



DAUPHIN COUNTY BOARD OF COMMISSIONERS

COMMISSIONERS' WORKSHOP MEETING

WEDNESDAY, SEPTEMBER 29, 2004

10:00 A.M.

MEMBERS PRESENT

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

STAFF PRESENT

Chad Saylor, Chief Clerk/Chief of Staff; Bill Tully, Esq., Solicitor; Marie Rebuck, Controller; Robert Dick, Treasurer; Chip Vance, Esq., Assistant Solicitor; Faye Fisher, Personnel Director; Gary Serhan, Deputy Controller; Kay Sinner, Personnel; Dave Schreiber, Personnel; Carolyn Thompson, Court Administrator; Jena Wolgemuth, Commissioners' Office; Diane McNaughton, Press Secretary; Edgar Cohen, Director of Facility Maintenance; Randy Baratucci, Purchasing Director; Robert Burns, Administrator of Area Agency on Aging; Mike Pries, Safety & Security Director; Sharon Way, Personnel; Melanie McCaffrey, Solicitor's Office; Velma Prather, Spring Creek and Julia Nace, Assistant Chief Clerk

GUESTS PRESENT

Robert Desabelle; Nancy Besch; Rosemary Moore; Coleen Terry; Kerry Zettlemoyer; George Zalar; Joe Wingert

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 take up next week.

PUBLIC PARTICIPATION

Mr. Haste: We are at the point in time for public participation. Is there anyone in the audience that would like to address the Board at this time? Please come forward and state your name.

Mr. Desabella: My name is Robert Desabella. I'm the President of Labor Local 1180 in Harrisburg. I reside at 104 Duke Street in Hummelstown, PA. I know that the Commissioners are aware of what I'm going to talk about this morning, the incinerator. The project was given to Chiambro out of New Hampshire. We feel that it was given in bad taste and it wasn't put out to bid properly. Local competition, their bid was 2 ½ times higher. But when the local competition got their blue prints and sort, they didn't define certain ramifications on it. If you have 600 feet of pipe to put in, but they don't say how many joints are in there, how many welding joints, etc. With structural steel, they didn't say how it was going to be tied together, is it going to be welded or anything. Plus the contractor they hired, they have numerous OSHA violations, they have numerous EPA violations for pollution and yesterday afternoon, I faxed you a article that was in the Sunday York paper, stating on a Baltimore bridge job that they are going to have to do more than half of the job over, costing \$7 million to the state of Maryland. The state of Maryland from what we understand feels that it was Chiambro's fault. Also, they will be bringing most of their own people in here to do the work, people from Maine, Massachusetts, Virginia, etc. So that means these people are going to come in here and work, make a good wage and they are going to take their money back to wherever they live. If you hire a local contractor, local people, they are going to reinvest that money they make right here in the county or in central Pennsylvania. It is our tax money. I know it is the City but you are the backup in case they default. I just wanted to make a public message. I know the three Commissioners know about what I'm talking about.

Mr. Haste: For the record you have addressed all this with the City, right?

Mr. Desabella: Yes, we faxed the City. I spoke at the City Council Meeting last night on the subject.

Mr. Haste: Is there anybody else that would like to address the Board at this time?
(There was none)

PERSONNEL

Ms. Sinner: The first items in the personnel packet are the Salary Board requests. Schaffner Youth Center is abolishing a part-time Youth Program Specialist Aide in order to create a Youth Program Specialist I, part-time. They would be at a level one position. I included the Salary Board requests for Solid Waste, creation of a Recyclable Materials Collector; and abolishing the Director position and creating a Public Education Coordinator position. Both of these positions are part-time. We are abolishing two positions in Security. The vacancy listing there are two full time caseworker positions in Children & Youth that they are requesting to fill. We could pull the two part-time vacancies in Facility Maintenance. We do want to hire two in October. If they can be approved now, I'll leave them in for next week otherwise I could hold off on those two.

Mr. Haste: All you need to do is change the effective date.

Ms. Sinner: I don't have an effective date for the vacancies.

Mr. Haste: When they are approved, just indicate the effective date.

Ms. Sinner: Spring Creek has requested to fill a housekeeping aide position and a CNA position. The new hires listing, I ask that you pull items #1, #2, & #12. I have the changes listing. Are there any questions on any of the items so far?

Mr. DiFrancesco: I would like an update on one. It can just be an email on where we are. I know there are a lot of emails going back and forth. I just have to know where we are going.

Ms. Sinner: Okay. I just received an updated overtime report. The one included in the packet did not include the overtime hours for Schaffner for pay period #19. This new one where I have the note at the top includes Schaffner, is the current one.

Mr. Hartwick: Schaffner is looking better but Spring Creek is not looking good.

Ms. Sinner: There are other overtime reports and one request for overtime for the Prison.

Mr. Haste: Are there any questions for Kay? (There were none) We had two shifts of overtime at the Prison this past week due to the water delivery. We had the inmates delivering water up to Wiconisco. We had guards go with them.

Ms. Sinner: You needed extras.

Mr. DiFrancesco: The overtime that shows under Emergency Management, etc. can be included in our presentation for reimbursement for the disaster recovery. Whether or not we get reimbursed, is another question but it can at least be submitted and considered for disaster money.

Mr. Haste: Are there any further questions for Kay? (There were none)

PURCHASE ORDERS

Mr. Baratucci: Commissioners, you all should have received a purchase order packet yesterday. As usual, a few budget items that we need to correct. It is a small packet this week. We'll work on those and get them corrected for next week's approval. If you have any questions, I'll try to answer them. I have one more issue after that. Are there any questions on the purchase order report? (There were none)

I'll try to summarize what I know. Literally about five minutes before the meeting, I got pulled into a meeting with Chad and the Sheriff's Office. Evidently, there is some money available on a grant. I guess we have to do this by tomorrow for bullet proof vests. It is a program where we get reimbursed 50%. The Sheriff's Office would like to purchase about \$5,500 worth-I think it is eight of them. Juvenile Probation would like to purchase about \$2,500 worth. It is roughly about \$8,000 total. I have an invoice from the Sheriff's Office because again, I think it all has to be done by the 30th. I don't have anything from Juvenile Probation, but they are in the process of bringing it over. I think right now what we would just like is your blessing to do this and again as soon as I'm done, I will let Chad elaborate. We will have all of this in the packet next week so we can get the County paperwork but we may need to do some special paperwork in order to make sure that we get the reimbursements. Between the Sheriff's Office, Juvenile Probation, myself and Chad, we'll work on that today or tomorrow and make sure that gets done assuming that you are okay with this idea. With that, that is all I know but maybe Chad could add a little more.

Mr. Saylor: Randy, painted a very clear picture. I was under the impression that I was to be the conduit of information for this program. That I was to be notified by the federal agency, it is called the Bullet Proof Vest Partnership and then I would distribute it to the agencies of the County that would use bullet proof vests. It turns out I guess that I'm in charge of this. The deadline is tomorrow to submit for this program. It is a 50% matching program. It is federal money. I guess it is a pot of money a couple of years ago. The Sheriff's Office utilized most of that money in purchasing the vests that they currently have. There is about \$9,000 left over in this program earmarked for Dauphin County. The Sheriff's Office was interested in accessing that. The folks at Juvenile Probation also notified me that they were interested in some of the money. The Sheriff's Department does not have any more money in it's budget to cover the match. Juvenile Probation does have money to cover their portion of the match. The Sheriff's Office does have in it's current labor contract, the County is required to provide vests. To meet that obligation we need to at least purchase eight. Apparently these vests have a five year shelf life so there are some vests that are no longer good and will be

expiring. To make sure that we are meeting contractual obligation, I had a conversation with Mr. Yohe in the Budget Office. Apparently we can find in other areas of the budget resources necessary to meet what would be the match in order to get these vests so that we can meet our contractual obligations. I did have a conversation with Commissioner Haste just to see what his reaction would be that we would move forward and Juvenile Probation would get the vests that they need since they've got the money and that we would be able to find other resources to meet our contractual obligations. So that is the plan that we are currently using forward. It should have been handled differently. I apologize for that. I have to chalk this up to, I'm still learning. But hopefully as we move forward, I'm not really sure how this program operates. There may be money next year. There may not be money next year. In any case, this will be handled differently as it goes forward. I beg for your indulgence in moving forward with this but this is the proposal that we have at this time. If you have any changes, I certainly carry out any wishes that you have at this time.

Mr. Hartwick: Again, why does this request come so late?

Mr. Saylor: There are a number of factors. One is when I was first notified about this by email, it may have been a month or so ago. At that time, I was under the impression that I was simply providing information to the departments and if they were interested that they would follow up on their own. It turns out that they are supposed to follow up with me and I'm supposed to follow up with the agency. I only learned about that angle last week. That is the main crux why this is coming so late.

Mr. Hartwick: Commissioner DiFrancesco are you being made aware of this being liaison between Juvenile Probation and row offices?

Mr. DiFrancesco: No. I was not aware of this, though I don't know in this particular case with a grant application that I would have been made aware of that any way. Generally speaking that type of information goes to the director to handle and not to me. The Sheriff's department without the money, a note to say that if we know that things are going to be expiring we ought to make sure that we budget for those things. I'm not sure those circumstances are why the money is not there. That's one thing that gives me concern that we make sure that next year when the budgets are presented that all departments take a good hard look at all the money that is going to be needed within that year. So that we don't get any surprises. If we have a contractual obligation and the money can be made available that's okay; however, as we have seen in a lot of other debates when we make money available actually what we are doing is putting us further behind the eight ball in terms of our long term financial issues. The more money that we have left over at the end of this year the stronger we are in trying to overcome this financial crisis that we are in. As we start to say, Oh, we have extra money let's shift it over here, we're spending money we really don't have.

Mr. Hartwick: And extra money is always an interesting term. I've got two additional questions. Is this grant a yearly opportunity? Is it something that the federal government allows us to apply for yearly or is this a one time deal?

Mr. Saylor: I'm not entirely sure how this program operates. But I do not think it is on a yearly basis. It is also my understanding that the matching changes. Some years they may offer 10% match, some years they may offer a 50%, so it seems to change. I'm not quite sure how this program operates. I have to find out.

Mr. Hartwick: This is my last question. What part of Juvenile Probation's budget is available for this purpose?

Mr. Saylor: That they did not identify to me. We can definitely find that out. That was a question that I asked. It has given me a glimpse as to why the Chief Clerk is involved in this process. When this initially came forward, the first email that I sent out when I got notification about this program, I heard nothing back from anybody. But then I got a second email from this group saying this money is still available. I sent it out again and the Sheriff's Office indicated that they wanted all \$9,000. That's when I began to ask, it's a matching program do you have the \$9,000 to match this because this is the only way that we are getting it. And they responded, "no". That's when I said, "I'm not sure we can get access to that money". That's when the Sheriff mentioned to me that there is a contractual obligation and that obviously in a worse case scenario, if we have a deputy sheriff who does not have a vest or has an old vest that leaves the County open to certainly some serious liability.

Mr. DiFrancesco: I'm going to assume that if there is money available in JPO, it's because they knew that there was going to be a need to purchase and that money was sitting there to purchase this. I don't know that for a fact.

Mr. Hartwick: They just received a significant Title IV E reimbursement and I'm just wondering if that is a piece of that reimbursement of the \$1.5 million that went to Juvenile Probation and they are defining a budget for what those needs are currently. If these are things that we are supposed to be planning, I'm just not a proponent of not having the right questions asked and answered before I approve something. My conversations that I have had with Jack and we see Jack at Prison Board, it is something that would be easily discussed and trying to resolve if we would have done it ahead of time. He needs to think forward and understanding that he has a contractual obligation with vests. Lord knows I don't want to oppose having the appropriate equipment for our people. The procedure and the way this was done and the lack of questions that have been answered, it is going to be difficult for me to support it.

Mr. DiFrancesco: If I could just stress one more point and that is, we have seen in the past some issues or some budgetary needs in the current year that were very, very obvious needs, that were not budgeted by certain departments. Like I said, certainly this is not the first time we face something like this. Just to stress as we come up on the budget season the expectation is that people will be taking a hard comprehensive look at their budget and not missing things like we know. We are going to need extra people to staff certain things or whatever. That is to be presented in the budget hearing process and approved in the budget because next year things are going to be tightened

down quite a bit. There is not going to be any room for, "I didn't see it". Because we are trying to stress it so hard and we're going to take this process, this budget cycle very seriously.

Mr. Hartwick: I'm just a stickler for trying to get information on a Monday rather than having to do it the morning that we need to approve it at a meeting and if we knew this thing was coming and the deadline was coming it would be better to present the information appropriately, I would have no problem supporting it. But it doesn't seem very well thought out.

Mr. Tully: If I could just add one thing from the Sheriff's perspective, I believe it probably was budgeted. It would be the same category that the uniforms came out of. You may recall this is the first year the union requirement of uniforms had to be purchased. I think that is what depleted that line item as far as the vests. I don't think this is something you would see every year. I just think this was the unusual circumstances of uniforms and vests both coming due in one budget cycle. Again, that doesn't give a full excuse but at least context as to how you could budget knowing you need them but when the other purchases come in they may not necessarily be right on the button there.

Mr. DiFrancesco: Past experience shows that Jack usually runs a tight ship in that office. He's a good solid leader in that office.

Mrs. Thompson: May I comment on Juvenile? This is actually the first time that I'm hearing about this. A couple points, Steve runs a tight ship, too, as I think most of you know. He is under budget for this year. They have received over three-quarters of a million dollars in the last couple of weeks from that new Title IV E source. Part of the plan for that, which is in our budget package is to purchase several bullet proof vests next year. Steve's rationale and I'm just guessing here, because he has not discussed this with me. My guess is, if he has a chance to spend half of the county money instead of 100%, that's why he is going to do it. He would have money out of this year's budget aside of the Title IV E funds.

Mr. Hartwick: That is what I suspected that pile of money was coming from.

Mrs. Thompson: But this would not be part of that. I'm sure he is not even looking at this money to purchase it. He would have money in his current budget because he always comes in under.

Mr. Hartwick: Do we have a total number for this?

Mr. Saylor: The total cost was, I think about \$8,000. It was \$5,500+ for the Sheriff and \$2,500+ for Juvenile, as I recall.

Mr. Baratucci: The information that I have from the Sheriff's Office is actually \$5,569. I don't have Juvenile's yet but it was somewhere less than \$3,000. So roughly, we are

talking about \$8,000. Of course, I need to do some checking because this is also to be off the state contract and I need to verify all that information. I'm not real comfortable presenting this way either. What I'm looking for, is if you want to go forward with this because it will save the county money and that we are getting a reimbursement and since we have the union issue to deal with, if you are comfortable with it, we will do what we need to do to get it done properly for next week. We may need to send some information out prior to your next meeting so that's why I think we need to get some direction on whether you are okay with it or not.

Mr. Haste: I think we need to move forward. The only thing that I would say is I wouldn't totally take the Sheriff's word that he doesn't have money in the budget. I asked Mr. Yohe to try to find a line item. It is easy for departments to come in and say they don't have the money. I can think of a few that cry all year long that they don't have any money and then they come in quite substantially under budget. I would suggest that Mike take a hard look at that and see if there are funds available there.

Mr. Hartwick: I want to give direction as well. Although, it is under the courts oversight, the Title IV E dollars with the threat of the loss of TANF and a number of other things that we're facing from the Human Service side, I don't want to start using that as a pot of money to spend for various projects and things as we move forward. We're going to develop a strong budget which I know we are working on and I know you are with the courts with JPO but that is not something that we want to piecemeal out to different departments to take care of other needs. We've got some real serious concerns with the potential loss of TANF next year and that means all money going for Schaffner Youth Detention Center. We need to start to plan for that appropriately. I just want to make sure that we don't view that as a pot of money that we are pushing here and there. I want to be very clear in the way we want to set forth that budget for the Title IV E money. We've got some major concerns coming in the next two years.

Mrs. Thompson: I think Juvenile Probation has a packet with their budget expressing how they would like to cover some shortfalls with their reduced funding as well as keeping the staff at its current level and it does not make up the total amount of money. I think it is less than half of it.

Mr. Hartwick: The rest is going to be in a reserve account for any other shortfalls as a result of TANF. That's the way we wanted to plan it.

Mrs. Thompson: I'm sure that will be a subject at the budget discussion in a month.

Mr. Hartwick: Get the questions answered would be great for me.

Mr. Baratucci: I would agree with Commissioner Haste that we ought to take a strong look at the budget issue because most departments I know are told to find money within their other line items and transfers are done. Maybe we ought to make sure that between now and next week, that Mike does meet with the Sheriff and see if there is

any funding available somewhere else. Whatever is not available I guess Mike would need to provide to you where it could come from.

Mr. Haste: Are you okay with that, Mike?

Mr. Yohe: Okay.

Mr. Baratucci: Are you okay if we move forward and do what we need to do and then we will just approve it all formally next week.

Mr. Hartwick: I wouldn't vote to approve it until I have the answers about whether this is a yearly thing, how we are going to be able to answer the budget questions. Am I for buying the vests, yes? I'm not for the procedure in the way it is being handled.

Mr. Baratucci: Then I guess my question would be, do we have two votes to move forward in case we need to provide some written documentation to the vendors by tomorrow? I wouldn't want to do that without at least two of you saying, okay.

Mr. Haste: I'm a yes vote.

Mr. DiFrancesco: And we are comfortable that the need is there. These aren't items to go on a shelf, right? These are items that are needed right now.

Mr. Haste: Through the contract.

Mr. DiFrancesco: Okay, as far as I'm concerned we have to do it.

Mr. Baratucci: The information that Commissioner Hartwick wants will be put on next week's report or maybe before then hopefully. It will definitely be on your report next week.

TRAINING PACKET

Mr. Haste: Is there anything that we need to do with the training packet?

Mr. Saylor: Everything can wait until next week.

DIRECTOR'S/GUESTS

Mr. Haste: At this time, it is our pleasure to invite our distinguished guests to the table.

Mrs. Moore: Good morning, Commissioners and thank you for allowing us this opportunity to speak with you. I believe that on your formal agenda it lists that Janice Black, myself and Nancy Besch are to be here. We had some changes in that. Janice, our President, is not able to be here and I'm representing the Greater Harrisburg

Foundation and we also have Colleen Terry from Delta Development as well as Commissioner Nancy Besch.

The package that you have in front of you is pretty much the synthesis of what we have been discussing with all five counties over the past several months around the Greater Harrisburg Foundation's community initiative project. Delta Development has been helping us work through this process and is a key part to its success most definitely. I believe that most of you know about the background of the Greater Harrisburg Foundation and its work in Dauphin County. We do serve five counties, Dauphin, Cumberland, Perry, Franklin and Lebanon Counties. We have hundreds of funds that we administer through the foundation for all kinds of services to non-profit organizations, scholarship programs, and a number of other funds that have restricted and area interest use.

Since 2001, Greater Harrisburg Foundation has contributed more than \$15 million into the non-profit community of Dauphin County. Since January of 2004, which would be January to date, as far as our grant making is concerned, we have contributed over \$5 million. We have one more grant round in November which will probably take us over that amount.

Also the Whittaker Regional Program, the Whittaker Foundation has been part of Greater Harrisburg Foundation for some time. However, in keeping with the desire of the Whittaker family in 2005 we will be spending down the last of that money and so in 2006, we will not have that money available for grant making. We have administered an average of \$2 million of Whittaker Regional Foundation money up to this point. 75% of that goes to math and science education. The remainder goes to self sufficiency programs which are the two single areas of funding priorities for the Whittaker Regional Program. In 2005 we will have half of that. We will have \$1 million available instead of \$2 million. The same percentage will go to math and science education and self sufficiency programs. The Whittaker money has also been very useful in our work in Dauphin County, although we are trying to plan for that as much as we can for 2005, because after that point we will not have that money available for grant making.

The Community Initiative Program is something that the Foundation decided was necessary to start to begin proactive grant making. Our history and the time that we have been in a non-profit community has been to basically respond to whatever non-profits come to the door for whatever needs they have. As you know as government officials, there is not an endless pot of money either through community foundations such as ours or through government resources to be able to continue to do that. Plus it is not a very efficient way to be able to measure the impact of grant making by doing it that way, by being strictly reactive.

So we embarked upon this Community Initiative Program to help us with our strategic plan that we developed at the Foundation which was going to be an addition to the donor impact and the proactive grant making but a way for us to determine what were the real issues in the five counties that we serve. That needed to be key funding

priorities for us. The scope of work in the Community Initiative Project involves a number of things. There are many levels to it. The study of 75 key indicators which is what Delta is working with us on. They are spearheading that project. Community interviews and focus groups that will be done in each county and through that process, the Greater Harrisburg will be able to determine what the key funding initiatives that we will support will be in 2005. It may not be in early 2005. It may be about midway through but from then on that is what is going to guide our grant making in the non-profit community.

The benefits to Dauphin County are numerous. The critical issues that you look at particularly with Human Services being such a large part of what you provide for citizens of Dauphin County and all of the other areas that you also have to deal with. But certainly the critical issues and community needs that you need to deal with will be clearer to you as a result of this study. It is a synthesis of quite a few, fifty existing studies that have been done in five counties. So everything from envision and the United Way needs assessments and studies that have been done and all the numerous ones that you are aware of. We are trying to synthesis them into a document that is useful. That is a living and breathing document that you are going to be able to refer to, to help drive the work that the Commissioners have to do as well as the services that you have to provide to the citizens of Dauphin County. For the Greater Harrisburg Foundation, it will help to drive our work as far as grant making is concerned but will also put us in a position to be able to help you identify better what are the critical issues in the County that you need to be aware of. Certainly, the sharing of data among the five counties will be something that will also be useful while each county is going to have its own executive summary about the things that just key right in on your county. There will be the information that we collect will be a regional effort for the first time ever. It is a regional effort that will be able to be shared county to county. There will be similarities among the five counties and there will be things that definitely stand out that are county specific.

The opportunity to interview community leaders, service providers and others in the community is something that we would ask for your help and participation in. We are going to be doing a total of 250 interviews in the five county area, fifty interviews in each county. We would hope that you would help us identify the people that really know what the issues are. That you would help us identify them, we understand that there has been a comment that you would like to see the prison population involved in some of the focus groups that we will do. If there are other target populations that you would like to have involved, we would certainly want to know that. Involvement of consumers of services is always a wise thing to do. It is nice to have the executive directors of non-profit agencies and others involved but it is also a good perspective to hear from consumers of services as well.

The project also gives of course a regional visibility for Dauphin County and partnership with the Greater Harrisburg Foundation and just really bring together and I do want to repeat this, a document that is not something that just sits on the shelf somewhere and everyone says, oh, that was a nice exercise and it collects dust. This is something that

we hope that you will refer to on a continual basis. The Foundation certainly plans to use it as such and drive our grant making and our fundraising because we have to make sure that we engage donors to continue to contribute to the Foundation so that we have money to grant to non-profit communities.

My experience here at Dauphin County as the former grants manager and also there is a personal interest in making sure that Dauphin County is involved in this process and feels that there is significant benefit to them. When you were talking about the situation with the bullet proof vests, I was thinking had I been here at the time still as grants manager, it may have been something that I would have had been involved with.

Mr. Hartwick: And you would have got it to us earlier than today, right?

Mrs. Moore: Yes, never mind I probably should have not mentioned it. I'm certainly very aware of the issues especially around matching funds for grant opportunities that your agencies have to deal with especially Human Services. Often, you do get into that reactive mode of having to deal with whatever comes in front of you rather than being able to kind of look down the road and do some strategic planning and find out exactly what are the priorities that you need to identify. I think that it allows that kind of process for you to manage the funds that you have available a lot better when you are able to look and say we have a strategic plan for this, we know what the needs are, it's been determined that these are the needs. We've gotten input of people that either the population center served or the people that provide the service, that this is what we need to be looking at. We hope that, that is going to be something that is of significant value to you as far as this initiative process is concerned.

At this point, I would like to turn to my colleague, Colleen from Delta Development to talk about some of the financial issues around this project.

Ms. Terry: Thank you for your time, Commissioners, I really appreciate it. I'm not going to take too long for this but when we first sat down with the Foundation a couple of months ago this was sort of a passion that they brought back with them from Greater Kansas City which is a city experiencing the same sort of issues that maybe Harrisburg is, defined by its name. It serves two communities across the river very disparate group of needs in their five or six counties. The Foundation was very passionate about making grants that were going to target specific needs but the causes of those needs instead of reacting as Rosemary said, they could assign the greatest amount of funding to the different pockets of needs in each of the five counties. That it wasn't just \$500 here and \$250 here. It was sort of making non-profits aware, making the community aware that these are the things they were going to target and they were going to actually match the needs of the five counties. It wasn't a blanket allocation. It was very important to the Foundation that each of the counties feel invested. That each of the counties were represented and that each of the counties had their needs addressed and the Commissioners and the citizens in the non-profits in each of the counties had an opportunity to say, these are the things that are important to us, please include them when you are doing your initiative. Again, what we are turning over to the Foundation in

this first phase, and it is going to be January, February, we turn it over, is going to be something that they can implement and continue to use year after year and it can actually rerun the data. We are going to give them the sources. We are going to give them interviewees. You are going to be able to contribute year after year if it is something you feel is beneficial to your county. It is going to allow you to project where the trend is going. Is it teen parenthood or the transfer of aids and hospice care. What types of things, where the need is going to be in two years, five years, and ten years. If we don't do something now, what is going to happen and where are the needs going to be. We've already spoken to all the five counties. We have spoken to the Congressional delegation, Senator Spector and Senator Santorum. They are actually very encouraged that we are talking to all five counties. They are watching this very carefully to see if we do have participation across all five. Senator Piccola has been very generous. We already have a \$30,000 grant CR request through Senator Piccola. We've received \$5,000 from Perry County and verbal commitments from the other three. We are in the process of doing exactly this same formal presentation to the full boards of the other three counties. So we are very excited to be able to bring this to you. Our request for full budget is \$292,000 for the entire first phase of the project. We're spending about \$45,000 of the Foundation's money has already been spent. They've raised another \$50,000 privately through corporations and donors that they have already spent. We're about to spend the \$30,000 community revitalization request. We're also in front of Senator Brightbill, Senator Punt on Monday and Senator Moury has already sent them a request in DCED for a portion as well. We are trying to involve the entire local and state delegation as well as the federal delegation. The federal delegation is interested in funding phase II. It is about a \$250,000 phase. We're looking at an earmark in the fiscal year of 05 appropriations bill that wouldn't come in until probably late 2005. They would cover the Foundation's work with implementation which is probably most of the heavy lifting that Delta will probably step away. Right now we are doing the bulk of the work. But the request at this time is \$5,000 from each county. If you do have it in your budget, it sounds like it might be a challenge to find it. Cumberland County is actually funding in fiscal year 05. So that is something that we could come back and propose if that is something that you would like us to do. That is what we are asking for you to consider at this time. We can open a dialogue. We have all the other four counties providing us names for interviewees. We're going to be looking for locations probably three or four across the county so we can do some focus groups. There is opportunity throughout the first phase as well to contribute.

Mrs. Besch: The only thought that I would like to share with you all, as a former Commissioner and as one who really was very much involved with Human Services and in fact involved with the Tri-County area with the development of the Capital Area Early Childhood Training Program. That was begun as a result of two foundations at that point the Greater Harrisburg Foundation and Whittaker Foundation called the three counties together. At that point they were interested in helping us do grant writing and we felt we were successful with our grant writing but we do have a need and they said, well, tell us what you think you may need. We said, we need to work together. There are so many opportunities now for us to be able to look at the early childhood training. At that point, there was a NACO meeting in Portland that year. There was a national

emphasis on the development of the brain in the young child so we were then looking really at the needs that were out there for infants through three years of age in particular. It was exciting to work with the three counties and the two foundations. At that point, we brought in United Way, and other agencies, the hospital association, etc. I think that program has turned out to be exceedingly successful thanks to Penn State's involvement with us. So those are the kinds of things I think as Commissioners, and I speak for myself, I was always interested in prevention and education. Especially when Commissioner Haste mentioned would we be willing to interview persons who are currently serving in prison. That is a great need because that is where we know that the habits that were formed from childhood, the bullying that continues today with young people, to find out why do we have these problems. So to me to address the needs that are obvious that we are going to find out and I think we are going to find out a lot of information. We're going to get a lot of interest on the part of those who are interviewed. As this develops, I think we are going to have probably a much better idea where we can put our monies, where we can put our energies in addressing the root problems. We love our children and youth agencies. We love a lot of our agencies to go out of business but that is not the reality. We partnered, and Commissioner I think you were Chief Clerk of Dauphin County at that time, we had a luncheon in Cumberland County discussing how we could partner with you for the development of the Schaffner Center. I think this partnership and this working together, I think the regional efforts, I think this project is just absolutely an essential part of what you can plan for the future.

Mrs. Moore: Our cultivation of the partnership between the Greater Harrisburg Foundation and local government, Dauphin County in particular, has been precedence. Several years ago there was no relationship at all. For us to be able to work with you, particularly the Human Service Agencies and also Juvenile Probation and some of the other agencies that you have, we are involved in the Dauphin County Collaborative Board and many other boards that we're involved with is really a way for us to get an eagle eye on exactly what is going on because we are right there with the people who make the decisions and provide the service. Those are relationships that have only come to be because the County opened up its self to having a partnership with the Greater Harrisburg Foundation and we very much appreciate that. It has been and I think useful for both of us. The books that you have in front of you as well, and I wanted to mention this before it has a rather large section in the middle of it which outlines the grants that have been issued for agencies in Dauphin County since January to date. As mentioned, we will have one more grant round this year before the end of 2004. As I was looking through here, to make sure that we were all inclusive we may have included a couple of counties that should not be in here. It is just a few that I noticed. There are some that we missed but for the most part this is a true reflection. If there are any that you see as glaring errors, we can always get this redone for you so that it is strictly Dauphin County. There are just one or two in here that should not be.

Mr. Haste: I know you have talked about other groups having done surveys and I know when we have talked earlier that was to gather all that information together. For this to be successful those folks need to buy into it as well. Have they all bought in and that they will do their budgeting? They are going to take the information that you get into

their process as well? I'm not saying this is the case. Let's just take the United Way, I'm not picking on them. I'm just using them as an example. If they don't buy in and they don't follow the lead of what you have, we could be going in different directions and it really would not work. Have all those key players like the United Way bought in?

Mrs. Besch: They have provided us with the information.

Mr. Haste: And they are willing to follow the results of this even though it maybe contrary to their way. I could see and we know this in charitable groups, even though they all try to work together, they are very competitive for their dollar. Let's just say that there is more of a need for funds to be going to, let's use your educational early childhood, and the Cancer Society or someone else is really wanting to really put their dollars somewhere else. Are they willing to, let's say the United Way and we're going to use this plan to put money, so that means we are going take a little bit of money that we used to give to the Cancer Society and we are now going to give it to Early Childhood. Do those folks understand this and they are willing to.....

Mrs. Besch: What I was going to say as a member of the Board of the Capital Region of the United Way and as one, I also serve on the Success by Six Program for Carlisle United Way. I think as I've talked about this to my colleagues they are as excited as we are about the fact that the needs are going to be determined for the funding from both of the United Ways that I'm talking about. I think they are going to be funded based a lot on the results of this particular initiative. This is going to prove to be the true need in the area. I think they are going to be more than willing. I think Capital Region of the United Way, in particular, has stepped up to the plate with these most recent incidents like in Campbelltown in particular where they lost to a tornado but they weren't involved with that but they were looking in Dauphin County where the tornado hit in Paxtang. So they established a fund. They were overwhelmed. They determined that they may need I think the amount was \$2,500. But they received like \$6,000-\$8,000 from the public interested in serving that need. Then most recently of course, with the hurricane that hit us. \$20,000 the United Way put into that and they're already receiving funding from the public. I think all in all the United Way has been now looking at what the programs are. They are really serious about funding programs that are going to work.

Mr. Haste: I just used that as an example. Maybe that was a bad example. I think this is long overdue we probably should do something like this. Maybe a better example would be what if we determined again that the Early Childhood Program is the real need and there are only so many dollars available and we start to do it. Are we willing to and are the participants willing to understand this? I'll take it this way because it may hit home. The need is so great in early childhood that we can't this year give any money to Allied Arts. Do they understand that? How are we going to deal with that if there is such a need that shift has to go from.....because if this is going to work someone may not get their....someone will have to take it on the chin.

Mrs. Moore: Part of the second phase that Colleen referred to which is the heavy lifting phase is the education of the non-profit community about what we have found are these

needs and why it is this way and how the foundation is going to go from reactive to proactive. The change management of this process is going to be tremendous because we don't want non-profits to think, Oh, now the foundation is not funding the way they used to that means that we are not going to be able to take advantage of what they have. The question that you asked about is United Way buying into this and all that. You have to understand that the United Way serves their agencies. The Foundation serves the entire County. There is a limitation as far as what they can do because they're first and foremost commitment is to United Way agencies that are under their umbrella. Yes, someone is going to have to take it on the chin because if it appears that education is up here and arts is here and we hope that is not what we are going to find really out of balance kinds of needs but it could happen. If that is the way the data directs us then we have to be able to stand up and say for 2005 or 2006 we must focus on area X, Y & Z because it goes into so many other areas. We've talked about Early Childhood and we talked about young children being able to enter school and be ready for school and be able to learn once they get in school that they have breakfast in the morning so that they can go to school and learn and that they have clothes. And that they have somewhere to stay after school. You see what I'm saying. It is not just the zero to three child.

Mr. Haste: I was just using those as an example. It could be flipped the other way. Is Early Childhood willing to take it on the chin if the need is for Allied Arts? I'm just saying if we are really going to do this and it is going to be affective, there is a good possibility someone is going to take it on the chin.

Mrs. Moore: That's right because there are not unlimited money available. It is not as if we can say, we're going to address all the needs that we find out. What we are doing with eleven board categories under these 75 indicators-there is no way and nor would I sit here and say we as the Foundation would be able to serve all those needs. That's just not going to happen.

Mr. Haste: Two other quick questions. You said you were going to do 50 interviews in each county.

Ms. Terry: It maybe 30 in Perry and 70 in Dauphin. It varies.

Mr. Haste: I was going to say because when I was looking at 50, it didn't seem to make sense to do 50 in Franklin and Perry.

Ms. Terry: We had 250 overall. There are a little over 400 names right now.

Mr. Haste: You have commitments now. Perry is already in. And Cumberland has committed to next year.

Mrs. Terry: Yes, for fiscal year 05. They are going to participate and give us locations across the county and focus groups. They are going to sift through our data as well and

sit down again with us and just talk about the different types of data and different types of categories. But they are not going to fund us until 05.

Mr. Haste: Okay.

Mr. Hartwick: First of all I would like to welcome Commissioner Besch who has been a long time friend. Their regional attitude is something that is long missed by your predecessors. We appreciate you being here and promoting that sense of arising tide lifts off ships. I agree this is a monumental task in taking this on and certainly challenging and one that is necessary. I do have one question. In the implementation phase that is going to be the heavy lifting part, something that we did in Dauphin County was to develop a brand new performance based standards and outcome measurements that are consistent with what our expectations are for the investment of those dollars. We have currently placed several agencies who have done business with the county through out Human Services Development Fund in the past on notice. I did that this year in delivering checks. I also delivered the performance measurements and standards that they are going to be required to meet or else they are not going to be funded again. We often hear a lot in the human service community about throwing good money after bad money and making sure folks are accountable and they are providing the services in fact that we are contracting for. Is that going to be a part of the second phase?

Mrs. Moore: Very much so, Commissioner and I'm familiar with that through my work with the Dauphin County Collaborative Board and Sandy Moore of course told the group that this is what was going to be expected of the agencies. As part of the change in the way the Foundation does grant making, there is also going to be change in the accountability and the evaluation of the outcomes of the programs and the expectations of the organizations as far as the accountability of their governance of their organizations. Are they well managed? Are they depending on grant money from year to year just to survive that sort of thing? A lot of that is going to be put into place as part of, okay, this is the new process, grantees you also have a new level of expectations. That is something that will go very much hand in hand with this.

Mr. Hartwick: Because you know being former Mayor of Steelton and seeing how much money we spend in Human Services, although the need is much greater than the resources, we still have juvenile crime that is at an all time high. The prison is still facing over-crowdedness and Human Service needs continue to grow. Sometimes it is not only about priorities but making sure people have been funded in the past are held to new standards and they begin to be encouraged to think out of the box and be held accountable. This is not just keeping an organization alive. It is about providing direct services to people who need it and we want to be clear in that message. The last point that I wanted to make was, I would like to check but I don't know Commissioner Besch because you were the oversight of Human Services, and I am in the County, would this qualify for the use of Human Services Development Fund dollars to be able to be used for this request?

Mrs. Besch: It would but that again would be through the government participation with us. Those HSDF, I don't know that our Foundation can apply for those funds.

Mrs. Moore: Yes, for the Capital Area Coalition on Homelessness we received a HSDF Grant this year.

Mr. Hartwick: Because we do have some un-program funds for this year. I'm always worried about how do we pay for this stuff, un-program funds to HSDF, and I'm clearly supportive of this initiative and you have my support. If we can use HSDF dollars, that's a way to.....

Mrs. Besch: Yes, that would be a way for you all.

Mrs. Moore: Yes, and you can look at some other sources.

Mr. Hartwick: I just want to make sure that we're covering our bases and I know there are certain restrictions and requirements that we have with the administration of HSDF, as long as you qualify that's appropriate source for the \$5,000. Thanks.

Mr. DiFrancesco: Just a comment, no questions. I think your presentation was comprehensive and answered all my questions. I guess stating the very obvious basic and that is what I like about it is the fact that for the first time you're going to be putting one document together and everybody has a chance to share input and bought a piece and instead of having many groups across many counties doing many good things in many different directions, at that point people can look at it and say okay now we can see where there is documented need in this area. Using Commissioner Haste's example, maybe Allied Arts now adjusts their programming to meet the needs of whatever it might be, juvenile crime or whatever because they have already provided their input. They bought into the document and they see that is where the need in the community is. What I like about it is all of a sudden we are taking a shotgun of money and maybe turning it into a rifle bullet and really shooting at some community priorities. It makes a lot of sense and I commend you for the vision and foresight to move forward on it.

Mr. Haste: Chad, if you could follow up on Commissioner Hartwick's suggestion on HSDF money and see where we can find the \$5,000 and then list that on next week's agenda.

VELMA PRATHER, SPRING CREEK; AND CLARK FRESE, CHARLES RIVER COLLABORATIVE

Ms. Prather: My name is Velma Prather. I reside at 203 Lincoln Street in Steelton. I work at Spring Creek. I have many positions. I'm here today as a representative of the Volunteer Benefits Committee. As you are aware, the Committee has been reviewing the current deferred compensation plan offered through the Principal Group. As part of our review, we have received several proposals regarding other plans. We would like to

have Clark Frese from Charles River Collaborative present to you the committee's recommendation to move to a new plan, referred to as an Open Architecture Plan. Also as part of the committee, we had information sent to the employees explaining to them what is going forward to keep them also informed. Basically that is all I have to say.

Mr. Haste: This would not replace the existing plan? This is in addition to?

Mr. Frese: No, this would replace. Let me qualify replace. Replace means that there would be a different menu offered to the plan participants and there would be a different administrator than Principal Financial. The 457(b) Plan is a trust that is set up for Dauphin County and that plan stands. There may be over time different vendors that actually manage that.

Mr. Haste: Who does it now?

Mr. Frese: Principal Financial.

Mr. Haste: I don't want to get us into a situation that occurred previously that I've heard nothing but complaints about what people were forced to do and lost money.

Mr. Frese: I have a brief presentation and I will address that. Some background, my name is Clark Frese and the name of my firm is Charles River Collaborative. Normally, Steven Hetrick would be doing this presentation but he is out of town. He and I have worked on this and he had asked me to do the presentation.

We're in the process of merging our firms together. By later this year, it will be located in Steven's Office on North Progress Avenue. I'm currently located on Whelan Road in Lewisberry.

Each of you received a packet with this cover on it. What I'm going to do is verbally go through the packet and explain what is in it. The 457(b) Program is a deferred compensation program offered to plan participants in which they can voluntarily participate. There is between 700-800 participants in Dauphin County that are currently members of the program. Velma is from the Voluntary Employee Benefits Committee that actually oversees that program. Steven Hetrick is currently the Broker in the program. Early this year Principal Financial made some fee increases in the program and also changed their thumb line and eliminated some funds that were extremely popular among plan participants. So at that point the committee started to re-examine the Principal relationship and look at alternatives. The alternatives that emerged was the Open Architecture approach. To answer Commissioner Haste's comment about the transition in the program from Nationwide Hartford to Principal, there were some rough edges there and that was a very key concern of the Voluntary Employee Benefits Committee. What they did and Velma mentioned this in her presentation, there was actually two circulars that went out to all the plan participants and all the employees of the county explaining just the concepts that the committee was looking at, at the time. Not suggesting that they would make a change but just discussing one alternative

versus another. As a result of those two circulars, it was pretty extensive, I think it was several pages, there were several meetings and several questions. Those included meetings with some of the management of different areas and we met with the entire I.T. (it was about 10-15 employees in the I.T. area) that we met with and went through all the questions that occurred. At one juncture, there was some of the management that brought questions out and they attended committee meetings and went through the discussions. As a result, we had a lot of good feedback about this change and the information then went out to the employees over several month period of time. So it was an adequate period for them to comment. I think the original memos went out in May and I believe June. But they went out several months ago. To date, we've only gotten favorable comments about the transition.

Just to sort of summarize some of the reasons why the Open Architecture Approach became attractive to the committee. There was a limitation in the Principal Plan for the amount of funds that were available that Principal could chose from and offer to the plan participants. In an Open Architecture setting, there is over 10,000 mutual funds in the market place that are examined and there is an investment policy statement which is like a business plan that is set up with the 457 program that reviews and screens out funds and a investment group appointed by Employee Benefits Committee looks at these recommendations which are made by the investment advisor from which is Charles River Collaborative associated with these securities.

The second part of that, is that we have the investment policy statement the funds are chosen through the screening process and any commissions or revenue sharing which includes the term finder's fees which are upfront, commissions paid on transfer from one mutual fund to another, 12(b)-1 fees which have been impressed recently but are part of the expense ratio of the mutual fund. Another category called sub-transfer agencies which are agreements between the third party administrator and the mutual fund. It also comes out of their expense ratio, are all either returned to the plan to offset expenses or crediting against any expenses that are charged to the plan. As a result of this, the committee sees full disclosure of any fees or agreements between the mutual funds and the vendors that would cause either revenue to be paid by the funds back to the plan or expenses to be charged by the vendors to provide the services.

A second thing that made this very attractive and then I'm going to go through some slides that we presented the committee to show you a little bit more detail that there was a substantial savings to the participants in the plan. All these savings are to the plan participants and not to the county or to anyone else. But over a four year period is about \$191,000 in savings that passed back to the plan participants. Part of this is due to the revenue sharing that is received from the mutual funds that we have been able to negotiate and part of this is due to a reduction in the overall cost of the plan. Principals charges where actually higher because the last transition triggered some expenses in moving the money from Nationwide & Hartford over to Principal. Those expenses were charged to the plan participant and it didn't amortize over a five year period of time. By making the change, the cost of those expenses which would have been \$131,000 over

the next couple of years have been reduced to about \$40,000+. That is part of the \$194,000 savings.

In your packet, there is a kind of a model on how Open Architecture works. There is actually three distinct pieces. That's by the investment advisory from Charles River Collaborative. One piece is Fidelity which is a nationally known group. They act as custodian and they offer the entire platform of mutual funds so all the money is held by Fidelity. Any mutual funds that are purchased are purchased through the Fidelity platform and held there under their custody ship. Alliance Benefit Group is a nationally recognized third party administrator. They actually do the participant accounting and record keeping and provide the website, and the 800# for participants to call into. And last but not least, the mutual funds themselves and as I said these mutual funds are screened by the investment advisor and then any changes that may occur from time to time are presented to the committee.

The second slide really explains the whole concept of revenue sharing. The example is a comparison between the performance and the expenses of Vanguard, S&P 500 Fund, which probably many people in this room are familiar with. They are widely publicized. And Davis New York Venture A, which is a publicly traded fund and actually a very popular fund. When you look at the performance between these two funds and we wanted a contrast because Vanguard is an index fund and has a very low expense ratio where Davis is an actively managed fund and has a higher expense ratio. What we did we showed over a ten year period of time which takes us through December 31, 2003, the Davis Fund which also operates in the same large cap space as the S&P 500 Fund offered by Vanguard, actually had between a 1.89% and over a 3% higher return to the participant in that particular fund. By the way, the Davis Fund is one of the funds that we are offering in the plan.

The expenses ratio on Vanguard is very low. It is 18 basis points. A basis point, you guys probably deal in mills, and basis points are probably as confusing for most people who deal with it as mills are. But there are 100 basis points in one percent. So 20 basis points would be .2%, 18 basis points would be a little less than .2 of 1%. The expense ratio for Vanguard is 18 basis points. The expense ratio for Davis is 95 basis points which is a little bit under 1% because 100 basis points would be 1% so 95 basis points is a little bit less than that. As you can see Davis is actually about $\frac{3}{4}$ of 1% more expensive than the Vanguard Fund. On the other hand, the Davis Fund performs better so on that basis alone you may be attracted to have Davis over the Vanguard Fund. If you take that one step further to the revenue sharing issue which can be a little confusing to most people who don't deal with securities everyday, the Davis Fund offers revenue sharing. They offer a finder's fee which is 75 basis points, $\frac{3}{4}$ of 1%. On the transfer of money and new deposits that go into the fund after the initial transfer. The 75 basis points is a one time finder's fee. By the way, any of these expenses are on what some people generally refer to a no-load basis. I put that in quotation marks. There are expenses in both funds. You must compare the two. But if a participant would put or anyone would put \$1,000 into the Vanguard Fund and then withdraw the \$1,000, they would get the \$1,000 invested and then \$1,000 plus interest back at the

end of any period that they had the money invested for. So if they had the money in there for six months they get back a \$1,000 plus interest for that six month period of time.

Mr. Hartwick: Unless it is lost money.

Mr. Frese: It could be negative which occurred recently. In the case of Davis, it works the same way. Normally, Davis is what is called a no load fund which would charge a fee to go into the fund. Those are waived in case of the employee benefit plans. So there is no load to go into the Davis fund so if \$1,000 is invested in Davis just like Vanguard, at the end of the six month period a \$1,000 plus positive or negative earnings are taken out at the end of the six month period of time. So when I talk about a finder's fee of 75 basis points that's taken out of the expense ratio of the 95 basis points. It's not an additional charge for the plan participants.

Second fee that Davis pays is a 25 basis point 12(b)-1 fee which is paid each and every year. The finder's fee is only paid at the point of transfer. It is a one time payment. 12(b)-1 fee is 25 basis points. The final fee is the sub-transfer agent fee. The first two are listed in the plans prospectus which is something that the stock broker gives to the buyer to explain how the plan operates. Sub transfer agent fees are not because they are fees that are paid to a record keeper, in this case Alliance Benefit Group to offset their fees. Those are all put into the same genre that the plan would receive a combination of the 75 plus the 25 plus the 10 basis points as revenue sharing. If you do the math and you don't need much in the way of arithmetic to see that, that would add to a number that exceeds the 95 basis points. This actually does occur and these plans hold billions of dollars worth of assets so they are willing to pay more than they actually receive in the initial year because they realize that if they do a good job, they keep the money and in most cases they do keep the money. So revenue sharing is a way for us to negotiate fees with mutual funds and get revenue back to the plan to offset their expenses.

If you look at the next list, it is just a comparison between the appropriate index, the sample fund that we are recommending. We'll do a final list later in October. The Principal Financial Fund that was in that space, whether it is a large company fund, small company fund or international or bond fund. As you can see from the comparison, this was also given to the committee and part of the memo that went to the participants, by doing Open Architecture you have a lot more flexibility to pick funds that are performing better than what would be offered on the standard menu by a vendor.

The next fund is labeled pricing model under Open Architecture. In here we contrasted the cost of operating the Open Architecture Plan versus the Principal Plan and the cost difference. In the first year, the Open Architecture Plan costs 188 basis points which includes the 40 basis point fee to come out of the Principal Plan and 148 basis points that is the ongoing fee to operate the plan. The Principal Plan in that 2005/2006 period time cost 228 basis points or 2.28%. So there is a difference in those years. The first year is \$44,000 assuming \$11 million as the day of transfer. We don't know the exact

amount that it will be somewhere between \$10-11 million. The second year is actually a little bit higher because of the penalty difference. If you look at the total, it is \$191,000. What is not included in this 188 basis points which is actually going to be shown on the next page is that we do get finder's fees. We won't know the exact amount until we do mapping. But those finder's fees will actually further reduce this by another 10-15 basis points depending on what the final numbers turn out to be.

Mr. Hartwick: So give me a breakdown of your fee structure versus Principals once again, just the bottom line.

Mr. Frese: It is 148 basis points versus beginning in 2008, 167 basis points once all the penalties are paid in the Principal Plan.

Mr. Hartwick: Okay, thanks.

Mr. Frese: The last page of this piece that I handed out to you gives you a breakdown. These numbers were done earlier in the year. In the beginning of the year was that a little over \$10.1 million in the plan with about 700 participants and this is the actual fees that are charged to the plan in the way the 148 basis points are calculated. The 148 basis points includes all charges. That's advisory fees, any third party administrative fees, any fees that Fidelity charges for their custody which they have a minor fee and it also includes a transfer cost of the plan which given the fact that there is finder's fees actually have a refund going back to the plan in the first year.

Mr. Hartwick: So your fees are 148 basis points and I didn't catch what is Principals?

Mr. Frese: They're actually on this sheet, as of 2008 they'll be 167 basis points. That's Principal's ongoing fee. Right now they are 228 basis points.

Mr. Hartwick: 228 and they were going to drop in 2008, is what you are telling me?

Mr. Frese: Correct, there is a follow-up in their fee schedule in the next three years.

Mr. Hartwick: And you're proposing to stay flat at 148?

Mr. Frese: Correct.

Mr. Hartwick: Okay.

Mr. Frese: Also included in your packet was a complete proposal that we had presented to the committee which includes information on websites with 800#'s and all the services that would be provided with the plan. Just as a bottom line, the services that are provided by the plan would be in total all the services that are currently offered by Principal to the plans. There would be no reduction in services. There will be an increase in service because as investment advisor, we would sign on as a co-fiduciary with the committee. Currently Principal acts as in a fiduciary capacity but only in a

national level and not in conjunction with the committee that takes the plan and has any monitoring duties over the investments.

Mr. Hartwick: I think first of all as it relates to the process, I think this has been indicative of the Board of Commissioners instead of coming in asking you who we want as our guy. The Benefits Committee has come forth with a good recommendation to save money to the County and it is not based upon politics. It is based upon cost and what is in the best interest of the employees which is a strange concept to the County but one that I think is going to work out extremely well for employees.

Number two, I appreciate your candor much to the chagrin of the audience in your fee structure. That is something that you normally don't get an opportunity to hear from financial advisors and with savings on the fee structure side. I think that also is going to be a benefit to the participants. I'm a fan of the Open Architecture design, I just need to know structurally, you talked about how you are going to be able to take a look and evaluate the different mutual funds that are provided, are you going to be doing that based upon performance? Have you set up a criteria and review period? How is that going to occur?

Mr. Frese: We're in the process of drafting an investment policy statement that will have a list of criteria that will apply to each fund and screen out funds that don't meet that criteria and then make a final recommendation based on funds that meet the criteria and are the best for participants of the committee. The investment policy statement will be reviewed by Dauphin County's legal team.

Mr. Hartwick: I would like to see that. You are going to be doing and taking a look at benchmarks and those particular areas that the mutual funds have. Obviously their expertise or experience and if they aren't meeting those benchmarks you will try to go out and get the best value for our employees at that time?

Mr. Frese: Correct. We do a quarterly monitoring report so the committee will have available this information on a quarterly basis. We set up a watch list criteria so funds not meeting the criteria are put on a watch list and eliminated. I've sat on investment advisory committees that actually did this screening for about a 13 year period of time. Our experience is that there are probably 10% of the funds you initially recommend each year. If you've got ten there is probably one fund that is going to have a manager change or some bump in the road that is going to make it unattractive to the plan participants.

Mr. Hartwick: And this is a real great opportunity for employees to invest because if you are doing this yourself and you are going out to mutual funds, often times you are trying to change particularly in American funds. I know there is a large front end load. You're able to avoid that load and still go to invest in what's in the best performance in that area of the market and you don't have to pay any fees up front because you're able to do it without a load in a deferred compensation plan, is what you told me, right?

Mr. Frese: That is correct.

Mr. Hartwick: You sold me.

Mr. Frese: It is a great opportunity.

Mr. Hartwick: It sounds good.

Mr. DiFrancesco: My only question, you just answered and that was how actively do you monitor the funds to make sure they perform expectation above benchmark and how often do you make changes. So basically you are monitoring on an ongoing basis, how often would you recommend changes?

Mr. Frese: We would usually have a process where we put a fund on a watch list if it fails for more than $\frac{3}{4}$ we will eliminate it. Although the committee will have the opportunity if there is a management change or some other....with the recent scandal...some other reason to eliminate a fund.

Mr. DiFrancesco: They can change?

Mr. Frese: Yes.

Mr. Haste: I think it is a great option. My only concern and my hesitation is...I know you said there were rough edges. Those weren't rough edges. Those were cliffs that we put people over.

Mr. Frese: I understand.

Mr. Haste: I don't want to....and I guess I'm baffled. I don't understand why we don't just offer this as an option and allow the employees to make the move when it is beneficial to them as opposed to us putting a timeframe on when they do it because that may not be a very good time for them to move their money as was the case the last time. When they moved the money they took substantial hits and losses. I don't know why we don't allow that for the employee to determine when they move their money as opposed to us saying this is the date, this is when we are going to do it.

Mr. Frese: I'm glad you brought that up because that was actually an area that the committee explored. Just a couple comments. One is that there is a structure under Principal in which Principal is charging back all of the expenses and that's being amortized over the assets of the plan and that is where the 228 basis points comes from. It is the difference between...there is a sheet that shows that 167 minus the 228 is really the amortization of the penalty. Let's say if one half of the participants were to move and one half would stay, that would substantially increase the penalty because they would charge it to all the participants that stay.

Mr. Haste: Isn't that their choice instead of ours? I think this plan is probably good enough that everybody will move. But that is their choice. I think where the mistakes that were made by the previous Board on this issue is they also thought they were doing a great thing for the employees. They didn't think the employee was smart enough to decide that on their own. I think if one employee is forced to do this and takes a loss in their fund because of what we chose the timing as opposed to when they chose the timing. We did a disservice to that employee. I fully understand what you are saying and I know that. But that ought to be the employee's decision, not ours.

Mr. Frese: I can only comment that I managed.....I just recently sold a firm that managed 100's of employee benefit plans. We did many of these transitions. With them it was that if you mapped the funds and the participant goes from a large cap growth fund to a large cap growth fund, they're still staying in the market place but being offered a better manager. We are actually doing this on a no load basis where the change from Nationwide-Hartford, there were actually expenses to the plan participant going from one program to another. So I think the circumstances are slightly different. I think the other thing when you mentioned the chip, I have heard a lot about having set with the benefit's committee over the last twelve months that was one of the primary concerns that the committee had was that there would be no clip because they had a concern about that. It took several actions to try to avert that. One was to put out these memos but the other was, we have met with quite a few participants in meetings, as I said, some of them were management people that represented areas of Dauphin County. Others were the Information Technology group. I don't know what percentage of the Information Technology employees were there. But there were quite a few that had questions about it and wanted to get specific answers and were able to go through the program and explain to them. Everybody that has looked at it has been pretty excited about the opportunity.

Mr. Haste: And I think it is a better plan. I think us making the decision of when they move their money is a mistake.

Mr. Saylor: Perhaps the Volunteer Benefits Committee could explore that possibility further to see if we could structure a plan that employees and management would have the option to choose either plan and let them make that choice for themselves. I know that we discussed it. I'm not sure that we flushed out....as I recall we came at it from one or the other. We never really fully explored it. It could be a structure plan where it could be an option.

Mr. Haste: I will not support a complete switch because if one employee loses money because of that. It is a mistake.

Mrs. Way: We did not want some people ending up staying with Principal and being stuck with all those fees while other people jump ship. They can't seem to understand.

Mr. Haste: But that is their choice.

Mrs. Way: I understand it is their choice.

Mr. Haste: But when we make the move for them, it is no longer their choice.

Mrs. Way: I'm just saying that's why the committee is concerned.

Mr. Haste: And I understand that and I think that is right. We ought to say to everybody. I truly think if people understand it everybody will leave Principal and come to this. But that ought to be their choice. It ought to be their decision when they make that move. Maybe a better way to do this is, we say we're going to give you a year window. We're going to make the move. In this year, you determine the best time to make your move. Because and we know the market, we could move it the wrong day. When the move is made from one fund to another and people lose their money, we've done them a disservice. That's what happened the last time. Some people would have made the move if they had been given a better timeframe to move it. But when they were told to move, when the plans moved, there were a lot of people that took a big hit. We know that too. I do this with my own accounts, when I want to move from one to another, I watch the market to know when it is the better chance for me to move it not some arbitrary date when someone says okay this is when you are going to move.

Mr. Frese: To make a couple of comments on it. There is a timing issue. When you do your mapping you sell one day and you buy the next. The employees are not out of the market. They are totally invested in the market during the entire transfer process.

Mr. Haste: It may not be the right time to move.

Mr. Frese: We're moving from a large cap growth fund to a large cap growth fund so you're not moving out of the market, you're staying in the market. Just another comment on that, having sat on a committee for a number of years, we did studies and one of the things that we found out was if you do a search for a new fund this is always a concern that employers had during the 80's and especially early 90's was you come back with a recommendation and say we got to replace Fund A with Fund B. Fund A is doing terrible and Fund B is a much better fund, they took the same approach. Let the employees decide, we'll leave Fund A & Fund B in there. What tended to happen was a lot of employees aren't as educated as many of the people in this room on finances. They generally never move. People have a lot of inertia and the people that stayed in Fund A would lose money.

Mr. Haste: That is their choice though.

Mr. Saylor: As we continue to go round about, why don't I, assuming this is the consensus of the Board.....

Mr. DiFrancesco: I have a question. As I understand your presentation giving the benefits that you receive the finder's fee, etc. to kick back into the fund, based on your

move, I'm not talking about market but what I'm saying just moving from one principal option to this option, would anybody lose money?

Mr. Frese: No, there is no loss to the plan participants in the transition.

Mr. Haste: There could be. You look at their second page. It says here, will I lose money on my account that is transferred? It talks about ways as to how you can lose money based on the market. Again, that needs to be the employee's decision when to move it, not ours. People can lose money in the transition.

Mr. DiFrancesco: These are all diversified funds, right?

Mrs. Way: (microphone did not pick up her response)

Mr. DiFrancesco: They are diversified, yes.

Mr. Haste: But if I have the choice of when I move it, I can either lose funds or I can minimize how much I lose.

Mr. DiFrancesco: The transition period as it actually takes place, I'm the employee, how does my money move from the one that I have now, I should say as the County as a whole, because what I'm trying to figure out, it is not a staggered thing, right? I mean the money is pushed from tonight to tomorrow that it goes into the new fund and basically at that time, you already know as an individual how I want my money distributed.

Mr. Frese: Correct.

Mr. DiFrancesco: So no money is moved until we had opportunity to outreach all county employees basically for an open enrollment period. Where at that time, we can go and tell the other employees, look here is the enrollment period, this is what we are doing, if you chose to stay or if you chose not to become part of this plan, here is what is going to happen. It is almost a given that if they had a one on one meeting, if we almost forced the one on one meeting, that they will absolutely lose money under one scenario and will most likely not lose money under the other.

Mr. Frese: That is correct.

Mr. DiFrancesco: I think the process itself is going to take care of it as long as it is done in the proper manner. Because quite honestly there are a lot of people out there that are probably very passive about their retirement fund. Yeah, it is a great idea. Yeah, let me set it up and I'll never look at it again until I leave the County. Even if we put notice after notice out to them saying you got to be aware of this, you got to make a decision, people will still not see it. When they get crushed they will come back and blame us for not telling them the proper amount of information. I think it is really in the transition of how we set up the enrollment and making sure that all employees at some point are

touched by the administrator in the open enrollment process by the appropriate people. At that point, it really becomes.....

Mr. Haste: I think if that happens everybody will move because it is a better plan.

Mr. DiFrancesco: I think the key to it is to reach out to each and every single employee because this is a major, this is an important thing for people. Realizing it at the last time, a lot of people lost a lot of money. That should never happen. Here we are offering a better plan. The employees still have to understand it with that one on one contact.

Mr. Frese: I think it is very important and that is why we set up a contact period over the last few months so the committee could get feed back. It would cost you one thing and that is why I started talking about the options that employers gave in the early 80's & 90's but by later in the 90's they dropped that additional option because they realized that they needed to give the participants things that were in their best interest rather than give the A/B option where you're thinking the employees are going to intelligently look at both options and chose the best but unless you do...Steven Hetrick has been great doing one on one meetings with the plan participants. He has met with each participant in order to get them to participate and understand the plan.

The one thing that I would caution you on is when you have a critical mass of assets and participants in the plan that makes it attractive to get bids like the one that I have shown you in this illustration. If you suddenly say to the participants and I don't know what percentage of the participants are going to transition. I don't necessarily have the 148 basis points to offer the plan participants for a couple of reasons. One is that in the quote as in the outline there is a per participant cost and overall administrative costs for running the plan. If you set up two administrators, you kind of doubled your cost. When you start applying that cost against a smaller amount of money, if that represented 40-50 basis points at 148 basis points, it could represent 60-70 basis points.

Mr. Haste: I understand all of that and I'm a firm believer in the market. I think it is wrong when any governmental body decides that they know what is best for their employees or any other people. If this is offered as an option, I support it. If it is a replacement, I will oppose it.

Mr. Hartwick: May I have one more comment? If it is the direction of the Board that we make this an option, is there any way you can definitively provide a statement to each one of the \$10.1 million of the holdings that would show how much they would be responsible for and the actual penalties for not moving that money from one to the other? Is there a definitive dollar amount that you can show them, saying, hey, here is the statement if you're not going to move to the other plan, you're going to share the burden or actually feel the largest part of the burden for not moving your resources over. What does that mean to you financially versus holding my money into this Principal account?

Mr. Frese: As of January 1, 2005, the total amount of penalties is \$131,000. If half of the people move, the \$131,000 will be applied against the \$5,050,000 or whatever that transfer amount is.

Mr. Hartwick: So really it is not going to be profitable for anybody to stay in the Principal Plan. You need to just be clearly specific about if we're going through with Commissioner Haste's recommendation. You need to be clearly specific in defining how much that means to each one of the participants. If he wants to let them have the choice, they need to know specifically dollar amounts that they're going to be responsible for, for not making the transfer of their money. I think that's our fiduciary obligation.

Mr. Haste: I think they will go over and I'll encourage people to go over. But on the other hand, if someone has the bull headedness for whatever reason they want to stay with that company because my grandfather had it and I'm stupid enough to want to lose money, I still have the right to be stupid. I think that ought to be the employee's decision and not our decision.

Mr. Saylor: May I ask a question at this point? At this point we are not asking the Board for a vote or anything. This is just to update them on the action as to what the Voluntary Benefits Committee has taken. We will at a future date be coming before the Board and there is a timeline for documents for the Solicitor to review in order to move forward with this and the Board will have to approve some things at a future date.

Mr. Haste: No matter which way we go, it is an important plan.

Mr. DiFrancesco: I think it is important to understand where we are all coming from.

Mr. Saylor: To where I'm going is, it clearly is one Board member has expressed an interest in moving forward with this benefit as a voluntary option and not as a mandatory change. I need to know what the other two Board members feel.

Mr. DiFrancesco: I was preparing to share that. Realistically, I do take a different approach. I do have a difference of opinion. That is what I understand the sensitivity based on what has happened in the past. I think what has been to the benefit of the Board is that we did bring the Employees Benefit Committee back, an analysis has been done and in this particular case, it is very clear that all employees will benefit through the changes that they have determined and set on the table before us. I guess where I have a difference of opinion is that, this is still a benefit that is provided through the employer. Therefore, we do have the ability and I feel it is justified that we would say that this is to the benefit of and I will say the majority of the people. In reality, in my mind the only way that it really works is to say this is our defined plan. I just wanted to get that out there because I would go a different direction. So it is not clear where we stand at this point but we still have time to look at it and debate it.

Mr. Hartwick: I would be glad to give my opinion. I don't see anybody winning to stay with Principal and taking a look at the architecture of the plan I see them being shared with a lot of burdens, being uninformed and not taking advantage of being proactive. Therefore, probably losing out because they didn't take the action. There is a certain amount of personal responsibility we need to place on every individual. I agree with you Commissioner Haste.

I just believe in my experience and understanding with people in investments particularly with retirement funds, I don't see them stepping up to the plate and being proactive about making the change and giving them the option. There is going to be a certain few that are going to be strapped with the burden of losing a potential of a whole lot of money if we don't make the transition and give a date for timeline of the transition and allow all employees to come over. I don't really see anybody really winning to stay with Principal. I agree with personal choice.

Mr. Haste: I totally agree with that. All it is, is timing and all I'll say is if we move that direction, if any employee loses money on that date, I will have them see you guys for a refund. Because quite frankly, I think the previous Board had the same attitude and same mentality and quite frankly it screwed some employees and I will not be part of screwing any more employees. The market will drive it and I think employees are intelligent enough to make a decision. I guess I just have a little more faith in our employees.

Mr. DiFrancesco: I think that's not necessarily a very fair statement because the bottom line is, where as if you move under the current scenario, everybody benefits and they may not like it for some other reason that they are being moved. I don't know what their reason may be but the bottom line is if you have one employee that is left behind because of some oversight, they were off....I don't know what the example is but if that one employee for whatever reason was not touched, left the money in there by accident they get hammered. They don't lose a little bit. They could lose their entire investment.

Mr. Haste: And again...

Mr. DiFrancesco: That is a risk I'm not willing to take.

Mr. Haste: That may be all based on timing. I think the better way is if you give them a timeframe and not a set date because that same employee may be sitting there and saying, okay, if I make my move today I may lose this much in the market because of the way the market is or I'm going to lose this much based upon having to pay the fee and the lesser at that point in time is paying the fee. They have the right to make that decision. They can say, okay, I'll pay the fee now and I'm going to move it when the market moves in my benefit and I'll move it at a later date. When you pick a day and that's what we've done here, that employee does not have that chance and they may be losing under both scenarios but they have the right to take the lesser loss.

Mr. DiFrancesco: We go back to the idea that these being diversified that they would be investing in,... aren't they similar products? It is not like they are investing in one particular company on any given day that could show...here you are talking about a situation where funds vary on the margin slightly and again it goes back to my question, when the money moves, you know that I'm going probably from a ratio in my Principal account that is very similar in this new account. I have a balance of growth, equities, and bonds or whatever it might be that is very similar to my last one. That's why I think even if you move on dates specific where a particular fund takes a hit on one side and I lose, it is going to be a marginal loss. It is probably going to be a very small loss whereas if I stay, the fees that you are talking could potentially wipe me out depending on how many people stay behind.

Mr. Frese: That is correct.

Mr. DiFrancesco: If I'm looking at the risk of the employees and the benefit to the employees, there is a lot more stability and a lot less risk in doing a 100% turn. That's not the question of intelligence or abilities of the employees in any way. I believe at this point it is a matter of the committee has done the research, it has been presented to us and we have to make a judgment call in terms of where we are going. I very much see where the Commissioner is coming from. I think we all have to look inside of ourselves and say what the right move is. One decision or the other doesn't belittle anybody. We just have to judge the risk and do in our own mind what we feel is best for the employees because it is a benefit that is being provided by the County which we oversee.

Mr. Hartwick: I think there is one sharp difference to the process that was taken by the former Board of Commissioners and this Board of Commissioners and I would like to illustrate it by saying, "Have we ever met before, Mr. Frese?"

Mr. Frese: No.

Mr. Hartwick: Do I know anything about your firm? Have you contributed anything to my campaign? I didn't know about you before today and the difference is we're not telling somebody to come in based upon any relationship. We're asking you to come in based upon the product and the recommendation from our employees which I think is a different way to do business than has been done in the past. I think there is a big difference in the way the former Board did it. Procedurally, there is a difference in where or not you want to have the employee have the choice or not. But I think we've done a lot different than former Boards in trying to move forward, a better plan, and I just wanted to draw that stark comparison before....

Mr. Haste: Plus we have a committee but I always get warm and fuzzy when government tells me what is best for me as opposed to letting the market decide.

Mr. Hartwick: And I respect that.

ITEMS FOR DISCUSSION

Mr. Haste: Are there other items for discussion? (There were none.)

SOLICITOR'S REPORT

Mr. Haste: Is there anything under the Solicitor's report?

Mr. Tully: Nothing to add to the report.

Mr. Hartwick: I do have a question. Number four is just the agreement with McDonalds about the connection and that allows us to free up now to do a full subdivision plan of those Paxton properties. That was one of those items that needed to be taken care of before we actually did the subdivision piece?

Mr. Tully: That is correct.

Mr. DiFrancesco: Just for public comment, we still have some serious ongoing issues within the County. The rain that hit last night did create problems in a number of communities. We had some additional evacuations last night because of the fact the ground water is up so high there is no place for the water to go. We have a couple of significant problems in terms.....I'm familiar with one and that is a quarry that was at capacity because of overflow last week. The water goes down and drains away but guess what the quarry is still at capacity. The water is still at the very edge. Last night's rain had an entire section flooded out again last night. There are some issues that we have to deal with and bring to the Commissioners' attention. One of those is that we are going to have to sit down with Harrisburg International Airport and there is a little bit of struggle going on right now between the airport and some of the low lying areas down around the airport because there are certain floodgates that the airport has to protect its property but when they close those floodgates, it literally creates a dam and pushes the water back on some of these low lying areas. I think it is time through our delegates and appointees that we send a message to the Authority that we need to sit down and bring the community that is being affected together with the airport and get some satisfaction because right now there seems to be somewhat of an impasse between the communications with the municipality and the Authority. I think we need to use our delegates to get involved in this and let them know that we are very concerned about it.

Mr. Haste: Before we move on, is there anything more for the Solicitor's report?

CHIEF CLERK'S REPORT – CHAD SAYLOR

Mr. Saylor: No I don't have anything.

COMMISSIONERS' COMMENTS

Mr. Haste: Any further Commissioners' comments?

Mr. Hartwick: Just one thing for the Board. I just want to bring an update. We did have our advisory committee meeting on Northern Dauphin County Human Services last week. We had a great turnout and participation on how we're going to redefine how we deliver human services in the upper end. Out of three major priorities that came out of that meeting was, we need to step up and redefine how we do education and outreach in defining how we get to folks where they live in the upper end so they don't look at government like welfare. So they actually reach out for the help. We're going to do it through various marketing efforts and mediums. We're looking to have one big event north of Peters Mountain that certainly redefines human services. We've gotten buy-in from all the superintendents from the various levels of social services in the upper end as well as from the law enforcement community. It was actually a contentious meeting at times but I think we came out to some really good outcomes.

The last one is I think the hottest topic, the location and the image of the facility. That is something that we've set up subcommittees to explore. We're going to be meeting in subcommittees in November and then there will be a full meeting again December 16 from 10:00 a.m. to 1:00 p.m. at Kevin's Place who actually catered the first event which I guess the key is if you feed them, they will come. Everybody did show up to the meeting. I have meeting minutes that will be available and I'll provide to the Commissioners. I would appreciate your feedback and continue support of that effort.

PUBLIC PARTICIPATION

Mr. Haste: We are again at that point in time for public participation. Is there anyone in the audience that would like to address the Board?

Mr. Wingert: My name is Joe Wingert. I'm an organizer with Labor Local 1180. I heard you talk a lot about money, financial things, making accountabilities on making people be accountable for the money that you are putting out.

I'm here on concern of the Harrisburg Incinerator which my partner Robert Desabella touched earlier. I understand you are the backup on this if anything happens or the City defaults. I just would like you to take a clear look at it to make sure that they are comparing apples to apples and oranges to oranges because the local contractor being two and one-half times more than what the contractor that they have chosen for the project...that says something about the project. I would like it if our Dauphin County doesn't have to fork out a lot of money in extras and add ons to this incinerator if the Mayor and this contractor agreed that it's coming in at a price tag at \$17 million. This stage of it then they should be held to that. If the contractor is saying he can do it for that, they should be held for that. I don't want to line the pockets of an out-of-state contractor who is bringing in workers out-of-state and become a money pit such as the York Judicial Center where millions of dollars over budget and over a year behind in

being completed. That's all I have. I just wanted to make you aware of that and ask that you keep in touch with that project that's going on.

Mr. Haste & Mr. Hartwick: Thank you for the comments.

Mr. DiFrancesco: I think it is important to state for the record. We had the two gentlemen come in and talk to us today. I know and think several of us have been in contact with your organizations because you raise valid flags and because of the conversations that we've had I have followed up with the people with the City, the people that are in charge of the project because I agree with those concerns. When you get in a situation where there is a very, very large difference between the two numbers, that triggers some concern. I have been assured and fully believe that the City officials have gone back and looked at it. I have been assured also that the contract is drafted in such a way that any cost overruns if they misquoted this contract, they still have to abide by it. With respect to what you are saying and the genuine concern that I have, I think this is an important thing that we all need to pay very close attention to because what is not appropriate is for any organization to come in and low ball a contract and then over the course of the contract get away with say, oh, by the way, here are some changes that we need to make and you have to pay for them. Again, I have been reassured that the contract is written tight in such a way that, that won't happen. If the contractor you know, runs over, it is the contractor's responsibility. It is not the City's or the County's. It is very important to enforce that because I think it is important to state also that given these type of public projects where millions and millions of dollars are going out and being paid to someone as long as it is a competitive process and you basically get in range or ballpark where the bids are similar, that money should be going to local employees and local workers. In this particular case, there was a lot of difference between the quotes and you know from a government resource perspective, you got to take the low bid. But you also have to have faith that it is in fact the lowest responsible bidder and that they are going to abide by the quote that they put on the table. I just wanted to assure you that I'll be watching this closely as it moves forward just to make certain that all of a sudden somewhere down the road, somebody doesn't go, you know we forgot this and now you have to pay. It is absolutely on our radar screen and we'll be watching the project very, very closely to make sure that, that doesn't happen.

Mr. Hartwick: Just one step further, I also requested that Dan Lispi and Andrew Giorgione that we start the process as I told Bob last night, of seeing if we could put workforce together even with the out of town contractor of local workforce. I mean the idea is employing local folks in this process. So if we are not going to be able to engage the contractor who is going to be working with local union folks, we have a obligation to make sure that we try to employ local folks with local dollars and we'll be working hard to make sure that happens.

Mr. DiFrancesco: Again, the understanding is that they are taking steps to...they call it carve out, I guess...some of the other processes that have dealt in trying to really insure

that they go to the local labor force. We'll be monitoring this very closely to see how this project goes forward.

Mr. Desabella: He has submitted my phone number and cell number to this contractor.

Mr. DiFrancesco: Again I think it is important to state for the companies involved that, unless there is some substantial reason why, it would at least be this Commissioner's opinion that if they can use your local labor on this jobsite that's the way it should be carried out. If for some reason, they find within their budget, safely and all of those other things, again it is an important project for this area. We'll be monitoring it very closely.

Mr. Desabella: (he wasn't close enough for the microphone to pick up what he said)

Mr. Haste: I do know the City has had a couple of conversations and meetings with that company trying to get that to move forward. There is progress moving whether it gets where we need to be or not, is another story.

Mr. DiFrancesco: I guess the basic assurance is that we will be watching it.

Mr. Haste: Is there anybody else that would like to address the Board at this time?

ADJOURNMENT

Mr. Haste: Is there a motion to adjourn?

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

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