



DAUPHIN COUNTY BOARD OF COMMISSIONERS

WORKSHOP MEETING

Wednesday, May 26, 2004

10:00 a.m.

MEMBERS PRESENT

Jeff Haste, Chairman
Dominic D. DiFrancesco, II, Vice Chairman

STAFF PRESENT

Chad Saylor, Chief Clerk; Robert F. Dick, Treasurer; Gary Serhan, Deputy Controller; William Tully, Esq., Solicitor; Robert F. Knupp, Esq., Solicitor's Office; Bruce Foreman, Esq., Solicitor's Office; Randy Baratucci, Director of Purchasing; Edgar Cohen, Director of Facilities Maintenance; Faye Fisher, Director of Personnel; Mike Yohe, Director of Budget & Finance; Dan Robinson, Director of Economic Development; Robert Wentzel, Director of EMA; Garry Esworthy, Risk Manager; Kelly Wolf, Solid Waste; Kay Sinner, Personnel; Sharon Way, Personnel; Bob Burns, Commissioners' Office; J. Scott Burford, Assistant Administrator of Spring Creek; Dave Schreiber, Personnel; Barry Wyrick, Director of MH/MR; Ellie Myers, MH/MR; Jim Szyborski, Executive Director of Dauphin County Planning Commission; Diane McNaughton, Communications; Melanie McCaffrey, Solicitor's Office; Donna Price, Controller's Office; Julia Nace, Commissioners' Office; Jena Wolgemuth, Commissioners' Office; Kacey Truax, Commissioners' Office and Richie Martz, Commissioners' Office

GUESTS PRESENT

Jack Sherzer, Cathleen Otto, Mike D'Arcangelo, Ed Balliet, Mike Fiaschetti, Mike MacGee, Stuart Malina, Jeff Woodruff, Rodger Clark, Bob Dietz, John S. Ward, Jim Hoffer and Frank Pinto

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 three sets of Meeting Minutes that we will review and approve next week.

PERSONNEL

Ms. Sinner: The first item that we have in the Packet is a Salary Board request from Children and Youth. They are requesting to eliminate a fiscal technician and create a fiscal assistant position. It is actually a downgrade of the fiscal technician position. In approximately a year, the person that will be moving into this position will have more experience and then this position will be abolished and the technician position created again.

The Vacancies Listing, we are requesting permission to fill two County Casework Interns in Children and Youth, the Home Program Coordinator position in Community and Economic Development, a part time Law Clerk in the District Attorney's Office, a Fiscal Technician position in MH/MR and the Director of Nursing position at Spring Creek.

There is a New Hires Listing. If you have any questions, I can explain. There is also a Changes Listing. We have overtime reports and an overtime request for the Prison. The positions being filled in Children and Youth and also in Human Services are funded.

Mr. Haste: Any questions for Kay?

Mr. DiFrancesco: Just a comment and that is again there are a couple of key areas on that overtime chart and unfortunately they fall within my oversights, which I will continue to review. It is important that everybody understands that there is a lot of overtime being used early in the year and we haven't even hit summer holiday peak leave use; which will drive the overtime. Just to tell everybody as I am telling my oversights to keep on that and watch that, because we can't afford to go over.

TRAINING PACKET

Mr. Saylor: There is nothing special in the Training Packet. They are all pre-approved and there are none that need to be dealt with today.

PURCHASE ORDERS

Mr. Baratucci: There is nothing to add to the Packet. It is as it was presented to you yesterday. There are a few budget issues, as usual, that need to be reviewed. Unless you have any questions, the Packet is there for your review and it will be presented next week for approval.

DIRECTORS/GUESTS

Commissioners

Check presentation to Roger Clark, Harrisburg Symphony Orchestra – Tourism Money

Mr. Haste: We have the pleasure of presenting a Tourism Fund Check to the Harrisburg Symphony Orchestra. With us today, I understand, is Roger Clark, Director of Development; Jeff Woodruff, the Executive Director and the Maestro Stuart Malina. Please come forward. (The Board presented the check and pictures were taken.)

Cathy Otto, Mike D’Arcangelo & Ed Balliet of Complete Healthcare Resources Presentation of Services

Mr. D’Arcangelo: I am the Senior Executive Vice President with Complete Healthcare Resources. We are here basically to provide you with a summary of the proposal that we submitted to Dauphin County for full management services at Spring Creek. What you are receiving is the proposal, along with an executive summary and some work analysis and the kind of reports that would be submitted on a regular basis. Complete Healthcare Resources introduction to Spring Creek came about as a result of our involvement with the recent compliance project. We were involved with the administrative and nursing support areas. Roberta Cunningham, the Acting Administrator at the facility is in fact a Complete Healthcare Resources employee. We feel we have a good introduction to the facility and have made some difference at the facility. As I am sure you are all aware, Spring Creek is a 24 hour/7 day a week, 365 day operation, serving close to 400 residents, with 400 employees. It generates over \$20 million in annual revenues. It is a big, specialized operation that involves numerous regulatory agencies, often on a daily basis. What Complete Healthcare Resources is proposing is to assume the full management of the facility. Full management would be all areas of operation, all departments, oversight over all those departments, working through the existing staff and supervisors at the facility and leaving Roberta in place as the Administrator of the facility, working with the new Director of Nursing, Assistant Administrator and proposed Chief Financial Officer, someone to manage the office of the facility. If you have any questions or comments at any time, please just ask them. Complete Healthcare Resources is a 15 year old company that was created by my

partner and myself. We are based in Horsham, Pennsylvania. With me today is Cathy Otto, the Vice President of Operations of our Long Term Care Operations and Ed Balliet, the Regional Vice President who oversees a number of facilities. We bring over 100 years of actual experience in managing nursing homes, assisted living, continued care retirement communities in Pennsylvania and throughout the mid-Atlantic region. We also have an office in Dubois, Pennsylvania.

Our objective in this full management proposal, is to basically partner with Dauphin County and utilize the experience and resources of Complete Health Care to achieve a less costly solution to the many challenges that occur on a daily basis at Spring Creek. As we said, we work to train and manage the existing staff to allow them to work more efficiently, implement the various processes, systems and programs that are necessary to run a very regulated business. A number have been identified as a result of this compliance project. We have the staff and we would be doing the training on site with our staff in almost all cases. Basically, we would put in place those programs that we know are utilized by a number of successful providers throughout Pennsylvania. With the implementation of those programs and the hiring of Complete Healthcare Resources in the full management role, we would hope to strengthen both the organizational and the financial structure in the facility to give it a stronger foundation. Hopefully, get it to at least a breakeven financial situation; which we believe is feasible. This was accomplished in a number of facilities that we operate. Over the 15 years of operation, we have been involved in more than 20 county government owned facilities throughout Pennsylvania and surrounding States. We believe we have quite a track record in both full management and consulting at these facilities. The other thing with our Proposal, we were challenged by Commissioner DiFrancesco to structure a management fee that would basically result in budget neutrality to the County in the area of the fee. Basically guaranteeing that our fee will be compensated with the results that we produce in the facility. Our management proposal, at the Commissioner's request, had submitted a copy of what the contract would look like to the Solicitor for his review. Basically, what we are saying is we would charge our fee and establish and work with the Commissioners and the County Personnel, particularly the Budget Office, to establish the benchmarks that we would utilize to identify the savings that are being produced and to show that we actually saved not just our fee, but more. We feel confident in making that proposal based on the time that we have been in the facility as a part of this project. We have a lot of experience in a number of other facilities, including some of the same size and structure as Spring Creek. We have also run some benchmark analysis against other nursing homes and with that and what we have seen to date we believe the ability to generate savings is there, while still providing quality care to the residents and meeting the financial needs of the County.

Mr. Haste: If you follow through this, what you are proposing isn't just to break even, it is to realize substantial savings. I think you are being conservative when you said breakeven. I also know that part of it is based upon us going on with your management service agreement. I just quickly reviewed what you have here.

Mr. D'Arcangelo: That was the initial as we see it of what we would undertake. We would anticipate 30 or 45 days to give you a full, what we like to call, an expectation plan. Actually that timeline works well for the Budget for 2005. We would give you detailed plans, work with the Budget Department and say here is what we would do, here is when it would be done, here is what we are proposing and then we could measure it throughout the year.

Ms. Otto: That strategy proposal was based on a very quick two or three day due diligence that we did in order to expand on what we had already identified in our compliance effort. We also believe that when we enter a full management agreement, we must come in and do a total due diligence, an in-depth, not only looking at operational strategies for efficiencies, but also looking at compliance even though we have been involved in it we would dig even deeper and come up within 45 days an actual plan. We would agree upon the elements of those plans and what we need to accomplish and how we are going to accomplish it. So, the first 45 days are a pretty busy time. There will be a lot of further assessment of the facility, even though we have had the opportunity to be aware of what is going on. I would like to follow that same focus. It is very important to start it off right. You would get a very in-depth written document that would identify all the key elements that we discovered and how we would approach them and what we think will come out of those.

Mr. Haste: For this year, if I am looking at this correctly, you are proposing saving about \$800,000. When you net out your fee, the net savings is a little over \$600,000. Is that correct?

Mr. D'Arcangelo: Yes, through the end of the year we were proposing based on this and previous analysis, because this is a work in a process, we felt confident in the \$500,000 to \$750,000 range of gross savings, with net, I believe our fee is about \$168,000 for the rest of the year. We feel confident in those areas. The Commissioner mentioned earlier about the significant overtime in agency utilization. A lot can be done with scheduling and working with the work force and the union groups to address those problems, plus it is good for the continuity of care to have people on board. A number of nursing homes have a lot more part timers that are on staff and we believe are available in the budget and in the County. This would be used to offset the overtime and particularly the agency usage.

Mr. Haste: Again, I didn't get a chance to look at this in great detail, are you also looking at billing to make sure that we are doing the proper billing. I didn't see that listed here. One of the things that gave me concern, when I came in last year, going through the budget was the County had budgeted basically \$280,000 that they subsidized the Nursing Home with when in fact it was really closer to \$3.2 million. One of the things that came up was that I'm not sure we were billing properly and we weren't getting the revenue that we were due. Most, if I skimmed this correctly, what you are doing here is identifying savings, which is a good thing. Are you also going to take a look at the revenue side of it and see where we are able to enhance that?

Mr. D'Arcangelo: The two areas that we would like to accomplish is to get the census up to a higher level, which in itself shows the potential, if it gets up to a normal level of \$1 million a year in additional revenue at the current billing levels. Also, as you see in here, there is reference to an analysis of the NDS. The assessment of the resident, which if you assess the resident properly that generates the revenue for that resident. Utilization of the rehab programs and things like that and then follow through on billing and collecting the funds. That is part of the package and that is the oversight of the business office and a follow through on some recommendations that I believe you have seen from your previous consultants. We would do that as part of the full management.

Ms. Otto: The other thing that we do routinely as we do annually, is a regional staff compliance work plan for the year. Part of that is our consultants, when they come in and actually do random audits of the billing process to make sure that it is done correctly and to follow through with the supporting documentation. So, not only do we oversee business office functions, but we also do corporate compliance type activities to make sure that there are no errors in the processes and that is done throughout the year on an ongoing basis through our compliance work plans.

Mr. D'Arcangelo: Like I said in the number of counties that we have worked with over the years, prior to our 15 years with CHR, we compiled almost another 15 years with national companies doing similar things for county government owned facilities, nonprofits and for profit facilities. When you look at the scope of the operation that is a major business entity no matter where you are at. As the owner's representatives of those facilities you are entitled to the reports that any high level executive would get on a monthly basis. Operational issues should be identified almost daily, but definitely reported to the upper management at least on a monthly basis and certainly with annual budgets and business plans. That's this expectation report. It basically presents like a business plan for the facility. It talks about making sure that it meets the mission of the County for the facility. When we approach it that way things don't happen overnight, it doesn't go bad overnight, it doesn't get good overnight, but over time it is more than just a numbers and a budget process. A lot of times it is simply the linking of the day-to-day operational people with the budget process. We see it in a number of county operations, depending on how that particular county operates. The county accounting is separate from the facility accounting. They need to be reconciled on a timely basis. We like to get all that linked up and put a financial system in place and an overview system. You might not always like what you see. There might be little mistakes, but basically you are getting a report that if everybody is looking at it, working through it every month, they get their questions answered and they can anticipate asking questions and feel like they at least, from being one of the representative owners of the facility for all the people of Dauphin County, feel comfortable that you have some sense of what is going on out there. That is really what we try to do.

Ms. Otto: Our consulting piece actually covers all the areas - nursing, environmental services, dietary and the business office. We also have Eastern Accounting Staff that can do financials and will oversee the completion of financials if someone on site is doing those. It just depends on how each building is set up.

Mr. D’Arcangelo: From an environmental standpoint, it was pointed out, our housekeeping, laundry and maintenance facility staffing, have people that are OSHA certified and are certified building contractors. They will go through and establish a three or five year capital plan for the facilities. You have a newer facility, you are fortunate in that way, but things break and over time need replaced. You are putting the money in the proper areas to properly maintain the facility and replace those pieces or plan to replace those pieces that break as you would your home. That would be a part of that annual plan. It is prioritized.

Mr. Haste: You alluded to the fact, you saw what ZA recommended on the revenue side and you feel those are doable?

Ms. Otto: Yes, the only caveat that I want to put on the MDS and the MA rate increase is that it is kind of out of every bodies’ hands until we see what the State does with the rates. It is a possibility that will exist, if we push that restorative care program, we raise the MDS and increase the case mix, but ultimately that number will only go up if the State raises the rates and addresses that. I say that we will have everything in place to maximize that if the rates come through. There is just no guarantee. No body really knows right now where that is at and I wanted you to understand that. At this point nobody knows where our MA rates are going. That is certainly operationally something we would address any way and be positioned to get the best MA rate we can when in fact they address the MA rates. There has not been an increase since July of last year.

Mr. Haste: Again not reading the contract and not wanting to make any assumptions, one of the reasons that this is attractive, quite frankly, is Roberta. We have heard nothing but good things about what she has been able to do out at the facility. What happens if she leaves your company in six months?

Ms. Otto: We would recruit another administrator. That is our responsibility and we would present you a candidate that would meet your satisfaction. We would arrange for the interim. It would be our problem.

Mr. DiFrancesco: That was a good point. I wanted to raise that in my comments, but I will raise it now. You have heard me say it before, but I think what is truly allowing even this option to be on the table is the fact that Roberta came to this facility and she just totally impressed everybody. I know that when I first came on the job and was doing my tour through the facility, of course there were a lot of employee questions and concerns about--are you going to privatize, private management, we don’t want that we have been down that road before and it doesn’t work and they send us evil people and all that good stuff. The fact of the matter is Roberta came in and she was exactly what we asked for. We asked for a hall walking, hands on kind of person and she has done a remarkable job and I really believe that is what paved the way for us to be able to sit here in a rational way and have this discussion. I wanted to make sure that both of you hear it once again.

I have a couple questions. Right now, are you managing any facilities of this size or larger?

Mr. D'Arcangelo: Yes.

Mr. DiFrancesco: So, you have experience in this field.

Mr. D'Arcangelo: Yes, at least two others.

Mr. DiFrancesco: Of the facilities that you are managing of this size, are they private?

Ms. Otto: Both county.

Mr. DiFrancesco: Can you give me a rough number as to how much the other counties have to subsidize their homes?

Ms. Otto: Neither one of them are subsidizing.

Mr. DiFrancesco: Mike, can you give me a ballpark of the real number that Dauphin County has been putting into the home? I am not asking for exact numbers. I just want it stated for the record how much Dauphin County actually has been putting into the home the last couple of years from general tax dollars.

Mr. Yohe: It ranges any where from \$3 million. My estimate at this point, I haven't gotten the finals. It was up to \$5 million last year.

Mr. DiFrancesco: So, the County basically has been subsidizing up to the tune of \$5 million. The reason I bring that up is because, again as Commissioner Haste alluded to, the budgeting out at the facility over the past few years has been less than professional. The expectation, with the memo that was dropped on my desk this year, is that not only are we budgeted to put \$3.2 million into that facility, but potentially we have an additional \$2.5 million liability if nothing changes from here to the end of the year. So, once again we would be looking at putting \$5 million or more of general tax dollars into that facility. The reason I bring that up is because through my work with the facility what I have realized is that we have fabulous quality of care, fabulous employees that are committed to the residents of this facility. What I said before is we had a complete comprehensive 100% breakdown in the management of the facility. What that means in terms of day-to-day operations is that if you have nobody in the top controlling where the ship is going, you have nobody on the top communicating down through the channels what the priorities are, what needs to happen, how to correct when the Department of Health comes in and finds issues, you have an absolute breakdown in a building. Through the first six months review, I can tell you that we have to build a completely new budgeting process, build a completely new environmental procedures manual on how we are housekeeping and how we are doing laundry and all those other things. We have to take a look at even some of the departments that are operating well, because we can do better. The challenge before us is great. I am spending a lot of

time hands on at that facility, but the bottom line is I am not a trained professional in those areas. Based on the materials that I have read, you are. The point that I am ultimately trying to make is the fact that unless we get our act together with a strong management team out there we are going to continue to subsidize to the tune of \$5 million a year because we can't be out there full time and bringing people on line. We need people that know how to get the job done. In terms of the cost in the contract, just for the record, that is an all-inclusive figure. What we would be paying you, your fee, would allow you or would give us a complete comprehensive oversight of the entire facility, whatever would be needed. I understand there are still some issues with our Solicitor's Office that may be called upon. For the most part, in terms of management and resources that come to the building and how to get the job done that is what is included in this.

Ms. Otto: That is correct.

Mr. DiFrancesco: The other question is as far as the fees and I know we talked about this when you first gave me the proposal back at Spring Creek. A component was in there where it was the majority of the portion was upfront and then there was a deferral.

Mr. D'Arcangelo: Sixteen and 18.

Mr. DiFrancesco: Does that still apply to this, because it is in this book, but I know that we sort of changed that? You are guaranteeing your fee now.

Mr. D'Arcangelo: With the guarantee, I took that out and put it all upfront and then we would be establishing measurement steps along the way. I think the first measurement step would be at the end of 2005, because you are going to throw a lot of resources upfront to get the things in place with me working with you in getting your agreement and then we will be measuring it. At the end of 2005, we measure it and say did they more than save this fee and if not, we would return that portion of the fee to you.

Mr. DiFrancesco: The question I have, because this specific contract that I just looked at yesterday for the first time and the Solicitors are going over that right now, is how do we address issues that may arise? For example, if the Department of Health would come back in and we would find ourselves back on their hit list, if you will, how do we address those? It was somewhat clear on this, because if certain things happen you didn't owe us money for that.

Mr. D'Arcangelo: That proposal was monetary. You were looking for some incentive. I also worded that to say a net impact. If we get in and we get a Department of Health issue and causes serious financial problems, there is default language in the contract that you would call on. I want to say it may be a 90 day notice that we give you more time. There are those types of things from a contract standpoint that says you are unhappy or we did something wrong, you just declare a default.

Mr. DiFrancesco: Okay.

Ms. Otto: We can have that discussion.

Mr. DiFrancesco: That is fine and based on what I have seen I am not concerned, but I just want to make sure that the County is protected as well. Again, when we had our initial conversation you are making the guarantee in the proposal that it is basically cost neutral with your fees, but in fact the two and a half year number potentially could be in excess of \$2 million based on what you are seeing at this point. While that number is not guaranteed, you expect to go in there and find some serious corrective action that you can take in order to get that budget back under control.

Mr. D'Arcangelo: The issue there is, it is not like you are going through and finding nickels. You will find nickels and dimes, but you really find the biggest dollars in the processes and the systems you set up. If you have a scheduling system that staffs the facility without excessive utilization of overtime and agency fees, that means a savings and if it works from a compliance standpoint and everything that savings just goes on and on and on. We have reports that, I think in the report book, show you people call in their census, their staffing levels, hours of overtime, agency admissions discharges on a daily basis and reacting to that. In the beginning you may see weekdays are fine, it is weekends that kill you. Then you have the tools to go after and follow-up on. We talked about how some of the steps that we will take to go after that.

Ms. Otto: One of the things that I really want to emphasize is that team building is extremely important. What I find in my own experiences, is a stable building with consistency, continuity is one that usually runs very well operationally as far as financial, because you have the employees working with you to resolve the problems. The people in the trenches, the people on the units day-to-day are the ones who know where the cost savings is in many cases. We are going to go in and partner and build teams and we are going to communicate. You have to do that in order to listen to what they have to tell you and they understand the kind of processes you need to put in place to affect the change. That is really what has to happen. The whole community needs to be involved in this and that, I think, is why we can be successful. We get to know the people. We are not a consultant that just drives in and throws two policies on the table and say I will be back in a month to see how things are going. We are going to be in there as teachers, coaches and mentors and I think right now we don't have that in place.

Mr. DiFrancesco: I have said this many times, the people are ready to go. The employees are ready to go. We had an incident this past weekend at the facility. A minor crisis if you will, nonetheless it taxed the staff and I was in there for probably several hours watching how everybody came together and handled everything with a smile on their face, showing compassion for the residents who probably were a little confused about what was happening was invigorating. We have terrific people working at that facility. What we need is a great management team to give them guidance and to help them along.

Mr. D'Arcangelo: It is a tough industry. You see it from the recruitment, retention and all. My experience over many years with many thousands of employees, the heart is always in the right place. No body intentionally goes out to do something wrong. Often times, and what Cathy said, is part of the problem is in training. You show them some things that they may have not even known were wrong. To you and I it may not appear wrong, but there are systems and processes that need to be followed in a very regulated business. People are good at heart.

Mr. DiFrancesco: I have two questions on the Interim Agreement, but we can hold that until after this discussion is done.

Mr. Haste: Could I get a list of the facilities that you have? I would like to have some references that I can call.

Mr. D'Arcangelo: Last page of Section 3 of the Book, the Proposal.

Mr. DiFrancesco: If I am not mistaken, I think our Chief Clerk has already reached out to a couple of the counties and did some checking for us.

Mr. Saylor: I did have an occasion to speak to the Chief Clerk of Somerset County and she had very favorable things to say. She is familiar with Complete Care Services.

Mr. D'Arcangelo: We changed our name.

Mr. Saylor: She had very good things to say and I have traded calls with Somerset's Commissioner.

Mr. Haste: One other question which I should have asked earlier. One of my ultimate goals would really be to get this back and not need, at least to the level that we have, your services. What if the appropriate administrator came to us in this time frame, call it a Roberta, how do we not miss that opportunity to bring someone on board as our employee and how would we handle that if that were to happen?

Ms. Otto: If you wanted to bring that person on and relieve Roberta, we could do that. Is that what you are asking? We are giving you Roberta for a year because you want Roberta for a year, but Roberta actually has a job in our company so I am trying to find other ways to handle that to give you Roberta. She is doing a good job here and I believe that consistency is very important for you. Let's say the clone shows up, I think what I would probably do and Ed and I have talked about that is bring in your person and let Roberta remain as a consulting type person to provide that oversight so you don't break that.

Mr. Haste: So, we have flexibility in this contract?

Ms. Otto: As far as your administrator, absolutely.

It wouldn't be that she is out on the street. The guarantee for the year is to give you the reassurance that we would allow her to stay the year, but if you wanted her less than a year because you have someone we would allow that, but we would probably continue to provide her presence here on a consulting basis to assist Ed because that would be real important for you.

Mr. Haste: As Nick said, I remember this facility from some years back when this used to be the Nursing Home of the Year. There was a management staff that did what we are asking you to do and I would love to get it back in that position where we have our own employees, our own staff, running a top notch facility that is Nursing Home of the Year again. I am very aware that we don't have that management team or staff now and we need you to get us there. Hopefully in the meantime, we continue to look for those people, we start to bring them in so that at the end of the contract we can say thank you for a job well done, you got us over the hurdle, but now we have our own team. There still may be some need for your services, but I would like to see, if we are going to have this facility, it be our employees eventually.

Mr. DiFrancesco: We are very slowly rebuilding that team. Scott, if you would just stand up for one minute, Scott Burford is the Assistant Administrator that we hired I believe at the last meeting and just wanted to take an opportunity to welcome you to the facility. You are the start of the future.

Mr. Burford: I look forward to it. Thank you very much.

Ms. Otto: We are not here to interfere with that goal. We understand your goal and we will help you achieve it.

Mr. DiFrancesco: I have no further comments or questions. As far as the Interim Agreement, there were just two questions. As stated in the Agreement it was time specific that it would only be the gap between the end of the old contract to June 1st so we would want to keep that flexible, because obviously I am not certain where we are today. We obviously want to extend that so that if we need more time, if we can't vote today, we want to do it next week.

Mr. D'Arcangelo: That would be prorated to that period so that is not a problem.

Mr. DiFrancesco: A question of definition, the benefit factor part of that, the Solicitor's Office asked me to say because it is not defined, what is that benefit factor?

Mr. D'Arcangelo: It is everything.

Mr. DiFrancesco: They didn't want to assume that.

Mr. D'Arcangelo: It is vacation, FICA, sick, holiday, workers comp all of those. I believe it was defined in the Agreement.

Mr. DiFrancesco: It wasn't that it was a major issue. They just said that we should know exactly what that is and so I got the definition.

Mr. Saylor: Put something in writing on that.

It was moved by Mr. DiFrancesco and seconded by Mr. Haste that the County execute the Interim Agreement so that Spring Creek can keep that continuity in place until the other Agreement is finalized. It is with the understanding that we can write in that we have the flexibility of the extension week-to-week with the prorated adjustment; motion carried.

Mr. DiFrancesco: You will have to finalize the actual Agreement that we have to sign.

Mr. D'Arcangelo: So, you will change that Interim Agreement?

Mr. Tully: If you don't mind us doing a language change.

Mr. D'Arcangelo: If you want to do a language change that is fine.

Ms. Otto: Do you want to add the definition language in there also?

Mr. Tully: Yes that would be fine.

Mr. Haste: Actually, I would like to thank you for the work that Roberta and everybody else is doing out there. It is having a positive impact. I hear it from the folks out there so thank you.

**Jim Hoffer, Bob Dietz, Frank Pinto and John Ward, of CAT
Preliminary Engineering Funding for Corridor One**

Mr. Ward: I want to thank you for this opportunity this morning. I also want to mention that I am quite happy that I don't have a County nursing home that I am responsible for any more.

We are going to have a little bit of a duo this morning with Bob Deitz and I. We have given you a couple sheets with some very key issues that we think are important to talk about this morning, so you have an update on the program and where we are. We can talk a little bit about the final pieces, demonstration project and our ideas on that. Initially we will have Bob Deitz bring you up to date on some key issues.

Mr. Deitz: Before we get into the key issues, just to make sure everybody in the room is on the same wave length. We are in the midst of preliminary engineering and environmental studies right now for what is termed "Corridor One". The first phase of the proposed regional rail program here in the Harrisburg region. That program came about after almost ten years of study. That whole series of mandated studies by the Federal Transit Administration looking at regional transportation growth and demand of all modes looking at the potential for various transit modes, bus or bus ways or rail

transit to satisfy part of the travel demands in the region. Out of that whole series of studies came a recommendation for Corridor One as the first phase of what is termed the "Regional Rail System". Corridor One was defined as being from Carlisle to Elizabethtown, because that was the Dauphin County line and basically the original term of the study area. As you know that has subsequently changed. After the decision was made to look at Corridor One, the Federal Government has a process where they say well that is an awfully big corridor. If you are going to move ahead with implementation lets pick a demonstration piece of that. The first viable piece of that; which is referred to as the minimum operating segment (MOS). That minimum operating segment is supposed to be the smallest segment that would operate a viable transit service and be used to demonstrate the feasibility of such a system for this particular region. We went through a series of analyzes back in 2000/2001 to identify the MOS. During that process issues came up related to the ridership projections for whatever system was ultimately selected. We recommended, because there were some questions from the Federal government at the time on whether or not the modeling system that was in use in this region and it is the same system that is used for highways and for transit. It is a system that forecasts total travel demand and then looks at mode split between who would ride cars, who would utilize various types of transit service that might be available. That system had not been updated since the early 1990's. In 2000/2001, we undertook an effort to work with Tri-County Regional Planning Commission and update the mode split model that is in the regional modeling system. At that time, we recommended and Capital Area Transit agreed, and we put together a peer review panel of experts from around the Country, folks from the Federal Transit Administration, folks from Florida, New Jersey, Federal Highway Administration and others that work on a day-to-day basis in looking at the development of multi-modal transportation systems. That panel came in to review what we were proposing to do with the model chain here in the region to make sure that when we were done that the Federal Transit Administration could have comfort that we had a state of the art model and that we were getting reliable projections. There has been a lot of discussion lately about some of the things that came out of the peer review. I wanted you to be aware of how that was set up.

On the first page, under key issues, I have highlighted a couple things that came out of that process as a result of updating the model chain and working with this peer review panel. We accomplished a number of significant things for the region. Item A, we did update the regional mode split model to the current state of the art, which is what is being used on all ridership forecasting for rail, bus and intermodal systems around the country at this point in time. That was updated and made a part of the package. Because of comments from the peer review committee, we also said well lets take maximum advantage of the investment that the State and Amtrak are already making in the Keystone Corridor. Keystone Corridor is the existing passenger line from Harrisburg to Philadelphia. That raised a very interesting issue, because the study area at the time stopped at the Dauphin County line. So, the original MOS went from Harrisburg to Elizabethtown. We said if we are really going to maximize the benefit of the Keystone Corridor and take advantage of that the initial system ought to go all the way to Lancaster. That opened up some interesting procedural issues. We went back to the

Federal Transit Administration and we said lets redefine the minimum operating segment so that it goes, at that time it started in what was called West Mechanicsburg and went to Elizabethtown, we said lets extend it from Elizabethtown down to Lancaster. We got the Federal Transit Administration to agree to that. But, subsequently we said alright it is still a pretty costly initial minimum operating segment, is there anything that we can do to further reduce the cost of the initial segment, the initial demonstration that is going to be done in this area and still accomplish the goals that we need to accomplish. With the agreement of the CAT Board, we agreed to move from the Western side of Mechanicsburg to the East side of Mechanicsburg and that cut about \$45/50 million out of the cost that was proposed at that time. We extended it to Lancaster along the existing Keystone Corridor to maximize our use of that existing infrastructure. We went back to FTA with that proposal, with the revised model chain and we got Federal Transit acceptance of both the regional modeling process. We got their approval to move ahead with this revised MOS and undertake the current work, which is preliminary engineering and environmental studies. That is how we got to this point. My point is that we listened to what the peer review had to say. We followed their recommendations to a great extent in terms of not only the model chain, but in reconfiguring the initial minimum operating segment, with which we would move forward. We are now involved in analyzing that minimal operating segment.

If you turn to Page 2, I tried to highlight a couple of what I called the “keys to success” of this regional rail program. If the region decides that you want to build and operate anything here in the region there is a number of parallel things that have to take place. I know that both of you gentlemen have recognized this and have been concerned about this in the past. The point I wanted to make is that the list of items are part and partial of the work scope in preliminary engineering that we are now embarked upon. You can’t just go out and build the rail system – you will build it and they will come. There are a number of parallel actions that are required if a regional rail component of our multi-modal transportation system is really going to succeed. It is tied into land use, joint development policies, parking policies and other things. Our earlier studies, as we went through the regional planning here, had highlighted that. It was highlighted in the earlier summary brochures that had been released by both CAT and the Modern Transit Partnership. Specifically, the ones I listed there A through F, is transit supportive land use policies. What that means, if we are going to invest along an existing rail corridor, both in Dauphin County and in Cumberland County, we are effectively going to help support the existing infrastructure, the existing communities that had developed along that rail corridor in the past. But, those communities need to think about specific supportive policies that will promote what is called “station area transit oriented development” around the stations. There are good examples of what is being done elsewhere in the country to try and accomplish that. Part of the preliminary engineering work scope which will be undertaken, has not been yet, is to look hard at station area development opportunities and bring in experts from around the country who have done this kind of thing and look at what the potential is here.

Mr. DiFrancesco: So, when you talk about land use policies, what you are talking about really is the area around the stations and not so much concentrating development of

higher densities - homeowner residential higher densities. You are not going that far down the line?

Mr. Deitz: Transit oriented development, depending upon what a local community wants could well be higher density housing in the vicinity of transit stations also. Because frankly, the more people that live within walking or biking distance of transit stations, the better it is for everybody. The biggest challenge that we are faced with, with any kind of regional commuter rail in an auto dependent region like we are here in Central Pennsylvania, is adequate parking. The primary mode of access to the stations is still going to be the private automobile. We need to do everything we can to encourage alternative modes, whether that is walking or bicycling or activity center shuttle buses or redirecting the existing CAT buses to feed into the stations and all those and the Lancaster Red Rose buses. All those are part and partial of the program. Station area development could include higher residential densities as well. That is a community-by-community issue. We would certainly encourage it. One of the spin-offs of this and one of the things that has been identified in the environmental studies to date is investment in this kind of a multi-modal system and an existing rail corridor does help us in the issue of preserving green space. It gives us alternatives for infill and redevelopment along the existing urban centers and towns that have developed along the Corridor rather than continue to gobble up more and more farm land in the counties. There are some other possible spin-off benefits there.

The first thing is very important, Item 2-C; which is employer supportive commuter fare programs. The Federal Government has had on the books for a number of years programs where an employer can subsidize an employees' use of transit with pre-tax dollars. There are some benefits to both the employer and to the employee. The big issue is when you look at this particular corridor and the bulk of the employment which is here in downtown Harrisburg, the largest single employer is the State. Between the State, City and the County and other governmental agencies, there is a lot of public employment in this particular corridor, as well as private. We think it is critical that both the State and other public agencies, as well as private sector, adopt these supportive commuter fare programs. We had initiated significant discussions and John can give you more details, with the State several years ago during the previous study on this very same issue and do have some written commitments about moving forward. With the change in Administration, some of that is being rediscussed. Again, my understanding is that they are supportive of the concept as well. It is a key thing and it needs to be fleshed out as part of the preliminary engineering. These are the kinds of things we need in place, these kinds of policies and commitments, if the initial system is really going to demonstrate effectively whether or not regional rail is viable in this area.

The fourth item, transit supportive parking policies, that is a real catch 22 situation if you continue to build parking in your major urban centers, once you have a rail system up that can provide an alternative? There needs to be continuing discussions, not only with the Parking Authority here in Harrisburg, but at other points along the line as well to try to coordinate policies between parking. There needs to be discussion with employers, both public and private, as to how much subsidized parking they provide to

employees and whether or not that is giving an unfair advantage to one mode in a multi-modal transportation system. There is no easy answers there, but it is a key issue that needs to be addressed and again part of the preliminary engineering work scope is intended to try and bring those various forces to the table and try to come up with an agreed upon approach to parking policy along the Corridor.

Mr. Haste: Who is going to be doing all of that? It is good to talk about that. Someone needs to be doing that.

Mr. Deitz: As part of our contract with Capital Area Transit, effectively our charge is to get a facilitator. We can't make the policy decisions. Our charge is to try and work with the State, work with the employers and bring people to the table. To be honest, we would very much welcome the support of elected officials, such as yourself, municipal officials and the State in this process, because we need to get everybody at the table and try and get people to agree that this makes sense. We can't mandate it. All we can do is try and make the case and then convince people.

Mr. Haste: If you think about it, the Commonwealth is one of the key ones. The volume of our employees and where they come from I am not sure would be greatly effected by this.

Mr. Deitz: I don't honestly know at this point.

Mr. Haste: We have a lot of folks from the upper end of the County and from other areas that are not on this line. I am thinking of other major employers, one of our neighbors Pinnacle. It is good to talk about that and it is part of the plan, but someone has to go and sit down with them. Pinnacle is building a new parking garage. Who is doing that?

Mr. Deitz: We have been meeting on a regular basis with Pinnacle as it relates initially because the line goes right through their campus. There is a proposed station there at the Pinnacle complex. Those have been very cooperative meetings. I can tell you the issue comes up when we start talking with private employers, or even the Parking Authority here in Harrisburg about that issue. They say well at this point we don't know if regional rail is real. We can't afford to wait in the decisions that we are making because people are clamoring for parking now. The real issue becomes one of the longer we delay on trying to make the final decisions and move ahead with regional rail reality says the more parking is going to get built in the interim. It is hard to argue them out of it, because we can't sit here and guarantee when regional rail is going to come on line until all the funding commitments and all the other Federal hoops have been passed.

Mr. DiFrancesco: One of the issues that I have with this project, and I have shared this with you before, is the fact that I feel that as much effort is being placed in getting the project to move forward the same energy has not been placed in starting to make these policy changes that will ultimately decide whether this project is successful or not. As

you said, I'll even alter what you said, if you build it they won't come if we don't do anything else. Literally, they will run away from it as they have run away from the buses, if you don't do anything else. My point is that we have buses out there right now that pretty much mirror at least the Keystone Corridor and I am assuming even if you go across they are there, but I think more so that Line 7 to Middletown. I would be curious to sit down on a more formal basis with, and Jeff you can run away from this if you want to, somebody and say if today we do nothing more than do not give parking spots to anybody else being hired, not take anything away from anybody, just say going forward our policy is to set a priority where they get a bus pass. If they are along that Middletown Corridor or any other bus route, I am just using that because it is probably a really good example. But, we start imposing policies now, where we start shifting people to the buses, where Tri-County and I am not sure to what degree right now we are looking actively to say okay we know where these rail stations are going to be and we have to start pushing to say hey folks be aware of this. My biggest frustration in this whole project is that it has been going on for a long time and we have been talking about the things that need to happen in terms of policy, but as far as I am aware there hasn't been any movement at all in bringing those policies to bear, or making them happen. Again, my concern with this project isn't so much the idea. I would love to have a regional rail system in Central Pennsylvania. I would like to have a light rail system in Central Pennsylvania, but that is a whole other discussion. If our mind set doesn't change before this thing goes in I'm not going to say it is going to fail, but you are really putting long odds against it. It is always going to be that the policies have to come first and I am going to be real reluctant or hesitant to support it until I start to see that there is a commitment there from the community to do the other hard things that don't cost any money or actually would even save money and parking is a big one. That parking piece is a difficult piece, because obviously the City of Harrisburg relies on a lot of that money for funding. So, it is not like you can unravel it quickly. You would have to do that intelligently so you are not putting burdens on other people and I realize that. If we started a policy today where parking is not an option. Large organizations, like the Commonwealth, need to take the lead on this issue if it is going to work. Although it will be a major political issue with the amount of parking spaces that the Commonwealth subsidizes, I would love to know what that dollar figure is. I would like to know how much in tax dollars is going out to subsidize parking in the City of Harrisburg. My position all along has been they turn around and through the Department of Transportation subsidize the bus routes to the tune of millions of dollars, maybe it's not millions any more, but then they turn around and give parking to everybody so now we have empty buses on the street. If they wouldn't supply all that parking, not only would they be subsidizing the buses, but they would also be subsidizing the buses because people would actually be riding them and paying fares. That is really my frustration. Until we start to do the hard things and make the policy decisions and I don't care if they are incremental small steps, but until we show that we have the courage and the wherewithal to do those things that is why all along I have been saying I'm not so sure that I am sold on this. It would be a great community resource.

Mr. Haste: I had proposed this to PennDOT some time ago and that it is how I met Mr. Peltz under an adversarial relationship and then we became friends. I proposed a rail at that point in time. We have a community, if you come to the Courthouse in the morning, you will see two buses pull in. We do have employees who commute by bus now, but they are not CAT buses. It is not a service area for CAT. We offered subsidized passes to CAT now and even where those routes are I don't think they are utilized that much. Mike, do you know that?

Mr. Hoffer: Eight to ten per month.

Mr. Haste: We have 2000 employees and we use eight or ten bus passes. Again, I think it is because where a lot of our employees come from I am sure there could be better utilization. We do have a fair number that commute but it is not along this route. We are in an awkward position to force our people there. The mindset in some areas is there. Unfortunately, it is not in the area that we are going to be affecting.

Mr. DiFrancesco: I would be curious though if there was some way that, and if any of this has been done in the past just tell me, but I would love to know how many of our employees live close. I don't want to know the people that have to get into a car and drive to a bus stop. I just want to know how many employees we have that could walk to a bus stop. I would be very curious to see how many people are that close to service routes right now.

Mr. Ward: A good way to do that is to sort your employee list by zip code, not by name. We will work with you on that. We are doing quite a few things on this now. It is in the preliminary stage. We are actively working with the Commonwealth of Pennsylvania with Deputy Secretary Daboin to proceed. Let's face it the Commonwealth of Pennsylvania is the biggest player in this whole thing of subsidized parking. We are working with Mt. Joy, Elizabethtown and the City of Lancaster to supply more parking so that it will be another incentive for people to get on the train when they come to Harrisburg. We are working with some of the private landowners who own station locations on the west side of the river, helping them make connections with transit oriented developers. We are not just sitting here wishing some of these are going to happen, we are trying to make some of those things happen. The hardest problem is if we don't get the funding the rest of this doesn't matter a whole lot. In order of priority, how we get approvals, a tremendous amount of my time is just trying to get the funding so that we can go ahead and say that we can guarantee you that this is going to happen on such and such a date. Without those kinds of things and particularly the funding in place it is difficult to get the attention of people, because as Bob said we are saying that we are going to run the first trains now by mid 2006 and I believe that is going to happen. It is the first that I have started to feel really comfortable with that and I will talk about this a little later. I don't want to interrupt Bob, but you will hear some of this so you will understand where we are.

Mr. Deitz: I appreciate your comments and I think it is consistent certainly with what the goals are of the preliminary engineering phase. Keep in mind the kinds of things that

we have listed here and the last two relate specifically to bus service, the last two on Page 2, coordinated feeder bus service, we have developed a rerouting proposal that would take existing CAT buses and feed them into stations coordinated with the train operation. We had discussions with Red Rose Transit about accomplishing the same thing in their service area.

Mr. Haste: Do you shut down certain lines?

Mr. Deitz: We have not proposed shutting down. We have proposed some reorientation so that those lines feed transit stations. In certain areas, employer supported activity center shuttles – for instance, the Lemoyne Inter-modal Center that CAT is already moving ahead with on the bus side, there is a lot of employment centers that are not within walking distance of that center, but are relatively accessible. The whole Erford Road complex is and there have been discussions with those employers to help subsidize shuttle service.

Mr. Haste: You have Highmark right in that same complex.

Mr. Deitz: There is a tremendous amount developing over there where we need that kind of activity if this is going to succeed. These are the kinds of things by the way that the Federal Transit Administration encourages. At the end of preliminary engineering and then the conclusion of environmental studies, when we go back to them and say okay here is our findings and here is the local commitments we have in order to induce them to release the bulk of the monies that come from their new starts fund. These are the kinds of things that we need to have in place or at least show significant progress and have a timeline as to when they are going to be in place to support the investment in the rail system. We are trying to get to where you are. We are not going as fast as I had hoped originally. As you know there has been some delays in the funding because of the Federal Transportation Funding as well. It had slowed things a little bit, but it is in the preliminary engineering work scope to try to push these issues as far as we can before we go back to the Feds for the final grant application.

Mr. Saylor: We do not have unlimited time and we do have a Retirement Board meeting right after the Commissioners' Meeting, should we invite the folks to come back or do you want to continue?

Commissioners: Continue.

Mr. Ward: We will try to wrap this up as quick as we can. Lets talk about a few specifics regarding funding initiatives and then I will put the whole package together. So you understand, our funding mainly comes from the Federal Government and the State Government. There is very little other funding that we receive for this project. For the Federal Government, so we didn't get into the great big bucket where we are competing with Los Angeles and Philadelphia and so forth, we chose the new starts program to go into the exempt program. That means we have to stay a dollar less than \$25 million. The maximum funding levels we can get from the Federal Government through their

new starts program is \$1.00 less than the \$25 million. That will relate to some other things that we talked about. We also chose to try and maximize the investment in the Keystone Corridor that Bob talked about. That is millions of dollars going into the Keystone Corridor between Harrisburg and Philadelphia. In fact, the number is up to about eight or nine digits long that is going into the Keystone Corridor. We were able to convince the Commonwealth to give us specific Keystone Corridor funds for our project for the next five years so that was a big help to us in the funding for the construction of Corridor One and that amounted in round dollars to \$10 million that we will get over the next five years for this program. Of course, you are aware of the money that is being spent at HIA on a new rail station and in round numbers that is about \$10 million and that project will not be finished when they cut the ribbon and the grand opening this August 27th. It will be finished about a year from now.

Mr. DiFrancesco: How is that part coming along? I understand that was derailed, if you will, for some reason.

Mr. Ward: It was back on moving well and all of a sudden we got another setback from Amtrak that they want eight months to review the bids after the bids are received. I have never known anybody to hold bid documents, particularly bid prices, for eight months while somebody reviewed their bids. We have to get back and settle that.

Mr. DiFrancesco: I don't know what has been done specifically on that project, but I know that it is a huge disappointment that station won't be on track with the rest of that facility, that terminal facility. I know I can speak for myself in saying that if there is anything that I can do to assist in moving that forward and telling Amtrak it would be nice if they would reconsider. I would be willing to do that for certain.

Mr. Ward: We may need your political leverage and take you up on that.

Other areas that we are working, you can see that the State and Local government and private sector and all of these are keys to success that Bob was mentioning. The first piece of Corridor One is Lancaster to Harrisburg. We have spent most of our time talking with municipalities in that area and we are working closely with the City of Lancaster and the City of Harrisburg now with the remodeling of the Transportation Center here in Harrisburg and Mt. Joy and Elizabethtown. We are starting some things with them. We are able to bring dollars to their projects to help them succeed. I am not sure if you are aware, but the Commonwealth of Pennsylvania certainly subsidizes public transit and they subsidize it to a level other than Philadelphia and Pittsburgh. There is about 4.5% of the total funding left for the rest of the State and we have been working very closely with the House Transportation Committee to try and make some changes. We can't take on Philadelphia and Pittsburgh, we can't win that political battle. I hope you understand the funding. We believe we are very close to having total funding for Corridor One from East Mechanicsburg to Lancaster. We will know better once the Commonwealth and the Feds pass their budget, but it looks very encouraging for that funding. We have started to work with the Commonwealth on subsidies for the operation side and that is going well, but we have put together pro formas out to the

year 2020 and you will be happy to know that it does not require County taxes for the first phase from East Mechanicsburg to Lancaster. In our pro formas out through the year 2020, you, as well as the County of Cumberland and the City of Harrisburg made a commitment for some local match to the preliminary engineering which the City of Harrisburg and Cumberland County has paid and you have paid part of it and we would encourage you to finish with that commitment. That is the only commitment that we have in those pro formas out through the year 2020.

If I can switch to the demonstration project, which is the last sheet that we have given you. Currently we believe that the minimum operating segment, from East Mechanicsburg to Lancaster, is the most viable demonstration project. We have listed an alternative that we know little details about that was read in the newspaper. It is becoming very popular in Cumberland County with their Commissioners that we just run a demonstration project from Harrisburg to Lancaster. If you look at the East Mechanicsburg to Lancaster vs. Harrisburg to Lancaster, the capital costs for our minimum operating segment is \$75 million. If we went to FTA and said to FTA lets change our minimum operating segment and lets make that from Harrisburg to Lancaster. The capital costs there would be \$25 to \$30 million. You must understand when we talk about running trains just between Harrisburg and Lancaster, these trains are all pull. They are not push-pull. We have to spend a considerable amount of money in Lancaster to turn the trains around so we can get them back to Harrisburg. We can't just put it in reverse and bring it back to Harrisburg. We have to turn it around like they turn the trains around here in Harrisburg when they are going back to Philadelphia. We would need to buy additional buses. Of the \$75 million, \$5 million is for shuttle buses for just the Corridor from Harrisburg to Lancaster, if we just ran that. We would have to do ADA work, which we know we have to do in the Corridor One minimum operating segment. We would have to do that as well on the segment from Harrisburg to Lancaster. It will take capital investment in that segment if we just limited it to just that segment. You can see in both services we would project that we would start in mid 2006. In both services, we would have to buy down the fares, which we intend to do in our minimum operating segment with Amtrak. We have discussed this with Amtrak in working out an agreement. By extending it to East Mechanicsburg, we would build two new park and ride stations. It would give us an opportunity to understand the impact and work with the park and ride stations, which we would not have by just going from Harrisburg to Lancaster. It would also demonstrate the viability of the new multi-modal center in Lemoyne. The employer sponsored or supported activity buses into that center. The key thing, I think, from the 2000 Census everyday there is 76,000 daily trips of Dauphin Countians and Cumberland Countians going to work across the Susquehanna River. Half of that in the morning and half in the evening. We know that to be an accurate figure from the 2000 Census. If we just limited to Harrisburg to Lancaster, we don't address that problem at all. We don't measure our ability to impact that. We think that is extremely important that we expand the system into Carlisle and into other corridors here in South Central Pennsylvania.

Mr. DiFrancesco: In going to East Mechanicsburg, how do you predict what you are going to pick up? I am looking at this more or less from a logical or commonsense

standpoint, basically the congestion begins beyond that station. So ultimately, you have a congestion problem coming into that area and people are already in their cars, I still believe in the philosophy that once they are in their car, they are going to stay in their car kind of thing. Do you think that East Mechanicsburg location takes it far enough to actually have an impact on that congestion that is coming into the City every day? I would think you would have to get outside the congestion.

Mr. Deitz: The quick answer is yes. Obviously, if we had unlimited dollars, I would love to push it back out to West Mechanicsburg where we were before. The projections say that by 2020, and that is the horizon that was used in doing all the planning projections, the level of service is going to out to Mechanicsburg. But, when this initial segment comes on line in 2006 to 2008 there is going to be sufficient free flow. In fact, it is very consistent with some of the things in PennDOT's plan. PennDOT is redoing the entire Interchange, Route 15 and the Capital City Mall and will actually provide an improved direct shot into our proposed Route 15 Intercept Station. I think it does provide a good opportunity to demonstrate whether we can do just what you are saying Commissioner, and that is get people out of their cars and convince them that since it is a straight shot into a station to go park in the station and use the train.

Mr. Ward: As we talked about, it does provide an opportunity for us to work on transit oriented development. We are already working with the landowner of the East Mechanicsburg station to move that forward. We are anxious to start working on that, because we believe we can certainly make an impact and that will be a model station. Another key point is by going from East Mechanicsburg to Lancaster it minimizes the local contribution. Our funding streams all require a local contribution. What we have been able to do in the funding streams that go to as far as East Mechanicsburg is take the appraised value of the bridge over the Susquehanna River and consider that as the local match. By using the minimum operating segment from East Mechanicsburg to Lancaster, we have been able to negotiate with the Commonwealth of Pennsylvania that the appraised value of our Susquehanna River Bridge would be used as a local match. That is a little over \$7 million, the appraised value of that bridge. By stopping at Harrisburg we couldn't use that bridge as the local match. That would mean that we would have to have 1/6th of the non-Federal dollars in the project as a local match. In just running quick calculations, the Federal Government, if you take a \$30 million project and the Federal Government will usually fund that at a 50% level, so if you divide six into \$15 million, you would see that we would have to find the local match of about \$2.5 million. I don't know where we could find that, to tell you the truth. That is why we have worked hard through our negotiations to include the appraised value of the Susquehanna River Bridge as our local match and it would be difficult to come up with that kind of a local match for this project.

Mr. DiFrancesco: Why couldn't we go to City Island or even use buses that come half way over the bridge? Why couldn't we get that bridge put back into the program instead of stopping at the terminal? Why not stop at City Island as the ultimate stop? Pick up the people that would be coming over and parking on the island and bring them back in.

Mr. Ward: We intend to do that with our project now. I am not sure if we could negotiate half of the value of the bridge as a local match. We haven't tried that. I think it would be very difficult to be quite honest with you. Can I sit here and say that it would never happen, no, I can't say that. By running it to East Mechanicsburg, I know we can get the total value of the bridge as the local match.

The last thing, by using all of the above, in getting data for that, that would give us a much more precise accurate valuable data base as we go forward to extend Corridor One to Carlisle and we talk about Corridor Two to Hershey and Lebanon and York. We think that is a much more valuable and accurate set of data than we would have by just going from Lancaster to Harrisburg. We would be happy to answer any questions.

Mr. Pinto: As a Board member and representative of Dauphin County for 20 years, there are complex issues and you are really dealing with interconnected and interrelated parts. Different things have to happen at different times. I am going to put it into real simple terms, listening to Bob and John who are experts in the area, I have the Executive Director of Capital Area Transit here also, if this observation is correct, you are talking about East Mechanicsburg to Lancaster in the MOS project, we need \$87,000 that Dauphin County owes us from 2001. Then we need to find another \$50,000 for the match, which we can probably do through private entities. That gives us the \$75 million ratio when you take into consideration all the Federal and State monies. On the other hand, if we go from Harrisburg to Lancaster we needed a \$2.5 million local match to give you one-third of the benefit. I am not the smartest guy in the world, but from a mathematical perspective, if I can take \$137,000 of local entities and get \$75 million of reasonable, projectable, demonstrative feasibility analysis I might opt for that rather than the other one. From your perspective, from a public policy perspective, I guess the challenge that you guys have to figure out is the local commitment, that \$87,000 that the previous Commissioners agreed to. When you're dealing in public policy and a change of administration, you guys have to be reasonable to ascertain what we have done and the millions of dollars that we have spent on this project already. Jeff, your questions are right on target, where are the private entities and how are they going to be helping to supplement. We all questioned at one time and will continue to question whether there will be riders on this. As your servant, I need to be comfortable on that level too. I just want to interject, I thought things were a little too complex here. It is really a question of \$137,000 vs. \$2.5 million.

Mr. DiFrancesco: I take exception to one thing that you said. In the time that I have known you and that has been quite a while, I do think you are the smartest person in the world, but you keep telling everybody that you are not.

Sometimes the simple statement and your simple commonsense are enough to make the picture look completely different so I appreciate your comments. The other concern, not so much question, by the documents that you have given us it seems like most of the attention is focused on the West Shore component of it and very little attention is focused on the East Shore component of it. You have all these glowing things to say about the West Shore component of it, but very little in terms of the East Shore. I can

look at a lot of examples of how a lot of things that apply on the West Shore segment of it, would be nice if we were looking at that on the East Shore in terms of the amazing things that are happening down at HIA. Down at HIA there are some really great things going on and it seems like some of these same development opportunities would be down there. I am sure that even going further down the line into the more rural areas down around Elizabethtown and into Lancaster that there would be these same types of opportunities that exist. I hope that we are not just looking and focusing on the West Shore.

Mr. Haste: I know those are going on from when I worked with Rick Peltz. In fact, I actually walked the bridge over into Lemoyne with Rick one day to see how it would work. I think the reason they are not listed here is they were making a comparison as to stopping in Harrisburg vs. stopping over in Mechanicsburg. I don't think we should make the assumption, correct me if I am wrong, I didn't anyhow, that those things wouldn't go on in the East Shore.

Mr. Ward: You are exactly right.

Mr. Haste: I am aware of what is going on down in Lancaster with the one stop there, the multi-modal stop that they are trying to do, I know what HIA is doing.

Mr. Deitz: We were trying to point out here that if we only do Harrisburg to Lancaster the bullets that we indicated on the left hand side will not get done.

Mr. Haste: That's not to assume things aren't going to continue.

Mr. Deitz: That is correct. The question was asked when we met with the Cumberland County Commissioners last month if we can't do East Mechanicsburg to Lancaster should we do nothing. My answer to them was well no, clearly I think it is in the regions best interest to push ahead with something, but from a professional standpoint I strongly recommended that the region still look at the MOS as currently proposed, because we want to test some of these theories that are indicated by the bullets on the left, particularly the ability to have new park and ride lots and to see if we can get people where there is no rail service now to get out of their car and use rail service. To me, looking down the road for the future of this region, that last bullet is probably the most critical. Once we are done with this initial minimum operating segment or demonstration project, whatever we want to call it, from that point on we are going to have to compete with the other systems around the country for additional Federal funding in order to build phase 2 of Corridor One, and Corridor Two, Three and Four. So, the better and stronger data base we have at the conclusion of this initial operating segment, the more competitive we can be going forward. That is why we would encourage the region if we can put together the package to do it, fund it and move ahead, we think there is a lot of benefits to moving with the MOS as currently configured.

Mr. Haste: I know the dollars don't support it, but I believe the best demonstration area actually would have been Carlisle to Lancaster.

Mr. Deitz: The Federal Government won't commit to a system that long.

Mr. Haste: That makes the most sense and that would have addressed what Nick was saying. In that case, you are outside of the congestion, but I know that isn't possible.

Mr. DiFrancesco: I have a lot of additional questions, but I will hold off.

Mr. Ward: We would be happy to meet with you individually.

Mr. DiFrancesco: I will ship out an email to get some of my questions answered.

Mike Fiaschetti and Mike MacGee of Highmark
Discussion of Health Benefits

Mr. Haste: I believe this was prompted by Sharon of our Personnel Office. We are at the point in time where we are reviewing our benefits package to see what we provide in the future and how to cut our costs. I believe you have some suggestions.

Mr. Fiaschetti: I am the Senior Executive for Highmark Blue Shield in Central Pennsylvania. To my right is Mike MacGee, VP of Sales and Marketing for this region. First of all, Dauphin County is currently under an insured arrangement with Highmark Blue Shield. We looked at utilization data for the year 2003 through the first quarter of 2004 and what it appears is that by the end of 2004 we believe the County will have a \$3.3 million deficit. Meaning that there will be \$3.3 million more in claims paid out than what we projected for the time period. Under the current contractual arrangements with Highmark, the County would be obligated to refund that amount of money to Highmark. We believe that the shortfall was created due to excess utilization of claims, excess utilization of health care services versus what we projected for the County. Part of the reason for that is that the County has a very rich benefit package versus what we see in industry or even with other government units, particularly the State employees who have gone to a cost sharing with their employees. The County has little to no cost sharing in their benefit plans at this time. We believe that is part of the contributor to the higher than projected utilization. We have several recommendations for the County that we wanted to offer up today. Again, we are doing this at a very high level and we would be willing to go into much further detail at another time with you.

Our recommendation is that we work with the leadership of the County to look at benefit design modifications. We understand the issues of limitations relative to that given labor agreements, etc., but we are more than willing and happy to work with the County on any benefit modifications that we think make sense and that can provide that balance between offering a very good benefit and doing some cost sharing to the employees.

Second of all, Highmark is prepared to waive what we believe will be a \$3.3 million deficit. We are prepared to waive that deficit, not charge the County for that amount of money and we believe the County would be well served in going to a self-funded

arrangement. Most groups, right now the County is covering about 1,600 employees over 3,500 individuals when you include dependents. Most groups over 2,000 individuals are all self-funded. By going to a self-funded arrangement again we can get the County out from under that \$3.3 million deficit. We can waive what we call “risk charges” which we have to load into our retentions with the administrative fees that we charge in our benefit programs, because we won’t be taking certain risks on for the County, so you can lower your fees. In addition, Highmark Blue Shield is willing to guarantee its retention fee, the amount that we charge to administer the benefits program, we are willing to guarantee that for a three year period so that on the administrative side you have fiscal stability in that regard.

Those are some of the advantages. We would also recommend that if the County would go to a self-funded arrangement that it look to procure stop loss insurance. Typically what an employee will do is they will purchase a specific stop loss insurance. What that means is that if any individual employee or dependent would have claims, lets say in excess of \$75,000, the stop loss carrier would pay that amount. That protects the County against things like a transplant case that could run as much as \$1 million or something along those lines. Again, we think the County can save money. We know the County can get out from under a \$3 million deficit. We believe that is about how much it is going to be. It is not final yet of course because the year is not out. We can guarantee the County a three year administrative deal to help stabilize that portion of the fee. That is what we are looking to recommend to the County at this time. I’ll take any questions.

Mr. Haste: Sharon, in addition to the high utilization, isn’t this also compounded by sort of the under-funding of the recommended monthly premium?

Mrs. Way: Yes.

Mr. DiFrancesco: Can you further explain that?

Mr. Haste: When the proposal came in there was a range given to the County of a low dollar amount to a high dollar amount. The County could make a monthly payment in that range. What happened was, there was a recommendation of a range that we should be paying, which was some where in the middle to the higher level saying this is really our utilization. At that time the Board of Commissioners chose to only fund and budget for the lowest amount, which meant from day one when we started this process we knew we were going to have a shortfall. That is part of the way of balancing the budget that particular year and then touted it as a savings when it really was a deferral. I understand self-funding. I actually agree that I think it is probably time for us to take a look at that. I think we have talked internally about needing to take a harder look at this. I believe, Chad, you have put together a group that is going to look at this in more detail.

Mr. Saylor: That is correct. We are going to proceed. We talked about sending out an RFP to get some information and feedback about what options are out there to explore

this in-depth and to also maybe bring some more folks in here to talk about this at the meeting. Maybe from CCAP to see what other counties are doing.

Mr. Haste: This is a proposal that we need to take serious.

Mr. Fiaschetti: We are willing to work with you in any way and help in any way that we can.

Barry Wyrick, MH/MR Administrator
FY05/06 Mental Retardation Plan

Mr. Wyrick: I am here to present the Fiscal Year 2005/06 Mental Retardation Plan. For the record, I am the Dauphin County MH/MR Administrator and with me is Ellie Myers, the Dauphin County Mental Retardation Deputy Administrator.

The Dauphin County Mental Health Program is required by the Pennsylvania Code, Title 55, Chapter 4215, to submit an annual plan for the provision of mental retardation services under the program's administration. The Office of Mental Retardation distributed planning guidelines for the development and presentation of the County Plan for fiscal year 2005-2006. As this is the second time in as many workshop sessions that I have appeared before you, you will first note that the MR plan is a very different document than the MH plan that we reviewed two weeks ago, most noticeably in length, as it is only 13 pages long as opposed to the 100 or so pages we reviewed last time. But many of the issues are the same. For the last three years, the MR system has not received any cost of living increase in its state allocation. While there have been some small initiatives to address the waiting list for MR services, the waiting list for services has grown from 447 at this time last year, to 599 this year, an increase of 34% in one year's time.

Mental Retardation Services in Dauphin County operated an annual budget for this year of approximately \$37 million, with more than \$30 million of those dollars coming from the Medical Assistance waiver programs. Because of the nature of these federal waivers, the state needed to develop a mechanism for managing access to MR services, as these services are not an entitlement. The State developed the Prioritization of Urgency of Need for Services (or PUNS) process for managing this access. The PUNS process defines the waiting list in three categories—emergency, critical, and planning. For this plan, there are 38 persons in Dauphin County identified in emergency, 219 in critical, and 342 in planning, for a total of 599 persons waiting for services. Action by the state on this waiting list has not been adequate, as we have already received planning advice from the state for the 04-05 fiscal year that we will be receiving funding for only 10 persons on the waiting list, or only 1.7% of the total waiting list, or 3.9% of the combined emergency and critical waiting list. This level of funding is simply inadequate. As you know and have experienced first hand, the complaints that our system receives are generally not from individuals and families who are receiving services, but they are from persons who are on these waiting lists. The 05-06 plan that is before you today, asks for funding to serve 78 individuals. While this still is only 13%

of the total waiting list, or 30% of the combined emergency and critical list, it would address the needs of all of the individuals who are on the emergency list. The total financial request to serve these individuals is nearly \$5 million.

Additionally, due to level funding, our provider system is teetering on the brink of disaster. While we have level funded providers for three years, their actual costs have increased, driving them to either make drastic cuts in their organizations or take huge losses. Some of our providers have not given their staff members a salary increase in three years. These funding deficits have exacerbated an already existing problem of recruitment and retention of qualified staff members. In the optional addendum to the plan, we estimate that an additional \$1million is needed to give only our direct service staff members an increase of \$1 per hour.

Finally, the system has increased the demands on the supports coordinators that help organize and plan for services for individuals and families. Our coordination unit at the CMU is highly overworked and overstressed. We propose an addition of eight staff members to address these shortages at a cost of over \$450,000.

While the needs of our system far outweigh the requests that we have included in the plan, we do believe that this plan is a reasonable request, and I recommend this plan for your approval. I will now answer any questions that you have.

Mr. DiFrancesco: I don't have any questions.

Mr. Saylor: Barry, you and I spoke briefly about your last presentation about the Department of State. You and I had that conversation and we are working on that and at some point need to make something happen along those lines. Is there a time that you might think is best?

Mr. Wyrick: Sooner rather than later. Administration is considering its support of the budget for 2004/05 and will soon begin planning for the 2005/06 budget. That is what these plan documents are for is to help the Department make its proposal to the Administration for the 2005/06 year.

ITEMS FOR DISCUSSION

- A. Approval Second Modification Agreement to the Therapy Services Agreement between Spring Creek and Genesis Eldercare Rehabilitation Services, Inc., **(**A VOTE IS REQUESTED 5/26/04)**
- B. Proposal/Agreement between Dauphin County and Mechanical Insulation Services, Inc., for steam pipe insulation at Spring Creek. **(**A VOTE IS REQUESTED 5/26/04)**
- C. Proposal/Agreement between Dauphin County and McClure to provide the following services for Spring Creek/McBride Building: **(**A VOTES IS REQUESTED 5/26/04)**

1. Replacement of refrigerant & hot water coils in 40 ton AHU.
 2. Replacement of a 20 ton condensing unit.
- D. Agreement between Dauphin County and Conewago Enterprises, Inc., General Contractor, for the Dauphin County Material Recycling Facility.
- E. Grant Application by Dauphin County to DEP for \$1 million to cover the processing equipment for the recycling center, additional drop-off bins, and public education.

Mr. Haste: I see we need to take a vote on Items A, B and C. They all pertain to issues that we need to deal with at Spring Creek.

It was moved by Mr. DiFrancesco and seconded by Mr. Haste that the Board approve Items A, B and C of Items for Discussion, as outlined above; motion carried.

Mr. Haste: Items D and E can wait until next week.

SOLICITOR'S REPORT

Mr. Tully: Nothing to add. Do you have any questions? (There were none.)

CHIEF CLERK'S REPORT

Mr. Saylor: I have one item concerning the vandalism at DJ Wenner's Office. As you know, the damages there were considerable, but were less than our deductible under our insurance. So, in consultation with Garry Esworthy, Risk Manager, and Mr. Tully, there arises a need for a policy for the County as to how we handle losses that fall under the deductible. It is something that we need to bring up and think about. It is personal property losses. One thing that we had discussed was instructing department heads that future such losses of this nature will need to be budgeted for and will be taken out of their respective budgets. We wanted to bring that up.

Mr. DiFrancesco: If you are asking for feedback, as a point of general policy, I understand there are some extenuating circumstances in this particular case, but as a point of general policy, I think it would be extremely bad policy for us to in any way take responsibility for people's personal effects that they bring from their homes to put in their offices. I think if people bring things from their homes and have them in their offices that is their responsibility under their homeowners policy or however they may have it insured. I think it would be really bad policy if the County would start, for the various things that people may bring to their work space, it makes little sense for us to in any way cover people's personal property in the work place. This particular case, I think we have to have a little more discussion because of some of the extenuating circumstances. That would be my opinion of a broad based policy.

Mr. Haste: That is one of the problems. We need to develop a policy. Past practice has been where, at least in some cases, the County has paid for it even though I agree

with you I think it is not a wise decision. It is my understanding that Garry is reviewing certain labor contracts we have and other things to try to develop a clear policy for the County. I think this highlighted the fact that we need to do one.

Mr. DiFrancesco: That being said, again, as I understand this particular issue I do believe that it is important for the County to have a complete and comprehensive analysis of all the properties that we have under our direct ownership or lease agreements on and make sure that those properties are secure and appropriate steps have been taken to make sure that the employees and so forth are protected from whatever. Be it fire or intruders or whatever it may be.

Mr. Haste: Mike Pries is doing that now.

COMMISSIONERS' DISCUSSION & ACTIONS

(There were none.)

PUBLIC PARTICIPATION

(There were none.)

ADJOURNMENT

There being no further business, it was moved by Mr. DiFrancesco and seconded by Mr. Haste that the Board adjourn.

Transcribed by: Richie Martz

Respectfully submitted,

Chad Saylor, Chief Clerk/Chief of Staff

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