository back up for private bid and sell the properties to qualified individuals and place them back onto the tax roll.

Mr. Haste: I know that was your practice before. Compare that to this. How did you do with private bids?

Mr. Howe: Our office accepts private bids from individuals interested in individual properties and a new statute requires that we obtain consent from all of the taxing authorities to qualify the purchaser. So we would not change that process whatsoever.

Mr. Haste: How successful were you in putting these on the tax rolls before?

Mr. Howe: We sold probably in the neighborhood of 50-100 properties per year.

Mr. Haste: And realized more than \$4,700?

Mr. Howe: The minimum purchase price is \$300 and usually that is typically the bid price. That \$4,700 is realistically about \$1,500. One particular property was paid in full. The desire for these properties kind of runs in shifts. Individual investors may find that these properties are in an area that are targeted for redevelopment possibly by the City and then you have an influx of people trying to purchase the properties and take advantage of that rehab money that may be available. Or they simply may be adjacent property owners that simply want to purchase the property to secure their own in order to enhance their own property. I do bring to your attention that if the contract is to be terminated there is a sixty day notification process. I provided the Commissioners with a draft letter that was reviewed by the Tax Claim Bureau solicitor, Charles Brown. It basically complies with the necessary notice requirement to terminate the contract. The only thing that we would note is that the notice should go out no later than February 10<sup>th</sup> in order to comply with the sixty day requirement. Otherwise, it will automatically renew for another year.

Mr. Burns: Steve are you asking for a vote today since the next meeting is not until the 11<sup>th</sup>?

Mr. Howe: The next meeting is the 11<sup>th</sup>, theoretically if we got it out the 12<sup>th</sup>, the 14<sup>th</sup> is actually the drop dead date. I hate to wait and run it that close so if possible I would ask you to consider voting today so we can be sure that is out in time.

Mr. Petrucci: Mr. Chairman, as former oversight of Tax Assessment and recalling the degree of sales that we had on properties and having some concerns about who was buying some of the properties it did allow certain people in the neighborhood who had properties next to them to acquire them. That process has been slowed down by this contract which put all the properties into the hands of the Central Credit Control. In light of what they were able to collect and in light of what we were doing before, it does not make sense and we have been hurt by not having these properties more quickly owned by people better than the owners who were negligent in paying their taxes the first time come back as owners. So I would be happy to vote today. I'm ready to make a motion if the other Commissioners are.

Mr. Haste: Commissioner?

Mr. Henry: I don't really care one way or the other.

Mr. Haste: Is that a motion:

Mr. Petrucci: I'll make that a motion.

Mr. Haste: Is there a second?

Mr. Henry: I'll second.

Mr. Haste: All those in favor.

All: Aye.

Mr. Haste: Opposed-none.

Mr. Howe: Mr. Burns, I would presume we would get with your office to have that letter prepared.

Mr. Burns: We have it ready.

Mr. Howe: Okay, thank you.

Mr. Haste: We have items A through G. Is there anything that needs to be discussed?

Mr. Petrucci: Mr. Chairman, I would just like to make a brief comment in regard to Item D. I did put forward a request that the Commissioners consider and that is for the Chief Clerk to ask all of our departments that before they put out a bid that bid request be approved by the Board of Commissioners. For example, I recently gotten this request and while it may indeed bring in some savings, I don't ever recall having a vote or asked to vote on whether or not we should send out RFP's to people to make a proposal to us about changing. It would appear to me that that is a policy that can extract extraordinary cost onto our private sector in coming forward with amounts of efforts with bids when the Commission Board itself may not really have wanted to consider that. So I'm asking that we have a policy in which no bids be done by any department without prior approval by the Board of Commissioners. I have asked for our consideration for next week.

Mr. Haste: Is there anything else? Does anybody have any comments?

Mr. Henry: I have a long list of comments, but Shari is threatening physical violence if we head that direction so I'll dispense with them.

### **PUBLIC PARTICIPATION**

Mr. Haste: Is there any public participation? Does anybody else have anything to add?

### **ADJOURNMENT**

Mr. Haste: Do I have a motion to adjourn?

Mr. Henry: So moved.

Mr. Haste: Second?

Mr. Petrucci: I'll second.

Mr. Haste: All those in favor?

All: Aye

Respectfully submitted,

Robert Burns, Chief Clerk/Chief of Staff

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