



DAUPHIN COUNTY BOARD OF COMMISSIONERS

COMMISSIONERS' WORKSHOP MEETING

WEDNESDAY, APRIL 13, 2005

10:00 A.M.

MEMBERS PRESENT

Jeff Haste, Chairman
Dominic D. DiFrancesco, II, Vice Chairman
George P. Hartwick, III, Secretary

STAFF PRESENT

Chad Saylor, Chief Clerk; Bill Tully, Esq., Solicitor; Marie Rebeck, Controller; Bob Dick, Treasurer; Bruce Foreman, Esq., Asst. Solicitor; President Judge Rich Lewis; Gary Serhan, Deputy Controller; Randy Baratucci, Purchasing Director; Mike Yohe, Budget Director; Jena Wolgemuth, Commissioners' Office; Diane McNaughton, Press Secretary; Lena Martinez, Commissioners' Office; Richie Martz, Commissioners' Office; Kacey Truax, Commissioners' Office; Melanie McCaffrey, Solicitor's Office; Ed Chubb, Parks & Recreation Director; Kay Sinner, Personnel Office; Steve Suknaic, Director of Juvenile Probation; Jeff Patton, Juvenile Probation; Jennifer Storm, Victim Witness Director; Vikke Palmer, Victim Witness; Mercedes Vega, Victim Witness; Latisha Carter, Victim Witness; Patricia Lysic, Victim Witness; Jennifer Crowden, Victim Witness; Lori Radle, Victim Witness; Jack Harlacker, EMA; Justin Hoyer, EMA; Danielle Felty, EMA; Jeff Enders, EMA; Julia E. Nace, Asst. Chief Clerk; Carolyn Thompson, Court Administrator; Mike Pries, Security Director; Kim Robison, Domestic Relations Director; Heidi Doyle, Domestic Relations; George Conner, Economic Development; Skip Memmi, Economic Development; Dan Robinson, Director of Economic Development; Sandy Moore, Human Services Director

GUESTS PRESENT

Lou Kileen, SCORE; Lou Verdelli, Public Financial Management; Scott Shearer, Public Financial Management; David Reichert, Hay Group; Hank Stiehl, Hay Group; Pat Kirk, ZA; Paul Navarro, Navarro & Wright, Inc.; Bill Weisser, Turkey Hill Minit Market; Bill Gladstone, NAI/CIR; Erik Gainor, NAI/CIR; Lisa Cannon; Howard Rosen

MINUTES

CALL TO ORDER

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

MOMENT OF SILENCE

Everyone observed a moment of silence.

PLEDGE OF ALLEGIANCE

Everyone stood for the Pledge of Allegiance.

APPROVAL OF MINUTES

Mr. Haste: We have the March 30, 2005 Workshop Meeting Minutes and the March 30, 2005 Salary Board Meeting Minutes that we'll take up at next week's meeting.

PUBLIC PARTICIPATION

Mr. Haste: We are at the point in time for public participation. Is there anyone in the audience that would like to address the Board? (There was none.)

DEPARTMENT DIRECTORS/GUESTS

Commissioners

1. Presentation from Representatives of Health Family Dauphin County and Nurse Family Partnership.

Mr. Haste: At this time, I've asked to go out of order so we can accommodate some folks. I would ask that Mr. Rosen come forward. If you would come forward and speak first then we can....

Mr. Rosen: I have a spokesperson.

Ms. Rock: Good Morning. I'm Mary Rock and, on behalf of the Dauphin County Nurse Family Partnership and the Dauphin County Healthy Families of Hempfield Behavioral Health Home Visiting, we would like to present you with a token of our thanks for your continuous support of our outstanding programs. They make the difference in the lives of hundreds and hundreds of individual families. Just a few of which we represent, those that we serve here today. Because of you, these tiny hands and feet can grow up healthy and happy and show up for school ready to learn. Because of you, these moms can become self-sufficient, achieving their hearts desire, finish school, attend college, get training in jobs to be self-sufficient in this wonderful community. Because of you

and our program, there is a reduction in juvenile delinquency, smoking, alcohol and drug use, crime and subsequent pregnancies, not only in this generation but in generations to come. There will be an increase in healthy productive families. Thank you so much for continuing to support our programs. We have something that we would like to present to the Commissioners. (A booklet was presented to the Commissioners, a picture was taken and applause.)

Lou Verdelli and Scott Shearer of Public Financial Management

1. Proposal for SWAP transaction.

Mr. Verdelli: What we wanted to talk to you about this morning is an opportunity to potentially lower the cost of the taxable debt that the County has outstanding right now.

On page 2 of the handout that I just passed out, the first bullet point, you will see that the County currently has about \$19 million of taxable bonds outstanding. The rest of your bonds that are outstanding are tax exempt. From the restructuring last year, you may recall that tax exempt bonds have a lower interest rate, taxable bonds have a rate that is usually about a point and a half higher than tax exempt bonds. Of that \$19 million, there was \$14.8 million that was part of last year's restructuring that was done on a taxable basis. So we were looking at ways to potentially lower the cost of the taxable bonds, get it a little bit closer to tax exempt, even though we can't get the whole way there. There is an opportunity out there to use an instrument called a Basis Swap that allows us to try and take advantage of variable rate indexes and lower the cost of the taxable debt to kind of understand what the risk of a transaction like this is, it is important to understand the benefit of issuing tax exempt debt. When we issue tax exempt debt the investors that buy those bonds, the interest you pay them, they can deduct that from their federal income taxes. Therefore, when we look at the ratio of where do tax exempt bonds trade versus taxable bonds, it is really a factor of where are the tax brackets in the income levels that we all pay on a personal basis. If those were to be changed, if tax rates were to be either increased or decreased, the value in the interest rates that you borrow tax exempt money would change if tax rates were eliminated. You would be borrowing at pretty much corporate tax rates, if that were ever to happen because there would be no value to an investor that buys your bonds to be able to deduct any interest costs. That is really the important thing to think about with this proposal.

On your taxable bonds right now, you had not assumed any tax risk. On the tax exempt bonds you have outstanding, and when we think about any financing that the County may have to do over the next fifteen years, you are assuming tax risks because if tax rates change between now and then, when you go out to borrow that money, it is going to be either at a higher rate or a lower rate. So, we have no tax risk on this \$19 million of taxable bonds. To potentially lower the cost of it, we're proposing that we introduce some tax risk on those taxable bonds. We've specifically focused on the \$14 million Series D of 2004. That is the one piece of last year's restructuring. It goes out to the year 2019. So it is about fifteen years of risk we would be looking at. The potential to lower the cost on that is by entering into this instrument called a Basis Swap.

How that actually works, is described on page 3. The mechanics of it, you are agreeing to exchange variable rate payment streams. There are indexes out there that represent variable rate bonds. One index that we talked about last year on one of the swaps is the LIBOR Index (London Inter Bank Offering Rate). It is a big internationally used index for quoting variable rate bonds. You would agree to receive a percent of that index and you would agree to pay the bond market association index. That is a basket of tax exempt bonds by issuers just like you all across the country where their variable rates are trading. It is indicative of the value of tax exempt securities. You are agreeing to basically exchange those payments. If those payment streams match up over time like they have done over the last fifteen or twenty years, we'll show you that illustration, basically the benefit that you would either take up front in the form of a cash payment or over time in terms of an annual credit, would be all preserved as long as those two indexes match up.

On page 4, really just graphically illustrates that on the left, the County would pay the top line going across to a potential swap counterparty. The counterparty, again on the right side is a large bank, like we did the interest rate swap last year a very, very large highly rated entity is who you would enter into this agreement with. You would agree to pay them the BMA index. They would pay you 67% of whatever the LIBOR Index is. The benefit of doing that can either be received in terms of an upfront cash payment or a payment over time.

On page 5, really what this all comes down to, is what are the chances that if we agree to exchange these payments, that they perfectly match up? Page 5 shows you these two indexes since 1984. You will see that the lines of course don't perfectly match up if you are looking on each week to week basis which is when these rates would be changing. Certainly, they don't match up perfectly but when you look in the box, when we average that period of time over the last twenty years, you can see the average works out to 3.643% for the BMA Index versus 67% of LIBOR at 3.649. So very, very close but certainly there will be months where one index is higher and the other is lower. In those situations your payment may be higher than what you are receiving. There would be months potentially the payment you are making is less than what you are receiving. It would basically equally even out. This 67% of LIBOR is an important point that basically you are looking at twenty years of historical data. There are entities that if you were entering into one of these transactions they would be more aggressive and pick a percent of LIBOR of about 65%. There is a better chance there that they may not perfectly match up. If you wanted to be more conservative with this proposal, you could pick 70% of the LIBOR Index. There should be some additional benefit if you were to do that. Again 67% is what is used nationally in the swap market to be indicative of where this relationship has been over the last twenty years.

In terms of the potential benefit for the County, why would you do this? On page 6, how does it potentially lower the cost on the taxable financing? On the left side of the page, it is labeled option I, there we have assumed there would be no upfront payment to the County and over time, column 3, if you don't take a payment upfront, one of the swap

providers would say is, we'll pay you the index plus and extra 31 basis points each year. If they were to do that, column 2 shows what the principal amount is in your Series D of 2004. You can see right now, it would be \$14.8 million. Obviously, you pay principal down each year and through the year 2019 which is your final payment. If you were to agree to take payments over time, column 3 approximately 31 basis points is what you would receive. What does that mean in dollars saving for the debt service on those bonds? Column 4, you can see you would save on average, over the next ten years, a number like \$40,000 per year on the debt service payment on that \$14 million bond issue. You can see that it gets smaller obviously because you are getting the 31 basis points paid on a declining amount of debt that is outstanding. While your benefit goes away, so does your risk in those later years because if those indexes were not matching up, it is still calculated on however much principal is outstanding. If you got to 2019 and the index was off by 10 basis points, that 10 basis points that you would be paying is just calculated on \$2.3 million as opposed to if it happened right away on the \$14.8 million that you have now.

At the bottom of column 4, you can see that the benefit over time would be \$451,000 of savings on that issue. On the right side of the page, we've illustrated, if you say you would like 100% of that benefit paid at closing, in the upper right, you can see the \$350,000 number. Column 7 then, you would not be getting any payment over time. You would just be exchanging those two indexes. The only way there would be additional savings, in column 8, would be if the one index was trading in your favor. What would allow that to happen? Potentially if income tax rates were increased and were higher, those indexes would change. If you took the upfront payment and said, okay, what happens if tax rates are decreased we could end up with column 8, where you would actually have a payment to make over and above what the current debt service is right now.

Basically, this transaction really does not have interest rate risk. It doesn't depend upon the level of interest rates. If interest rates are 10% five years from now, there really should be no differential in this index. If in fact if you look, on page 5, we obviously have twenty years of history where interest rates have been all over the place at very high levels in the 1980's that the index still matches up. So it is not really interest rate sensitive. Not really interest rate risk. The real sole tax risk here, is that if the tax code undergoes a significant change potentially the two indexes in the value of tax exempt bonds goes away if there was a dramatic reduction in income tax rates.

Mr. Haste: Timing is really not an issue here?

Mr. Verdelli: No.

Mr. Haste: Except....

Mr. Verdelli: Except the benefit is derived over time. If you waited five years the benefit wouldn't be as great.

Mr. Haste: It is not a week to week where we are watching the market?

Mr. Hartwick: No. I think maybe with the national debt and the crisis with social security, I think one of the events that we can anticipate is that our taxes are not going to go down anytime in the near future. That risk to me is not a huge risk.

Mr. Verdelli: It is a risk obviously lots of issuers use these types of instruments to try to lower their cost of taxable debt all across the country. Again, some people view it differently. I was just in a meeting this morning where we talked about that if the City of New York on all their basis swaps are very aggressive. They use 61% of LIBOR. So varying, people have belief in their crystal ball about what is going to happen with income tax rates. I can agree with your conclusion.

Mr. Haste: What do we need to do from here? Give you the okay and then decide which way we want to go?

Mr. Verdelli: Right, in terms of next steps, next steps would be that we would need to put a team together to complete the transaction. It probably takes about 30-40 days to go through the document preparation and negotiation and the actual pricing and implementation of those transactions. At some point, we would need authorization to proceed and do that work. Once we would do that, we would still come back to you with final documents for your approval when you actually adopt the transaction. We would be able to give you a final number in terms of what is the benefit, if we can lock in 33 basis points over time or where that would price out to be.

Mr. Haste: Mike, you looked at this? You're okay with it? (Mike, indicated, yes.) I know the only discussion Mike and I had the other day was which option to go with. I don't know if he has a preference or not. My comfort level seems to be with option #1, taking it over time. I'm open to your influence, Mr. Yohe.

Mr. Hartwick: Do we need an upfront payment at the expense of about what, \$101,000?

Mr. DiFrancesco: To me the best route would be to go over time.

Mr. Hartwick: I agree, too.

Mr. Verdelli: You certainly get more benefit. One of the things that you do by taking it over time, is you're basically building yourself a cushion that if those indexes don't match up, it would just somewhat cut into the payment that you would otherwise receive as opposed to actually you having to find that money if you had not taken anything.

Mr. DiFrancesco: Lou, talk about that for a minute because you say, there is no interest rate risk but yet there is that issue if those rates don't line up....according to the chart, obviously every year we average better than what we are now. If I'm reading this correctly, I mean you're showing that every year our savings.....

Mr. Verdelli: You're on page 6?

Mr. DiFrancesco: Every year the list that shows a savings.....

Mr. Verdelli: That is if you agree to take the 31 basis points over time each year.

Mr. DiFrancesco: Is that saying that the interest rate risk is not so significant that it would ever cost us money, which I don't think that would be the case.

Mr. Verdelli: Again, it is not interest rate risk. It is the risk that these two indexes, one which is based upon really a corporate index and the other which is based upon a tax exempt index. If those two indexes don't perfectly match up, so on page 5, again there are obviously times that you see those two don't track perfectly. There are times when ones higher and ones lower but over the long period whether it is fifteen years or twenty years, they should average out to be the same. Obviously, we can't predict what is going to happen going forward.

Mr. DiFrancesco: But I guess what I'm trying to make is, whether interest rate is the wrong term but there is market risk outside of the tax law changing. That is what I'm trying to get a feel for, is that risk so small. I know you are saying on average at the end of the day, it should work out in our favor which I agree with and I think it is a smart move for us to make. But, what I'm trying to figure out along the way is, is there ever going to be a time where some scenario causes us to have to dump a lot of money in to make a payment that is not budgeted or not expected.

Mr. Verdelli: Certainly if the scenario and again it wouldn't typically be driven by what happens with the level of interest rates but if something happened, like there was a reduction in tax rates to a 15% flat tax and those indexes did not match up. If we picked a number, say they weren't matching up by 31 basis points, that would cost you roughly \$40,000 per year, if they were off by that much. So when we look at page 5, and say, historically, how much have those indexes missed one another, you can see there are times where, it is 20-30 basis points that are off.

Mr. DiFrancesco: Like a spike in 1985, what causes these two ways at such a great distance?

Mr. Verdelli: Typically, these spikes and you may recall this from some of the discussions that we had on some of the transactions last year. You can see they go up very significantly and come right back down. The line is very sharp. Those are typically either just one or two week spikes. That is driven by what that index is representing. That is representing short term variable tax exempt money market accounts. You think about people that are investing in tax exempt money market accounts. If somebody is investing in a tax exempt money market account, it is probably because they are in a very high income tax bracket. What happens is, those spikes are typically correlated with either the end of the year or right around this week, April 15 of each year because

there is massive out flows, people writing their checks. Those tax exempt money market funds have huge withdrawals and they are a seller that week. You see those big spikes where the rate goes up. The year end one is also caused by those tax exempt funds that is not to hold the security over year end just for a week. So there is really no market for variable rate bonds the last week of the year because they are closing their books and things. Then the rate comes right back down to normal the very first week of January. So that is what most of those spikes are, they are usually one week. Yes, they can be significant and obviously those numbers that we have on page 6, where a 31 basis point divergence would be \$40,000. That is assuming that it is 31 basis points off for the entire year.

Mr. Haste: How often do we settle up on this?

Mr. Verdelli: We can set those, that can be your choice. You can set up to do them quarterly, semi-annually, or annually.

Mr. Haste: Again, that is all the more reason why I like option #1 better. Because if it is off, the worse thing that happens is we just don't get that payment that year.

Mr. Verdelli: Right.

Mr. Haste: As opposed to option #1, then we owe money. If it goes the other way then we get a larger payment that year.

Mr. Verdelli: That is right.

Mr. Haste: Is there a consensus to give Lou the authorization to move forward with option #1?

Mr. DiFrancesco: Are you looking for a motion or?

Mr. Haste: Yes.

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick that the Board authorize Mr. Verdelli to move forward with a proposal for SWAP transaction; motion carried.

Mr. Verdelli: We will need to complete the team and get back to you probably within a month or so with final documents.

COMMISSIONERS' PRESENTATION

Mr. Haste: We have a number of proclamations to be presented. I would like to ask Lou Killeen to come forward.

Presentation of a Proclamation recognizing Lou Killeen for his years of service to SCORE and Dauphin County Community and Economic Development.

Mr. Haste: Lou, this is a thank you for all the years of service that you had done for the County and actually for numerous citizens and small businesses that you have counseled and advised over the years through the SCORE Program. We thought it would be appropriate for us to show our appreciation to you. We have a proclamation that does just that. (Mr. Haste read the following proclamation and the Commissioners presented Mr. Killeen with the proclamation. A picture was taken.)

Office of County Commissioner
Dauphin County, Pennsylvania

Proclamation

We, the Dauphin County Board of Commissioners, take great pride and pleasure in congratulating Lou M. Killeen of Camp Hill on his richly deserved retirement from the Service Corps of Retired Executives after more than a decade of illustrious service;

Whereas, Mr. Killeen has been an exemplary counselor for thirteen years, emerging as an inspiring model of organization, accuracy, self-motivation and business knowledge;

Whereas, Lou rose rapidly through the ranks of the private business world, powered by hard work and intellect, beginning as an engineer, production control manager and program manager for General Electric Co., then becoming a Director of Materials and Vice President of Materials & Distribution for the Singer Company and then ending his business career for the Austin Company as a Design Chief;

Whereas, through the years, Lou demonstrated an extensive knowledge of the manufacturing and distribution business and was particularly adept at solving major distribution problems for many large manufacturing companies;

Whereas, he is also a wonderful husband to Fran, whom he married 55 years ago; Lou and Fran have four children, five grandchildren and one great-granddaughter;

Whereas, supplementing his character and dedicated service to the Dauphin County SCORE Office, Lou will also be fondly remembered as an avid tennis and squash player who loves working with computers, gardening and reading in his spare time;

Therefore, we join the 251,300 residents of Dauphin County in congratulating Lou M. Killeen upon his richly deserved retirement; we applaud his devotion to personal achievement and professional service; we wish him continued health, happiness and success in the years to come; and in honor thereof, we proudly declare April 13, 2005 as “Lou Killeen Appreciation Day” in Dauphin County.

In witness thereof, we have hereunto set our hand and caused the seal of the Commissioners of Dauphin County to be affixed this 13th day of April, 2005.

Mr. Killeen: I would like to exchange compliments. This is very flowery. Thank you very much. I would like to compliment Dauphin County in what is done in the Economic Development area. Dauphin County is one of the few counties that I have seen that has it all together and understands that this is for jobs for people. I think we've had some very good luck and some very interesting businesses that SCORE has helped with. You gentlemen and Dan are to be complimented for the fantastic work that you're doing. I think it is going to get better as time goes on. Thank you.

Commissioners: Thank you, Mr. Killeen.

Mr. Haste: I wish you a lot of luck in your squash game.

Mr. Killeen: I've quit the squash but I can still garden.

Mr. Haste: I just saw that over the weekend an article in the paper.

Mr. Killeen: Squash probably saved my life. I played squash until I was about 61 years old. It probably prevented me from having a heart attack.

COMMISSIONERS' PRESENTATION

Mr. Haste: The next proclamation is for Victim Rights Week. I know we have a number of folks here with us today. Please come forward.

Presentation of a Proclamation recognizing Victims Rights Week. Representatives: Jennifer Storm, Vikke Palmer, Mercedes Vega, Latisha Carter, Patricia Lysic, Erkyia Wentz, Michelle Stackfield, Jennifer Crowden, Lori Rade and Lisa Cannon.

Mr. Haste: So I don't miss anyone, Jennifer do you want to announce everyone that is here for the record?

Ms. Storm: Unfortunately half of our staff is on training on Stress and Vicarious Trauma which is probably a good thing. I'm Jennifer Storm and this is Lori Radel, our post disposition advocate; Vicki Palmer, our child abuse advocate; Jennifer Crowden, our homicide side support advocate; Latisha Carter, one of our protection from abuse coordinators; our other one is actually in court right now as we speak; Mercede Vega, she is an adult advocate; Patricia Lysic, our executive administrative assistant; and Lisa Cannon, who is one our clients/victims.

(Mr. Haste read the proclamation and the Commissioners presented the proclamation to Ms. Storm. A picture was taken of the group.)

Office of County Commissioner
Dauphin County, Pennsylvania

Proclamation

We, the Dauphin County Board of Commissioners, join with law enforcement, the community at large and countless volunteers in honoring Victims' Rights Week in Dauphin County, this Commonwealth and this country;

Whereas, this year marks the silver anniversary of National Crime Victims' Rights Week in America, which gives all citizens the opportunity to reflect upon the devastating impact of crime on individuals, families and the community;

Whereas, Dauphin County is working to provide support and aid in the aftermath of victimization and utilize our legislative system to ensure that justice is served;

Whereas, despite the many strides made over the past twenty-five years, crime victims' rights and services must overcome many challenges to ensure that all victims and survivors are treated with dignity, empathy and respect;

Whereas, we gratefully acknowledge grassroots organizations such as The Coalition of Pennsylvania Crime Victims Organizations, the Pennsylvania Coalition Against Domestic Violence, the Pennsylvania Commission on Crime and Delinquency and the Office of the Victim Advocate, who skillfully and sensitively seek justice for all;

Whereas, as citizens of this county, we recognize the need to support innocent victims, advocate for their rights, and come together to make our homes, neighborhoods and communities stronger, safer, and more secure;

Therefore, we join the 251,300 residents of Dauphin County in proclaiming the week of April 10 -16, 2005 as "Victims' Rights Week" in Dauphin County, in tribute to the courageous victims of crime and their friends and families; and we pledge to redouble our efforts to support and assist victims of crime, in keeping with this year's theme-- "Justice Isn't Served Until Crime Victims Are".

In witness thereof, we have hereunto set our hand and caused the seal of the Commissioners of Dauphin County to be affixed this 13th day of April, 2005.

Mr. Haste: It is admirable what you do. There are very few of us unfortunately in today's world that somehow aren't touched by one of these organizations or know of someone that has been touched by this. There are a lot of things in society that aren't pleasant to deal with and thankfully there are groups like you folks that help make it easier for people.

Ms. Storm: We thank you for your constant support of our agency.

PRESIDENT JUDGE RICHARD LEWIS - ANNOUNCEMENT OF NEW DOMESTIC RELATIONS DIRECTOR

Mr. DiFrancesco: Mr. Chairman, may I please use the microphone for a minute? I know Judge Lewis is on a tight timeframe. I would like to invite him to come up for just a moment. I think this would be an appropriate time for him to make an introduction to the folks that are present and to the Board.

President Judge Lewis: Thank you, Commissioners. I'm pleased to announce the appointment of a new director of the Domestic Relations Office in Dauphin County. The appointment was made effective last week. It is a young lady who has been a member

of the Domestic Relations Office for approximately the last 22-23 years. She has served as the Assistant Director for many of those years. She is recognized state-wide for her excellence in Domestic Relations work. While, I served as the Domestic Relations Judge about 7-8 years ago, I would always tell the lawyers in town that, yes, I'll check your briefs for the authority you present on any legal issues but for the final authority, I would check with Kim Robison. I'm happy to report that Kim Robison is now the Director of the Domestic Relations Office. Kim is present in the Hearing Room. Please stand or come up front. Kim is a veteran of the Domestic Relations Office for many years and is well respected by all of the judges in our County, especially those who have experience in domestic relations work.

Ms. Robinson: Thank you very much for the kind words. I can tell you that the staff has been wonderful. They surprised me on Friday and Monday. I hope the transition will move along. We have a lot of new individuals and seasoned employees who have been there for many, many years. I want to thank all of you and Judge Lewis for the wonderful words.

Mr. DiFrancesco: I want to take a moment to thank you. You have our confidence and we look forward to working with you in your new role but certainly not in a role that you're unfamiliar with. We appreciate everything that you have done for the County so far and look forward to working with you now.

COMMISSIONERS' PRESENTATION

Presentation of a Proclamation recognizing Telecommunicators' Week.

Representatives: Jack Harlacker, EMA; Justin Hoyer, Danielle Felty, & Jeff Enders, EMA

Mr. DiFrancesco: We have another proclamation to present. Like so many things in County government and in life, unless you have direct relationship or you've seen in operation and play, you never fully appreciate what is going on. The group of people that we are about to acknowledge is probably as far removed from the spotlight as you can possibly be. Nobody sees these people in action and yet they have such a tremendous impact on our daily lives every single day. It is absolutely amazing. These folks are responsible for making immediate decisions in lifesaving situations. We talk about first responders in emergency situations is the first person running up to the door and going into the situation. In a lot of cases it is not true. The first person involved in that situation is the person who takes the call and makes the first point of contact and that is the person that often answers questions, tames the situation, whatever it may be. These people have to think. They have to act and they have to be well trained in order to do their job. They do a fantastic job for Dauphin County. I would like to take a moment to read the proclamation. (Commissioner DiFrancesco read the proclamation and presented it. A picture was taken.)

Office of County Commissioner

Dauphin County, Pennsylvania

Proclamation

We, the Dauphin County Board of Commissioners, take enormous pride and pleasure in recognizing the hard work and dedication of our Public Safety Telecommunicators;

Whereas, 45 full-time and two part-time telecommunicators serve the citizens of Dauphin County with unparalleled distinction, responding to their most critical emergencies, providing life-saving medical instructions at all hours of the day and night, and managing dispatch operations for supporting fire, police, and medical units;

Whereas, the critical functions performed by professional Public Safety Telecommunicators have directly contributed to the protection of life and property in Dauphin County;

Whereas, professional Public Safety Telecommunicators strive to improve emergency response capabilities through leadership, technology-intensive training and other activities;

Whereas, the Dauphin County 911 Communications Center was designated the first "Center of Excellence" in Pennsylvania by the National Academy of Emergency Medical Dispatch;

Therefore, in grateful tribute to the life-saving work of the competent and compassionate voices at the other end of every 911 call, we join the 251,300 residents of Dauphin County in proclaiming the week of April 10-16, 2005 as "National Telecommunicators Week" in Dauphin County; and we honor, commend and thank our county telecommunicators and the vital contribution they make to the safety and well-being of our citizens during the most traumatic and tragic of times.

In witness thereof, we have hereunto set our hand and caused the seal of

ITEMS FOR DISCUSSION/VOTE

Bill Gladstone, NAI/CIR; Bill Weisser, Real Estate Manager for Turkey Hill Minit Market; and Erik Gainor, NAI/CIR

1. Presentation of Letters of Intent to lease parcels along Paxton St.

Mr. Memmi: At your direction, we engaged in trying to market the out parcel at Paxton Street, create a use of property and create an income stream for the County on a consistent annual basis. In front of you today are two letters of proposal for development and leasing of part of the out parcel. They have been presented to the Solicitor. Mr. Gladstone is here to explain the project. Mr. Weisser is here representing one of the lease holders, Turkey Hill.

Mr. Gladstone: Thank you for the opportunity to be here and present to you today. We've had some very good success with the project that you've instituted here on Paxton Street for land lease and additional dollars to the County.

When we first started the project on the direction and guidance of Mr. Memmi and also from Mr. Saylor, we started with three parcels. We are very fortunate, Turkey Hill had stepped up to the plate almost immediately along with Auto Zone. The two that remain very, very committed to the site. The third player at that time was the Rite-Aid Drug Store. But unfortunately, their demographics didn't support staying with us at this location. They dropped off the site. Mr. Memmi and I had discussions. I believe they went further up and Commissioner Hartwick was involved with some of those discussions. As to what to do at this point, we feel that the two deals on the table that will be lease hold for this property are probably very good deals and very supportive of current economic trends. If we don't have a player for that third parcel at this point, a couple of options, we may be able to split that into two parcels. In any case, we feel that the economic value of that lot maybe driven up somewhat as activity continues to occur through the construction of the Turkey Hill and the Auto Zone. With that, I wanted to mention to you that we are marketing those lots fairly significantly. We've had some good activity. Besides Auto Zone and Turkey Hill, we've had conversations with people at StarBucks. We've had a couple other local people who are determining whether or not they can open a restaurant there as a lease hold. I think it would be nice to see local people there; however, on a lease hold sometimes the financing indicates that you'll have a regional or national player.

To give you an idea of some of the marketing, I will give you a piece here. We tried to go to postcards. Those were a couple of returns that came back. They came in today so we will check our data base to make sure that we have some accurate names. We tried to use postcards of times people see that it is a commercial realty envelope on the

outside and just like when I get Capital One, sometimes, I don't open it because I know what is in there and I'm not shopping. So we try to get it in the hands so that they won't throw it away right away. We've had some good activity on it.

We had asked Mr. Weisser and Mr. MacKay from Auto Zone. Mr. MacKay had a conflict. He is in Philadelphia and wanted to attend but couldn't make his schedule here. If appropriate perhaps we could have a few words from Mr. Weisser and what they plan to do.

Mr. Weisser: My name is Bill Weisser and I'm director of real estate for Turkey Hill Minit Markets. The proposal that you have in front of you is basically for a 30 year long term lease. We're proposing to lease approximately one acre, about 200' of frontage on Paxton, about 220' along 29th Street. As far as the development goes, if we are the primary first user that goes in there with a land development plan to Swatara Township, we plan on constructing a 30' wide access easement connecting 29th Street and 28th Street which would then set up the full build up access for the subsequent users. We do have an item in our Letter of Intent that would require subsequent users to reimburse us for prorata share of that improvement. The actual locations of the access points, 28th Street, will be determined once we talk to our engineers, bring a traffic engineer on board and determine the best location for the 28th Street curb cut, particularly in relation to the left turn in on 28th Street (what I'll call south bound if you are heading to the back end of the east mall), that will determine where we're going to position that. If you accept our proposal, we plan on getting a land development plan together immediately and get it into Swatara Township and start the site plan approval process going forward. It will probably be a somewhat lengthy process with PennDOT till we go through all the back and forth resubmissions that you generally go through on the Highway Occupancy Permit. We could even get involved with possibly having to make some modifications to the existing signals out there. So the access will probably be the complicated part of this puzzle. We're ready to go and we're quite excited about the location.

Mr. Haste: Which end of the parcel are you going on?

Mr. Weisser: We will be up on the eastern end which will be right across the street from McDonald's.

Mr. Gladstone: The AutoZone will be adjacent to the Turkey Hill. So that will probably be the piece which will be the corner of 28th Street and Paxton Streets.

Mr. Hartwick: I want to thank Turkey Hill for stepping up to the plate. I know there were some issues with the build out cost and working out. We are anxious to get those properties developed and to bring in the stream of revenue. Ultimately, like selling a home, once that home is fully furnished and looks great and they see the opportunity that is going to exist, I think it is going to raise the property value of that last site. It would be my preference to try to market that as just one site hopefully finding one user. Turkey Hill stepping up to the plate in this case enables us to move forward and we're grateful for you doing that. Our thanks.

Mr. Haste: I think it is a great location for you also. There is good visibility and I think things will definitely improve along that strip.

Are there any questions?

Mr. DiFrancesco: I want to add that obviously this is an important piece of property for us and we appreciate the partnership that exists. We look forward to moving ahead.

Mr. Haste: Is there a motion to accept the two Letters of Intent that we have?

It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco to accept the Letters of Intent with Turkey Hill Minit Market and Auto Zone lease parcels along Paxton Street; motion carries.

Mr. Haste: At this time, I'll go to Item XI – D. Then Paul, you'll be on deck. I'm trying to get folks who may have to leave early.

David Reichert, Hank Stiehl from Hay Group and Pat Kirk from ZA

1. Discussion of GASB 45 post retirement health benefit requirements.

Mr. Yohe: Commissioners, we have two representatives here today from the Hay Group, David Reichert and Hank Stiehl. We have Pat Kirk to my right from ZA, our audit firm. I think this whole thing has started several years ago with just the possibility of extending post retirement health benefits to nonunion. I think that has started the whole ball rolling. When we started looking into this, at the early stages, GASB 45 was passed which required us to do things a little differently than what we have been doing in the past starting in 2007. The first big change, we're going to have to start funding post retirement health benefits similar to our pension plan right now which requires setting some money aside and recording in our books for future expenses. To do that, it also requires an actuarial evaluation I believe every other year, once we are required to start. We had no idea then what our cost was going to be. We contracted with the Hay Group to provide us with an initial actuarial study or a value to give us an idea of what we are looking at. When we did that, I asked that number 1, we have many union contracts that currently have post retirement health benefits. So we are obligated to start recording these expenditures in 2007. I wanted to get that piece identified. What are we on the hook for already starting in 2007? The second piece that I asked them to look at was if we did extend it to nonunion, what would that cost us also? We contracted last fall. We got the report earlier this year. I sent you a summary a month or so ago. I don't know if you had a chance to review it. I've have David and Hank here. I know John Cleary from their group prepared all the information, but I'm confident that he consulted with these two that we can go over those results and then Pat Kirk is here in case there are any questions from the County standpoint. What we have to do? What we will have to fund? How's it going to affect our books, bottom line, etc.? With that, I'll turn it over to David to go over their studies.

Mr. Reichert: I would just like to go over the letter dated February 11th and that information deals with the current situation with the union contracts. What would it cost? Under GASB 45, it gives the governmental employer different options, what they can do and how they can do it? You have a couple scenarios in this exhibit. One chart talks about the liabilities and what the cost would be for the existing plan. Under all three cost methods, the present value of benefits is the same. That represents past service and future service. It doesn't matter which cost method you use. That number is going to be the same. Depending on which cost method, then you can allocate that cost different ways. What we then are going to look to the County to do is pick a cost method as well as how they want to amortize the unfunded, if they choose a cost method that has non-funded. As you see, the present value of benefits is about \$9.6 million. If you divide that from under the unit credit, you could have an actuarial accrued liability for the health care just under \$5 million. Under the entry age, you could have an actuarial accrued liability of just over \$7 million. Under the aggregate, there is no actuarial accrued liability. That is why we don't have anything there. In order to determine the annual contribution, there are three components. There is the normal cost, the amortization period or the amortization payment of the unfunded if there is one and an interest cost. The interest cost being that it is the first year, there is no interest. The interest cost is whatever the interest is of the unpaid ARC. So since there was no previous ARC, there is no interest cost. If we look at the various cost methods under the unit credit, you could have an ARC for the health care of just over a million dollars if you have a ten year amortization of the unfunded. If you amortize the unfunded over 30 years, the ARC would be just under \$700,000. As far as life insurance, if you amortize the unfunded over ten years, it is a little over \$90,000. If you amortize the unfunded over 30 years, it would be just under \$60,000.

Mr. Yohe: Would you explain why difference with the life? I think life is extended to everybody.

Mr. Reichert: Correct. The health care benefits are only for the union. The life insurance is for all the employees.

Mr. Yohe: It was news to me that the life insurance is already offered to all employees whether union or nonunion. That is why it is broken out into two pieces.

Mr. Reichert: Under the Entry H Method, once again, there is an actuarial accrued liability so you can amortize that piece. You can have that and it would determine the ARC to be any where from \$1.2 million for the health care down to \$769,000. The life insurance the 96 anywhere down to the \$55,000. If you do it under the aggregate method, there is no actuarial accrued liability. So everything is the normal cost. As you see, that under the aggregate method, there really isn't a choice. The ARC would then be for the health care a little over \$1 million and for the life insurance, a little over \$80,000. I guess what we look towards the County to do is to review this to pick which cost method you want to use. If you do choose one of the cost methods that does have the actuarial accrued liability then to choose the length of the amortization payment. Also, on exhibit 2, just for illustration purposes, we've done it at 6.5% just to show you

the magnitude of changing the discount rate by 1% or increasing by 1%. You could have a change in the amortization or in the ARC of about \$100,000 under the 10 year amortization. Under the 30 year amortization, it would drop the ARC by about \$60,000.

As far as the discount rates, the first exhibit it is at 5.5%. Since there is no cash, that is set aside in this plan yet, that's a long term debt at current market value. That is why we used 5.5%.

I'll open it up to any questions you have as far as the existing plan.

Mr. Stiehl: One thing that I want to make clear. I'm not sure it was made clear. This GASB requirement requires you to value this and reflect it on your financial statements. Even though we are calculating an ARC, you're not required to fund it as you do your pension plan. You're only required to value it and show it. Of course, it is preferred that you would fund it such as you do your pension plan. But it is not required under GASB.

Mr. Haste: Two things. One is, why would we other than you get a gig on your audit report?

Mr. Stiehl: Why would you want to pay to fund it?

Mr. Haste: Yes, as opposed to pay as you go.

Mr. Stiehl: The same reason you would fund your pension. You would accumulate assets and hopefully future investment performance would help offset the future ARCs. That would be a reason to fund it.

Mr. Reichert: It could hurt the credit rating. It would be an issue on the books.

Mr. Haste: I don't know that all counties fully fund even though they are supposed to their ARC now for the pension.

Mr. Kirk: The only issue you have are the financial statements. Currently, the County funds it, pay as you go which is fine for general fund purposes. Mike budgeted for the year. At the end of the year when we went to GASB 34 a couple of years ago, we offered modified accrual to accrual which are the two new statements upfront. If you don't fund the ARC, we are just going to book a liability. It is not going to affect the general fund per se because you're still modified accrual. We have to reflect the liability going forward because it is required under GASB. Whether you fund that or not, is the decision the County needs to make.

Mr. Haste: The other thing, if we did do, why wouldn't we just pick out the lowest/best scenario? Is there any advantage or disadvantage? When I look at this, I can't see any reason why we would do the aggregate unless there is some.....Is there an advantage or disadvantage to any of these?

Mr. Reichert: No, you're funding it quicker. You're putting more money away. There is no advantage or disadvantage.

Mr. Haste: Explain the discount rate again.

Mr. Reichert: The discount rate at 5.5% that is how we valued the rate that we used to assume what it would earn. We used that as long term debt rate.

Mr. Haste: You're assuming then that we get 5.5% return on the dollars that we put into the ARC.

Mr. Reichert: Are there any other questions?

Mr. Kirk: We are looking for adoption in year ending 2007. So you have a couple of years.

Mr. Yohe: If we choose not to fund a continuous pay as you go, you'll record the liability. Does that in turn reduce our reported fund balance also?

Mr. Kirk: As far as the presentation from the County standpoint on modified accrual basis. There is really no big change. You're still going to fund, pay as you go. You're going to foot the expense every month for the retirees that you are paying the benefits on. The issue at the entity wide level when you go full accrual, if you don't fund the ARC, you're going to have to book that as a liability.

Mr. Reichert: The other letter that you have in front of you showed the extended to the nonunion. One other point in regards to whether to fund it or whether to not fund it, the discount rate, we did show at 5.5%. If you did fund it and you did show that you were accumulating funds and you are putting it into equities. You really could bump that discount rate up.

Mr. Haste: Once you have a history.

Mr. Reichert: Right.

Mr. Haste: This is just another example of how stupid that was to start this trend to begin with. I'll leave it at that. Thank you.

Paul Navarro, President of Navarro & Wright Inc. (Project Manager)

1. Change Order No. 2 for the Dauphin County Recycling Facility.

Mr. Navarro: I'm here to address the ongoing project, the Dauphin County Recycling Facility. I'll give you a progress report. With the favorable weather that we now have, things are moving forward at an accelerated pace. We're hoping to bring the project to completion by May 7.

Mr. Haste: May 7?

Mr. Navarro: Yes. We had an issue with the equipment start up in that there were some delays with getting PP&L to extend the power. It was energized yesterday so that will enable us to get all the equipment, HVAC, lighting, electrical, etc.

The Change Order that you asked me to address here today. Change Order No. 2, pertains to some additional work that resulted from the change in the type of the building. It was recommended for approval along with payment request number 5 from Shannon A. Smith the HVAC plumbing contractor. The Change Order was in the amount \$4,166.26. It is related to changes to the fire protection system for the facility. As you may recall, as far as the original design we had specified a steel building which had an area for the offices, showers, locker rooms, etc. that were proposed for the facility to be a single story building with a twelve foot height. If I may, I don't know if you have been down to the facility, I have some pictures.

Mr. Haste: I walked through it.

Mr. Navarro: What was actually submitted was a single slope facility, two story for the entire footprint. That basically allows us to have an intermediate ceiling above the office areas which we're looking to use perhaps where mechanics can store tools or an extra maintenance area. What that required then was for us to have sprinklers below in the office areas but also add sprinkler heads up above this new area. So the change order is for those additional sprinkler heads, piping and all the associated fittings to install that extent to the original design in the fire protection system. We feel that the changes and charges are such that amended here are reasonable and we would recommend approval of the change order.

Mr. Haste: Are there any questions for Paul? I talked with Kelly and she has the funds for it.

Mr. Hartwick: Did we recently receive a grant for a portion of the equipment inside, \$500,000?

Mr. Haste: I don't know that we received it. We got a letter that we will receive it.

Mr. Hartwick: The total cost of the equipment that is going to be needed is about \$1 million?

Mr. Haste: Yes.

Mr. Hartwick: That covers about half of it?

Mr. Haste: Yes.

Mr. Hartwick: We're going after submission for the other half this year?

Mr. Haste: Right.

Mr. Navarro: I guess at this point, if I can explain on where we are with getting equipment for the facility. Everything was designed to accept the equipment. The original costs, I guess were around \$972,000. Recently we met with suppliers and the price has gone up. The figure is about \$1 million. What the County has authorized us to do, is to investigate the feasibility of constructing the fiber line or container line or perhaps look at doing a single strain facility. We have begun those studies and hope to report back to the Commissioners by May 15 with some recommendations on how to proceed.

Mr. Haste: Do we make it somewhat moving before we get all the equipment?

Mr. Navarro: Yes.

Mr. Hartwick: Paul, can you update us or me after the meeting so I can inform the Board of what is happening with the other parcel behind Spring Creek on an unrelated matter?

Mr. Navarro: Okay.

Mr. Haste: Is there a motion to accept Change Order No. 2?

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick to approve Change Order No. 2 with Shannon A. Smith, Inc., in the amount of \$4,166.26 for plumbing at the Dauphin County Recycling Facility; motion carries.

Steve Suknaic, Dauphin County Juvenile Probation

1. Presentation on Title IV monies for officers in the schools.

Mr. Suknaic: Thank you Commissioners for giving us the opportunity to make this presentation today. The gentleman helping us with the technology is Fred Grove. Fred is one of our Assistant Supervisors in our electronic monitoring program and previously was a school based probation officer in the Harrisburg School District, one of the topics that we will be talking about today.

There are really two related topics. The proposal to reorganize our school based probation program and the new Title 4E funding.

Slide 2, the Federal funding, the new funding from the federal government that passes through the Department of Public Welfare is called Title 4E and it is designed to compensate the Juvenile Probation Department and assist them in the efforts that they make to keep juvenile probationers out of home placements, expensive placements.

Dauphin County was among the first seven counties that took part in this beginning in the fall of 2003. We were required to do a random moment time study and through doing that we've brought in a little bit more than \$1.6 million so far. The random moment study is a daily time study. Sometimes there are five or ten of our officers who at a designated moment in time have to answer questions provide them to our office manager and she fills out the forms on a weekly basis. They are submitted to the Department of Public Welfare.

So far we have received invoices for five quarters going back to October 1st. Our invoices have been averaging approximately \$330,000. We will soon be submitting the invoice for the quarter that we just finished, the quarter that began January 1 and just finished on March 30.

The proposal that we are asking the Commissioners to consider involves about 25%, about \$400,000 of the \$1.6 million that we already brought in to provide this reorganization of this school based probation. If approved by the Board, we would like to take six of our experienced officers and move them from their existing funding into Title 4E funding. Two will be supervisors, two are assistant supervisors with full case loads and two would be juvenile probation officers with full case loads.

The personnel packet is complete with personnel items for Juvenile Probation. We have two positions that we are going to request to be abolished. One is a probation officer position and one is a fiscal tech position. They have been on the books for awhile but there is no funding for them. So in effect, we'll have a net gain of four positions if the Commissioners approve these six new positions. We are also asking the Board to hire nine outsiders, people who are not County employees. Six of those would be to fill the six positions that will be vacated by the six that move into these new positions. Three others for officers who resigned back in January whose positions we have been holding open for this window of opportunity this month. We also have our office manager retiring and one of the personnel issues is a request to replace our office manager who provides a very vital function in acquiring the Title 4E money by doing the random moment time study, that I mentioned.

This slide shows the proposed staff complement for school based probation. On the paper copy the six new positions are circled in red. As I said earlier, two are supervisors, one in Harrisburg and one in the suburbs, two are assistant supervisors, one in Harrisburg and one in the suburbs. Two are probation officers, one that we want to deploy to Lower Dauphin School District and one to the Technical School.

Commissioner DiFrancesco has spent an awful lot of time in recent months shadowing some of our officers. Some who are school based officers. He not only shadows them during the day but also in the evening. He's been to William Penn in the Harrisburg School District to see what our officers do. He's been to Susquehanna Township and the Technical School. He's been to Steel High and Central Dauphin. I believe next on

his schedule on May 9th is a shadowing with our officer at Lower Dauphin and Hershey Schools.

The next slide, will explain some of the advantages of this reorganization. Commissioner DiFrancesco can tell you at point A, that we have one officer Christopher Hinkle, who currently moves between Susquehanna Township High School, its middle school and the Technical School. Adding one of these officers we would be able to deploy that person at the Technical School, that would be Marcie Wright, and leave Mr. Hinkle full time at Susquehanna Township. He would not have to move back and forth.

In a similar fashion we have one officer, Rebecca Arnold, who moves between the Lower Dauphin School District and the Derry Township School District. She supervises the kids who are on probation at the Hershey High School, Middle School, and also Lower Dauphin High School and Middle School. We would like to keep her at Derry Township so that she can devote her entire week to the student on probation at Derry Township and put Justin Pittman into the Lower Dauphin School District.

Item C also describes the current circumstances of our two supervisors. Chad Libby supervises ten officers in Harrisburg and Bonnie Savitski supervises nine officers in the suburban districts. Frankly, it is too many for one person to supervise and particularly when they are remotely located and spread out. Even the best employees need good supervisors. They need supervisors who can advise them, encourage them, motivate them, be role models, observe their work, and it is really difficult under our current circumstances to have the supervisor who has that number of people all of whom are spread out and remotely located.

Part of our plan, in adding the two supervisors would be to create the visual that was on the previous slide where we would have two work groups in Harrisburg, each with a supervisor and assistant and two work groups in our suburban program each with a supervisor and assistant.

We have end of the year school reports. In large part this is what the newspaper article represented on Monday in its edition on the back page. They described how the school based probation currently has helped students who are on probation at these schools to be successful by improving attendance, decreasing their tardiness, rule violations and Mr. Sherzer gave percentages and statistics that I thought were helpful in painting the picture of success that the school based program has been able to achieve. One thing that the newspaper article did not talk about was academic improvement. I can tell you and those reports will tell you that in most of the school districts the students on probation improve 4-5 points. In other words 4-5 percentage points during the time that they are on probation when you compare that to the previous similar timeframe of the previous school year. On average if the students grades average 75 they tend to go up to 79 or 80 while they are being supervised on probation. It is very simple, their attendance is better. They are in class. They are on time. They don't get the suspensions. They don't get the in school or out of school suspensions or disciplines.

They know that the probation officer is going to be there. It helps, the presence of the probation officer, to control that behavior.

I would like to point out that recidivism will be part of the Commissioners' interest. In the Middletown School District for example, only 11% of the students who are on probation got arrested or had technical violations of their probation that were extensive enough to bring them back before the judge. In the Steelton School District, it was 18%. Those are both very, very positive statistics.

This slide just paraphrased what I said about the measurements.

Let's go onto the next slide. This talks about the budget and the economic impacts. Originally in this budget year for the County \$300,000 in salaries and benefits was budgeted. That would have covered the full twelve months for these six new positions. We are requesting that these six positions be implemented on May 9th which is fully one-third into this calendar year. So we would need only two-thirds or \$200,000 of the \$300,000 that was budgeted for the salaries and benefits. This proposal should also have a positive impact on the Children & Youth Agency budget. There have been daily discussions. I have been with Commissioner Hartwick each of the last three works on various aspects of the discussions related to the Children & Youth Agency budget which was proposed at \$47 million to the Department of Public Welfare. The approved amount for this upcoming fiscal year in the Governor's budget is \$40 million. Half of that \$20 million is to pay bills for delinquent kids who are committed by Judge Lewis or by Judge Cherry into community based services or institutions. If our probation officers are successful with this reorganization to the extent that they have been successful in the past, I think this proposal can be of significant assistance with the plight of the Children & Youth Agency budget.

If we can keep one juvenile on probation who can keep that person on probation successfully and keep that young man or lady out of, not one of the most expensive institutions, but a moderately priced institution which is about \$150 a day, we can save \$54,000 just for that one person keeping that one person out of that institution for one year.

Next slide. I could give you examples of institutions that I have in mind like Paradise School for boys, Pressley Ridge School for boys, both at \$160 a day. Adelphia Village at \$175 a day. So \$150 a day is a lower figure. If you multiple that times 365 days, that is how I conclude the \$54,750. Although I don't have control over the crime rate, and I don't control the judge's decisions, I really think with this expansion and reorganization, it is highly probable that we keep eight or ten of these kids successfully on probation and out of institutions. If you multiplied that \$54,000 times 8, you're in excess of \$400,000. If you multiply it by ten kids, you're in excess of half a million. I think that is reasonable for us to be able to achieve and work towards if the crime rate stays the same. So far this year it has been similar to our patterns of the last few years.

The last slide, I think there is a need with any program whether it is old or new to monitor it. There are two rather easy ways to do that. One way to do that is through the impact that this program will make in the Children & Youth Agency budget. The monies are set aside. They are designated. They are estimated as best the Children & Youth Agency can do as to how many dollars we will need for secure care and how many dollars we'll need for group homes and how many dollars we'll need for institutions. I think our biggest impact will be with the institutions and the group homes. It probably won't be for the secure programs and it probably won't be for the arsonist and the sex offenders. Those kids because of public safety needs, if they commit those kinds of crimes, they'll still be going to the residential placement for accountability purposes and for community protection purposes.

The other way to monitor this, is through the reports that Commissioner Hartwick and Commissioner Haste have in their hands. The unit reports that we do for each school district that show the improvement academically, behaviorally, and with their recidivism rates. I think earlier you had presentations about investments. I would like to suggest that this is a good investment. We found \$1.6 million so far. We've turned it over to the County. We are asking for the use of about a quarter of that money and the County for the Children & Youth Agency can reap additional benefits. In addition to having more kids be successful which I know is very important to the Board of Commissioners.

One last point that I would like to try to make, over the last seven or eight years the Juvenile Probation Office has had approval to add twenty positions to its staff. We have added those twenty positions entirely with outside dollars, either from the Pennsylvania Commission on Crime and Delinquency or from the Juvenile Court Judge's Commission. As the crime rate went up, as our case loads went up, as our need to expand, our services increased, we found solutions without coming to the Commissioners and asking for general fund dollars. I don't know that we will be able to do that forever but that is always our first choice and we've been able to do that with tremendous success during the last seven or eight years. Sixteen of those were funded by the Juvenile Court Judge's Commission and four of those were funded by PCCD. Now we have a proposal to fund six new positions, which would mean the last 26 positions were funded without the use of general fund dollars.

Mr. Haste: Are there any questions for Steve?

Mr. Hartwick: I would like to commend both of you. I think you run a great shop and I know all levels you participate in areas of concern that don't necessarily impact your general fund budget but you're always at the table being concerned about the County as a whole. I want to commend you both for the job that you do every day but most importantly Steve for putting up with me for the last two days. It probably deserves more thanks than any.

There are several questions that I had and I know I have been on the record on many times talking about the crisis that looms with the elimination of TANF dollars and trying to use some of those dollars that are gained through your good works, a few proactive

approaches in probation which shows many results. I think all of us stand behind the area about school attendance and improve tardiness, decreasing rule violations, all of the things that you have listed including grade increase. We are 100% behind those value added benefits to the probation involvement. But the idea is can we see this from an economic standpoint with the return of dollars being greater in investing in these new positions with the value added benefits coming back to the County if in fact we decrease the placements as a result of the investments in the JPO's Office. I have a few questions if we can maybe set some standards. I think you did that on your last slide that we can review whether the investments here are worthwhile and ultimately it is with the children's lives. We are going to see if it makes financial sense as well. Just for my own knowledge, do you know what the current JPO placement caseload is?

Mr. Suknaic: Last year was 246, 2003 it was 258 and 2002 it was 284. Let me add a footnote to that because Sandy Moore, Jeff and I had some conversations about trying to reduce the most expensive of those, the secured care. Let me give you the numbers for the last three years on that. These are the ones that cost on an average about \$300 a day. Before we went into court with every case, we had to go past Jeff Patton's desk. In the year 2002, there were 37 of those, 2003 it dropped to 20, last year it was nine.

Mr. Hartwick: Obviously that trend from an economic standpoint are trends that we are looking to continue. I guess the other question, you talked about the variables. We can't determine what the judges are going to provide in dispositions and obviously we don't know what the crime rate is going to be. That being said do you know or think about, if we had a crystal ball I guess you could predict, but what percentage of reduction in placement caseload could be expected by the addition of the new officers?

Mr. Suknaic: If we reduce it by the numbers that I referred to, eight to ten kids, I think that is a reasonable margin of improvement to expect from an expansion of a program like this. That would translate into \$400,000, \$500,000.

Mr. Hartwick: It clearly makes economic sense. It would pay for themselves and also result in addition Title 4 reimbursements to help the Children & Youth budget. Do you think there would be other anticipated savings as a result of adding these positions?

Mr. Suknaic: I don't think so, Commissioner.

Mr. Hartwick: I guess in trying to decrease the placements, do you think that we would be eligible for any additional as we said Title 4 reimbursement money?

Mr. Suknaic: The formula for Title 4E on the JPO side is rather complicated. It involves our expenses. It involves how many kids are Title 4E eligible. It fluctuates. I mentioned \$330,000 as an average. We've had one quarter where it was down around \$225,000. The last quarter was around \$399,000. It has moved back and forth. It is not a consistent dollar figure right at \$330,000 each quarter. That's a difficult one to be able to predict.

Mr. Hartwick: One thing that I suggest and I have talked to the Patriot News and obviously to you about as well to see if maybe we could revisit this based upon placement trends, and numbers maybe six months from now to see where those numbers actually are with the actual amount of kids being sent to placement and Title 4 reimbursement to see if in fact those investment employees make sense, just to give a review to the Commissioners because in theory not only is it the right thing to do. I think it is going to make financial sense but in order to add on these additional positions, I think we're today doing nine new hires, six for the new positions, three to fill vacancies and then as a result we always see the chain of promotions, people moving up through the organization. I think there are like eight new promotions in the packet. We want to make sure that chain certainly triggers a good financial outcome for the County. I was just wondering if you would be willing to revisit that in about six months to see where those trends are going?

Mr. Suknaic: We welcome that spotlight. We are proud of the work we do now and I think this will only serve to improve the work that we do. As long as the focus is on what the probation officers are doing. That is the way the article and the coverage has been so far.

Mr. Hartwick: They have done a knock out job. I want to commend your officers and you always worry when you add more officers on, are they going to find more violations for kids to be sent off to placement versus trying to figure out community based alternatives and other alternatives for children to be able to keep the high placement cost down. I know through your direction the new individuals moving into those positions are going to continue that philosophy.

Mr. Suknaic: I think Commissioner DiFrancesco can tell you from the shadowing, he gets the sense of the type of personality and the way they handle themselves with the kids, with the parents and with some of the challenges that are presented every time we knock on the door.

Mr. Hartwick: I'm fully in support of your proposal. It took some persuading for me to think about TANF and all the holes that are being filled. I think this is forward thinking and it also shows that you can bring revenue in on the backside. I just want to review that. I didn't know your union guys got paid for an 85 hour work week.

Mr. Suknaic: Yes, there are a long list of things.

M. Hartwick: And an hour lunch, instead of a half hour. That's pretty nice.

Mr. Suknaic: It was an arbitrator's award.

Mr. Hartwick: Thankful that hasn't caught on through the rest of the County.

Mr. Suknaic: It has been in existence for about five years.

Mr. Hartwick: And their contract is ready to come up?

Mr. Suknaic: No, they have a year and half left in the contract.

Mr. Hartwick: I appreciate you answering all the questions and making sure that you're well prepared and I look forward to reviewing it in six months and be able to cheer you on even further.

Mr. DiFrancesco: Steve, you still have some candidates to identify, correct?

Mr. Suknaic: We still have some vacancies, even if the Commissioners would fill all of these vacancies, we've had four recent vacancies that we'll try to have names for the Board of Commissioners when the window opens the next time which I believe is in mid-July. Plus we have one fellow on military leave, and we have a couple maternity leaves coming up later this year.

(Commissioner Haste left the Meeting)

Mr. DiFrancesco: Ed, please come forward next.

Ed Chubb, Parks & Recreation Director

1. Grant application.

Mr. Chubb: I'm going to request a resolution for support of an application for a Growing Greener Planning Grant to perform a County's Parks & Recreation Open Space Greenway Study. It is a formality. I need a resolution that I will give to the Solicitors for their review and then for adoption at the Commissioners' meeting next week.

Mr. Hartwick: Any matching money from the County?

Mr. Chubb: Yes, it is a 50/50 match. Part of the 50% would be in kind services from Tri-County Regional Planning.

Mr. Hartwick: Do you have that mapped out on how you plan in that kind of tuff?

Mr. Chubb: They pledged a commitment to providing some in kind services and support of the study by providing information and personnel. We will hire an outside consultant to do the study. We won't know if we will get the award until late in this year. This is not a 2005 consideration. This will be a 2006 budget consideration.

Mr. Hartwick: Just get the details on the matching side, that's all I need.

Mr. Chubb: Thanks.

SALARY BOARD

Mr. DiFrancesco: We'll take Salary Board right now. (A complete set of the Salary Board Minutes are on file in the Commissioners' Office.

PERSONNEL

Ms. Sinner: I have a list of vacancies, some routine positions at Spring Creek, including nursing positions, Conservation District is requesting permission to fill the temporary West Nile Program technician position that they always fill during the summer and then they abolish it in October; District Attorney's Office is requesting permission to fill a part-time law clerk position; Prison, treatment specialist; Public Defender, actually has two assistant public defender positions vacant; Schaffner, a youth program specialist I; and Security, a full-time security shift leader. We have the Juvenile Probation positions.

Mr. DiFrancesco: A question in terms of procedure. Does the committee engage a review of all of these positions even when they come to the window for hiring. The committee has looked at them, approved them and said yes, we should move forward on these?

Mr. Saylor: Not all. The committee's general functions are the ones that pop up outside like an emergency request or something outside the window. These are all presumed as long as they are budgeted and meeting the window.

Mr. DiFrancesco: I just wanted to be clear that, that review has not taken place.

Mr. Saylor: No, not on these.

Ms. Sinner: Domestic Relations is requesting permission to fill four clerk vacancies. In the new hires there are several positions for Spring Creek and of course Juvenile Probation as well as some other departments. I ask that you pull new hire #43, that is on page 5.

Mr. Hartwick: Give me that again.

Ms. Sinner: The name is Natalie Joshua.

Mr. Hartwick: 43?

Ms. Sinner: Yes. Do you any questions on any of the new hires?

Mr. DiFrancesco: Should we be expecting anything with the transition at the next meeting for Domestic Relations?

Ms. Sinner: Yes, probably an addendum next week.

Mr. DiFrancesco: I just wanted to make sure that we should be expecting that.

Ms. Sinner: Yes.

Mr. DiFrancesco: Are there any other questions?

Ms. Sinner: I want to point out that Facilities Maintenance is hiring a part-time custodian. The hire that was put through last week has been rescinded. This is not another employee starting. The rescission of that hire is in the separations. It is not like they filled two positions recently. This is still the same vacancy, Curtis Trimble's vacancy

Item 50, the first personnel change, Tammy Albert, I request a vote today to approve that because it is effective April 11, this past Monday. That is the person who is moving into the temporary linen services worker position.

It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco to approve Item 50 in the personnel changes listing, effective April 11; motion carries.

Ms. Sinner: I have a listing of the changes in Juvenile Probation. I want to make a correction to the step and grade for one position. It is not changing the hourly rate. I noticed on the pay scale our pay matrix doesn't have that step and rate. It is Item #56, range 00106, step 14 instead of 15, and the grade should be 03.

Do you have any questions on these transactions? (There were none)

I have a list of separations. Also, is a request from the Treasurer's Office for an employee to participate in the Educational Incentive Program. She is going for her Associate's Degree in Accounting which is related to her position in the Treasurer's Office.

Mr. Hartwick: We don't need a motion of that today, do we?

Ms. Sinner: It can wait until next week to be approved. I have the overtime reports and an overtime request from the Prison.

Mr. DiFrancesco: Are there any questions? (There were none.)

ITEMS FOR DISCUSSION/VOTE

Mr. DiFrancesco: We have two change orders for a vote. Chad are you taking the lead on those?

A. Change Orders for the Dauphin County Courthouse renovations:

1. Change Order #2002-01-36 for Herre Brothers (HVAC contract)

- in a *credit* amt. of \$320.06.
2. **Change Order #2002-01-35 L. R. Costanzo Company, Inc., (General Contract) in a *credit* amt. of \$13,627.18. (****A VOTE IS REQUESTED 04/13/05 FOR BOTH #1 &2)**

Mr. Saylor: I can.

Mr. DiFrancesco: Basically we have two change orders both are credits.

Mr. Saylor: Correct.

Mr. DiFrancesco: We will gladly support those.

Mr. Saylor: I would call this the beginning of the end.

Mr. DiFrancesco: These are just closing out these?

Mr. Saylor: That is correct. You will see when you sign them that they are. I think we have a few more to do and then we will be finished.

Mr. DiFrancesco: These are literally closing out with the contractor. This is residual money that we did not spend on the projects. Do I have a motion to approve?

It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco to approve the following Change Orders for the Courthouse renovations:

A. Change Orders for the Dauphin County Courthouse renovations:

1. **Change Order #2002-01-36 for Herre Brothers (HVAC contract) in a *credit* amt. of \$320.06.**
2. **Change Order #2002-01-35 L. R. Costanzo Company, Inc., (General Contract) in a *credit* amt. of \$13,627.18. (****A VOTE IS REQUESTED 04/13/05 FOR BOTH #1 &2)**

Mr. DiFrancesco: Both #1 & 2, pass.

PURCHASE ORDERS

Mr. Baratucci: Basically the packet is there. There is only one item that still has a budget issue. It is on page 19 and my understanding it is that is being worked on. It is bullet proof vests for Adult Probation that are required under their contract. It is money coming out of Supervision Fees and we just need to do a budget adjustment. I believe Probation is working on that and should have it cleared up before next week. There are no other budget issues. Unless you have any questions, the packet will be presented next week for your approval.

Mr. DiFrancesco: Are there any questions? (There were none.)

TRAINING PACKET

Mr. Saylor: There is nothing that needs action this week.

Mr. DiFrancesco: Are there any questions on the training packet? (There were none.)

SOLICITOR'S REPORT

Mr. Saylor: In the absence of the Solicitor, any questions you may have between Melanie and I, we will refer them and get answers for you.

CHIEF CLERK'S REPORT

Mr. Saylor: I have nothing further to report.

COMMISSIONERS' COMMENTS

Mr. Hartwick: I had several but I will reserve them for next week.

Mr. DiFrancesco: I will save mine as well.

PUBLIC PARTICIPATION

Mr. DiFrancesco: We are back to public participation. Is there anyone that would like to comment? (There was no one.)

ADJOURNMENT

It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco to adjourn the meeting.

Transcribed by: Julia E. Nace, Asst. Chief Clerk
April 13, 2005

Respectfully submitted,

Chad Saylor, Chief Clerk/Chief of Staff

printed 7/14/05