



DAUPHIN COUNTY BOARD OF COMMISSIONERS

WORKSHOP MEETING

April 27, 2005
10:00 A.M.

MEMBERS PRESENT

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

STAFF PRESENT

Marie Rebeck, Controller; Robert F. Dick, Treasurer; Chad Saylor, Chief Clerk; Julia E. Nace, Assistant Chief Clerk; Randy Baratucci, Director of Purchasing; Mike Yohe, Director of Budget & Finance; Edgar Cohen, Director of Facilities Maintenance; Gary Serhan, Deputy Controller; Garry Esworthy, Risk Manager; Dan Robinson, Director of Community and Economic Development; August "Skip" Memmi, Community and Economic Development; Diane McNaughton, Press Secretary; Guy Beneventano, Esq., Solicitor's Office; Mike Pries, Director of Safety & Security; Kay Sinner, Personnel; Melanie McCaffrey, Solicitor's Office; Jena Wolgemuth, Commissioners' Office and Richie Martz, Commissioners' Office

GUESTS PRESENT

Jack Sherzer, Patriot-News; Kathleen Pavelko, WITF; David Twaddell, Esq.; Peter Carlucci, Esq.; WGAL-TV; WHTM and Fox 43 News; John Ladus, WHP Radio

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 four sets of Meeting Minutes that we will 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 at this time? (There was none.)

DEPARTMENT DIRECTORS/GUESTS

Skip Memmi, Economic Development; Kathleen Pavelko, WITF; Dave Twaddell, Esq.; and Pete Carlucci, Esq.

Adopt Resolution No. 15-2005 and Approval Certificate authorizing the Industrial Development Authority to provide bond financing for the WITF, Inc. Project

Mr. Memmi: We have before you today a Resolution relevant to the \$22 million Bond Issue that WITF is in the midst of putting together for their project.

Mr. Twaddell: Thank you for your time this morning. We are here before you to request your approval for the issuance of tax exempt bonds, in the maximum principal amount of \$22 million, to be applied to the construction financing of a new broadcast facility for WITF Public Radio. With me this morning is Kathleen Pavelko, who is the President and CEO of WITF, who can answer any questions you may have about the project. The estimated bond issue size, as I mentioned, is the maximum of \$22 million. The total project cost is currently estimated at about \$27 or \$28 million. A public hearing has been held by the Industrial Development Authority as required by the Internal Revenue Code. At that meeting, Council and members of the Board and Administration for the Industrial Development Authority were present, as well as, representatives from WITF. There were no members of the public who commented on the project at that meeting one way or the other. However, the Board did receive an updated briefing on the project. With your approval, we would be able to file for approval with DCED to issue the bonds. The agency is in final negotiations with lead letter of credit banks. This financing would be in the format of the weekly interest rate variable rate lower floater type bond issue to keep interest costs at a minimum. If things go well, we are hoping for approvals and construction financing to begin as early as June of this year. I would be happy to answer any questions. Your approval, of course, is the approval contemplated by the Internal Revenue Code, which I would characterize more as your

opportunity to say no. If you would prefer that WITF not benefit from tax exempt financing for its project, you as elected officials have the opportunity to say so. By approving the project you are only consenting to their use of tax exempt bond proceeds. You obviously are not approving anything else about the project. The County is not putting its taxing power or credit behind the bonds. They are simply consenting to their benefiting from tax exempt financing.

Mr. Haste: This has been a project that WITF has been working on for quite some time. There probably have been a few friends on the hill that have helped you out with this. I think it is a very worthwhile project.

Ms. Pavelko: Thank you. I am complimented by your support. I also wanted to express WITF's gratitude for the assistance and ever careful advice provided by the County, its Commissioners and its staff. As you know it is a bipartisan and multi-County effort. State funding released by both Governor Schweiker and more recently by Governor Rendell and various significant individual and corporate contributions has brought our fundraising total to 75% of its goal. We are not at the finish line yet, but I can see it from here, which is a very good place to be. We and all of the community are looking forward to begin construction this summer.

Mr. Haste: Is there a motion to adopt Resolution #15-2005?

It was moved by Mr. Hartwick and seconded by Mr. DiFrancesco that the Board adopt Resolution #15-2005 approving WITF's tax exempt financing project; motion carried.

(The entire Resolution is on file in the Commissioners' Office.)

Mr. Twaddell: Of course, you will notice that the new campaign for fundraising will begin on Friday for WITF.

Mike Yohe, Budget Director
Final 2004 Budget Estimate Report

Mr. Yohe: Commissioners, about two weeks ago I have finally accumulated what I feel are reasonable final estimates for 2004's Budget. I had distributed the information to the department heads probably two weeks ago, so everybody has pretty much the same as what you have. Chad asked me if I would give a brief presentation this morning to go over some of these numbers. I expected we were going to have a pretty good year. We came in somewhat better than what my estimates were, but again I always try to have fairly conservative estimates through the budget process. We should be able to add about \$3.7 million to our fund balance from the end of 2003. I know you hate the qualifiers, but again these are estimates. The auditors are working hard now and I don't expect there to be too much of a variation off of these numbers. I wasn't quite prepared for a real elaborate presentation here. What you have in front of you is a departmental breakdown with the final expenditure budget for 2004, the final estimate, the over and under and a percentage for over and under for every County department

that runs on a calendar year basis. The fiscal year funds, those that run July to June, you can tie those in. There is a line item within this as a transfer to those funds. We can actually compare their performance as well in this document. Some of the highlights, when we went into the 2004 Budget, we had budgeted \$1 million in a vacancy adjustment. We attempted throughout the year to keep them open and we entered into a hiring freeze and not only were we able to meet the \$1 million, we exceeded that by \$360,000. We saved about \$1.36 million in the salaries that were budgeted last year. Overtime charges, I went back and looked and the overtime charges were the lowest since the year 2000, which was good. Not only were we able to keep the vacancy adjustment that we had in there, which a lot of times leads to an increase in overtime, we were able to handle both, the overtime and vacancy adjustment last year. The other sheet I gave you, you can see that we were even lower in 2004 than we were back in 1999, which was the first year that our system actually broke out over time from the regular salaries. I also looked at total wages paid, not only with the \$1.36 million that we came in under on the Budget, our actual increase in wages paid was the second lowest in the last ten years. In the last two years we have done extremely well in that regard as far as slowing down the personnel costs, at least the salary costs, the wages cost of our employees. We had a good year on our pension plan last year. That resulted finally after several years of enormous increases. The annual required contribution grew by only 2% last year. That was also good news and helped the Budget situation. The other thing that has significant help on the Budget was our Children and Youth Budget, our transfer to Children and Youth came in about \$600,000 less than what we had budgeted at \$6.7 million. Again, this may be the last good year for that with what is pending on the horizon there. Again, this reinforces, we needed a good year last year with what is looming ahead unless some changes are made. There were a few that weren't as positive. Our prescription costs continue to just rise higher than I anticipate every year. They grew by \$567,000 last year, which was a 28% growth. This year we took steps and we shouldn't have that unpredictability because we went to fully insured in 2005, but that was just a normal growth. Up until this year, we were on a self-insured program and again the costs rose by \$560,000. Again this was just the General Fund. These numbers are just on the General Fund. There are other funds. The prescription costs were probably much greater in all the other funds also. Health benefits were way up last year. A good part of that, the Healthcare benefits were down in 2002 and 2003. In 2003, we had that agreement with Highmark where we were paying a real low rate with the understanding of a reconciliation. In 2004 unfortunately we had a large reconciliation payment so that added to the large growth in health benefits. Even without that everyone knows how fast health benefits are growing. They were up about \$1.5 million in the General Fund over 2003. I would say we were probably up \$2.5 million overall for the County. I don't know if there is anything else that you want me to go over as far as individual departments. Bear in mind that the list of all the individual departments shows many, many departments under Budget. I expected that and we needed that given that we had a \$1 million vacancy adjustment that was not included within each individual department. So, we needed to see a lot of departments under, however, they did come in under – like I said they went above just the salary costs as far as keeping our costs down last year. I can see that trend throughout the year. Usually when people want to

buy equipment they are sending budget transfers and I didn't have that activity last year. It seemed like everybody was trying to keep our costs down understanding the financial situation we were in. I am here to answer any questions. I don't know if you want me to go through line by line. I really don't want to do that, but I am here to answer any questions you may have.

Mr. Haste: How much was the settlement that we had to make with the healthcare benefits?

Mr. Yohe: It was between \$800,000 and \$900,000.

Mr. Haste: That is important to note there. I stopped in at the directors meeting on Monday and wanted to thank the employees for helping us out on this. Quite frankly, this is a team effort to be able to keep the costs down. I wanted to let them know that we appreciate their efforts and I also wanted to, and I will do this here as well, thank Marie and Bob for their diligence on the pension fund. As you can note in there once there were some changes made on the pension fund and we were able to move ahead with some of the direction that they had laid out, we were actually able to see much better returns on our pension fund, which helped us out with our ARK payments. I thank them for their persistence in bringing that message forward. Quite frankly, it was a rather convincing argument to move forward with and I want to thank them for it. That is to be appreciated.

A couple of things that I would like to note on there that causes me to say a little bit. I know a former member of this Board has recently decided to get "diarrhea of the lips" and talk a lot about that person making tough decisions and this Board not making tough decisions. Quite frankly, I think this shows that we have made tough decisions and we are willing to do it. The tough decision that individual made was to do nothing but put debt off to future years. I think that \$900,000 from healthcare benefits is exactly that. That is a blip that had we not had we could be adding close to \$1 million to this. I think this Board has made it consistent that we are going to move government forward, we want to be progressive, we want to think regionally, we want to move things forward, but we are going to do it in an efficient manner. We cut positions that were not needed. We did that in 2003 with the elimination of some super department heads that were here that were really just overseeing other department heads. I think also that the departments this year have gotten the message and they are following through that we are going to do what we need to do, our core business, but we are going to do it without a lot of fluff. The reason that we are able to bring this budget to where it is, is just that. As I said in the meeting with the directors, I think we have done a very good job on the expenditure side and I think we all need to be proud of that, but we need to continue to look at the revenue side of the budget -- where we can continue to make future improvements in the Budget. If the departments look at the revenue side and do as good of a job on that side as they have done on the expenditure side, I think we will see another year like this. The fact that the overtime costs are down across the County is again another signal that the department heads have understood it, they are working with us and I want to thank them and commend them for that. The other thing I said at

the directors meeting, I was not a big fan of the Wellness idea when it first came about. It wasn't something that excited me, but it is clear if we are able to have an impact through the Wellness Committee, we would be able to drive down the utilization. We are going to continue to see benefits in our prescription and vision costs. Not so much the vision, but I think in our prescription and medical costs. I think those are the types of things that we need to do that are long range solutions to this and hopefully are lasting solutions and not just quick fixes. The days of the quick fix and credit cards are over. I think this is a clear indication that we are on the right track.

Mr. DiFrancesco: Obviously, it is an opportunity to say that the actions and practices that we have employed over the last year have worked. It is an opportunity to reach out and say thank you to all the people who came together. Obviously all the department heads needed to be a part of this and they continue to be a part of this. I guess the real issue is to say what we said last year during the budget period. We made some hard decisions. We took some steps to put the County on a good solid footing, but our job is far from over. There are still a lot of issues that we have to address. Obviously the issue that I have spent most of my time on is Spring Creek, which is by no means out of the water yet. We have to continue to be diligent in what we are doing. We have to work very hard to preserve where Dauphin County is and where we still need it to go in terms of fiscal stability. We are going to need all of the department directors to stay on-board and we are going to have to keep the ship moving in the right direction. That is what we owe the taxpayers. I would agree that there were a lot of issues that had to be addressed. We have done that. I kind of wish that some of the largest critics in our community and I don't mean the taxpayers by any means, I am talking about more of the vocal ones that go on for the sound bites would take a closer look at the reality of what is going on here and the change in culture that we are trying to institute. I respect the taxpayers tremendously. There are some other folks that decide to criticize openly. Some were part of the problem and some have no real interest in the solutions. We are going to continue to work very hard for the taxpayers, but this is a very positive report. The ship is turning, but we are not on the path that we want to be on just yet. It is going to take some more time and effort to get us to where we need to be.

Mr. Hartwick: I guess, my Dad always said "you are only as good as the people that do the job every day". In the County, we have a committed group of employees who are motivated by a bigger purpose and that shows in the numbers. From the judicial side to the directors, everyone has jumped on-board and it is because I serve with two colleagues who have the public purpose at our forefront and our agenda. There is no insider trading. It is about doing what is right for the citizens of Dauphin County. I think it shows in our ability to turn this financial ship around and ultimately it is not over. I just had a meeting yesterday with Sandy Moore and the Children and Youth Budget is probably \$2 million short. Stuff flows downhill. We are use to encountering and proactively addressing these problems and I know we are trying to do as much as we can in human services to adjust and go after where the dollars are, but that is going to be a very difficult piece. We have talked about that for quite some time. We have the possibility of losing TANF funds and also Schaffner Youth Detention Center being transitioned to gain the maximum reimbursement. I am proud of the staff and the

people that take care of these issues proactively. We don't wait for people to tell us what direction we need to take. We are actually leading the charge in Dauphin County and I am glad that we have so many committed good employees.

Mr. Haste: I would ask the few department heads that are here and maybe, Diane can get the word out to the employees that we really appreciate the work that they are doing. We hope that we can stay on this course and this becomes a culture of ours and not just a blip on the screen.

Mr. Yohe: The only thing I would say is that I am in the process of going through the first 2005 review. When that is done I will give you an update on our five year projection.

SALARY BOARD

Please refer to the Salary Board Minutes that are on file in the Commissioners' Office.

PERSONNEL

Ms. Sinner: The first item was missed from the Agenda last week. It is the elimination of a position in Juvenile Probation. We are eliminating a Clinical Coordinator position at Spring Creek and creating a full-time RN Supervisor position. In the Personnel Transactions Listing, we are just requesting to fill three Human Service Aide vacancies at Spring Creek and then we have various personnel changes and separations. I have an Addendum to a personnel transaction. We are requesting permission to fill a full-time Judicial Secretary vacancy. We have three new hires. Items #2 and #3, I am requesting a vote on today, because the start date is May 2, 2005. The rest of the packet consists of overtime reports and a request for overtime from the Prison.

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick that the Board approve Items #2 and #3 under New Hires from the Personnel Packet Addendum; motion carried.

PURCHASE ORDERS

Mr. Baratucci: You should have all received your Purchase Order Packet yesterday. There a number of items that will need budget adjustments between now and next week. We are already working on those. The packet is there for your approval. Do you have any questions? (There were none.)

TRAINING PACKET

Mr. Saylor: There are none that need action this week.

ITEMS FOR DISCUSSION/VOTE

Mr. Haste: Mr. Tully, do you want to address the Wolf, Block matter?

Mr. Tully: This was basically an ongoing process. If you recall, we were dealing with special counsel, the cost allocating things between what we do in-house and off site. Essentially, working with the oversight Commissioner at Spring Creek, we believe that the needs there can best be met by having special counsel that can deal with that on a day-to-day basis and be monitored by the oversight Commissioner as well as the Solicitor's Office. The checks and balances will be in place that perhaps wasn't in place the last time we had special counsel in that role out there. Essentially, the fee letter that came in brings them in at the same rate so it should have, as far as rate goes, no impact on our projections.

Mr. DiFrancesco: Nothing to add. We continue to make changes and the need was there for probable attention to that particular area and with some other things that were going on in the Solicitor's Office, I am recommending that we make this change.

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick that the Board approve the engagement and 2005 Fee Proposal Letter from Wolf, Block, Schorr and Solis-Cohen LLP to serve as special counsel at Spring Creek; motion carried.

SOLICITOR'S REPORT

Mr. Tully: You have the final report and I would be more than happy to answer any questions that you may have on any of those items. (There were none.)

CHIEF CLERK'S REPORT – CHAD SAYLOR

Mr. Saylor: I want to follow-up on one item from the Audit Committee. We had been discussing sending out an RFP for an audit for the district justices. With the hard work of the Controller's Office, we have a draft RFP that the Solicitor's Office is reviewing. When that review is complete, we will send it out to request proposals back. We referred to Cumberland County's RFP when preparing our RFP. I have a copy if anyone would like to see it. That is the direction that we are following.

We would like to have a brief Executive Session to discuss a legal matter. It should not take a long time. We discussed possibly holding it after the Retirement Board Meeting.

COMMISSIONERS' COMMENTS

Mr. DiFrancesco: Stepping on your toes Commissioner Haste, I was up at the Conservation District yesterday. There was an Envirothon held with students from throughout the County. What a great program to see these very bright young people coming to compete against one another in something that the Conservation District

sponsors. The bottom line is these students were going around from location to location and doing a competition which tested their knowledge of forestry, animals and water issues. That was just great to go up there and see the competition going on.

A second issue that I thought was fascinating was some of the grant money that was being used up there to rehabilitate some of the parking areas and expand the parking areas using best practices in terms of storm water management. When that project is done it is going to be quite an educational opportunity for developers and contractors in the area to go and see best practices in terms of storm water management. It was a pretty exciting day at the Conservation District. There are a lot of good things going on up there. I was sort of stepping into your area of oversight, which I normally don't do. I had a good morning with the students. It is a program that we probably should be promoting more to try to get more school involvement.

Mr. Haste: I am surprised that the Chief Clerk didn't announce that Friday is Arbor Day and that everyone should go out and plant a tree.

Mr. Saylor: That is a great idea. I would also like to mention that Friday is Arbor Day. Today is Professionals Assistants Day.

PUBLIC PARTICIPATION

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

We are going to adjourn this meeting and immediately go into Retirement Board. I know our Controller needs to get to another meeting.

ADJOURNMENT

It was moved by Mr. DiFrancesco and seconded by Mr. Hartwick that the Meeting adjourn.

Transcribed by: Richie Martz

Respectfully submitted,

Chad Saylor, Chief Clerk/Chief of Staff

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